

KUILIMA RESORT COMPANY

To: Committee on Water, Land, Ocean Resources and Hawaiian Affairs
Chair: Senator Representative Ken Ito
Vice chair: Representative Jon Riki Karamatsu

From: Nicola J. Jones
Chief Executive Officer
Kuilima Resort Company

Re: March 10, 2008 Hearing on SB 2423, SD2 Relating to Land Acquisition

Thank you for this opportunity to provide testimony on SB 2423, SD2. My name is Nicola Jones and I am the CEO of Kuilima Resort Company (KRC), the owner of the Turtle Bay Resort.

KRC is currently involved in a mortgage foreclosure action filed by KRC's first mortgagee. In light of this pending litigation, KRC is somewhat restrained in the statements that it can publicly make about SB 2423, SD2 at this time. That being said, we ask that you keep the following in mind:

1. KRC cannot support any proposed legislation which suggests that the State of Hawaii acquire the Turtle Bay Resort by exercising the power of eminent domain, as such action would clearly interfere with KRC's vested legal rights.
2. In order for KRC to engage in any meaningful discussion concerning the possible sale of the resort, there are a number of significant obligations which we must bear in mind, including:
 - a. The obligations which KRC has to its first tier and second tier lenders (currently in excess of \$400 million with significant interest accruing each month);
 - b. The obligations which KRC has to over 700 employees at the resort, the vast majority of whom reside in the North Shore from Hauula to Waialua; and
 - c. The obligations which KRC has (and which any future owner of the resort would have) to fulfill the significant community commitments under the resort's Unilateral Agreement and Declaration for Conditional Zoning. These commitments were carefully considered by the Honolulu City Council to directly address many of the same issues which people raise today: creating new employment opportunities, developing affordable housing, improving public beach access and facilities, developing significant public parks with free parking, and the like.
3. While discussions concerning the State's acquisition of the resort continue, in light of the above commitments, it is imperative that KRC be allowed to continue to process permits and governmental approvals and to take any other steps that are necessary to preserve its entitlements.