

Waihee aide: Lease story irresponsible

□ The governors' press secretary criticizes the Raceway Park report

By Ian Y. Lind
Star-Bulletin

Gov. John Waihee's press secretary yesterday accused the Star-Bulletin of "misleading, incorrect and irresponsible" reporting in a story detailing a nonbid lease given to the operators of Hawaii Raceway Park in Ewa.

"What the Star-Bulletin has done is invent a news story, and padded it with innuendo," Carolyn Tanaka said in a letter to Star-Bulletin editor and publisher John Flanagan.

Flanagan said the Star-Bulletin stands by the story.

The story, published Wednesday, reported that a company involving politically influential developer Thomas T. Enomoto obtained a five-year lease without competitive bids when the state purchased the 58.8-acre site of Hawaii Raceway Park, along with two other parcels, from Campbell Estate for \$110 million in 1991.

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

Tanaka said the story was "completely wrong . . . because it is based on the incorrect assumption that the state owned the raceway track land and therefore issued the lease to Hawaii Motorsports Center. The truth is, Campbell Estate owned the land and Campbell Estate negotiated the lease contract.

"The purchase settlement called for the state to honor the existing leases which is what the state is doing with the operators of the racetrack," Tanaka said.

State documents obtained by the Star-Bulletin tell a different story. The documents show that the existing racetrack lease was canceled and transferred to the new partnership as part of the shift to state control.

An agreement signed in December 1991 to transfer the raceway park from Campbell Estate to the state — eight months after the purchase was first announced — authorized Title Guarantee Escrow Services to execute a complex series of transactions:

■ First, the City and County of Honolulu, which had leased the property since 1989, canceled its lease with Campbell Estate.

■ Second, an existing operating agreement was canceled, and the contractor agreed to give up his interest in equipment and improvements used for Hawaii Raceway Park.

■ Third, Campbell Estate entered into a lease with Title Guarantee, which in turn was directed to give a new 5-year sublease to Hawaii Motorsports Center.

■ The transaction was completed when the escrow company assigned the master lease to the state, subject to the newly signed operating lease with Hawaii Motorsports Center.

The result of this complicated escrow arrangement was to grant the new raceway park lease without going through a competitive process.

Sojin Serikaku, land agent with the state Department of Land and Natural Resources, said that competitive bidding would have been required if the master lease had been transferred to the state prior to signing the new raceway park sublease.

Tanaka also criticized the story for reporting that the lease rent being paid by Hawaii Motorsports Center is 20 percent below rent set by Campbell Estate in 1984 for a lease on the same facility. She said the estate reduced the rent in 1989, "two years before the state entered the picture."

Susan Sublett, who administered the lease for Campbell Estate, said that the rent was reduced in 1989 after Campbell required Hawaii Raceway Park to obtain a \$10 million liability insurance policy. Under the terms of the new lease, the lower lease rent was maintained even though the insurance requirement was cut by 50 percent.

Tanaka also disputed an "implication" that the state may have paid more than necessary for the racetrack land.

The Star-Bulletin had reported that state documents on the purchase did not contain an appraisal justifying the price paid.

"I challenge you to find a comparable sale in the area with such a low price," Tanaka said. However, she did not dispute the lack of an appraisal.