Minutes of the Office of Hawaiian Affairs Committee on Resource Management
Wednesday, September 28, 2016 9:30 a.m.

AttenDance:
Trustee Colette Machado, Chair
Trustee Haunani Apoliona, Vice-Chair
Trustee Lei Ahu Isa
Trustee Rowena Akana
Trustee Peter Apo
Trustee Carmen Hulu Lindsey
Trustee Robert Lindsey
Trustee John Waihee

AdmInistrAtion StAfF:
Kamana'Opono Crabelle, CEO
Lisa Victor, COO
Hawley Iona, CFO
Ernie Kimoto
Raina Gaishiken
Dylan Zheng
Raymond MatsuurA
KawiKa Riley
Mehana hind
Matt Kodama
Lisa WatKins-Victorino
Scott Hayashi
Miles Nishiijima
Derek Kauanoe
Sterling Wong
Jocelyn Doana
Kai Markell

ExcuSed:
Trustee Dan Ahuna

BoT StAfF:
Harold Nedd
Lehua Itokazu
Dayna Pa
U'ilani Tanigawa
Louise Yee-Hoy
Laurene Kaluau-KealoHa
Kauikeaolani Wailehua
Lady Garrett

GuesTS:
Rodney Lee, SPIRE
Lucas Sayin, SPIRE
Maria Su, SPIRE
Lani Nakazawa, SPIRE
Kim Payton, SPIRE
Michael Kumukauoha Lee
Dr. Kioni Dudley

I. Call to Order

Chair Colette Machado – Called to order the meeting of the Committee on Resource Management, Wednesday, September 28, 2016, at 9:36 a.m. We have received one excused absence from Trustee Dan Ahuna.

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II. COMMUNITY CONCERNS

Chair Machado – We have two individuals that have signed up, I’d like to call on Michael Lee. Just a reminder for those individuals testifying, you will be limited to 5 minutes and the timer will be on the screen located to the right of where you’re sitting.

Michael Lee – I’m here to talk about beneficiary concerns to the Pueo heiau. As you know we are working diligently in Ewa to do a habitat protection plan easement in perpetuity for 23 land owners to protect the pueo heiau that is really stressed. The reason why I’m here is to ask for the board’s consent for our honorable po’o to write a letter to the Fisheries and Wildlife Service and also to DLNR Fishery and Wildlife Service dealing with the Supplemental EIS for first a.) DR Horton Ho’opili, e.) UH West-Oahu, c.) the Hunt Development at Barber’s Point (600 acres), and d.) Hawaiian Homelands.

Trustee Waihe’e arrived at 9:37 a.m.

Michael Lee – All of these three developers in their EIS’s never found any pueo on their property, we have filmed video of the pueo, pueo droppings, we have ongoing cultural awa ceremonies for the last five years that are videotaped on these properties, and to this date the findings of the original came with no finding of herm to Hawaiian culture resources floral or fauna is incorrect. Just to let you know in the gulches at Honouli with both DR Horton and DLNR owns, three years ago the Fisheries and Wildlife Service went in the gulches and found the rare Hawaiian endemic red-orange damsel fly and it is currently on the Federal Endangered species list for Honouliuli, this EIS is necessary to complete law, to protect our Hawaiian culture resources that we have on sight. We can provide videos, depositions, poop, whatever they need to show the existence of our Hawaiian pueo which they never found in their EIS. We are asking that po’o Kamana’o Crabbe mention to them the beneficiary concerns that law has not been completed at this time for their EIS process and a supplemental needs to be generated and the elders of Waianae Lucy Gay, the Aha Moku Council of Oahu Kakuihewa, the acting president and myself, the Ewa Beach Association Glenn Omilda and Kanehili Cultural Hui are all in favor of this measure and we are working with the Makakilo Neighborhood Board Doris Ching Interim Chair of the Chancellor and also Senator Mike Gabbard of Land, Water and Agriculture to push these methods to protect our precious Hawaiian pueo and so we would like your support in giving the nod to kako’o our honorable kako’o to allow this letter to go out to these parties, to recognize in law the need to protect our Hawaiian pueo. Mahalo.

Chair Machado – I’m going to ask Kamana’o to respond and what steps you may need to do.
Ka Pouhana Crabbe – I will call upon Kai Markell, this matter has been brought to administrations attention quite a while ago and Kai and his group have been monitoring it, I think there are some valid points that Michael does bring up and compliance is working with him currently to address this matter.

Kai Markell – I apologize I missed the beginning, but it’s all about the pueo and the habitat. So Senator Mike Gabbard had called a community meeting based on beneficiaries request, you have a large development Hoapili, you also have rail transit stations there, you have UH-West Oahu and somehow none of these environmental studies identified this area as a pueo habitat and the pueo is endangered on the island of Oahu under the State’s Endangered Species Act. Beneficiaries have been out there documenting pueo nesting and flying about in these areas and Hoapili is breaking ground already under development. Because of the community involvement, the Division of Forestry and Wildlife at DLNR decided to undertake a baseline study of the pueo in the area. US Fish and Wildlife is going to assist them in their study, however because none of the environmental reports noted the pueo out there, which necessary isn’t to be suspicious, they aren’t easy always to identify if you don’t have the proper methods. But for large developments we would expect the pueo to be one of the areas of study, so it’s a little troubling. Some of our recourse could be to ask for supplemental environment statement for UH-West Oahu possibly Hoapili given the fact that birds are being documented in the area and are under a threat, so we’re willing to work and provide letters of support and concern to the different agencies.

Chair Machado – So, I guess the question that Mike is raising is to whether or not if OHA could officially prepare a letter under the signature of KP with regards to these issues, if fact it’s in three developments including the Hawaiian Homes and the two large-scale developments.

Kai Markell – Yes Chair, we could prepare such a letter.

Chair Machado – Any questions.

Ka Pouhana Crabbe – Some of the studies have fallen short and have not documented what is the appeal process through DLNR, like one request could be a supplemental EIS.

Kai Markell – So, I think our strategy would be to touch base with (inaudible) and Fish and Wildlife and get their support for the existence and their current studies, and based on their support we could approach possibly the office of Environmental Quality Control (EQC) and raise the issue of a supplemental EIS for the purposes of identifying habitat of pueo.

Ka Pouhana Crabbe – I think that should be in the letter of recommendation.

Trustee Apo – Would it be all in one letter for all three projects.

Kai Markell – Not necessarily, I have to take a look at the different projects in the area that they cover and where they are in the process.

Trustee Apo – It’s a time sensitive one obviously is Hoapili. So, it would be good to isolate that one out.

Michael Lee – Thank you for giving us this time in your busy schedule.

Chair Machado – Next presenter is Dr. Kioni Dudley with Friends of Makakilo.

Dr. Kioni Dudley – I really came to support Mike and it looks like Mike pretty much got everything wanted so I don’t have too much to say. But, I do want to say a few things, the first is I’ve been working on the Hoapili Development trying to stop that for years and I do want to tell you I’m very grateful that this organization OHA has really supported us in our efforts and how important that is. People skip over the fact that when you go to buy plants at Lowes or Home Depot, there’s a section that’s shaded and a section that is

Meeting of the Resource Management Committee Page 3 of 12
MINUTES of September 28, 2016
The reason for that the plants that grow in the sun don't grow in the shade and the plants that grow in the shade don't grow in the sun and Hoapili is our last piece of farmland in the full sun on this island. If you go from Hoapili immediately, you come to the end of Hoapili, got Waipahu, you go around the island, it's all just civilization that's developed and you run into the rain, you can't plant these crops there. Come around to the North Shore, they don't grow on the North Shore, they don't grow on the slopes, they grow in the heat of Hoapili. Come around the side, you finally get to Makua Valley, that's military, you come on down, you begin civilization again; there is no place to grow crops in the full sun. Once Hoapili was approved by the Land Use Commission, they began to try to grow those crops on the higher ground and they had to turn them under. Now why it this important, because it’s Hawaiian, it’s the Kingdom, it’s the Nation, it’s the Land. If we’re ever in the future going to restore this land, we got to hold on to that farmland, because we’ll never be able to have a full diet for our people, I mean even right now, if we had a calamity on the mainland, we’d be dead. Once they wipe that out, we’re never going to grow all those important diet fundamentals and I really urge you to get behind this. We’ve still got things going, I heard yesterday that finally after one year the Ethics Commission is going to hear our case about the Hoapili approval by the City Council and that’s going to come up in November. The pueo is terribly important, we ought to be putting in an injunction against any kind of development going on right now out there in that area, until we get a habitat established, that habitat needs to include areas of Hoapili, areas of UH-West Oahu, areas of DHHL and also Hunt in Kalaeleia. That's another 4th area we need to consider. I want to urge you, we go to hold on to this land for our future, for our people and generations from now.

Trustee Apo – That whole second city concept is something I curiously watched and have been alarmed, I don’t know how many people, you know the movie the Descendants, that’s the second city. And the decision of the Campbell family was to go with the second city; I don’t have a problem with that. But the model that they chose is Irvine, California which at one time was the bread basket of that part of California and here are the things they needed to have. They needed to have a deep draft harbor, they got a deep draft harbor, they needed to have a college, we got West-Oahu college, they needed to have an airport, which they’re still working on and they needed massive residential and massive commercial retail as part of the planning project. When you look at the Irvine model, that’s exactly what’s going on and what happens is all the agriculture gets wiped out and the urbanization is massive. So we’re now going to not be able to see any farming all the way to Honolulu, it’s starting to take the enter south coast of Oahu and turn it into this huge, I call it the sense of placelessness, you know you don’t even know where you are. Because if you take a picture, you can’t tell because everything that defines the area is gone or is disappearing fast.

Trustee Ahu Isa – I’m very familiar with the area, people know I graduated from Waipahu High School. In 1961, that was the only high school, everybody from Ewa, Ewa Beach, went to one school. The pueo is very important to me, because it’s part of my extended family’s aumakua, mine is the honu. But I wanted to ask, maybe it’s not the proper time, but the pounding of the rail had produced these bottomless holes that they found iwi or there might be iwi in that area, so I don’t know whose looking at or investigating, there was a report from KITV

Michael Lee – We’ve put in on August 2nd a burial registration form for our family iwi kupuna under the Hoapili rail station which 5 years ago. Matt McDermott the archeologist of the rail. We told them where our family iwi kupuna was underneath there and every year since 2010, 2011, 2012, 2013, 2014, 2015, we’ve come back over and over again, we’re recognized in Land Use Commission on Hoapili on April 4th, 2012, they showed on the board, DR Horton’s attorneys where I said the caves are that’s where the sinking is happening right now by the Honolulu bridge next to Kahe Mohala Behavioral Health Clinic, everything I said is happening now and they’re doing absolutely nothing to monitor it. Kai Markell, at our beneficiary request on July 28th took pictures of these holes that are so deep, things just disappear in them and my fear and I wrote certified registered receipt mail to the City Prosecutor and the State Attorney General saying this is a health and safety issue to the general public on Farrington Highway and the bus stops there and also the workers on Hoapili farmland. The last 2 years 2014 – 2015 were El Nino years dried, as you can see the
mountains have been green all year, raining up on the mountains, the percolation of water is going through the underground caves getting to the ocean. We’re expected by National Oceanic and Atmospheric (NOA) to have floods on Oahu. There was flooding in Ewa in 1996 with 12” of rain, ten years later 2006 we had 14” of rain, right after Queen’s Hospital, people couldn’t go through because of 14” of rain. This is 2016, NOA’s predicting floods like Louisianna to hit us, and our mountains are green, I’ve never seen in my 60 years during July, August, September and going into October and the rains are still going, if that happens and I told them if what I’ve said comes true that Hoapili train station might sink because of this underground cave system that’s in Waipouli, all of our historical documents, these cave systems are there, we’ve warned them every year for the last five years. And there is a process, where the guide ways may do a hula after the big rains come and better now before people are riding that and it’s a disaster waiting to happen and we are going to the rail board meeting on Thursday, tc bring up our grievances and by the way we’ve been part of the kākoʻo programmatic agreement as a recognized consulting party, they’re shutting it down. We brought the shark guard caves, the Hawaiian plantation farming and cultural farming in the gulches, we went to get federal recognition for all that, we’ve been engaged in for five years and now they’re shutting it all down, and we’re going to bring that to the rail board meeting as well.

Ka Pouhana Crabbe – I wanted to ask Kai whether Trustee Ahu Isa’s concerns in terms of iwi kupuna, that hasn’t been brought to our attention.

Kai Markell – At the request of beneficiaries who brought to our attention these sink holes forming by the Hoapili rail station, we went out and took a look at it, took photos, had a HART representative there Kehau Watson and in my experience, this berm has been stable for the last as long as I’ve been alive, so that’s 50 years and it seems to be forming these deep sink holes and the only activity that’s there other than Farrington Highway are the rail columns which are just adjacent to this area, so the concern is that geology of the Ewa plains does consist of underground caverns like lava tubes on the Hawai‘i island, there are coral on this island and the other concern is that we know of two reports of significant burial cave in the area, one I received 15 years ago when working for DLNR and then the subject was about 3 – 4 years ago and without divulging information on the location, it’s very associated with ali‘i and important resources that were fearful that the rail columns may have broken into this cavern system that may contain these cultural resources itself. I did talk with Kehau and she is trying to arrange a meeting next week HART officials and myself. So, we’re following up on it.

Dr. Kioni Dudley – I do have an editorial in the paper this morning, it talks about Hoapili, to ask the State to use their power of imminent domain to take over Hoapili and did send you all a copy and hope you read it.

Chair Machado – Okay, “we’re going to take out of order III A. and we’re proceed now with the executive session” requests and after the executive session for our sustainability plan, we’ll have the presentation from Land on Kaka‘ako Makai. I have a request from a Trustee that would be leaving at 11:00 a.m. and we wanted to get the bulk of the discussion prior to that Trustee departing from the meeting.

IV. EXECUTIVE SESSION***

Chair Machado - Entertained a motion to recuse ourselves into executive session based on pursuant to HRS § 92-5(a)(4)

Trustee Apoliona – Motioned to consult with OHA Corporate Counsel Ernie Kimoto, Esq. on questions and issues pertaining to the Board of Trustees’ powers, duties, privileges, immunities and liabilities regarding Office of Hawaiian Affairs’ Fiscal Sustainability Plan Presentation by SPIRE Hawaii LLP pursuant to HRS § 92-5(a)(4).

Trustee Waihe‘e – Seconded the motion.
Chair Machado – Asked for discussion on the minutes. Hearing none, called for the vote.

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MOTION: [ ] UNANIMOUS [X] PASSED [ ] DEFERRED [ ] FAILED

Motion passed with Seven (7) YES votes, none (0) NO vote, no (0) abstentions and two (2) excused.

Meeting resolved into executive session at 10:00 a.m.

The meeting of the Committee on Resource Management transitioned out of Executive Session and into Open Session at 12:04 p.m.

Recess at 12:04 p.m.

Return from Recess at 12:16 p.m.

III. NEW BUSINESS


Chair Machado – I’d like to turn this over to Ka Pouhana Kamana’opono the team from Land.

Ka Pouhana Crabbe – I’ll introduce Miles shortly, but awhile back there was a request by the board members for an update on Kaka’ako Makai, so we have our Land Commercial Properties team to provide you with an update and where we stand.

Chair Machado – I want to apologize for pushing you, Scott and Matt to the bottom of agenda, but the issues we discussed relating to the financial sustainability plan was very important.

Miles Nishijima – We’re asked to give an update regarding Kaka’ako Makai and it’ll be fairly brief, we had the discussion regarding the appraised values at the last meeting and so I’ll turn it over, but let me also take this opportunity to introduce Scott Hayashi, he’s our new Commercial Property Manager and Matt Kodama will give the presentation.

Scott Hayashi – Aloha, nice to meet all of you.
Matt Kodama – This is a long overdue update of what’s been going on in Kaka‘ako Makai and since everyone is having lunch, I’ll keep it nice and brief. What’s been going on, basically in the past, I think last November is the last time our master plan team came in and since then we have been continuing actively leasing and managing the properties. The leasing activity has been very good, we’re actually are almost leased out all of our properties, so we’re at around 95% occupied. One of the big milestones leases or according to the State’s language and MOA was executed with DAGS which is for “Parcel E”, this was a big deal for us because 1. It turns one of the not so great leases that we inherited going from physically under zero revenue, now DAGS are actually paying market rates for the property, that’s a good thing moving forward. The other thing is the square footage for “Parcel E” is about 95,000 sq. ft., so little over 2 acres and when you do the math on it, and I went back and looked up the amount of sq. ft. that we inherited that had no non-revenue leases, just converting this to revenue lease actually eliminates almost half of the land area that we generally had nothing on and had to take. So it’s a really good deal for everybody. Just as a recap, now that the fiscal year 2016 is closed, the revenues from rent was $2.6 million and when you compare that to the first fiscal year that we had the properties in July 1, 2012, but that was the start of FY 2013, there was 236% since that time. For the interim period between acquisition and this interim loose period, we’ve been able to fill up the properties and also the rents have been going up, so it’s been a positive for OHA since we’ve had it. One big key item to point out is that since we had it in 2012 we really haven’t spent anything on capital improvements so basically using what we have and currently existing we’ve been able to no more than double our revenue since 2012. Our interim lease period which is what we consider between acquisition until development within OHA’s movement to the PLT, so our interim lease has been extended a bit, so we’re starting to adjust our leasing strategies and what to do with the properties between now and the eventual development time. One item that has come up and I think it was a question regarding sprung structures and I’ll have a quick little bit on that later. As far as the only major change in terms of what we’re planning on was the AFS building, if you go back to when we started, the Kaka‘ako Makai Conceptual plan contract that was supposed to sunset at then end of this calendar year and then with the entitled development would of probably started in the next couple of years, there is no timeline and then on the original timeline coinciding with the AFS building turns 50 years old in 2019, so the original plan was to demo the building before it turns 50 and it becomes ineligible for the registry in which it adds another layer of approvals to get it demoed. We have now deferred that because we do have some interests in prospects for the lands in terms of calls that are coming in. Just to update, an EPA grant that we received back in 2013 when it was rerewarded.

Trustee Hulu Lindsey – The mitigate

Matt Kodama – No actually the Brownfield grant was for assessments, so we actually had performed the Phase II of the environmental assessment field work and the contractor is currently going through the reporting and the data which is pretty substantial as far as the quantity of the data, so I think at the last check with our contractor, by the end of the year is when the report should be finished. And then also tying in with the Phase II testing, we had an archeological monitor present, when they did the field work and the reason for this was to use the archeological monitor’s report that would help supplement the archeological inventory survey, which would go towards the future EIS for the master plan, so it all goes hand in hand together but as far as I can tell, it’s pretty smooth and that’s it as far as the updates.

Miles Nishijima – If I can add Phase I Environmental Assessment is primarily paperwork study, so it looks at historical records, photographs, etc. Phase II is when they actually do testing and so this phase of the project actually required coring and taking core samples and the archeologists is there basically to observe the process, and look what was excavated and to ensure if there are any iwir or other things that might be important from an archeological standpoint that they we’re present to observe it. How many corers were there?

Matt Kodama – For just “Parcel A” there were 240 core samples taken and the way that the contractor does it, they break each section into what they call “decision unit” and each decision unit has 30 sample sites and just “Parcel A” was the most concentrated and had 8 decision units from that one part. When you go down to
“Parcel L”, there was only one decision unit for that property, so there were only 30 samples taken. We stretched out the grant money as far as we could in terms of coverage of the number of parcels we could get. Of course with Kaka’ako Makai being basically all fill land, we didn’t anticipate to much in terms of the archeological side of the findings however, the course with the Phase II it’s all considered brown fill and once the reports start coming in at the end of this year, we will get a better idea of what’s actually in the ground. And following up with your question Trustee Hulu is the next level, actually this grant is kind of like the gateway to the next level grants and after we complete this grant, then we have EPA ground fill grants for mitigation and I believe from what I understand is we can do a grant for every parcel. If we have some left over funds in the grant, we’re going to look at what we can do to start gearing up for the next round of grants.

Trustee Hulu Lindsey – So have we heard anything from Keiki Fisheries?

Miles Nishijima – There still there and as I’ve indicated before, the Kewalo Keiki Fishing Conservancy was one of four very adverse income that we inherited, it’s an undefined 15,000 sq. ft. on “Lot C” and we’ve actually maintained pretty good relations with Scotty Fukushima and we were confident that’ll be resolved without any significant sacrifice, so his mission is basically a good one, we actually kind of agree with it and to the extent that we can further it along without much loss. He basically wants a clubhouse and so we’re very confident that we can incorporate it into our development and have a real win-win situation. In the meantime though, we basically accommodated him on the site while leasing out.

Matt Kodama – Actually all the parcel has been leased out and had to move out recently, but we have the site completely filled up.

Miles Nishijima – We have taken that lot, which is a fairly sizable lot and been making fairly interim revenues from it.

Trustee Hulu Lindsey – You’re like co-leasing; accept he doesn’t have to pay. Do you have somebody else on the lot?

Miles Nishijima – What Matt did, which is pretty clever is he basically carved up the site and pushed Scotty more towards the water and was able to take a portion that was adjacent to Ahui Street, chopped it up and was able to lease it out and the lessees basically have their own entry directly off of Ahui and we we’re able to make some pretty good revenue.

Chair Machado – What’s the use?

Miles Nishijima – Parking, and it’s not paved, its compacted gravel and we have found users who are willing to pay rent for that.

Matt Kodama – It’s not the best surface because it still has the old slabs from the previous ice shoot building and the former auction site. It’s not the most level, and of course it’s compacted grass.

Miles Nishijima – It reflects the demand for surface parking in Kaka’ako from construction companies, car dealerships and a usual one is Hawaii Duck Tours, but the demand for parking in the area has been pretty good. I think at the last meeting I indicated that the demand for construction parking has slacked off a bit, but very recently we picked up inquiries.

Matt Kodama – A construction storage company.

Trustee Hulu Lindsey – Five-O is out of there?

Miles Nishijima – Five-O is out of there and they were only using it on occasion and weren’t particularly a tidy tenant.
Trustee Hulu Lindsey – So “Lot B” was considering moving to Sand Island? What’s the status?

Matt Kodama – As far as we can tell, there has been no movement on the permit since 2013 I think.

Miles Nishijima – What we understand is in the last couple years, there has been some kind of change in ownership with the shipyard and that probably accounts for the slowdown in there permit processing. We plan on resuming discussions with them to find out exactly where they are and if their plans are still to relocate. The understanding was they (inaudible) we would work with them for an early surrender. Main thing to keep in mind is we realize that there are environmental concerns because of their activities on the site, so that would have to be resolved whether it’s an early termination or a natural lease expiration.

Matt Kodama – Moving on, in a previous meeting there was a question about what sprung structures were. And I did a little research and financial study, but I wanted to put together a more visual to it, so basically what is a sprung structure? They are pre-fabricated, multi-use, multi-functional buildings, they kind of almost look like a tent, but there much more secure than a typical tent that you see. It’s the highest strength of aluminum sub-structure and then there are anchor pins into the ground and it’s a multi-fabric membrane that they use, so it’s water-resistant, fire resistant and the way it’s designed and one of the big advantages of a sprung structure, it can really handle bad weather and they do meet the Miami-Dade hurricane compliance code, so it can take a beating. They are completely customizable and can be reused, redesigned, repurposed and relocated pretty easily. The sprung structure highlighted in Utah was originally used as a I think temporary ski lodge in Park City and then after they finished with it, they actually sold it to the DOE and then they used it and turned it into a bus barn. Once the bus barn facility got finished and done with the structure, they actually sold it to a construction company for use as a warehouse/storage. Conveniently can be moved around and there is a resale market for these. What’s nice about the sprung, is the way there designed, it’s kind of like an “A” frame and the entire area underneath is clear span space, it’s pretty versatile in terms of what you can put inside. You don’t have like those support columns in the middle of the building. I am aware that colleges and football indoor fields are using the insides of these structures. I think they can go as wide as 200 ft. The military uses this extensively throughout the base here and across the world, especially when they need to put together a base quickly.

Trustee Hulu Lindsey – Our Kaahumanu Shopping Center in Maui uses this.

Matt Kodama – The site that we’re looking at is the Piano Lot the makai portion. Reason why we chose this one, it its actually fully paved, and the rest of the piano lot, you have landscape medians that break up the pavement. This is the most optimum plan, that we could fit 3 buildings on that site. Not saying that we would, it terms of lesable square footage.

Trustee Hulu Lindsey – And that’s for what kind of usage?

Matt Kodama – Could be retail storage/warehouse, if you find the right user, it could be really anything. And we already talked to our leasing agent, to get a list of interested parties who are ready to prelease it. The other reason why we’re looking at sprungs are the market conditions are very favorable for them right now because of warehouse demand in the urban Honolulu. The last report that I saw as far as warehouse in town, it’s only been a 1.5% vacancy, which is essentially nothing. A good example is our warehouse in “L” we’re fully leased out and anytime we have a move out, it’s usually filled within the next month. Our agent constantly gets calls, is anyone moving out soon, there’s always inquiries.

Trustee Hulu Lindsey – Would you say that we’re purchasing this sprung structure?

Matt Kodama – As of right now, I did some research on it, they do have like a lease option and doing the numbers on the purchasing, it was more economic and made more sense.
Trustee Hulu Lindsey — So my question is how long are these leases and what kind of numbers are we talking about this? I’m so afraid that we end up with that for the next 40 years, these Quonset hut looking things, instead of an actual development. I’m just wondering what we are looking at here.

Matt Kodama — When I did the study on the financials, I did it on a five year timeline. In terms of the length of leases, it’s really up to us how we want to lease out the properties, because of the development that’s coming in, we weren’t doing anything over three years. Internally we set limits on how far we could go out, granted that the interim period is lengthening out a little bit, we may adjust that.

Trustee Hulu Lindsey — That’s good thinking. It’s really a short term lease.

Matt Kodama — And when it comes time to redevelop, then we can coordinate our lease terminations and move on from there.

Trustee Hulu Lindsey — Chair, at what point, are we going move forward with more entitlements or just build out what we can build as it is zoned today?

Chair Machado — I think there is a couple of loaded questions here Hulu. One is still the offer of the Governor to buy back the land from us and we haven’t resolved that yet, and still in discussion. The next aspect is the Master planning that we have not completed yet and I’m not sure what we will do after that. So, this is like an interim (inaudible) to generate some kind of revenue.

Matt Kodama — And part of it is because we are almost fully leased out and this kind of unlock the next level of revenues. Granted that this is more short term and it fits within the interim period that we have and the financial study pencils out. Given some preliminary research out there, the costs of these buildings, are quite inexpensive and comes out to about $33 sq. ft., depending the size and how big. Right now, the real conservative market rent for warehouse is $1.25 sq. ft. and obviously in our current unapproved lots were significantly less for the rent rates. Even though you lose some area with the warehouse, for structures to have loading zones and some driveways, the difference in the rent more than makes up the cost of the building.

Chair Machado — Matt, can you translate what square foot you looking at into dollars.

Matt Kodama — For example, our warehouse on Parcel “L” is about 36,000 sq. ft. What’s the math on that?

Miles Nishijima — About $500,000 from half of “L” because the other half is the Next Step Shelter which we don’t make any money. But on the portion that is leased, we make about $500,000 a year.

Chair Machado — This (inaudible) were you proposing that you might consider the piano lot. What is your anticipated revenue?

Matt Kodama — So the 70 x 150 building is 10,500 sq. ft. times two is $21,000 plus. If you max it out to about 29,000 sq. ft. for leasable area we’d get $435,000.

Miles Nishijima — That would be a significant improvement over taking that same amount of area and leasing it out as surface parking.

Chair Machado — Oh yes, we can see that now.

Miles Nishijima — A significant increase.

Matt Kodama — The lease rates are significantly less for just surface parking.
Trustee Hulu Lindsey – How long are we going to wait from the Governor? Because the last time he left us, have we had any discussion since then? The last time he left us with a no at $200 million.

Chair Machado – We’ll talk again with the Chair to see what the next step. It was Kamana’opono and Chair Lindsey that we’re taking the lead on this. We will wait on them.

Matt Kodama – The one thing that I thought was an interesting note, what you have pictured here is Kalaeloa airport and there’s one area I wanted to show it. These are sprung structures all over Kalaeloa that is on Hawaiian Home lands parcel.

Trustee Hulu Lindsey – What are they using it for?

Matt Kodama – As far as I know its industrial storage or container. The reason I’m pointing this out is, the sprung structure is not a new ground breaking thing it’s something that’s already in practice. Springs have been around for at least 30 years.

Chair Machado – As long as you folks understand it’s “temporary”.

Miles Nishijima – And again, if we can emphasize, these are re-locatable and reusable and can be used for a multitude of functions, so obviously the bigger you get, your options become smaller. The smaller they are, you have countless applications. So, finding the optimal size, based on preleasing, so we’re not going to buy these on speculation, we’re going to actually go out and find out what the optimal size would be for our lot. What Matt has shown is one possibility.

Matt Kodama – That’s how to get the maximum sq. ft. on that one parcel.

Trustee Ahu Isa – (inaudible)

Matt Kodama – Actually, I heard of one sprung structure that’s going up that’s going to have refrigeration and cold storage. They are totally customizable on what you can put in. We’ve already informed our agents and gave them a heads up. The good news is our agent is an industrial specialist and at CBRE they know they have a waiting list at other sites that they can pull from. That’s it for our presentation.

Trustee Hulu Lindsey – (inaudible)

Miles Nishijima – Projecting gross revenue for this fiscal year is over $4 million and we would be able to finance this, so I believe it’s included within our realignment budget.

Matt Kodama – The amount we put in will not be for three it would probably be for two.

Chair Machado – About $700,000.

Matt Kodama – That’s all factoring on improvements that we got to do on the site, utilities and site improvements. What’s nice about the sprung is you can put it on anything, gravel, rocks, as long as is somewhat flat, you just drive the anchor pins in and cinch up the building.

V. BENEFICIARY COMMENTS*

None.

VI. ANNOUNCEMENTS

None.

Meeting of the Resource Management Committee Page 11 of 12
MINUTES of September 28, 2016
VII. ADJOURNMENT

Chair Machado - Being there is no other business on the agenda. Chair entertains a motion to adjourn.

Trustee Hulu Lindsey – Moved to adjourn the meeting.

Trustee Waihe'e – Seconded the motion.

Chair Machado - Asked if everyone in favor say I. All in favor. Hearing no objections the meeting adjourned at 12:47 p.m.

Respectfully submitted,

Laurene Kalaua-Kealoha, Aide  
Committee on Resource Management

Trustee Hulu Lindsey, Chair  
Committee on Resource Management

Approved: RM Committee meeting on January 4, 2017.