

HIGHLIGHTS OF JULY 5, 2006 HCDA MEETING

Following is a brief summary of actions taken and a public hearing at the July 5, 2006 meeting of the Hawaii Community Development Authority (HCDA).

Public Hearing on 720 Kapiolani Boulevard NCR Building Renovation

Project

A public hearing was conducted on Cooke Clayton LLC's request for modifications from the Kaka'ako Community Development District Mauka Area Rules for its proposed 720 Kapiolani Boulevard NCR Building Renovation Project. The developer is proposing an adaptive reuse of the former NCR Building into a commercial and residential loft complex. The project site is bordered by Kapiolani Boulevard, Cooke Street, and Clayton Street and encompasses 41,033 square feet of land area on two parcels. The Project proposes 7,344 square feet of commercial retail use at the ground floor of the existing NCR Building. Forty-seven (47) residential loft units and 100 parking spaces would be developed in the remaining portions of the building and on an expansion of the Diamond Head portion of the site.

The Project is being processed as a Base Zone Development. Base zone projects are limited to 45 feet in height and 1.5 FAR (floor area ratio). As such, these projects are not subject to Planned Development requirements such as reserved housing. As proposed, the Project is consistent with the Mauka Area Plan and Rules with the exception of the height and rear yard setback. The Project would encroach slightly into a 10-foot building setback on the property's Mauka side and the developer is proposing to build 15 feet higher than the 45-foot height limit. The developer is requesting two modifications to address these items.

Joseph Viola, Associate General Counsel for Hawaiian Electric Company, Inc. (HECO) offered the only testimony given at the hearing. He stated that HECO, which owns the property Mauka and adjacent to the proposed Project site, does

not oppose the proposed development but asked the developer to consider certain conditions and operations at HECO's Ward Avenue facility in designing and marketing the complex to ensure that "use of both properties can be harmonious."

A decision on the modification request and the Base Zone Development Permit is scheduled for August 2, 2006.

New HCDA Officers Elected for 2006-2007 Fiscal Year

Authority members elected new officers for the 2006-2007 Fiscal Year. They are: Chairperson Michael Goshi, Vice-Chairperson Paul Kimura and Secretary Jonathan Lai.

Exclusive Negotiations with the Office of Hawaiian Affairs (OHA) for Its Proposed Headquarters and a Cultural Center on Lot 1 of the Kaka'ako Waterfront

Authority members authorized the HCDA Executive Director to enter into exclusive negotiations with the Office of Hawaiian Affairs (OHA) until January 5, 2007 to develop a Hawaiian Cultural Center and headquarters office complex on Lot 1 of the Kaka'ako Waterfront. OHA's intention for the first phase is a 30,000 square foot headquarters building and a 30,000 square foot cultural center to accommodate exhibits and cultural activities on a 5.2-acre parcel adjacent to the John A. Burns School of Medicine, the Kaka'ako Waterfront Park, and the proposed Cancer Research Center site. OHA has requested to enter into a six month exclusive negotiation period with HCDA for lease of the site.

Interpretation of Ground Lease Base Rent Adjustment for the University of Hawaii John A. Burns School of Medicine

HCDA and officials of the University of Hawaii's John A. Burns School of Medicine (JABSOM) will be working out an agreement and mechanism for rent

adjustment when the medical school subleases portions of its facility in the future. In 2002, HCDA entered into a 57-year ground lease with the University of Hawaii for development and operation of its JABSOM facility. The lease stipulates an adjustment of the rent and HCDA's consent prior to the UH making any transfer (including subleases) of its leasehold interest in order to prevent third parties from benefiting from JABSOM's below market rent. JABSOM would like to sublease approximately 193 square feet of the medical building to an unrelated entity to assist JABSOM's researchers and professors to capitalize on their research by supporting the development of economic and business opportunities. HCDA staff has met with JABSOM officials to discuss an approach to rent adjustment and a Memorandum of Understanding with JABSOM will be presented at a future HCDA meeting for possible action by the Authority.

Revision of Modification, Joint Development and Planned Development Permit for the Moana Vista Project Approved on December 7, 2005

HCDA staff and KC Rainbow 2 Development Co. LLC are working on revisions to the permit for the Moana Vista Project that was previously approved by HCDA on December 7, 2005. The Moana Vista project consists of two sites at 1015 Kapiolani Boulevard and 1025 Waimanu Street. The current approval includes joint development with the adjacent Obun Hawaii and the landowners of the Public Storage complex nearing the end of completion. Because Obun Hawaii has decided not to proceed with the joint development, KC Rainbow 2 Development Co. must delete at least 21,848 square feet of the floor area from the project. Under the proposed changes for the Moana Vista, the development would have approximately 552,000 square feet of floor area; including 492 residential units, 5,500 square feet of commercial uses and 22,000 square feet of industrial uses. The applicant would provide 100 reserved units, which exceeds the 20 percent requirement of 98 units. HCDA staff will be working with the developer to finalize details of the project revisions for the Authority's approval at a later date.

