

# Honolulu Star-Bulletin

WEDNESDAY, JUNE 9, 1993

THE PULSE OF PARADISE

ON OAHU 50 CENTS

## Raceway Park got nonbid contract to use state land



□ Developer Enomoto is linked to the operation, which also enjoys a city tax break

By Ian Y. Lind  
Star-Bulletin

In April 1991, the state announced with fanfare that it had reached an agreement to purchase three parcels of land in Ewa from Campbell Estate in a deal worth \$110 million.

The smallest of the parcels — but the one that drew the highest price per square foot — is the 58.8-acre site of Hawaii Raceway Park, the island's only commercial auto-racing facility.

The Star-Bulletin has found:

■ The five-year lease to operate the racetrack was issued without competitive bids to Hawaii Motorsports Center, a partnership involving po-

litically influential developer Thomas T. Enomoto.

■ Hawaii Motorsports Center was not registered to do business at the time it got the lease.

■ The rent being paid to the state is 20 percent below the rent set by Campbell Estate in a 1984 lease for the same facility.

■ The city has exempted the racetrack from payment of property taxes, at least temporarily, saving the new company more than \$11,000 during the first six months of 1992.

■ Dozens of abandoned vehicles are stored by a company under contract with the city, and two

See LEASE Page A-8

## LEASE: Two other businesses use the raceway site

Continued from Page A-1

other businesses are located there although the lease is restricted to operating the racetrack.

Enomoto's role in the racetrack's operation is not clear. Although his name does not appear on company records filed with the state, Enomoto signed the lease on behalf of Hawaii Motorsports Center, and his name appears on the track's insurance policy. Enomoto has not returned numerous telephone calls from the Star-Bulletin.

Michael Oakland, president of Hawaii Motorsports Center, denied wrongdoing and said the complaints have come from a minority of racers "who have an ax to grind."

Oakland said his company has poured hundreds of thousands of dollars into track repairs in the last 18 months, trying to keep racing and the racetrack alive.

"I'm naive when it comes to the political system," Oakland said. "I'm just trying to provide a safe environment for the thousands of people who enjoy racing."

Hawaii Raceway Park has facilities for a number of types of racing, including a drag strip, road-racing course and a stock-car track. Motorcycles share some of these tracks, and a racing school provides training for local drivers as well as entertainment for tourists.

### Friends in high places

Hawaii Raceway Park has prominent boosters, including Gov. John Waihee, who has participated in amateur formula car races, and City Councilman John DeSoto, a former motorcycle racer who now operates a business that promotes motorcycle events.

The state agreed to pay \$14.50 per square foot for the racetrack, twice what was paid for the larger, ocean-front site occupied by a Hawaii Meat Co. feedlot. State records made available to the Star-Bulletin did not contain an appraisal justifying the higher price, although Department of Land and Natural Resources appraisers did submit a memo that found the price reasonable.

On Dec. 2, 1991, eight months after the agreement was reached, a complex series of transactions shifted control from Campbell Estate to the state without waiting for final condemnation to be approved in court. In rapid succession, the existing lease was canceled and a new lease given to Title Guaranty Escrow Services, which in turn signed a new five-year sublease with Hawaii Motorsports Center Limited Partnership. Finally, Title Guaranty turned around and assigned its lease interest to the state.

One result was to grant the new lease without going through a competitive bidding process. Sojin Serikaku, land agent with the department's land acquisition



An informal "Beer Garden" is located at Hawaii Raceway Park. It faces an oval dirt track where stock car and motorcycle races are held. Other parts of the park are used for drag and road races and driver training programs.

By Craig T. Kojima,  
Star-Bulletin

section, said bidding would have been required if the operating lease had been offered after the state took control.

State records show that the escrow agreement and lease were signed on behalf of Hawaii Motorsports Center by Enomoto. The Star-Bulletin reported earlier that Enomoto and a group of seven individuals and 16 associated companies have contributed more than \$260,000 to political campaigns since 1987.

According to business registration records, Hawaii Motorsports Center Limited Partnership and Hawaii Motorsports Investment Inc., its general partner, were not registered to do business until Dec. 10, 1991, more than a week after the leases were awarded.

Hawaii Motorsports Investments is headed by Oakland, longtime racing enthusiast. Enomoto's name does not appear on the company's business registration or its most recent annual report filed with the state. Oakland has referred to him at various times as an "adviser," a creditor and a partner but refused to specifically discuss their business relationship.

### Tax concessions are generous

Other records suggest that Enomoto has a direct stake in the operations. A certificate of insurance on file with the Department of Land and Natural Resources shows that the required insurance policy is issued to "Tom Enomoto and Mike Oakland, Hawaii Motorsports Center, dba (doing business as) Hawaii Raceway Park."

A building permit issued last year for electrical work lists the address of the racetrack's owner as a Nimitz Highway address used by a number of Enomoto-controlled businesses.

The new lease appears to offer generous terms to the track operators. It calls for annual rent of \$72,000, 20 percent below the initial rent set in a previous 1984 Campbell Estate lease.

State records also indicate that the city has exempted the racetrack from payment

of real property taxes "to reflect condemnation by the state." The records show that the exemption saved Hawaii Motorsports Center \$11,376.80 during the first six months of 1992.

Russell Miyake, city finance director, said state land leased for commercial purposes is normally taxed and that the property tax exemption is temporary. Miyake says that when the legal condemnation of the property is completed, Hawaii Motorsports Center will be billed for taxes dating back to December 1991.

### Who authorized the lease?

Considerable confusion remains about who authorized the new five-year lease to Hawaii Motorsports Center. As a result of the complicated escrow arrangement, Campbell Estate and the state did not actually sign the lease with the Hawaii Motorsports Center. Instead, the lease was signed by Title Guaranty Escrow Services on the basis of instructions contained in an agreement among the state, Campbell Estate and Hawaii Motorsports Center.

Oakland said he negotiated the lease terms directly with Campbell Estate although the lease did not take effect until the property was being transferred to the state.

Harold Masumoto, director of the Office of State Planning, said his office had nothing to do with the new lease, but Serikaku, the land agent who worked on the raceway acquisition, disagrees. Serikaku said the lease negotiations were handled by Masumoto's office.

"They sent it all over to us," he said, pointing to the thick file of lease documents.

Serikaku also questioned the status of three other businesses operating on the raceway park property, including a company that holds the contract with the city to pick up abandoned vehicles from around the island. Serikaku said the lease is specifically for racing activities and that other uses would not be in compliance.