Shall the Authority Authorize the Interim Executive Director to Execute the Declaration of Land Use and Restrictive Covenant Required by the Hawaii Housing Finance and Development Corporation over Land Owned by the Hawaii Community Development Authority and Identified as Parcel 26 TMK No. (1) 2-3-007:026 for Development of a 128 Unit Affordable Rental Project ("Hale Kewalo")

Staff Report

October 5, 2016

Background, Timeline and List of Exhibits:

1. October 5, 2011: The dedication and conveyance of land parcel TMK: (1) 2-3-007:26 ("Parcel 26") for the 404 Piikoi Phase IVA ("Project") from the developer, Kewalo Development LLC ("Kewalo") was approved by the Authority.
   - Exhibit A – October 5, 2011 meeting minutes.

2. January 20, 2012: Accordingly, the development agreement was amended to include the requirement for dedication and conveyance of Parcel 26 to the Hawaii Community Development Authority (HCDA).
   - Exhibit B - Amended development agreement.

3. December 4, 2013: The Authority authorized the amendment of the planned development permit (Permit) to assign the remaining reserved housing requirement for the project to SCD Piikoi LLC ("Carr"), a Stanford Carr Development affiliate.
   - Exhibit C - December 4, 2013 meeting minutes.

4. April 10, 2014: The development agreement was further amended to incorporate amendments to the Permit as authorized by the Authority at its March 19, 2014 meeting.
   - Exhibit D - March 19, 2014 meeting minutes.
   - Exhibit E – March 19, 2014 permit amendment
   - Exhibit F – April 10, 2014 planned development agreement amendment

5. January 7, 2015: Further amendments to the Permit were authorized by the Authority. These Permit amendments notes that Kewalo, has agreed to enter into an amended and restated development agreement with Carr for the development of a reserved housing project ("RH Project") on land parcel identified as TMK No. 2-3-007:049 ("Parcel 49") and located at 450 Piikoi Street and 1235 Kona Street which will satisfy the remaining reserved housing obligations under the Permit.
   - Exhibit G – January 7, 2015 meeting minutes.
   - Exhibit H – January 7, 2015 Permit amendment
**Exhibit I** – January 7, 2015 Kewalo and Carr amended and restated development agreement  
**Exhibit J** – January 7, 2015 HCDA and Carr amended development agreement

6. **November 24, 2015:** The HCDA Executive Director administratively amended the planned development agreement, administratively, to provide Carr additional time to complete certain obligations of the amended planned development agreement  
   - **Exhibit K** – November 24, 2015 Amended planned development agreement

7. **May 4, 2016:** The Authority ratified the November 24, 2015 administrative amendment of the planned development agreement.  
   - **Exhibit L** – May 4, 2016 meeting minutes.

**Discussion**

Kewalo conveyed Parcel 26 to the HCDA on October 17, 2014. The provision for the transfer of ownership for Parcel 49 from Kewalo to Carr is provided in the January 7, 2015 amended planned development agreement, and, Kewalo currently retains ownership to Parcel 49.

On March 31, 2015 the HCDA, Executive Director executed a Letter of Intent for Site Control Agreement (“Letter”) with Carr. The Letter authorized Carr to submit applications to the Hawaii Housing Finance and Development Corporation (HHFDC) for reservation or allocation of federal and/or state low-income housing tax credits (LIHTC) and to take other reasonable actions regarding development of the RH project. The Letter also indicated that the HCDA, subject to approval by its board, intends to enter into a ground lease with Carr for development of the RH Project subject to terms of the January 7, 2015 Amended Permit (Exhibit H).

   - **Exhibit M** – Letter of Intent for Site Control Agreement

October 15, 2015: the HHFDC approved a Carr affiliate, Hale Kewalo LP (“Developer”) or other successor entity approved by its Executive Director as an eligible developer pursuant to Section 15-307-24, Hawaii Administrative Rules. The HHFDC also approved exemptions from statutes, ordinances, and rules of the City & County of Honolulu and the HCDA pursuant to Section 201H-38, Hawaii Revised Statutes (“201H-38”) for the RH Project (“Hale Kewalo”).

   - **Exhibit O** – HHFDC Approval  
   - **Exhibit P** – City Council approval of the 201H-38 Exemption  
   - **Exhibit Q** – Copy of Section 15-307-24, Hawaii Administrative Rules  
   - **Exhibit R** - Copy of the 201H-38, Hawaii Administrative Rules

As part of the approval for the 201H-38 exemption, HHFDC requires a declaration of land use and restrictive covenant be executed for Hale Kewalo by the Developer, the HCDA as the land owner of Parcel 26, and Kewalo as the owner of Parcel 49. The covenant requires that Hale Kewalo remain an affordable rental project for a term of 61 years. Other details of the affordability levels are provided in the covenant.
Recommendation

Authorize the Interim Executive Director to execute the declaration of land use and restrictive covenant required by the HHFDC over land owned by HCDA and identified as Parcel 26, TMK No. (1) 2-3-007:026 for the development of a 128 unit affordable rental project.

List of Exhibits – Attached

Exhibit A – October 5, 2011 Meeting Minutes
Exhibit B - Amended Development Agreement
Exhibit C - December 4, 2013 Meeting Minutes
Exhibit D - March 19, 2014 Meeting Minutes.
Exhibit E – March 19, 2014 Permit Amendment
Exhibit F – April 10, 2014 Planned Development Agreement Amendment
Exhibit H – January 7, 2015 Permit Amendment
Exhibit I – January 7, 2015 Kewalo and Carr Amended and Restated Development Agreement
Exhibit J – January 7, 2015 HCDA and Carr Amended Development Agreement
Exhibit K – November 24, 2015 Amended Planned Development Agreement
Exhibit L – May 4, 2016 Meeting Minutes
Exhibit M – Letter of Intent for Site Control Agreement
Exhibit O – HHFDC Approval
Exhibit P – City Council Approval of the 201H-38 Exemption
Exhibit Q – Hawaii Administrative Rules, Section 15-307-24
Exhibit R – Hawaii Administrative Rules, 201H-38,
Exhibit S – Declaration of Land Use Restrictive Covenants Draft
Minutes of December 5, 2011 Authority Meeting

Chairperson Bradley entertained a motion for the Authority to authorize the Executive Director to expend Kalaeloa Community Development Revolving Funds to match funds with the National Renewable Energy Laboratory for the design of a sustainable net-zero mixed-use housing pilot project in the Kalaeloa Community Development District.

A motion was made by Member Meyer and seconded by Member Swinney.

A roll call vote was taken.


Nays: None.

The motion passed 13 to 0 with 5 excused (Members Coppa, Lim, Mukai, Nahale-a and Tanoue).

V. REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Anthony Ching provided his report via a PowerPoint presentation (see Exhibit A).

There were no comments from Members or the public on the report.

VI. KALAELOA DISCUSSION

A. Kalaeloa Status Report

Ms. Tesha Malama summarized the report in the packet distributed to Members. She noted that Pural Water Specialty Company had been selected by the U.S. Navy as the private company to provide water and wastewater services for the district.

Member Lee noted that the first bullet point on page one of the report should be corrected to read the “Oahu Society for the Prevention of Cruelty to Animals.”

A recess was taken at 10:47 a.m.

Members Maluafiti and Swinney exited the meeting at 10:47 a.m.

The meeting was reconvened at 11:01 a.m.

VIII. KAKAAKO DECISION MAKING (continued)

7. Shall the Authority Approve the Amendments to the Planned Development Permit (PD 2-84) for Phase IV of the 404 Piikoi Project?
Mr. Ching summarized the report in the packet distributed to Members.

He noted for the record that Ms. Meredith Ching and Ms. Natalie Kiehm, representatives of the developer, were present to answer questions.

Ms. Kiehm, vice president of A&B Properties and project manager of the 404 Piikoi Project, confirmed that the developer was amending its request. They would be contributing 4600 square feet of property fronting Waimanu Street and abutting their Kona property. They were willing to extend their commitment to 50 years for their rental housing project, but would retain the rights to the floor area and open space assigned to the parcel. In return, they were looking to have 272 square feet given to them and were asking for 4 additional credits of reserved housing. Also in exchange for their commitments, they would only have to build 72 units proposed for the senior rental housing project.

There were no comments from Members or the public on this agenda item.

Chairperson Bradley entertained a motion for the Authority to approve the amendments to the Planned Development Permit PD 2-84 for Phase IV of the 404 Piikoi Project.

A motion was made by Member Dwight and seconded by Member Lai.

A roll call vote was taken.


Nays:  None.

The motion passed 10 to 0 with 3 excused (Members Coppa, Lim and Mukai).

8.  Shall the Authority Authorize the Executive Director to Expend Hawaii Community Development Revolving Funds to Retain a Consultant for Remediation, Due Diligence, Design, and Renovation of the American Brewery Building?

Member Mitsunaga stated that her firm may possibly have a design contract with the project and was recusing herself. She exited the meeting at 11:18 a.m.

Chairperson Bradley stated that Member Mitsunaga would be notified when the agenda item was completed.

Mr. Ching described the procurement process by which the HCDA entertains contracts and consultant work. First, public notice is given and applications are solicited for statements of qualification in various disciplines that might be utilized by the agency over a period of time. The statements of qualification are reviewed by an independent committee. The consultants are ranked and the list is maintained for a fixed period,
AMENDMENT TO PLANNED DEVELOPMENT AGREEMENT

This Amendment to Planned Development Agreement (the "Amendment") is made this 20th day of January, 2012, by and between HAWAII COMMUNITY DEVELOPMENT AUTHORITY, STATE OF HAWAII ("HCDA"), a body corporate and a public instrumentality of the State of Hawaii, and KEWALO DEVELOPMENT LLC, a Hawaii limited liability company ("Kewalo Development"), whose principal place of business is at 822 Bishop Street, Honolulu, Hawaii 96813.

RECITALS:

A. HCDA issued a Planned Development Permit (PD 2-84) dated November 7, 1984, to the Trustees of the Nauru Phosphate Royalties Trust, a statutory trust established under and pursuant to the unrecorded Nauru Phosphate Royalties Trust Ordinance 1988 of the Republic of Nauru (hereinafter called the "Nauru Trust") pursuant to and subject to the Kakaako Community Development District Plan and Rules (hereinafter called the "Vested Kakaako Plan and Rules").


C. The 404 Piikoi Planned Development Permit sets forth the terms and conditions under which a commercial-industrial-residential high-rise condominium project (hereinafter referred to as the "404 Piikoi Project") may be jointly developed on certain parcels of land situated within the Kakaako
Community Development District, which parcels are described in said 404 Piikoi Planned Development Permit (collectively, the "404 Piikoi Site").

D. Pursuant to the requirements of the 404 Piikoi Planned Development Permit, HCDA and Nauru Phosphate Royalties Honolulu, Inc. ("NPR Honolulu") executed that certain Planned Development Agreement dated October 19, 1988, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 1645703 in order to place the terms and conditions of the Planned Development Permit of record and to make them covenants running with and binding upon the 404 Piikoi Site and which 404 Piikoi Planned Development Permit and Planned Development Agreement are both affected by each of the following:

(1) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT dated October 19, 1988, filed as Land Court Document No. 1646277, made by and between NAURU PHOSPHATE ROYALTIES (HONOLULU), INC., a Delaware corporation, and NAURU PHOSPHATE ROYALTIES DEVELOPMENT (HONOLULU), INC., a Delaware corporation, assigning all of the right, title and interest in and to the 404 Piikoi Planned Development Permit to the extent that such right, title and interest are necessary for the development, use or operation of the Phase I Site, subject to the terms and conditions of the 404 Piikoi Planned Development Permit, to the Vested Kakaako Plan and Rules, and such Partial Assignment. Consent thereto given by HAWAII COMMUNITY DEVELOPMENT AUTHORITY, STATE OF HAWAII, by instrument filed as Land Court Document No. 1646278.

(2) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT dated November 2, 1994, filed as Land Court Document No. 2192784, made by and between NAURU PHOSPHATE ROYALTIES (HONOLULU), INC., a Delaware corporation, and NAURU PHOSPHATE ROYALTIES DEVELOPMENT (HONOLULU), INC., a Delaware corporation, and WAIMANU INVESTMENT VENTURE, a Hawaii limited partnership, and WALDRON VENTUREs, a Hawaii general partnership, assigning all of the right, title and interest in and to the 404 Piikoi Planned Development Permit to the extent that such right, title and interest are necessary for the development, use and operation of the reserved housing site, subject to the terms and conditions of the 404 Piikoi Planned Development Permit, the Vested Kakaako Plan and Rules and such Partial Assignment to the extent that they affect the reserved housing project and the reserved housing site. Consent thereto given by HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii, by instrument dated November 2, 1994, filed as Land Court Document No. 2192785.

(3) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT dated June 1, 1997, filed as Land Court Document No. 2387444, made by and between NAURU PHOSPHATE ROYALTIES (HONOLULU), INC., a Delaware corporation, and NAURU PHOSPHATE ROYALTIES DEVELOPMENT (HONOLULU), INC., a Delaware corporation, and NAURU PHOSPHATE ROYALTIES (WAIMANU), INC., a Hawaii corporation, assigning all of the right, title and interest in and to the 404 Piikoi Planned Development Permit to the extent that such right, title and interest are necessary for the development, use and operation of Lot 2, subject to the terms and conditions of the 404 Piikoi Planned Development Permit, the Vested Kakaako Plan and Rules and such Partial Assignment.

(4) ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT AND CANCELLATION AND TERMINATION OF PARTIAL ASSIGNMENT dated May 1, 1998, filed as Land Court Document No. 2461954, made by and between NAURU PHOSPHATE ROYALTIES (WAIMANU), INC., a Hawaii corporation, "Assignor", and NAURU PHOSPHATE ROYALTIES (HONOLULU), INC., a Delaware corporation, and NAURU PHOSPHATE ROYALTIES DEVELOPMENT (HONOLULU), INC., a Delaware corporation, "Assignee", assigning all of the Assignor's
right, obligations and liabilities under the 404 Piikoi Planned Development Permit dated November 7, 1994, as amended, terminating the Partial Assignment dated June 1, 1997, and mutually releasing each other from all claims related thereto.

(5) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT dated April 17, 2003, filed as Land Court Document No. 2918295. Consent thereto given by HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii, by instrument dated April 17, 2003, filed as Land Court Document No. 2918296.

(6) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT dated April 28, 2006, filed as Land Court Document No. 3485477, made by and between SUNSET HEIGHTS HAWAII, LLC, a Delaware limited liability company, “Assignor”, and SUNSET HEIGHTS HAWAII II, LLC, a Delaware limited liability company, “Assignee”, assigning all Assignor’s right, title and interest necessary for the development, use and operation of the Phase IV Tower Site; subject however, to the terms and conditions of the 404 Piikoi Planned Development Permit, the Kakaako Plan and the Rules and such Partial Assignment to the extent that they affect the Phase IV tower and the Phase IV Tower Site. Consent thereto given by HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii, by instrument dated September 5, 2006, filed as Land Court Document No. 3485478.

(7) AMENDED AND RESTATED PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT TO SUNSET HEIGHTS HAWAII II, LLC dated January 16, 2007, filed as Land Court Document No. 3541283, made by and between SUNSET HEIGHTS HAWAII, LLC, a Delaware limited liability company, “Assignor”, assigning all Assignor’s right, title and interest necessary for the development, use and operation of the Phase IV Tower on the Phase IV Tower Site; subject however, to the terms and conditions of the 404 Piikoi Planned Development Permit, the Vested Kakaako Plan and Rules and such Partial Assignment to the extent that they affect the Phase IV Tower and the Phase IV Tower Site. CONSENT TO AMENDED AND RESTATED PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT TO SUNSET HEIGHTS HAWAII II, LLC, thereto given by HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii, by instrument dated January 16, 2007, filed as Land Court Document No. 3541284.

(8) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT TO K2 INVESTORS, LLC dated January 16, 2007, filed as Land Court Document No. 3541286, made by and between SUNSET HEIGHTS HAWAII II, LLC, a Delaware limited liability company, “Assignor”, and K2 INVESTORS, LLC, a Delaware limited liability company, “Assignee”, assigning all Assignor’s right, title and interest necessary for the development, use and operation of the Phase IV Tower on the Phase IV Tower Site; subject however, to the terms and conditions of the 404 Piikoi Planned Development Permit, the Vested Kakaako Plan and Rules and such Partial Assignment to the extent that they affect the Phase IV Tower and the Phase IV Tower Site. Consent thereto given by HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii, by instrument dated January 16, 2007, filed as Land Court Document No. 3541287.

(9) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT TO KEWALO DEVELOPMENT LLC dated June 30, 2010, filed as Land Court Document No. 3974998, made by and between K2 INVESTORS, LLC, a Delaware limited liability company, “Assignor”, and KEWALO DEVELOPMENT LLC, a Hawaii limited liability company, “Assignee”, assigning all
Assignor's right, title and interest necessary for the development, use and operation of the Phase IV-A Tower on the Phase IV-A Site and Phase IV-B Building on the Phase IV-B Site; subject however, to the terms and conditions of the 404 Piikoi Planned Development Permit, the Vested Kakaako Plan and Rules and such Partial Assignment to the extent that they affect the Phase IV-A Tower and the Phase IV-B Building and the Remainder 404 Piikoi Site. Consent thereto given by HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii, by instrument dated June 29, 2010, filed as Land Court Document No. 3982364.

E. The original Planned Development Agreement described in Recital D above was amended by instrument dated April 11, 2003, filed as Land Court Document No. 2914559, in order to amend and modify the description of the lands comprising the 404 Piikoi Site as a result of that certain unrecorded Land Exchange Agreement dated November 1, 2000 (the original Planned Development Agreement as amended is hereinafter referred to as the "404 Piikoi Planned Development Agreement").

F. As a result of the Amendments including Joint Development and Modification (M-1-07) dated February 6, 2008 (the "Feb 6 2008 Amendment"), HCDA approved the joint development of the 1226 Waimanu Street parcels (TMK Nos. (1) 2-3-007: 026 & 049) with the then existing 404 Piikoi Site subject to recodarion of an agreement to confirm that the 1226 Waimanu Street parcels are subject to the joint development and all other applicable provisions of the 404 Piikoi Planned Development Permit and the 404 Piikoi Planned Development Agreement and that the 1226 Waimanu Street parcels will be developed and maintained in conformity with the joint development and all other applicable provisions of the 404 Piikoi Planned Development Permit and the 404 Piikoi Planned Development Agreement and with Section 13-22-80 of the Vested Kakaako Plan and Rules.

G. As a result of the Administrative Amendment and Modification to Planned Development Permit for 404 Piikoi Project dated October 5, 2011 (the "Oct 5 2011 Amendment"), HCDA approved further changes to the 404 Piikoi Planned Development Permit, including, among other matters (a) a modification to the parking requirements for the Phase IV-B Site (Reserved Housing Building 2), (b) the conversion of the then permitted 64 "for sale" reserved housing unit to 72 units "for rent" to seniors, (c) a commitment by the Developer to maintain the reserved housing units in the Reserved Housing Building 2 as affordable rentals under the Vested Kakaako Plan and Rules for a minimum term of 50 years in exchange for four (4) reserved housing credits to be applied against the remaining reserved housing obligations of the Developer, (d) the approval for Developer to partner with an established and reputable senior affordable rental housing developer/operator for the planned Reserved Housing Building 2; (e) the acquisition of an additional 27,272 square feet of supplemental floor area for the Phase IV-A Tower in exchange for the agreement by the Developer to dedicate Lot 334-A (4,600 square feet) to HCDA for public uses; (f) deletion of the "unit adjustment mechanism" requirement; and (g) reduction in the area of commercial space at the planned Reserved Housing Building 2 to 589 square feet, and deletion of a commercial/retail space requirement at the Phase IV-A Tower.

AMENDMENT:

NOW, THEREFORE, in consideration of the Recitals set forth above and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, HCDA and Kewalo Development do hereby amend the 404 Piikoi Planned Development Agreement in the following respects:

1. The second WHEREAS clause of the 404 Piikoi Planned Development Agreement is hereby amended in its entirety to read as follows:

"WHEREAS, said Planned Development Permit sets forth the terms and conditions under which a commercial-industrial-residential high-rise project (hereinafter referred to as the "404 Piikoi Project"), may be developed on parcels of land situated within the Kakaako Community Development District, which parcels are identified by State of Hawaii Tax Map Key Nos. (First Division) 2-3-4: 025 and 073, 2-3-6: 003, 004,
2. Exhibit “A” attached to said 404 Piikoi Planned Development Agreement is hereby further amended and supplemented by adding the lands described in the Exhibit “1” attached to this Amendment to Exhibit “A” attached to said 404 Piikoi Planned Development Agreement and subjecting such lands to the terms and conditions of the 404 Piikoi Planned Development Permit effective as and from February 6, 2008, HCDA and Kewalo Development confirming that (a) all lands described in the Exhibit “A” attached to the 404 Piikoi Planned Development Agreement as amended hereby have been and/or shall be developed and maintained as a joint development with the other parcels comprising the 404 Piikoi Site in conformity with and subject to the joint development and all other applicable provisions of the 404 Piikoi Planned Development Permit, the 404 Piikoi Planned Development Agreement, and with Section 15-22-80 of the Vested Kakaako Plan and Rules, and (b) the joint development and all other terms, provisions, and conditions of said 404 Piikoi Planned Development Permit are and shall remain covenants running with and binding upon the 404 Piikoi Site as described and set forth in the Exhibit “A” attached to the Planned Development Agreement as amended hereby and shall bind and constitute notice to all subsequent lessees, grantees, assignees, mortgagees, lienors and any other persons who claim an interest in the 404 Piikoi Site, and HCDA shall have the right to enforce the 404 Piikoi Planned Development Agreement by appropriate action at law or suit in equity against all such persons.

3. Pursuant to the Oct 5 2011 Amendment, HCDA approved the Developer’s request for a parking modification for Phase IV-B of the 404 Piikoi Project. For Phase IV-B (Reserved Housing Building 2) Project, the amended parking requirement shall be 0.5 parking stall per residential unit.

4. Pursuant to the Feb 6 2008 Amendment, the Developer agreed with HCDA to pay an additional public facilities dedication fee associated with the inclusion of the 1226 Waimanu Site into the 404 Piikoi Project. All other and prior public dedication fees for the 404 Piikoi Project had been fully paid. The additional public facilities dedication requirement was for 8,374.4 square feet of land or its equivalent, which shall be satisfied by (a) the 10-foot road widening provided for along Kona Street which comprises approximately 2,740 square feet, and (b) a cash in lieu payment of $384,588.00 for the remaining balance of 5,647.4 square feet of land based on an agreed market value of $68.10 per square foot. The split between land dedication and cash in lieu specified in subparagraph (a) and (b) is subject to adjustment based upon the actual dedicated square footage of land. The cash in lieu payment shall be payable in full to HCDA prior to the issuance of the initial Certificate of Occupancy by the City and County of Honolulu for the Phase IV-A Tower, or the Reserved Housing Building 2, whichever occurs first. The payment of this sum to HCDA shall be secured by the Developer with a financial guaranty bond from a surety company authorized to do business in Hawaii, an acceptable construction set-aside letter, and/or other means acceptable to the HCDA prior to or concurrently with the issuance of the initial building permit for the Phase IV-A Tower.

5. Pursuant to the Feb 6 2008 Amendment HCDA approved and authorized the transfer to the Developer of supplemental floor area of 57,414 square feet in exchange for a payment of an “in-kind” contribution of $2.0M (approximately $34.84 per square foot) towards the construction of the Queen Street Park (now known as “Kolowalu Park”). Since Kolowalu Park has already been constructed by the HCDA, the requirements for this “in-kind” payment has been modified so as to provide that the funds payable by the Developer for the supplemental floor area of 57,414 square feet shall be used to reimburse and refund the Hawaii Community Development Revolving Fund, which advanced the funds to pay for the construction of Kolowalu Park. The payment by the Developer for the supplemental floor area (57,414 square feet) to be acquired under the 404 Piikoi Planned Development Permit shall be made prior to or concurrently with the issuance of the initial certificate of occupancy for the Phase IV-A Tower. The payment of this sum to HCDA shall be secured by the Developer with a financial guaranty bond from a surety company authorized to do business in Hawaii, an acceptable construction set-aside letter, and/or other means acceptable to the HCDA prior to or concurrently with the issuance of the initial building permit for the Phase IV-A Tower.
6. Pursuant to the Oct 5 2011 Amendment, HCDA approved the conversion of the previously permitted 64 “for sale” reserved housing units planned for the Reserved Housing Building 2 to a senior reserved housing rental project consisting of 72 one-bedroom reserved housing units. The Developer shall comply with the applicable “for rent” affordability requirements established under the Vested Kakaako Plan and Rules in the rental of such reserved housing rental units, but is allowed to have an appropriate “seniors” restriction or limitation.

7. Pursuant to the Oct 5 2011 Amendment, the Developer committed to a minimum regulated rental term of fifty (50) years, instead of the 15 year minimum required under the Vested Kakaako Plan and Rules, for the 72 reserved housing rental units in the Reserved Housing Building 2, in exchange for the provision by HCDA of four (4) reserved housing credits to the Developer which are to be applied by the Developer against the remaining balance of the reserved housing requirements under the 404 Piikoi Planned Development Permit. After the extended 50-year regulated rental term, the Developer shall be free to sell or rent the units in the Reserved Housing Building 2 at the then market price.

8. Pursuant to the Oct 5 2011 Amendment, HCDA agreed to transfer an additional 27,272 square feet of supplemental floor area to the Developer which increases the total available floor area under the 404 Piikoi Planned Development Permit to 2,826,719 square feet in exchange for the dedication and conveyance of Lot 334-A, area 4,600 square feet, more or less, Section 2, as shown on Map 33, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880(amended) of Bishop Trust Company Limited (“Lot 334-A”), also identified by TMK No. (1) 2-3-007: 026, and which Lot 334-A currently comprises a portion of the Phase IV-B site. The Developer shall prepare all necessary documentation to dedicate, convey and transfer title to Lot 334-A to HCDA prior to or concurrently with the issuance of the Certificate of Occupancy for Phase IV-A of the Project. The Developer is not precluded from dedicating, conveying and transferring title to Lot 334-A to the HCDA prior to issuance of the certificate of occupancy for Phase IV-A. The acquisition by the Developer of this supplemental floor area will not result in any public facilities dedication fees being assessed against this additional floor area as it is not associated with any land transfer to the 404 Piikoi Project.

   a. All floor area and open space attributable to Lot 334-A shall be deemed a part of Phase IV-B, and shall be retained by the Developer and be applicable to and shall be used to satisfy the appropriate requirements for the same under the 404 Piikoi Planned Development Permit.

   b. HCDA agrees to grant by appropriate instrument or instruments any access or utility easements over, under and through Lot 334-A as may be required by the Developer for the development, construction, use and operation of the Reserved Housing Building 2 on the Phase IV-B site.

   c. Notwithstanding the foregoing it is understood that the Developer shall retain the right at no cost or charge to use and occupy Lot 334-A for a period up to and including December 31, 2015, for construction staging and storage purposes solely in connection with the development and construction of Phase IV-A and/or Phase IV-B. If the Developer requires extended use of Lot 334-A beyond December 31, 2015, then the Developer may request an extension from HCDA.

9. Pursuant to the Oct 5 2011 Amendment, HCDA has recognized and agreed that the Developer may partner with an established and reputable senior affordable rental housing developer/operator to develop, operate and maintain the planned senior reserved housing rental units in the Reserved Housing Building 2 on the Phase IV-B site. The Developer covenants and agrees that if the Developer chooses to partner with an established and reputable senior affordable rental housing developer/operator for the senior reserved housing rental units in the Reserved Housing Building 2 on the Phase IV-B site, that the Developer shall arrange for and cause such established and reputable senior affordable rental housing developer/operator to execute and deliver a consent and joinder in the 404 Piikoi Planned Development Agreement, as amended hereby, as the same may apply and/or relate to the
Phase IV-B site and the Reserved Housing Building 2, and agrees to be bound by and fully comply with the terms and conditions thereof which are applicable to the Phase IV-B site and the Reserved Housing Building 2. The Developer shall thereafter promptly deliver to HCDA an executed copy of such consent and joinder.

10. Pursuant to the Oct 5 2011 Amendment, HCDA has agreed to modify the 404 Piikoi Planned Development Permit to (a) delete the “unit adjustment mechanism” requirement for the reserved housing units planned for the Reserved Housing Building 2, (b) reduce the area of commercial space at the planned Reserved Housing Building 2 to 589 square feet, and (c) delete the commercial/retail space requirement for the Phase IV-A Tower.

11. The 404 Piikoi Planned Development Agreement as further amended by this Amendment is hereby ratified and confirmed, and shall continue in full force and effect.

IN WITNESS WHEREOF, HCDA and Kewalo Development have executed this Amendment the day and year first above written.

APPROVED AS TO FORM:

Deputy Attorney General

HAWAII COMMUNITY DEVELOPMENT AUTHORITY, STATE OF HAWAII

By

Anthony J. H. Ching
Executive Director

“HCDA”

KEWALO DEVELOPMENT LLC,
a Hawaii limited liability company

BY: A & B PROPERTIES, INC.
a Hawaii corporation
Its Manager

By

Name: NATALIE J. KIEHM
Title: VICE-PRESIDENT

By

Name: ALISON J. NAKAMURA
Title: SECRETARY

“Kewalo Development”
HCDA Notary:

STATE OF HAWAII
)

CITY & COUNTY OF HONOLULU
)

On this 20th day of January 2012, before me appeared ANTHONY J. H. CHING, to me personally known, who, being by me duly sworn, did say that said person executed the foregoing instrument as said person's free act and deed and in the capacity shown, having been duly authorized to execute such instrument in such capacity.

[Signature]

Notary Public, State of Hawaii
Name: Wendi T. Reyes
My commission expires: 3-30-2014

Date of Doc: January 20, 2012
Name of Notary: Wendi T. Reyes
Doc. Description: Amendment to Planned Development Agreement

[Signature] 1/20/12
Notary Signature  Date
First Circuit, State of Hawaii

NOTARY CERTIFICATION
Kewalo Development Notary 1:

STATE OF HAWAII

CITY & COUNTY OF HONOLULU

On this 5th day of January, 2012, before me appeared

NATALIE I. KIEHM

to me personally known, who, being by me duly sworn, did say

that said person executed the foregoing instrument as said person’s free act and deed and in the capacity

shown, having been duly authorized to execute such instrument in such capacity.

[Signature]

AILEEN S. MIYAHARA

Notary Public, State of Hawaii
Name: AILEEN S. MIYAHARA
My commission expires: 7/15/14

Date of Doc: Undated at time of notarization
Name of Notary: AILEEN S. MIYAHARA
Doc. Description: Amendment to Planned Development Agreement

[Signature] 1/5/12
Notary Signature Date

First Circuit, State of Hawaii

NOTARY CERTIFICATION
Kewalo Development Notary 2:

STATE OF HAWAII

CITY & COUNTY OF HONOLULU

On this 5th day of January, 2012, before me appeared ALYSON J. NAKAMURA to me personally known, who, being by me duly sworn, did say that said person executed the foregoing instrument as said person’s free act and deed and in the capacity shown, having been duly authorized to execute such instrument in such capacity.

AILEEN S. MIYAHARA
Notary Public, State of Hawaii
Name: AILEEN S. MIYAHARA
My commission expires: 7/15/14

Date of Doc: Undated at time of notarization
Name of Notary: AILEEN S. MIYAHARA
Doc. Description: Amendment to Planned Development Agreement

AILEEN S. MIYAHARA 1/5/12
Notary Signature Date
First Circuit, State of Hawaii

NOTARY CERTIFICATION
EXHIBIT 1

ITEM I:

PARCEL FIRST:-

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 327, area 3,978 square feet, more or less, Section 2, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.

Being land(s) described in Transfer Certificate of Title No. 987,010 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED

GRANTOR : KONA STREET PARTNERS, LLC, a Delaware limited liability company

GRANTEE : KEWALO DEVELOPMENT LLC, a Hawaii limited liability company

DATED : June 30, 2010

FILED : Land Court Document No. 3974999

-PARCEL SECOND:-

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 328, area 4,157 square feet, more or less, Section 2, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.

Being land(s) described in Transfer Certificate of Title No. 987,011 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED

GRANTOR : KONA STREET PARTNERS, LLC, a Delaware limited liability company

GRANTEE : KEWALO DEVELOPMENT LLC, a Hawaii limited liability company

DATED : June 30, 2010

FILED : Land Court Document No. 3975000

-PARCEL THIRD:-

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 330, area 5,000 square feet, more or less, Section 2, as shown on Map 1, filed
in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.

Being land(s) described in Transfer Certificate of Title No. 987,012 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED

GRANTOR : KONA STREET PARTNERS, LLC, a Delaware limited liability company
GRANTEE : KEWALO DEVELOPMENT LLC, a Hawaii limited liability company
DATED : June 30, 2010
FILED : Land Court Document No.3975001

-PARCEL FOURTH:-

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 331, area 5,000 square feet, more or less, Section 2, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.

Being land(s) described in Transfer Certificate of Title No. 987,013 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED

GRANTOR : KONA STREET PARTNERS, LLC, a Delaware limited liability company
GRANTEE : KEWALO DEVELOPMENT LLC, a Hawaii limited liability company
DATED : June 30, 2010
FILED : Land Court Document No. 3975002

-PARCEL FIFTH:-

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 333, area 5,000 square feet, more or less, Section 2, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.

Being land(s) described in Transfer Certificate of Title No. 987,014 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED

GRANTOR : KONA STREET PARTNERS, LLC, a Delaware limited liability company
GRANTEE : KEWALO DEVELOPMENT LLC, a Hawaii limited liability company

DATED : June 30, 2010
FILED : Land Court Document No. 3935003

-PARCEL SIXTH:-

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 2, area 3,966 square feet, more or less, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1556 of Bishop Trust Company, Limited, Trustee.

Being land(s) described in Transfer Certificate of Title No. 987,017 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED

GRANTOR : KONA STREET PARTNERS, LLC, a Delaware limited liability company

GRANTEE : KEWALO DEVELOPMENT LLC, a Hawaii limited liability company

DATED : June 30, 2010
FILED : Land Court Document No. 3975006

-PARCEL SEVENTH:-

All of that certain parcel of land situate at Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT B-1-C, area 251 square feet, more or less, Block 2, as shown on Map 6, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 709 of Hawaiian Dredging Company, Limited.

Being land(s) described in Transfer Certificate of Title No. 987,016 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED

GRANTOR : KONA STREET PARTNERS, LLC, a Delaware limited liability company

GRANTEE : KEWALO DEVELOPMENT LLC, a Hawaii limited liability company

DATED : June 30, 2010
FILED : Land Court Document No. 3975005
ITEM II:

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 334-A, area 4,600 square feet, more or less, Section 2, as shown on Map 33, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.

Being land(s) described in Transfer Certificate of Title No. 987,015 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED

GRANTOR : KONA STREET PARTNERS, LLC, a Delaware limited liability company

GRANTEE : KEWALO DEVELOPMENT LLC, a Hawaii limited liability company

DATED : June 30, 2010

FILED : Land Court Document No. 3975004
Mr. Sadayasu added that per procurement, he did not believe it could go down to a 1-year contract. It was a 2-year contract plus a 1-year option. If it does not work after 2 years and at the direction of the Authority, the contract could be re-solicited. It may also be moot if the HHFDC moves forward, and the contract would be terminated for convenience.

Chairperson Lee asked if the HHFDC would sell to another State agency, and whether it would be the building and not the land.

Mr. Ching responded that it would be a liquidation conveyance.

Mr. Sadayasu explained that the HHFDC was evaluating different options for their affordable housing inventory, similar to what the City & County of Honolulu (“City”) did. It might retain the land and just sell the affordable housing component.

A motion was made by Member Seki and seconded by Member Mitsunaga.

A roll call vote was conducted.

Ayes: Members Hidano, Kami, Kamimura, Lee, Mitsunaga and Seki.

Nays: None.

The motion passed 6 to 0 with 3 excused (Member Evans and 2 vacant positions).

5. Decision Making: Shall the Authority Authorize the Executive Director to Amend the Planned Development Permit for 404 Piikoi Project (PD 2-84) as Requested by the Kewalo Development LLC, the Developer of Phase IV-A of the Project?

Chairperson Lee stated that Agenda Item #5 would be deferred, but public comments would be taken.

PUBLIC TESTIMONY:

Ms. Michelle Matson stated that had been no explanation as to what the developer has requested, so how would she know what to be testifying.

A recess was taken at 2:40 p.m.

The meeting was reconvened at 2:45 p.m.

Mr. Ching explained that the 404 Piikoi project was initiated in the mid ’80s, and involved the Nauru Tower, Hawaiki Tower, Koolani and 1133 Waimanu. The fourth and final phase is Waihonua and a reserved housing building called Phase IV-B. The developer of the project, Kewalo Development, LLC was requesting amendments to facilitate final design development, construction and delivery of the reserved housing...
units in the Phase IV-B. The permit currently provides for construction of a supplemental reserved housing project across the street from Hawaiki Tower to satisfy the remaining reserved housing requirements for the project. The project consisted of 72 reserved housing rental units maintained as affordable rentals for a 50-year period. The developer is requesting approval to convey and transfer the Phase IV-B site to a developer and operator who will undertake and agree to develop the remaining reserved housing units for the project. The proposed transferee is an affiliate of Stanford Carr Development LLC. The request is for the HCDA to consent to Kewalo Development’s partial assignment of the permit to the Carr affiliate to enable it to design, develop, construct and deliver the reserved housing project.

Chairperson Lee stated the item would be deferred to the end of the meeting.

6. Decision Making: Shall the Authority Authorize the Executive Director to Expend an Amount Not to Exceed $150,000.00 from the Hawaii Community Development Revolving Fund, Leasing and Management Subaccount, to Prepare a Sanitary Sewer and Water Supply Master Plan for the Proposed Transit-Oriented Development Plan for the Kakaako Community Development District?

Mr. Ching summarized the report in the packet distributed to Members.

There were no questions from Members on the agenda item.

PUBLIC TESTIMONY:

Ms. Michelle Matson asked why a basic infrastructure master plan for sustainable connection to the Oahu sewer and water distribution grid was not completed prior to HCDA’s fast track private development master plan being rubber stamped for residential tower permits now underway. She understood there was a supplemental EIS and the new master plan will address the capacity to 2035. A comprehensive carrying capacity study and infrastructure master plan including water supply, sewer capacity, needed schools, public park and recreational open space, and other infrastructure vital to the public health and welfare must be accomplished before any further development permits are authorized.

Mr. Wayne Takamine stated it was a good idea to study and have a plan for the sewer. The media has been concerned about the sewer smells and reports he has heard from managers of condominiums saying there have been crack lines. There are some water pockets, so when people dig underground they find mullet swimming inside the pools. There should be more caution about the infrastructure when approving new permits. He also suggested putting the Kakaako area before the other hearings because of their unpredictable length of time.

Member Evans reentered the meeting at 2:53 p.m.
There were no public comments offered on the agenda item.

Chairperson Lee entertained a motion for the Authority to waive its option to buy-back the Pacifica Honolulu Condominium Reserved Housing Unit #703.

A motion was made by Member Seki and seconded by Member Mitsunaga.

A roll call vote was conducted.

Ayes: Members Evans, Hidano, Kami, Lee, Mitsunaga and Seki.

Nays: None.

The motion passed 6 to 0 with 3 excused (Member Kamimura and 2 vacant positions).

A recess was taken at 4:10 p.m.

The meeting was reconvened at 4:15 p.m.

5. (continued)
Decision Making: Shall the Authority Authorize the Executive Director to Amend the Planned Development Permit for 404 Piikoi Project (PD 2-84) as Requested by the Kewalo Development LLC, the Developer of Phase IV-A of the Project?

Mr. Ching summarized the report in the packet distributed to Members. He introduced Mr. Rick Stack, representative of Kewalo Development, LLC.

Mr. Stack explained that the 404 Piikoi Project Phase IV-A is the Waihomua Condominium, and Phase IV-B is the reserved housing component on the corner of Kona and Piikoi Streets, which was envisioned as a 72-unit senior rental project. The original developer they worked with was not able to get sufficient financing to proceed with the project. They are now working with a Stanford Carr entity and a different structure to continue the project in compliance with what was issued in the permit. They would donate the land in fee to that entity and provide $1.9 million in predevelopment costs to assist them in obtaining financing for the project. They also expect to have increased affordability with the revised deal structure. They were asking to modify the development permit to revise the structure as a fee conveyance plus a cash contribution to the project. In exchange, the Stanford Carr entity would become the developer of the reserved housing project.

Chairperson Lee asked what Stanford Carr’s plans would be.

Mr. Stanford Carr from Stanford Carr Development stated that he has been in discussion with A&B, or Kewalo Development, LLC in proceeding with the development of what was 72-unit senior rentals. He anticipated submitting within the next 45-60 days an eligibility application as well as a planned development permit. As one option, he was in discussions with the contiguous neighboring landowner for a
joint development consisting of a combined 52,000 square feet of property, which would allow development of senior and family housing much like he was building at Halekauwila Place. He intended to utilize the HUD 221(b) (4) program and was anxious to continue taking on the challenges of lower income rentals. His intent was to reach deeper affordability utilizing the section 42 low income housing tax credit program which would allow rental to households earning 60% of the area median income (“AMI”) in lieu of the current 100% AMI that was allowable.

Member Evans asked if that would be the 4% low income tax credit program that is implemented by HHFDC.

Mr. Carr responded in the affirmative.

Chairperson Lee commented that the Halekauwila Place project was going very nicely.

Mr. Carr stated that there was a 50-year rental restriction covenant. He would be coming to the Authority to amend it, since it may cause an impediment on the financing he was pursuing which was limited to 30 years. The intent was to keep it in affordability in perpetuity. He also understood that he would have to obtain financing by December 2016 and not deliver and construct the units by December 2016.

Mr. Stack clarified that his request letter was to allow sufficient time for the financing programs to be applied for and approved. The December 31, 2016 deadline would apply to obtaining the financing for the project versus completion of the units as described in the request.

Mr. Ching asked if the discussions on the matter have been “to the wire” and, while Mr. Carr was ready to assume the responsibility to produce at least 72 units, there might some details that he might have to explain to the Authority.

Mr. Carr replied in the affirmative. He stated that the information could be provided within the next 45-60 days in preparation of his planned development application.

Member Hidano asked whether Mr. Carr had an alternate plan to take over from Kewalo Development even if he did not secure the additional parcel.

Mr. Carr responded in the affirmative.

Mr. Stack added that they had agreed to make the plans available for the project that was already designed, and the current design could be built by Mr. Carr in the event that the larger project did not come to be.

Member Kami asked who would have the responsibility for the affordable housing requirement.

Mr. Carr stated that his company would assume the obligation and responsibility.
Chairperson Lee entertained a motion for the Authority to convene in Executive Meeting pursuant to Section 92-5(a)(4) HRS.

A motion was made by Member Seki and seconded by Member Mitsunaga. By a show of hands vote the motion passed unanimously.

Chairperson Lee asked Deputy Attorney General Lori Tanigawa, Mr. Ching, Mr. Neupane and Ms. Yoshino to join the executive session.

The regular meeting was recessed at 4:30 p.m.

Pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, the Authority convened in Executive Session at 4:30 p.m.

The regular meeting was reconvened at 5:16 p.m.

Chairperson Lee asked Mr. Ching to re-summarize the issues.

Mr. Ching asked Mr. Stack if Kewalo Development saw Mr. Carr as a capable developer that can produce a product substantially in compliance, if not exceeding, the current requirement for 72 units.

Mr. Stack responded in the affirmative.

Mr. Ching asked Mr. Carr if he would be seeking to establish a project that might have more than 72 units and also continue to address rental needs for the low income population.

Mr. Carr responded in the affirmative. He explained that his project would have approximately 100 senior rental apartments and 200 family apartments consisting of studios, 1-bedrooms, 2 and 3-bedroom units, 260 parking stalls and approximately 15,000 feet of commercial that would front Piikoi and Waimanu Streets.

Mr. Ching asked if instead of 72 units, that Mr. Carr would triple the number of rental units provided and all for qualified low income populations.

Mr. Carr responded in the affirmative.

Mr. Ching asked if the project was an easy or a challenging project.

Mr. Carr responded that every project is a challenge, given all the risks that are incurred. However, having been through the success of Halekauwila Place and the challenges that were overcome, he was confident that he would be able to structure
this type of financing and project. Halekauwila Place would be the first public/private urban core high-rise rental project for families in nearly 40 years. HUD would like to continue, as well as P&C Bank, to provide financing of his developments in Hawaii.

Mr. Stack stated that they had approached Mr. Carr because of his financing and development experience through the Halekauwila Place project.

Mr. Ching stated that the matter before the Authority was to consider amending the planned development permit that would be PD2-84 for 404 Piikoi Phase IV-A.

There were no public comments offered on the agenda item.

Chairperson Lee entertained a motion for the authority to authorize the executive director to amend the planned development permit for 404 Piikoi Project (PD 2-84) to assign the remaining reserved housing requirement to SCD Piikoi LLC, a Stanford Carr Development affiliate, the terms and conditions of which are subject to review and approval by the Department of the Attorney General.

A motion was made by Member Evans and seconded by Member Seki.

A roll call vote was conducted.

Ayes:   Members Evans, Hidano, Kami, Lee, Mitsunaga and Seki.

Nays:   None.

The motion passed 6 to 0 with 3 excused (Member Kamimura and 2 vacant positions).

V.  ADJOURNMENT

A motion to adjourn was made by Member Kami and seconded by Member Seki. By a show of hands vote, the motion carried unanimously.

The meeting was adjourned at 5:26 p.m.

Respectfully submitted,

/s/
Miles Kamimura
Secretary

*Meals were served to Authority members and required staff as an integral part of the Executive Meeting.

Note:  The transcript of this meeting contains a verbatim record and should be consulted if additional detail is desired.
Chairperson Lee entertained a motion for the Authority to authorize the Chairperson to (A) Issue an Order to Show Cause to Petitioner Association of Apartment Owners of The Royal Capitol Plaza regarding the Petition for Relief from Approval of Development Permit for Downtown Capital LLC, 801 South Street Project Phase II Tax Map Key 2-1-47:004 issued by the HCDA on December 4, 2014, Development Permit KAK 13-057; (B) Schedule an Order to Show Cause Hearing; and (C) Deem the developer a necessary party.

A motion was made by Member Evans and seconded by Member Kamimura.

A roll call vote was conducted.

Ayes: Members Evans, Grune, Kami, Kamimura, Lee, Mitsunaga, Seki and Tamamoto.

Nays: None.

The motion passed 8 to 0 with 1 excused (1 vacant position).

Decision Making for Agenda Item 4

Chairperson Lee entertained a motion for the Authority to authorize the Chairperson to (A) Issue an Order to Show Cause to Petitioner Edwin C. Johnson regarding the Petition for Relief from Approval of Development Permit for 803 Waimanu Street and 764 Kawaiahao Street, Tax Map Keys 2-1-049:050, 070 and 072 issued by the HCDA on January 8, 2014 Development Permit KAK 13-091; (B) Schedule an Order to Show Cause Hearing; and (C) Deem the developer a necessary party.

A motion was made by Member Evans and seconded by Member Kami.

A roll call vote was conducted.

Ayes: Members Evans, Grune, Kami, Kamimura, Lee, Mitsunaga, Seki and Tamamoto.

Nays: None.

The motion passed 8 to 0 with 1 excused (1 vacant position).

5. Decision Making: Shall the Authority Authorize the Executive Director to Amend the Planned Development Permit for 404 Piikoi Project (PD 2-84) as Requested by Kewalo Development LLC, the Developer of Phase IV-A of the Project?

Mr. Ching explained that the Authority had authorized the executive director to amend development permit PD-2-84, and to amend the development permit naming Stanford Carr as developer of the reserved housing units. The developer requested approval to convey and transfer the reserved housing site to SDC Piikoi LLC (“SDC”), which is
an affiliate of Stanford Carr Development, LLC. Upon substantial completion of construction of the fourth tower, the HCDA shall approve the issuance by the Department of Planning and Permitting of the temporary and/or permanent certificate of occupancy for the fourth tower. The fourth tower refers to the Waipoua Project located within the 404 Piikoi development. Upon receipt of an award from the Hawaii Housing Finance and Development Corporation for reservation or allocation of federal and/or state low income housing tax credits for the SDC reserved housing project, a Letter of Intent term sheet would be issued from an established lending institution expressing interest in the purchase of federal low income housing tax credits. There would be a plan to finance development of the SDC reserved housing project that demonstrates reasonable prospects for funding showing anticipated costs, expenses, sources of capital, private investor equity, donations and grants from charitable foundations. The developer will convey and deliver to SDC the reserved housing site located just mauka of Waipoua, and the sum of $1.9 million. SDC will assume all of the developer’s rights and obligations under the permit relating to the reserved housing site and the SDC reserved housing project.

At that point, HCDA shall promptly execute and deliver to the developer a consent to the partial assignment and acknowledgment that the developer is no longer responsible for delivering the remaining reserved housing units required by the permit. He noted that if all of the low income housing tax credit conditions are not satisfied, the HCDA shall not be obligated to execute and deliver the consent for partial assignment. If the low income housing tax credit conditions are not satisfied, then by December 31, 2014, the developer may request from HCDA approval of an alternative to and replacement of the low income housing tax credits, of which approval may be granted at HCDA’s discretion.

Mr. Ching explained that the plan for and conditions for amending the development plan permit had a terminal date of March 10, 2014. He would request that the parties, the SDC and A&B Properties, to make a representation that the agreement and their obligations are still good even though it was past the date of March 10, 2014.

Mr. Rick Stack of A&B Properties stated that they did not intend for the representations to have terminated on March 10, 2014. The agreement was still good.

Mr. Stanford Carr of Stanford Carr Development stated that the agreement was still good even though it was after March 10, 2014.

PUBLIC TESTIMONY:

Mr. Jack Hamada stated that the HCDA should hold the project to their word to provide low income housing.

Chairperson Lee entertained a motion for the Authority to authorize the Executive Director to amend the Planned Development Permit for 404 Piikoi Project (PD 2-84).
as requested by Kewalo Development LLC, the Developer of Phase IV-A of the Project.

A motion was made by Member Evans and seconded by Member Kamimura.

A roll call vote was conducted.

Ayes: Members Evans, Grune, Kami, Kamimura, Lee, Mitsunaga and Seki.

Nays: None.

Recused: Member Tamamoto.

The motion passed 7 to 0 with 1 abstention and 1 excused (1 vacant position).

V. ADJOURNMENT

The meeting was adjourned at 2:28 p.m.

Respectfully submitted,

/s/

Miles Kamimura
Secretary

*Meals were served to Authority members and required staff as an integral part of the Executive Meeting.

Note: The transcript of this meeting contains a verbatim record and should be consulted if additional detail is desired.
AMENDMENT TO
PLANNED DEVELOPMENT PERMIT
FOR
404 PIKOI PROJECT
APPROVED BY THE
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
461 Cooke Street
Honolulu, Hawaii 96813

MARCH 19, 2014

Brian Lee
Chairperson

PLANNED DEVELOPMENT PERMIT: PD 2-84
PURSUANT TO CHAPTER 206E, HAWAII REVISED STATUTES

Original: 11/7/84
Amendments: 10/1/86
10/19/88
4/11/89
2/4/91
10/14/91
10/20/94
1/24/97
8/2/00
4/2/02
9/13/02
3/24/03
4/11/03
12/12/03
7/14/04
4/5/07
2/6/08
6/18/08
2/5/09
1/25/11
10/5/11
7/16/12

Page 1 of 3
EXHIBIT-E
AMENDMENT TO PLANNED DEVELOPMENT PERMIT


Kewalo Development LLC (“Kewalo”), the developer of Phase IV-A (as identified in the Permit), entered into a Development Agreement dated November 22, 2013, as amended and restated in its entirety by an Amended and Restated Development Agreement dated as of March 3, 2014 (the “Development Agreement”), with SCD PIIKOI, LLC, a Hawaii limited liability company (“Carr”), a true and correct copy of which is attached hereto as Exhibit B, for the development of a reserved housing project (the “RH Project”) with an allocated available floor area of 54,955 square feet, on Tax Map Key No. (1) 2-3-7-049, located at 450 Piikoi Street and 1235 Kona Street, Honolulu, Hawaii, comprising approximately 27,352 square feet of land (herein the “Land”) being a portion of the lands comprising the Phase IV-B site, that satisfies the remaining reserved housing obligations for Phase IV-A.

The Permit amendment request submitted by Kewalo is described in the original amendment request letter from Kewalo dated November 25, 2013, as restated and amended by the modified request letter dated March 3, 2014 (attached hereto as Exhibit A). At the March 19, 2013 meeting of the Authority, the amendment request was approved and the Authority authorized the Executive Director to assign the remaining reserved housing obligations to Carr, subject to review and approval of this amendment (the “Amendment”) by the Department of the Attorney General, which approval has been obtained. Accordingly, the Permit is amended as described in the approved Permit amendment request, and as further set forth herein:

A. On the earlier to occur of (1) the submission by Carr to HCDA of an application for a further amendment to the Permit (the “Amended Permit”) for the RH Project, or (2) September 1, 2014, then notwithstanding any provisions or conditions in the Permit to the contrary, HCDA shall upon substantial completion of construction of the Phase IV-A tower promptly approve the issuance by the Department of Planning and Permitting of the City and County of Honolulu of the temporary and/or permanent certificate(s) of occupancy for Phase IV-A, so as to enable closing of the units in Phase IV-A.
B. Upon receipt of (1) an award from the Hawaii Housing Finance and Development Corporation for the reservation or allocation of Federal and/or State Low-Income Housing Credits ("LIHTCs") for the Carr RH Project; (2) a letter of intent, term sheet or similar written expression of interest from an established lending institution (such as PNC Bank) expressing interest in the purchase of the federal LIHTCs reserved or allocated to the Carr RH Project (said purchase may be for such institution itself or for purchase through one or more affiliates, including without limitation, any syndication fund operated by such institution); and (3) a plan to finance development of the RH Project that demonstrates reasonable prospects for funding the RH Project and that shows anticipated costs, expenses, and sources of capital such as developer equity, private investor equity from LIHTC proceeds or other sources, commercial financing such as Federal Home Loan Bank funding, bond financing, donations and grants from charitable donations (e.g., Weinberg Foundation, Hawaii Community Foundation, the A&B Kokua Giving Program), and subsidies from other government sources, including but not limited to Rental Housing Trust Fund, Community Development Block Grant (CDBG) and HOME Investment Partnership programs (the "LIHTC Conditions"): 

1. Kewalo will convey and deliver to Carr from the irrevocable escrow account described in the Development Agreement, the Land and the sum of $1,900,000.00 (or the balance thereof then remaining), and will partially assign to Carr, and Carr will assume, all of Kewalo’s rights and obligations under the Permit relating to the Land and the RH Project (the "Partial Assignment"); and 

2. As approved by the Authority at its March 19, 2014 meeting, HCDA shall promptly execute and deliver to Kewalo a consent to the Partial Assignment, with such consent constituting HCDA’s express acknowledgment that (a) Kewalo is no longer responsible for delivering the remaining reserved housing units required by the Permit and has satisfied all of its remaining obligations under the Permit; and (b) in place of Kewalo, Carr has assumed such responsibilities and obligations; and no further action or approval shall be required of Kewalo or HCDA in connection therewith. If all of the LIHTC Conditions are not satisfied, then HCDA shall not be obligated to execute and deliver a consent to the Partial Assignment. 

If the LIHTC Conditions have not been satisfied by December 31, 2014, then Kewalo may request from HCDA approval of an alternative to and replacement of the LIHTC Conditions, which approval may be granted at HCDA’s discretion.

The Permit is hereby amended in the manner described herein. Unless specified herein, all other requirements, conditions and rights set forth in the Permit that are not affected by the terms hereof shall remain in effect.

Attachment: Exhibit A
Exhibit B
Mr. Anthony J. H. Ching  
Executive Director  
Hawaii Community Development Authority  
461 Cooke Street  
Honolulu, Hawaii 96813  

Re: Modified Request of Kewalo Development LLC for Further Amendments to the Planned Development Permit (PD 2-84), as amended, for the 404 Piikoi Project, Kakaako, Hawaii  

Dear Mr. Ching:  

On behalf of Kewalo Development LLC (the “Developer”), we hereby submit a modified request letter which replaces and supersedes our prior letter dated November 25, 2013 (the “Request”) for further amendments to the Planned Development Permit, PD 2-84, for the 404 Piikoi Project (the “Project”), issued by the Hawaii Community Development Authority (“HCDA”) with respect to the planned development of Phase IV-A (Fourth Tower) and Phase IV-B (Reserved Housing Building 2) of the Project.  

A. Permit:  


B. Description of Project Phases:  


PHASE I:  

Nauru Tower – completed 1991 (the “First Tower”):  

a. 304 market residential condominium units.  

b. Ten (10) commercial condominium units, including Commercial Apartment No. 1 which contains 32,455 square feet of parking area (104 stalls) that was subject to an option to convert to commercial floor area which option will not be exercised.  

c. 497 parking spaces for residential, commercial and guest uses.  

PHASE II-A:  

1133 Waimanu – completed 1996 (the “Reserved Housing Building I”):  

a. 282 one and two bedroom reserved residential housing units.
b. 325 parking spaces for reserved residential housing and guest uses.

**PHASE II-B:**

Hawaiki Tower – completed 1999 (the “Second Tower”):

a. 417 market-residential condominium units on levels 5 through 46.

b. 8 commercial condominium units on levels 3 and 4.

c. 37,896 square feet of industrial space located at street level.

d. 771 parking spaces for residential, commercial and guest uses.

**PHASE III:**

Ko’olani – completed 2006 (the “Third Tower”):

a. 370 market-residential condominium units.

b. 1 commercial unit of approximately 22,629 square feet.

c. 843 parking spaces for residential, commercial and guest uses.

2. The remaining two (2) undeveloped phases of the Project are described (which description has been revised and adjusted to account for components already built in Phases I, II-A, II-B, and III of the Project) as follows:

**PHASE IV-A:**

Waikoula – under construction, estimated completion April, 2015 (the “Fourth Tower”):

a. 341 market one, two, and three bedroom residential condominium units.

b. No retail/commercial space at ground level.

c. Approximately 651 parking spaces for residential and guest uses.

**PHASE IV-B:**

Phase IV-B Site - Proposed (the “Reserved Housing Building 2”):

a. 72 one bedroom reserved residential housing senior rental units in a 5-story building (current estimate). 4 reserved housing credits to be provided under Oct 5 2011 Amendment in exchange for commitment to maintain as affordable rentals for 50 years.

b. 44 required parking spaces for reserved residential and retail/commercial uses.

c. Total available floor area for the Reserved Housing Building 2 is 54,955 square feet.
C. Summary of Amendments Being Requested:

Developer herein requests, subject to HCDA approval, certain further amendments to the Permit, which is vested pursuant to the Mauka Area Rules that were in effect at the time the Permit was initially approved (the “Vested Rules”), as follows:

1. Amendments to Permit Conditions to Facilitate Final Design, Development, Construction and Delivery of the Reserved Housing Units in the Reserved Housing Building 2 on the Phase IV-B Site. As described in Paragraph B above, the Permit currently provides for the construction of a supplemental reserved housing project in Reserved Housing Building 2 on the Phase IV-B site (less Lot 334-A which is to be conveyed to HCDA pursuant to the Permit terms) (the “Reserved Housing Site 2”). The seventy-two (72) reserved housing rental units plus the four (4) reserved housing credits to be provided by HCDA satisfy the remaining reserved housing requirements under the Permit. In order to facilitate the final design, development, construction and delivery of the reserved housing units to be located on the Reserved Housing Site 2, the following amendments are requested:

a. Pursuant to the Oct 5 2011 Amendment and Paragraph 9 of the Amendment to Planned Development Agreement dated January 20, 2012, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, HCDA recognized and agreed that the Developer may partner with an established and reputable senior affordable rental housing developer/operator to develop, operate and maintain the planned senior reserved housing rental units on the Reserved Housing Site 2. The Developer now requests approval to convey and transfer the Reserved Housing Site 2 to such a developer/operator. The proposed transferee, SDC Piikoi, LLC (“Carr”), is an affiliate of Stanford Carr Development, LLC and was established for the purpose of acquiring and developing the reserved housing units on the Reserved Housing Site 2 (the “Carr RH Project”). Stanford Carr Development, LLC is currently developing the Halekauwila Place Project, an affordable rental project in the Kakaako Community Development District. A copy of the Amended and Restated Development Agreement dated March 3, 2014 for the Carr RH Project (the “Development Agreement”) is attached hereto as Exhibit 1.

b. On the earlier to occur of (1) the submission by Carr to HCDA of an application for a further amendment to the Permit (the “Amended Permit”) for the Carr RH Project, or (2) September 1, 2014, then notwithstanding any provisions or conditions in the Permit to the contrary, HCDA shall upon substantial completion of construction of the Fourth Tower promptly approve the issuance by the Department of Planning and Permitting of the City and County of Honolulu (“DPP”) of the temporary and/or permanent certificate(s) of occupancy for the Fourth Tower, so as to enable closing of the units in the Fourth Tower. This shall not affect or impair the Developer’s obligation to cause the payment to HCDA for remaining public facilities dedication fees and the supplemental floor area used in the Fourth Tower which are secured by that certain Set Aside Letter dated as of November 20, 2012, issued by First Hawaiian Bank prior to or concurrently with HCDA approving the issuance by DPP of the temporary and/or permanent certificate(s) of occupancy for the Fourth Tower.

c. Upon receipt of (1) an award from the Hawaii Housing Finance and Development Corporation for the reservation or allocation of Federal and/or State Low-Income Housing Credits (“LIHTCs”) for the Carr RH Project; (2) a letter of intent, term sheet or similar written expression of interest from an established lending institution (such as PNC Bank) expressing interest in the purchase of the federal LIHTCs reserved or allocated to the Carr RH Project (said purchase may be for such institution itself or for purchase through one or more affiliates, including without limitation, any syndication fund operated by such institution); and (3) a plan to finance development of the Carr RH Project that demonstrates reasonable prospects for funding the Carr RH Project and that shows anticipated costs, expenses, and sources of capital such as developer equity, private investor equity from LIHTC proceeds or other sources, commercial financing such as Federal Home Loan Bank funding, bond financing, donations and grants from charitable donations (e.g., Weinberg Foundation, Hawaii Community Foundation, the A&B Kokua Giving Program), and subsidies from other government sources, including but not limited to Rental Housing Trust Fund, Community Development Block Grant (CDBG) and HOME Investment Partnership programs (the “LIHTC Conditions”):
(i) the Developer will convey and deliver to Carr the Reserved Housing Site 2, and the sum of $1.9 million (or the balance thereof then remaining) as further described in the Development Agreement, and will partially assign to Carr, and Carr will assume, all of the Developer’s rights and obligations under the Permit relating to the Reserved Housing Site 2 and the Carr RH Project (the “Partial Assignment”); and

(ii) HCDA shall promptly execute and deliver to the Developer a consent to the Partial Assignment, with such consent constituting HCDA’s express acknowledgment that (a) the Developer is no longer responsible for delivering the remaining reserved housing units required by the Permit and has satisfied all of its remaining obligations under the Permit; and (b) in place of the Developer, Carr has assumed such responsibilities and obligations; and no further action or approval shall be required of the Developer or HCDA in connection therewith. If all of the LIHTC Conditions are not satisfied, then HCDA shall not be obligated to execute and deliver a consent to the Partial Assignment.

If the LIHTC Conditions have not been satisfied by December 31, 2014, then the Developer may request from HCDA approval of an alternative to and replacement of the LIHTC Conditions, which approval may be granted at HCDA’s discretion.

d. To revise any other requirements or provisions of the Permit as may be appropriate or necessary to carry out the above-mentioned amendments.

2. No Other Amendments. This Request does not propose any amendments to the current authorizations under the Permit relating to (a) Allowable Number of Residential Units, (b) Building Design, (c) Tower Spacing, (d) Land Use, (e) Height Density and Tower Footprint, (f) Open Space Areas, (g) Recreation Space, (h) Off Street Parking and Loading, (i) Traffic Circulation, (j) Special Urban Design Rules, (k) Infrastructure Improvements, or (l) any other authorizations not directly addressed by this Request.

The specific reasons and justifications for each of the amendments being requested set forth above demonstrate that the criteria in the Vested Rules for such amendments have been met.

HCDA’s approval of this Request will allow for the orderly, professional, cost effective and efficient finalization of the design, development, construction and delivery of the remaining reserved housing units required under the Permit by Carr.

We hereby request that HCDA review the proposed amendments to the Permit set forth and summarized above and provide a final approval by HCDA on the proposed amendments to the Permit as soon as is practicable.

Please do not hesitate to contact me, should you have any questions or require any further information or documentation regarding the Request.

Very truly yours,

Kewalo Development LLC
By A & B Properties, Inc.
Its Managing Member

By

[Signature]

Richard B. Stack
Its Senior Vice President

Attachment: Exhibit 1
AMENDED AND RESTATED DEVELOPMENT AGREEMENT
(Kona Street)

THIS AMENDED AND RESTATED DEVELOPMENT AGREEMENT (the “Agreement”) is made as of March 3, 2014, between KEWALO DEVELOPMENT LLC, a Hawaii limited liability company (“Kewalo”), and SCD PIIKOI, LLC, a Hawaii limited liability company (“Carr”).

Background

A. Kewalo is the fee simple owner of the property identified by Tax Map Key No. (1) 2-3-7-049, located at 450 Piikoi Street and 1235 Kona Street, Honolulu, Hawaii, as more particularly described on the attached Exhibit A, consisting of approximately 27,352 square feet of land (the “Land”), together with an allocated available floor area of 54,955 square feet for the improvements to be built on the Land.


C. Carr or its principals have experience developing affordable or reserved housing projects in the State of Hawaii, and wish to develop the Land as a reserved housing project in accordance with the PDP. Kewalo has agreed to convey the Land to Carr together with other consideration as set forth in this Agreement, in exchange for Carr’s agreement to develop the Land in a manner that satisfies the reserved housing requirement for Phase IV-A.

D. Kewalo and Carr previously entered into that certain Development Agreement dated as of November 22, 2013 (the “Original Development Agreement”) and now wish to fully replace, restate and amend the Original Development Agreement as hereinafter set forth.

Therefore, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. The Project. Carr agrees to develop the Land with a project containing sufficient reserved housing units to fully satisfy Kewalo’s remaining obligations under the PDP (the “Project”). The Project is currently planned to consist of seventy-two (72) units, including seventy-one (71) one bedroom/one bathroom rental units for seniors, to be maintained as affordable rental units for a period of 50 years, in accordance with HCDA rules in effect on the date of approval of the PDP, and one resident manager’s unit. However, Carr shall have the right to modify the Project in any manner that may be hereafter approved by HCDA as long as it still fully satisfies Phase IV-A’s remaining reserved housing obligations (for example, Carr is currently contemplating building a larger reserved housing project by partnering with one or more neighboring property owners).
2. Consideration. In consideration of Carr’s agreement to develop the Project, Kewalo shall, pursuant to the escrow procedure described below, (a) convey the Land to Carr, and (b) pay Carr the sum of $1,900,000. In addition, as set forth in Paragraph 5 below and to enable Carr to process and obtain from HCDA the Amended PDP (as defined in Paragraph 3 below) and apply to the Hawaii Housing Finance Development Corporation (“HHFDC”) for a reservation or allocation of Federal and/or State Low-Income Housing Tax Credits (“LIHTCs”) as set forth below in Paragraph 4 below, Kewalo and Carr shall enter into a site control agreement, in form and content mutually acceptable to Kewalo and Carr, providing Carr with (i) a right of entry and license to enter upon the Land for purposes of performing such investigations, analysis, or studies Carr may require for purposes of the Project, (ii) the authority to submit applications to HDCA for the Amended PDP and to HHFDC for a reservation or allocation of LIHTCs for the Project, and (iii) the authority to take such other actions as may be necessary or desirable to develop the Project (the “Site Control Agreement”). The Land shall be conveyed in "as is" condition, subject to the encumbrances mentioned on the attached Exhibit C, and unless earlier expired or terminated, subject also to (i) that certain Lease Agreement with Hawaiian Dredging Construction Company, Inc. for 17 parking stalls, and (ii) that certain Lease Agreement with Pro Park, Inc. for the remaining parking stalls on the Land.

3. Application to HCDA for Amended PDP. Unless otherwise exempted from this requirement, prior to August 15, 2014 Carr shall submit to HCDA an application for a further amendment to the PDP for the purpose of obtaining HCDA approval of the Project, as modified (the “Amended PDP”). If Carr obtains the Amended PDP, then Carr shall develop the Project in accordance with the Amended PDP and applicable provisions of the HCDA Rules, as the same may be modified by HCDA.

4. Pre-Development Activities. Carr shall: (a) submit an application to HHFDC for a reservation and allocation of LIHTCs for the Project no later than April 30, 2014; (b) request, no later than April 30, 2014, a letter of intent, term sheet or similar written expression of interest from an established lending institution (such as PNC Bank) expressing interest in the purchase of the federal LIHTCs reserved or allocated to the Project (said purchase may be for such institution itself or for purchase through one or more affiliates, including without limitation, any syndication fund operated by such institution) (the “Term Sheet”); and (c) deliver to Kewalo no later than September 30, 2014 a draft plan to finance development of the Project that demonstrates reasonable prospects for funding the Project and that shows anticipated costs, expenses, and sources of capital such as developer equity, private investor equity from LIHTC proceeds or other sources, commercial financing such as Federal Home Loan Bank funding, bond financing, donations and grants from charitable donations (e.g., Weinberg Foundation, Hawaii Community Foundation, the A&B Kokua Giving Program), and subsidies from other government sources, including but not limited to Rental Housing Trust Fund, Community Development Block Grant (CDBG) and HOME Investment Partnership programs (the “Proposed Financing Plan”).

5. Carr shall use diligent and commercially reasonable efforts to, no later than December 31, 2014 (a) obtain from HHFDC an award for the reservation or allocation of LIHTCs for the Carr RH Project; (b) obtain the Term Sheet; (c) finalize the Proposed Financing Plan; and (d) deliver all of the foregoing sub-items (a), (b), and (c) described in this paragraph, to HCDA (the “Conditions”). If Kewalo or Carr believes the Conditions will not be satisfied by December 31, 2014, the parties shall use good faith efforts to cooperate with each other and HCDA to mutually agree upon an alternative project milestone to enable delivery of the Partial Assignment with the consent of HCDA (as defined in Paragraph 6.C below) to Carr.
6. **Escrow Account.** Within three (3) business days after the last to occur of (a) the execution of this Agreement by Kewalo and Carr, and (b) HCDA’s approval of an amendment of Phase IV-A’s reserved housing requirements under the PDP in accordance with the terms outlined in the attached Exhibit D (or upon such other terms acceptable to Kewalo), Kewalo shall open an escrow account (the “Account”) with Title Guaranty Escrow Services, Inc. ("Escrow"). At the time the Account is opened, Kewalo will deposit into the Account (i) the sum of $1,900,000.00 (the “Deposit”), and (ii) a standard limited warranty deed conveying the Land to Carr (the “Deed”). The Deed shall be in recordable form, signed by Kewalo, and notarized. Substantially concurrently therewith, Kewalo and Carr shall also execute the Site Control Agreement.

A. After the Account has been established and opened Carr shall have the right and option from time to time, but not more frequently than once per calendar month, to obtain disbursements from Escrow out of the Deposit for the purpose of paying for pre-development costs and expenses incurred by Carr to third-party architects, engineers, attorneys and other consultants in connection with the planning, entitlement, design, environmental review, and costs to secure financing for the Project, but in no event shall any such disbursements be made to Carr or any other person or entity for developer fees.

B. Disbursements of the funds from the Deposit by Escrow for such purposes shall be made within three (3) business days after Escrow’s receipt from Carr of a duly executed certificate for disbursement in the form attached hereto as Exhibit E (a ”Certificate for Disbursement”) and provided that sufficient funds remain of said Deposit held under the Account to make such payments. Escrow shall withdraw funds from said Deposit in an amount sufficient to make such payments and disburse the appropriate sums directly to the payee or payees specified in any such approved Certificate of Disbursement.

C. Upon satisfaction of the Conditions, Kewalo shall (i) instruct Escrow to record the Deed and to release to Carr the remaining balance of the Deposit and (ii) partially assign to Carr, and Carr will assume, all of Kewalo’s rights and obligations under the PDP relating to the Land and the Project, so that Carr, and not Kewalo, shall have the right and the obligation to develop and construct the Project on the Land (the “Partial Assignment”). Real property taxes, assessments, rent, utilities, and other amounts related to the Land shall be paid by Kewalo until it is transferred out of Escrow. Kewalo shall pay the conveyance tax and recording fees for the Deed.

7. **HCDA Approval.** This Agreement and Kewalo’s obligations hereunder are subject to and conditioned on HCDA’s approval, on or before March 10, 2014, of the amendment to the PDP described in Paragraph 6 above. If such amendment is not approved by HCDA by March 10, 2014, then this Agreement may be cancelled by Kewalo, and all rights and obligations of the parties under this Agreement shall be terminated and null and void.

8. **Failure to Satisfy Conditions.** If Carr fails to (a) satisfy the Conditions by December 31, 2014, or if it is readily apparent, as determined by Kewalo in its sole and absolute discretion, that Carr will not satisfy such Conditions by such date, or (b) meet the alternative project milestone referenced in Paragraph 5 above, then, and in either such event, Kewalo may, but is not obligated, to cancel and terminate this Agreement and the Escrow established hereunder by written notice to Carr and Escrow, and Kewalo shall be entitled to the immediate return by Escrow of the Deed and disbursement to Kewalo of any portion of the Deposit then remaining with Escrow. In the event of such a cancellation and termination, Carr also covenants and agrees within fifteen (15) days after receipt of a written
request from Kewalo, to deliver to Kewalo, at no cost to Kewalo, all plans, applications, permits, and drawings of any kind or nature relating to the Project which have been prepared by or for Carr, which shall thereafter be the sole property of Kewalo.

9. **Project Manager.** If Carr decides to retain a third-party to manage the Project upon its completion, Carr agrees to negotiate in good faith with Marvin Awaya, Pacific Housing Assistance Corporation, or another entity controlled by Marvin Awaya (collectively, “Awaya”), for the management of the Project by Awaya.

10. **Construction Plans.** Carr shall have the option to acquire the construction plans for the Project as currently designed, at the cost of preparing the plans. Payment shall be due concurrently with the transfer of the plans to Carr.

11. **Ongoing Construction.** Carr understands that portions of the Land are currently being used by Kewalo’s general contractor for the construction of Phase IV-A. Accordingly, Carr agrees that until the Land is no longer required by the contractor, Carr will cooperate with Kewalo and its contractor to permit such use to continue smoothly.

12. **Confidentiality.** The terms of this Agreement shall be kept confidential except with the express consent of the other party, as required by law, or as disclosed by the party to those consultants, attorneys, potential investors or lenders, and other agents retained to assist in the transactions contemplated by this Agreement, provided such consultants, attorneys, investors, lenders and agents agree to abide by this confidentiality provision. The parties may share this Agreement with their respective lenders, and with HCDA and its staff.

13. **No Partnership Intended or Created.** It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other common enterprise between Kewalo and Carr.

14. **Entire Agreement.** This Agreement contains the entire agreement between Kewalo and Carr, and there are no other terms, conditions, promises, undertakings, statements or representations, either written or oral or express or implied, concerning the sale contemplated by this Agreement.

15. **Modifications.** No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision, nor shall any waiver be a continuing waiver. Except as expressly provided in this Agreement, no waiver shall be binding unless executed in writing by the party making the waiver.

16. **Successors.** This Agreement shall inure to the benefit of and bind the parties hereto and their respective successors and assigns. Carr may not assign this Agreement without the prior written consent of Kewalo, in Kewalo’s sole discretion.

17. **Attorney’s Fees.** In any action or proceeding arising out of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys’ fees and costs from the non-prevailing party.

18. **Original Development Agreement Void.** The Agreement replaces, restates and amends the Original Development Agreement in its entirety and the Original Development Agreement is hereby declared to be null and void upon execution and delivery of this Agreement.
19. **Counterparts.** This Agreement may be signed in counterparts, which taken together shall constitute one and the same instrument.

This Agreement is executed as of the date and year first above written.

**KEWALO DEVELOPMENT LLC**

a Hawaii limited liability company

By: A & B Properties, Inc.
    a Hawaii corporation
    Its Manager

By: [Signature]
    Its SENIOR VICE PRESIDENT

By: [Signature]
    Its ASST. SECRETARY

**SCD PIKOI LLC**

a Hawaii limited liability company

By: [Signature]
    Its Manager
Exhibit A

(Legal Description of the Land)

-PARCEL FIRST:-

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 327, area 3,978 square feet, more or less, Section 2, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.

Being land(s) described in Transfer Certificate of Title No. 987,010 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED

GRANTOR : KONA STREET PARTNERS, LLC, a Delaware limited liability company
GRANTEE : KEWALO DEVELOPMENT LLC, a Hawaii limited liability company
DATED : June 30, 2010
FILED : Land Court Document No. 3974999

-PARCEL SECOND:-

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 328, area 4,157 square feet, more or less, Section 2, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.

Being land(s) described in Transfer Certificate of Title No. 987,011 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED

GRANTOR : KONA STREET PARTNERS, LLC, a Delaware limited liability company
GRANTEE : KEWALO DEVELOPMENT LLC, a Hawaii limited liability company
DATED : June 30, 2010
FILED : Land Court Document No. 3975000

-PARCEL THIRD:-

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 330, area 5,000 square feet, more or less, Section 2, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.

Being land(s) described in Transfer Certificate of Title No. 987,012 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED

GRANTOR : KONA STREET PARTNERS, LLC, a Delaware limited liability company
GRANTEE : KEWALO DEVELOPMENT LLC, a Hawaii limited liability company
DATED : June 30, 2010
FILED : Land Court Document No. 3975001
-PARCEL FOURTH:-
All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:
LOT 331, area 5,000 square feet, more or less, Section 2, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.
Being land(s) described in Transfer Certificate of Title No. 987,013 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED
GRANTOR : KONA STREET PARTNERS, LLC, a Delaware limited liability company
GRANTEE : KEWALO DEVELOPMENT LLC, a Hawaii limited liability company
DATED : June 30, 2010
FILED : Land Court Document No. 3975002

-PARCEL FIFTH:-
All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:
LOT 333, area 5,000 square feet, more or less, Section 2, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.
Being land(s) described in Transfer Certificate of Title No. 987,014 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED
GRANTOR : KONA STREET PARTNERS, LLC, a Delaware limited liability company
GRANTEE : KEWALO DEVELOPMENT LLC, a Hawaii limited liability company
DATED : June 30, 2010
FILED : Land Court Document No. 3975003

-PARCEL SIXTH:-
All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:
LOT 2, area 3,966 square feet, more or less, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1556 of Bishop Trust Company, Limited, Trustee.
Being land(s) described in Transfer Certificate of Title No. 987,017 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED
GRANTOR : KONA STREET PARTNERS, LLC, a Delaware limited liability company
GRANTEE : KEWALO DEVELOPMENT LLC, a Hawaii limited liability company
DATED : June 30, 2010
FILED : Land Court Document No. 3975006

-PARCEL SEVENTH:-
All of that certain parcel of land situate at Honolulu, City and County of Honolulu, State of Hawaii, described as follows:
LOT B-1-C, area 251 square feet, more or less, Block 2, as shown on Map 6, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 709 of Hawaiian Dredging Company, Limited.

Being land(s) described in Transfer Certificate of Title No. 987,016 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED
GRANTOR : KONA STREET PARTNERS, LLC, a Delaware limited liability company
GRANTEE : KEWALO DEVELOPMENT LLC, a Hawaii limited liability company
DATED : June 30, 2010
FILED : Land Court Document No. 3975005
AMENDMENT TO PLANNED DEVELOPMENT AGREEMENT

This Amendment to Planned Development Agreement (the "Amendment") is made this 10th day of April, 2014, by and between HAWAII COMMUNITY DEVELOPMENT AUTHORITY, STATE OF HAWAII ("HCDA"), a body corporate and a public instrumentality of the State of Hawaii, and KEWALO DEVELOPMENT LLC, a Hawaii limited liability company ("Kewalo Development"), whose principal place of business is at 822 Bishop Street, Honolulu, Hawaii 96813.

RECITALS:

A. HCDA issued a Planned Development Permit (PD 2-84) dated November 7, 1984, to the Trustees of the Nauru Phosphate Royalties Trust, a statutory trust established under and pursuant to the unrecorded Nauru Phosphate Royalties Trust Ordinance 1968 of the Republic of Nauru (hereinafter called the "Nauru Trust") pursuant to and subject to the Kakaako Community Development District Plan and Rules (hereinafter called the "Vested Kakaako Plan and Rules").


C. The 404 Pilikoi Planned Development Permit sets forth the terms and conditions under which a commercial-industrial-residential high-rise condominium project (hereinafter referred to as the "404 Pilikoi Project") may be jointly developed on certain parcels of land situated within the Kakaako Community Development District, which parcels are described in said 404 Pilikoi Planned Development Permit (collectively, the "404 Pilikoi Site").
D. Pursuant to the requirements of the 404 Piikoi Planned Development Permit, HCDA and Nauru Phosphate Royalties Honolulu, Inc. ("NPR Honolulu") executed that certain Planned Development Agreement dated October 19, 1988, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii (the "Land Court") as Document No. 1645703, to place the terms and conditions of the Planned Development Permit of record and to make them covenants running with and binding upon the 404 Piikoi Site and which 404 Piikoi Planned Development Permit and Planned Development Agreement are both affected by each of the following:

(1) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT dated October 19, 1988, filed as Land Court Document No. 1646277, made by and between NAURU PHOSPHATE ROYALTIES (HONOLULU), INC., a Delaware corporation, and NAURU PHOSPHATE ROYALTIES DEVELOPMENT (HONOLULU), INC., a Delaware corporation, assigning all of the right, title and interest in and to the 404 Piikoi Planned Development Permit to the extent that such right, title and interest are necessary for the development, use or operation of the Phase I Site, subject to the terms and conditions of the 404 Piikoi Planned Development Permit, to the Vested Kakaako Plan and Rules, and such Partial Assignment. Consent thereto given by HAWAII COMMUNITY DEVELOPMENT AUTHORITY, STATE OF HAWAII, by instrument filed as Land Court Document No. 1646278.

(2) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT dated November 2, 1994, filed as Land Court Document No. 2192784, made by and between NAURU PHOSPHATE ROYALTIES (HONOLULU), INC., a Delaware corporation, and NAURU PHOSPHATE ROYALTIES DEVELOPMENT (HONOLULU), INC., a Delaware corporation, and WAIMANU INVESTMENT VENTURE, a Hawaii limited partnership, and WALDRON VENTURES, a Hawaii general partnership, assigning all of the right, title and interest in and to the 404 Piikoi Planned Development Permit to the extent that such right, title and interest are necessary for the development, use and operation of the reserved housing site, subject to the terms and conditions of the 404 Piikoi Planned Development Permit, the Vested Kakaako Plan and Rules and such Partial Assignment to the extent that they affect the reserved housing project and the Reserved Housing Site. Consent thereto given by HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentalty of the State of Hawaii, by instrument dated November 2, 1994, filed as Land Court Document No. 2192785.

(3) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT dated June 1, 1997, filed as Land Court Document No. 2387444, made by and between NAURU PHOSPHATE ROYALTIES (HONOLULU), INC., a Delaware corporation, and NAURU PHOSPHATE ROYALTIES DEVELOPMENT (HONOLULU), INC., a Delaware corporation, and NAURU PHOSPHATE ROYALTIES (WAIMANU), INC., a Hawaii corporation, assigning all of the right, title and interest in and to the 404 Piikoi Planned Development Permit to the extent that such right, title and interest are necessary for the development, use and operation of Lot 2, subject to the terms and conditions of the 404 Piikoi Planned Development Permit, the Vested Kakaako Plan and Rules and such Partial Assignment.

(4) ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT AND CANCELLATION AND TERMINATION OF PARTIAL ASSIGNMENT dated May 1, 1998, filed as Land Court Document No. 2461954, made by and between NAURU PHOSPHATE ROYALTIES (WAIMANU), INC., a Hawaii corporation, "Assignor", and NAURU PHOSPHATE ROYALTIES (HONOLULU), INC., a Delaware corporation, and NAURU PHOSPHATE ROYALTIES DEVELOPMENT (HONOLULU), INC., a Delaware corporation, "Assignee", assigning all of the Assignor's right, obligations and liabilities under the 404 Piikoi Planned Development Permit dated November 7, 1984, as amended, terminating the Partial Assignment dated June 1, 1997, and mutually releasing each other from all claims related thereto.
(5) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT dated April 17, 2003, filed as Land Court Document No. 2918295. Consent thereto given by HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii, by instrument dated April 17, 2003, filed as Land Court Document No. 2918296.

(6) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT dated April 28, 2006, filed as Land Court Document No. 3485477, made by and between SUNSET HEIGHTS HAWAI'I, LLC, a Delaware limited liability company, "Assignor", and SUNSET HEIGHTS HAWAI'I II, LLC, a Delaware limited liability company, "Assignee", assigning all Assignor's right, title and interest is necessary for the development, use and operation of the Phase IV Tower Site; subject however, to the terms and conditions of the 404 Piikoi Planned Development permit, the Kakaako Plan and the Rules and such Partial Assignment to the extent that they affect the Phase IV tower and the Phase IV Tower Site. Consent thereto given by HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii, by instrument dated September 5, 2006, filed as Land Court Document No. 3485478.

(7) AMENDED AND RESTATED PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT TO SUNSET HEIGHTS HAWAI'I II, LLC dated January 16, 2007, filed as Land Court Document No. 3541283, made by and between SUNSET HEIGHTS HAWAI'I, LLC, a Delaware limited liability company, "Assignor", and SUNSET HEIGHTS HAWAI'I II, LLC, a Delaware limited liability company, "Assignee", assigning all Assignor's right, title and interest is necessary for the development, use and operation of the Phase IV Tower on the Phase IV Tower site; subject however, to the terms and conditions of the 404 Piikoi Planned Development Permit, the Vested Kakaako Plan and Rules and such Partial Assignment to the extent that they affect the Phase IV Tower and the Phase IV Tower site. CONSENT TO AMENDED AND RESTATED PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT TO SUNSET HEIGHTS HAWAI'I II, LLC, thereto given by HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii, by instrument dated January 16, 2007, filed as Land Court Document No. 3541284.

(8) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT TO K2 INVESTORS, LLC dated January 16, 2007, filed as Land Court Document No. 3541286, made by and between SUNSET HEIGHTS HAWAI'I II, LLC, a Delaware limited liability company, "Assignor", and K2 INVESTORS, LLC, a Delaware limited liability company, "Assignee", assigning all Assignor's right, title and interest is necessary for the development, use and operation of the Phase IV Tower on the Phase IV Tower site; subject however, to the terms and conditions of the 404 Piikoi Planned Development Permit, the Vested Kakaako Plan and Rules and such Partial Assignment to the extent that they affect the Phase IV Tower and the Phase IV Tower Site. Consent thereto given by HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii, by instrument dated January 16, 2007, filed as Land Court Document No. 3541287.

(9) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT TO KEWALO DEVELOPMENT LLC dated June 30, 2010, filed as Land Court Document No. 3974998, made by and between K2 INVESTORS, LLC, a Delaware limited liability company, "Assignor", and KEWALO DEVELOPMENT LLC, a Hawaii limited liability company, "Assignee", assigning all Assignor's right, title and interest necessary for the development, use and operation of the Phase IV-A Tower on the Phase IV-A Site and Phase IV-B Building on the Phase IV-B Site; subject however, to the terms and conditions of the 404 Piikoi Planned Development Permit, the Vested Kakaako Plan and Rules and such Partial Assignment to the extent that they affect the Phase IV-A Tower and the Phase IV-B Building and the Remainder 404 Piikoi Site. Consent thereto given by HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii, by instrument dated June 29, 2010, filed as Land Court Document No. 3982364.
E. The original Planned Development Agreement described in Recital D above was amended by instrument dated April 11, 2003, filed as Land Court Document No. 2914559, noted on Certificates of Title Nos. 987.010; 987.011; 987.012; 987.013; 987.014; 987.016; 987.017; 987.019; and 987.020 and by instrument dated January 20, 2012, filed as Land Court Document No. T-8057212, noted on Certificates of Title Nos. 987.010; 987.011; 987.012; 987.013; 987.014; 987.016; and 987.017 (the original Planned Development Agreement as amended is hereinafter referred to as the “404 Piikoi Planned Development Agreement”).

F. At its March 19, 2014 meeting, HCDA approved assignment by Kewalo Development of the remaining reserved housing obligations under the 404 Piikoi Planned Development Permit and the 404 Piikoi Planned Development Agreement to SCD PIKOI, LLC, a Hawaii limited liability company (“Carr”) on certain terms and conditions more particularly set forth in the 404 Piikoi Planned Development Permit.

AMENDMENT:

NOW, THEREFORE, in consideration of the Recitals set forth above and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, HCDA and Kewalo Development do hereby amend the 404 Piikoi Planned Development Agreement in the following respects:

1. The 404 Piikoi Planned Development Permit currently provides for the construction of a supplemental reserved housing project in Reserved Housing Building 2 on the Phase IV-B site (less Lot 334-A which is to be conveyed to HCDA pursuant to the terms of such permit) (the “Reserved Housing Site 2”). On the earlier to occur of (a) the submission by Carr to HCDA of an application for a further amendment to the 404 Piikoi Planned Development Permit for Reserved Housing Site 2, or (b) September 1, 2014, then notwithstanding any provisions or conditions in the 404 Piikoi Planned Development Permit to the contrary, HCDA shall upon substantial completion of construction of the Phase IV-A Tower promptly approve the issuance by the Department of Planning and Permitting of the City and County of Honolulu of the temporary and/or permanent certificate(s) of occupancy for Phase IV-A, so as to enable closing of the units in Phase IV-A.

2. Upon receipt of (a) an award from the Hawaii Housing Finance and Development Corporation for the reservation or allocation of Federal and/or State Low-Income Housing Credits (“LIHTCs”) for Reserved Housing Site 2; (b) a letter of intent, term sheet or similar written expression of interest from an established lending institution (such as PNC Bank) expressing interest in the purchase of the federal LIHTCs reserved or allocated to Reserved Housing Site 2 (said purchase may be for such institution itself or for purchase through one or more affiliates, including without limitation, any syndication fund operated by such institution); and (c) a plan to finance development of Reserved Housing Site 2 that demonstrates reasonable prospects for funding the Reserved Housing Site 2 project and that shows anticipated costs, expenses, and sources of capital such as developer equity, private investor equity from LIHTC proceeds or other sources, commercial financing such as Federal Home Loan Bank funding, bond financing, donations and grants from charitable donations (e.g., Weinberg Foundation, Hawaii Community Foundation, the A&B Kokua Giving Program), and subsidies from other government sources, including but not limited to Rental Housing Trust Fund, Community Development Block Grant (CDBG) and HOME Investment Partnership programs (the “LIHTC Conditions”):

i. Kewalo Development will convey and deliver to Carr from the irrevocable escrow account described in that certain unrecorded Development Agreement dated November 22, 2013, as amended and restated in its entirety by an Amended and Restated Development Agreement dated as of March 3, 2014 between Kewalo Development and Carr (the “Development Agreement”), Reserved Housing Site 2 and the sum of $1,900,000.00 (or the balance thereof then remaining), and will partially assign to Carr, and Carr will assume, all of Kewalo Development’s rights and obligations under the 404 Piikoi Planned Development Permit relating to Reserved Housing Site 2 (the “Partial Assignment”); and

ii. As approved by HCDA at its March 19, 2014 meeting, HCDA shall promptly execute and deliver to Kewalo Development a consent to the Partial Assignment, with such consent constituting HCDA’s express acknowledgment that (a) Kewalo Development is no longer responsible for delivering the remaining reserved housing units required by the 404 Piikoi Planned Development Permit and has satisfied all of its remaining obligations under the 404 Piikoi Planned Development Permit; and (b) in place of Kewalo Development, Carr has assumed such responsibilities and obligations; and no further action or approval shall be required of Kewalo Development or HCDA in connection therewith. If all of the LIHTC Conditions are not satisfied, then HCDA shall not be obligated to execute and deliver a consent to the Partial Assignment.
If the LIHTC Conditions have not been satisfied by December 31, 2014, then Kewalo Development may request from HCDA approval of an alternative to and replacement of the LIHTC Conditions, which approval may be granted at HCDA's discretion.

3. The 404 Piikoi Planned Development Agreement as further amended by this Amendment is hereby ratified and confirmed, and shall continue in full force and effect.

IN WITNESS WHEREOF, HCDA and Kewalo Development have executed this Amendment the day and year first above written.

APPROVED AS TO FORM:

Deputy Attorney General

HAWAII COMMUNITY DEVELOPMENT AUTHORITY, STATE OF HAWAII

By __________________________
Anthony J. H. Ching
Executive Director

“HCDA”

KEWALO DEVELOPMENT LLC,
a Hawaii limited liability company

By: A & B PROPERTIES, INC.
a Hawaii corporation
Its Manager

By __________________________
Name: Richard B. Stack
Title: SENIOR VICE PRESIDENT

By __________________________
Name: CHARLES W. LOOMIS
Title: ASST. SECRETARY

“Kewalo Development”
HCDA Notary:

STATE OF HAWAII  
)    ) SS.  
CITY & COUNTY OF HONOLULU  
)

On this 3rd day of April, 2014, before me appeared ANTHONY J. H. CHING, to me personally known, who, being by me duly sworn, did say that said person executed the foregoing instrument as said person's free act and deed and in the capacity shown, having been duly authorized to execute such instrument in such capacity.

[Signature]

Notary Public, State of Hawaii
Name: Wendi T. Reyes
My commission expires: 3/30/2018

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<tr>
<th>Date of Doc:</th>
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<td>Name of Notary:</td>
<td>Wendi T. Reyes</td>
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<tr>
<td>Doc. Description:</td>
<td>Amendment to Planned Development Agreement</td>
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Notary Signature: [Signature]  
Date: 4/3/14  
First Circuit, State of Hawaii

NOTARY CERTIFICATION
Kewalo Development Notary 1:

STATE OF HAWAI'I

) SS.

CITY & COUNTY OF HONOLULU

On this 9th day of April, 2014, before me appeared

Richard B. Stack, to me personally known, who, being duly sworn, did say that said person executed the foregoing instrument as said person's free act and deed and in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Cheryl A. Onishi
Notary Public, State of Hawaii
Name: Cheryl A. Onishi
My commission expires: Apr 17, 2017

Date of Doc: 2014
Name of Notary: Cheryl A. Onishi
Doc. Description: Amendment to Planned Development Agreement

Cheryl A. Onishi 4/17/14
Notary Signature

First Circuit, State of Hawaii

Notary Certification
Meeting Minutes of January 7, 2015 Authority Meeting

There was no additional public testimony.

3. Decision Making: Shall the Authority Authorize the Executive Director to Execute an Agreement Subordinating its Shared Equity Encumbrance on the Pacifica Honolulu Condominium Unit No. 609 and Consenting to the Owner's Request to Refinance the Original Mortgage?

Mr. Ching summarized the report located in tab 3 of the packet distributed to Members and emphasized that this agenda item has nothing to do with the sale of reserved housing, rather it is about refinancing and HCDA’s shared equity requirement.

There were no further comments or questions from Members or the public on the agenda item.

Chairperson Lee entertained a motion for the Authority to Authorize the Executive Director to Execute an Agreement Subordinating its Shared Equity Encumbrance on the Pacifica Honolulu Condominium Unit No. 609 and Consenting to the Owner's Request to Refinance the Original Mortgage.

A motion was made by Member Tamamoto and seconded by Member Funakoshi

A roll call vote was conducted.

Ayes: Members Kamimura, Lee, Mitsunaga, Tamamoto, Kami, Butay, Murdock, and Funakoshi.

Nays: None.

The motion passed 8 to 0 with 1 excused (1 vacant position).

Chair Lee called a recess at 2:38 p.m.
Chair Lee reconvened the regular meeting at 2:49 p.m.

4. Shall the Authority Authorize the Executive Director to Amend the Planned Development Permit for 404 Piikoi Project (PD 2-84) as Requested by Kewalo Development LLC, the Developer of Phase IV-A of the Project?

Mr. Ching summarized the report in tab 4 of the packet distributed to Members. He stated 1133 Waimanu satisfied HCDA requirements for all existing projects in the Nauru Development. The final component of that development, Waihonua, will be completed this month, leaded to a residual reserved housing requirement that will be satisfied by 404 Piikoi. 72 reserved housing units in 404 Piikoi must be constructed within two years after the occupancy of Waihonua. Mr. Ching stated that in developing 404 Piikoi, A&B/Kewalo Development Partners decided to turn the project over to Stanford Carr.
Development to build 128 rental units for lower income groups making 60% AMI or less in a development called Hale Kewalo.

Mr. Ching noted that the production of more housing units, especially those affordable to people making 60% AMI and lower, is a worthy goal. He says the Hale Kewalo project would also keep the prices affordable for the entire 60-year term of the agreement.

Given the legislative and statutory changes, HCDA is in the default position. So if Stanford Carr fails to secure financing and closing within two years, the project and title would be turned over to the HCDA.

Mr. Ching says the requested amendment would allow Stanford Carr to take on the project from Kewalo Partners/A&B, and would also establish a mechanism for the HCDA to exercise control over the project's escrow account.

Mr. Ching says a sewer connection application was granted for the Hale Kewalo project. He says Carr will need to meet the application deadline by HHFDC to receive funding, and must also close on his financing within 12 months. This is consistent with the timing of Carr's other project, Halekauwila Place.

Chair Lee recognized Deputy Attorney General Diane Taira was in attendance at the meeting.

Member Kamimura asked what HCDA would do if Stanford Carr was unable to perform adequately and complete the project. Mr. Ching stated that we would then issue an RFP for the entire parcel for the same project, using the same design. Mr. Ching says we could find another developer fairly easily, however finding buyers for the tax credit might be challenging. Member Kamimura stated that HCDA needs to understand the downsides to tax credits and asked how it would affect the Waihonua project. Mr. Ching stated HCDA has given the certification to allow for certificate of occupancy at Waihonua so that buyers can get their units. However, any outstanding obligation like the reserved housing requirement would affect the developer’s financials.

Members had no additional questions or comments on this agenda item.

Stanford Carr (Stanford Carr LLC) and Rick Stack (A&B Properties) made a presentation to the board on Hale Kewalo. Mr. Stack stated that if Carr could not build the project, HCDA would receive the land, $1.9 million in escrow, as well as all the work that has been done to date (i.e. planning, design, etc.). Mr. Stack stated that the Waihonua project is complete and ready to close, but in order to close the books the reserved housing component needs to be decided. Mr. Carr showed a rendering of the 128-unit Hale Kewalo, which includes 1-bedroom units, 2-bedroom units, and 3-bedroom units. He stated they have a commitment letter from PNC Bank to purchase the federal tax credits, and they may get additional commitment from American Savings Bank. Mr. Carr stated they would resubmit their application for additional funding from HHFDC at the end of
the month and if successful, they can price units as affordable to those making as little as 30% AMI.

Member Tamamoto asked Mr. Carr about the height of the building. Mr. Carr clarified that the original 72-units were in a 5-story building, while the 128-units are in an 11-story building. Member Tamamoto asked about the financing and pro forma. Mr. Carr stated that the $50 million in project financing is public and follows the same plan as Halekauwila Place, with the funding coming from the rental housing trust fund, low income housing tax credits and private activity bond financing.

Member Kami asked about whether the tax credits were non-competitive, to which Mr. Carr answered in the affirmative. Member Kami asked whether the project could still reach the 60% AMI level without the trust fund, to which Mr. Carr replied yes, however if the trust fund was approved, the project could then reach down to the 30% AMI affordability level.

PUBLIC TESTIMONY

1. Jack Hamada: Asked whether Stanford Carr has repaid the $17 million loan from HCDA for Halekauwila Place
   a. Mr. Ching stated that HCDA stands behind PNC Bank to be repaid, so HCDA has a long-term strategy to recoup the loan. However, Mr. Carr is not in default for the conditions of the loan. Mr. Carr clarified that Halekauwila Place is fully occupied and they’re finalizing the audits. They expect they will begin making debt service payments to HCDA later this year.

There were no further comments or questions from the public on the agenda item.

Chairperson Lee entertained a motion for the Authority to Authorize the Executive Director to Amend the Planned Development Permit for 404 Piikoi Project (PD 2-84) as Requested by Kewalo Development LLC, the Developer of Phase IV-A of the Project.

A motion was made by Member Tamamoto and seconded by Member Funakoshi.

Member Tamamoto stated that he has been a very vocal proponent of reserved housing and workforce housing. He says this project exemplifies what the HCDA is trying to accomplish and it’s admirable that the developer is moving the AMI level down to 30% or 60% and increasing the number of available units. Member Tamamoto stated that projects at that low-income range are extremely difficult to finance, so he commends Stanford Carr and thinks this is an outstanding project.

Member Funakoshi seconded the motion and stated that this project has very good financial backing and is a great project that warrants HCDA’s full support.
Chair Lee says this project hit the trifecta, as it creates more units, at a lower AMI range, and keeps it affordable for a longer period of time.

A roll call vote was conducted.

Ayes: Members Kamimura, Butay, Lee, Mitsunaga, Tamamoto, Kami, Murdock, and Funakoshi.

Nays: None.

The motion passed 8 to 0 with 1 excused (1 vacant position).

V. ADJOURNMENT

The meeting was adjourned at 3:25 p.m.

Respectfully submitted,

Miles Kamimura
Secretary

Note: The transcript of this meeting contains a verbatim record and should be consulted if additional detail is desired.
AMENDMENT TO
PLANNED DEVELOPMENT PERMIT
FOR
404 PIKOI PROJECT
APPROVED BY THE
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
461 Cooke Street
Honolulu, Hawaii 96813
January 7, 2015

[Signature]
Name, Title
EXECUTIVE DIRECTOR

PLANNED DEVELOPMENT PERMIT: PD 2-84
PURSUANT TO CHAPTER 206E, HAWAII REVISED STATUTES

Original: 11/7/84
Amendments:
10/1/86
10/19/88
4/11/89
2/4/91
10/14/91
10/20/94
1/24/97
8/2/00
4/2/02
9/13/02
3/24/03
4/11/03
12/12/03
7/14/04
4/5/07
2/6/08
6/18/08
2/5/09
1/25/11
10/5/11
7/16/12
3/19/14
AMENDMENT TO PLANNED DEVELOPMENT PERMIT


Kewalo Development LLC (“Kewalo”), the developer of Phase IV-A (as identified in the Permit), has agreed to enter into an Amended and Restated Development Agreement dated as of January 7, 2015 (the “Development Agreement”), with SCD PIIKOI, LLC, a Hawaii limited liability company (“Carr”), a true and correct copy of which is attached hereto as Exhibit B, for the development of a reserved housing project on Tax Map Key No. (1) 2-3-7-049, located at 450 Piikoi Street and 1235 Kona Street, Honolulu, Hawaii, comprising approximately 27,352 square feet of land (herein the “Land”), being a portion of the lands comprising the Phase IV-B site, that satisfies the remaining reserved housing obligations under the Permit.

The Permit amendment request submitted by Kewalo is described in the request letter (the “Request Letter”) from Kewalo to HCDA dated December 30, 2014 (attached hereto as Exhibit A). At the January 7, 2015 meeting of the Authority, the amendment request was approved and the Authority authorized the Executive Director to consent to the assignment of the remaining reserved housing obligations to Carr. Accordingly, the Permit is amended as described in the Request Letter, and as further set forth herein:

1. Carr shall develop on the Land an affordable rental project (the “RH Project”), currently planned to consist of approximately 128 apartment units, to be rented to persons earning not more than 60% of the area median income. These requirements shall remain in place for a 60-year period, commencing from the issuance of the certificate of occupancy for the RH Project. (The Permit currently requires the development of 72 units for affordable senior rental housing, to be maintained as affordable rentals for 50 years.)

2. Kewalo shall immediately place into an irrevocable escrow account at Title Guaranty Escrow Services of Hawaii (“Escrow”) the following: (a) $1,900,000 in cash, less $217,800 previously released to Carr to pay for design and other pre-development costs for the RH Project (the “Cash Deposit”), (b) a standard Limited Warranty Deed conveying the Land to Carr (the “Carr Deed”), and (iii) a standard Limited Warranty Deed conveying the Land to HCDA (the “HCDA Deed”). At the request of Carr and with the prior written consent of HCDA, the Carr Deed
may be substituted with a deed in which the Grantee is either (i) a limited partnership in which Carr serves as the general partner, (ii) a limited partnership in which an entity that is tax exempt under section 501(c)(3) of the Internal Revenue Code serves as the general partner, or (iii) a governmental entity (including the HCDA).

3. By January 7, 2016, Carr shall obtain both an award of low-income housing tax credits and a rental housing trust fund allocation from HHFDC for the RH Project (the “HHFDC Awards”). If Carr fails to secure the HHFDC Awards within such approved period of time, then HCDA shall instruct Escrow to record the HCDA Deed and to release the balance of the Cash Deposit to HCDA, and all of Carr’s rights to the Land and to develop the RH Project shall be deemed terminated.

4. Assuming Carr succeeds in securing the HHFDC Awards within the approved period of time, then within 12 months from the date the last of the HHFDC Awards is awarded to Carr, or within such longer period of time as may be from time to time approved by HCDA (the “Financing Period”), Carr shall close all of the financing required for the development of the RH Project (the “Financing Requirement”).

(a) If Carr satisfies the Financing Requirement within such Financing Period, then HCDA shall instruct Escrow to record the Carr Deed concurrently with the closing of such financing and to release the balance of the Cash Deposit to Carr.

(b) If Carr fails to satisfy the Financing Requirement within such Financing Period, or should at any time before then abandon the RH Project, then:

(i) HCDA shall instruct Escrow to record the HCDA Deed and release the balance of the Cash Deposit to HCDA,

(ii) Carr shall promptly assign and deliver to HCDA all work product (plans, studies, reports, permits, etc.) pertaining to the development of the RH Project, and

(iii) All of Carr’s rights to Land and to develop the RH Project shall be deemed terminated.

5. Until such time as a Deed (to either HCDA or Carr) is recorded, or Carr abandons the RH Project, Carr may withdraw funds from the Cash Deposit in Escrow for the sole purpose of paying for certain pre-development costs relating to the RH Project, as set forth in the escrow agreement and approved by HCDA.

6. Upon Kewalo’s deposit of the Carr Deed, the HCDA Deed and the Cash Deposit into Escrow, Kewalo shall be deemed, without further action by HCDA, to have fully satisfied all of its reserved housing obligations under the Permit. Promptly upon HCDA’s approval of this Amendment: (a) Kewalo shall assign to Carr all of its rights and obligations under the Permit with respect to such reserved housing pursuant to the Partial Assignment attached as Exhibit 1 to the
Request Letter, and (b) HCDA shall execute the Consent to Partial Assignment attached as Exhibit 2 to the Request Letter.

7. Kewalo and HCDA shall cooperate in good faith in executing or consenting to such other revisions to the Permit as may be appropriate or desirable to carry out the amendments described above.

The Permit is hereby amended in the manner described herein. Unless specified herein, all other requirements, conditions and rights set forth in the Permit that are not affected by the terms hereof shall remain in effect.

Attachment: Exhibit A (Request Letter)
Attachment: Exhibit B (Development Agreement)
EXHIBIT A
KEWALO DEVELOPMENT LLC
822 Bishop Street
Honolulu, HI 96813

December 30, 2014

Mr. Anthony J. H. Ching
Executive Director
Hawaii Community Development Authority
461 Cooke Street
Honolulu, Hawaii 96813

Re: Request of Kewalo Development LLC for Further Amendments to the Planned
Development Permit (PD 2-84), as amended, for the 404 Piikoi Project, Kakaako, Hawaii

Dear Mr. Ching:

On behalf of Kewalo Development LLC (the “Developer”), we hereby submit a request letter (the
"Request") for further amendments to the Planned Development Permit, PD 2-84, for the 404 Piikoi Project
(the "Project"), issued by the Hawaii Community Development Authority ("HCDA") with respect to the
planned development of Phase IV-A (Fourth Tower) and Phase IV-B (Reserved Housing Building 2) of the
Project.

1. Permit:

The Permit, PD 2-84, was issued by HCDA on November 7, 1984 and subsequently amended on
January 24, 1997, August 2, 2000 (amendment & variance), April 2, 2002, September 13, 2002, March 24,
(amendment & modification), July 16, 2012, and March 19, 2014 (collectively, the "Permit"). For
convenience the March 19, 2014 amendment is sometimes referred to herein as the "March 2014
Amendment".

2. Summary of Amendments Being Requested:

Developer herein requests, subject to HCDA approval, certain further amendments to the Permit,
which is vested pursuant to the Mauka Area Rules that were in effect at the time the Permit was initially
approved (the "Vested Rules"), as follows:

2.1. Amendments to Permit Conditions. The Permit currently provides for the construction of a
supplemental reserved housing project on the Phase IV-B site (less Lot 334-A which was be conveyed to
HCDA pursuant to the Permit terms) (the "Reserved Housing Site 2"). Pursuant to the March 2014
Amendment, HCDA agreed to the assignment and transfer to SCD Piikoi, LLC, a Hawaii limited liability
company ("Carr") of the Permit's remaining reserved housing obligations, on certain terms and conditions
more particularly set forth in the Permit. The March 2014 Amendment provides that if such conditions have
not been satisfied by December 31, 2014, the Developer may request from HCDA approval of an alternative
to such conditions. Not all of these conditions will be satisfied by December 31, 2014, and therefore, to
facilitate the final design, development, construction and delivery of reserved housing units to be located on
the Reserved Housing Site 2, the following amendments are requested:

2.1.1. Carr shall develop on Reserved Housing Site 2 an affordable rental project (the
"Project"), currently planned to consist of approximately 128 apartment units, to be
rented to persons earning not more than 60% of the area median income. These
requirements shall remain in place for a 60-year period, commencing from the issuance of the certificate of occupancy for the Project. (The Permit currently requires the development of 72 units for affordable senior rental housing, to be maintained as affordable rentals for 50 years.)

2.1.2. The Developer shall immediately place into an irrevocable escrow account at Title Guaranty Escrow Services of Hawaii ("Escrow") the following: (a) $1,900,000 in cash, less $217,800 previously released to Carr to pay for design and other pre-development costs for the Project (the "Cash Deposit"), (b) a standard Limited Warranty Deed conveying the Reserved Housing Site 2 to Carr (the "Carr Deed"), and (iii) a standard Limited Warranty Deed conveying the Reserved Housing Site 2 to HCDA (the "HCDA Deed").

2.1.3. Within 12 months from the date of HCDA's approval of this request, Carr shall obtain both an award of low-income housing tax credits and a rental housing trust fund allocation from HHFDC for the Project (the "HHFDC Awards"). If Carr fails to secure the HHFDC Awards within such approved period of time, then HCDA shall instruct Escrow to record the HCDA Deed and to release the balance of the Cash Deposit to HCDA, and all of Carr's rights to Reserved Housing Site 2 and to develop the Project shall be deemed terminated.

2.1.4. Assuming Carr succeeds in securing the HHFDC Awards within the approved period of time, then within 12 months from the date the last of the HHFDC Awards is awarded to Carr, or within such longer period of time as may be from time to time approved by HCDA, Carr shall close all of the financing required for the development of the Project (the "Financing Requirement").

(a) If Carr satisfies the Financing Requirement within such approved period of time, then HCDA shall instruct Escrow to record the Carr Deed concurrently with the closing of such financing and to release the balance of the Cash Deposit to Carr.

(b) If Carr fails to satisfy the Financing Requirement within such approved period of time, or should at any time before then abandon the Project, then:

(i) HCDA shall instruct Escrow to record the HCDA Deed and release the balance of the Cash Deposit to HCDA,

(ii) Carr shall promptly assign and deliver to HCDA all work product (plans, studies, reports, permits, etc.) pertaining to the development of the Project, and

(iii) All of Carr's rights to Reserved Housing Site 2 and to develop the Project shall be deemed terminated.

2.1.5. Until such time as a Deed (to either HCDA or Carr) is recorded, or Carr abandons the Project, Carr may withdraw funds from the Cash Deposit in Escrow for the sole purpose of paying for certain pre-development costs relating to the Project, as set forth in the escrow agreement and approved by HCDA.

2.1.6. Upon the Developer's deposit of the Carr Deed, the HCDA Deed and the Cash Deposit into Escrow, the Developer shall be deemed, without further action by
HCDA, to have fully satisfied all of its reserved housing obligations under the Permit. Promptly upon HCDA’s approval of this request: (a) the Developer shall assign to Carr all of its rights and obligations under the Permit with respect to such reserved housing pursuant to the Partial Assignment attached hereto as Exhibit 1, and (b) HCDA shall execute the Consent to Partial Assignment attached hereto as Exhibit 2.

2.1.7. The Developer and HCDA shall cooperate in good faith in executing or consenting to such other revisions to the Permit as may be appropriate or desirable to carry out the amendments described above.

2.2. No Other Amendments. This Request does not propose any amendments to the current authorizations under the Permit relating to (a) Allowable Number of Residential Units, (b) Building Design, (c) Tower Spacing, (d) Land Use, (e) Height Density and Tower Footprint, (f) Open Space Areas, (g) Recreation Space, (h) Off Street Parking and Loading, (i) Traffic Circulation, (j) Special Urban Design Rules, (k) Infrastructure Improvements, or (l) any other authorizations not directly addressed by this Request.

The specific reasons and justifications for each of the amendments being requested set forth above demonstrate that the criteria in the Vested Rules for such amendments have been met.

HCDA’s approval of this Request will allow for the enhanced production of reserved housing units in the State, and the orderly, professional, cost effective and efficient finalization of the design, development, construction and delivery of the remaining reserved housing units required under the Permit by Carr.

We hereby request that HCDA review the proposed amendments to the Permit set forth and summarized above and provide a final approval by HCDA on the proposed amendments to the Permit as soon as is practicable.

Please do not hesitate to contact me, should you have any questions or require any further information or documentation regarding the Request.

Very truly yours,

Kewalo Development LLC

By __________________________
Richard B. Stack, Jr.

Attachments

Exhibit 1: Partial Assignment
Exhibit 2: Consent to Partial Assignment
AMENDED AND RESTATED DEVELOPMENT AGREEMENT (Kona Street)

THIS AMENDED AND RESTATED DEVELOPMENT AGREEMENT (the “Agreement”) is made as of January 7, 2015, between KEWALO DEVELOPMENT LLC, a Hawaii limited liability company (“Kewalo”), and SCD PIKOI, LLC, a Hawaii limited liability company (“Carr”).

Background

A. Kewalo is the fee simple owner of the property identified by Tax Map Key No. (1) 2-3-7-049, located at 450 Piikoi Street and 1235 Kona Street, Honolulu, Hawaii, as more particularly described on the attached Exhibit A, consisting of approximately 27,352 square feet of land (the “Land”).


C. Kewalo and Carr previously entered into that certain Amended and Restated Development Agreement dated as of March 3, 2014 (the “Original Development Agreement”) and now wish to fully replace, restate and amend the Original Development Agreement as hereinafter set forth, which Original Development Agreement shall no longer have any force or effect.

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Carr agrees to, and shall perform and comply with, all of the terms and conditions of the 2015 Amendment.

2. Kewalo shall immediately place into an irrevocable escrow account at Title Guaranty Escrow Services of Hawaii (“Escrow”) the Cash Deposit, the Carr Deed and the HCDA Deed referred to in the 2015 Amendment.

3. Kewalo and Carr shall enter into a license agreement, in form attached hereto as Exhibit C.

Until either the Carr Deed or the HCDA Deed is recorded, Carr shall be responsible for paying all real property taxes, utilities, assessments, insurance and other obligations relating to the Land and the improvements thereon and thereto, all as if Carr were the owner in fee simple of the Land

4. Kewalo and Carr shall enter into the Partial Assignment, which is attached as Exhibit 1 to Exhibit A to the 2015 Amendment.

EXHIBIT-I
5. Carr shall have the right and option from time to time, but not more frequently than once per calendar month, to obtain, subject in each instance to the prior approval of HCDA, disbursements from Escrow out of the Cash Deposit for the purpose of paying for real property taxes, utilities, assessments, insurance and other obligations relating to the Land and the improvements thereon and thereto, pre-development costs and expenses incurred by Carr to third-party architects, engineers, attorneys and other consultants in connection with the planning, entitlement, design, environmental review, and costs to secure financing for the reserved housing project referred to in the 2015 Amendment, but in no event shall any such disbursements be made to Carr or any other person or entity for developer fees.

Disbursements of the funds from the Cash Deposit by Escrow for such purposes shall be made within three (3) business days after Escrow’s receipt from Carr of a duly executed certificate for disbursement in the form attached hereto as Exhibit D (a "Certificate for Disbursement"), approved by HCDA, and provided that sufficient funds remain of the Cash Deposit to make such payments. Escrow shall withdraw funds from the Cash Deposit in an amount sufficient to make such payments and disburse the appropriate sums directly to the payee or payees specified in any such approved Certificate of Disbursement.

6. Carr understands that portions of the Land are currently being used by Kewalo’s general contractor for the construction of Phase IV-A. Accordingly, Carr agrees that until the Land is no longer required by the contractor, Carr will cooperate with Kewalo and its contractor to permit such use to continue smoothly.

7. Carr has inspected the Land and the physical condition thereof, and has performed Carr’s due diligence with respect to the condition of the Land (including its environmental, physical, and archaeological condition) and encumbrances affecting the Land. Carr hereby accepts the Land and all improvements thereon and thereto in “as is” condition. Kewalo has made no representation or warranty, express or implied, with respect to the condition of the Land or any improvements thereon or thereto, or the suitability of the Land for any purpose.

8. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other common enterprise between Kewalo and Carr.

9. This Agreement shall inure to the benefit of and bind the parties hereto and their respective successors and assigns. Carr may not assign this Agreement without the prior written consent of Kewalo, in Kewalo’s sole discretion. Notwithstanding the foregoing, Carr may assign this Agreement to a limited partnership in which Carr serves as the sole general partner; provided, however, that (i) Carr shall remain liable for the performance of Carr’s obligations under this Agreement; (ii) the limited partnership shall execute a written undertaking by which it shall expressly assume all of the obligations of Carr under this Agreement; and (iii) Carr shall provide Kewalo with a true copy of such assignment and written undertaking.

10. In any action or proceeding arising out of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys’ fees and costs from the non-prevailing party.

11. This Agreement may be signed in counterparts, which taken together shall constitute one and the same instrument.
This Agreement is executed as of the date and year first above written.

KEWALO DEVELOPMENT LLC
a Hawaii limited liability company

By:  A & B Properties, Inc.
a Hawaii corporation
Its Manager

By:  
RICHARD R. STACK
SENIOR VICE PRESIDENT

By:  
CHARLES W. LOOMIS
ASST. SECRETARY

SCD PIIKOI LLC
a Hawaii limited liability company

By:  
STANFORD CARR
Its Manager
EXHIBIT A

-PARCEL FIRST:-

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 327, area 3,978 square feet, more or less, Section 2, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.

Being land(s) described in Transfer Certificate of Title No. 987,010 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

-PARCEL SECOND:-

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 328, area 4,157 square feet, more or less, Section 2, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.

Being land(s) described in Transfer Certificate of Title No. 987,011 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

-PARCEL THIRD:-

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 330, area 5,000 square feet, more or less, Section 2, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.

Being land(s) described in Transfer Certificate of Title No. 987,012 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

-PARCEL FOURTH:-

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 331, area 5,000 square feet, more or less, Section 2, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.

Being land(s) described in Transfer Certificate of Title No. 987,013 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.
-PARCEL FIFTH:-

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 333, area 5,000 square feet, more or less, Section 2, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.

Being land(s) described in Transfer Certificate of Title No. 987,014 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

-PARCEL SIXTH:-

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 2, area 3,966 square feet, more or less, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1556 of Bishop Trust Company, Limited, Trustee.

Being land(s) described in Transfer Certificate of Title No. 987,017 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.

-PARCEL SEVENTH:-

All of that certain parcel of land situate at Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT B-1-C, area 251 square feet, more or less, Block 2, as shown on Map 6, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 709 of Hawaiian Dredging Company, Limited.

Being land(s) described in Transfer Certificate of Title No. 987,016 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.
AMENDMENT TO PLANNED DEVELOPMENT AGREEMENT

This Amendment to Planned Development Agreement (the "Amendment") is made this 7th day of January, 2015, by and between HAWAII COMMUNITY DEVELOPMENT AUTHORITY, STATE OF HAWAI'I ("HCDA"), a body corporate and a public instrumentality of the State of Hawaii, and SCD PIKOI LLC, a Hawaii limited liability company ("Carr"), whose principal place of business is at 1100 Alakea Street, 27th Floor, Honolulu, Hawaii 96813.

RECORDS:

A. HCDA issued a Planned Development Permit (PD 2-84) dated November 7, 1984, to the Trustees of the Nauru Phosphate Royalties Trust, a statutory trust established under and pursuant to the unrecoded Nauru Phosphate Royalties Trust Ordinance 1968 of the Republic of Nauru (hereinafter called the "Nauru Trust") pursuant to and subject to the Kakaako Community Development District Plan and Rules (hereinafter called the "Vested Kakaako Plan and Rules").


C. The PDP sets forth the terms and conditions under which a commercial-industrial-residential high-rise condominium project (hereinafter referred to as the "404 Piiko Project") may be jointly developed on certain parcels of land situated within the Kakaako Community Development District, which parcles are described in PDP (collectively, the "404 Piiko Site").
Pursuant to the requirements of the PDP, HCDA and Nauru Phosphate Royalties Honolulu, Inc. ("NPR Honolulu") executed that certain Planned Development Agreement dated October 19, 1988, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii (the "Land Court") as Document No. 1645703, to place the terms and conditions of the Planned Development Permit of record and to make them covenants running with and binding upon the 404 Piikoi Site and which PDP and Planned Development Agreement are both affected by each of the following:

(1) **PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT dated October 19, 1988, filed as Land Court Document No. 1646277, made by and between NAURU PHOSPHATE ROYALTIES (HONOLULU), INC., a Delaware corporation, and NAURU PHOSPHATE ROYALTIES DEVELOPMENT (HONOLULU), INC., a Delaware corporation, assigning all of the right, title and interest in and to the 404 Piikoi Planned Development Permit to the extent that such right, title and interest are necessary for the development, use or operation of the Phase I Site, subject to the terms and conditions of the PDP, to the Vested Kakaako Plan and Rules, and such Partial Assignment. Consent thereto given by HCDA, by instrument filed as Land Court Document No. 1646278.**

(2) **PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT dated November 2, 1994, filed as Land Court Document No. 2192784, made by and between NAURU PHOSPHATE ROYALTIES (HONOLULU), INC., a Delaware corporation, and NAURU PHOSPHATE ROYALTIES DEVELOPMENT (HONOLULU), INC., a Delaware corporation, and WAIMANU INVESTMENT VENTURE, a Hawaii limited partnership, and WALDRON VENTURES, a Hawaii general partnership, assigning all of the right, title and interest in and to the PDP to the extent that such right, title and interest are necessary for the development, use and operation of the reserved housing site, subject to the terms and conditions of the PDP, the Vested Kakaako Plan and Rules and such Partial Assignment to the extent that they affect the reserved housing project and the Reserved Housing Site. Consent thereto given by HCDA, by instrument dated November 2, 1994, filed as Land Court Document No. 2192785.**

(3) **PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT dated June 1, 1997, filed as Land Court Document No. 2387444, made by and between NAURU PHOSPHATE ROYALTIES (HONOLULU), INC., a Delaware corporation, and NAURU PHOSPHATE ROYALTIES DEVELOPMENT (HONOLULU), INC., a Delaware corporation, and NAURU PHOSPHATE ROYALTIES (WAIMANU), INC., a Hawaii corporation, assigning all of the right, title and interest in and to the PDP to the extent that such right, title and interest are necessary for the development, use and operation of Lot 2, subject to the terms and conditions of the PDP, the Vested Kakaako Plan and Rules and such Partial Assignment.**

(4) **ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT AND CANCELLATION AND TERMINATION OF PARTIAL ASSIGNMENT dated May 1, 1998, filed as Land Court Document No. 2461554, made by and between NAURU PHOSPHATE ROYALTIES (WAIMANU), INC., a Hawaii corporation, "Assignor", and NAURU PHOSPHATE ROYALTIES (HONOLULU), INC., a Delaware corporation, and NAURU PHOSPHATE ROYALTIES DEVELOPMENT (HONOLULU), INC., a Delaware corporation, "Assignee", assigning all of the Assignor’s right, obligations and liabilities under the PDP dated November 7, 1984, as amended, terminating the Partial Assignment dated June 1, 1997, and mutually releasing each other from all claims related thereto.**

(5) **PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT dated April 17, 2003, filed as Land Court Document No. 2918295. Consent thereto given by HCDA, by instrument dated April 17, 2003, filed as Land Court Document No. 2918296.**

(6) **PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT dated April 28, 2006, filed as Land Court Document No.*
3485477, made by and between SUNSET HEIGHTS HAWAII, LLC, a Delaware limited liability company, "Assignor", and SUNSET HEIGHTS HAWAII II, LLC, a Delaware limited liability company, "Assignee", assigning all Assignor's right, title and interest necessary for the development, use and operation of the Phase IV Tower Site; subject however, to the terms and conditions of the PDP, the Kakaako Plan and the Rules and such Partial Assignment to the extent that they affect the Phase IV tower and the Phase IV Tower Site. Consent thereto given by HCDA, by instrument dated September 5, 2006, filed as Land Court Document No. 3485478.

(7) AMENDED AND RESTATING PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT TO SUNSET HEIGHTS HAWAII II, LLC dated January 16, 2007, filed as Land Court Document No. 3541283, made by and between SUNSET HEIGHTS HAWAII II, LLC, a Delaware limited liability company, “Assignor”, assigning all Assignor’s right, title and interest necessary for the development, use and operation of the Phase IV Tower on the Phase IV Tower site; subject however, to the terms and conditions of the PDP, the Vested Kakaako Plan and Rules and such Partial Assignment to the extent that they affect the Phase IV Tower and the Phase IV Tower site. CONSENT TO AMENDED AND RESTATING PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT TO SUNSET HEIGHTS HAWAII II, LLC, thereto given by HCDA, by instrument dated January 16, 2007, filed as Land Court Document No. 3541284.

(8) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT TO K2 INVESTORS, LLC dated January 16, 2007, filed as Land Court Document No. 3541286, made by and between SUNSET HEIGHTS HAWAII II, LLC, a Delaware limited liability company, “Assignor”, and K2 INVESTORS, LLC, a Delaware limited liability company, “Assignee”, assigning all Assignor’s right, title and interest necessary for the development, use and operation of the Phase IV Tower on the Phase IV Tower Site; subject however, to the terms and conditions of the PDP, the Vested Kakaako Plan and Rules and such Partial Assignment to the extent that they affect the Phase IV Tower and the Phase IV Tower Site. Consent thereto given by HCDA, by instrument dated January 16, 2007, filed as Land Court Document No. 3541287.

(9) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT TO KEWALO DEVELOPMENT LLC dated June 30, 2010, filed as Land Court Document No. 3974998, made by and between K2 INVESTORS, LLC, a Delaware limited liability company, “Assignor”, and KEWALO DEVELOPMENT LLC, a Hawaii limited liability company, “Assignee”, assigning all Assignor’s right, title and interest necessary for the development, use and operation of the Phase IV-A Tower on the Phase IV-A Site and Phase IV-B Building on the Phase IV-B Site (the "Phase IV-B Site"); subject however, to the terms and conditions of the PDP, the Vested Kakaako Plan and Rules and such Partial Assignment to the extent that they affect the Phase IV-A Tower and the Phase IV-B Building and the Remainder 404 Piikoi Site. Consent thereto given by HCDA, by instrument dated June 29, 2010, filed as Land Court Document No. 3982364. A portion of the Phase IV-B Site, referred to as Lot 334-A, was subsequently conveyed to HCDA pursuant to the terms of the PDP. The Phase IV-B Site, less Lot 334-A, is hereinafter referred to as the "Land".

(10) PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER PLANNED DEVELOPMENT PERMIT TO SCD PIKOI LLC dated January 1, 2015, filed as Land Court Document No. ______________, made by and between KEWALO DEVELOPMENT LLC, a Hawaii limited liability company, "Assignor" ("Kewalo Development"), and Carr, "Assignee", assigning all Assignor’s rights and obligations for the development, use and operation of the RH Project (defined below) on the Land; subject however, to the terms and conditions of the PDP, the Vested Kakaako Plan and Rules and such Partial Assignment to the extent that they affect the RH Project and the Land. Consent thereto given by HCDA, by instrument dated January 1, 2015, filed as Land Court Document No. ______________.

E. The original Planned Development Agreement described in Recital D above was amended by instrument dated April 11, 2003, filed as Land Court Document No. 2914559, by instrument dated January 20, 2012,
filed as Land Court Document No. T-8057212, and by instrument dated April 10, 2014, filed as Land Court Document No. T-8890166, noted on Certificates of Title Nos. 987,010; 987,011; 987,012; 987,013; 987,014; 987,016; and 987,017 (the original Planned Development Agreement as amended is hereinafter referred to as the “Planned Development Agreement”).

AMENDMENT:

NOW, THEREFORE, in consideration of the Recitals set forth above and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, HCDA and Carr do hereby amend the Planned Development Agreement as follows:

1. Carr shall develop on the Land an affordable rental project (the “RH Project”), currently planned to consist of approximately 128 apartment units, to be rented to persons earning not more than 60% of the area median income. These requirements shall remain in place for a 60-year period, commencing from the issuance of the certificate of occupancy for the RH Project. (The PDP currently requires the development of 72 units for affordable senior rental housing, to be maintained as affordable rentals for 50 years.)

2. Kewalo Development shall immediately place into an irrevocable escrow account at Title Guaranty Escrow Services of Hawaii (“Escrow”) the following: (a) $1,900,000 in cash, less $217,800 previously released to Carr to pay for design and other pre-development costs for the RH Project (the “Cash Deposit”), (b) a standard Limited Warranty Deed conveying the Land to Carr (the “Carr Deed”), and (iii) a standard Limited Warranty Deed conveying the Land to HCDA (the “HCDA Deed”).

3. By January 7, 2016, Carr shall obtain both an award of low-income housing tax credits and a rental housing trust fund allocation from HHFDC for the RH Project (the “HHFDC Awards”). If Carr fails to secure the HHFDC Awards by such date, then HCDA shall instruct Escrow to record the HCDA Deed and to release the balance of the Cash Deposit to HCDA, and all of Carr’s rights to the Land and to develop the RH Project shall be deemed terminated.

4. Assuming Carr succeeds in securing the HHFDC Awards within the approved period of time, then within 12 months from the date the last of the HHFDC Awards is awarded to Carr, or within such longer period of time as may be from time to time approved by HCDA, Carr shall close all of the financing required for the development of the RH Project (the “Financing Requirement”).

(a) If Carr satisfies the Financing Requirement within such approved period of time, then HCDA shall instruct Escrow to record the Carr Deed concurrently with the closing of such financing and to release the balance of the Cash Deposit to Carr.

(b) If Carr fails to satisfy the Financing Requirement within such approved period of time, or should at any time before then abandon the RH Project, then:

   (i) HCDA shall instruct Escrow to record the HCDA Deed and release the balance of the Cash Deposit to HCDA,

   (ii) Carr shall promptly assign and deliver to HCDA all work product (plans, studies, reports, permits, etc.) pertaining to the development of the RH Project, and

   (iii) All of Carr’s rights to Land and to develop the RH Project shall be deemed terminated.

5. Until such time as a Deed (to either HCDA or Carr) is recorded, or Carr abandons the RH Project, Carr may withdraw funds from the Cash Deposit in Escrow for the sole purpose of paying for certain pre-development costs relating to the RH Project, as set forth in the escrow agreement and approved by HCDA.
6. Upon Kewalo Development's deposit of the Carr Deed, the HCDA Deed and the Cash Deposit into
Escrow, Kewalo Development shall be deemed, without further action by HCDA, to have fully satisfied
all of its reserved housing obligations under the PDP, the Planned Development Agreement and this
Amendment.

The Planned Development Agreement as further amended by this Amendment is hereby ratified and
confirmed, and shall continue in full force and effect.

IN WITNESS WHEREOF, HCDA and Carr have executed this Amendment the day and year first above
written.

HAWAII COMMUNITY DEVELOPMENT
AUTHORITY, STATE OF HAWAII

By Anthony J. H. Ching
Executive Director

"HCDA"

SCD PIKOI LLC,
a Hawaii limited liability company

By Stanford Carr
Its Manager

"Carr"
HCDA Notary:

STATE OF HAWAII  )
CITY & COUNTY OF HONOLULU  ) SS.

On this 7th day of January 2015, before me appeared ANTHONY J. H. CHING, to me personally known, who, being by me duly sworn, did say that said person executed the foregoing instrument as said person's free, act and deed and in the capacity shown, having been duly authorized to execute such instrument in such capacity.

/Signature/

WENDI T. REYES
Notary Public, State of Hawaii
Name: WENDI T. REYES
My commission expires: 3-30-18

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<tr>
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<td>Amendment to Planned Development Agreement</td>
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NOTARY CERTIFICATION
On the 16th day of January, 2015, before me appeared Stanford Carr, to me personally known, who being by me duly sworn, did say that said person executed the foregoing instrument as said person's free act and deed and in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Date of Doc: 01/06/2015
Name of Notary: CHERYL A. ONISHI
Doc. Description: Amendment to Planned Development Agreement

Cheryl A. Onish 1/6/15
Notary Signature Date

Cheryl A. Onish
Notary Public, State of Hawaii
Name: CHERYL A. ONISHI
My commission expires: APR 11 2017

NOTARY CERTIFICATION
ADMINISTRATIVE AMENDMENT NO. 1

to

DEVELOPMENT AGREEMENT

for

404 Piikoi, Phase IV-B (Hale Kewalo)
PD 2-84

Anthony J. H. Ching
Executive Director

HAWAII COMMUNITY DEVELOPMENT AUTHORITY
547 Queen Street
Honolulu, Hawaii 96813

November 24, 2015

Pursuant to Chapter 206E, Hawaii Revised Statutes

PLANNED DEVELOPMENT PERMIT NO. PD 2-84

Original: November 7, 1984

EXHIBIT-K
ADMINISTRATIVE AMENDMENT NO. 1

In January 7, 2015, the Authority authorized the Executive Director to amend and execute the Planned Development Permit, PD 2-84, for 404 Piikoi, Phase IV-B (Hale Kewalo). Subsequently, the Executive Director entered into a Development Agreement with SCD PIIKOI LLC ("Carr"), the developer of Hale Kewalo ("RH Project").

Paragraph (3), under the heading AMENDMENT on page 4 of the Development Agreement dated January 7, 2015 provides that by January 7, 2016, Carr shall obtain both an award of low-income housing tax credits ("LIHTC") and a rental housing trust fund ("RHTF") allocation from the Hawaii Housing Finance and Development Corporation for the RH Project (the "HHFDC Awards"). If Carr fails to secure the HHFDC Awards by such date, then the HCDA shall instruct Escrow to record the HCDA Deed and to release the balance of the Cash Deposit to the HCDA, and all of Carr’s rights to the Land and to develop the RH Project shall be deemed terminated.

Carr has submitted an application to the HHFDC for consideration of a LIHTC and RHTF allocation for the RH Project. The HHFDC has indicated that it is unlikely to make a decision on the LIHTC and RHTF by January 7, 2016 because additional information from all applicants for LIHTC is being requested and evaluating and processing such information will take longer than originally anticipated. Carr has completed an environmental assessment for the RH Project which has been accepted by the HHFDC. The HHFDC has also approved Carr’s request for Hawaii Revised Statutes ("HRS") Chapter 201H designation for the RH Project (see Exhibit A). The City and
County of Honolulu also has approved the HRS Chapter 201H exemption requested by Carr for the RH Project (see Exhibit B). Carr’s action in obtaining HRS Chapter 201H exemptions indicates that it is diligently pursuing the RH Project.

Given the delay by the HHFDC in making a decision on the LIHTC and RHTF application, it is necessary to further amend the Development Agreement dated January 7, 2015 so as not to jeopardize completion of the RH Project.

In accordance with §15-219-5, Hawaii Administrative Rules, Paragraph (3), under the heading AMENDMENT on page 4 of the Development Agreement dated January 7, 2015 is here by amended as follows:

3. **By January 7, 2017, Carr shall obtain both an award of low-income housing tax credits and a rental housing trust fund allocation from the HHFDC for the RH Project (the HHFDC Awards” ).** If Carr fails to secure the HHFDC Awards by such date, then the HCDA shall instruct Escrow to record the HCDA Deed and to release the balance of the Cash Deposit to the HCDA, and all of Carr’s rights to the Land and to develop the RH Project shall be deemed terminated.

All other terms of the Development Agreement shall remain in full force and effect.
Deputy Attorney General Mike Wong stated they will provide legal advice on expending funds from the Public Facilities’ Dedication Fund, instead, if merited as requested by Member Bassett.

Mr. Lambert Lum and Tosa Liki of the Waikiki Health, Next Step Shelter confirmed for board members, they help train those who utilize the Next Step Shelter and also work with job placement programs to help find these individuals and place them in jobs.

Member Bassett motioned for the Authority to authorize the interim executive director to enter into a memorandum of understanding with the Department of Human Services to continue a jobs training program in the Kakaako Community Development District for an amount not to exceed $354,000 from the Hawaii Community Development Authority, first with preference that those funds come from the facilities subaccount, subject to the opinion of our attorney general as to whether or not that’s allowed, and if it’s not allowed pursuant to their opinion, then from the Hawaii Community Development Authority Leasing and Management Subaccount, for a 12-month period effective July 1, 2016 to June 30, 2017.

Vice Chair Scott seconded the motion. Chair Whalen conducted a voice vote all members approved. **Motion passed unanimously.**

6 **Information and Discussion: Kolowalu Park Improvements.**

Mr. Los Banos provided the report contained in the board packet and stated Howard Hughes Corporation indicated a desire in making improvements, operating and maintaining the park long-term. Mr. Todd Apo of Howard Hughes stated they are willing to participate in ongoing maintenance operations appropriately. If the board is interested, staff will pursue further discussion and bring an action item for the board’s decision at a future meeting.

Mr. Neupane stated Howard Hughes would like to get started but as the park is owned by this state entity there is a requirement for an Environmental Assessment for improvements to a park. If the board agrees to move forward, HCDA staff will coordinate with Howard Hughes and get started by next summer. Board members expressed concerns with HCDA committing financially for park improvements.

There were no further discussion and no public comments.

7 **Decision Making: Shall the Authority Ratify the Administrative Amendment of the Prior Executive Director Amending the Planned Development Agreement for 404 Piikoi Project (PD 2-84)?**

Mr. Los Banos presented the report contained in the packet and stated for the board, the reason for the decision to ratify is to ensure and confirm the agency is taking the proper steps to approve the developer’s request for extensions due to the timing in securing
financing through the Hawaii Housing Finance and Development Corporation.

PUBLIC COMMENT

Mr. Dexter Okada, Kakaako resident commented that the current project should have been built simultaneously with the Waihonua project.

Mr. Neupane clarified for Member Basset that the deed exhibits provided in the packet are two separate items, one deed is for the parcel for the developer and the second deed would be in the instance that the developer would not be able to secure financing, and the authority would have the decision to record the deed in favor of HCDA. In this case the developer has secured financing and received proper permit approvals and will be able to conduct the project.

There were no further discussion or public comments.

**Member Fang motioned for the Authority to ratify the administrative amendment to the prior executive director amending the planned development agreement for 404 Piikoi project PD 2-84.**

Member Kami seconded the motion. Chair Whalen conducted a voice vote and all approved. **Motion passed unanimously.**

8 **Information and Discussion: 690 Pohukaina Street Update.**

Mr. Los Banos provided a brief update and noted the last time the board convened on the matter it was determined that a school (as proposed by the Department of Education) would not be an appropriate add-on to the Request for Proposal as it is not within the scope of the RFP and did not cancel the RFP. Staff then informed the developer, Forest City of the decision.

Member Bassett motioned for the board to convene in executive session pursuant to Hawaii Revised Statutes, Section 92-5 (a)(4). Member Fang seconded the motion. All members unanimously approved entering into executive session.

********************************************************************************

Pursuant to Section 92-5 (a)(4), Hawaii Revised Statutes, the Authority convened in Executive Session at 12:59 p.m.

********************************************************************************

6 EXHIBIT-L
LETTER OF INTENT FOR SITE CONTROL AGREEMENT

This is a Letter of Intent for Site Control for the property identified as 1226 Waimanu Street, Honolulu, Hawaii 96814, TMK (1) 2-3-007:026 (the “Property”) more particularly described in Exhibit “A” attached hereto and incorporated by reference.

A. SCD Piikoi, LLC (the “SCD”) a Hawaii limited liability company whose business address is 1110 Alakea Street, 27th Floor, Honolulu, HI 96813, has experience developing affordable or reserved housing projects in the State of Hawaii, and wishes to develop the Property as a reserved housing project (the “Project”) in accordance with that certain Planned Development Permit (PD 2-84) issued by the Hawaii Community Development Authority (the “HCDA”), dated November 7, 1984, as subsequently amended (the “PDP”).

B. The HCDA, subject to approval by its board, intends to enter into a ground lease with SCD for the development of the Property subject to the terms of this Agreement and that certain Amended and Restated Development Agreement dated January 7, 2015 (the “Development Agreement”).

C. The HCDA hereby authorizes SCD to (1) submit applications to the Hawaii Housing Finance Development Corporation for a reservation or allocation of federal and/or state low-income housing tax Credits and (2) take such other reasonable actions regarding the Property as may be necessary or desirable to develop the Project.

D. SCD shall provide HCDA not less than 24 hours prior notice of entry onto the Property, together with a list of the names of the persons who will be entering the Property and the purpose for the entry. All entries and activity on the Property must be conducted in accordance with applicable laws and in a safe and prudent manner. SCD and all persons entering on behalf of, with, or at the request of SCD (the “Authorized Persons”) shall not unreasonably interfere with any other activities on the Property and shall take all reasonable measures for the prevention of dust, noise and other nuisances.

Any damage or injury to the Property or any improvements or property thereon by SCD or any Authorized Persons shall be promptly repaired by SCD at its own cost and expense. SCD and the Authorized Persons shall not commit any act or neglect that may subject the Property to any lien or encumbrance. SCD shall comply with all other reasonable rules and conditions for entry that HCDA may from time to time make and provide in writing to SCD.

E. The right of entry given to SCD by this Letter of Intent (the “LOI”) is non-exclusive. SCD understands that third parties are currently using and occupying the Property pursuant to leases with HCDA. This LOI is not a lease or a grant of an easement or any other interest in the Property, and SCD understands that no property rights are vested. As a material part of the consideration to HCDA for this LOI, SCD will assume all risk of damage to property and bodily injury or death to persons incurred in, on or about the Property arising out of the entry onto the Property by SCD or any Authorized Persons. SCD hereby waives all claims SCD may have, now or later, against HCDA and its officers, employees, agents, contractors and invitees (collectively, the “HCDA and its Agents and Invitees”), for any such damage, injury or death. Further, SCD agrees to indemnify, defend and hold harmless HCDA and its Agents and Invitees from and against any and all claims, liabilities, damages, losses, costs and expenses (including reasonable attorneys’ fees and costs) (collectively, the “Claims”) for which HCDA and its Agents and Invitees may become liable, including, without limitation, to Claims made by any Authorized Persons or any person (including insurance companies and employees) claiming under, or reporting to, or under the supervision or control of SCD or any Authorized Persons, which Claims arise out of, are caused by, or result from the entry by SCD or any Authorized Persons onto the Property, the performance by SCD or any Authorized Persons of work

EXHIBIT-M
at the Property, or a breach of conditions set forth in this LOI. The provisions of this section shall survive termination of this Agreement.

SCD shall procure, carry, and continuously maintain, or cause to be maintained, at all times during the effective term of this LOI and at its own cost and expense, commercial general liability insurance to protect against claims for bodily injury or death, or for damage to property, which may arise out of SCD's products, operations, use, maintenance, and contractual liability assumed by SCD, or by anyone employed by SCD, or by anyone for whose acts SCD may be liable.

SCD shall maintain in force and effect the following insurance coverages on an occurrence basis with minimum limits of liability as follows:

<table>
<thead>
<tr>
<th>General Aggregate Limit</th>
<th>$2,000,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products-Completed Operations Aggregate Limit</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Personal and Advertising Injury Limit</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Each Occurrence Limit</td>
<td>$2,000,000.00</td>
</tr>
</tbody>
</table>

Except with HCDA's prior written approval, which shall not be unreasonably withheld, the above shall not have a deductible amount in excess of TWENTY FIVE THOUSAND AND NO/100 DOLLARS ($25,000.00) for any one occurrence.

SCD shall carry Workers' Compensation and Employers' Liability insurance as required by current Hawaii law and regulations thereunder, as the same may be amended from time to time, for all employees, if any, of SCD. SCD shall maintain in force and effect the following insurance coverages with minimum limits as follows (but only in the event SCD has employees, otherwise SCD will require its contractors to maintain):

<table>
<thead>
<tr>
<th>Workers' Compensation</th>
<th>Hawaii statutory limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer's Liability</td>
<td></td>
</tr>
<tr>
<td>Bodily Injury By Accident</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Bodily Injury By Disease</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Bodily Injury By Disease</td>
<td>$2,000,000.00</td>
</tr>
</tbody>
</table>

SCD shall carry insurance covering owned, non-owned, leased, and hired vehicles, including contractual liability, written on a current ISO Business Auto Policy form or its equivalent. SCD shall maintain in full force and effect the following insurance coverages with minimum limits as follows (but only in the event SCD has employees, otherwise SCD will require its contractors to maintain):

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bodily Injury each person</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Bodily Injury each accident</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Property Damage each accident</td>
<td>$2,000,000.00</td>
</tr>
<tr>
<td>Personal Injury Protection/No-Fault</td>
<td>Hawaii statutory limits or</td>
</tr>
<tr>
<td>Combined Single Limit</td>
<td>$2,000,000.00</td>
</tr>
</tbody>
</table>
SCD shall carry Umbrella/excess liability insurance providing excess coverage over Commercial General Liability limits, Liquor Liability (if applicable), Employer's Liability limits, and Automobile Liability Insurance limits. The Umbrella/Excess Liability policy shall be written on an "occurrence" basis with a limit of liability of not less than TWO MILLION DOLLARS ($2,000,000.00) per policy year and a self-insured retention or deductible no greater than TWENTY FIVE THOUSAND AND NO/100 DOLLARS ($25,000.00). The umbrella/excess insurance coverage shall, at a minimum, "follow form" over Commercial General Liability Coverage, Business Automobile Policy Coverage, and Employers' Liability Coverage. Additionally, it shall specifically provide excess coverage for the same coverage and limits listed under the above subsections relating to Commercial General Liability Insurance, Employers' Liability (but not Workers' Compensation), and Business Automobile Liability Insurance. LESSEE shall maintain in full force and effect the following insurance coverage with minimum limits as follows:

<table>
<thead>
<tr>
<th>Each Occurrence Limit</th>
<th>$2,000,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate Limit</td>
<td>$2,000,000.00</td>
</tr>
</tbody>
</table>

F. [Signatures on Next Page]
IN WITNESS WHEREOF, Lessor and Lessee have entered into this Agreement as of the date above set forth.

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

By: [Signature]

Its Executive Director
Date: March 31, 2015

SCD PIIKOI, LLC

By: [Signature]

Stanford S. Carr
Its Manager
STATE OF HAWAII
   )
   ) SS.
CITY AND COUNTY OF HONOLULU  )

On this 31st day of March, 2015, before me personally appeared

ANTHONY J.H. CHING, Executive Director of the HAWAII COMMUNITY
DEVELOPMENT AUTHORITY, State of Hawaii, a body corporate and a public instrumentality
of the State of Hawaii and that said instrument, this (7) page Letter of Intent for Site Control
Agreement for SCD Piikoi, LLC signed in the First Circuit of the State of Hawaii on behalf of
said body corporate of the State of Hawaii and acknowledged said instrument to be the free act
and deed of said body corporate of the State of Hawaii.

WENDI T. REYES
Notary Public, State of Hawaii
My commission expires: 3/30/2018
STATE OF HAWAII

CITY AND COUNTY OF HONOLULU

On this 30th day of March, 2015 before me personally appeared Stanford S. Carr, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Print Name: Lynnette R. Tachi
Notary Public, State of Hawaii
My commission expires: 06/11/18

NOTARY PUBLIC CERTIFICATION
Lynnette R. Tachi
Doc Description: Letter of Intent for Site Control Agreement

No of Pages: 6
Date of Doc. Undated at time of notarization

Notary Signature
Date
Exhibit "A"
(Legal Description)

All of that certain parcel of land situate at Kewalo, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 334-A, area 4,600 square feet, more or less, Section 2, as shown on Map 33, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 880 (amended) of Bishop Trust Company Limited.

Being land(s) described in Transfer Certificate of Title No. 987,015 issued to KEWALO DEVELOPMENT LLC, a Hawaii limited liability company.
March 15, 2016

Mr. Stanford Carr
Hale Kewalo, LP
1100 Alakea Street, 27th Floor
Honolulu, HI 96813

Dear Mr. Carr:

Subject: Low Income Housing Tax Credit Program
Hale Kewalo
Building Identification Number: HI-16-00009 (1-Building) (the “Project”)

The Hawaii Housing Finance and Development Corporation (HHFDC), in its role as the housing credit agency administering the federal and the Hawaii State Low Income Housing Tax Credit programs established by Section 42 of the Internal Revenue Code of 1986, as amended (the “Code”), and Title 15, Chapter 313, Hawaii Administrative Rules, as amended, respectively, hereby reserves for Hale Kewalo, LP (the “Owner”), 2016, non-ceiling low income housing tax credits for the Project as follows:

Up to One Million Eight Hundred Eighty Thousand Four Hundred Sixteen Dollars ($1,880,416) in federal tax credits annually for each year of one (1) ten-year period; and

Up to Nine Hundred Forty Thousand Two Hundred Eight Dollars ($940,208) in state tax credits annually for each year of one (1) ten-year period.

The amount of tax credits shall be determined under Section 42 to be an amount not to exceed the applicable percentage of the qualified basis of the Project. These credit amounts were calculated using an estimated qualified basis of Forty-Five Million Four Hundred Eighty-Six Thousand Six Hundred Six Dollars ($45,486,606) [prior to invoking 130% Difficult Development Area provision]. While the actual qualified basis may change, the amounts stated above are maximum credit amounts and shall not be exceeded. Such credits shall also be subject to the conditions and limitations contained herein.
Please review, and complete where necessary, the contents of this letter, Exhibit 1, and Table A and return all signed and dated originals to the HHFDC.

The applicable percentage for the Project shall be as follows (please check one):

[ x ] If this box is checked, the Owner irrevocably elects, pursuant to Section 42(b)(2)(A)(ii)(I) of the Code, to fix the applicable credit percentage for the Project as the percentage prescribed by the Secretary of the Treasury for the month in which the tax-exempt bonds are issued. The HHFDC and the Owner acknowledge that this agreement constitutes an agreement binding upon the HHFDC, the Owner and all successors in interest to the Owner as the Owners of the Project, as to the housing credit dollar amount allocated to the Project. The Owner specifies that ___% of the aggregate basis of the building and the land on which the building is located is financed with the proceeds of obligations described in Section 42(h)(4)(A) (tax exempt bonds).

[ ] If this box is checked, the Owner irrevocably elects, pursuant to Section 42(b)(2)(A)(i) of the Code, to fix the applicable percentage for the Project as the percentage prescribed by the Secretary of the Treasury for the month in which the Project's buildings are placed in service.

The Owner acknowledges that, pursuant to Section 42(m)(2)(D) of the Code, the credit allowable for a substantially bond-financed project is limited to the amount necessary to assure such project's feasibility. Accordingly, in making such determination, the HHFDC may use an applicable percentage that is less, but not greater, than the appropriate percentage for the month elected by the Owner.

The HHFDC has reviewed all documentation required to be submitted before the issuance of this letter and finds them to be acceptable. Additionally, the HHFDC conducted its initial evaluation to determine the appropriate amount of tax credits needed for financial feasibility and long term viability. This evaluation is performed to assess whether development and operating costs are reasonable, that program requirements are being adhered to and that no more tax credits are awarded than are needed to fill the gap left after considering all other committed funding. All conditions stated in the For Action dated March 10, 2016 attached herewith as Exhibit 1 shall be followed, completed, or satisfied.
This reservation is further conditioned upon the Owner's constructing, purchasing, rehabilitating, and placing into service the Project in accordance with the application submitted to the HHFDC. It is expected that the construction will be completed by no later than May 31, 2018. Any deviation or delay from the schedule shall be reported to the HHFDC in a timely manner. The allocation may be rescinded if satisfactory progress toward completion is not maintained.

Prior to the issuance of IRS Form 8609, the Owner shall furnish to the HHFDC each of the items listed below:

1. A revised application form which shows in every respect what changes have occurred or are being proposed from the application upon which this reservation was made (all changes are subject to prior approval by the HHFDC);

2. Certificates of Occupancy for each building in the Project (a Certificate of Completion is required for all rehabilitation projects) and if acquisition credits are involved, proof of the date the Project was placed in service for acquisition purposes and proof that the required rehabilitation was completed as well;

3. Written certification from the syndicator (or other acceptable source if no syndicator was involved) of total funds raised (or to be raised) from sale of the tax credits, an itemization of all costs associated with the syndication, the total payment to the partnership, and the pay-in schedule;

4. A final cost certification, on the HHFDC Eligible Basis form, of actual total project costs and eligible basis incurred, to be signed by the Owner and independent tax accountant;

5. A detailed explanation of any significant discrepancies between initial projected line-item development costs and certified costs;

6. Updated cash flow analysis;

7. Photographs of the completed building(s);

8. A copy of the executed partnership agreement; and

9. A written request for the issuance of IRS Form 8609.
Before issuance of IRS Form 8609, the Owner will be required to sign and record the HHFDC’s Restrictive Covenant Document which will bind the Owner and all successors in interest to the Owner as the Owners of the Project, as to the covenants previously agreed to by the Owner and the HHFDC. The Project will be monitored by the HHFDC for the duration of the compliance period to ensure that the Project is abiding by all covenants. The Project will be charged an annual compliance monitoring fee.

By 4:00 p.m. on April 29, 2016, the Owner shall deliver to the HHFDC a good faith deposit in the amount of One Hundred Eighty-Eight Thousand Forty-Six Dollars and Sixty Cents ($188,041.60) by way of cashier’s check payable to the HHFDC. Pursuant to Sections 15-313-10(f) and 15-313-13, Hawaii Administrative Rules, sixty percent of the good faith deposit shall be retained by the HHFDC as an administrative fee. Forty percent of the good faith deposit shall be refunded to the Owner upon the completion of the Project and the recordation of the Restrictive Covenant Document by the Owner.

The Owner understands and accepts the risks that the U.S. Congress, U.S. Department of the Treasury or the State of Hawaii may change the requirements for the award of tax credits by subsequent enactment of law or regulation. The Owner further acknowledges that it has consulted its own tax advisor as to any and all consequences that may arise with respect to the transactions contemplated herein.

In issuing this reservation, the HHFDC has relied upon the information submitted to it by the Owner. The HHFDC makes no representations concerning, or guarantee that the Owner will be eligible to receive the credit stated herein, such determination resting with the Internal Revenue Service. The HHFDC accepts no responsibility for any adverse consequences to the Owner if the Owner chooses to proceed with the Project based upon this reservation. Upon mutual consent with the HHFDC, the Project’s reservation may be canceled and the credits returned to the HHFDC.

The Owner is advised that the HHFDC is required by law to perform a financial evaluation of the Project after it is placed in service and before issuance of tax forms. The HHFDC has the responsibility to determine the reasonableness of all costs included in the development of the Project. The evaluation and reasonableness determination may result in the denial of any allocation of tax credits or a reduction in the amount of tax credits finally allocated to the Project. If the feasibility analysis indicates that less credits are allowable, the credit allocation will be adjusted accordingly.

This reservation may be simultaneously executed in counterparts. Each counterpart so executed shall be deemed to be an original, and all together shall constitute but one and the same instrument.
Please examine carefully the provisions of this letter and Exhibit A. If the terms of this letter are acceptable, please sign, notarize, date and deliver all originals of this form by 4:00 p.m. on April 29, 2016.

APPROVED AS TO FORM:

Deputy Attorney General
State of Hawaii

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

By:______________________________
Craig K. Hirai
Executive Director

“HHFDC”

Accepted this _____ day of ________________________, 2016.

Hale Kewalo, LP
By: SCD PIIKOI, LLC
Its: Managing Member

By: _____________________________
(signature)

Stanford S. Carr
(type or print name)

________________________________________
(type or print title)

“Owner”
STATE OF HAWAII

) ) SS
CITY AND COUNTY OF HONOLULU

On this _____ day of ______________________, 20____, before me appeared
________________________________________, personally known to me, who being by me duly sworn, did say
that he/she is the __________________________ of the HAWAII HOUSING FINANCE
AND DEVELOPMENT CORPORATION, a public body and body corporate and politic of the
State of Hawaii, that the seal affixed to the foregoing instrument is the corporate seal of the
corporation, and that the instrument was signed and sealed on behalf of the corporation by
authority of its Board of Directors, and the said officer acknowledged the instrument to be the
free act and deed of the corporation.

(Notary Stamp or Seal)

(Signature)

(Print Name)
Notary Public, State of Hawaii
My commission expires: ________________

Doc. Date: ________________ # Pages: ________________

Notary Name: ____________________________ Circuit

Doc. Description: Low Income Housing Tax Credit 2016
Non-Volume Cap Reservation Letter

(Notary Stamp or Seal)

Notary Signature Date

NOTARY CERTIFICATION
STATE OF HAWAII

CITY AND COUNTY OF HONOLULU

On this 29th day of April, 2016, before me personally appeared Stanford S. Carr, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he/she executed the same as his/her free act and deed.

(Notary Stamp or Seal)

Lynnette R. Tachi
(Print Name)
Notary Public, State of Hawaii
My commission expires: 06/11/2018

Doc. Date: undated at time of notarization
Pages: 33
Notary Name: Lynnette R. Tachi, First Circuit
Doc. Description: Low Income Housing Tax Credit 2016
Non-Volume Cap Reservation Letter

(Notary Stamp or Seal)
STATE OF HAWAII
   )
   ) SS
CITY AND COUNTY OF HONOLULU

On this _____ day of ____________________, 20___, before me personally appeared ____________________, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he/she executed the same as his/her free act and deed.

(Notary Stamp or Seal)

(Signature)

(Print Name)
Notary Public, State of Hawaii
My commission expires: ____________________

Doc. Date: ____________________ Pages: ____________

Notary Name: ________________ Circuit
Doc. Description: Low Income Housing Tax Credit 2016
Non-Volume Cap Reservation Letter

(Notary Stamp or Seal)

Notary Signature Date
NOTARY CERTIFICATION
# REQUEST

Approve: (1) Resolution No. 083, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds and (2) Resolution of Low Income Housing Tax Credits for the Hale Kewalo Project Located in Honolulu, Hawaii, TMK Nos.: (1) 2-3-007: 049 and 026

# FACTS

**Project Information:**

<table>
<thead>
<tr>
<th>Project Name:</th>
<th>Hale Kewalo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicant:</td>
<td>Hale Kewalo, LP</td>
</tr>
<tr>
<td>TMK and Location:</td>
<td>TMK Nos.: (1) 2-3-007: 049 and 026 450 Piikoi Street and 1235 Kona Street Honolulu, HI 96814</td>
</tr>
<tr>
<td>Land Tenure:</td>
<td>TMK No.: (1) 2-3-007: 049 – Fee Simple  TMK No.: (1) 2-3-007: 026 – Leasehold  Fee Owner: State of Hawaii – HCDA</td>
</tr>
<tr>
<td>Project Type:</td>
<td>New Construction</td>
</tr>
<tr>
<td>Target Population:</td>
<td>Family</td>
</tr>
<tr>
<td>Length of Affordability:</td>
<td>61 Years</td>
</tr>
<tr>
<td>Affordability Restrictions:</td>
<td>13 units @ 30% AMCI 65 units @ 50% AMCI 49 units @ 60% AMCI 1 Manager's unit</td>
</tr>
<tr>
<td>Projected Unit and Rent Mix:</td>
<td>128 Total Units</td>
</tr>
<tr>
<td>Units</td>
<td>Unit Type</td>
</tr>
<tr>
<td>------</td>
<td>----------</td>
</tr>
<tr>
<td>7</td>
<td>1-Bedroom Unit</td>
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<td>6</td>
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<tr>
<td>29</td>
<td>3-Bedroom Unit</td>
</tr>
<tr>
<td>1</td>
<td>2-Bedroom Manager's Unit</td>
</tr>
</tbody>
</table>

$^*Net of Utility Allowance

**Developer:** Stanford Carr Development, LLC  Contact – Stanford Carr  1100 Alakea Street, 27th Floor  Honolulu, HI 96813  (808) 537-5220

**Property Manager:** Hawaii Affordable Properties, Inc.  Contact – Mike Soliatoff  1050 Queen Street, Suite 304  Honolulu, HI 96814  (808) 989-4444
c) Low-income rents are restricted based on the number of bedrooms in the units, adjusted by a utility allowance.

c) Projects must comply with the rental rate and household income restrictions for a minimum of 30 years.

c) All units must be available to the general public.

f) Before awarding the LIHTC, staff must evaluate proposed projects to award the least amount of LIHTC necessary to make a project feasible.

C. On August 19, 2015, Hale Kewalo, LP (Applicant) submitted a consolidated application (as amended and corrected) for:

1. Tax-exempt issuance of $31,500,000 from the HMMF Bond Program;

2. $1,880,416 in annual Federal LIHTC and $940,308 in annual State LIHTC from the non-volume cap pool (4% LIHTC); and

3. A Rental Housing Revolving Fund (RHRF) project award loan of $10,600,000.

D. The availability of the HMMF Bond Program’s bond authority is summarized below as of 2-29-16:

<table>
<thead>
<tr>
<th>HMMF Program Bond Authority</th>
<th>$ 1,000,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less: Bonds Issued to Date (25)</td>
<td>$500,118,669</td>
</tr>
<tr>
<td>Less: HMMF Pending Issuance (7)</td>
<td>$94,318,000</td>
</tr>
<tr>
<td>Uncommitted HMMF Program Bond Authority</td>
<td>$ 405,563,301</td>
</tr>
</tbody>
</table>

III. DISCUSSION

A. The Project is a proposed 128-unit (includes 1-manager unit) affordable rental housing facility targeted for families. Improvements shall consist of one (1) 11-story building, which includes parking and commercial space.

B. The Applicant is a single-asset, real estate holding company, specifically established to develop, construct, and operate the Project. The General Partner of the Applicant is SCD Pilioli, LLC. The Manager of the General Partner is Stanford Carr.

Stanford Carr is an experienced market and affordable housing developer with numerous developments in Hawaii. Mr. Carr previously worked with HHHFDC on the new construction of the Franciscan Vista Ewa and Halekauila Place projects.
One of the reasons for requesting the approval of the Inducement Resolution deals with recognizing the expenditures made by the developer. Pursuant to the Federal guidelines that govern tax-exempt bond financing, eligible expenditures made 60 days prior to the approval of the Inducement Resolution can be reimbursed from bond proceeds. Thus, the Developer is requesting the approval of the Inducement Resolution in order to be eligible for reimbursements on current expenditures for the Project.

The approval of the Inducement Resolution by the Board may be viewed as "Official Action" being undertaken by the issuer (HHFDC), one of the requirements of the multi-family housing bond program.

The approval of the attached resolution does not authorize the sale of tax-exempt bonds for the Project. Section 147(f) of the Internal Revenue Code requires that all private activity bond obligations be approved by the "applicable elected representative of the affected governmental units" after a public hearing.

The approval of Resolution No. 083 by the Board will enable staff to commence more formal discussions with all parties to determine the feasibility of financing the Project. Approval of Resolution No. 083 does not commit, neither does it obligate the HHFDC to provide funds to the Developer. The approval of Resolution No. 083 only facilitates further discussions and negotiations between staff, the developer, the underwriter, and the bond counsel to determine the feasibility of the contemplated project.

If the Board approves this resolution, and the bond issue is determined to be feasible, then staff will return at a later date to seek the Board’s final approval for the issuance, sale, and delivery of the Bonds. Furthermore, the bond issuance is subject to the approval by the Department of Budget and Finance and the Governor.

G. The recommendation to reserve LIHTC is in accordance with the QAP.
H. Support the recommendation to approve Resolution No. 083 and the LIHTC reservation are subject to the provisions and conditions in Exhibits C, D, and E.

IV. RECOMMENDATION

That the HHFDC Board of Directors approve the following:

A. Resolution No. 083 attached as Exhibit F, which provides for official intent with respect to the issuance of revenue bonds up to $31,500,000 for the Hale Kewalo project subject to the provisions and conditions recommended in Exhibits C and E.

B. Reserve up to $1,880,416 in annual Federal LIHTC and $940,208 in annual State LIHTC from the non-volume cap pool (4% LIHTC) for the Hale Kewalo project subject to the provisions and conditions recommended in Exhibits D and E.

C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.
### PROJECT SUMMARY

<table>
<thead>
<tr>
<th><strong>PROJECT NAME:</strong></th>
<th>Hale Kewalo</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>APPLICANT:</strong></td>
<td>Hale Kewalo, LP</td>
</tr>
</tbody>
</table>
| **TMK AND LOCATION:** | TMK Nos.: (1) 2-3-007: 049 and 026  
450 Pilkoi Street and 1235 Kona Street  
Honolulu, HI 96814 |
| **LAND TENURE:** | TMK No.: (1) 2-3-007: 049 – Fee Simple  
TMK No.: (1) 2-3-007: 026 – Leasehold  
Fee Owner: State of Hawaii – HCDA |
| **PROJECT TYPE:** | New Construction |
| **TYPE OF CONSTRUCTION:** | One (1) 11-story building on concrete columns, beams, footings and slabs on grade. Post-tensioned concrete slabs above ground level. The building includes parking and commercial space. |
| **AMENITIES AND SERVICES:** | Project Amenities: Community room, elevator, and laundry facilities. Unit Amenities: Range, refrigerator, disposal, and air conditioning. |
| **TARGET POPULATION:** | Family |
| **LENGTH OF AFFORDABILITY:** | 61 Years |
| **FLOOR AREA:** | 112,206 sq. ft. Residential Area  
3,223 sq. ft. Commercial Space  
2,703 sq. ft. Common Area  
118,132 sq. ft. Total |
| **AFFORDABILITY RESTRICTIONS:** | 13 units @ 30% AMGI  
65 units @ 50% AMGI  
49 units @ 60% AMGI  
1 Manager’s unit  
128 Total Units |
| **PROJECTED UNIT AND RENT MIX:** | | |
| **Units** | **Unit Type** | **Rent / Mo.’** |
| 7 | 1-Bedroom Unit | $451 |
| 20 | 1-Bedroom Unit | $810 |
| 6 | 2-Bedroom Unit | $534 |
| 45 | 2-Bedroom Unit | $965 |
| 20 | 2-Bedroom Unit | $1,181 |
| 29 | 3-Bedroom Unit | $1,358 |
| 1 | 2-Bedroom Manager’s Unit | N/A |

*Net of Utility Allowance*

| **ESTIMATED COMPLETION:** | First Building – N/A  
Project Completion (One Building) – May 2018 |
| **DEVELOPER:** | Stanford Carr Development, LLC  
Contact – Stanford Carr  
1100 Ala Moana Street, 27th Floor  
Honolulu, HI 96813  
(808) 537-5220 |
| **CONTRACTOR:** | Hawaiian Dredging Construction Co.  
Contact – Eric Haskiuene  
201 Merchant Street  
Honolulu, HI 96813  
(808) 735-3211 |

**EXHIBIT A**
FINANCING AND COSTS:

1. HMMF Bonds, LIHTC Equity, and RHFR Debt provide the primary financing support for the Project.

2. $13,200,000 projected permanent HMMF Bond or senior conventional loan amount (supported by a commitment letter from PNC Bank, N.A.).
   a. Developer anticipates coverage to exceed 1.15x over a 40-year amortization period at 4.25%.
   b. Breakeven (1.00x DSR) prompted by: (i) increase in interest rate to 5.35%; (ii) increase in vacancy to 11.90%; or (iii) decrease in average rents to $937.18 per unit from $1,015.65 per unit.

3. Recommended award of $1,880,016 in Federal LIHTC and $940,208 in the State LIHTC.
   a. Developer projects a blended investment rate of about 8.6% LIHTC (supported by a letter of interest from PNC Bank, N.A.).
   b. Anticipated eligible basis of $45,486,606 along with the current applicable percentage of 3.22% supports the recommended LIHTC amounts.
   c. The projected layering gap of $23,314,000 supports the recommended LIHTC amount based on the projected investment rate.

4. Requesting $10,600,000 RHFR Loan to support construction and permanent financing.
   a. Full repayment expected in year 48 based on annual repayment of 80% of available cash flow after senior debt service at a rate of 0.75%.

5. Construction Costs are higher than the 2015 applicant average for new construction. Attributed to type of construction (concrete/mid-rise).
   a. Project construction cost of $306.34 psf vs. the average 2015 applicant cost for new construction of $262.06 psf.
      i. Anticipated contractor’s profit, overhead, and general requirements is 9.63% of hard construction costs, which is lower than the 14.0% HUD Ceiling Standard.
   b. $2,541,671 contingency is 7.02% of construction costs and 5.04% of total development costs (less acquisition).
   c. Inclusion of $200,169 Developer’s Fee (less overhead and deferred) increases contingency to 7.58% of construction costs and 5.44% of total development costs (less acquisition).
   d. Contingency able to absorb an increase in construction costs up to $327.86 psf, including Developer’s Fee, up to $329.55 psf.

EXHIBIT A
Hale Kewalo
450 Pilkoi Street and 1235 Kona Street
Honolulu, HI 96814
TMK No.: (1) 2-3-007: 049 and 026

EXHIBIT B
PROVISIONS AND CONDITIONS APPLICABLE TO BOTH INDUCEMENT RESOLUTION NO. 083 AND LOW INCOME HOUSING TAX CREDITS

The following general provisions apply to both the adoption of Resolution No. 083 and the reservation of Low Income Housing Tax Credits:

1. Any change in the ownership structure of the project is subject to approval by the HHFDC;

2. Owner agrees to and shall defend and indemnify the HHFDC from all litigation that may arise out of its participation in this project. All fees and costs incurred by the HHFDC arising out of any litigation shall be paid by the owner;

3. The owner must have fee simple or leasehold (corresponding to the HHFDC Board approval) ownership of the project site that adequately satisfies the approved affordability commitments of the project.

4. The owner shall consult with HHFDC and receive prior written approval from the Executive Director, or designated representative, to effectuate any changes to the project or application as proposed;

5. The owner shall comply with the requirements of all municipal, state, and federal authorities and observe all municipal, state, and federal laws including but not limited to:
   a. The Fair Housing Act;
   b. Chapter 343, Hawaii Revised Statutes (“HRS”), relating to environmental impact statements;
   c. Chapter 103-50, HRS, relating to accessibility requirements;
   d. Chapter 103D, HRS, relating to the Hawaii Public Procurement Code; and
   e. Chapter 104, HRS, relating to wage and hour requirements applicable to the project and the use of State Funds.

6. Final plans and specifications being reviewed by the State’s Disability and Communication Access Board (DCAB) and HHFDC receipt of the DCAB “Final Document Review Letter” indicating that the documents appear to meet the requirements of the Uniform Federal Accessibility Standards (UFAS) or the American Disabilities Act Accessibility Standards (ADAA) prior to the commencement of construction;

7. The receipt and approval of the final construction drawings and specifications for the project by the HHFDC prior to the commencement of construction;

8. Owner must fund an Operating Reserve in an amount acceptable to the HHFDC. Such reserves must be held by the legal owner of the project;

9. HHFDC review, after project completion, of actual development costs, permanent financing sources, and permanent financing terms to determine if the recommended LIHTC reservation is still warranted. If staff determines that the reservation can be lowered due to various items, including, but not limited to, lower development costs, additional equity infusion, or better financing terms than projected herein, the LIHTC may be reduced accordingly;

EXHIBIT E
RESOLUTION NO. 083

RESOLUTION SETTING FORTH THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION'S OFFICIAL INTENT TO ISSUE MULTIFAMILY HOUSING REVENUE BONDS TO UNDERTAKE THE FINANCING OF THE HALE KEWALO PROJECT

WHEREAS, Part III of Chapter 39 and Part III of Chapter 201H, Hawaii Revised Statutes, as amended (collectively, the "Act"), authorize the Hawaii Housing Finance and Development Corporation (the "Corporation") to issue bonds to provide moneys to make mortgage loans to assist in developing, constructing, and providing housing for persons of low and moderate income;

WHEREAS, Hale Kewalo, LP (the "Borrower"), has requested that the Corporation issue and sell multi-family housing revenue bonds (the "Bonds") pursuant to the Act for the purpose of financing the development and construction of a multifamily residential development commonly known as Hale Kewalo located on approximately 0.74 acres in City and County of Honolulu (the "Project");

WHEREAS, the Corporation, in the course of assisting the Borrower in financing the Project, expects that the Borrower has paid or may pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project within 60 days prior to the adoption of this Resolution and prior to the issuance of Bonds for the purpose of financing costs associated with the Project on a long-term basis;

WHEREAS, §1.150-2 of the United States Treasury Regulations (the "Regulations") requires the Corporation to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

WHEREAS, the Corporation wishes to declare its intention to authorize the issuance of Bonds for the purpose of financing costs of the Project (including reimbursement of the Reimbursement Expenditures), when so requested by the Borrower upon such terms and conditions as may be agreed upon by the Corporation, the Borrower and the purchasers of Bonds in an aggregate principal amount not to exceed thirty-one million five hundred thousand dollars ($31,500,000);

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Hawaii Housing Finance and Development Corporation, as follows:

Section 1. The Board of Directors finds and determines that the foregoing recitals are true and correct.

Section 2. This resolution is made solely for purposes of establishing compliance with the requirements of §1.150-2 of the Regulations. This resolution does not bind the Corporation to make any expenditure, to issue Bonds or otherwise to incur any debt or to proceed with the Project.

Section 3. The Corporation hereby declares its official intent to issue Bonds for the purpose of financing costs of the Project by lending the proceeds to the Borrower, which may use the proceeds of Bonds, if and when issued, to reimburse the Reimbursement Expenditures and pay other costs of the Project.

Section 4. This resolution shall take immediate effect from and after its adoption.

EXHIBIT F
Mr. Stanford Carr  
Hale Kewalo, LP  
1100 Alakea Street, 27th Floor  
Honolulu, HI 96813

Dear Mr. Carr:

SUBJECT: Rental Housing Revolving Fund Project Award Program  
Hale Kewalo

Your project has been awarded a Rental Housing Revolving Fund loan in an amount not to exceed $10,600,000 (the “Loan”), subject to the approval of the Governor, the successful negotiation of the final terms and conditions of the award, and the execution of loan documentation satisfactory to the Hawaii Housing Finance and Development Corporation (HHFDC).

As a preliminary commitment letter, please review the following general terms and conditions:

**Award Recipient:** Hale Kewalo, LP  
**(Borrower)**

**Guarantor(s):** None

**Purpose:** To provide interim and permanent financing to assist in the development of a 128 unit affordable rental project located at 450 Pilkoi Street and 1235 Kona Street, Honolulu, HI 96814; TMK Nos.: (1) 2-3-007: 049 and 026.

The project will feature 27 one-bedroom, 72 two-bedroom, and 29 three-bedroom apartment units. 13 units shall be set aside for families with incomes at or below 30% of the area median gross income, 65 units shall be set aside for families with incomes at or below 50% of the area median gross income, and 49 units shall be set aside for families with incomes at or below 60% of the area median gross income.
1 unit shall be a manager’s unit. The project will remain affordable for 61 years.

Loan
Amount: Up to $10,600,000 for interim and permanent financing.

This amount may be reduced to the extent that the Award Recipient is able to secure additional funding sources for the development.

Form of Loan: 52-year, junior mortgage loan on the leasehold interest in the project premises, improvements, and chattels.

Interest Rate: 0.00% Years 1 through 2
0.75% Years 3 through Maturity

Interest will be calculated on a 365-day year.

Origination Fee: None

Loan Term: 52 Years

Prepayment Penalty: None

Payment Terms: Years 1 through 2 – No Payments

Years 3 through Maturity– 80% of Available Cash Flow after payment of expenses, senior debt service, and other recognized expenses

Any accrued interest and outstanding principal shall be due and payable at end of Loan Term.

Security: The Loan is to be secured by the following:

1) A valid, ALTA-insured junior mortgage on the Award Recipient’s leasehold interest in the subject property, together with all improvements to be constructed;

2) A security interest in all furniture, fixtures and equipment owned by the Award Recipient and utilized in the normal occupancy and operation of the subject property;
3) An assignment of all project-related documents including, but not limited to, development agreements, plans and specifications, construction, architectural, management contracts, and any other studies, approvals and authorizations, and permits;

4) Award Recipient acknowledges that all of Award Recipient’s obligations, agreements, and completion of the improvements are the direct obligations of Award Recipient’s general partner.

Governor Approval: The preliminary commitment by the HHFDC and the disbursement of funds are subject to approval by the Governor of the State of Hawaii.

Termination of Affordability: Should the project fail to maintain its affordable use during the 61 year period following the funding of the interim/permanent Loan, the full amount of the Loan shall become immediately due and payable. In addition to the principal amount due, as a penalty for the early termination of the mortgage, due to a loss of its “affordable character,” the principal amount due the HHFDC will be multiplied by 0.06, then multiplied by the number of remaining years of affordability. This amount will constitute the total amount of the penalty payment due.

Documentation: The HHFDC’s participation in the proposed development shall be subject to the completion and execution of documentation mutually acceptable to all parties to the transaction. Such documentation to include standard terms and conditions for transactions of this nature.

Boilerplate Loan documents listed on Exhibit 1 will be provided for your review and finalizing by your counsel. Any changes to these Loan documents must be satisfactory to the HHFDC and the Attorney General and shall be at their sole discretion.
Expenses:

All out of pocket expenses shall be the responsibility of the Award Recipient. It is understood and agreed that the Award Recipient shall be responsible for expenses pertaining to any and all transactions contemplated herein and the preparation of any document reasonably required thereunder including, but not limited to, all recording and filing fees, taxes, insurance premiums (including title insurance), inspection fees, insurance review and any surveyors', appraisers' and attorneys' fees. In the event the Loan transaction is not consummated for whatever reason, the Award Recipient will remain responsible for payment of those fees and expenses.

Title Insurance:

Upon recordation of the Loan documents, Award Recipient shall provide the HHFDC with an ALTA mortgagee's policy of title insurance, in the full amount of the Loan, issued by a title insurer acceptable to HHFDC, insuring the lien of the mortgage to be a valid junior lien on the leasehold interest in the subject property, subject only to such other liens and encumbrances as may have been approved by the HHFDC, to include survey, mechanics lien and foundation endorsements and other endorsements as HHFDC may reasonably require.

Property and Liability Insurance:

Prior to the closing date of the Loan, the Award Recipient must properly insure the subject property and provide the HHFDC with such original policies of insurance including: a broad form insurance policy covering the security, in an amount sufficient to cover 100% of the full replacement value at the time of loss of the security, including all buildings now existing or thereafter constructed; public liability, property damage, rental loss, and other insurance as may be required by the HHFDC; and including flood insurance, if applicable, in such form and in such amount as may be required by the Federal Flood Disaster Protection Act. All such policies shall name the State of Hawaii and the Hawaii Housing Finance and Development Corporation as insured parties and loss payees and shall be satisfactory to the HHFDC as to amount, effective and expiration dates, form, content, mortgagee's loss payable endorsement, and all other terms, and/or endorsements, specifically including a
30-day written notice of any cancellation of or material change in coverage.

You may procure such insurance from any insurance company authorized to do business in the State of Hawaii. All insurance policies should be delivered to the HHFDC and addressed as follows:

Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813

If the Award Recipient uses an "insurance binder" as temporary evidence of insurance coverage, the Award Recipient must provide HHFDC with the original insurance policy prior to the expiration of the binder, but in no event more than 30 days.

Opinion of Counsel:

A written opinion of your legal counsel acceptable to the HHFDC shall be provided to the HHFDC prior to closing and state that:

1) The Award Recipient has the power and has been duly authorized to enter into and execute the Loan documents;
2) The Loan documents are duly authorized and when executed and delivered, will be valid and legally binding obligations of the Award Recipient;
3) Compliance by the Award Recipient with the Loan documents and any other instruments contemplated hereby will not violate any instruments or agreements binding upon the Award Recipient;
4) No action of any governmental commission or agency is required in connection with the execution and delivery of the Loan documents or, if required, that the same has been obtained;
5) Such other matters as the HHFDC may reasonably request.
Borrowing and Signing Resolution:

The Award Recipient agrees to provide the HHFDC with a borrowing and signing resolution, which shall authorize and ratify the acceptance of this Loan, and identify the individual(s) authorized to execute all documents, agreements and instruments evidencing and/or securing the Loan and perform all obligations thereunder. If the Award Recipient is a partnership, the resolution shall be signed by all of the partnership’s general partners and identify the partner(s) authorized to execute all documents. If a corporation, then the resolution shall be authorized by the board of directors and specify the officer(s) authorized to execute all documents.

Organizational Documents:

The Award Recipient shall provide the HHFDC with organizational documents including, but not limited to, validly filed articles of incorporation or certificate of limited partnership, by laws, partnership agreement and amendments thereto setting forth such terms as the sales price, equity contribution, distributions and all other significant terms and conditions, for the Award Recipient and its constituent entities.

A certificate of good standing for the Award Recipient and its constituent entities dated no earlier than 30 days prior to closing shall be provided to the HHFDC.

A current tax clearance certificate for state and federal taxes for the Award Recipient and its constituent entities shall be provided just prior to the HHFDC’s execution of Loan documents.

Financial Statements:

During the term of the Loan, the Award Recipient agrees to provide the HHFDC with such financial and supporting data as the HHFDC may require, in form and content satisfactory to the HHFDC including: Audited financial statements of the Award Recipient on an annual basis within 90 days of yearend, and partnership tax returns annually when filed.
Independent Consultant:

The HHFDC shall have the right to employ, at the Award Recipient's expense, an independent consultant such as an engineer, architect or construction manager, to review and monitor on behalf of the HHFDC. The consultant shall review all construction documents; including construction plans and specifications, construction contracts, contractor's progress schedules and other pertinent documents and submit a written report to the HHFDC as to whether the plans and specifications provide for complete usable facilities which can be constructed within the amount of the construction contract and the project budget and as to the adequacy of the construction schedule. The consultant shall also visit the subject property periodically to review whether the construction is proceeding in accordance with the plans and specifications and construction schedule, to estimate the nature and amount of construction in place and to verify the amount of payment which the contractor is entitled to receive in accordance with the project budget and to verify that materials are stored onsite.

Inspections:

The Award Recipient shall permit the HHFDC or its agents to inspect the property and its records. Such inspections will be made for the HHFDC's sole benefit at such reasonable times as the HHFDC may require and will be at the Award Recipient's expense.

Appraisal:

Prior to the closing of the Loan, the HHFDC must receive an HHFDC-ordered appraisal report (at the Award Recipient's expense) of the leasehold interest in the subject property. The appraisal shall be subject to the satisfactory review of the HHFDC.

Reappraisal:

The HHFDC shall have the right to obtain, at the Award Recipient's expense, reapraisals of the subject property from any certified appraiser designated by the HHFDC, from time to time whenever such reappraisal may be:

a) Required by law, rule or procedure; or
b) When reasonably deemed appropriate by the HHFDC.
Prior to closing of the Loan, the Award Recipient shall provide an ALTA survey of the subject property prepared by a professional land surveyor registered with the State of Hawaii, showing thereon the perimeter of the subject property, all easements affecting the property, the location of the improvements to be built on the property, any other matters of record affecting the property, and such other matters as may be required by the title insurance company together with a written certification by the surveyor that all setback requirements have been complied with and that there are no encroachments by or on the subject property.

The Award Recipient shall provide to the HHFDC binding interim construction financing commitments in an aggregate amount sufficient to meet the Project's total development costs, which shall include, but not limited to:

- Sponsor Equity of no less than $9,024,000;
- Hula Mae Multi-Family Bond Issuance of no less than $29,500,00;
- Low Income Housing Tax Credit Equity for no less than $6,994,200;
- Deferred Developer Fee of no less than $3,015,889;

Binding permanent financing commitments for:

- Sponsor Equity of no less than $9,024,000;
- Low Income Housing Tax Credit Equity for no less than $23,314,000;
- Hula Mae Multi-Family Bond Issuance or Other Senior Loan for no less than $13,200,000; and
- Deferred Developer Fee of no less than $1,396,089.

Closing and funding of the RHRF Project Award is contingent upon the Award Recipient securing and evidencing sufficient financing sources to meet the Projects total development costs to the satisfaction of HHFDC.

Such commitments shall be in form and content satisfactory to the HHFDC and shall set forth such terms as the amount of the commitment, the interest rate, term, and other terms and conditions of the loans. The commitments may need to be assigned to the HHFDC as determined by HHFDC and, as such, may need to include satisfactory assignment
language. The terms and conditions of this preliminary commitment letter are subject to change, modification, or additions depending on the terms and conditions of the other commitment letters.

Environmental Examination and Covenants:
Prior to the closing of the Loan, the Award Recipient shall furnish the HHFDC with the completed Environmental Questionnaire. If such written statement appears insufficient for the HHFDC's reliance or leads the HHFDC to believe that environmental contamination may have resulted or may result from a prior or current use of the property, the Award Recipient may have to obtain an environmental examination or audit, at its expense, to be made of the property, by an environmental engineer acceptable to the HHFDC. The HHFDC may decline the Loan if such examination reveals the existence or prospect of environmentally hazardous materials in amounts or of a nature unacceptable to the HHFDC. The Loan documents will provide for your indemnification of the HHFDC against all liabilities, costs, etc., incurred by the HHFDC as a result of any violation of any environmental laws as a result of any "clean up" of environmentally hazardous materials or conditions in respect of the property to be mortgaged to the HHFDC.

Ground Lease; Consent To Mortgage; Estoppel Certificates:
The HHFDC shall be provided with executed copies of the lease by which the Award Recipient hold interest in the subject property and any amendments thereto. In addition, the HHFDC shall receive written consent to mortgage and estoppels certificates from the lessors of the subject property, in form and content satisfactory to the HHFDC, which shall include an agreement to enter into a new lease with the HHFDC or its designee in the event the lease is rejected pursuant to the provisions of Section 365 of the Bankruptcy code. Satisfactory protection of mortgagee provisions must be in the lease or be provided in the estoppels certificate.

Loan Agreement:
The disbursement of Loan proceeds will be governed by a Loan Agreement containing warranties by the Award Recipient, conditions of the HHFDC's obligations, covenants
relating to construction procedures and Loan disbursements, requirements for payment of project costs, requirements for performance and payment bonds, prohibition against junior liens and security interests, rights of inspection, rights to employ an independent architect or engineer at the HHFDC's request, requirement for completion surveys, remedies on default and such other covenants and provisions as the HHFDC may require, or as are customary incorporated in similar agreements by prudent lenders:

1) Each disbursement request shall be accompanied by an updated budget and partial lien releases or lien waivers and receipt bills showing to the HHFDC's satisfaction that all remaining budgeted costs are covered either by the remaining undisbursed Loan proceeds or other funding sources already committed;

2) Updated endorsements from insuring title company;

3) Written report of engineer as to the progress of the work, and the cost to complete, said report to be satisfactory to the HHFDC;

4) In general, disbursements on the construction will be made on the basis of the value of the work in place and the costs of materials delivered to the site and adequately stored and insured, less 5% retainage.

Compliance with Applicable Laws: The Award Recipient shall submit to the HHFDC, evidence satisfactory to the HHFDC, that all applicable laws, regulations, including the Americans with Disabilities Act and any other applicable environmental laws and regulations, covenants, conditions, governmental approvals and permits for the use and operation of the property and improvements thereon have been obtained.

Complete Agreement: This preliminary commitment letter constitutes the agreements between the Award Recipient and the HHFDC relating to the Loan and the subject property, and supersedes all other prior or current letters, agreements, understandings, negotiations or warranties (whether written or oral). No variation or amendment to this preliminary commitment letter shall be valid or enforceable without the approval of the Award Recipient and the HHFDC set forth in
writing specifically referring to this preliminary commitment letter.

**Regulatory Requirements:**

This preliminary commitment letter and the HHFDC’s obligations thereunder are subject to all laws and governmental regulations affecting the HHFDC’s ability to make the Loan upon the terms and conditions set forth in this letter. If the HHFDC is unable under said laws and regulations to make the Loan upon such terms and conditions, then the HHFDC may terminate this preliminary commitment letter and its obligations thereunder without any liability to the Award Recipient.

**Specific Conditions:**

The following documents, among others, are to be provided to the HHFDC prior to closing and funding of the Loan:

1) All partnership or venture documents;
2) A satisfactory Phase One environmental report;
3) Copies of all plans and specifications for the improvements and proposed work, together with a copy of the general construction contract(s) covering all of the improvements and proposed work, and copies of each major subcontract or material supply contract relating to the improvements and proposed work (“major” shall include all those having contract prices in excess of $250,000) and a copy of all architect’s and engineer’s contracts relating to the improvements and proposed work;
4) A 100% performance bond and a 100% payment bond covering the obligations of the general contractor(s), issued by a surety doing business in Hawaii, which bonds shall contain riders in form and content satisfactory to the HHFDC naming the Award Recipient and the HHFDC as obligees. Expiration of performance bond will not be less than one year following substantial completion;
5) Satisfactory evidence that all consents, permits and approvals from the governmental authorities required or advisable in connection with the construction of the improvements and proposed work have been obtained by the Award Recipient;
6) A detailed budget of the overall cost of construction of improvements and proposed work, including
construction costs, building equipment costs, other on-site and off-site improvement costs, costs of furnishing and fixtures, financing costs, legal expenses, design fees, appraisal costs, and all other related costs directly attributable to the improvements or proposed work;

7) A detailed cash-flow schedule of Borrower's sources—and-uses of funds, evidencing to the HHFDC satisfaction that all of the improvements and proposed work can be completed in a timely manner with proceeds from the Loan and other funding sources, and that there are sufficient proceeds to adequately make all payments when due on the Loan and all other construction costs, carrying charges and all other costs shown on the budget referred to above setting forth a schedule of disbursement of proceeds and payment of the costs shown on said budget;

8) Letters from the Award Recipient's architect, engineer and general contractor, in form and content satisfactory to the HHFDC, containing among other things, the architect's, engineer's and contractor's consents to the assignment of their contracts to the HHFDC as security for the Loan, their agreement to continue performance under their contracts if requested by the HHFDC, and the subordination of all of their lien rights to the Loan and the HHFDC's Loan documents;

9) The HHFDC reserves the right to obtain a construction cost analysis report (verifying cost to complete) prepared by an independent third party consultant acceptable to the HHFDC and paid by the Award Recipient;

10) Such other items as may be described in the Loan Agreement referred to above.
Other Terms:

In addition, the Award Recipient shall provide and/or comply with the following prior to closing and disbursement of funds:

1) The receipt and approval by the HHFDC of the project's final construction drawings and specifications showing all revisions;
2) Receipt and staff's satisfactory review and approval of the Uniform Standards of Professional Appraisal Practice (USPAP) appraisal (ordered by HHFDC, paid by Award Recipient);
3) Final plans and specifications being reviewed by the State's Disabilities and Communication Access Board (DCAB) and the HHFDC's receipt of the DCAB's "Final Document Review Letter" indicating that the documents appear to meet the requirements of the American with Disabilities Act Accessibility Guidelines (ADAAG) and the Fair Housing Act;
4) The project shall comply with the requirements of all municipal, state and federal authorities and observe all municipal, state and federal laws including, but not limited to, Chapter 343, Hawaii Revised Statutes (HRS) relating to environmental impact statements; Chapter 103-50, HRS, relating to accessibility requirements; Chapter 103D, HRS, relating to Hawaii Public Procurement Code; Chapter 104, HRS, relating to wage and hour requirements applicable to the project and the use of State funds;
5) Satisfactory review and approval of all aspects of the project by the HHFDC and, if necessary, independent experts;
6) Award Recipient must obtain all necessary loans, grants, and leases from the applicable entities in order to fulfill the purpose of this Loan;
7) Receipt by the HHFDC of evidence satisfactory to the HHFDC that the sources of permanent financing are sufficient;
8) Delivery and execution by the Award Recipient, and HHFDC approval, of the items enumerated on the checklist prior to closing and funding of the Loan (Exhibit 1);
9) The Award Recipient consulting with the HHFDC and receiving prior written approval of the Executive
Director to effectuate any changes to the project as proposed;

10) Detailed accounting of all projected expenditures to the closing date, supported by copies of receipts or invoices to indicate a minimum equity contribution of $9,024,000;

11) Applicant must evidence debt service coverage satisfactory to HHFDC based on the financing sources needed to meet the Project's total development costs;

12) The Project's total loan to value ratio shall not exceed 100%;

13) No disbursement of Developer's Fee until satisfactory completion of the Project;

14) The RHRF Project Award is subject to the availability of funds; and

15) Other terms and conditions to be mutually acceptable to all parties involved with the transaction.

**Loan Closing:**

The loan is to be closed and recorded no later than December 31, 2016. In the event that the loan is not closed and recorded by said date, the HHFDC shall have the right to terminate this commitment and all of its obligations under, or the option to consider extending the closing date subject to such amended terms and conditions as it shall deem appropriate in its sole judgment.

**Commitment Fee:**

None

**Expiration:**

The terms outlined in this letter will expire on April 29, 2016 at 4:00 p.m. unless the HHFDC receives an executed copy by said date. The HHFDC and the Award Recipient agree to work in good-faith to complete all the necessary documentation satisfactory to all parties.

The Award Recipient shall defend, indemnify, and hold harmless the State of Hawaii, the HHFDC, its directors, advisory commissioners, officers, employees, agents, its successors and assigns, from and against all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, and expenses including attorney's fees, arising out of or in connection with the development of the project including, but not limited to, construction of the improvements, leasing of the project and/or use, occupation or operation of any of the property to be encumbered by the mortgage.
Mr. Stanford Carr
March 15, 2016
Page 15

As previously mentioned, the above-referenced items represent the general terms of the Loan. The specific terms and conditions will be negotiated and incorporated into the final documents for execution.

Please sign and return the original preliminary commitment letter and maintain a copy for your files.

Sincerely,

Craig K. Hirai
Executive Director

ACKNOWLEDGED AND ACCEPTED:

By: Stanford S. Carr

Its: Managing Member

Date: April 29, 2016
I. REQUEST

Approve Hale Kewalo, LP, or Other Successor Entity Approved by the Executive Director, as an Eligible Developer pursuant to Section 15-307-24, Hawaii Administrative Rules, Exemptions from Statutes, Ordinances and Rules Pursuant to Section 201H-38, Hawaii Revised Statutes; and Execution of Development Documents for Approved Exemptions for the Hale Kewalo Family Rental Project Located in Kakaako, Oahu, TMK Nos.: (1) 2-3-007: 026 and 049.

II. FACTS

Name: Hale Kewalo
Location: 450 Piikoi and 1235 Kona Streets
1226 Waimanu Street
Makai-Ewa (Southwest) Corner of Piikoi and Kona Streets
Kakaako, Oahu, Hawaii

Land Ownership: Kewalo Development LLC
Hawaii Community Development Authority

Tax Map Key: (1) 2-3-007: 026 and 049

Zoning: HCDA Mauka Area Rules

HHFDC Involvement: 201H Exemptions

Type: Family Rental Project

No. of Units:
- 27 1-Bedroom Units (530 sq. ft.)
- 72 2-Bedroom Units (689 – 712 sq. ft.)
- 29 3-Bedroom Units (874 – 1,071 sq. ft.)
- 128 Units Total

One 11-Story Cast-in-Place Concrete Building with 2 Elevators
3,020 Sq. Ft. of Commercial Space
2,022 Sq. Ft. of Recreation Room with a Lanai and Garden
77 Parking Stalls

Land Area: 31,952 Sq. Ft. or 0.734 Acre

Affordable Market:
- 7 1-Bedroom Units at 30% and below HUD area median income (AMI)
- 20 1-Bedroom Units at 50% and below AMI
- 6 2-Bedroom Units at 30% and below AMI
- 45 2-Bedroom Units at 50% and below AMI
- 20 2-Bedroom Units at 60% and below AMI
- 29 3-Bedroom Units at 60% and below AMI
- 1 2-Bedroom Resident Manager’s Unit
- 128 Total Units

Maximum Rents:

<table>
<thead>
<tr>
<th>Units</th>
<th>Unit Type and Affordability</th>
<th>Max. Rent/Mo.¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>1-Bedroom Units @ 30% AMI</td>
<td>$451</td>
</tr>
<tr>
<td>20</td>
<td>1-Bedroom Units @ 50% AMI</td>
<td>$810</td>
</tr>
<tr>
<td>6</td>
<td>2-Bedroom Units @ 30% AMI</td>
<td>$534</td>
</tr>
<tr>
<td>45</td>
<td>2-Bedroom Units @ 50% AMI</td>
<td>$965</td>
</tr>
<tr>
<td>20</td>
<td>2-Bedroom Units @ 60% AMI</td>
<td>$1,181</td>
</tr>
</tbody>
</table>

¹Based on 2015 maximum rents; landlord pays for hot and cold water and sewer fees.

For Action – October 15, 2015
A. Hale Kewalo will be a new 128-unit affordable family rental housing project in one, 11-story residential building, with a recreation room, lanai, garden, commercial space and 77 parking stalls (Project) on approximately 31,952 square feet of land located across Piikoi Street (Ewa) of the Ala Moana Shopping Center at 450 Piikoi and 1235 Kona Streets, Kakaako, Oahu, Hawaii, TMK (1) 2-3-007: 026 and 049, as shown on the attached Exhibits A and B (Property). The affordable target market for the Project is 13 units at 30% and below the U.S. Department of Housing and Urban Development area median income (AMI), 65 units at 50% and below the AMI and 49 units at 60% and below the AMI. There is one resident manager’s unit. The units will remain affordable for 61 years from the issuance of the certificate of occupancy for the Project. Representative concept drawings of the Project are shown on the attached Exhibit C.

B. The Property is subject to the Mauka Area Rules of the Hawaii Community Development Authority (HCDA) and as of March 19, 2014, was approved as a senior project, commercial space of 589 square feet and 44 parking stalls at the Property satisfying 72 reserved housing units for the Waihonua Project provided the 72 units remain affordable rental units at 100% and below the AMI for 50 years, and TMK (1) 2-3-007: 026 (4,600 sq. ft.) is conveyed to HCDA in fee prior to the issuance of the Certificate of Occupancy for the Waihonua Project. The March 19, 2014 HCDA approval provided that if certain conditions are not satisfied by December 31, 2014, then the developer of the Waihonua Project, Kewalo Development LLC, could request HCDA approval of an alternative to such conditions.

C. Since the conditions to the March 19, 2014 HCDA approval were not satisfied by December 31, 2014, on January 7, 2015, HCDA approved the following:

1. Development of the Project by SCD Piikoi, LLC, a Hawaii limited liability company (SCD), at 60% and below the AMI for 60 years commencing from the issuance of the certificate of occupancy for the Project;

2. Kewalo Development LLC shall immediately place the following into an irrevocable escrow account:

   a. $1.9 million, less $217,800 previously released to SCD for design and other pre-development expenses (Cash Deposit);

   b. A deed conveying TMK (1) 2-3-007: 026 to HCDA (HCDA Deed); and

   c. A deed conveying TMK (1) 2-3-007: 049 to SCD (SCD Deed);

HCDA has indicated that an affordable family rental project would be acceptable to them.

HCDA’s normal term of affordability is 15 years from the date of issuance of certificate of occupancy for a rental project and 5 years for a for-sale project. See Section 15-218-35, Hawaii Administrative Rules (HAR).
3. Within 12 months of this approval, SCD shall satisfy HCDA that SCD has obtained commitments for all of the financing required for the construction and completion of the Project (Financing Requirements);

4. If SCD satisfies the Financing Requirements within the required period of time, HCDA shall instruct escrow to record the SCD Deed concurrently with the closing of the Project financing and release the balance of the Cash Deposit to SCD;

5. If SCD fails to satisfy the Financing Requirement within the required period of time, HCDA shall instruct escrow to record the HCDA Deed and to release the balance of the Cash Deposit to HCDA and SCD shall assign and deliver to HCDA all of SCD’s rights to the SCD Deed, to develop the Project and all work product for the Project;

6. Until a Deed is recorded, SCD may withdraw funds from the Cash Deposit for pre-development costs with the approval of HCDA; and

7. Upon deposit of the Cash Deposit, and the HCDA and SCD Deeds into escrow, Kewalo Development LLC shall be deemed to have fully satisfied all of its reserved housing obligations for the Waihonua project.

D. Title to the 1226 Waimanu Street property, Tax Map Key No. (1) 2-3-007: 026 was conveyed to HCDA by Limited Warranty Deed dated October 17, 2014, recorded at the Office of Assistant Registrar of the Land Court as Document No. T-9087049 affecting Transfer Certificate of Title No. 987015 on November 18, 2014.

E. On November 25, 2014, a presentation of the Project was made to the Ala Moana/Kakaako Neighborhood Board. The Neighborhood Board unanimously approved the Project.

F. A notice of a Finding of No Significant Impact (FONSI) for the Project was published in The Environmental Notice on August 23, 2015.

III. DISCUSSION

A. On June 24, 2015, Hale Kewalo, LP (Developer) submitted a request to HHFDC for approvals from certain exemptions from statutes, ordinances, and rules for the Project pursuant to Section 201H-38, HRS (Application).

B. The Property is occupied with existing improvements which is proposed to be demolished prior to construction of the Project. A Phase I Environmental Site Assessment (December 2009) and Phase I Environmental Site Assessment Update (June 2010) indicates that the Property has the following contamination issues:

1. Previous discharge of spent photo processing solutions into two on-site cesspools;

2. Heavy metal contaminants may be present in the soil and/or groundwater in the vicinity of two on-site cesspools;

3. No closure reports for the removal of two underground storage tanks (USTs);

4. Potential presence of a closed in-place hydraulic lift; and
5. Buildings onsite were built prior to 1980, however no assessments for asbestos or lead paint were submitted.

A Limited Asbestos Screen Report (September 17, 2010) concluded that various materials suspected to contain asbestos were observed in the areas inspected and all suspected asbestos containing materials should be assumed to be asbestos containing materials (ACM) until sampling and analysis determines otherwise. A Limited Hazardous Materials Survey Report (June 16, 2015) confirmed the presence of ACM, lead paint, arsenic, and mercury and Polychlorinated Biphenyls (PCB) in fluorescent lamps and ballasts. All friable, and non-friable ACM which could be crumbled and pulverized during renovation/demolition must be removed and disposed of by a qualified asbestos abatement contractor prior to renovation and/or demolition activities that may disturb these materials. All ACM, arsenic, lead-based paint and loose and flaking lead-containing paint shall be removed and disposed of in accordance with applicable local, state, and federal regulations prior to demolition.

Based on suspected contaminants, “no further action” letters from the Department of Health (DOH) UST Section, Drinking Water Branch, and Hazard Evaluation and Emergency Response Office shall be obtained for the soil and groundwater contamination and assessments for asbestos and lead paint shall be completed by qualified consultants and hazardous and regulated materials shall be managed and/or removed and disposed of in accordance with applicable local, state, and federal regulations, prior to renovation and/or demolition activities that may disturb these materials. Assessments for asbestos-containing material shall be done by a State certified asbestos inspector. All asbestos abatement work shall be subject to the notice requirements to DOH and all handling and disposal requirements of Title 11, Chapter 501, HAR.

C. The Developer proposes that the tenants’ rental payment includes hot and cold water and sewer fees. Based on HHFDC’s 2015 maximum rents and the City and County of Honolulu’s utility allowances for a high rise dated January 1, 2015, maximum monthly net rents to the tenants, including one parking stall (if available), are as follows, see attached Exhibit D:

<table>
<thead>
<tr>
<th></th>
<th>1-BR Unit</th>
<th>2-BR Unit</th>
<th>3-BR Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>30% and Below AMI</td>
<td>$451</td>
<td>$534</td>
<td>N/A</td>
</tr>
<tr>
<td>50% and Below AMI</td>
<td>$810</td>
<td>$965</td>
<td>N/A</td>
</tr>
<tr>
<td>60% and Below AMI</td>
<td>N/A</td>
<td>$1,181</td>
<td>$1,358</td>
</tr>
</tbody>
</table>

D. The estimated budget for the Project is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>%</th>
<th>Cost Per Gross Floor Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>7,124,000</td>
<td>12.38%</td>
<td>60.31</td>
</tr>
<tr>
<td>Construction</td>
<td>36,188,102</td>
<td>62.90%</td>
<td>306.34</td>
</tr>
<tr>
<td>Contingency</td>
<td>2,541,671</td>
<td>4.42%</td>
<td>21.52</td>
</tr>
<tr>
<td>Architectural &amp; Engineering Fees</td>
<td>1,886,000</td>
<td>3.28%</td>
<td>15.97</td>
</tr>
<tr>
<td>Interim &amp; Soft Costs</td>
<td>3,822,230</td>
<td>6.64%</td>
<td>32.36</td>
</tr>
<tr>
<td>Financing &amp; Syndication Costs</td>
<td>1,290,860</td>
<td>2.24%</td>
<td>10.93</td>
</tr>
<tr>
<td>Developer’s Overhead &amp; Fee</td>
<td>3,753,860</td>
<td>6.52%</td>
<td>31.78</td>
</tr>
<tr>
<td>Project Reserves</td>
<td>927,366</td>
<td>1.61%</td>
<td>7.85</td>
</tr>
<tr>
<td>Total Project Budget</td>
<td>57,534,089</td>
<td>106.00%</td>
<td>487.03</td>
</tr>
<tr>
<td>Total Development Cost Per Unit</td>
<td>449,485</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
E. The proposed financing plan for the Project is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Interim</th>
<th>Permanent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsor Equity</td>
<td>9,024,000</td>
<td>9,024,000</td>
</tr>
<tr>
<td>LIHTC Equity</td>
<td>6,994,200</td>
<td>23,314,000</td>
</tr>
<tr>
<td>Tax Exempt Bonds</td>
<td>29,500,000</td>
<td>13,200,000</td>
</tr>
<tr>
<td>RHTF Project Award</td>
<td>9,000,000</td>
<td>10,600,000</td>
</tr>
<tr>
<td>Deferred Developer Equity</td>
<td>0</td>
<td>1,396,089</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>54,518,200</td>
<td>57,534,089</td>
</tr>
</tbody>
</table>

F. The Project is under the zoning jurisdiction of HCDA, therefore, HHFDC did not require the applicant to obtain a letter from the City and County of Honolulu (City) denying the Project for processing under the City’s zoning exemption process.

G. On August 12, 2015, HHFDC conditionally accepted the Application for processing in accordance with Section 201H-38, HRS, and requested that the Developer forward its exemption request to the agencies listed on the attached Exhibit E for review and comment. Project materials were sent to review agencies on August 27, 2015. Review agencies were given 30 days to provide comments.

H. Under Section 201H-38, HRS, Housing development; exemption from statutes, ordinances, charter provisions, and rules, the HHFDC may develop on behalf of the State or with an eligible developer, or may assist under a government assistance program in the development of housing projects that shall be exempt from all statutes, ordinances, charter provisions, and rules of any government agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units thereon, provided that:

1. The corporation finds the housing project is consistent with the purpose and intent of this chapter, and meets minimum requirements of health and safety;

2. The development of the proposed housing project does not contravene any safety standards, tariffs, or rates and fees approved by the public utilities commission for public utilities or of the various boards of water supply authorized under chapter 54;

3. The legislative body of the county in which the housing project is to be situated shall have approved the project with or without modifications:
   a. The legislative body shall approve, approve with modification, or disapprove the project by resolution within forty-five days after the corporation has submitted the preliminary plans and specifications for the project to the legislative body. If on the forty-sixth day a project is not disapproved, it shall be deemed approved by the legislative body.
   b. No action shall be prosecuted or maintained against any county, its officials, or employees on account of actions taken by them in reviewing, approving, modifying, or disapproving the plans and specifications; and
c. The final plans and specifications for the project shall be deemed approved by the legislative body if the final plans and specifications do not substantially deviate from the preliminary plans and specifications. The final plans and specifications for the project shall constitute the zoning, building, construction, and subdivision standards for that project. For purposes of sections 501-85 and 502-17, HRS, the executive director of the corporation or the responsible county official may certify maps and plans of lands connected with the project as having complied with applicable laws and ordinances relating to consolidation and subdivision of lands, and the maps and plans shall be accepted for registration or recordation by the land court and registrar.

4. The land use commission shall approve, approve with modification, or disapprove a boundary change within forty-five days after the corporation has submitted a petition to the commission as provided in section 205-4. If, on the forty-sixth day, the petition is not disapproved, it shall be deemed approved by the commission.

For the purposes of this section, "government assistance program" means a housing program qualified by the corporation and administered or operated by the corporation or the United States or any of their political subdivisions, agencies, or instrumentalities, corporate or otherwise.

I. The Project is within the Mauka Area of the Kakaako Community Development District bounded by Piikoi Street, Ala Moana Boulevard, Punchbowl Street and King Street which was designated by the Hawaii Legislature in 1976 to be under the planning jurisdiction of the HCDA. See Chapter 6E, HRS.

J. Certain planning items within the project area are also under the jurisdiction of the City, e.g., subdivision approval and building permits.

K. This For Action seeks HHFDC Board of Directors approval of the exemptions from statutes, ordinances and rules pursuant to Section 201H-38, HRS, for the Project for the following:

1. Exemption from the requirements of the City as described on the attached Exhibits F; and

2. Exemption from the requirements of HCDA as described on the attached Exhibit G.

L. A summary of the exemptions requested, applicable agency comments, Developer response and recommended action are listed in the attached Exhibits F and G. Other major agency comments and Developer responses are described below. None of the exemptions recommended for approval affect health and safety, nor contravene any safety standards, tariffs, or rates and fees approved by the public utilities commission.

1. Department of Education (DOE)(9/16/15) – Although a school impact fee district has not yet been implemented for the location of this project, a proposal is under consideration. When implemented, it is expected that the Hale Kewalo Project would be subject to HRS Section 302A-1601.
(9/23/15) – We estimate on average that a residential project in the Honolulu urban corridor with 128 units would generate roughly 22 DOE students. Because Hale Kewalo is an affordable rental project, we assume that the total number of students would be a little higher. There is just a little room for additional students at Kaahumanu Elementary School and more sufficient (sic) room to accommodate growth at Washington Middle and McKinley High School in the next five years. There will not be room to accommodate the up to 7,000 additional residential units being planned for the Ala Moana transit station area. The DOE has worked closely with you on a number of school sites on various different islands. We appreciate your effort to accommodate our needs and our timeline. We acknowledge the need for projects like Hale Kewalo to provide affordable housing in urban Honolulu, close to the rail line. We look forward to working with you on future projects where the DOE establishes school impact fee districts.

Developer Response: The developer concurs with DOE’s estimate of the student population from Hale Kewalo and is pleased to hear that the students can be accommodated by existing facilities.

2. Police Department (9/17/15) – The Ala Moana Shopping Center area has a high volume of pedestrian and vehicular traffic. As such, this area will require a sufficient amount of traffic control devices (e.g., flag persons, clear signage and cones, special duty officers, etc.) to accommodate the construction vehicles driving to and from the work site. Additionally, large construction vehicles should not make U-turns at the median breaks and avoid blocking lanes when using byroads to turn onto Piikoi Street.

Street parking around the Piikoi Street area is very limited. Therefore, the developer should consider providing basic parking stall(s) for each individual who is expected to reside at the project site. Additionally, the developer should provide an assigned, secured storage area on the property for alternate means of transportation (e.g., bicycles, mopeds, etc.). Further, the property should include safety measures, such as a private security service and a camera surveillance system that can produce a readable image of the vehicle’s license plate and identifiable facial images to aid in the investigation of criminal activities occurring on the site.

Developer Response: Every effort will be made to coordinate with the Police Department to mitigate traffic congestion during construction. As a workforce housing project situated close to a major transit station, the project is seeking exemptions from the standard parking requirements. Bicycle and moped storage will be provided to the greatest extent practicable. Incorporation of private security services and high resolution camera surveillance system will be considered.

4. Board of Water Supply (BWS)(9/18/15) – BWS is agreeable to a deferral of the Water System Facilities Charges until the certificate of occupancy is obtained pursuant to Section 201H, HRS.4 Meter cost and installation fees must be made before the installation of the water meter.

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4 Clarification of BWS letter by separate telephone conversations with BWS (Ernest Lau, Manager and Chief Engineer) by Stanford S. Carr and by HHFDC (Stan S. Fujimoto) on September 28, 2015.

For Action – October 15, 2015
5. Honolulu Fire Department (9/18/15) – The Honolulu Fire Department will allow for the exemption of the Fire Plans Review Fee for this project as found in the Revised Ordinances of Honolulu, Section 20-1.1.

6. Kakaako Improvement Association (KIA)(email 9/21/15) – It has been the practice of the KIA Board to not offer support nor give negative feedback, nor to offer suggestions or comments, for they feel that they cannot possibly represent all of its members.

7. Department of Parks and Recreation (9/22/15) – The Department of Parks and Recreation has no objection to the requested 201-H Application for Exemptions.

8. Department of Facility Maintenance (9/23/15) – Once construction phase commence, install approved Best Management Practices fronting all drainage facilities such as catch basin/drainage inlets along Piikoi Street, Kona Street, and Waimanu Street. During construction and upon completion of the project, any damages/deficiencies to Piikoi Street, Kona Street, and Waimanu Street right-of-ways shall be corrected to City Standards and accepted by the City.

   Developer Response: The developer will comply.

9. Hawaii Community Development Authority (9/28/15) – Greater detail should be provided in the requested 201H application for exemptions in order to clearly present the extent to which the proposed project confirms or differs from specific development requirements.

   Developer Response: Greater detail from HCDA’s HAR, Chapter 22, Mauka Area Plan and Rules (Vested Rules) for Phase IV-B, PD 2-84 are provided as follows:

   Front Yards – HCDA requires a 15-foot yard setback for the project site. The Hale Kewalo project is seeking exemption from this setback requirement with proposed building setbacks of 8-feet along Piikoi Street, 3-feet along Kona Street, and a 5-foot loading setback on Kona Street.

   Open Space – Based on the project lot size of 31,952 square feet, an open space area of 3,195 square feet (10%) is required under the Vested Rules. The Hale Kewalo project is requesting an open space area of 537 square feet.

   Recreation Space – The project site has a recreation space requirement of 55 square feet per dwelling unit under the Vested Rules. Based on Hale Kewalo’s 128-unit count, 7,040 square feet of recreational space is required. Hale Kewalo will provide 2,022 square feet of recreation room and lanai space.

   View Corridors - The Hale Kewalo project will require an exemption from the View Corridor requirements of the Vested Rules along Piikoi Street. This requirement calls for a height limit of 20-feet at the 15-foot setback line with further setbacks following a 1-to-1 slope of 45 degrees above the 20-foot height. Hale Kewalo will rise vertically without a podium from the proposed 8-foot setback along Piikoi Street.

   Off-Street Parking – No exemption waiver is required for this item as a parking ratio of 0.5 parking stalls was allowed for the Phase IV-B on October 5, 2011.
Off-Street Loading – Under the Vested Rules, one loading stall would be required for the residential units and a second for the commercial space of the project. Hale Kewalo proposes the use of a single shared use designed to serve two or more uses.

Architectural Criteria – Under this section of the Vested Rules, parking structures must have a minimum 15-foot long landscape strip with the front yard setback and along adjacent streets. Hale Kewalo does not have a separate parking structure therefore this requirement is addressed in the exemptions requested for front yard setbacks.

Dedication of Public Facilities – Under the Vested Rules, 3% of all commercial areas should be dedicated in land or monetary equivalent for public facilities. Hale Kewalo is seeking a waiver from this requirement. Based upon the proposed 3,020 square feet of commercial area, 91 square feet would be required for public facilities dedication, or the fee equivalent. The dedication of land or fees for public facilities is not applicable to floor area for reserved housing. Hale Kewalo consists entirely of reserved housing therefore no waiver is required for this use.

Density – Under Phase IV-B, a remaining floor area of 54,955 square feet exists for the project site. Hale Kewalo requests an exemption from this requirement to allow a floor area of 120,076 square feet. The underlying zoning of the site has a permissible floor area ratio of 3.5 that would otherwise allow for 111,832 square feet of floor area for the site.

Tower Footprint – Under the Vested Rules, a floor plate of 11,585 square feet is allowed. Hale Kewalo proposes a tower footprint of 12,630 square feet. As with the requested exemption for Architectural Criteria and Front Yards, Hale Kewalo does not use a podium and tower configuration. Both parking and residential uses are incorporated into a single structure.

Building Orientation and Tower Spacing – Under the Vested Rules, above the 45-foot height the long axis of structures shall be oriented to the extent practicable between 35 and 65 degrees west of south to minimize exposing the long side to direct sunlight. At least 300-feet between long parallel sides and 200-feet between short parallel sides of neighboring buildings should be maintained. The lot configuration of the Hale Kewalo site makes the rule configuration impractical. The Hale Kewalo site is very shallow and can only be oriented in an east-west configuration to maintain any efficiency. A distance of 181-feet separates the Hale Kewalo tower from Hawaiki Tower. In this instance, Hale Kewalo’s long axis will be facing Hawaiki’s short axis.

10. Department of Environmental Services (9/29/15) – In accordance with Sections 14-10.6 and 14-10.2(a)(1)(A), ROH, it has been determined that the project qualifies for reduction of wastewater system facility charges, as well as a deferral of those charges. However, connection to the City’s sewer system will not be allowed until the facility charges are paid. The reduced fees are subject to recapture, with interest, if the units are not used as low income units.

11. Department of Transportation Services (10/2/15) – Based on the location of the proposed project relative to the HART transit station, accessibility and safety considerations for pedestrians, bicyclists, and transit patrons should be implemented. Development of all properties and roadways
should be consistent with the City’s Complete Streets ordinance and include features to encourage walking, bicycling, and use of transit. A Street Usage Permit from our department is required for work that closes any city street, traffic lane or sidewalk. The area Neighborhood Board, residents, businesses and emergency personnel should be kept apprised of the project and its impacts on local street area network.

M. The Project shall remain affordable for a period of sixty-one (61) years from the date of the Certificate of Occupancy of the Project. Land use restrictions as required by HHFDC shall be placed on the fee simple interest in the Project to ensure that the units remain affordable for the required affordability period (Restrictions). Should the Restrictions be prematurely terminated for any reason prior to the end of the affordability period and should HHFDC approve any General Excise Tax (GET) exemptions for development of the Project, HHFDC reserves the right to recapture from the Developer and/or the Project a prorated portion of any exemptions from GET approved by HHFDC for the development of the Project.

N. To be eligible for exemptions from General Excise Taxes for development expenses, the non-residential uses shall be limited to incidental or de minimis uses that are intended to directly benefit the residents of the Project. See e.g., Section 15-306-2, HAR.

O. The estimated schedule for the Project is as follows:

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval of the EA</td>
<td>August 2015</td>
</tr>
<tr>
<td>HHFDC Approval of 201H Exemptions</td>
<td>October 2015</td>
</tr>
<tr>
<td>Council Approval of 201H Exemptions</td>
<td>December 2015</td>
</tr>
<tr>
<td>Projected Building Permit Date</td>
<td>March 2016</td>
</tr>
<tr>
<td>Closing of Construction Financing</td>
<td>April 2016</td>
</tr>
<tr>
<td>Construction Start</td>
<td>May 2016</td>
</tr>
<tr>
<td>Completion of Construction</td>
<td>July 2017</td>
</tr>
<tr>
<td>Rent-Up</td>
<td>November 2017</td>
</tr>
</tbody>
</table>

P. Section 15-307-24(b), HAR, provides that the HHFDC Board may certify that the applicant is an eligible developer for the purposes of development of housing projects approved by the corporation under Chapter 201H, HRS, if the Board finds that the applicant:

1. Has demonstrated compliance with all laws, ordinances, rules and other governmental requirements that the applicant is required to meet;
2. Has the necessary experience;
3. Has adequate and sufficient financial resources and support and has secured or has demonstrated the ability to secure a performance or payment bond, or other surety to develop housing projects of the size and type which the applicant proposes to develop; and
12. Has met all other requirements that the corporation determines to be appropriate and reasonable.

Q. The Developer is Hale Kewalo, LP, a Hawaii limited partnership and its General Partner is SCD Piikoi LLC, a Hawaii limited liability company. The sole managing member of SCD Piikoi LLC is Stanford Carr Development, LLC, a Hawaii limited liability company. The sole member of Stanford Carr
Development, LLC is Stanford S. Carr. The managers of Stanford Carr Development, LLC are Stanford S. Carr and Richard B. Riegels. The affordable housing development experience of Stanford Carr Development, LLC is attached hereto as Exhibit H.

R. Proposed members of the Developer’s team include:

1. Developer – Hale Kewalo, LP (Honolulu, HI)
2. Development Consultant – Stanford Carr Development, LLC (Honolulu, HI)
3. Architect – Alakea Design Group, LLC
4. Contractor – Hawaiian Dredging Construction Co. (Honolulu, HI)
5. Tax Counsel – Cox, Castle & Nicholson, LLP (San Francisco, CA)
6. Legal Counsel – Chang Iwamasa & Chiu LLP (Honolulu, HI)
7. Management Agent – Hawaii Affordable Properties, Inc. (Honolulu, HI)

S. HHFDC, or its predecessor agencies’ past involvement with the Developer or its affiliates include the following:

1. Halekauwila Place, Kakaako, Oahu, Hawaii, 204-unit affordable family rental housing project, dedicated April 8, 2014, using non-competitive low-income housing tax credits, Hula Mae Multi-Family bonds, and HUD 221d(4) financing.
2. Franciscan Vistas Ewa, Ewa, Oahu, Hawaii, 149-unit affordable senior rental housing project, dedicated July 12, 2011, using non-competitive low-income housing tax credits, Hula Mae Multi-Family bonds, and RHTF financing.
3. Iwalani, Kapolei, Oahu, Hawaii, completed in year 2000, a total of 448 units, 144-unit affordable rental site, 31 self-help lots, 273 affordable and market rate for-sale units; and
4. Kekuilani, Kapolei, Oahu, Hawaii, completed in year 1994, a total of 645 units, 136 rental units, 36 affordable and 473 market rate for-sale units.

T. The Application includes a letter from King & Neel, Inc. dated November 25, 2014 indicating that the following three sureties are pleased to act as surety for the proposed general contractor, Hawaiian Dredging Construction Co., and that the general contractor will be able to post a performance and payment bond for construction of the Project upon satisfaction of their underwriting criteria prior to construction:

1. Zurich (through its Fidelity and Deposit Company of Maryland and Zurich American Insurance Company);
2. The Insurance Company of the State of Pennsylvania; and
3. Liberty Mutual Insurance Company.

U. HHFDC finds the following:

1. That the Project primarily or exclusively includes housing units affordable to households with incomes at or below 140% of the median family income;
2. That the Developer, or other newly formed, single-asset affiliate of the Developer, are Eligible Developers pursuant to Section 15-307-24, HAR;

3. That the Developer’s proposal and Application for exemptions from statutes, ordinances and rules meet minimum proposal requirements pursuant to Section 15-307-26, HAR;

4. That the Project and proposed exemptions are consistent with the purpose and intent of Chapter 201H, HRS, and meets minimum requirements of health and safety; and

13. That the exemptions recommended for approval do not contravene any safety standards, tariffs, or rates and fees approved by the public utilities commission for public utilities or the various boards of water supply authorized under Chapter 54, HRS.

IV. RECOMMENDATION

That the HHFDC Board of Directors approve the following for the Hale Kewalo affordable family rental housing project on approximately 31,952 square feet of land at 450 Piikoi Street and 1235 Kona Streets as well as 1226 Waimanu Street in Kakaako, Oahu, Hawaii, on TMK (1) 2-3-007: 026 and 049, as substantially described in this For Action:

A. Hale Kewalo, LP, or other successor entity approved by the Executive Director, as an Eligible Developer pursuant to Section 15-307-24, HAR;

B. Approval of the proposed exemptions from statutes, ordinances and rules of the City and County of Honolulu and the Hawaii Community Development Authority as recommended for approval herein, pursuant to Section 201H-38, HRS;

C. Execution of any development agreement(s) and Restrictions for such exemptions as required by the Executive Director;

D. Authorize the Executive Director to take all actions necessary to effectuate the purposes of this For Action;

Subject to the following, unless otherwise approved at the sole discretion of the Executive Director:

E. The Developer shall complete necessary asbestos and lead paint assessments done by State certified consultants for all existing improvements at the Property and all hazardous and regulated materials shall be managed and/or removed and disposed of in accordance with applicable local, State, and federal regulations, prior to demolition activities that may disturb these materials;

F. The Developer shall obtain and submit to HHFDC “no further action” letters from the DOH UST Section, Drinking Water Branch and Hazard Evaluation and Emergency Response Office for soil and groundwater contamination prior to commencement of construction of the Project;

G. Except for a resident manager’s unit, all of the units in the Project shall remain affordable to households at 60% or below the AMI for 61 years from the date of the Certificate of Occupancy of the Project. Land use restrictions acceptable to the Executive Director shall be placed on the fee simple title to the Property to ensure that the units remain affordable for the period of affordability (Restrictions);
H. Except to satisfy the reserved housing requirement of the Waihonua Project as described herein, the Project shall not be sold, transferred, or otherwise used to satisfy the reserved housing or affordable housing requirement for any other project at any other location;

I. Execution of a development agreement and Restrictions to reflect the requirements of this For Action as acceptable to the Executive Director, including recordation of the Restrictions at the Bureau of Conveyances, within six (6) calendar months of this For Action;

J. Commencement of construction of the Project by December 31, 2017, unless otherwise extended at the sole discretion of the Executive Director;

K. Completion of the Project by December 31, 2018, unless otherwise extended at the sole discretion of the Executive Director; and

L. Compliance with all rules, regulations, and such other terms and conditions as may be required by the Executive Director.

Attachments:
- Exhibit A – Location Map
- Exhibit B – TMK Map
- Exhibit C – Concept Drawings
- Exhibit D – Maximum Affordable Rents
- Exhibit E – List of Review Agencies
- Exhibit F – Summary of City Exemptions, Comments and Recommended Actions
- Exhibit G – Summary of HCDA Exemptions, Comments and Recommended Actions
- Exhibit H – Project Experience of Stanford Carr Development, LLC

Prepared by: Stan S. Fujimoto, Project Manager
Reviewed by: Richard Prahler, Development Branch Chief

Approved by The Board of Directors at its meeting on OCT 15 2015
DEVELOPMENT BRANCH
Please take necessary action.

EXECUTIVE DIRECTOR
# HALE KEWALO

**Tax Map Key 2-3-007: 026 AND 049**

## PROJECT TEAM

**DEVELOPER**

STANFORD CARR DEVELOPMENT, LLC  
1100 ALAKEA STREET,  
SUITE 2700  
HONOLULU, HI 96813  
PHONE: (808) 537-5220  
FAX: (808) 537-1801

**ARCHITECT**

ALAKEA DESIGN GROUP, LLC  
1100 ALAKEA STREET,  
SUITE 1500  
HONOLULU, HI 96813  
PHONE: (808) 547-2270  
TAX: (808) 547-2271

## LOCATION MAP

![Location Map](image)

**PROJECT LOCATION**  
HALE KEWALO  
KAKAAKO, OAHU, HI

## VICINITY MAP

![Vicinity Map](image)

**PROJECT VICINITY**

## INDEX TO DRAWINGS

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<th>DESCRIPTION</th>
<th>SHEET NUMBER</th>
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<td>5TH FLOOR PLAN</td>
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<td>BUILDING SECTION</td>
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**TITLE SHEET**

Project Number: 2013-19  
Date: JUNE 16, 2015  
Drawn By:  
Checked By:
TYPICAL UNIT PLANS

UNIT 1A
- Living Room
- Bedroom 1
- Kitchen/Dining

UNIT 2A
- Living Room
- Bedroom 1
- Bedroom 2
- Closet
- Kitchen/Dining

UNIT 2B
- Living Room
- Bedroom 1
- Bedroom 2
- Kitchen/Dining

UNIT 3A
- Living Room
- Bedroom 1
- Bedroom 2
- Bedroom 3
- Kitchen/Dining

UNIT 3B
- Living Room
- Bedroom 1
- Bedroom 2
- Bedroom 3

UNIT 3C
- Living Room
- Bedroom 1
- Bedroom 2
- Bedroom 3

ALAKEA DESIGN GROUP, LLC
ARCHITECTURE, PLANNING, INTERIORS

Project Number: 2015.3
Date: 6/15/2015

Check by: [Signature]
SOUTH ELEVATION (WAIMANU STREET)
## MAXIMUM AFFORDABLE RENT
### HALE KEWALO

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<th>Utility Allowance</th>
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<td>1BR/1B - 530 sf</td>
<td>539</td>
<td>88</td>
</tr>
<tr>
<td>2BR/1B - 680 sf</td>
<td>647</td>
<td>113</td>
</tr>
<tr>
<td>3BR/1B - 875 sf</td>
<td>747</td>
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<td><strong>50% and Below AMI</strong></td>
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<td>88</td>
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<td>2BR/1B - 680 sf</td>
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<td>3BR/1B - 875 sf</td>
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<td><strong>60% and Below AMI</strong></td>
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<td>1BR/1B - 530 sf</td>
<td>1,078</td>
<td>88</td>
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<td>2BR/1B - 680 sf</td>
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<tr>
<td>3BR/1B - 875 sf</td>
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<th>2-Bedroom</th>
<th>3-Bedroom</th>
<th>C&amp;C Honolulu - Highrise - 1/1/15</th>
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<td>Electric - Cooking</td>
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<td>Electric - Other</td>
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<td>Electric - Water Heating</td>
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<td>Water</td>
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<td>Sewer</td>
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<td><strong>Total</strong></td>
<td>88</td>
<td>113</td>
<td>136</td>
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</table>

**EXHIBIT D**
LIST OF AGENCIES CONSULTED
HALE KEWALO

The following agencies were provided copies of materials from the Hale Kewalo 201H Application for review and comment:

State of Hawaii

- Hawaii Community Development Authority
- Department of Health – Environmental Health Administration
- Department of Land and Natural Resources
  - General Delivery
  - State Historic Preservation Division
- Department of Transportation
- Superintendent, Department of Education

City & County of Honolulu

- Board of Water Supply
- Department of Community Services
- Department of Design and Construction
- Department of Environmental Services
- Department of Facility Maintenance
- Department of Parks & Recreation
- Department of Planning and Permitting
  - Wastewater Branch
  - Site Development Division
  - Planning Division
  - Building Division
- Department of Transportation Services
- Honolulu Fire Department
- Honolulu Police Department
- Ala Moana/Kakaako Neighborhood Board No. 11

Elected Officials

- Area Senator – Brickwood Galuteria
- Area Representative – Scott K. Saiki
- Area Councilmember – Ann Kobayashi

Citizens Groups & Individuals

- Kakaako Improvement Association
### HALE KEWALO SUMMARY OF EXEMPTIONS AND RECOMMENDATIONS

**CITY AND COUNTY OF HONOLULU EXEMPTIONS**

**Section 201H-38, HRS**

<table>
<thead>
<tr>
<th>County Ordinance/Code, or HCDA Rule</th>
<th>Requested Exemptions</th>
<th>Rationale For Request</th>
<th>Agency Comments</th>
<th>Developer’s Response</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sections 18-6.1 and 18-6.2, and 20-1.1 Revised Ordinance of Honolulu (ROH).</td>
<td>Exemption from payment of Plan Review and Building Permit Fees of approx. $200,000.</td>
<td>To facilitate the economic feasibility of Hale Kewalo as a 201H affordable housing project.</td>
<td>The Honolulu Fire Dept. will allow for the exemption of the Fire Plans Review Fee for this project as found in the ROH, Section 20-1.1.</td>
<td>Thank you for your approval of this exemption.</td>
<td>Approval</td>
</tr>
<tr>
<td>Section 14-14.4 of the ROH.</td>
<td>Exemption from payment of Grading and Grubbing Fees of approx. $5,000.</td>
<td>To facilitate the economic feasibility of Hale Kewalo as a 201H affordable housing project.</td>
<td>No Comment</td>
<td>Not Applicable</td>
<td>Approval</td>
</tr>
<tr>
<td>Section 14-12.12 of the ROH.</td>
<td>Exemption from the payment of Storm Drain Connection Fee of approx. $1,000.</td>
<td>To facilitate the economic feasibility of Hale Kewalo as a 201H affordable housing project.</td>
<td>No Comment</td>
<td>Not Applicable</td>
<td>Approval</td>
</tr>
<tr>
<td>Sections 14-10.2(a)(1)(A), 14-6.4, 14-10.3, 14-10.6 of the ROH.</td>
<td>Deferral of payment of Wastewater System Facility Charge of approx. $558,745 until Issuance of Certificate of Occupancy.</td>
<td>To facilitate the economic feasibility of Hale Kewalo as a 201H affordable housing project.</td>
<td>DEM – The project qualifies for reduction of wastewater system facility charges, as well as a deferral of those charges. However, connection to the City’s sewer system will not be allowed until the facility charges are paid.</td>
<td>Acknowledged.</td>
<td>Approval</td>
</tr>
</tbody>
</table>

**EXHIBIT F**

Page 1 of 2
### HALE KEWALO SUMMARY OF EXEMPTIONS AND RECOMMENDATIONS
#### CITY AND COUNTY OF HONOLULU EXEMPTIONS

**Section 201H-38, HRS**

<table>
<thead>
<tr>
<th>County Ordinance/Code, or HCDA Rule</th>
<th>Requested Exemptions</th>
<th>Rationale For Request</th>
<th>Agency Comments</th>
<th>Developer's Response</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapters 1-102, 2-202(2) and 2-202(3) of the BWS Rules and Regulations.</td>
<td>Deferral of payment of Water System Facilities Charges of approx. $450,000 until Issuance of Certificate of Occupancy.</td>
<td>To facilitate the applicant's financial capability in proceeding with the project through the construction period.</td>
<td>BWS – BWS is agreeable to a deferral of the Water System Facilities Charges until the issuance of the certificate of occupancy. Meter cost and installation fees must be paid before the installation of the water meter.</td>
<td>Thank you for your approval of this deferral.</td>
<td>Approval</td>
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</tbody>
</table>

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**EXHIBIT F**
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<table>
<thead>
<tr>
<th>County Ordinance/Code, or HCDA Rule</th>
<th>Requested Exemptions</th>
<th>Rationale For Request</th>
<th>Agency Comments</th>
<th>Developer's Response</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mauka Area Rules, Section 15-22-63.1, relating to Front Yard Setback</td>
<td>Waiver of minimum front yard setback requirement to allow for 8-foot building setback on Piikoi Street, 3-foot building setback on Kona Street, 5-foot loading setback on Kona Street, 15-foot building setback on Waimanu Street.</td>
<td>Piikoi setback required for tower configuration. Kona St. setbacks required due to HART alignment and lot depth. Waimanu St. setback required for parking ramp.</td>
<td>HCDA – Greater detail should be provided to present the extent the project conforms or differs from specific development requirements.</td>
<td>HCDA requires a 15-foot front yard setback; this project is seeking exemptions to allow setbacks of 8-feet along Piikoi Street, 3-feet along Kona Street, and a 5-foot loading setback on Kona Street.</td>
<td>Approval</td>
</tr>
<tr>
<td>Mauka Area Rules, Section 15-22-64, relating to Open Space Requirements</td>
<td>Waiver of minimum open space requirement to allow 537 sq. ft. of open space.</td>
<td>Open space constrained along Kona St. due to HART. Piikoi St. open space limited due to tower configuration.</td>
<td>HCDA – Greater detail should be provided to present the extent the project conforms or differs from specific development requirements.</td>
<td>Based on the lot size of 31,952 square feet, an open space area of 3,195 sq. ft. (10%) is required; this project is requesting an exemption to allow an open space area of 537 sq.ft.</td>
<td>Approval</td>
</tr>
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</table>

EXHIBIT G
Page 1 of 6
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<tr>
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<th>Rationale For Request</th>
<th>Agency Comments</th>
<th>Developer's Response</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mauka Area Rules, Section 15-22-65 relating to Recreation Space</td>
<td>Waiver of minimum recreation space requirement to allow 2,022 sq. ft. of recreation space.</td>
<td>Recreation space provided is for recreation room and lanai. Ample park space available.</td>
<td>HCDA – Greater detail should be provided to present the extent the project conforms or differs from specific development requirements.</td>
<td>The project site has a recreation space requirement of 55 sq.ft. per dwelling unit. Based on Hale Kewalo’s 128-unit count, 7,040 sq.ft. of recreational space is required; Hale Kewalo is requesting an exemption to allow 2,022 sq.ft. of recreation room and lanai space.</td>
<td>Approval</td>
</tr>
<tr>
<td>Mauka Area Rules, Section 15-22-66, relating to View Corridors</td>
<td>Waiver of 75-foot view corridor setback requirement, to allow for 8-foot setback along Piikoi Street, and up to 104-foot height.</td>
<td>Observing the 75-foot view corridor setback is not practicable due to construction systems required to maintain an efficient design that provides maximum affordable rental units. This exemption is considered an offsetting public benefit in the public interest.</td>
<td>HCDA – Greater detail should be provided to present the extent the project conforms or differs from specific development requirements.</td>
<td>Hale Kewalo will require an exemption from the View Corridor requirements along Piikoi Street. This requirement calls for a height limit of 20-feet at the 15-foot setback line with further setbacks following a 1-to-1 slope of 45 degrees above the 20-foot height. Hale Kewalo requests an exemption to allow the project to rise vertically without a podium from the proposed 8-foot setback along Piikoi Street.</td>
<td>Approval</td>
</tr>
</tbody>
</table>
**HALE KEWALO SUMMARY OF EXEMPTIONS AND RECOMMENDATIONS**

**HAWAII COMMUNITY DEVELOPMENT AUTHORITY (HCDA) EXEMPTIONS**

**Section 201H-38, HRS**

<table>
<thead>
<tr>
<th>County Ordinance/Code, or HCDA Rule</th>
<th>Requested Exemptions</th>
<th>Rationale For Request</th>
<th>Agency Comments</th>
<th>Developer's Response</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mauka Area Rules, Section 15-22-67, relating to Off-street Parking, and Section 15-22-68, relating to Off-street Loading</td>
<td>Waiver from off-street parking requirements to allow for 77 parking stalls and one shared use loading stall.</td>
<td>Hale Kewalo is an affordable rental project planned to take advantage of the nearby HART transit station and Ala Moana bus terminal. This 50% parking provision is consistent with the ratios proposed in the Ala Moana TOD Plan. A separate loading stall for relatively small commercial space is not feasible.</td>
<td>Police Dept. – The developer should consider providing basic parking stall(s) for each individual who is expected to reside at the project site. HCDA – Greater detail should be provided to present the extent the project conforms or differs from specific development requirements.</td>
<td>As a workforce housing project situated close to a major transit station, the project is seeking exemptions from the standard parking requirements. No exemption waiver is required for off street parking as a parking ratio of 0.5 parking stalls was allowed for Phase IV-B on October 5, 2011. Under the Vested Rules, one loading stall would be required for the residential units and a second for the commercial space. Hale Kewalo requests an exemption to allow the use of a single shared use stall designed to serve two or more uses.</td>
<td>Approval</td>
</tr>
</tbody>
</table>

| Mauka Area Rules, Section 15-22-70, relating to Architectural Criteria | Waiver of 15-foot landscape strip requirement. | Due to requested setback waiver and HART alignment, 15-foot landscape strip is not feasible. | HCDA – Greater detail should be provided to present the extent the project conforms or differs from specific development requirements. | Parking structures must have a minimum 15-foot long landscape strip with the front yard setback and along adjacent streets. Hale Kewalo does not have a separate parking structure therefore this requirement is addressed in the exemptions requested for front yard setbacks. | Approval |

**EXHIBIT G**

Page 3 of 6
<table>
<thead>
<tr>
<th>County Ordinance/Code, or HCDA Rule</th>
<th>Requested Exemptions</th>
<th>Rationale For Request</th>
<th>Agency Comments</th>
<th>Developer’s Response</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mauka Area Rules, Section 15-22-73 relating to Public Facilities Dedication</td>
<td>Waiver of public facilities dedication requirement for 3% of commercial space</td>
<td>Project maximizes workforce housing. Ample commercial space in area.</td>
<td>HCDA – Greater detail should be provided to present the extent the project conforms or differs from specific development requirements.</td>
<td>Under the Vested Rules, 3% of all commercial areas should be dedicated in land or monetary equivalent for public facilities. Hale Kewalo requests a waiver from this requirement. Based upon the proposed 3,020 square feet of commercial area, 91 square feet would be required for public facilities dedication, or the fee equivalent. The dedication of land or fees for public facilities is not applicable to floor area for reserved housing. Hale Kewalo consists entirely of reserved housing therefore no waiver is required for this use.</td>
<td>Approval</td>
</tr>
</tbody>
</table>

**EXHIBIT G**
Page 4 of 6
<table>
<thead>
<tr>
<th>County Ordinance/Code, or HCDA Rule</th>
<th>Requested Exemptions</th>
<th>Rationale For Request</th>
<th>Agency Comments</th>
<th>Developer’s Response</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mauka Area Rules, Section 15-22-116 relating to Density and Tower Footprint</td>
<td>Waiver for exceeding FAR and building footprint to allow an FAR of 3.76 and building footprint of 12,630 square feet.</td>
<td>Project marginally exceeds density and footprint due to lot configuration and target unit count.</td>
<td>HCDA – Greater detail should be provided to present the extent the project conforms or differs from specific development requirements.</td>
<td>Under Phase IV-B, a remaining floor area of 54,955 sq.ft. exists for the project site. The underlying zoning of the site has a permissible floor area ratio of 3.5 that would otherwise allow for 111,832 sq.ft. of floor area for the site. Hale Kewalo requests a waiver to allow a floor area of 120,076 sq.ft. Under the Vested Rules, a floor plate of 11,585 sq.ft. is allowed. Hale Kewalo requests a waiver to allow a tower footprint of 12,630 sq.ft.</td>
<td>Approval</td>
</tr>
</tbody>
</table>

EXHIBIT G
Page 5 of 6
## List of Exemptions

<table>
<thead>
<tr>
<th>County Ordinance/Code, or HCDA Rule</th>
<th>Requested Exemptions</th>
<th>Rationale For Request</th>
<th>Agency Comments</th>
<th>Developer's Response</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mauka Area Rules, Section 15-22-143 relating to Building Orientation</td>
<td>Waiver for tower orientation</td>
<td>Lot configuration makes required tower orientation impractical.</td>
<td>HCDA - Greater detail should be provided to present the extent the project conforms or differs from specific development requirements.</td>
<td>Under the Vested Rules, above the 45-foot height the long axis of structures shall be oriented to the extent practicable between 35 and 65 degrees west of south to minimize exposing the long side to direct sunlight. At least 300-feet between long parallel sides and 200-feet between short parallel sides of neighboring buildings should be maintained. Hale Kewalo requests a waiver from these requirements. The lot configuration of the site makes the rule configuration impractical. The site is very shallow and can only be oriented in an east-west configuration to maintain any efficiency. A distance of 181-feet separates the Hale Kewalo tower from Hawaiki Tower. In this instance, Hale Kewalo's long axis will be facing Hawaiki's short axis.</td>
<td>Approval</td>
</tr>
</tbody>
</table>

---

**EXHIBIT G**

Page 6 of 6
## Exhibit 6 - Housing Development Experience

**Name:** Stanford Carr Development, LLC

<table>
<thead>
<tr>
<th>Name of Property</th>
<th>Capacity of Applicant/Developer</th>
<th>Type of Project</th>
<th>City</th>
<th>State</th>
<th>Total</th>
<th>Affordability</th>
<th>Status of Project</th>
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<td>387</td>
<td>258</td>
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<td>State</td>
<td>Total</td>
<td>Affordable</td>
<td>Financing/Subsidy Program Utilized</td>
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<tr>
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<tr>
<td>Kealakekua Place</td>
<td>Developer</td>
<td>Rent MF</td>
<td>Kona</td>
<td>HI</td>
<td>304</td>
<td>204 (66%)</td>
<td>Hula Maile Bonds, LIFT, HOME/COH</td>
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<tr>
<td>Lahaina</td>
<td>Developer</td>
<td>For Sale SF</td>
<td>Lahaina</td>
<td>HI</td>
<td>423</td>
<td>84</td>
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<tr>
<td>Kahana Village</td>
<td>Developer</td>
<td>For Sale SF/MF</td>
<td>Lahaina</td>
<td>HI</td>
<td>203</td>
<td>102</td>
<td>Private financing</td>
</tr>
</tbody>
</table>

| TOTAL                   |                                 |                 |            |       | 6122  | 1231       |                                   |                    |
November 4, 2015

Mr. Craig K. Hirai, Executive Director
Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, HI 96813

Dear Mr. Hirai:

This is to inform you that the following Resolutions were adopted by the Council of the City and County of Honolulu at its meeting on Wednesday, November 4, 2015. As directed by the Resolutions, copies are attached for your information.

Resolution 15-277, CD1  Authorizing exemptions from certain requirements relating to the Kapiolani Residence affordable and market rate condominium project at Honolulu, Oahu, Hawaii, Tax Map Keys (1) 2-3-041:009 and (1) 2-3-041:006

Resolution 15-297, CD1  Authorizing exemptions from certain requirements relating to the Hale Kewalo affordable residential housing development located at Honolulu, Oahu, Tax Map Keys (1) 2-3-007:026 and (1) 2-3-007:049

Sincerely,

GLEN I. TAKAHASHI
City Clerk

hc
Attachments
RESOLUTION

AUTHORIZING EXEMPTIONS FROM CERTAIN REQUIREMENTS RELATING TO THE HALE KEWALO AFFORDABLE RESIDENTIAL HOUSING DEVELOPMENT LOCATED AT HONOLULU, OAHU, TAX MAP KEYS (1) 2-3-007:026 AND (1) 2-3-007:049.

WHEREAS, Hale Kewalo, LP (Developer), with the approval of the Hawaii Housing Finance and Development Corporation (HHFDC) proposes to develop Hale Kewalo (Project), an affordable rental housing project on approximately 31,952 square feet of land located at 450 Pilkoi Street, 1235 Kona Street and 1226 Waimanu Street, at Honolulu, Oahu, identified as Tax Map Keys: (1) 2-3-007:026 and (1) 2-3-007:049, which is owned by the Developer and the Hawaii Community Development Authority (HCDA), a body corporate and a public instrumentality of the State of Hawaii; and

WHEREAS, the Project is within the Kakaako Community Development District, which is under the planning and zoning jurisdiction of the HCDA, pursuant to Chapter 6E, Hawaii Revised Statutes; and

WHEREAS, the proposed eleven-story residential building will contain 128 residential units (consisting of 27 one-bedroom units, 72 two-bedroom units, and 29 three-bedroom units), a lobby area, management office, community room, ground floor retail space and two levels of parking with 77 parking spaces; and

WHEREAS, pursuant to financing agreements with the HHFDC, 100 percent of the Project's residential units (with the exception of one resident manager's unit) are proposed to be leased to households with incomes at or below 60 percent of the area median income (AMI) as follows: 13 units leased to households earning a maximum of 30% of AMI, 65 units leased to households earning a maximum of 50 percent of AMI, and 49 units leased to households earning a maximum of 60 percent of AMI; and the units will remain affordable for a period of 61 years; and

WHEREAS, the Project will help address the critical need for affordably priced housing within Honolulu's urban core with convenient access to employment centers, public transportation, retail amenities, schools, healthcare facilities, parks, and other goods and services; and

WHEREAS, the exemptions requested by the Developer include exemptions from the HCDA’s planning and zoning requirements, and waiver or deferral of the City's fee requirements; and
RESOLUTION

WHEREAS, on October 15, 2015, the HHFDC Board of Directors approved the Project with the proposed exemptions; and

WHEREAS, the City Council is empowered and authorized to approve the Project, which may include exemptions from statutes, ordinances, charter provisions and rules of any government agency relating to planning, zoning, construction standards for subdivision, development and improvement of land and the construction of units thereon pursuant to Section 201H-38 of the Hawaii Revised Statutes (HRS); and

WHEREAS, the Council has reviewed the preliminary plans dated August 11, 2015 and the outline specifications dated July 10, 2015 for the Project, prepared by Alakea Design Group, LLC, and submitted by the HHFDC to the Council on October 16, 2015; and

WHEREAS, the Project is consistent with the housing and community development goals and objectives of the City; and

WHEREAS, granting of the requested exemptions is necessary for the timely and successful implementation of the Project; and

WHEREAS, the Project does not contravene any safety standards, tariffs or rates/fees approved by the Public Utilities Commission or the Board of Water Supply; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that it approves the Project, which approval includes exemptions from certain requirements for the Project as set forth in the preliminary plans for the Project, as follows:

Application Fees and Infrastructure and/or Public Works Fees and Charges

1. Exemption from Sections 18-6.1 and 18-6.2 of the Revised Ordinances of Honolulu 1990 (ROH), to allow an exemption from plan review and building permit fees, estimated at $197,500.

2. Exemption from ROH Section 14-14.4 to allow an exemption from grading, grubbing, and stockpiling permit fees, estimated at $1,000.

3. Exemption from ROH Section 14-17.1 to allow an exemption from trenching, repair and service permit fees, estimated at $4,000.
RESOLUTION

4. Exemption from ROH Section 14-12.12 to allow an exemption from the private storm drain connection license fees, estimated at $1,000.

5. Deferral from ROH Sections 14-10.1 and 14-10.3, to allow a deferral of payment of wastewater system facility charges of approximately $558,750, until a certificate of occupancy is issued for the Project.

Fire Department Plan Review Fees

6. Exemption from ROH Section 20-1.1 to allow an exemption from Fire Department plan review fees, estimated at $2,500.

Board of Water Supply Rules and Regulations

7. Deferral from Sections 1-102, 2-202(2) and 2-202(3) of the Board of Water Supply Rules and Regulations, to allow a deferral of payment of water system facility and installation of water service fees until a certificate of occupancy is issued for the Project.

Land Use Ordinance

8. With respect to land uses and development standards, the Project is under the jurisdiction of the HCDA; therefore, no exemptions from the Land Use Ordinance, ROH Chapter 21, are needed.

and

BE IT FURTHER RESOLVED that as used in this Resolution:

A. References to the HHFDC include any successor agency;

B. References to the HCDA include any successor agency; and

C. References to specific statutes, ordinances, or regulations include any respective successor statutes, ordinances, or regulations;

and

BE IT FURTHER RESOLVED that this Resolution is void unless construction of the Project commences no later than 24 months after the approval date of this Resolution; and
RESOLUTION

BE IT FURTHER RESOLVED that the exemptions granted for this Development are not transferrable to any other real property; and

BE IT FURTHER RESOLVED that the final plans and specifications for the Project constitute the zoning, building, construction, and subdivision standards for the Project, and are approved if those plans and specifications do not substantially deviate from the preliminary plans and specifications submitted to the Council; provided that minor modifications to the design character of the building or landscaping, may be approved by the HHFDC and HCDA if such modifications are consistent with the prevailing neighborhood character; and

BE IT FURTHER RESOLVED that no action may be prosecuted or maintained against the City and County of Honolulu, its officials or employees, on account of the actions taken by them in reviewing and approving the plans and specifications, or in granting the exemptions listed herein; and
BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the Hawaii Housing Finance and Development Corporation, 677 Queen Street, Suite 300, Honolulu, Hawaii 96813; the Hawaii Community Development Authority, 461 Cooke Street, Honolulu, Hawaii 96813; Hale Kewalo, LP, 1100 Alakea Street, Suite 2700, Honolulu, Hawaii, 96813; and the Director of the Department of Planning and Permitting.

INTRODUCED BY:

Ernest Martin

DATE OF INTRODUCTION:

October 26, 2015
Honolulu, Hawaii
Resolution 15-297, CD1

Introduced: 10/26/15  By: ERNEST MARTIN
Committee: ZONING AND PLANNING

Title: RESOLUTION AUTHORIZING EXEMPTIONS FROM CERTAIN REQUIREMENTS RELATING TO HALE KEWALO AFFORDABLE RESIDENTIAL HOUSING DEVELOPMENT LOCATED AT HONOLULU, HAWAII, TAX MAP KEYS (1) 2-3-007:026 AND (1) 2-3-007:049.

Voting Legend: * = Aye w/Reservations

<table>
<thead>
<tr>
<th>Date</th>
<th>Committee</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/02/15</td>
<td>ZONING AND PLANNING</td>
<td>CR-420 – RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION AS AMENDED IN CD1 FORM.</td>
</tr>
<tr>
<td>11/04/15</td>
<td>COUNCIL</td>
<td>CR-420 AND RESOLUTION 15-297, CD1 WERE ADOPTED. 9 AYES: ANDERSON, ELEFANTE, FUKUNAGA, KOBAYASHI, MANAHAN, MARTIN, MENOR, OZAWA, PINE.</td>
</tr>
</tbody>
</table>

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.

GLEN T. TAKAHASHI, CITY CLERK

ERNEST Y. MARTIN, CHAIR AND PRESIDING OFFICER
§15-307-22 Development by corporation. The corporation may develop land or housing projects in accordance with the provisions set forth in chapter 201H, HRS:

(1) On its own behalf; or
(2) With an eligible developer or contractor.


§15-307-23 Project proposal; who may submit.
(a) Any individual, partnership, profit or nonprofit corporation, or public agency, upon having filed application with the corporation as required by section 15-307-24, may submit project proposals for review and certification by the corporation.

§15-307-24 Eligible developer, information required; determination by corporation. (a) An individual, partnership, limited liability company, cooperative, including a limited equity housing cooperative as defined in chapter 421H, HRS, firm, a profit or a nonprofit corporation, or a public agency that desires to be considered to develop a project either together with the corporation, or independent of the corporation, and who, in connection with the development of a project will need assistance such as acquisition of land or development rights to land, financing, subsidies, exemptions from general excise taxes, or expedited processing of a project under the provisions of chapter 201H, HRS, and the rules promulgated thereunder, shall submit to the corporation a developer's application, on forms provided by the corporation, along with any additional
information that the corporation determines to be applicable. Information requested may include, but is not necessarily limited to:

(1) Name, address, email address, and telephone number of the applicant and each member of the project team, and evidence of the applicant's status as a corporation, partnership, joint venture or other business organization;

(2) A summary of the role and responsibilities of each team member as it pertains to the project;

(3) If the applicant is a corporation, certified copies of the articles of incorporation, and the names, addresses, email addresses, and telephone numbers of each of the officers and directors of the corporation, and of any shareholder of the corporation holding more than twenty-five per cent of the outstanding shares issued by the corporation. If the applicant is a partnership, joint venturer, or sole proprietorship, certified copies of the partnership, joint venture agreement or proprietorship, as applicable, and the names, addresses, email addresses, and telephone numbers of each of the individual partners, joint venturers, or owners;

(4) A resume of the applicant's experience in the development of housing projects including a list and a brief description of the projects in which the applicant participated;

(5) The name, title, address, email address, and telephone number of the person to whom communications should be addressed;

(6) Evidence of the applicant's legal authority to incur obligations and to sign and deliver such documents as may be necessary to finance, develop, and construct the project;
(7) A current certificate of good standing from the department of commerce and consumer affairs, tax clearance from the department of taxation, and certification of compliance with department of labor and industrial relations requirements;

(8) Evidence of the applicant's capability to develop, own, manage, and provide appropriate services in connection with housing;

(9) Evidence of the applicant's credit worthiness including the following financial information, which shall be kept confidential to the extent permitted by law:
   (A) The most recent year's financial statements. If the statements are unaudited, tax returns shall be provided. In the event the applicant is an entity not yet formed, federal and state tax returns and financial statements for the previous year of the applicant entity, or additional information the corporation may require;
   (B) Interim balance sheets and income statements of the applicant and principal developer if the fiscal year-end data is over nine months old;
   (C) Tax returns if the applicant or guarantor is an individual;
   (D) Articles of incorporation, bylaws, resolutions, and certificates of good standing as are appropriate to support corporate actions; and
   (E) Any other financial data deemed appropriate by the corporation for proper credit-worthiness analysis;

(10) The applicant's ties to the community and support from local community groups;
(11) Description of all housing projects or facilities owned or operated by the applicant;
(12) A description of any financial default, modification of terms and conditions of financing, or legal action taken or pending against the applicant or its principals;
(13) A description of the applicant's past or current business experience or involvement in any programs or of its provision of services, other than housing, if any, that would give evidence of the applicant's management capabilities;
(14) Evidence of ability to secure the necessary performance or payment bond or other evidence of surety and the ability to perform the work required to be performed in the housing project proposed;
(15) A statement of the applicant's past or current involvement with the corporation or its predecessors, and the assistance, if any, received from those entities;
(16) A project proposal in substantial compliance with section 15-307-26, which the applicant intends to submit to the corporation for approval; and
(17) Any other information that the corporation deems necessary to determine the qualification of the applicant.

(b) The board may certify that the applicant is an eligible developer for the purposes of development of housing projects approved by the corporation under chapter 201H, HRS, if the board finds that the applicant:

(1) Has demonstrated compliance with all laws, ordinances, rules, and other governmental requirements that the applicant is required to meet;
(2) Has the necessary experience;
§15-307-25 Community input on project proposals. An eligible developer shall conduct or participate in at least one public meeting in the community or development plan area in which the proposed project is located to solicit community input on the proposed project. The public meeting shall take place prior to corporation action on the project proposal. The eligible developer shall consult with affected community groups such as neighborhood boards, homeowners' associations, surrounding property owners, and the council member for the region.

§15-307-26 Project proposal; minimum requirements. (a) A project proposal, whether submitted by an applicant or eligible developer, or initiated by the corporation for development by the corporation, in order to be considered for approval by the board for processing under the provisions of chapter 201H, HRS, shall contain, as the corporation may determine to be applicable, the following minimum information:

(1) Name and address of the eligible developer;
§201H–38 Housing development; exemption from statutes, ordinances, charter provisions, and rules. (a) The corporation may develop on behalf of the State or with an eligible developer, or may assist under a government assistance program in the development of, housing projects that shall be exempt from all statutes, ordinances, charter provisions, and rules of any government agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units thereon; provided that:

(1) The corporation finds the housing project is consistent with the purpose and intent of this chapter, and meets minimum requirements of health and safety;

(2) The development of the proposed housing project does not contravene any safety standards, tariffs, or rates and fees approved by the public utilities commission for public utilities or of the various boards of water supply authorized under chapter 54;

(3) The legislative body of the county in which the housing project is to be situated shall have approved the project with or without modifications:

(A) The legislative body shall approve, approve with modification, or disapprove the project by resolution within forty-five days after the corporation has submitted the preliminary plans and specifications for the project to the legislative body. If on the forty-sixth day a project is not disapproved, it shall be deemed approved by the legislative body;

(B) No action shall be prosecuted or maintained against any county, its officials, or employees on account of actions taken by them in reviewing, approving, modifying, or disapproving the plans and specifications; and

(C) The final plans and specifications for the project shall be deemed approved by the legislative body if the final plans and specifications do not substantially deviate from the preliminary plans and specifications. The final plans and specifications for the project shall constitute the zoning, building, construction, and subdivision standards for that project. For purposes of sections 501–85 and 502–17, the executive director of the corporation or the responsible county official may certify maps and plans of lands connected with the project as having complied with applicable laws and ordinances relating to consolidation and subdivision of lands, and the maps and plans shall be accepted for registration or recordation by the land court and registrar; and

(4) The land use commission shall approve, approve with modification, or disapprove a boundary change within forty-five days after the corporation has submitted a petition to the commission as provided in section 205–4. If, on the forty-sixth day, the petition is not disapproved, it shall be deemed approved by the commission.

(b) For the purposes of this section, "government assistance program" means a housing program qualified by the corporation and administered or operated by the corporation or the United States or any of their political
subdivisions, agencies, or instrumentalities, corporate or otherwise. [L 2006, c 180, pt of §3; am L 2007, c 249, §32]

Law Journals and Reviews

The Scramble to Protect the American Dream in Paradise: Is Affordable Housing Possible in Hawaii? 10 HBJ, no. 13, at 37 (2007).
TITLE OF DOCUMENT:

DECLARATION OF LAND USE RESTRICTIVE COVENANTS

PARTIES TO DOCUMENT:

FEE OWNERS: KEWALO DEVELOPMENT LLC, a Hawaii limited liability company
HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii

DEVELOPER: HALE KEWALO, LP, a Hawaii limited partnership

CORPORATION: HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION, a public body and a body corporate and politic of the State of Hawaii

PROPERTY: HALE KEWALO

TAX MAP KEYS: (1) 2-3-007: 026 and 049
DECLARATION OF LAND USE RESTRICTIVE COVENANTS
HALE KEWALO
(201H Exemptions)

THIS DECLARATION OF LAND USE RESTRICTIVE COVENANTS (this “Agreement”), dated as of _________________, 20___, made by HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii, whose address is 547 Queen Street, Honolulu, Hawaii, 96813 (“HCDA”), KEWALO DEVELOPMENT LLC, a Hawaii limited liability company, whose address is 822 Bishop Street, Honolulu Hawaii 96813 and HALE KEWALO, LP, a Hawaii limited partnership, whose address is 1100 Alakea Street, 27th Floor, Honolulu, Hawaii, 96813, and its successors and assigns (“Developer”), is given as a condition to the approval of exemptions from statutes, ordinances and rules pursuant to Section 201H-38, Hawaii Revised Statutes (“HRS”) for the development of the Project (defined below) by HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION, a public body and a body corporate and politic of the State of Hawaii, pursuant to Chapter 201H, Hawaii Revised Statutes, whose address is 677 Queen Street, Suite 300, Honolulu, Hawaii, 96813, together with any successor to its rights, duties and obligations (the “Corporation”).

RECITALS

A. Kewalo Development LLC is the fee simple land owner of certain real property located at the southwest corner of Piikoi and Kona Streets, at 450 Piikoi and 1235 Kona Streets, Kakaako, City and County of Honolulu, State of Hawaii, identified as Tax Map Key No. (1) 2-3-007: 049, and the HCDA is the fee simple land owner of certain real property located at 1226 Waimanu Street, Kakaako, City and County of Honolulu, State of Hawaii, identified as Tax Map Key No. (1) 2-3-007: 026, and more particularly described in Exhibit A attached hereto and incorporated herein. Parcel 49 and Parcel 26 are collectively referred to as the “Property.”

B. Developer is the developer of an 11-story, 128-unit affordable family rental housing project called Hale Kewalo on the Property (the “Project”). The Project consists of 127 affordable units (hereinafter the “Affordable Units”), one resident manager’s unit, 77 parking stalls, commercial space, recreation room, lanai and garden, and other amenities.

C. Developer has represented to the Corporation that it will use its best efforts to expeditiously complete development of the Project and rent all of the Affordable Units on the terms and rent schedules hereinafter set forth and for the term stated herein.

D. Developer, the HCDA and Kewalo Development LLC intend, declare and covenant that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Project shall be and are covenants running with the Property for the term stated herein and binding upon all subsequent owners of the
Property and Project for such term, and are not merely personal covenants of Developer, the HCDA and Kewalo Development LLC.

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the HCDA, Kewalo Development LLC and Developer agree as follows:

SECTION 1. Definitions.

All words and phrases not otherwise defined in this Agreement shall have the meanings as defined under applicable regulations promulgated by the United States Department of Housing and Urban Development ("HUD").

SECTION 2. Affordability Requirements.

The Project must comply with the following affordability requirements, unless otherwise approved by the Corporation:

- 7 1-Bedroom Affordable Units at 30% or below the area median income as determined by HUD ("AMI")
- 20 1-Bedroom Affordable Units at 50% or below the AMI
- 6 2-Bedroom Affordable Units at 30% or below the AMI
- 45 2-Bedroom Affordable Units at 50% or below the AMI
- 20 2-Bedroom Affordable Units at 60% or below the AMI
- 29 3-Bedroom Affordable Units at 60% or below the AMI
- 127 Affordable Units

- 1 2-Bedroom Manager’s Unit
- 128 Total Units in the Project

Approximately 3,020 square feet commercial space ("Retail Space")
Approximately 2,022 square feet of recreation room, lanai and garden
77 parking stalls.

a. The Affordable Units shall be rented to tenants with household incomes at or below the applicable percentage of AMI at the time of the tenant’s admission into the Project.

b. Household income is defined as the total annual income of each member of a tenant's household, excluding minors (i.e., persons eighteen years of age and under).

c. AMI is derived from estimates provided by HUD at the time of the tenant's admission into the Project, as adjusted for household size.
d. The net rent per Affordable Unit, including one parking stall (if available), shall not exceed the maximum net rent per Affordable Unit as described in this Agreement.

e. To be eligible for General Excise Tax exemptions pursuant to Chapter 15-306, Hawaii Administrative Rules (“HAR”), non-residential uses, including the Retail Space, shall be limited to incidental or de minimis uses that are intended to directly benefit the residents of the Project.

f. This Project shall be subject to the following:

(i) HCDA Planned Development Permit (PD2-84) amendment dated September 14, 2016;

(ii) Developer's 201H Application to the Corporation dated June 23, 2015;

(iii) Approval by the Corporation dated October 15, 2015 for exemptions from statutes, ordinances and rules pursuant to Section 201H-38, HRS;

(iv) Approval by the City Council of the City and County of Honolulu dated November 4, 2015 for exemptions from statutes, ordinances and rules pursuant to Section 201H-8, HRS; and

(v)

(vi) Development Agreement between the Developer and the Corporation dated September 12, 2016 for exemptions from statutes, ordinances and rules pursuant to Section 201H-38, HRS.

g. The Developer shall be responsible for ensuring that there are no inconsistencies between this Agreement and any other applicable programs for the Project. If there are any inconsistencies between the requirements of this Agreement and other program requirements, the more restrictive requirement shall control.

SECTION 3. Rent Restrictions.

a. Rents for Affordable Units must be restricted to be affordable to households with incomes at or below the applicable percentage of AMI.

b. The rent for each Affordable Unit must remain subject to such rent restrictions throughout the Term (defined below) of this Agreement.

SECTION 4. Term of Agreement.
The term of this Agreement (“Term”) shall commence on the date of this Agreement and expire on the date which is sixty-one (61) years following the date of the Certificate of Occupancy of the Project.

SECTION 5. Annual Affordability Compliance Certification.

The affordability requirements under this Agreement shall be certified annually to the Corporation through the submission of a report (the “Annual Report”), in such form as reasonably required by the Corporation. The Annual Report must be completed by a qualified and independent firm or individual with industry recognized expertise in the field; provided, however, the Annual Report may be completed by an affiliated property management company of Developer so long as it is certified by an officer with such qualified expertise. The Annual Report will be retained in the Developer's files and shall be due annually to the Corporation within sixty (60) days following the end of each calendar year (the “Annual Report Deadline”) during the Term, commencing on the year following the first year in which residential units are first rented to tenants. The Developer must retain the Annual Report and the supporting documentation verifying the information on each Annual Report for a minimum period of three (3) years following the Annual Report Deadline for such Annual Report.

SECTION 6. Tenant Income Limit Notice.

Applicants for Affordable Units should be advised early in their initial visit to the Project that there are maximum income limits which apply to the Affordable Units. Project management should explain to the applicants that the anticipated income of all persons expecting to occupy the Affordable Unit must be verified and included on a Tenant Income Certificate (“TIC”) or any form(s) as required by the Corporation prior to occupancy and that their income must be recertified on an annual basis.

SECTION 7. Verification of Income.

The household income figure for each Affordable Unit applicant must be verified to determine the applicant's eligibility and rent. Verification of household income may only be accepted from the source of income. Applicants may not be permitted to obtain their own verifications. The process used to verify an applicant's income and eligibility must be thoroughly documented in the applicant's file. Verifications shall be valid for a period of ninety (90) days prior to move-in, after which the information must be re-verified in accordance with this Agreement.

SECTION 8. Certification of Income.

Upon acceptance of an Affordable Unit applicant to the Project, a TIC must be completed by or for the applicant and certified to by the applicant and the Project manager. The form is a legal document which, when fully executed, qualifies the applicant to live in the Affordable Unit. The TIC must be executed, along with the tenant lease, prior to move-in. No one may live in an Affordable Unit in the Project unless they
are certified under the TIC and have executed a tenant lease. The original TIC form is to be retained by the Project manager in the applicant's file. Upon request of the Corporation, a copy of the TIC form shall be sent to the Corporation or its designated representative within thirty (30) days of the tenant’s move-in. The Project manager must retain the TIC and the supporting documentation verifying the TIC for a minimum of three (3) years following the date of the TIC.

SECTION 9. Recertification.

a. To insure that each tenant of an Affordable Unit is complying with the income restrictions, (1) the Project manager shall annually recertify each tenant's income and household composition, and (2) the Project manager shall require each tenant to report certain changes in income and household composition which occur between regularly scheduled recertification.

b. If the previously verified income of a tenant in an Affordable Unit increases above the applicable AMI, such unit (the “Initial Unit”) may continue to be counted as an Affordable Unit so long as the next available unit of comparable or smaller size (the “Next Available Unit”) is rented to an income-qualified tenant, and the rent for the Initial Unit continues to be a restricted unit until the Next Available Unit is rented to an income-qualified tenant, provided, however, at no time shall the percentage of Affordable Units in the Project be less than the minimums described in Section 2 of this Agreement.

c. The Project manager shall complete each Affordable Unit tenant's annual recertification by the anniversary date of the tenant's move-in date. The request for recertification shall be made between sixty (60) and ninety (90) days before the tenant’s move-in anniversary date, and it must clearly state that the tenant has ten (10) calendar days in which to contact the Project manager to begin the recertification process. The notice must also state the days and the hours available for the interview, the information the tenant should bring to the interview, and how and whom to contact to schedule the interview.

d. Upon recertification of the Affordable Unit tenant's income, the Project manager shall complete a new TIC, which shall be certified by the tenant and the Project manager. Upon request of the Corporation, this new TIC shall be sent to the Corporation or its designated representative prior to the tenant's move-in anniversary date.

SECTION 10. Past Due Recertification.

A recertification is considered past due if, upon request of the Corporation, the Corporation or its designated representative has not received executed copies of the TIC form from an Affordable Unit tenant by the anniversary date of the tenant's move-in date. As of that date, the Corporation or its designated representative will notify Developer of past due certifications and, within sixty (60) days, will process formal notice to Developer that the Project may not be in compliance with this Agreement.
SECTION 11. Interim Adjustments.

Each Affordable Unit tenant is obligated to report changes in household income and family composition which occur between the regularly scheduled recertification periods. These changes could include, but are not limited to, any household member moving out of the unit, any adult member of the household, who was previously reported as unemployed, obtaining employment, or the tenant's household income increasing. A new TIC must be completed, retained by the Project manager in the tenant’s files and, upon request of the Corporation, submitted to the Corporation or its designated representative within thirty (30) days of any change to a previously verified tenant's household.

SECTION 12. Initial and Adjusted Rents.

The initial maximum rents that Affordable Unit tenants may pay as of the date of this Agreement are attached and incorporated herein as Exhibit B (the “Rent Schedule”). Rents may be increased accordingly as the AMI increases, provided that the rental rates remain affordable to families as stated in Section 2 of this Agreement.

SECTION 13. Eviction of Tenants.

Once an income-qualified tenant has been certified and admitted to the Project, the tenant may not be displaced solely due to an increase in the tenant's household income beyond the restricted limit. This provision shall not limit or restrict Developer’s right to bring action against or evict a tenant for any default under the tenant lease or other lawful cause, including, without limitation, failure to pay rent, failure to meet the reporting requirements under this Agreement or otherwise.


a. The Corporation reserves the right to conduct an audit by the Corporation or its designated representative at least annually. Notification of an audit shall be given to Developer at least thirty (30) days prior to such audit. The results of the audit and the recommendations for corrective action at the Project shall be transmitted to Developer in writing (the “Audit Report”) within thirty (30) days following the completion of the audit.

b. The purpose of the audit will be to conduct a physical inspection of the building and/or Project, to review a sampling of the TIC’s submitted either in that or any prior year (along with the backup and supporting documentation relevant to the TIC), to review the documentation supporting the Annual Report, and to review any other documentation necessary for the Corporation or its designated representative to make a determination as to whether the Project is in compliance with all applicable statutes.

c. Developer shall have a period of sixty (60) days within which to respond to the findings of the Audit Report. The Corporation or its designated representative shall
review Developer’s response to determine the extent to which the recommendations for corrective action set forth in the Audit Report are addressed.

d. In the event there are unresolved issues following the Audit Report and the Corporation or its designated representative’s review of the Developer’s response, the Corporation or its designated representative shall stipulate the remedial actions to be carried out or observed by the Developer.

SECTION 15. Other Reporting Requirements.

a. TICs shall be submitted, upon request of the Corporation, at the following times during the year:

   (i) Thirty (30) days after an Affordable Unit is first rented to a tenant;

   (ii) Thirty (30) days after any interim adjustments to a tenant’s income and household size have been reported or discovered; and

   (iii) Thirty (30) days after the tenant’s move-in anniversary date.

In lieu of a TIC submittal for each Affordable Unit tenant as described above, the Corporation may accept a consolidated report for all tenants (“Status Report”) if the Status Report is included annually within the overall Annual Report.

b. The Annual Report must be submitted annually by the Annual Report Deadline throughout the Term of this Agreement. The Annual Report must be sent to the Corporation or its designated representative.

c. The TIC, Status Report and the Annual Report forms are available from the Corporation or its designated representative. Additionally, upon Developer’s request, the Corporation or its designated representative shall provide to Developer data regarding HUD’s determination of AMI amounts, maximum rental rates, income verification information and third party verification forms.

SECTION 16. Fees.

A reasonable annual compliance monitoring fee (comparable to current fees) may be charged by the Corporation to the Project for administrative expenses, as permitted by law. If fees are charged, payments shall be submitted with the Annual Report by the Annual Report Deadline for each year during the Term of this Agreement. It will be the responsibility of the Corporation or its designated representative to inform Developer of any changes in the annual compliance fee prior to the Annual Report Deadline and submittal of fees. The fee may be adjusted annually on July 1 of each year.

SECTION 17. Observance of Laws, Ordinances and Regulations.
The Project shall comply with all applicable rules, regulations, ordinances and codes of the City and County of Honolulu, and any applicable federal and State of Hawaii laws.

SECTION 18. Nondiscrimination.

The operation and use of the Project shall not be in support of any policy which discriminates against anyone based upon race, sex, including gender identity or expression, sexual orientation, color, religion, marital status, familial status, ancestry, disability, age, or human immunodeficiency virus infection.

SECTION 19. Indemnity.

Developer shall indemnify, defend and hold harmless the Corporation, State of Hawaii and their respective employees, officers, directors, members, affiliates, agents, representatives, successors and assigns from and against any claim or demand for loss, liability, or damage, including claims for bodily injury, wrongful death, or property damage, accident, fire or other casualty, or cost or expense (including but not limited to reasonable attorney’s fees), arising out of or resulting from: (i) any act or omission on the part of Developer or its tenants, licensees, and invitees (“Representatives”) relating to their use, occupancy, maintenance, or enjoyment of the Project; (ii) any failure on the part of Developer to maintain the Project, and any sidewalks, roadways and parking areas adjacent thereto that are in Developer’s use and control, and including any accident, fire or nuisance, growing out of or caused by any failure on the part of Developer to maintain the Project in a safe condition; (iii) any violation or alleged violation by Developer or its Representatives of any law, ordinance, or regulation now or hereafter enacted during the term of this Agreement, and (iv) from and against all actions, suits damages, and claims by whomsoever brought or made by reason of Developer’s non-observance or non-performance of any of the terms, covenants, and conditions of this Agreement or the rules, regulations, ordinances, and laws of the federal, state, municipal or county governments.

SECTION 20. Reserved Housing Credits.

Except to satisfy the reserved housing requirement for the Waihonua Project described in the HCDA Approval, this Project shall not be sold, transferred, or otherwise used to satisfy the reserved housing or affordable housing requirement for any other project at any other location.


The Corporation’s remedies for non-compliance with this Agreement are at the reasonable discretion of the Corporation, but shall be exercised in compliance with applicable laws and the Corporation’s rules and regulations. For projects receiving funds from the Corporation in the form of loans, the commencement of foreclosure proceedings is one alternative remedy for uncured defaults, subject, however to the
terms and conditions of the applicable loan documents, including, without limitation, any subordination agreement made by the Corporation in favor of a senior lender. In the event of an uncured default, the Corporation reserves the right to pursue any and all other legal remedies to recapture the funds awarded to the Project or to seek specific performance or other actions that it deems necessary, as permitted by law and in accordance with any other agreements made between the Corporation and the Developer with respect to the Project.

If the Project is completed with exemptions from Hawaii’s General Excise Tax law approved by the Corporation, if the Affordable Units do not remain restricted for income-qualified tenants in accordance with this Agreement for the full remaining Term of this Agreement and this Agreement is terminated for any reason, the Corporation reserves the right to recapture from the Developer and the Project, a proportionate share of the approximate $______________.00 Project construction cost savings resulting from the Corporation’s approval of an affordable housing exemption from Hawaii’s General Excise Tax law, based on the unexpired portion of the Term that would have been remaining but for the early termination and the number of Affordable Units that will not remain restricted after such termination. If the Affordable Units do not remain restricted for income-qualified tenants in accordance with this Agreement for the full remaining Term of this Agreement, but this Agreement is not terminated, the Corporation reserves the right to recapture from the Developer and the Project, a proportionate share of the approximate $______________.00 Project construction cost savings resulting from the Corporation’s approval of the exemption from Hawaii’s General Excise Tax law, based on the number of non-compliant Affordable Units relative to the total number of Affordable Units and the unexpired portion of the Term as of the date such Affordable Units are no longer restricted for income-qualified tenants.

Notwithstanding the foregoing, upon determination by the Corporation or its designated representative of non-compliance or other default under this Agreement and prior to bringing an action for such default or recapture of funds, the Corporation shall notify Developer in writing and Developer shall be given not less than sixty (60) days to correct the violation or default; provided, however, if such violation or default cannot be reasonably cured within such time period, Developer shall be granted an additional period of up to six (6) months to cure such violation or default so long as they commence to cure such violation or default within the 60-day period and diligently prosecute such cure to completion.

SECTION 22. Recording and Filing; Covenants to Run With the Project.

a. Upon execution and delivery of this Agreement by the parties, Developer shall cause this Agreement and all amendments hereto to be recorded and filed in the State of Hawaii Bureau of Conveyances and/or the Office of the Assistant Registrar of the Land Court of the State of Hawaii, as applicable, and shall pay all fees and charges incurred in connection therewith. Upon recording, Developer shall immediately transmit to the Corporation and the HCDA a certified copy of the recorded Agreement.
b. Developer, the HCDA and Kewalo Development LLC covenant that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Project shall be and are covenants running with the fee simple title to the Project for the Term stated herein and shall be binding upon all subsequent owners of the Project for such Term, and are not merely personal covenants of the HCDA, Kewalo Development LLC and Developer.

c. If requested by The HCDA, Kewalo Development LLC or Developer, or their successors or assigns, the Corporation shall execute and record a release of this Agreement as to all or any portion of the Property and the Project upon the expiration of the Term of this Agreement.

d. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, and said counterparts shall together constitute one and the same agreement, binding upon the parties hereto, notwithstanding that all of the parties are not signatory to the original or the same counterparts.

SECTION 23. Owners' Limited Roles.

The HCDA has executed this Agreement solely as an accommodation to Developer so that fee simple title to HCDA’s portion of the Property and the Project are bound by the terms and conditions of this Agreement. The Corporation acknowledges that HCDA is the fee simple owner of a portion of the Property, and that the Developer is the only party responsible to fulfill or otherwise comply with the terms and conditions of this Agreement. The Corporation agrees to look solely to Developer and the Project to fulfill or otherwise comply with the terms and conditions of this Agreement on the part of Developer. The HCDA, the Corporation and Developer hereby agree that the HCDA shall have no duty or obligation to either the Corporation or the Developer under this Agreement. Any notices given and any documentation provided to HCDA under this Agreement are as a courtesy, and the HCDA shall have no duty or obligation to act upon such notice or documentation.

Kewalo Development LLC has executed this Agreement solely as an accommodation to Developer so that fee simple title to Kewalo Development LLC portion of the Property and the Project are bound by the terms and conditions of this Agreement. The Corporation acknowledges that Kewalo Development LLC is the fee simple owner of a portion of the Property, and that pursuant to the amended planned development permit dated January 7, 2015, Developer and not Kewalo Development LLC is solely responsible for all aspects of the Project, including all obligations under this Agreement. Pursuant to the January 7, 2015 amended development permit, the Corporation, the HCDA, and Developer hereby agree that Kewalo Development LLC shall have no duty or obligation to the Corporation, the HCDA, or the Developer under this Agreement. Any notices given and any documentation provided to Kewalo Development LLC under this Agreement are as a courtesy, and Kewalo Development LLC shall have no duty or obligation to act upon such notice or documentation.
SECTION 24. Real Property Tax Exemption.

Section 8-10.20 of the Revised Ordinances of Honolulu 1990, as amended, provides that a person, corporation, trust, partnership or association which is used for a housing project that is subject to a regulatory agreement shall be exempt from real property taxes for the duration of the regulated period. "Housing project" is defined in said Section 8-10.20 as a rental housing project where at least 20 percent of the dwelling units are reserved for residents whose annual household income does not exceed 80 percent of the area median income for the City and County of Honolulu as determined by HUD, "Regulatory Agreement" is defined therein as an agreement between an owner and the federal government, state government or a political subdivision of the state government, or agency of the federal government, agency of the state government or agency of the political subdivision of the state government, embodying provisions regulating rents, charges, profits, dividends, development costs and methods of operation, in accordance with the laws, policies, or rules of the federal government, state government or of the political subdivision of the state government, or agency of the federal government, agency of the state government or agency of the political subdivision of the state government.

The exemption provided for under said Section 8-10.20 is hereby incorporated into this Agreement, and this Agreement is to be considered a "regulatory agreement" and the "Project" a "housing project" within the meaning of Section 8-10.20.

Developer shall apply for the exemption from real property taxation under Section 8-10.20 and shall thereafter file a claim for exemption annually on or before each subsequent September 30th. The Corporation agrees to cooperate with the Developer to provide the required annual certification that the Project continues to be in compliance (if such be the case) with the affordability and maximum rent requirements provided for in this Agreement.

[The remainder of this page is intentionally left blank; the signature page follows.]

IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed on the date first written above.

CORPORATION:

APPROVED AS TO FORM: HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

By

Deputy Attorney General Craig K. Hirai
KEWALO DEVELOPMENT LLC,
a Hawaii limited liability company

By Its Manager:

A & B Properties, Inc.,
a Hawaii corporation

By: ___________________________
   Name:
   Title:

DEVELOPER:

HALE KEWALO, LP
a Hawaii limited partnership

By SCD Piikoi, LLC
a Hawaii limited liability company
Its General Partner
By Stanford Carr Development, LLC
a Hawaii limited liability company
Its Sole Managing Member

By: __________________________
    Stanford S. Carr
    Manager
On this _____ day of ___________________, 20__, before me appeared

CRAIG K. HIRAI, personally known to me, who, being by me duly sworn, did say that he is the EXECUTIVE DIRECTOR of the HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION, a public body and a body corporate and politic of the State of Hawaii, that the seal affixed to the foregoing instrument is the corporate seal of the corporation, and that this _____-page DECLARATION OF LAND USE RESTRICTIVE COVENANTS, HALE KEWALO dated ________________, was signed and sealed on behalf of the corporation by authority of its Board of Directors, and the said officer acknowledged the instrument to be the free act and deed of the corporation.

__________________________________

Name:
Notary Public, State of Hawaii
____ Judicial Circuit

My commission expires: ____________
STATE OF HAWAII )
) SS
CITY AND COUNTY OF HONOLULU )

On this ____ day of __________________________, 20__, before me appeared

ANTHONY J.H. CHING, EXECUTIVE DIRECTOR of the HAWAII COMMUNITY
DEVELOPMENT AUTHORITY, State of Hawaii, a body corporate and a public
instrumentality of the State of Hawaii, and that said instrument, this ____-page
DECLARATION OF LAND USE RESTRICTIVE COVENANTS, HALE KEWALO signed
in the First Circuit of the State of Hawaii on behalf of said body corporate of the State of
Hawaii and acknowledged said instrument to be the free act and deed of said body
corporate of the State of Hawaii.

______________________________

Name:
Notary Public, State of Hawaii
_______________ Judicial Circuit

My commission expires: __________
STATE OF HAWAI'I )
) SS.
CITY & COUNTY OF HONOLULU )

On this _____ day of ______________________, 201___, before me personally appeared _________________________________, to me personally known, who, being by me duly sworn or affirmed did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

________________________________________
Notary Public, State of Hawai‘i
Printed Name: ____________________________
My commission expires: ____________________

NOTARY CERTIFICATION STATEMENT

Document Identification or Description:
Declaration of Land Use Restrictive Covenants, Hale Kewalo
________________________________________
________________________________________

Doc. Date: ________________ or ☐ Undated at time of notarization.

No. of Pages: _____________

Jurisdiction: _________Circuit
(in which notarial act is performed)

________________________________________
Signature of Notary

Date of Notarization and Certification Statement

________________________________________
Printed Name of Notary
STATE OF HAWAII )
) SS.
CITY & COUNTY OF HONOLULU )

On this _____ day of ______________________, 201___, before me personally appeared _________________________________, to me personally known, who, being by me duly sworn or affirmed did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

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EXHIBIT A

Property Description

End of Exhibit A
EXHIBIT B

Rent Schedule

The initial maximum monthly rents (for 2015), per Affordable Unit, including one parking stall (if available), shall not exceed the following, assuming that the tenant pays for electricity and the landlord pays for hot and cold water and sewer utilities, unless otherwise approved by the Corporation:

30% and below the HUD AMI
   1-Bedroom Units   $451 per unit per month
   2-Bedroom Units   $534 per unit per month

50% and below the HUD AMI
   1-Bedroom Units   $810 per unit per month
   2-Bedroom Units   $965 per unit per month

60% and below the HUD AMI
   2-Bedroom Units   $1,181 per unit per month
   3-Bedroom Units   $1,357 per unit per month

End of Exhibit B