

STATE OF HAWAII  
HAWAII COMMUNITY DEVELOPMENT AUTHORITY  
**KALAELOA BUSINESS MEETING**

Wednesday, January 8, 2020

**MINUTES**

**I. CALL TO ORDER/ROLL CALL**

A regular business meeting of the Kalaeloa Members, Hawaii Community Development Authority (“Authority” or “Board”), a body corporate and a public instrumentality of the State of Hawaii, was called to order by, John Whalen Chair of the Authority at 9:00 a.m., January 8, 2020 at the Authority’s principal offices at 547 Queen Street in Honolulu, Hawaii, 96813.

**Members Present:** Mitchell Tynanes  
Maeda Timson  
Shirley Swinney  
Lynn Araki-Regan, DOT  
Chason Ishii  
Wei Fang, Secretary  
Robert Yu (B&F)  
Kathy Sokugawa (DPP)  
John Whalen, Chair

**Members Excused:** Jobie Masagatani, DHHL

**HCDA Staff Present:** Aedward Los Banos, Executive Director  
Garett Kamemoto, Interim Kakaako Planning and Development  
Director  
Francine Murray, Interim Compliance Assurance & Community  
Outreach Officer  
Lindsey Doi, Asset Manager  
Tessa Malama, Kalaeloa Planning and Development Director  
Tommilyn Soares, HCDA Secretary

**Legal Counsel:** Max Levins, Deputy Attorney General

## II. APPROVAL OF MINUTES

Approval of the the Kalaeloa Authority meeting minutes for November 6, 2019 were deferred. Member Swinney noted revisions. Revisions will be made and brought back for approval at the Kalaeloa Authority's next meeting.

## III. ACTION ITEMS

### **Shall the Authority Authorize the Executive Director to Enter Into an 18-Month Exclusive Negotiations Agreement and Right of Entry Agreement with HK Management to Conduct Due Diligence on the Proposed Honokea Surf Village Project Located at Tax Map Key 9-1-013-068?**

Ms. Lindsey Doi explained that today's meeting is for the board to take action on whether HK Management will be able to further conduct due diligence to see if this would be a feasible project through a Right of Entry Agreement. The land is currently vacant and its potential to develop that parcel is very low.

Mr. Keno Knieriem, Founder and CEO of HK Management made a presentation and stated they are a specialist, development, and operational company that focuses on artificial surf technology, creating wave pools. HK Management's niche is sharing the Hawaiian culture through surfing, globally. He added that in the last decade there have been many wave pools developed and currently operating all over the world. In 2019 there were a few added, with plans to open more in 2020. These wave pools allow training for surfers, few have held surf competitions and like a golf course surfers or individuals may sign up for an allotted private time. He further added that the Kalaeloa site is an opportunity zone for a wave pool in Hawaii.

Member Araki-Regan commented that she would assume a wave pool technology as described in a confined environment would be a lot safer and asked if there were any statistics that HK Management could share.

Mr. Brian Keaulana, Co-Founder and President of HK Management explained that he and his son recently rescued a male at pipeline. In Hawaii, everyone knows that the ocean can be a dangerous place for surfers at all levels. This wave pool technology can be a platform to provide ocean etiquette and safety education as well as a platform to establish values that help connect families and individuals that is much needed now days.

Member Ishii asked for background information on HK Management, its history and any current or completed projects.

Mr. Knieriem responded that Mr. John Kojima who couldn't attend today's meeting is the Chief Financial Officer. Mr. Kojima was in high-risk management for Atlantis Submarines for 15 years. Mr. Knieriem, Founder and CEO is an engineer and worked for the Navy conducting submarine maintenance. Mr. Keaulana, Co-founder provides education on the Hawaiian Culture as well as water safety. Mr. Steve Yuen was a planner at Group 70 who has experience in planning and developing resorts. Mr. Knieriem added that they have created this team and in the last three years worked on building \$50 million to develop a facility in Austin Texas. He further added that HK Management

has been trying to develop a wave pool in Hawaii from day 1, however, it's been difficult to find appropriate land in Hawaii. HK Management built a facility in Austin, Texas, acquired the proper permits, worked with its consultants for a conceptual design and in 2015 it was built. That facility was sold by the owner and bought by the World Surf League. HK Management has assisted over a hundred different projects around the world. He noted that HK Management would like to transition these wave pools that are more of a sports facility to a more recreational one for families to enjoy that include a stand-up paddle board section and other recreation activities.

Member Swinney asked HK Management to provide information on where the water and power source for a facility like this would come from for the parcel in Kalaeloa?

Mr. Knieriem responded that with its preliminary discussion, HK Management spoke to a couple of the hydrologist in the area and there are apparently two bodies of water, one more brackish than the other. He added that part of HK Management's due diligence will include possible water sources and renewable energy in the area.

Member Swinney commented that in order to establish the 5-acre wave pool, she assumes there will be some dredging work and asked what the impact to the site would be? She also asked how, if, and when necessary does HK Management plan to return the site the way they found it?

Mr. Yuen responded, most of the wave pool sites are very shallow and start with the existing grade. There are some technologies where there are deep areas, and, in those cases, some dredging (according to the power of the wave being created) was necessary however, very shallow measuring between two - five feet. In general, these wave pool sites start with the existing grade of the area where the perimeter of the pool is built upwards with a liner that limits dredging and disturbance of the site.

Member Robert Yu asked with the action item being requested, what does the "Exclusive Negotiation and Right of Entry" entail and asked to confirm this Right of Entry does not obligate HCDA or HK Management to move forward with the development.

Ms Doi explained that today's board decision is a preliminary step for the board to allow HK Management to move forward with its due diligence and see if this project is pursuable. Therefore, staff has not yet drafted a ROE. Today's decision will provide HK Management certainty that HCDA will not entertain another party to submit another development proposal for this parcel. The 18-month clock will start when the Right of Entry is executed. Ms. Doi also confirmed this ROE does not obligate either party to move forward with a development.

Member Robert Yu asked if everything goes well and this project moves forward, does HK Management have an idea on the "long-term" lease timeframe? Would it be 10, 15, 20, or 30 year term?

Mr. Knieriem responded that if this project is pursuable, they would look at a 20 to 30-year time frame, potentially longer if the State allows it.

Member Fang asked for clarity on what HK Management plans to do during the 18-Month Right of

Entry?

Mr. Yuen responded that once a Right of Entry agreement is made, HK Management will start to explore and pursue financial guaranty's, site inspection with regard to cultural aspects, infrastructure studies and a minimum amount of survey work. Mr. Knieriem added that most of the due diligence work would be tied to the financial aspect of the project. Pursuing a grant would require an Environmental Assessment, etc.

Mr. Yuen noted that the idea for this parcel is for recreational, cultural and a community-use experience where some activities include the wave pool technology, a stand up paddle section, etc. where families can come together along with a potential space for an international surfing competition as well as a space to provide water safety education.

Member Fang asked Ms. Doi to confirm that the board will decide if: 1. a Right of Entry and 2. Exclusive Negotiation will be given to HK Management?

Ms. Doi explained that both can be included in one action and confirmed that today's decision is to lock HCDA in to only negotiate with HK Management for 18-Month's to the site, that will allow HK Management to start its due diligence.

Member Fang asked if the board will have an opportunity to review a draft of the Right of Entry agreement? Or is the board allowing a blanket "green light?" She also asked if there is a fee attached to the Right of Entry?

Mr. Los Banos explained that the Right of Entry will allow a due diligence type of agreement for HK Management to further explore the possibility of a project. He added that there is currently no fee.

Member Fang asked what the rationale to the no fee Right of Entry is and doesn't understand why these Right of Entries are given to "for profit" organizations without a fee. She added that there are concerns with HCDA's current state of financial resources that continuously comes up short in funds that are needed.

Ms. Doi responded, as the draft ROE has not been drafted and if the board's desire is to include a fee, staff is agreeable to include language that includes restrictions and a cost.

Mr. Los Banos recommends not attaching a fee to the Right of Entry as the current site is vacant with limited use with a lot of Kiawe trees.

Mr. Knieriem noted that at this point, the first step to the due diligence would be to see if the current parcel is a viable site for a possible project, and with that information HK Management will then continue its due diligence that will include studies, survey's as well as explore potential financial information.

There were no further comments, questions and no public testimony.

Chair Whalen called for a motion.

**MOTION:**

Member Swinney motion for the Authority to authorize the Executive Director to enter into an 18-Month exclusive negotiations agreement and right of entry agreement with HK Management to conduct due diligence on the proposed Honokea Surf Village Project located at TMK 9-1-013-068.

Member Araki-Regan seconded.

Chair Whalen commented that he notes Member Fang's point about not attaching a fee to the Right of Entry, and given the limited prospects for this site, he is happy to see a potential project that may generate revenue and stated his support for the item.

Member Fang asked what the time frame on finalizing and executing the Right of Entry is?

Ms. Doi responded that if the board approves today's decision, staff will meet with HK Management and draft a Right of Entry and hopes to execute the Right of Entry within a maximum of two months.

There were no further questions.

Ms. Lindsey Doi conducted the roll call vote.

Member Fang explained that the board has had many issues with Right of Entry agreements in Kalaeloa and does not feel comfortable granting an 18-Month Right of Entry without the Board reviewing a draft. Member Fang voted no to the motion.

Motion passed with 7 yes votes, 1 no vote and 1 excused.

**REPORT OF THE EXECUTIVE DIRECTOR**  
**Monthly Activities Update of the Kalaeloa Office**

Mr. Los Banos deferred to the report provided in the board packet and highlighted the update on the stockpile at the Kalaeloa Heritage Park. The removal of the stockpile contract with Henry's Equipment Rental has been executed and are working with Tetra Tech to extract and dispose of the stockpile.

**VI. ADJOURNMENT**

Chair Whalen adjourned the regular meeting at 10:10 a.m.

Approved and Submitted by,

---

John Whalen, Chairperson

---

Date Approved by HCDA Board