

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
Kakaako Community Development District
Honolulu, HI 96813

March 7, 2018

Chairperson and Members
Hawaii Community Development Authority
State of Hawaii
Honolulu, Hawaii

HCDA Board Members:

SUBJECT: Shall the Authority Authorize the Interim Executive Director to Enter into a Development Agreement with SCD KM I LLC, a Wholly Owned Affiliate of Stanford Carr Development LLC, for Development of the Entrepreneur's Sandbox Project?

SUMMARY:

The Authority is being asked to authorize the Interim Executive Director, to enter into a development agreement for the construction of the Entrepreneurs Sandbox ("Project").

AUTHORITIES:

Under Hawaii Revised Statutes (HRS) §206E-4(10) this undertaking in partnership with a developer is consistent with the Authority's powers to arrange for the construction of such Project.

BACKGROUND:



The Project site is located on T.M.K. (1)-2-1-015:052 in the Kakaako Community Development District Makai Area, Honolulu, Oahu, on property owned by HCDA, also known as Lot C.

The Entrepreneurs Sandbox is the initial phase of the HCDA's Innovation Block at Lot C Masterplan. The Project will be a 13,500 s.f. 2-story public facility providing resources and tools to facilitate the growth of start-up businesses and promote the development of high technology and enterprise, as an extension of the technology business incubator, Hawaii Technology Development Corporation of Hawaii (HTDC). See Exhibit A.

The HTDC will operate the Project under a long-term lease from the HCDA. Lease terms will be brought before the Authority under a separate action.

Previous Authority Approvals:

- On January 8, 2014, the Authority authorized the Executive Director to enter into a memorandum of agreement with the High Technology Development Corporation for the delegation of funds for the planning and design of HTDC's facility to be located on Kakaako Makai Lot C.
- On May 7, 2014 the Authority authorized the Executive Director to expend up to \$2,725,000.00 in Capital Improvement Projects funds pursuant to memorandum of agreement between the High Technology Development Corporation and the Hawaii Community Development Authority and engage consultants for planning and design of office facility for HTDC to be located on Kakaako Makai Lot C.
- On September 19, 2014, after applying for federal financial assistance, the HTDC and HCDA were issued a U.S. Department of Commerce EDA grant award for \$3.0 million for the construction of the Entrepreneur's Sandbox.
- On October 1, 2014, the Authority authorized the Executive Director to enter into a memorandum of understanding with the HTDC documenting HCDA's and HTDC's respective roles and responsibilities regarding the EDA grant application for the Entrepreneur's Sandbox.
- On November 4, 2015, the Authority authorized the Executive Director to prepare and release a Request for Proposal for a civic/mixed-use commercial development on Lot C including the Sandbox for HTDC.
- On January 6, 2016, the Authority accepted the determination of finding of no significant impact for the Final Environmental Assessment prepared for the Innovation Block at Lot C Master Plan.
- On July 13, 2016, the Authority adopted the recommendation of the RFP Evaluation committee for a civic/mixed-use commercial development on Lot C (the Entrepreneur's Sandbox and Innovation Hale) and authorized the Executive Director to negotiate a development agreement with Stanford Carr Development LLC (SCD).
- On September 6, 2017, the Authority authorized the Executive Director to execute the Economic Development Administration's Site Certificate and the Covenant of Purpose Use and Ownership, as Required Under the Economic Development Grant.

ANALYSIS:

The Entrepreneur's Sandbox is funded in part by a U.S. Economic Development Administration (EDA) grant of \$3.0 million awarded to the HTDC and the HCDA as co-recipients. The EDA requires that construction start no later than May 2018, and that the grant be used by September 2019.

In the 2016 session of the Hawaii State Legislature, \$3.0 million in Capital Improvement Projects funds were allocated towards the construction of the Entrepreneur's Sandbox. In sum, there is a total of \$6.0 million in funding committed for construction of the Project, and as part of

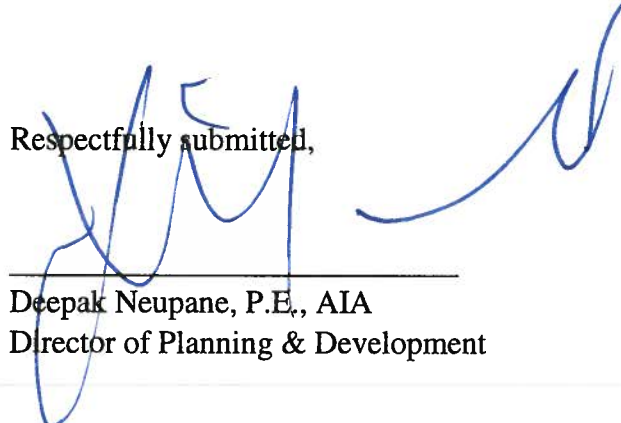
the development agreement the developer, SCD is agreeing to cover any shortfall that may be required to complete construction.

Terms of the development agreement include that SCD will be paid \$6.0 million for construction of the Project on a reimbursement basis. HTDC will make disbursements based on approved monthly requisitions. SCD is responsible for delivering the completed Project in 10 months. The development agreement is attached as Exhibit B.

RECOMMENDATION:


Staff recommends the Authority authorize the Interim Executive Director to enter into a development agreement with SCD KM I LLC, a wholly owned affiliate of Stanford Carr Development LLC, for development of the Entrepreneur's Sandbox project, substantially in the form provided in Exhibit B, pending any further review of legal matters by the Deputy Attorney General.

Respectfully submitted,



Deepak Neupane, P.E., AIA
Director of Planning & Development

APPROVED FOR SUBMITTAL:



Garrett Kamemoto, Interim Executive Director
Hawaii Community Development Authority

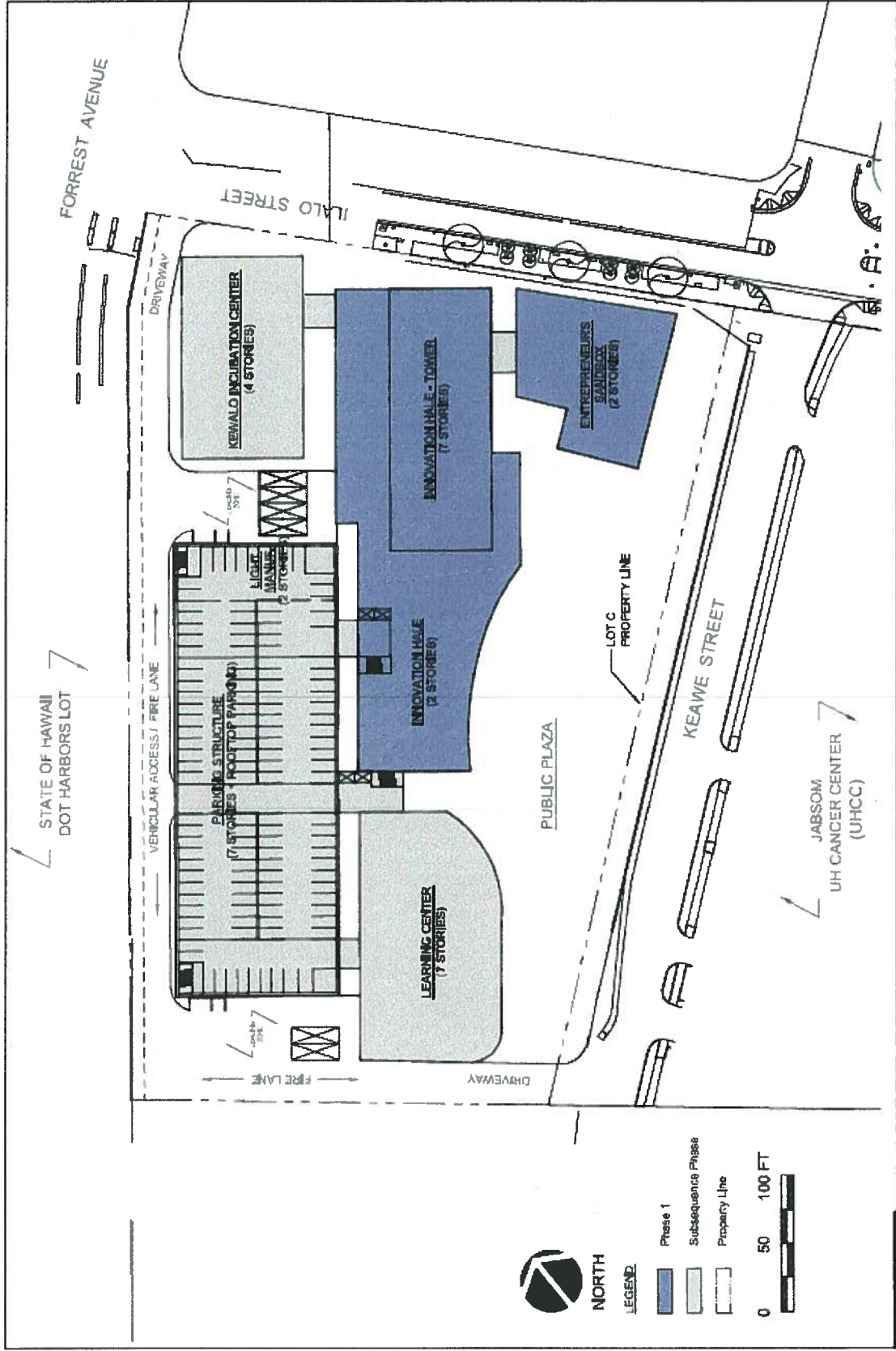
Attachments

Exhibit A- Project plans

Exhibit B- Development agreement - CONFIDENTIAL



EXHIBIT A



NORTH

LEGEND

- Phase 1
- Subsequence Phase
- Property Line



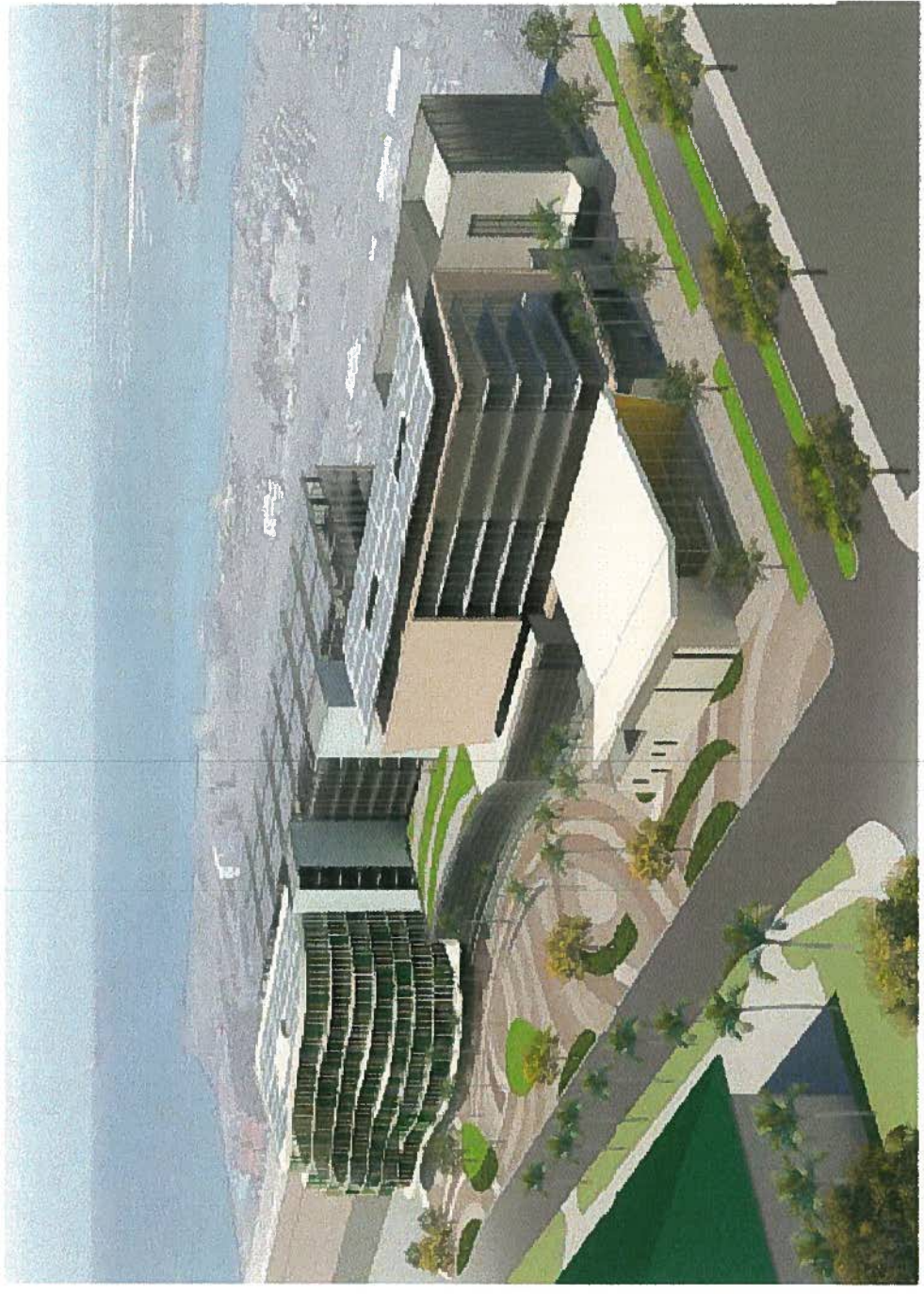
WILSON OKAMOTO ARCHITECTS

INNOVATION BLOCK AT LOT C MASTER PLAN

SITE PLAN

FIGURE

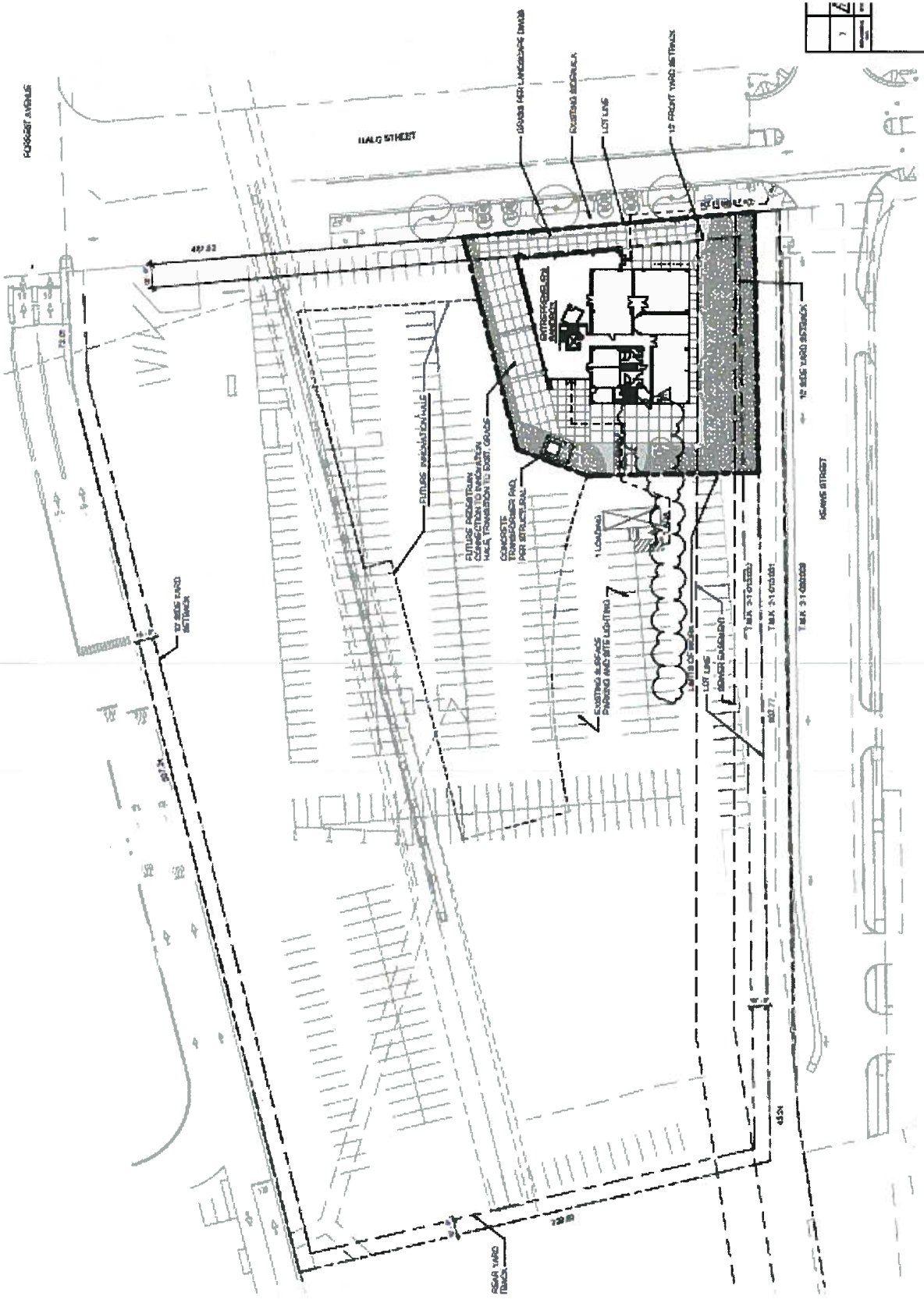
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CONCEPTUAL RENDERED VIEW
HCDA-HIDC LOT "C" MASTER PLAN

FERRARO CHOI

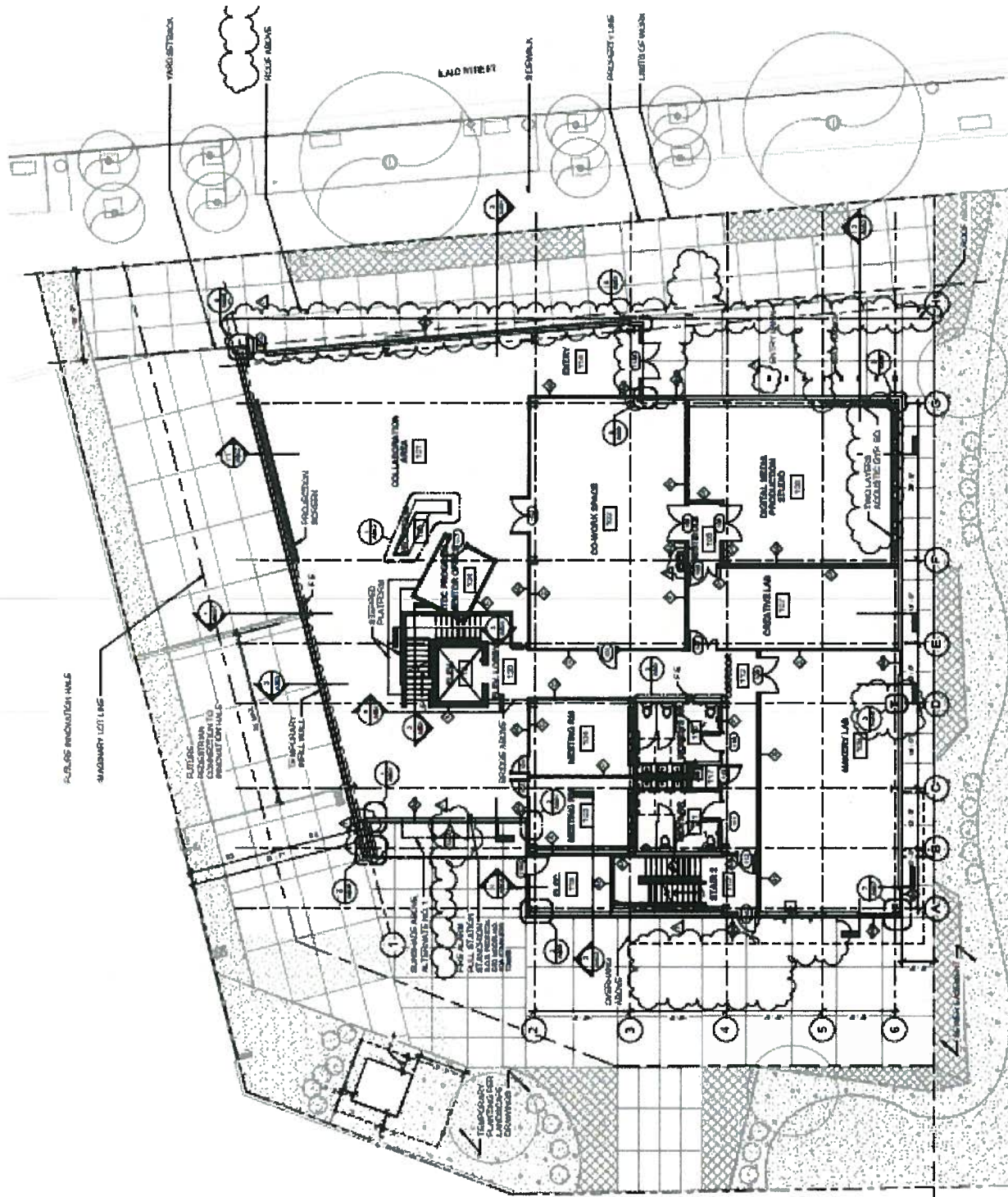
Figure 5. Conceptual rendered view of final build-out for HCDA Lot "C," view to west (courtesy of client)



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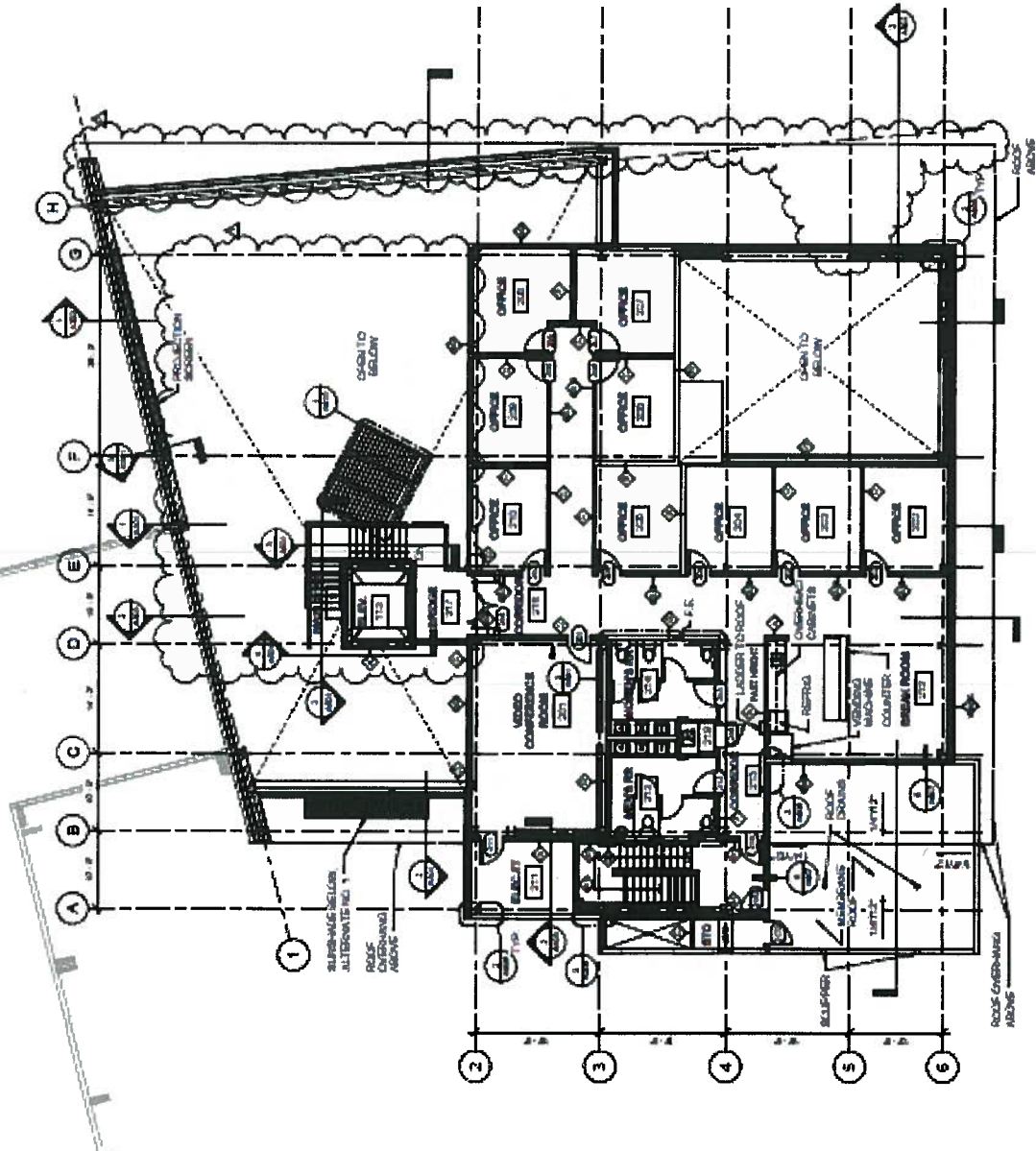


1 SITE PLAN
 1/8" = 1'-0"



1 LEVEL 1 PLAN
 AT 10' SCALE

FUTURE PENETRATIONS



1. LEVEL 2 PLAN