

DRAFT

SUMMARY - PUBLIC HEARING

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

State of Hawaii

March 6, 2013 – 9:00 a.m.

ATTENDANCE

Members Present: Jade Butay (DOT)
Grady Chun
Mary Lou Kobayashi (DBEDT) (9:20 a.m.)
Luis Salaveria (DBF)
Miles Kamimura
Kamaki Kanahale (9:02 a.m.)
Brian Lee
Lois Mitsunaga
Dean Seki (DAGS)

Members Absent: None

Others Present: Anthony Ching
Lori Tanigawa (Deputy Attorney General)
Billy Balding
Shelby Hoota
Patricia Yoshino
Holly Hackett (Court Reporter).

A public hearing of the Kakaako members of the Hawaii Community Development Authority (“Authority”), a body corporate and public instrumentality of the State of Hawaii, was called to order by Mr. Brian Lee, Chairperson of the Authority at 9:01 a.m. on Wednesday, March 6, 2013, at the Authority’s principal offices at 461 Cooke Street, Honolulu, Hawaii 96813.

Development Permit Application KAK 12-076: Alii International Services

Chairperson Lee stated that the public hearing was being held under the provisions of §206E-5.6, Hawaii Revised Statutes, and pertaining to §15-23-11, Hawaii Administrative Rules to review the development permit application KAK 12-076 (“Application”) dated October 15, 2012. A prior public hearing was held on February 6, 2013 to present the Application to the Authority and to provide the public with the opportunity to present oral and/or written testimony. Today’s public hearing was being held for the Authority to render a decision on this development permit application.

Chairperson Lee stated that the applicant is Alii International Services (“Applicant”), and

the project address is 222 Ahi Street. The TMKs for the property are: 1-2-1-059: 001 and 003. The Applicant proposes to develop a recreational facility ("Project") including a go-cart track, miniature golf course, a wave pool, skate park and amusement rides.

Notice of the public hearing was published on January 6, 2013, in the Honolulu Star Advertiser. The notice was made available for public review at the office of the Hawaii Community Development Authority ("HCDA") and on the HCDA website. In addition, the landowners, lessees and other stakeholders in the Kakaako District and surrounding communities, state and county agencies, state legislators, Honolulu City Councilmembers, and various interested community groups and individuals were notified of this hearing by fax and e-mail. Pursuant to HRS 206E-5.6, notice was provided to the President of the Senate and Speaker of the House.

Executive Director Anthony Ching presented the staff report. He explained that the Project is located on two adjacent sites for a combined development lot total of 131,998 square feet (3.03 acres). The site is zoned Mixed-Use Zone under the Kakaako Community Development District Makai Area Plan.

Mr. Ching summarized the 20 Findings in the staff report necessary for the Authority's deliberations. Based on the staff analysis and the 20 Findings, he recommended approval of the Application, subject to the condition that the Applicant provide the HCDA with a copy of the Special Management Area ("SMA") permit issued by the State Office of Planning within 5 business days from the date of issuance.

Mr. Billy Balding of Alii International Services provided a presentation on the Project. He stated it would help revitalize the Kakaako area and was within the Kamehameha Schools ("KS") vision for the area. He stated that the sound level for the go-cart track would be 70 decibels. Food would be served from a lunch truck converted to look like a Hawaiian shack. He would bring in bathrooms, so there would be no excavation required.

Member Kanahale asked for his definition of a short term lease and the status of the lease negotiations with KS.

Mr. Balding stated it was not complete, but was close to closing. He wanted to be sure to have the use permit. KS needed to consider that other investors on properties in the area may not want a fairground. They were looking at retail shops. He has been involved in discussions and negotiations as to the specifics of the master plan for the area.

Member Kanahale asked who were the cultural consultants for the Project.

Mr. Balding replied that he was consulting with Mr. Keith Cockett and Mr. Manu Boyd.

Member Kanahale stated they were excellent people.

Member Kamimura inquired what activities were planned initially.

Mr. Balding replied that he would start with the go-cart, arcades, wave machine, meeting room and skate park. The indoor sky dive and zip line activities would require excavation and building, and would be added later.

Member Kamimura asked what the \$10 million investment would involve.

Mr. Balding explained that a large percentage of that investment would be for construction of the indoor sky dive and zip line activities.

Member Kamimura noted that unless there was a longer term commitment, the investment did not pencil out.

Mr. Balding replied that the scope of the Project would be based on the lease term.

Member Salaveria asked whether alcohol would be served.

Mr. Balding replied that he would not be serving alcohol on a regular basis and there was no bar. Liquor would be available with restrictions for private parties.

Chairperson Lee asked if the Project would be ready in May 2013.

Mr. Balding responded that he was looking at the SMA and hoped to get an exempt status. If the Project is not exempt, it would take more than 90 days and would probably open in the middle of summer.

PUBLIC TESTIMONY

Chairperson Lee noted that written testimony had been received prior to today's hearing from Mr. Paul Quintiliani - Kamehameha Schools in support of the Project.

Chairperson Lee invited the public to comment.

The following persons provided oral testimony:

1. Mr. Anthony Sabate, IQ Golf, support
2. Ms. Kathy Custer, Keiki Centers, support
3. Mr. Christian O'Connor, Kamehameha Schools, support
4. Mr. Jack Hamada, requested approval of application be deferred

Member Chun asked Ms. Custer how many keiki were represented by her organization.

Ms. Custer replied that 15,000 families were served.

Chairperson Lee asked Mr. Balding whether kamaaina discounts would be offered.

Mr. Balding replied that admission to the facility would be free, and a 20% kamaaina discount off the rates would be offered.

Member Kanahale asked Mr. O'Connor why KS was not offering a longer lease. He was curious as to why KS was not convinced, because the project was being put in for local families and ohana, and was concerned about the short term of the lease.

Mr. O'Connor responded that while KS supported the proposed use for the site, there were potential opportunities for the Project to exist on other locations in the Makai area. They did have other thoughts and ideas about what can happen on those lands and wanted the flexibility to be able to engage on other thoughts and ideas that may come about that will integrate further uses with the medical campus and the Gold Bond Building with the community that will be developed across on Ala Moana Boulevard. He believes that the Trust had to look to the future and its fiduciary responsibility.

Member Salaveria noted that a \$10 million investment would take several years to recover. He asked if there was a possibility to continue after the short term.

Mr. O'Connor replied that they were prepared to offer 1-2 years, and thereafter would be subject to a wait and see approach.

Chairperson Lee asked if KS had other properties available.

Mr. O'Connor replied that it was not his understanding.

Member Kanahale asked when interested people come to KS, whether pertinent questions are asked on the integrity of cultural practices as part of the submission.

Mr. O'Connor replied in the affirmative. Nathan Fong and his team look at those things. It requires a delicate balance to have success on both ends for trust and its mission, and for entrepreneurs and their desires. An example of successful integration of cultural practices would be the Royal Hawaiian Shopping Center.

Mr. Balding explained that he did have other possible locations nearby, but it was not appropriate to mention them at this time. Real estate is all about location, and he was trying to put together something that would be more appealing to KS.

Member Chun asked if the targeted area was focused on Kakaako.

Mr. Balding stated he had also looked at a historical site on South Street about 10 years ago. When first talking with KS, he noticed salt water coming in to cool air conditioning units in downtown Honolulu. He wanted to incorporate that water to come into his park, and shift salt water out and replenish the water instead of using fresh water. Kamehameha Schools is one of the only places with the NSSA youth pro surfing circuit, which sends high school

students off to junior surf competition. Some private schools with physical education programs have surfing, and he would look for a tax write off for public schools without funding. The wave pool has a constant wave which makes it easier to build skills.

Member Kanahele asked if he had considered Kalaeloa since Oahu's only racetrack was closed.

Mr. Balding explained that his plan was based on people and how many you will get, and Kakaako has the most density. He did not plan to be in competition with the existing go-cart operation in Kalaeloa or the water park at Kapolei. He is dealing with landowners in Kakaako and has spoken with the Office of Hawaiian Affairs and the Howard Hughes Corporation. While there are other skate parks all over the state, his would be a clinic to learn etiquette, how a board is made, sportsmanship and camaraderie. To create and change the culture of anarchy type-bad attitude of skating would be great.

Chairperson Lee polled individual members on whether they had reviewed the record and were prepared to deliberate on the Application. All Members responded in the affirmative, except for Member Kobayashi who responded in the negative.

Chairperson Lee entertained a motion for the Authority to adopt the findings and recommendations of HCDA staff and approve the development permit application KAK 12-076 from Alii International Services to develop a recreational facility including a go-cart track, miniature golf course, a wave pool, skate park and amusement rides, for a project located at 222 Ahui Street; whose TMKs are: 1-2-1-059: 001 and 003.

A motion was made by Member Chun and seconded by Member Kanahele.

A roll call vote was taken.

Ayes: Members Butay, Chun, Kamimura, Kanahele, Lee, Mitsunaga, Salaveria and Seki.

Nays: None.

Abstain: Member Kobayashi

The motion passed 8 to 0 with 1 abstention.

ADJOURNMENT

The public hearing was adjourned at 10:08 a.m.

Note: The transcript of this meeting contains a verbatim record and should be consulted if additional detail is desired.

