

**KUPU LEASE
BACKGROUND MATERIALS**

Timeline of Kewalo Basin Harbor Leases

***Kupu Items in Green**

November 1, 2010: HCDA executed a Month-to-Month lease with Kupu for Netshed. Rent was set at \$1 a year, plus in-kind donations worth \$8,000 per month.

May 2, 2012: The HCDA board unanimously voted (11-0) to authorize the Executive Director to Execute a Letter of Intent with Kupu to lease the Net Shed facility for a 35-year term at \$1 a year.

February 20, 2013: HCDA signed a Non-binding Letter of Intent, relating to Kupu's intent to lease Net Shed for the purpose of redeveloping and restoring the existing facility to operate the Kupu Training and Community Center.

March 2, 2015: HCDA issues three separate RFPs for the redevelopment of Lot 1 (Diamond Head Parking Lot), Lot 2 (Charterboat Building), and Lot 3 (NOAA Lot) at Kewalo Basin Harbor. The Howard Hughes Corporation (HHC) submitted proposals for all three lots. Kewalo Waterfront Partners (KWP) submitted a proposal for Lot 1 only.

August 2015: HHC and KWP presented their development proposals to the Authority in executive session. HCDA requested best and final offers from both parties.

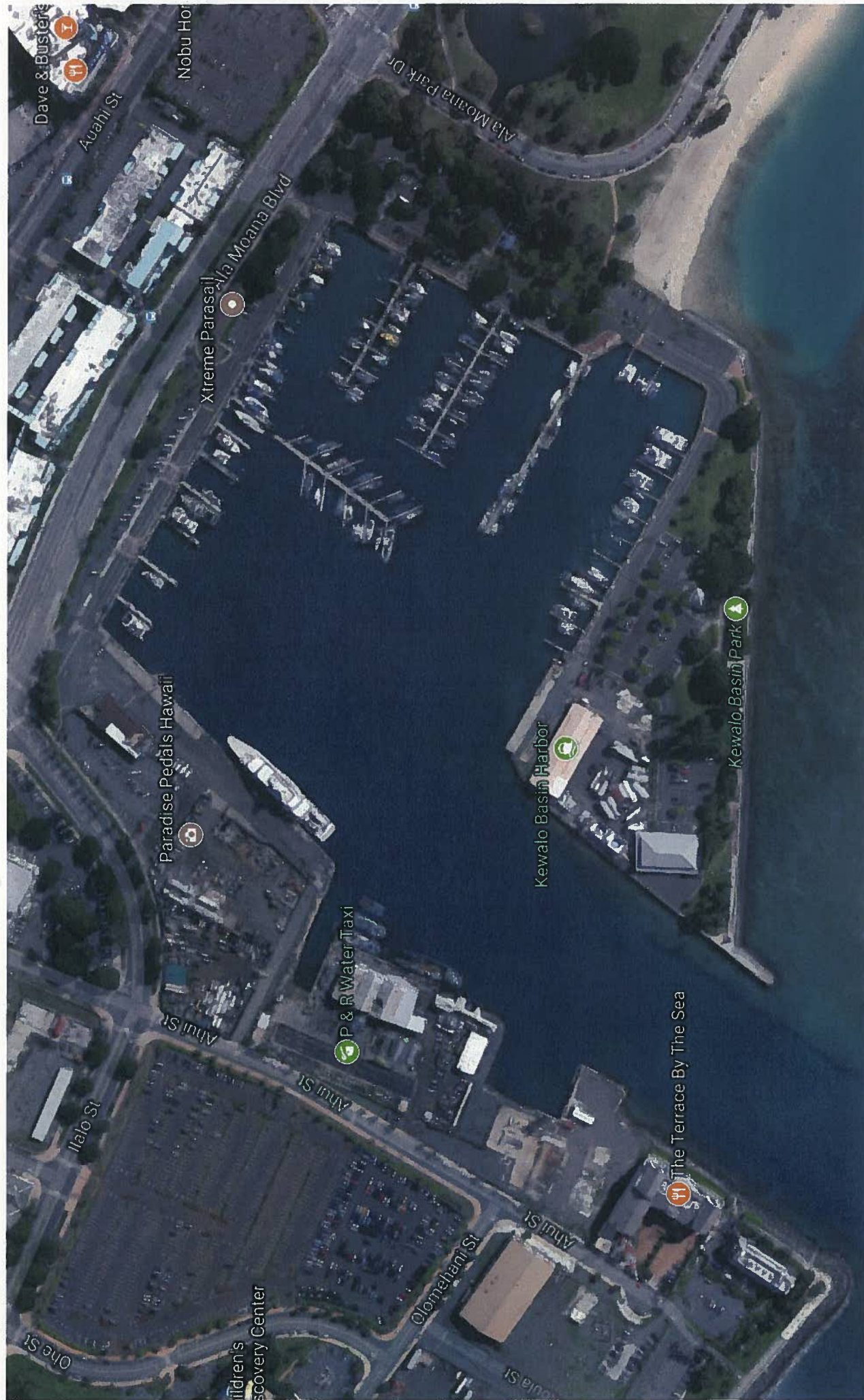
October 2, 2015: HHC and KWP submitted their best and final offers.

October 7, 2015: HCDA board voted to approve a Finding of No Significant Impact for the Final Environmental Assessment for the proposed Kupu Green Job Training Center Renovation at the Net Shed.

December 2, 2015: HCDA rejected the proposals from both HHC and KWP for Lot 1 (Diamond Head Parking Lot). HCDA selected HHC's proposals for Lots 2 and 3, provided the development described in their proposal would remain for the term of the lease and adequate fire suppression is provided.

April 5, 2017: HCDA board approved the usage proposed by Kupu as being consistent with the purpose and intent of the Makai area plan and rules. Authorized the ED to negotiate lease of the netshed building as described in the staff report, contingent on the lease being brought back for board approval prior to execution. Lease is also contingent on the acceptance of a development permit. If the permit is denied, the lease would be terminated.

August 2, 2017: HCDA board asked staff to re-draft the subject lease to address concerns surrounding acceptable uses of the facility.



Dave & Buster's

Auahi St

Nobu Honolulu

Xtreme Parasail

Paradise Pedals Hawaii

Kewalo Basin Harbor

Kewalo Basin Park

P & R Water Taxi

The Terrace By The Sea

Ilalo St

Auahi St

Auahi St

Olomehame St

Auahi St

One St

Children's Discovery Center

Auahi St

KEWALO HARBOR VISION:
OUR MAKAI COMMUNITY GATHERING PLACE

Kewalo Harbor: Our Makai Community Gathering Place, was proposed as a narrative to describe the importance of this place to the community as well as the inspiration for a comprehensive and cohesive master plan solution.



Five distinctive areas were identified for their unique characteristics and observed opportunities, each defined by the community stakeholder expressions of what Kewalo Should Be...

- PIKO -
A Diverse
Working Harbor

- PILINA -
A Connection to the
Waterfront

- KAUAHALE -
An Urban Fishing
Village

- KAHAKAI -
A Unique Beach
Experience

- KAI -
A Family Ocean
Destination



SITE PLAN

Kewalo Harbor Landslide Redevelopment

Howard Hughes

KAI - A FAMILY OCEAN DESTINATION

Kai speaks of the ocean and this site's importance to the community as a family destination for relaxation and recreation. Ocean front commercial retail space inspired by the canopy of a shade tree is proposed to join the park and net shed on the peninsula. New facilities for both the harbormaster and the City Lifeguards will also be included. Existing parking will be retained and expanded public parking and surf board storage will be accommodated in a structure below a substantial new landscape park terrace. (area includes Lot 3 per HCDA Solicitation)



KEWALO HARBOR WATERFRONT DEVELOPMENT

The successful community dialog that began with these two important community stakeholder workshops has continued through to today. The proposal contained within is the culmination of 8+ month process of community engagement, planning, and design that illustrates a unique development approach that:

- » Proposes a single comprehensive master plan to holistically promote the historic, economic and cultural vitality of the currently underutilized fast lands of Kewalo Harbor.
- » Comprehensively responds to the aspirations, thoughts and concerns expressed by community stakeholders during a robust public engagement process.
- » Honors and respects the substantial and significant history of Kewalo Harbor through meaningful expressions.
- » Encourage the community to experience the Makai environment expanding upon and enhancing the "Lei of Green" along urban Honolulu's waterfront.
- » Enhances support function and amenities for a diverse stakeholder community. And,
- » Respects and is consistent with the Kaka'ako Makai Area Conceptual Master Plan

The result is a Kewalo Harbor Waterfront Development Proposal that prioritizes the character and maritime uses of the working harbor while establishing itself as a new and vibrant *Makai Gathering Place for Our Community*.



1st class Marina center to commercial
 KEWALO SHOPS
 Planning + tourist destination
 KEWALO ISLAND CLEAN ENERGY



KEWALO ISLAND from the city



SITE PLAN - LOT 3 (KAI)

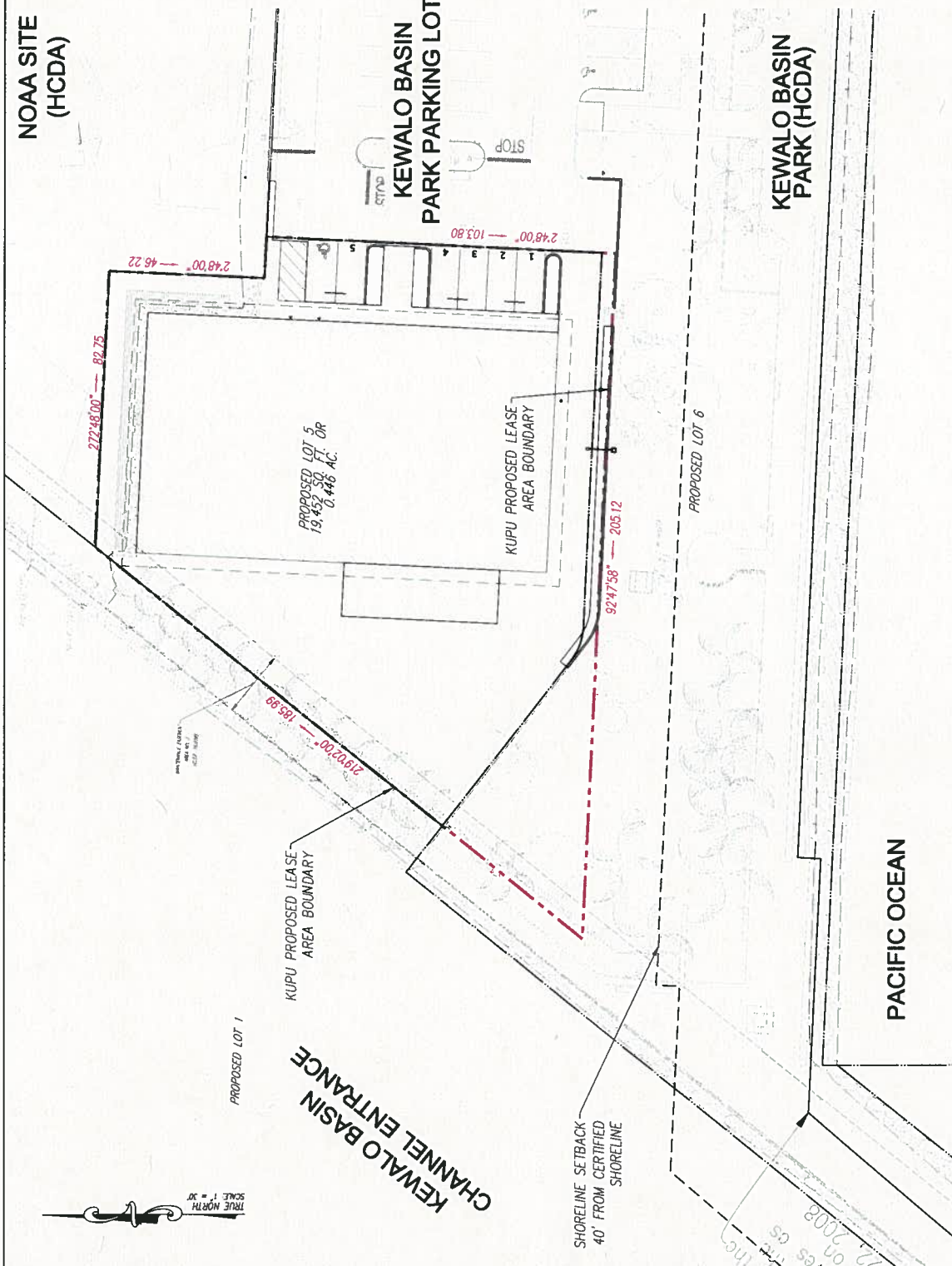
Kewalo Harbor Landslide Redevelopment

Howard Hughes

NOAA SITE
(HCDA)

KEWALO BASIN
PARK PARKING LOT

KEWALO BASIN
PARK (HCDA)



LEGEND

- LOT/PROPERTY LINE
- ADJACENT LOT/PROPERTY LINE
- EXISTING HCDA LOT LINE
- KUPU GREEN JOBS TRAINING CENTER LEASE AREA EXISTING FENCE
- ROOT BARRIER
- SAWCUT AND JOIN
- CONCRETE
- ▨ LANDSCAPING



LEASE AREA EXHIBIT
Scale: As Shown

KUPU GREEN JOBS TRAINING CENTER

JULY 31, 2017



SITE PLAN - KEWALO BASIN PARK PENINSULA

Kewalo Harbor Landslide Redevelopment

KAKA'AKO MAKAI COMMUNITY PLANNING ADVISORY COUNCIL

THE VISION FOR KAKA'AKO MAKAI

The Hawaiian Place of Ka'ākaukukui and Kukuluāe'o¹

Kaka'ako Makai is the community's gathering place. A safe place that welcomes all people, from keiki to kūpuna, with enriching cultural, recreational and educational public uses. A special place that continues the shoreline lei of green with scenic beauty, connects panoramic vistas mauka to makai, and encourages ecological integrity of land, air and sea. Kaka'ako Makai honors, celebrates and preserves its historic sense of place, Hawaiian cultural values and our unique island lifestyle for present families and future generations.

GUIDING PRINCIPLES

Community Cultural Gathering Place

Establish Kaka'ako Makai as a gathering place where community and culture converge in response to the natural scenic beauty of the green shoreline open space.

- *Celebrate the intertwined cultures of the community by ensuring a welcoming gathering place for a broad cross-section of people diverse in age, income and ethnicity.*
- *Provide enriching public recreational, cultural and educational opportunities for residents and visitors alike through Kaka'ako Makai's scenic coastal and marine environment, the Native Hawaiian cultural heritage, compatible facilities and activities, and historic sites and settings.*

Hawaiian Culture and Values of the Ahupua'a

Base the framework for planning, decision-making and implementation of the Kaka'ako Makai master plan on Native Hawaiian values and traditional and customary rights and practices protected by the State.²

- *Emphasize the host Hawaiian culture.³*
- *Incorporate the ahupua'a concept and spirit of caring for, conserving and preserving the self-sustaining resource systems necessary for life, including the land that provides sustenance and shelter, the natural elements of air, wind and rain extending beyond the mountain peaks and streams of pure water, and the ocean from the shoreline to beyond the reef where fish are caught.*
- *Adopt the ahupua'a lifestyle of individual kuleana working together and contributing to the whole for a greater level of stewardship, conservation, and proper management of resources with contemporary land-use benchmarks, such as growth boundaries and carrying capacity.*
- *Assure that the planning of collective or individual traditional features, settings, and activities will be overseen by Hawaiian historic and cultural experts to prevent misinterpretation or exploitation.*

¹Ka'ākaukukui and Kukuluāe'o were once the 'ili (Hawaiian sub-districts) whose shoreline portions became Kaka'ako Makai. Ka'ākaukukui literally means "north light." Kukui tree nut oil is used for candles, perhaps once glowing at night in the fishing village on the north side of the shoreline. Kukuluāe'o is a place name referring to the marshes, salt pans, and fish ponds once fronting Kewalo Basin. This is also the name of a Hawaiian stilt marsh bird species, perhaps with a call sounding like the name.

²Hawaii State Constitution, Article XII, Section 7. Inform the planning process by the principles and traditions of the ahupua'a, and inspire the master plan by the interconnected relationship of people.

³§206E-34(c)(5), Hawaii Revised Statutes. The Hawaiian host culture is emphasized as pre-eminent yet inclusive of other cultures.

Open View Planes

Protect, preserve and perpetuate Kaka'ako Makai's open view planes from the mountains to the sea as an inherent value of the Hawaiian ahupua'a and an important public asset for residents, visitors and future generations.⁴

- *Ensure planning and development safeguards to identify, document, retain, restore and protect makai-mauka and diamondhead-ewa open view planes to the Ko'olau mountains, Diamond Head (Lē'ahi) and the Wai'anae mountains as seen from the view vantage areas and vicinities of Kaka'ako Makai's public lands and Kewalo Basin Harbor.*

Coastal and Marine Resources

Preserve, restore and maintain Kaka'ako Makai's valuable coastal and marine resources for present and future generations.

- *Enable the monitoring, protection, restoration, and conservation of natural coastal and ocean resources, including reef and marine life, through responsible stewardship and sustainable practices.*
- *Protect and sustain the coastal environment for cultural uses including fishing, ocean gathering, surfing and ocean navigation.*

Expanded Park and Green Space

Ensure expansion of Kaka'ako Makai's shoreline parks as significant landscaped open spaces⁵ joining the lei of green parks extending from Diamond Head (Lē'ahi) to Aloha Tower.

- *Implement the Hawaiian values of the ahupua'a and mālama 'āina by preserving shoreline open space, protecting scenic coastal and marine resources, and respecting the natural interaction of people, land, ocean and air.*
- *Welcome residents and visitors alike with green open space, abundant shade trees and opportunities for family recreation.*
- *Use the established park planning standard of at least 2 acres per 1000 residents as a benchmark to assure sufficiency of park space to contribute to the health and welfare of Kaka'ako Mauka's growing population and offset increased urban density, noise and pollution.*

Public Accessibility

Provide open and full public access to recreational, cultural and educational activities within and around Kaka'ako Makai's parks and ocean shoreline.

- *Ensure complete public recreational access with minimal impact to the environment, including drop-off accommodation of ocean recreation equipment and connections to public transportation.*
- *Provide a shoreline promenade and tree-lined paths to safely and comfortably accommodate pedestrians, bicyclists and the physically impaired.*
- *Provide sufficient shared parking complementary to the natural setting to support all uses in Kaka'ako Makai, with workplace parking available for recreational and cultural users during non-working hours.*

⁴ Significant Panoramic Views Map A-1, Honolulu Primary Urban Center Development Plan.

⁵ Inclusive of Kewalo Basin Park, Kaka'ako Waterfront Park and Kaka'ako Gateway Park.

Public Safety, Health and Welfare

Ensure that Kaka'ako Makai is a safe and secure place for residents and visitors.

- *Keep public use areas safe day and night for public comfort and enjoyment.*
- *Ensure that exposure to land and ocean is environmentally safe for people and marine life by assuring timely investigation, determination, and remediation of contaminants.*
- *Ensure that Kaka'ako Makai remains free and clear of elements, activities and facilities that may be potentially harmful to the natural environment and public well-being, including laboratories containing and experimenting with Level 3 or higher bio-hazardous pathogens and/or biological toxins known to have the potential to pose a severe threat to public health and safety.⁶*

Public Land Use Legislation – Public Use of Public Lands in the Public Interest

Recognize and respect the effort and intent of the Hawaii State Legislature to uphold the greater public interest by ensuring and sustaining public uses on Kaka'ako Makai State public lands for the greater public good.

- *Preclude the sale of public land and development of housing in Kaka'ako Makai;⁷*
- *Demonstrate commitment to serve the highest needs and aspirations of Hawaii's people and the long-term good of Hawaii's residents and future generations through community-based planning;⁸*
- *Restore the site-dependent use of Kewalo Basin Cove to the Kewalo Keiki Fishing Conservancy.⁹*

Kewalo Basin

Ensure that Kewalo Basin Harbor's unique identity is retained with continued small commercial fishing and excursion boat uses, keiki fishing and marine conservation, marine research and education, and accessible green park open space expanding the lei of green between Ala Moana Park and Kaka'ako Waterfront Park.

- *Enable continued functional commercial boating uses at Kewalo Basin Harbor¹⁰ and preserve the beneficial relationships between the existing small commercial fishing and excursion boat businesses and land-based maritime support service businesses.*
- *Ensure that Kewalo Basin will continue as a State of Hawaii commercial harbor and valuable public facility asset by repairing, maintaining and enhancing the harbor for small commercial fishing and excursion boat use.*
- *Ensure the protected use of Kewalo Basin Cove for Kewalo Keiki Fishing Conservancy keiki fishing and marine conservation programs.*
- *Support Kewalo Marine Laboratory's continued valuable marine biology and ecosystems research and education in the vicinity of Kewalo Basin.*
- *Ensure preservation of Kewalo Basin Park, the net house and parking lot for public use, upgrade and improve existing facilities within the park, and provide green open space between Ala Moana Park and the channel frontage.¹¹*

⁶ Protection of the public health and safety is first and foremost in this area a) immediately adjacent to a Shoreline recreation area and the urban population center, b) in close proximity to a regional beach park and the Waikiki primary visitor destination, and c) within the updated tsunami zone.

<http://beta.abc3340.com/news/stories/1007/460171.html> http://www.nytimes.com/2007/10/05/us/05labs.html?_r=1

⁷ §206E-31.5, Hawaii Revised Statutes.

⁸ HCR 30, 2006.

⁹ Act 3, 2007, Special Session.

¹⁰ §206E-33(2), Hawaii Revised Statutes.

Cultural Facilities

Offer public enrichment opportunities through both fixed and flexible cultural facilities that celebrate the diverse cultures of Hawai'i and blend compatibly with the shoreline open space.

- *Contemplate compatible indoor and outdoor performance venues that encourage the teaching, practicing, and presentation of hula, theater, music, dance, and other performing and visual arts, with an outdoor multi-cultural festival space for Honolulu's diverse ethnic communities.¹²*
- *Contemplate educational facilities, such as an exhibition hall with permanent, interactive and rotating exhibits, museums communicating the cultural history of the area, and places for traditional Hawaiian cultural practices.¹³*
- *Establish a cultural market stocked by local farmers, fishers and Hawaiian traditional craft makers to reflect the Hawaiian values of gathering and trading in the ahupua'a between the mountains and the sea.¹⁴*
- *Ensure a community center for local families to gather, interact and learn from each other.*

Small Local Business

Apportion a limited number of small local businesses to assist in cooperatively sustaining Kaka'ako Makai's public use facilities.

- *Ancillary small businesses may include diverse local restaurants, cafés, small shops, markets or other uses that will complement the recreational, cultural, harbor or other public facilities serving the community interest.¹⁵*
- *Encourage small local enterprises that emphasize the Hawaiian culture and support traditional local products, rather than large corporate retailing attractions.*

Site Design Guidelines –

A Hawaiian Sense of Place in Landscape, Setting and Design

Ensure that Kaka'ako Makai's public use facilities are compatible in placement, architectural form, and functional design within the landscape of the shoreline gathering place.¹⁶

- *Provide and maintain abundant native coastal plants and trees to blend the scenic and sensory qualities of the coastal environment and create a Hawaiian sense of place.*
- *Identify, protect, preserve, restore, rehabilitate, interpret and celebrate Kaka'ako Makai's historic sites, facilities, settings, and locations.*
- *Maintain the quality of coastal environmental elements including natural light, air and prevailing winds.*
- *Mandate sustainability principles, conservation technologies, and green building standards for buildings, grounds and infrastructure.¹⁷*

¹¹ *Inclusive of greenbelt connections between Ala Moana Park and Kewalo Basin Park, between the Net House and Kewalo Basin Channel, and between Ala Moana Boulevard and Kewalo Basin to Point Panic.*

¹² §206E-34(d)(3), Hawaii Revised Statutes.

¹³ §206E-34(d)(5), Hawaii Revised Statutes.

¹⁴ §206E-34(a) and (b), Hawaii Revised Statutes.

¹⁵ §206E-34(d)(2), Hawaii Revised Statutes.

¹⁶ Encourage private development mauka of Ilalo Street to compliment the gathering place concept of the Kaka'ako Makai public use area on public lands by providing landscaped set-backs and inviting open architecture at the street level.

¹⁷ Ensure reasonable carrying capacity with limited infrastructure for sufficient water supply, storm-water drainage and waste disposal.

Community/Government Planning Partnership

The Kaka'ako Makai Community Planning Advisory Council places the public interest first and foremost, and will strive to uphold the greater good of the community in partnership with the HCDA as the public oversight agency by:

- *Openly working with the community, the HCDA and the HCDA's planning consultants as guaranteed by government commitment to ongoing community representation and involvement throughout the master planning process;*
- *Openly communicating with the State Legislature and other elected public officials;*
- *Committing the time and effort required to meet the goals and objectives of the Kaka'ako Makai planning process, and advocating responsibly in the public interest both collectively and individually, notwithstanding premature or conflicting proposals.*

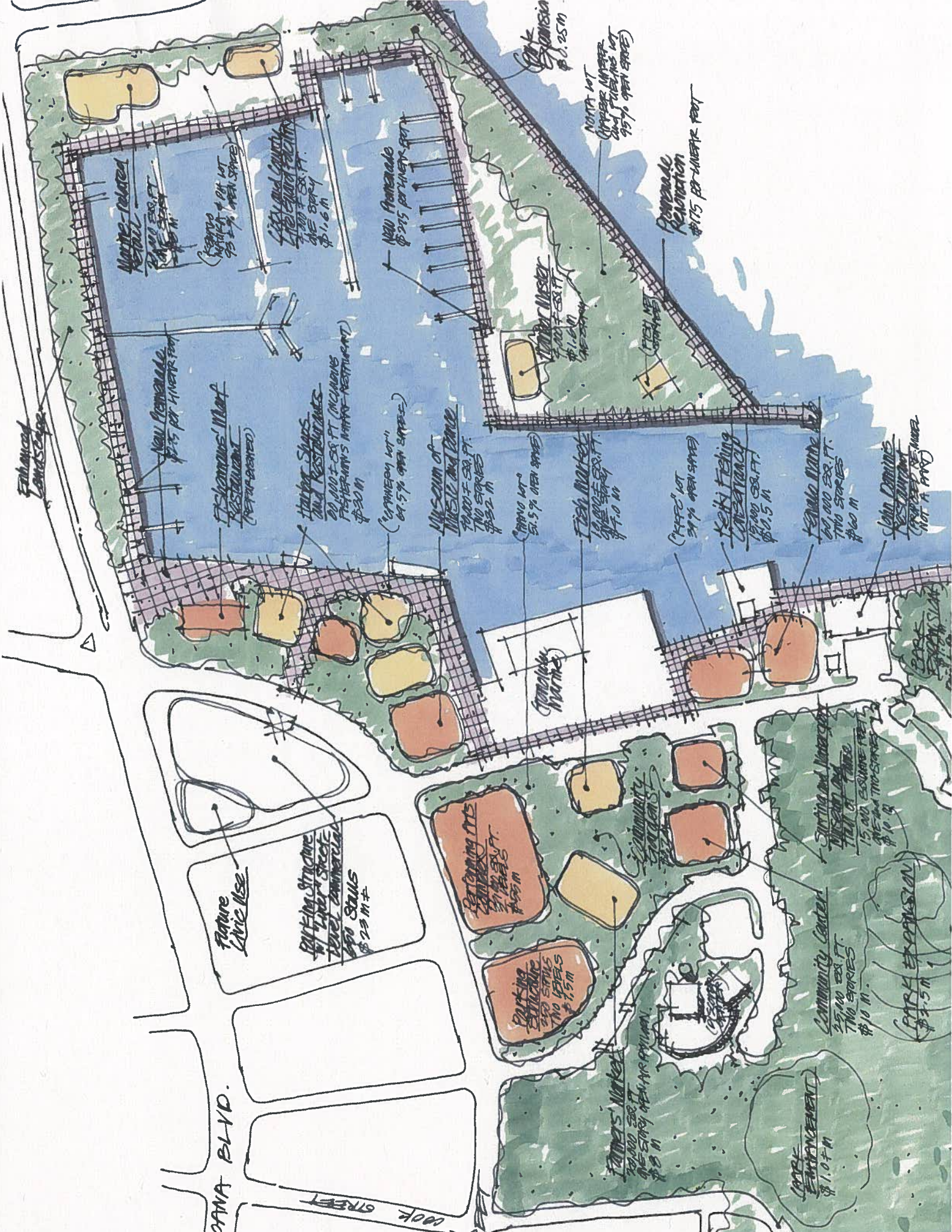
Future Funding and Management

Assure and assist viable and sustainable operation of public uses and facilities on State public land in Kaka'ako Makai through public/private partnerships and 501(c)(3) non-profit management¹⁸ similar to successful park conservancies and their stewardship programs.

- *The community land conservancy will be essential in determining safeguards to restore, protect and perpetuate Kaka'ako Makai's natural shoreline resources and view planes, historic and recreational resources, and public uses on State public lands in the public interest as a quality of life benchmark.*
- *This conservancy may be a public/private partnership of the Kaka'ako Makai Community Planning Advisory Council (CPAC), the Hawaii Community Development Authority (HCDA) or current oversight agency, and private contributing interests to both monitor and underwrite public use on State public land in service to the public good.¹⁹*

¹⁸ §206E-34(c)(3), Hawaii Revised Statutes.

¹⁹ A public/private community benefits agreement may be developed upon completion of the master plan to define respective responsibilities and contributions.



Enhanced Landscaping

Water-related Retail
\$200,000 sq. ft.
\$100 per linear foot

City and County
The Edward F. Kelly
\$1.6 M

New Promenade
\$175 per linear foot

77-hannons' Market
RESTAURANT
(RESTAURANT)

Halibut Spots
and RESTAURANTS
20,000 sq. ft. (INCLUDES
FISHERMAN'S MARKET RESTAURANT)
\$30 M

Garage lot
(97.5% OPEN SPACE)

MUSEUM OF
MUSIC AND DANCE
20,000 sq. ft.
TWO STORIES
\$30 M

Garage lot
51.5% OPEN SPACE

Fish Market
10,000 sq. ft.
ONE STORY
\$4.0 M

Garage lot
34% OPEN SPACE

Keiki Fishing
CATERING
10,000 sq. ft.
\$2.5 M

Female Made
60,000 sq. ft.
THREE STORIES
\$60 M

John Danning
RESTAURANT
(PROPOSED BY OWNER
NOT A PRO)

Garage lot
(MARKET)

Figure
Lobby Use

Parking Structure
w/ 4 Level Street
Level Commercial
400 Stalls
\$23 M

Parking lot
200 STALLS
\$10 M

Parking Structure
200 STALLS
\$15 M

Community
GARDENS
PIZZA

Farmers' Market
20,000 sq. ft.
ONE STORY OPEN AIR MARKET
\$8 M

Garage lot
15,000 sq. ft.
ONE AND TWO STORIES
\$10 M

Community Center
25,000 sq. ft.
THREE STORIES
\$10 M

PARK ENHANCEMENT
\$1.0 M

PARK EXPANSION
\$4.5 M

DANA BLVD.

COOK STREET

Park Expansion
\$1.25 M

NORTH LOT
(MARKET MARKET
AND FISHING LOT
95% OPEN SPACE)

Promenade
Renovation
\$175 PER LINEAR FOOT

Garage lot
\$1.6 M

FISH MARKET
(MARKET)

October 1, 2015

PROJECT NARRATIVE

Project site: Kewalo Harbor Lot 3
Project Sponsor: The Howard Hughes Corporation
Project Architect: WCIT Architecture

PROJECT OVERVIEW

The proposed mixed-use commercial project is located on Lot 3 of the fast lands surrounding Kewalo Basin Harbor in the Kakaako Makai neighborhood of Honolulu, Hawaii.

The project's development, planning and design approach conforms to the City of Honolulu's Makai Area Conceptual Master Plan. The project has been developed to holistically promote the historic, economic and cultural vitality of the currently underutilized fast lands and Kewalo Basin. The design extensively addresses concerns raised by local stakeholders during the public review process. Thoughtful consideration has also been given to the history of Kewalo Harbor and the future needs it faces as a community of diverse stakeholders. The result is a project that prioritizes the character and maritime uses and history of the working harbor while establishing itself as a new and vibrant public space for visitors and local residents alike.

SITE

Lot 3 is the Makai-most site of the three lots being considered in this proposal and is located at the tip of the peninsula that makes up the fast lands surrounding Kewalo Basin. Cooled by prevailing winds and surrounded by water on three sides, the site is at an intersection where water, air and sea meet land. The site is fronted by Kewalo Basin Park and world-famous surf breaks along its Makai shore. Its Mauka edge serves Kewalo Harbor and is flanked to its Ewa and Diamond Head sides by the Kupu Net Shed and Kewalo Basin Park respectively. This intersection brings together diverse groups ranging from school children and seasoned fishermen to tourists and world-famous surfers making it a node for maritime and land-based activities year-round.

Most of the 60,681 square foot site remains vacant at this time. Current tenants on-site are the Kewalo Basin Harbor Master, and the City & County of Honolulu, Emergency Medical Services – Lifeguard Division. The proposed project will include new commercial tenant spaces and much-needed new facilities for both the harbormaster, City Lifeguards and flex space for the Sherriff's Department who all serve a critical role in ensuring the safety of the Kakaako Makai neighborhood and the South Shore as a whole on a daily basis.

PEDESTRIAN & HARBOR CONSIDERATIONS

On-site pedestrian and vehicular circulation was given careful consideration and study. The design strategies herein strive to enhance the pedestrian experience by minimizing the obstruction of building and emphasizing a natural park-like setting and open space. The main building on site is an adaptive reuse design using the existing buildings and small structures for public leisure space. The building's

public space experience is intrinsically tied to framed Makai views during the day and Mauka (harbor and city) views at night. This dual view plain allows the open space to be utilized as additional parking during the day for surfers and park users and a great 'pau hana' dinner and drink destination by night along the harbor's waterfront.

The project offers additional pedestrian-oriented amenities for visitors and locals and threads "the Lei of Green" through the harbor from the Kakaako Makai neighborhood and beyond. The path established within the boundaries of the site continues around and through the project enabling walkers, joggers and wanderers to enjoy a complete journey around the building and point through the site of Lot 3. The open space works in conjunction with the pedestrian promenade and acts as an extension of the existing Kewalo Basin Park helping to pull pedestrian activity over the site and through to the Mauka (harbor) side. The open lot and its surrounding landscape will incorporate native foliage and outdoor seating to further soften the extensive amount of hardscape and reinforce connections to place.

The project honors the history of Kewalo Harbor as the state's only working small-boat harbor and prioritizes its day-to-day operations while at the same time offering a diverse range of new uses under one roof. As a result, the operational uses of lifeguard and harbormaster activities have been strategically located on the channel and Mauka (harbor) side of the site. This ensures proximity of these vital services to the harbor thus minimizing emergency response times and maximizing harbor safety. The opposite side of the building and above mezzanine levels will provide quality commercial and open spaces for the public, local eateries and other commercial tenants.

PARKING & PUBLIC AMENITIES

The project employs open stalls to maximize the site's parking capacity – as proposed by stakeholders in public meetings. The project provides a total of 102 spaces of public parking. In addition to assuring maximum density, this also provides the public and Kupu with an additional area in which to park their cars and enjoy public facilities. The open space created by the parking lot creates the opportunity to provide space for public and private events as well.

Large deliveries will occur from the Makai side with possible colocation with the existing Kupu Net loading area. Deliveries will be restricted to off-peak periods to minimize congestion of the adjacent Kupu Net Shed facility, Kewalo Basin Harbor Park and harbor activities. Van deliveries will occur within the parking lot itself. In addition to parking, the existing site provides jet-ski storage for lifeguards and the potential for a scuba tank filling facility available to local charter operators. Reuse of existing structures will provide an opportunity for public and private surfboard storage.

ARCHITECTURAL & URBAN DESIGN

The project strives to reinforce Kewalo Harbor's vision as a "community gathering place." To implement this the designers have turned to the existing building as a central public space for private and public events. The result is a project that provides a new gathering place for the local community but also a destination for visitors. The proposed project reflects the scale, aesthetics and diverse uses of its surrounding Kakaako Makai neighborhood and draws upon these elements for its architectural vocabulary, while paying homage to the past by reusing the old "ice house" that once was located on the site during the height of the Harbor's commercial fishing and canning days. The project strives to keep the interior spaces as open as possible to create the classic Hawaiian-style of blurred boundaries between indoor and outdoor spaces that provides a unique and welcoming feel.

The parklets, surfboard storage and container structures draw upon the industrial history, local building materials and landscapes to evoke a uniquely Kakaako, Urban Hawaiian experience. Below the roof abundant glazing allows mixture of industrial and natural elements and human activity to be viewed from the exterior providing a safe and inviting environment. Through this inclusive process and approach to design, the project enables a series of local gathering places for users to enjoy the serenity of its views and shade alongside the ocean activities that exist around the site.

SUSTAINABILITY STRATEGIES

The project utilizes sustainable planning, development and design strategies in accordance with the mission of the Howard Hughes Corporation. These are based on current LEED guidelines along with time-honored, climate-responsive strategies conducive to Hawaii's unique tropical climate. The following concepts and strategies are designed into the proposed project:

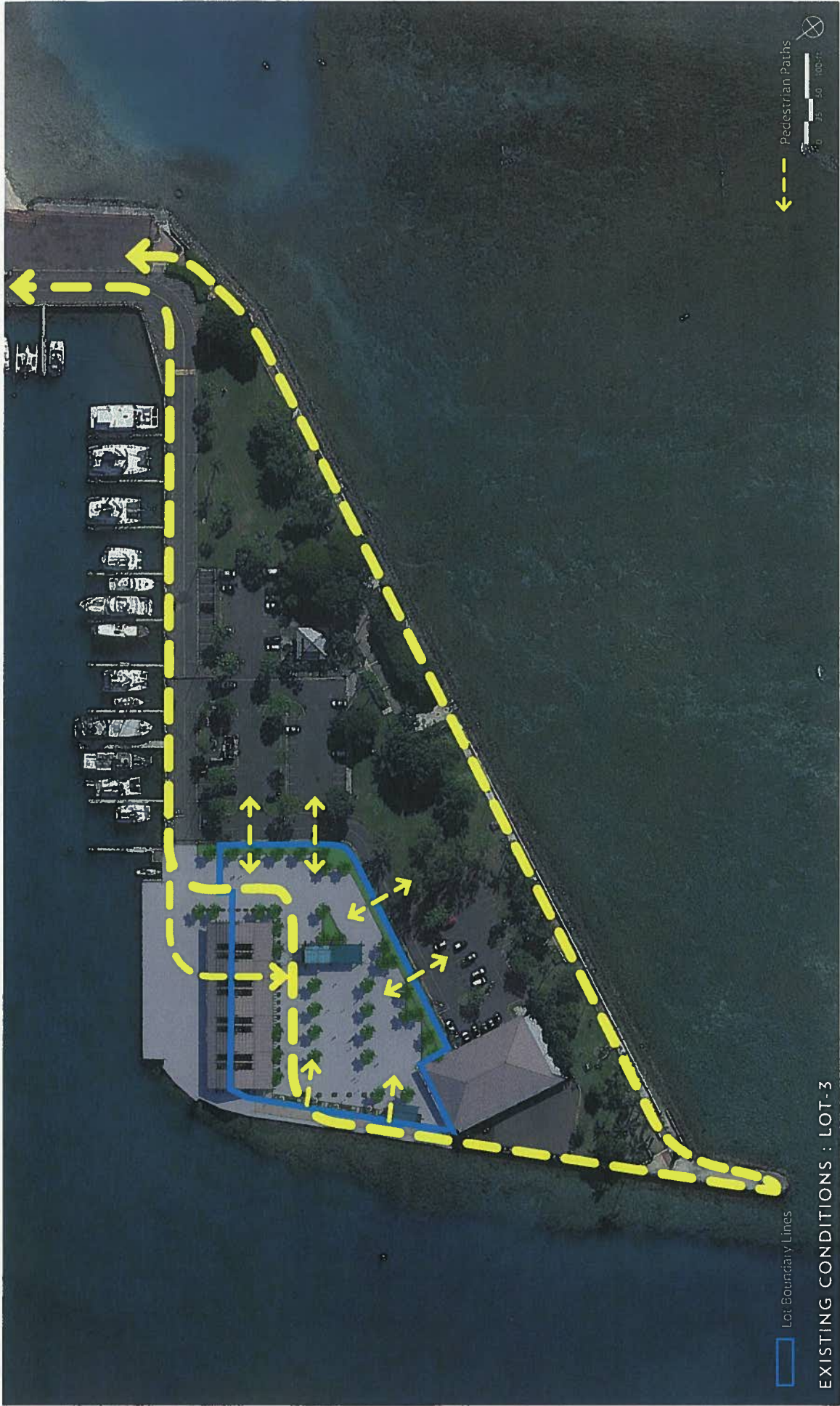
- A pedestrian-oriented ocean destination that encourages visitors and locals alike to walk or bike to and to circumnavigate the peninsula – to complete the “Lei of Green.”
- Parklets with native vegetation provides an outdoor “living room” that encourages pedestrian circulation and outdoor activity while providing natural shaded seating.
- Surfboard storage along the Diamond Head edge promotes gathering and provides much needed surfboard storage to enhance the vibrant surf culture that calls Kewalo Basin home.
- Designated bicycle parking spaces and potential bikeshare docks near the entrance to the site encourage bicycling.
- Covered lanais encourage outdoor seating and minimize the need for air-conditioned spaces. These overhangs provide expanses of shade for optimized thermal comfort and passive cooling for the building and site – reducing glare on glazing and mitigating the heat-island effect.
- Maximized open spaces enhanced by visual Mauka-Makai connections provide publically accessible quality spaces day and night.
- Similar materials throughout the project blur the lines between interior and exterior spaces unifying the building into the landscape and vice versa.
- Tenant selection includes eateries reliant on local-sourced ingredients thus reducing carbon footprint and reinvesting revenue back into local businesses and food sources.
- Reuse of the existing building and structures eliminate waste and reduce material, shipping and labor cost. The same economies are incorporated into the utilization of expressive structural elements which eliminate the need for additional interior and exterior surface finishes.
- The building encourages gathering and provides much needed storage, convenience and access to sustain and enhance the vibrant ocean recreation and surf culture of Kewalo Basin Harbor activities.


Note

This project will enhance visitor experience & existing harbor operations by allowing the creation of a contiguous public promenade that would allow pedestrians to circumnavigate the peninsula thus threading the “Lei of Green” around the harbor. Areas can also be maximized but also distributed appropriately to maintain a balanced district. This may require the consolidation of the harbor parcel with Lot 1, Lot 2, and Lot 3.


 KEWALO BASIN HARBOR

Arnold Hughes
ARCHITECTS



 Lot Boundary Lines

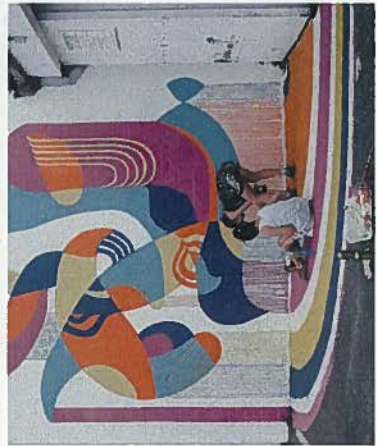
EXISTING CONDITIONS : LOT-3

 Pedestrian Paths



KEWALO BASIN HARBOR

Armadillo Architects



PROPOSED RENDERING : AERIAL OF WAREHOUSE BUILDING

KEWALO BASIN HARBOR

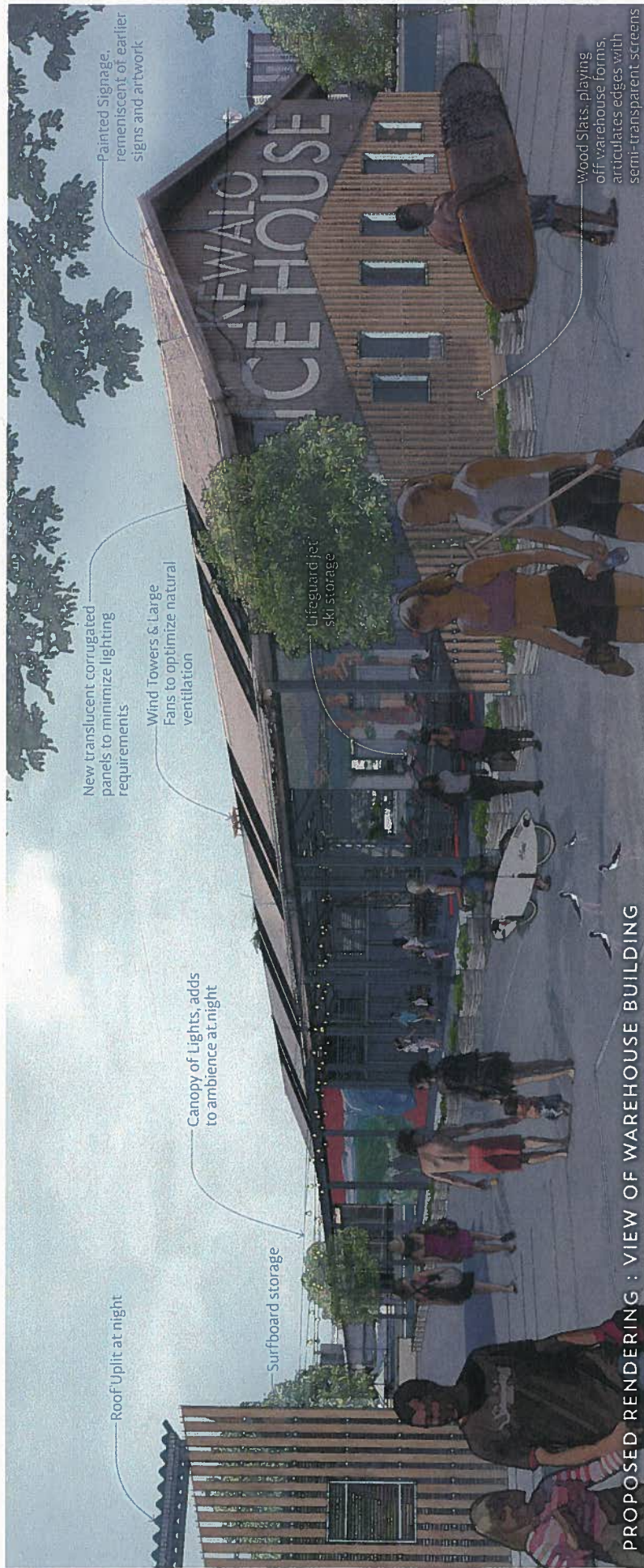
Howard Hughes
CONSTRUCTION SERVICES



EXISTING CONDITIONS : VIEW OF WAREHOUSE BUILDING



KEWALO BASIN HARBOR



Roof Uplit at night

New translucent corrugated panels to minimize lighting requirements

Wind Towers & Large Fans to optimize natural ventilation

Canopy of Lights, adds to ambience at night

Surfboard storage

Lifeguard jet ski storage

Painted Signage, reminiscent of earlier signs and artwork

Wood Slats, playing off warehouse forms, articulates edges with semi-transparent screens

PROPOSED RENDERING : VIEW OF WAREHOUSE BUILDING



portable containers, temporary shading structures and lighting



simple ways to personalize parking



lighting canopies to create ambience



wood slats to create spaces with transparency

KEWALO BASIN HARBOR

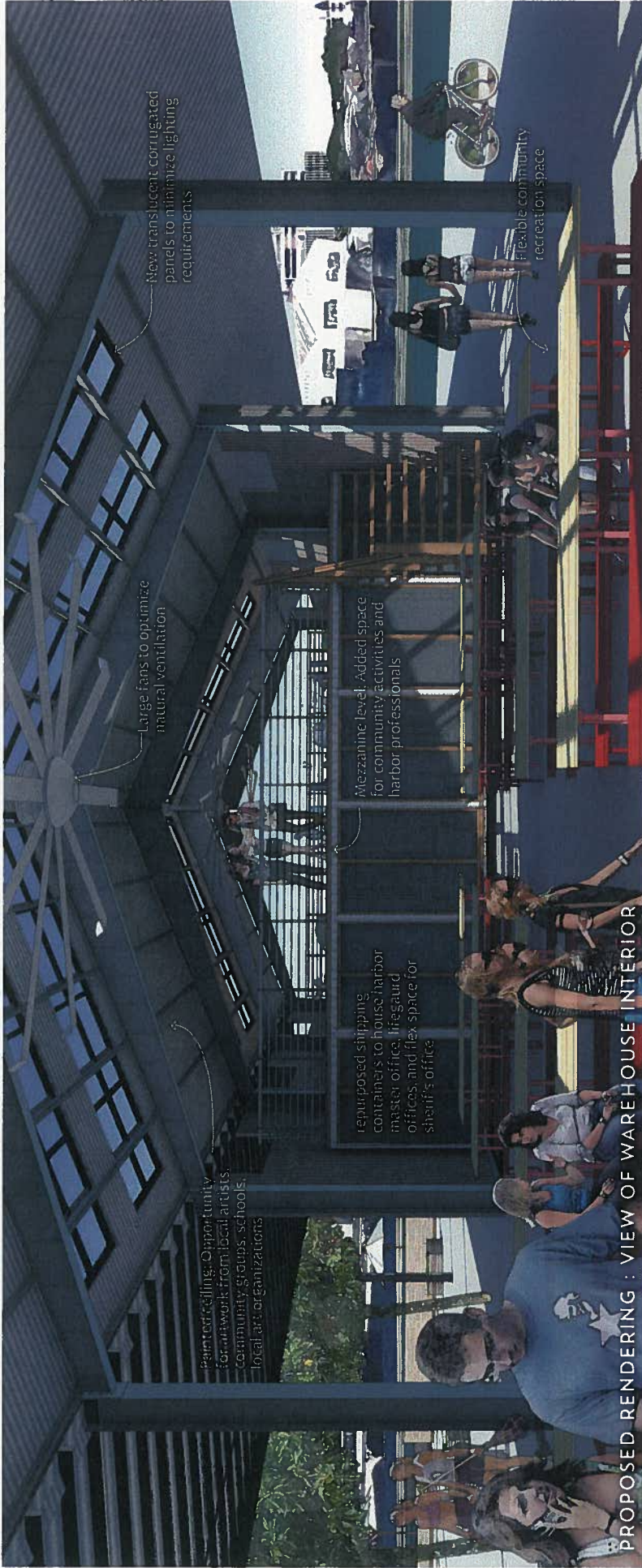
Howard Hughes
CONSTRUCTION



EXISTING CONDITIONS : VIEW OF WAREHOUSE INTERIOR



KEWALO BASIN HARBOR



Painted ceiling: Opportunity for artwork from local artists, community groups, schools, local arts organizations

repurposed shipping containers to house harbor master, office, life guard offices, and flex space for sheriff's office

Mezzanine level: Added space for community activities and harbor professionals

Large fans to optimize natural ventilation

New translucent corrugated panels to minimize lighting requirements

flexible community recreation space

PROPOSED RENDERING : VIEW OF WAREHOUSE INTERIOR



mezzanine level

Natural light: Fans, industrial aesthetic

painted structure, flexible spaces

industrial and reused materials, trees and plants



WALK TO THE BEACH AND SWIMMING
 YOU'LL SEE AND BE INSPIRED BY
 WHOSE THE GREEN RECREATIVE
 HEADLINES IN THE PARKWAY
 SPEND TIME OUTDOORS AND
 SLEEP MORE SOUNDLY
 KNOWING THIS IS
 MAKING A BETTER
 WORLD FOR
 YOU AND
 ME

Unique opportunities for simple art

KEWALO BASIN HARBOR

Howard Hughes



PROPOSED RENDERING : OUTDOOR AMENITIES

Business Plan Narrative

The Victoria Ward Limited and Howard Hughes team is dedicated to working with the HCDA to execute a holistic improvement to the Kewalo waterfront. In order to make Kewalo the makai community gathering place, the business plan of each individual lot must be considerate of and coordinated with the other lots. In addition, care must be taken to ensure that the right uses are in the right places and that items such as parking and traffic flow are synergistically designed. Our team, along with the stakeholders and community agree that Kewalo is the place that the community goes to connect to the beach, ocean and harbor. Therefore our business plan is modeled with a synergistic tenant mix that will enhance these daily connections for both local residents and visitors

The team's first step in this effort was engaging the community to understand what improvements the daily users, residents and stakeholders would enjoy and visit themselves. This step is vitally important to the economic success of the development. Local activity and interest attracts more of the same and without the patronage of these frequent visitors the project would not become the envisioned gathering place and have the economic vitality required to sustain itself.

Next, the team looked at other successful waterfront developments both in Hawaii and on the Mainland. Benchmarking off of successful waterfront projects on Maui and Oahu and from Seattle to Newport Beach the team determined what characteristics made these places great. Not only were these characteristics incorporated into the overall design, they were also used as a guide for what would create a successful tenant mix.

Building on this, our internal operations and leasing team leveraged their knowledge of the Kakaako market to develop a strategy that would be synergistic with Ward Village and the surrounding area. Sometimes the best solution is the most obvious and we believe this to be true for this project. The uses should highlight the unique attributes of the site. The location lends itself to a mix of ocean, beach and harbor centric uses.

After garnering feedback from the public and the HCDA Board on our first submission it was obvious that the proposed water activity and harbor support uses were what all stakeholders would like to see, but at a lower level of impact and cost. Further, the HCDA Board was concerned with the challenges posed by the level of infrastructure upgrades required and the associated costs for full development of the parcel. With that in mind the team reduced the proposed improvements for Lot 3 to what was economically feasible, required no added capital from the HCDA and enhances the area for the public.

Lot 3's uses will focus recreation and community gathering, food and beverage, retail and harbor support including space for the Harbor Master, Lifeguards and Sherriff, and a reduced level of retail.

Leasing Plan* (This section is confidential)

The Ward Village leasing team offers 35 years of locally based leasing experience to include the redevelopment and expansion of Ala Moana Center and Ward Centers as well as involvement in the leasing programs of Whalers Village, Windward Mall, Queen Kaahumanu Center, King Shops and Prince Kuhio Plaza. The team has worked with many national brands along with locally based retail concepts that are extremely successful today, such as Honolulu Cookie Company, Cinnamon Girl, Real a Gastro Pub, and Paina Café. The leasing team has a proven ability to incubate retailers and help them to grow and expand to multiple locations.

The team's extensive experience and their keen understanding of the diverse local and visitor markets has been integral in bringing forth unique specialty stores to the Hawaii retail landscape. With this experience and the additional support from our corporate leasing team, we are confident we'll be able to bring an exceptional experience and retail mix to the harbor.

As discussed in the narrative above the harbor leasing strategy focuses on:

- Providing options for harbor, beach, and park users to enhance their stay while at the harbor.
- Amenities and retailers that will support the current owners and operators of vessels and business at Kewalo Basin Harbor.

The proposed development across all three lots includes pedestrian scale buildings that will have a cohesive mixture of retailers.

The proposed project for Lot 3 will result in around 18,260 square feet of building of which 10,680 will be leasable. The project will be a combination of a remodel and reuse of the existing Harbor Master's building and surrounding structures. The site will be cleaned, landscaped, parking added and the "lei of green" will be completed.

This location is especially unique as it offers a physical environment experience opportunity like nowhere else on the Harbor property. The natural landscaping of this area gives users the ability to experience the Harbor activity, and the daily south shore surf. It promises to be a truly unique experience and one that will be in high demand for quality tenants.

The project will provide approximately 1,600SF of new office space for the Harbor Master, Lifeguards and a flex space for the patrolling Sherriff. 1,600SF will be provided for food and beverage and retail use. These two blocks of space will create a mezzanine space inside the existing building expanding the useful space and providing a unique experience for harbor guests. Shop space, lockers and showers will also be provided for the Harbor and Lifeguard staff. 2,700SF of covered ground floor space will be available for seating and events.

The lot will be leveled and striped creating an additional 102 paid parking stalls. The current storage space will be remodeled for surfboard and harbor storage and seating with a container (reused from HCDA inventory) kiosk will help demarcate and furnish the "Lei of Green."

*Please note that all references made to actual retailers and restaurants were made for illustrative purposes only and it should not be interpreted that any discussions have begun with potential tenants.

End of Confidential Section

Marketing Plan

As the team embarks on the redevelopment of Kewalo Harbor, we will need to clearly and carefully identify the brand, our goals and our key messages with the public and the media. Through regular and strategic placement of the messages and community engagement events the team will continue to create positive associations. This will be an opportunity to showcase Kewalo Harbor's benefits to the community as a whole and deal with many of the property's current challenges. For the overall success of the harbor it is important to implement a cohesive marketing strategy that is truly integrated into the community and offers something for everyone.

The redevelopment of the harbor is an opportunity to further demonstrate The Victoria Ward Limited's and HHC's commitment to providing an enhanced community experience for visitors and kamaaina, while also highlighting the unique offerings the neighborhood has provided to people for decades. The following sections outline the team's goals and marketing action items that will be vital to the success of the harbor.

Marketing Goals

- Position Kewalo Harbor as a positive transformation for the community that will benefit the area as a whole and offer something for everyone, using tangible current community improvements to tell our story.
- Build awareness of Kewalo Harbor as a place that benefits all Oahu residents and visitors and offers unique experiences and community engagement.
- Build off of the proven marketing success, strategic relationships and customer base already established at Ward Village to further strengthen the Kewalo Harbor brand.
- Educate the community on the effort and investment that will go into the overarching plan.
- Maintain community, government and business leader support and tenant relationships by communicating clearly and directly with all stakeholders.
- Continue to earn media coverage and build media relationships around events and initiatives for the local community.
- Support compelling promotional initiatives to continue driving traffic to tenants.

Community Relations

- **Brand Activations:** Develop community engagement activations and support with media relations for specific and ongoing events, including social media campaigns, Kewalo Fishing Tournament, Marlin Community Art Project, Markets and various pop-up events.
- **Content Marketing:** Continue to build Kewalo Harbor's social media platforms include Instagram, Facebook and Yelp. Include Kewalo Harbor content in Ward Village's community platforms including social media and stakeholder newsletters.
- **Increase Public Awareness:** Install branded property signage, flags and destination locators. Prepare media pitches and develop activations related to Kewalo Harbor to better inform customers of the progress of developments.

Local Resident and Visitor Outreach

- **Community Advertising:** Establish local media plan concentrating efforts on Yelp, Google AdWords, Hawaii Boats and Yachts Magazine to boost traffic to activity providers as well as potential slip rental tenants.
- **Collateral Development:** Include Kewalo Harbor tenants on current Ward Village collateral including maps, brochures, websites and tourist coupon books.
- **National Advertising:** Develop a national media campaign for travel publications that features the unique ocean activities available at the Harbor.
- **Kewalo Harbor Concierge Events:** Host concierges for biannual events (summer and winter), where attendees are treated to a dinner and festivities and receive updates on what's new from Kewalo Harbor and Ward Village for visitors and guests.
- **Waikiki Outreach:** Develop a visual and interactive presence in Waikiki via relationships/partnerships with select hotels; consider Kewalo Harbor street ambassadors, sponsorship of hotel guest activities.
- **Increase Visitor Traffic:** Work with Asian PR and Advertising consultants to provide more incentives and promotions to international and mainland visitors, bringing more tour groups and visitors to Kewalo Harbor.

Ward Village Tenant Communication Expansion to Kewalo Harbor

- **Email Database:** Tenant database used to provide tenants with updates and information
- **Merchant Newsletter:** Prepared every month providing tenants with information such as results from various events, upcoming promotions, housekeeping items, and new tenant announcements.
- **Tenant Advisory Meeting:** A group of business owners and managers meet with the team on a monthly basis to provide input and feedback on operations, promotions, and marketing.
- **Quarterly Merchant Meeting:** Host all merchants to a meeting where they are provided property updates including development activity. Upcoming promotions are covered along with a training element.
- **Talk Story Sessions:** In 2015, the team implemented "Talk Story" sessions every 2 weeks for tenants to come and ask any questions they may have about the property.
- **Property visits:** The team is on property every day and make themselves available to tenants.
- **One-to-one meetings:** When there is a specific matter that needs to be addressed, a face to face meeting is scheduled. The goal is to continue building the relationships and letting tenants know the team is here for them.

Media Relations

- **Messages and Materials Development:** Update key messages for Kewalo Harbor, which will be translated through media materials, including:
 - Press kits
 - Fact sheet series
 - Talking points/Q&As
 - News releases and media advisories
 - Holding statements

- **Crisis Communications:** Provide ongoing crisis communications support by serving as media liaison, preparing and distributing holding statements, and assisting with internal and merchant communications.
- **2015 Media Calendar:** Prepare a comprehensive 12-month media calendar that outlines media opportunities throughout the year, including:
 - Support for ongoing Kewalo Harbor community promotions, events and annual holidays and celebrations.
 - Media pitches highlighting exciting tenant news.
 - Align media opportunities to advertising placements scheduled in 2015.
 - Distribution of comprehensive events calendar to calendar editors of appropriate publications for inclusion in all 2015 event listings.
 - Solicit year-round editorial opportunities for ocean activities.
- Award opportunities for the property and its tenants throughout the year.
- **Media Events**
 - **Kewalo Harbor Media Briefings:** Include Kewalo Harbor events, tenants and promotional mentions with key local, US mainland and Asian media and social media influencers for biannual media briefings (spring and fall), where attendees are treated to a luncheon/happy hour by The Howard Hughes Corporation and receive updates on what's new from Kewalo Harbor and Ward Village community events front.
 - **Deskside Meetings:** Host biannual meetings with key reporters to update them on the latest happenings at Kewalo Harbor.
 - **Editorial Board Meetings:** Host meetings, as needed, to address public concerns highlighted in media coverage.

Feasibility Analysis (This section is confidential)

To help further understand the current local commercial real estate market in Honolulu, particularly in regards to food and beverage and retail, the team solicited a market study from the Hallstrom Group (HG), a local market research team who is a subsidiary of CBRE, Inc. The purpose of the study was to analyze current and potential supply and demand in the applicable market area to determine if sufficient market demand will exist to make the project economically viable and to provide a sampling of relevant comparable lease terms for which we could reference in our project underwriting. The full report is available in Appendix 5.

Supply and Demand

Demand is driven by organic population growth and visitation. Though the population growth on Oahu over the next 10 years is projected to be moderate (.5%) the projected growth within Kakaako is expected to double.

PROJECTED RESIDENT POPULATION OF OAHU AND KAKAAKO DISTRICT			
Year	2015	2020	2025
<u>City & County of Honolulu</u>			
Projected Resident Population	1,016,800	1,043,900	1,070,100
Percent Annual Change		0.5%	0.5%
<u>Kakaako District</u>			
Projected Resident Population	12,500	19,000	25,000
Percent Annual Change		8.7%	5.6%
Percent of County Total	1.2%	1.8%	2.3%
Extrapolated from State of Hawaii DBEDT 2040 Series and City & County of Honolulu 2008 Socioeconomic Projections, and The Hallstrom Group/CBRE.			

On a more micro level the city and County of Honolulu estimates that Ala Moana Beach Park hosted nearly 2.7 million visitors in 2014, an increase of over one million in the 10 year period starting in 2004.

Over the past five full years from 2009 annual visitor spending has increased at an annually compounding rate of 7.16%. This rate of increase is expected to moderate over the next 10 years to 2.4%.

PROJECTED AVERAGE DAILY VISITOR CENSUS AND TOTAL ANNUAL EXPENDITURES			
Year	2015	2020	2025
Projected Average Daily Population	98,186	108,405	118,519
Percent Annual Change		2.0%	1.8%
Projected Total Annual Expenditures	\$6,896,215,000	\$7,994,603,000	\$9,001,123,000
Percent Annual Change		3.0%	2.4%
Extrapolated from State of Hawaii DBEDT Visitor Industry Statistics, University of Hawaii Economic Research Organization, and The Hallstrom Group/CBRE			

This population and visitation data can be used to create an estimate of market demand for retail and restaurant gross floor area for Oahu. As the following table shows there is support for over 4 million additional square feet of space over the next 10 years.

PROJECTED OAHU DE FACTO POPULATION AND TOTAL RETAIL SALES AND FLOOR SPACE			
Year	2015	2020	2025
Projected De Facto Population	1,114,986	1,152,305	1,188,619
Percent Annual Change		0.7%	0.6%
Projected Annual Retail Sales	\$30,150,000,000	\$35,982,066,000	\$42,119,633,000
Percent Annual Change		3.6%	3.2%
Per Capita Annual Spending	\$27,041	\$31,226	\$35,436
Percent Annual Change		2.9%	2.6%
Projected Retail Space Demand in SF (1)	13,602,416	15,616,425	17,668,552
Percent Annual Change		2.8%	2.5%
Demand for New Retail Space in SF		2,014,009	2,052,127
(1) Within centers and big box stores. Does not include free-standing stores or those in hotels.			
Extrapolated from State of Hawaii DBEDT Visitor Industry Statistics and State Data Book, and The Hallstrom Group/CBRE			

From a supply side there are many projects under construction and anticipated to move forward over the next 10 years. Currently this number stands at an estimated 3.13 million square feet of retail and food and beverage space. This leads to a slight over supply from 2015-2020 and significant undersupply from 2020-2025.

COMPARISON OF MACRO DEMAND AND SUPPLY INDICATORS		
Market Aspect	Total GLA in Square Feet	
	2015 through 2020	2021 through 2025
Projected Demand	2,014,009	2,052,127
Proposed Supply	2,154,173	976,000
Under/(Over) Supply	(140,164)	1,076,127

It should be noted that around 1.5 million or 48% of the projected supply is targeted to be within the Primary Urban Center (project competitive area) while 1.7 million or 42.2% of the total retail demanded will be in the Primary Urban Center. This results in an undersupply of 217 thousand square feet or 12.6%.

Further, the ocean front orientation of the proposed development is highly desirable particularly among food and beverage tenants. Of the 58 ocean front restaurant spaces identified by the Hallstrom group from Diamondhead to downtown, 57 are occupied and one is in negotiations with a tenant.

Vacancy, Rental Rates and Sales Volume

Further analysis was performed on the current spaces in the Kakaako-Waikiki Makai corridor to evaluate vacancy and rental rates along with potential tenant sales volume. Prime space achieves between \$500 and \$1,200 per square foot per year in sales volume. Vacancy rates in this area are observed at less than 3% in competitive centers.

Ala Mona Center is currently just under 100% occupied and the 650,000 square foot expansion is 54% pre-leased. They are currently achieving base rents of between \$8 and \$23 per square foot per month rental rates for in line tenants.

Ward Village is currently just under 100% occupied and is achieving \$3.75 to \$7 per square foot per month rental rates.

Of the prior mentioned Makai oriented restaurants base rents have ranged between \$3 and \$5 per square foot per month with percentage rent ranging from 5% to 9% of sales.

Based on the market dynamics the Hallstrom group provided the following table of expected leasing terms for potential tenants in the project:

PROJECTED ABSORPTION, RENTS, TENANT ALLOWANCES AND GROSS SALES VOLUMES FOR LEASABLE SUBJECT SPACES

Space	Year Available	Size in Sq. Ft.	Absorption in Mos. After Completion	Projected Use	Projected Rents		Lessee Tenant Improvements Allowance/Sq. Ft. (1)	Annual Gross Sales per Sq. Ft.
					Net Base/Sq. Ft./Mo.	Percentage		
Lot 2 - Building 1	2016	3,124	0 to 6	Retail	\$7 to \$9	6% to 8%	\$25 to \$45	\$600 to \$800
Lot 3 - Level 3	2018/19	7,364	0 to 6	F&B	\$3 to \$4	4% to 6%	(2) \$125 to \$200	\$900 to \$1,200
Lot 3 - Level 2	2018/19							
Commercial Bays		3,196	Up to 12	F&B	\$3 to \$6	5% to 7%	\$75 to \$125	\$500 to \$700
Commercial Bays		4,498	Up to 12	Retail	\$4 to \$6	6% to 8%	\$25 to \$40	\$450 to \$650
Commercial Bays		2,470	Up to 12	F&B/Mixed	\$3 to \$4	—	\$0	N/A
Offices (Below-Market Rents)		1,501	0 to 6	Office	\$1.00 to \$1.50	—	\$0	N/A
Lot 1 - Level 1	2019/20							
Mauka End Cap		9,380	Up to 12	Retail	\$7 to \$10	7% to 10%	(3) \$25 to \$40	\$700 to \$900
In-Line Space		7,420	Up to 12	Retail	\$5 to \$7	7% to 10%	(3) \$25 to \$40	\$600 to \$800
Makai End Cap		10,440	Up to 12	Retail	\$6 to \$8	7% to 10%	(3) \$25 to \$40	\$600 to \$900
Lot 1 - Level 2	2019/20							
Makai End Cap		7,910	0 to 6	F&B	\$3 to \$4	4% to 6%	(2) \$125 to \$200	\$800 to \$1,100
Lot 1 - Level 3								
Makai End Cap	(4) 2019/20	5,450	0 to 6	F&B	\$3 to \$4	4% to 6%	(4) \$125 to \$200	\$900 to \$1,200
Lot 2 - Building 2								
Bay #1	2020/21	3,066	0 to 6	F&B	\$8 to \$10	5% to 7%	(5) \$75 to \$125	\$800 to \$1,000
Bay #2	2020/21	2,900	0 to 6	Retail	\$7 to \$9	6% to 8%	\$25 to \$45	\$600 to \$800

(1) Percentage rents are paid to the extent they exceed total base rents
(2) Net percentage of gross sales. Some leases charge 8% to 10% after allowance for "owner's preference" or recovery of lessee's tenant improvements.
(3) Most typical % would be 7% to 8%, smaller bays or those with higher -end products and/or smaller base rents would pay higher %.
(4) Higher base rent and per square foot sales reflects limited interior floor area relative to entire useable (covered) space available.
(5) Some appropriate tenants for this space would be willing to pay base rents at the high (or above) end of range but no percentage rents.

Source: The HallstromGroup/CBRE

End of Confidential Section

Deal Structure and State Benefit (This section is confidential)

To help ensure that all parties involved with the proposed project share the same goal of maximizing project success by maximizing patron's experience we looked for a structure that aligned interests. To achieve this all of our tenant leases will consist of base rent and a percent rent. This structure is common in the market today and, by providing upside for the landlord the structure creates aligned incentives between the lessee and lessor. The tenant pays a fixed base rent each year plus a percentage rent over a natural break point. If the project performs very well the state and the Lessee mutually benefit. For these reasons we propose the same lease structure with the HCDA. We are asking for a 34 year lease term commencing upon completion of proposed improvements and being coterminous with the existing Harbor lease (August of 2049):

Ground Rent Structure	
	Lot 3 NOAA Parcel
Base Ground Rent	\$30,000
<i>Annual Increase</i>	3%
Percent Rent*	10%

*Over a natural break point (greater of base or % rent)

It should be noted that at this stage of design and pricing many variables are still in flux and though we are ready to commit to the structure above we anticipate a negotiation regarding the terms stated above.

In order to attract a large customer base, the project needs to be occupied by the right tenants. The best incentive we have to offer potential tenants to lease space at this project is to offer them a superb project to begin with. A project that is the right scale for the area it inhabits, that is sufficiently parked for visitors, shoppers and diners, that provides comfortable common spaces in addition to the commercial space and most importantly a project that complements its surroundings.

Due to the long term nature of Ward Village, the development team is in a unique position to provide this experience. We will build what is right and drives long-term value rather than cater to higher paying, more controversial and less space appropriate uses which our competitors have proposed in the past. This new strategy requires a smaller up-front investment than the prior proposal with no required investment from HCDA. The team is confident that over long run this revised strategy is sustainable and beneficial to the state and the public.

Howard Hughes.

To summarize the benefits to the state include:

- A lease structure that provides the security of a base rent with added revenue potential with increased performance
- Majority ownership of the revenue generating parking stalls
- A long-term lease with an established partner who is “in it for the long haul.”
- Economies of scale from a construction stand point and service provider stand point providing best possible product and service at the best possible pricing.
- A partner who has unmatched retail experience and a platform which the proposed project could “plug into” immediately.

Please refer to Appendix 6 for a consolidation of terms for all three parcels.

End of Confidential Section

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Kewalo Harbor Landside Redevelopment

Pro Forma Assumptions (This section is confidential)

Costs

All costs were estimated by our internal construction team with decades of experience in building in Hawaii. The unit pricing and assumptions used are consistent with what is being seen in the market today. The team is currently under construction on two mixed-use condominium projects. We have built two multi-story retail projects, a regional parking structure and renovated an office building in the past three years. In addition the team has multiple projects in various stages of pre-development and is receiving updated cost estimates regularly. Due to this activity our team has their finger on the pulse of construction costs and has provided estimates are on par with what is actually being built today.

Direct costs consist of remodeling the existing building for the tenants described above, landscaping and planters, lighting, patching/stripping/sealing the parking lot, ADA repairs, exterior seating with tables and umbrellas. The majority of indirect costs are associated with the anticipated deal costs of executing a lease with the state including an Environmental Assessment and legal costs.

Kewalo Harbor Project Costs (\$,000s)	
Program	Lot 3 NOAA Parcel
Land Area (acres)	1.36
Zoned Square Footage	18,260
Net Leasable Square Footage	10,680
Construction Efficiency	58%
Total Parking Stalls	102
	<i>Parking Ratio</i> 9.55
Project Cost	
Direct Cost	1,109
OFCI, FF&E, Contingency	269
Escalation (OFCI and FF&E Excluded)	22
Indirect Cost	1,376
Total Project Costs	\$2,777

Operating Assumptions

All base rental revenue assumptions were based upon the Hallstrom Group study and competitive rents provided by our internal leasing team. Common Area Maintenance (CAM) charges are assumed to be reimbursed by the tenant and are estimated based on actual realized values within Ward Village. Real Property Taxes are assumed to be reimbursed as well and were estimated by applying discounting the capitalized value of the stabilized income to achieve an assessed value and then applying the applicable tax rate. A \$1.50 per square foot is reserved for annual capital expenses.

The following table provides a breakdown of revenue assumptions for Lot 3.

Revenue Assumptions	
	Lot 3 NOAA Parcel
Base Rent	
Minimum (\$/SF/Yr)	\$6.00
Maximum (\$/SF/Yr)	60.00
Wtd Avg (\$/SF/Yr)	18.88
Rent Modeled (Annual)	201,600
Percent of Potential Gross	51.25%
Percent Rent	
Rent Modeled (Annual)	18,400
Percent of Potential Gross	4.68%
CAM and RPT Reimbursements	
CAM (\$/SF/Yr)	8.00
RPT (\$/SF/Yr) (3)	2.88
Total (\$/SF/Yr)	10.88
Reimbursements Modeled (Ann)	17,402
Percent of Potential Gross	4.42%
Other Income	
Income Modeled (Annual)	\$156,000
Percent of Potential Gross	39.65%
Potential Gross Income Modeled	\$393,402

The following table is the stabilized operating statement for Lot 3.

Stabilized Operating Statement	
	Lot 3 NOAA Parcel
Revenue	
Base Rental	201,600
Percentage Rent	18,400
CAM and RPT Reimbursements	17,402
Other Income	156,000
Potential Gross Income	393,402
Vacancy	(6,042)
Effective Gross Income	387,360
Expenses	
CAM	(66,240)
RPT	(30,716)
Fees and Other	0
Base Ground Rent to HCDA	(25,000)
Percent Ground Rent to HCDA	0
Capital Reserves	(27,390)
Total Expenses	(149,346)
Net Operation Income	238,014

Howard Hughes

The following page is a yearly cash flow for the property outlining project costs, operations, capital contributions and revenues. Please refer to Appendix 6 for a consolidation of tables and cash flow for all three parcels.

Kewalo Harbor - LOT 3 - NOAA Parcel
ANNUAL CASH FLOW HTM (\$,000s)

Year Date (EOY) 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

UNLEVERAGED CASH FLOW																			
Development Costs (Uses)																			
Indirect Cost																			
Design: A&E	(300)	(240)	(60)																
Other Indirects	(1,076)	(531)	(546)																
Total Indirects	(1,376)	(771)	(606)																
Direct Cost																			
Offsite Allowance	(40)		(40)																
Site Work	(617)		(617)																
Landscaping	(60)		(60)																
Hard Costs	(22)		(22)																
Tenant Allowance	(370)		(370)																
OFCI	(10)		(10)																
FFE	(185)		(185)																
Total GMP	(1,304)		(1,304)																
Contingency	(74)		(74)																
Escalation	(22)		(22)																
Total Directs	(1,400)		(1,400)																
TOTAL PROJECT COSTS	(2,777)	(771)	(2,006)																
Operating Cash Flow																			
Gross Revenue																			
Base Rent	67	204	210	216	222	229	236	243	250	258	266	274	282	290	299	308	317	327	
% Rent	6	19	19	20	20	21	22	22	23	24	24	25	26	26	27	28	29	30	
CAM	6	18	18	19	19	20	20	21	22	22	23	24	24	25	26	27	27	28	
Other Income	52	158	162	167	172	177	183	188	194	200	206	212	218	225	231	238	245	253	
Potential Gross Revenue	131	397	409	422	434	447	461	474	489	503	518	534	550	567	584	601	619	638	
Less: Vacancy	(2)	(6)	(6)	(6)	(6)	(7)	(7)	(7)	(8)	(8)	(8)	(8)	(8)	(8)	(9)	(9)	(10)	(10)	
Effective Gross Revenue	129	391	403	415	428	440	454	467	481	496	510	526	542	558	575	592	610	628	
Less: CAM	(22)	(67)	(68)	(69)	(71)	(72)	(74)	(75)	(77)	(78)	(80)	(81)	(83)	(85)	(86)	(88)	(90)	(92)	
Less: RPT	(10)	(31)	(32)	(32)	(33)	(33)	(34)	(35)	(36)	(36)	(37)	(38)	(38)	(39)	(40)	(41)	(42)	(42)	
Net Operating Income	97	294	303	314	324	335	346	357	369	381	394	407	420	434	448	463	478	494	
HCDA Base Ground Rent	(8)	(25)	(26)	(26)	(27)	(27)	(28)	(28)	(29)	(29)	(30)	(31)	(31)	(32)	(33)	(33)	(34)	(35)	
HCDA Percent Rent																			
Net Income	88	268	278	287	297	307	318	329	340	352	364	376	389	402	416	430	444	459	
Less: Capital Expenditures	(9)	(28)	(28)	(29)	(29)	(30)	(30)	(31)	(32)	(32)	(33)	(34)	(34)	(35)	(36)	(36)	(37)	(38)	
Net Income After Reserves	79	241	250	259	268	278	288	298	308	319	331	343	355	367	380	393	407	421	
PROJECT UNLEVERAGED CASH FLOW	(771)	(1,927)	241	250	268	278	288	298	308	319	331	343	355	367	380	393	407	421	
Capital Contributions (Sources)																			
HMC Contribution	771	2,006																	
HCDA Contribution																			
Total Sources	771	2,006																	
Unleveraged Cash Flows																			
HMC Cash Flow	(771)	(1,927)	241	250	268	278	288	298	308	319	331	343	355	367	380	393	407	421	
HCDA Cash Flow			8	25	26	27	27	28	28	29	30	31	31	32	33	33	34	35	

Kewalo Harbor - LOT 3 - NOAA Parcel
ANNUAL CASH FLOW HTM (\$,000s)

Year	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	
Date (EOY)	12/1/35	12/1/36	12/1/37	12/1/38	12/1/39	12/1/40	12/1/41	12/1/42	12/1/43	12/1/44	12/1/45	12/1/46	12/1/47	12/1/48	12/1/49	
UNLEVERAGED CASH FLOW																
Development Costs (Uses)																
Indirect Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Design: A&E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Indirects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Indirects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Offsite Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Site Work	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landscaping	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tenant Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OFC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FFE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total GMP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Escalation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Directs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECT COSTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Cash Flow																
Gross Revenue	337	347	357	368	379	390	402	414	426	439	452	466	480	494	508	522
Base Rent	31	32	33	34	35	36	37	38	39	40	41	43	44	45	46	47
% Rent	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44
CAM	260	268	276	285	293	302	311	320	330	340	350	360	371	382	393	404
Other Income	657	678	697	718	739	761	784	808	832	857	883	909	936	964	992	1020
Potential Gross Revenue	(10)	(10)	(11)	(11)	(11)	(12)	(12)	(12)	(13)	(13)	(14)	(14)	(14)	(15)	(15)	(16)
Less: Vacancy	647	666	686	707	728	750	772	795	819	844	869	895	922	950	978	1006
Effective Gross Revenue	(93)	(95)	(97)	(99)	(101)	(103)	(105)	(107)	(109)	(112)	(114)	(116)	(118)	(121)	(123)	(125)
Less: CAM	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)
Less: RPT	510	527	544	562	580	598	618	638	659	680	702	725	749	773	797	821
Net Operating Income	(35)	(36)	(37)	(37)	(38)	(39)	(40)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
HCD A Base Ground Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HCD A Percent Rent	475	491	507	524	542	560	579	598	618	638	659	680	703	725	749	773
Net Income	(39)	(39)	(40)	(41)	(42)	(43)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)
Less: Capital Expenditures	436	451	467	483	500	517	535	553	573	592	612	632	654	675	697	720
Net Income After Reserves	436	451	467	483	500	517	535	553	573	592	612	632	654	675	697	720
PROJECT UNLEVERAGED CASH FLOW	436	451	467	483	500	517	535	553	573	592	612	632	654	675	697	720
Capital Contributions (Sources)																
HHC Contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HCD A Contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unlevered Cash Flows	436	451	467	483	500	517	535	553	573	592	612	632	654	675	697	720
HHC Cash Flow	35	36	37	37	38	39	40	40	41	42	43	45	46	47	47	48
HCD A Cash Flow	436	451	467	483	500	517	535	553	573	592	612	632	654	675	697	720

Financing (This section is confidential)

As mentioned earlier in this section the team understands that HCDA does not want to nor has the financial capacity to participate in any costs associated with improving the site. Unlike our last proposal the new use does not require any changes to the underlying infrastructure and therefore requires no investment from the state.

The following table provides proposed sources and use for the project:

Sources and Uses (\$,000s)	
Uses	Lot 3 NOAA Parcel
Directs	\$1,400
Indirects	1,376
Total Uses	2,777
Sources	
HHC Total Contribution	2,777
HCDA Contribution	0
Total Uses	\$2,777

Please refer to Appendix 6 for a consolidated table of sources and uses for all three parcels.

End of Confidential Section

Schedule

The team anticipates 12 months required to finalize an area Environmental Assessment and 12 months of project design time which would run in parallel with the EA. Upon lease execution all improvements would be made within approximately 9-12 months depending on permitting requirements.

October 1, 2015

PROJECT NARRATIVE

Project site: Kewalo Harbor Lot 3
Project Sponsor: The Howard Hughes Corporation
Project Architect: WCIT Architecture

PROJECT OVERVIEW

The proposed mixed-use commercial project is located on Lot 3 of the fast lands surrounding Kewalo Basin Harbor in the Kakaako Makai neighborhood of Honolulu, Hawaii.

The project's development, planning and design approach conforms to the City of Honolulu's Makai Area Conceptual Master Plan. The project has been developed to holistically promote the historic, economic and cultural vitality of the currently underutilized fast lands and Kewalo Basin. The design extensively addresses concerns raised by local stakeholders during the public review process. Thoughtful consideration has also been given to the history of Kewalo Harbor and the future needs it faces as a community of diverse stakeholders. The result is a project that prioritizes the character and maritime uses and history of the working harbor while establishing itself as a new and vibrant public space for visitors and local residents alike.

SITE

Lot 3 is the Makai-most site of the three lots being considered in this proposal and is located at the tip of the peninsula that makes up the fast lands surrounding Kewalo Basin. Cooled by prevailing winds and surrounded by water on three sides, the site is at an intersection where water, air and sea meet land. The site is fronted by Kewalo Basin Park and world-famous surf breaks along its Makai shore. Its Mauka edge serves Kewalo Harbor and is flanked to its Ewa and Diamond Head sides by the Kupu Net Shed and Kewalo Basin Park respectively. This intersection brings together diverse groups ranging from school children and seasoned fishermen to tourists and world-famous surfers making it a node for maritime and land-based activities year-round.

Most of the 60,681 square foot site remains vacant at this time. Current tenants on-site are the Kewalo Basin Harbor Master, and the City & County of Honolulu, Emergency Medical Services – Lifeguard Division. The proposed project will include new commercial tenant spaces and much-needed new facilities for both the harbormaster, City Lifeguards and flex space for the Sherriff's Department who all serve a critical role in ensuring the safety of the Kakaako Makai neighborhood and the South Shore as a whole on a daily basis.

PEDESTRIAN & HARBOR CONSIDERATIONS

On-site pedestrian and vehicular circulation was given careful consideration and study. The design strategies herein strive to enhance the pedestrian experience by minimizing the obstruction of building and emphasizing a natural park-like setting and open space. The main building on site is an adaptive reuse design using the existing buildings and small structures for public leisure space. The building's

public space experience is intrinsically tied to framed Makai views during the day and Mauka (harbor and city) views at night. This dual view plain allows the open space to be utilized as additional parking during the day for surfers and park users and a great 'pau hana' dinner and drink destination by night along the harbor's waterfront.

The project offers additional pedestrian-oriented amenities for visitors and locals and threads "the Lei of Green" through the harbor from the Kakaako Makai neighborhood and beyond. The path established within the boundaries of the site continues around and through the project enabling walkers, joggers and wanderers to enjoy a complete journey around the building and point through the site of Lot 3. The open space works in conjunction with the pedestrian promenade and acts as an extension of the existing Kewalo Basin Park helping to pull pedestrian activity over the site and through to the Mauka (harbor) side. The open lot and its surrounding landscape will incorporate native foliage and outdoor seating to further soften the extensive amount of hardscape and reinforce connections to place.

The project honors the history of Kewalo Harbor as the state's only working small-boat harbor and prioritizes its day-to-day operations while at the same time offering a diverse range of new uses under one roof. As a result, the operational uses of lifeguard and harbormaster activities have been strategically located on the channel and Mauka (harbor) side of the site. This ensures proximity of these vital services to the harbor thus minimizing emergency response times and maximizing harbor safety. The opposite side of the building and above mezzanine levels will provide quality commercial and open spaces for the public, local eateries and other commercial tenants.

PARKING & PUBLIC AMENITIES

The project employs open stalls to maximize the site's parking capacity – as proposed by stakeholders in public meetings. The project provides a total of 102 spaces of public parking. In addition to assuring maximum density, this also provides the public and Kupu with an additional area in which to park their cars and enjoy public facilities. The open space created by the parking lot creates the opportunity to provide space for public and private events as well.

Large deliveries will occur from the Makai side with possible colocation with the existing Kupu Net loading area. Deliveries will be restricted to off-peak periods to minimize congestion of the adjacent Kupu Net Shed facility, Kewalo Basin Harbor Park and harbor activities. Van deliveries will occur within the parking lot itself. In addition to parking, the existing site provides jet-ski storage for lifeguards and the potential for a scuba tank filling facility available to local charter operators. Reuse of existing structures will provide an opportunity for public and private surfboard storage.

ARCHITECTURAL & URBAN DESIGN

The project strives to reinforce Kewalo Harbor's vision as a "community gathering place." To implement this the designers have turned to the existing building as a central public space for private and public events. The result is a project that provides a new gathering place for the local community but also a destination for visitors. The proposed project reflects the scale, aesthetics and diverse uses of its surrounding Kakaako Makai neighborhood and draws upon these elements for its architectural vocabulary, while paying homage to the past by reusing the old "ice house" that once was located on the site during the height of the Harbor's commercial fishing and canning days. The project strives to keep the interior spaces as open as possible to create the classic Hawaiian-style of blurred boundaries between indoor and outdoor spaces that provides a unique and welcoming feel.

The parklets, surfboard storage and container structures draw upon the industrial history, local building materials and landscapes to evoke a uniquely Kakaako, Urban Hawaiian experience. Below the roof abundant glazing allows mixture of industrial and natural elements and human activity to be viewed from the exterior providing a safe and inviting environment. Through this inclusive process and approach to design, the project enables a series of local gathering places for users to enjoy the serenity of its views and shade alongside the ocean activities that exist around the site.

SUSTAINABILITY STRATEGIES

The project utilizes sustainable planning, development and design strategies in accordance with the mission of the Howard Hughes Corporation. These are based on current LEED guidelines along with time-honored, climate-responsive strategies conducive to Hawaii's unique tropical climate. The following concepts and strategies are designed into the proposed project:

- A pedestrian-oriented ocean destination that encourages visitors and locals alike to walk or bike to and to circumnavigate the peninsula – to complete the “Lei of Green.”
- Parklets with native vegetation provides an outdoor “living room” that encourages pedestrian circulation and outdoor activity while providing natural shaded seating.
- Surfboard storage along the Diamond Head edge promotes gathering and provides much needed surfboard storage to enhance the vibrant surf culture that calls Kewalo Basin home.
- Designated bicycle parking spaces and potential bikeshare docks near the entrance to the site encourage bicycling.
- Covered lanais encourage outdoor seating and minimize the need for air-conditioned spaces. These overhangs provide expanses of shade for optimized thermal comfort and passive cooling for the building and site – reducing glare on glazing and mitigating the heat-island effect.
- Maximized open spaces enhanced by visual Mauka-Makai connections provide publically accessible quality spaces day and night.
- Similar materials throughout the project blur the lines between interior and exterior spaces unifying the building into the landscape and vice versa.
- Tenant selection includes eateries reliant on local-sourced ingredients thus reducing carbon footprint and reinvesting revenue back into local businesses and food sources.
- Reuse of the existing building and structures eliminate waste and reduce material, shipping and labor cost. The same economies are incorporated into the utilization of expressive structural elements which eliminate the need for additional interior and exterior surface finishes.
- The building encourages gathering and provides much needed storage, convenience and access to sustain and enhance the vibrant ocean recreation and surf culture of Kewalo Basin Harbor activities.

Note

This project will enhance visitor experience & existing harbor operations by allowing the creation of a contiguous public promenade that would allow pedestrians to circumnavigate the peninsula thus threading the "Lei of Green" around the harbor. Areas can also be maximized but also distributed appropriately to maintain a balanced district. This may require the consolidation of the harbor parcel with Lot 1, Lot 2, and Lot 3.

KEWALO BASIN HARBOR

Howard Hughes



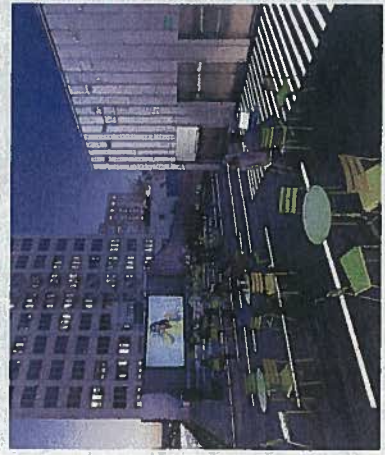
Lot Boundary Lines

EXISTING CONDITIONS : LOT-3

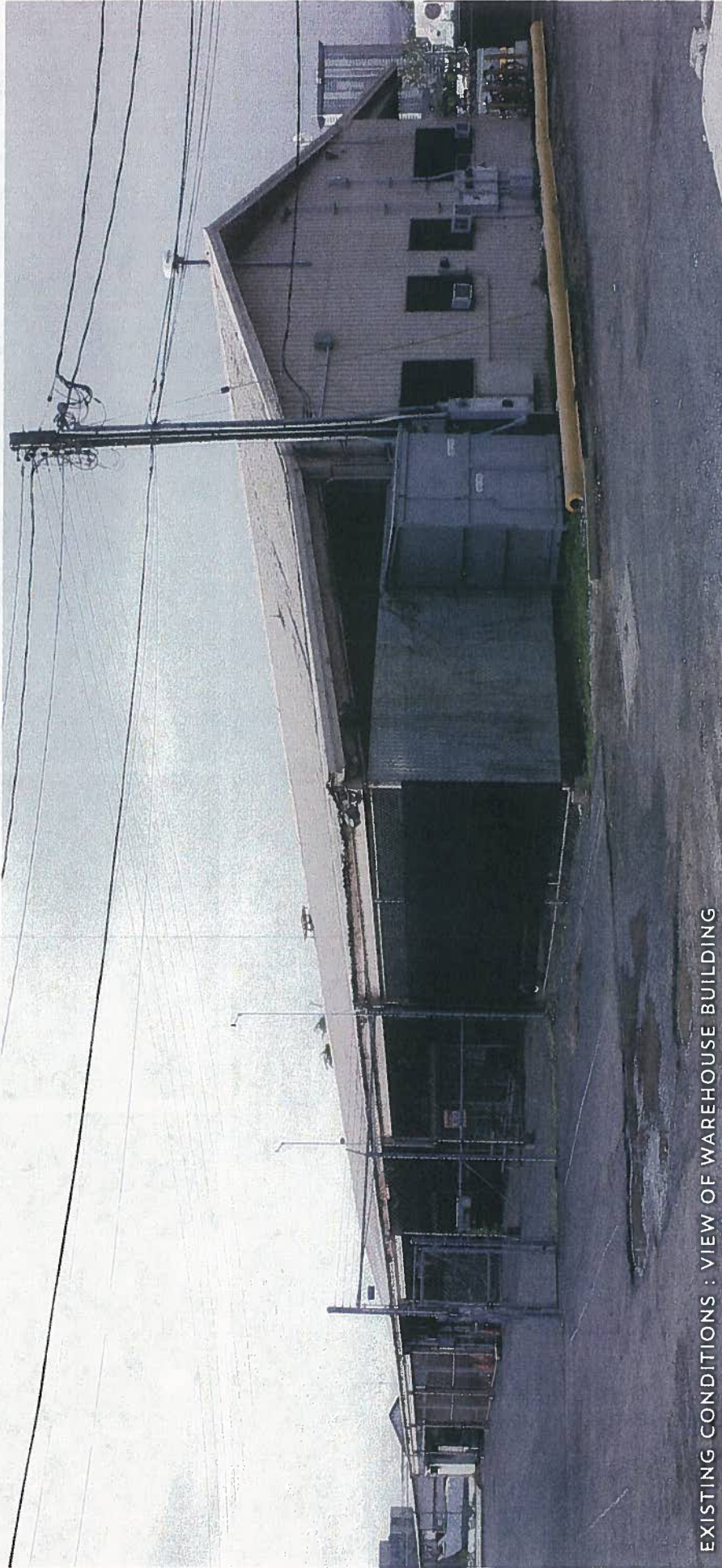
Pedestrian Paths



KEWALO BASIN HARBOR



PROPOSED RENDERING : AERIAL OF WAREHOUSE BUILDING

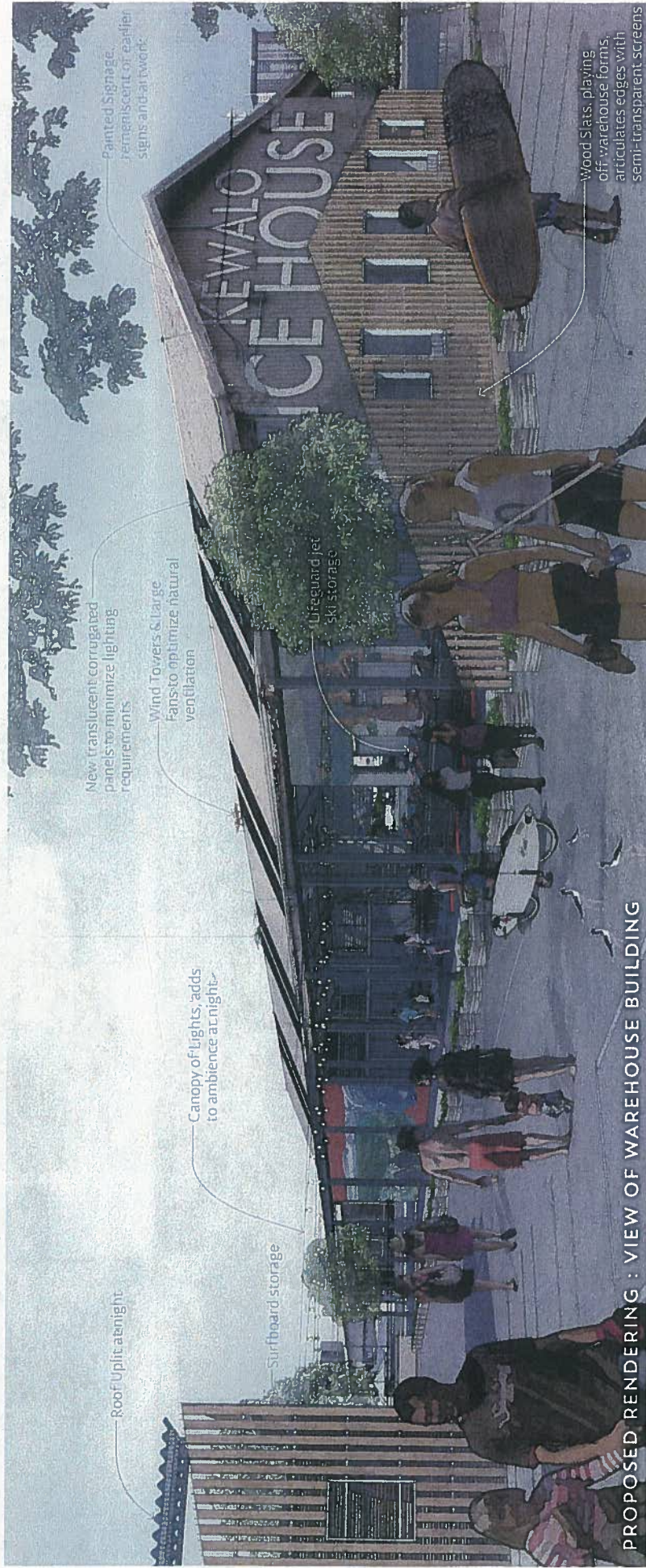


EXISTING CONDITIONS : VIEW OF WAREHOUSE BUILDING



KEWALO BASIN HARBOR

Arnold Hughes



Painted signage, reminiscent of earlier signs and artwork

New translucent corrugated panels to minimize lighting requirements
Wind Towers & large Fans to optimize natural ventilation

Life guard jet ski storage

Wood slats, playing off warehouse forms, articulates edges with semi-transparent screens

Roof Upfit: at night

Canopy of lights, adds to ambience at night

Surfboard storage

PROPOSED RENDERING : VIEW OF WAREHOUSE BUILDING



wood slats to create spaces with transparency

lighting canopies to create ambience

portable containers, temporary shading structures and lighting

KEWALO BASIN HARBOR

Harvard Hughes



EXISTING CONDITIONS : VIEW OF WAREHOUSE INTERIOR



KEWALO BASIN HARBOR

Howard Hughes



Painted ceiling: Opportunity for artwork from local artists, community groups, schools, local art organizations

repurposed shipping containers to house harbor master office, life guard offices and flex space for sheriff's office

Mezzanine level: Added space for community activities and harbor professionals

Large fans to optimize natural ventilation

New translucent corrugated panels to minimize lighting requirements

flexible community recreation space

PROPOSED RENDERING : VIEW OF WAREHOUSE INTERIOR



mezzanine level

Natural light fans industrial aesthetic

painted structure: flexible spaces

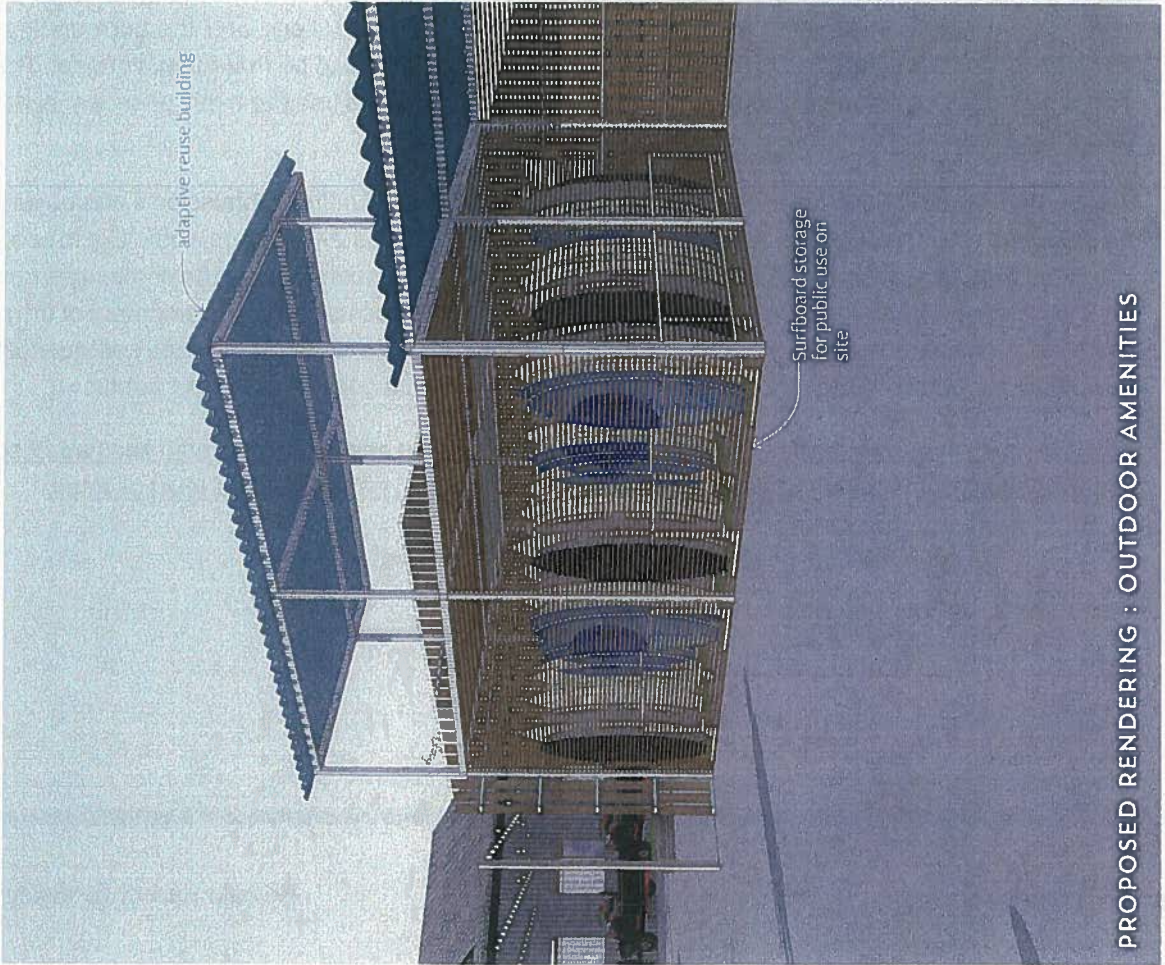
industrial and reused materials, trees and plants

WORLD WITH BETTER RESOURCES
 DO WAY RESEARCH REPORT BUTY
 BEHIND THE GREEN WATERPARKS
 HEAD A BUCK IN THE PARK MOKER
 SPEND TIME OUTDOORS, AND
 SLEEP MORE SOUNDLY
 KNOWING THIS IS
 MAKING A BETTER
 WORLD FOR
 YOU AND
 ME

Unique opportunities for simple art

KEWALO BASIN HARBOR

Armadillo Hughes



PROPOSED RENDERING : OUTDOOR AMENITIES

Business Plan Narrative

The Victoria Ward Limited and Howard Hughes team is dedicated to working with the HCDA to execute a holistic improvement to the Kewalo waterfront. In order to make Kewalo the makai community gathering place, the business plan of each individual lot must be considerate of and coordinated with the other lots. In addition, care must be taken to ensure that the right uses are in the right places and that items such as parking and traffic flow are synergistically designed. Our team, along with the stakeholders and community agree that Kewalo is the place that the community goes to connect to the beach, ocean and harbor. Therefore our business plan is modeled with a synergistic tenant mix that will enhance these daily connections for both local residents and visitors

The team's first step in this effort was engaging the community to understand what improvements the daily users, residents and stakeholders would enjoy and visit themselves. This step is vitally important to the economic success of the development. Local activity and interest attracts more of the same and without the patronage of these frequent visitors the project would not become the envisioned gathering place and have the economic vitality required to sustain itself.

Next, the team looked at other successful waterfront developments both in Hawaii and on the Mainland. Benchmarking off of successful waterfront projects on Maui and Oahu and from Seattle to Newport Beach the team determined what characteristics made these places great. Not only were these characteristics incorporated into the overall design, they were also used as a guide for what would create a successful tenant mix.

Building on this, our internal operations and leasing team leveraged their knowledge of the Kakaako market to develop a strategy that would be synergistic with Ward Village and the surrounding area. Sometimes the best solution is the most obvious and we believe this to be true for this project. The uses should highlight the unique attributes of the site. The location lends itself to a mix of ocean, beach and harbor centric uses.

After garnering feedback from the public and the HCDA Board on our first submission it was obvious that the proposed water activity and harbor support uses were what all stakeholders would like to see, but at a lower level of impact and cost. Further, the HCDA Board was concerned with the challenges posed by the level of infrastructure upgrades required and the associated costs for full development of the parcel. With that in mind the team reduced the proposed improvements for Lot 3 to what was economically feasible, required no added capital from the HCDA and enhances the area for the public.

Lot 3's uses will focus recreation and community gathering, food and beverage, retail and harbor support including space for the Harbor Master, Lifeguards and Sherriff, and a reduced level of retail.