STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

December 14, 2012

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Issuance of Right-of-Entry for Site Access, Staging and Storage Area Purposes to
Halekauwila Partners, LLC, Kakaako. Honolulu, Oahu, Tax Map Key: (1) 2-1-51:portion of 41.

APPLICANT:

Halekauwila Partners, LLC, a domestic limited liability company.

LEGAL REFERENCE:

Section 171-6, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government land located in Kaaako, Honolulu, Oahu, identified by Tax Map
Key: (1) 2-1-051:portion of 041 as shown on the attached map labeled Exhibit 1.

AREA:

See below.¹

ZONING:

State Land Use District: Urban
City & County of Honolulu LVO: Kakaako Commercial Development District

TRUST LAND STATUS:

Section 5(a) lands of the Hawaii Admission Act

¹ The total area of parcel 41 is 94,423 square feet. Currently, the State Public Library System is operating from the
improvement on parcel 41. Therefore, the area for the subject right-of-entry will be the total less the area required
by the library operation.
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: No

CURRENT USE STATUS:

Vacant

CHARACTER OF USE:

Site access, construction staging, and storage of material purposes related to the construction of Halekauwila Place located on tax map key (1) 2-1-051:042 and 043.

COMMENCEMENT DATE:

To be determined by the Chairperson.

CONSIDERATION:

Gratis.

TERM:

Two (2) years.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rule Sections 11-200-8(a)(1) & (4) and the Exemption List for the Department of Land and Natural Resources approved by the Environmental Council and dated December 4, 1991, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, that states "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing" and Class No. 4, that states "Minor alteration in the conditions of land, water, or vegetation." See Exemption Notification at Exhibit 2.

DCCA VERIFICATION:

Place of business registration confirmed: YES  x    NO __
Registered business name confirmed:   YES  x    NO __
Applicant in good standing confirmed: YES  x    NO __

APPLICANT REQUIREMENTS:

None

BACKGROUND:
Pursuant to Governor’s Executive Order No. 4345, the State lands identified as tax map key (1) 2-1-051:042 and 043 have been set aside to the Hawaii Housing Finance and Development Corporation (‘HHFDC’) for development of affordable housing purposes. HHFDC entered into a lease with the Applicant to construct and manage the affordable residential tower, the Halekauwila Place.

On August 24, 2012, under agenda item D-15 (see Exhibit 3), the Board approved the fee transfer of the State land, identified as tax map key (1) 2-1-051:041 (“HCDA Site”) to the Hawaii Community Development Authority for development purposes. In return, the Board is to receive from HCDA the market value compensation for the land transferred. It was also approved in the August 2012 submittal that both HCDA and the Department would enter into a memorandum of agreement regarding the obligations of each agency and the future method of payment of the above mentioned compensation. A draft memorandum of agreement (Exhibit 4) has been given to HCDA for review. To date, the Department has not received any response from HCDA.

In the meantime, the Applicant, who is the lessee and developer of the Halekauwila Place, requests the use of portions of the HCDA Site for site access, staging area, and storage of material purposes pertaining to the construction. The construction is tentatively scheduled to commence at the end of 2012 and it will last about two (2) years. HCDA has indicated its concurrence on its letter attached as Exhibit 5.

The request pertains to an affordable residential tower overseen by HHFDC, and it is a government project. Therefore, staff recommends gratis consideration for the subject request.

Further, staff recommends the Board require the Applicant to conduct a Phase I environmental site assessment prior to termination of the permit and returning the land to the Department or HCDA.

Applicants have not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

RECOMMENDATION: That the Board:

1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.

2. Authorize the issuance of a right-of-entry to Halekauwila Partners, LLC covering the subject area for site access, construction staging, and storage of material purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
A. The standard terms and conditions of the most current right-of-entry document form, as may be amended from time to time;

B. Prior to termination of the revocable permit, the permittee shall conduct a Phase 1 environmental site assessment; and

C. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State; and

Respectfully Submitted,

Barry Cheung
District Land Agent

APPROVED FOR SUBMITTAL:

William J. Aila Jr., Chairperson
Right-of-Entry Area

Halekauwila Place

TMK (1) 2-1-051: portion of 041

EXHIBIT 1
EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

Project Title: Right-of-Entry for Halekauwila Place

Project / Reference No.: Not applicable

Project Location: Kakaako, Honolulu, Oahu, Tax Map Key: (1) 2-1-051:portion of 041.

Project Description: For site access, construction staging, and storage area purposes pertaining to the construction of Halekauwila Place

Chap. 343 Trigger(s): Use of State Land

Exemption Class No.: In accordance with Hawaii Administrative Rule Section 11-200-8(a)(1) and (4), the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, that states "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing" and Class No. 4, that states "Minor alteration in the conditions of land, water, or vegetation."

The requested area previously was leased to Hawaii Community Development Authority for parking purposes. The concessionaire ceased to operate the parking at the beginning of 2012. The proposed uses as staging and storage area do not involve major change to the existing topographical and vegetation condition of the property. As such, staff believes that the request would involve negligible or no expansion or change in use of the subject area beyond that previously existing.

Consulted Parties: Not applicable

Recommendation: That the Board find this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.

[Signature]
William J. Aila Jr., Chairperson
Date 11/29/12

EXHIBIT 2
STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

August 24, 2012

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 11od-204

OAHU

Approval in Concept for the Conveyance of the Fee Simple Interest to Hawaii Community Development Authority, Authorize the Chairperson to Enter into a Memorandum of Agreement; Issuance of Management Right-of-Entry for Site Management Purposes, Kakaako, Honolulu, Oahu; TMK (1) 2-1-051:041

APPLICANT:

Hawaii Community Development Authority (HCDA).

LEGAL REFERENCE:

Sections 171-6, 55, 95(a)(1), Hawaii Revised Statutes, as amended.

SUBJECT PROPERTY:

Location: Portion of Government lands situated at Honolulu, Oahu, identified by TMK: (1) 2-1-051:041, as shown on the attached map labeled Exhibit A.

Area: 94,423 square feet, more or less. ("SUBJECT PROPERTY")
Consists of: 15,000 square feet ("FEE PORTION")
79,423 square feet ("LEASE PORTION")

Note: FEE PORTION and LEASE PORTION are defined here for the purpose of discussion, while the exact location and area of such portions over the entire SUBJECT PROPERTY are yet to be determined.

Zoning: State Land Use District: Urban
County LUO: Kakaako Commercial Development District

TRUST LAND STATUS:

Section 5(a) lands of the Hawaii Admission Act, i.e. non-ceded. See Exhibit B.

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: No
CURRENT USE STATUS:

Vacant and unencumbered.

CONSIDERATION:

See Remarks Section for discussion on compensations.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rule Sections 11-200-8(a)(1) & (4) and the Exemption List for the Department of Land and Natural Resources approved by the Environmental Council and dated December 4, 1991, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, that states "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing" and Class No. 4, that states "Minor alteration in the conditions of land, water, or vegetation." See Exhibit C.

APPLICANT REQUIREMENTS:

HCDA shall execute a Memorandum of Agreement ("MOA") with the Department of Land and Natural Resources ("DLNR") regarding the compensation, responsibilities, time frame and other pertinent issues relating to the development of the SUBJECT PROPERTY monitored by HCDA. See Remarks Section for details of the MOA.

REMARKS:

Background: Section 171-95(a)(1) authorizes the Board to sell public lands to other governmental agencies at such terms and conditions the Board deems proper.

HCDA recently announced its plans to develop a mixed-use high-rise project on the SUBJECT PROPERTY. The proposed project is part of HCDA’s overall plan to redevelop a 3.41-acre block of State lands, which plan calls for market-priced residential units, affordable residential units, commercial units, and parking on the SUBJECT PROPERTY, and affordable rental units on the adjacent parcels (see Exhibit A).¹

HCDA’s plans for the SUBJECT PROPERTY provide for the construction of two residential towers, commercial spaces, and parking. Units on one of the towers will be sold as market-priced fee simple properties while the other tower comprising of affordable units, commercial spaces, and parking will be leasehold.

¹ The affordable rental units are being developed by the Hawaii Housing Finance and Development Corporation (HHFDC) on the adjacent parcels 42 & 43, which have been set aside to HHFDC for such purposes under Governor’s Executive Order No. 4345.
The development will be undertaken by the developer selected by HCDA pursuant to a request for proposals (RFP), which was issued in January 2012 with the deadline for the developers to submit proposals on August 31, 2012.

HCDA intends to confine the footprint of the market-priced tower to about 15,000 square feet. HCDA will consider the relaxing the height restrictions to help expanding the building envelope. HCDA indicated that an essential part of its proposal involves selling the fee simple interest of the FEE PORTION plus any expanded air rights to the developer who will be allowed to sell the fee simple interest in the individual residential units.

**Conveyance and Reversion**

HCDA requests the fee simple interest conveyance of the entire SUBJECT PROPERTY ((consist of both the FEE PORTION and LEASE PORTION as mentioned above) to facilitate its negotiation with any prospective developer. Upon completion of the development or other triggering events provided in the MOA as described below, HCDA will reconvey the LEASE PORTION to the Board at no cost.

**Executive Order and Lease**

It is contemplated that upon the reversion over the LEASE PORTION as mentioned above, the Board will recommend to the Governor for the issuance of an executive order setting aside the LEASE PORTION to HCDA. A lease will be entered by HCDA and the developer over the LEASE PORTION for the purposes of affordable residential unit, commercial spaces, and parking stalls. The Board will consider granting consent to such lease, subject to compensation payable to DLNR according to the terms and conditions of the MOA.

**Compensation to DLNR**

HCDA advises that the revenues generating from the entire project will be shared with the Department. HCDA and/or its developer shall use the compensation to purchase annuities with the principal and interest solely for the benefit of DLNR. Compensation will come from the sale of the fee simple interest of the FEE PORTION by HCDA to the developer, and any other recurring revenues receivable from the LEASE PORTION. At prior meetings, HCDA had indicated that it would start negotiating with the prospective developer at a value below fair market value, subject to a minimum value that DLNR would accept. However, HCDA estimated that the revenue generated from the development could amount to $20 million. For Board’s information, the minimum value will be inserted in the MOA.

**Memorandum of Agreement**

DLNR met with HCDA who requested to bring this matter to the Board for consideration and approval but subject to a memorandum of agreement to specify the details of the transaction being agreed upon by HCDA and DLNR regarding some pertinent issues of the conveyance.

Following are the basic terms for the proposed MOA. Further, staff recommends the Board authorize the Chairperson negotiate with HCDA regarding the MOA.

1. HCDA shall be responsible for obtaining the maps and legal descriptions, subdivision approvals, legal documentation, recordation, Legislature
concurrence\(^2\), and other permits or authorizations as may be required for the development of the project.

2. HCDA use its best efforts to negotiate the best deal possible for the State including the compensation to be paid to the State and DLNR for the fee simple interest of the FEE PORTION to be occupied by the market-priced residential tower and the air rights, the leasehold interest of the LEASE PORTION to be occupied by the affordable residential units, commercial spaces, and parkings\(^3\).

3. HCDA shall provide an appraisal for the values for the respective interest (fee and leasehold) mentioned in paragraph 2 above, provided that any final approval of compensation for the respective interest (fee and leasehold) be brought back to the Board for blessing.

4. In the event any of the negotiated values mentioned in paragraph 2 above is less than 80% of the fair market value as determined by such appraisal, HCDA shall bring this matter back to the Board for further consideration and/or reevaluation.

5. HCDA shall obtain the Board’s concurrence to the terms and conditions of the lease over the LEASE PORTION to be executed between HCDA and the selected developer.

6. HCDA and/or its developer shall use compensation payable to DLNR to buy annuities with the principal and interest solely for the benefit of DLNR.

7. In the event HCDA cannot reach an agreement with the developer selected pursuant to the Request for Proposal within two (2) years from the date of MOA, the MOA shall deem to be terminated without any further action from both HCDA and DLNR. Upon the termination of this MOA, all interests over the SUBJECT PROPERTY that have been conveyed to HCDA shall be reverted to the Board at no cost to the Board. This reservation shall appear in the conveyance document for the SUBJECT PROPERTY.

Further, staff recommends the Board authorize the issuance of an immediate management right-of-entry for the SUBJECT PROPERTY to HCDA to facilitate the forthcoming RFP process.

Staff did not solicit comments from other government agencies at this stage. Staff understands any solicitation for comments from the general public and agencies will be performed during the forthcoming environmental assessment compliance process to be undertaken by the selected developer.

**RECOMMENDATION:** That the Board

1. Authorize the Chairperson negotiate and execute a memorandum of agreement with Hawaii Community Development Authority regarding the conveyance of fee simple

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\(^2\) HCDA’s plan of selling the FEE PORTION to the selected developer requires the concurrence from the Legislature pursuant to Section 171-64.7, HRS.

\(^3\) The compensation receivable by DLNR over the LEASE PORTION shall include any revenue/rent over any area, or its undivided interests, not sold in fee simple interest.
interest of the SUBJECT PROPERTY.

2. Approval in Concept for the conveyance of the fee simple interest of the SUBJECT PROPERTY to Hawaii Community Development Authority under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

a. The standard terms and conditions of the most current deed form, as may be amended from time to time;

b. Execution of the Memorandum of Agreement as described above in the Remarks Section;

c. Review and approval by the Department of the Attorney General; and

d. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

3. Issue an immediate management right-of-entry to Hawaii Community Development Authority covering the SUBJECT PROPERTY for site management purposes subject to the following:

a. The standard terms and conditions of the most current right-of-entry permit, as may be amended from time to time; and

b. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

Barry Cheung
District Land Agent

APPROVED FOR SUBMITTAL:

William J. Alla, Jr., Chairperson
SUBJECT

Affordable Rental Site GEO 4345

TMK (1) 2-1-051:041

EXHIBIT A
MEMORANDUM

TO: Barry W. Cheung, Oahu District Land Agent

THROUGH: Russell Y. Tsuji, Administrator

FROM: E. Mahoe Collins, State Abstractor

SUBJECT: Ceded-Trust Status of Tax Map, Key Parcel: (1) 2-1-051:041.

We have been requested to determine the ceded-trust status of the subject property identified as TMK (1) 2-1-051:041 ("Parcel 041"), and delineated as shown on the map attached hereto as Exhibit A.

As shown thereon, "Parcel 041", containing 94,423 Square Feet, as situated, lying and being portions of the Lele of Puuui at Kaakaukukui, was awarded under Land Commission Award 7712, Apana 6, part 1, Royal Patent 4483 to M. Kekualaa for V. Kamamalu.

Through mesne probates the title and interest of V. Kamamalu in and to the said Lele of Puuui, including the subject "Parcel 041", was devised to the Trustees under the Will and of the Estate of Bernice Pauahi Bishop, Deceased.

By Deed dated May 20, 1910 and recorded in Liber 326, Page 459 (L.O.D. 1227) the Territory of Hawaii acquired "Parcel 041", and other lands, from the Trustees of the Estate of Bernice Pauahi Bishop.

Pursuant to § 5(a) of the Admissions Act of March 18, 1959 (Pub L 86-3, 73 Stat 4), the State of Hawaii succeeded to the title and interest of the Territory of Hawaii in and to said "Parcel 041" and other lands.

In conclusion we find that the subject property, "Parcel 041", is non-ceded.

If you have any questions, please feel free to call me at 587-0458.

Enclosure
EXEMPTION NOTIFICATION

regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

Project Title: 690 Pohukaina Street Development

Project / Reference No.: PSF 11od-204

Project Location: Kakaako, Honolulu, Oahu Tax Map Key: (1) 2-1-051:041

Project Description: Fee conveyance and issuance of management right-of-entry

Chap. 343 Trigger(s): Use of State Land

Exemption Class No.: In accordance with Hawaii Administrative Rule Sections 11-200-8(a)(1) & (4) and the Exemption List for the Department of Land and Natural Resources approved by the Environmental Council and dated December 4, 1991, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, that states "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing" and Class No. 4, that states "Minor alteration in the conditions of land, water, or vegetation."

The request pertains to the transfer of fee title to Hawaii Community Development Authority (HCDA). Upon finalization of the request for proposal and the selection of a developer for the proposed development of the SUBJECT PROPERTY, the compliance process for environmental assessment will begin. During the interim, HCDA does not plan to change the use of the SUBJECT PROPERTY and will continue to maintain the property. Therefore, staff does not expect there will be major alteration in the conditions of the land, water or vegetation at the location.

Consulted Parties Not applicable

Recommendation: That the Board find this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.

\[Signature\]

William J. Aila, Jr., Chairperson

Date: EXHIBIT C
MEMORANDUM OF AGREEMENT
BETWEEN HAWAII COMMUNITY DEVELOPMENT AUTHORITY AND
DEPARTMENT OF LAND AND NATURAL RESOURCES
FOR STATE LANDS LOCATED AT 690 POHUKAINA STREET
KAKAAKO, HONOLULU, OAHU, TAX MAP KEY (1) 2-1-051:041

THIS MEMORANDUM OF AGREEMENT (hereafter “MOA”) is made this _______ day of ___________ 2012, between the Hawaii Community Development Authority (hereafter “HCDA”) whose address is 461 Cooke Street, Honolulu, Hawaii 96813 and the Department of Land of Natural Resources (hereafter the Department), by and through the Board of Land and Natural Resources (hereafter the “Board”) whose address is P.O. Box 621, Honolulu, Hawaii 96809. The term “BLNR” shall mean the Board, the Department or both as the context requires.

WITNESSETH THAT:

WHEREAS, the State of Hawaii, by and through the BLNR, owns the fee simple interest of the State land located at Kakaako, Honolulu, Oahu, and identified as tax map key (1) 2-1-051:041 (hereafter “SUBJECT PROPERTY”); and

WHEREAS, HCDA intends to develop the SUBJECT PROPERTY into a mixed-use high rise project (hereafter “PROJECT”); and

WHEREAS, HCDA plans to develop the SUBJECT PROPERTY into FEE PORTION and LEASE PORTION, in which the FEE PORTION will be developed into market-priced apartment units, and the LEASE PORTION will be developed into affordable apartment units, parking, commercial space, and community purposes; and

WHEREAS, the FEE PORTION contains approximately 15,000 square feet land area and the LEASE PORTION covers the remaining land area of the SUBJECT PROPERTY; and

WHEREAS, HCDA has received proposal(s) from prospective developer(s) in response to its request for proposals for the PROJECT and plans to select a qualified developer around December 2012; and

WHEREAS, HCDA requests the fee conveyance of the SUBJECT PROPERTY to facilitate the negotiations between HCDA and the selected developer; and

WHEREAS, on August 24, 2012, under agenda item D-15, the BLNR approved in concept the fee conveyance of the SUBJECT PROPERTY to HCDA, subject to entering a memorandum of agreement stipulating the terms and conditions for the disposition of the SUBJECT PROPERTY,

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, BLNR and HCDA mutually agree as follows:

EXHIBIT "4"
1. HCDA shall be responsible for obtaining the maps and legal descriptions, subdivision approvals, legal documentation, recordation, concurrence of the Legislature, and other permits or authorizations as may be required for the development of the PROJECT.

2. HCDA shall use its best efforts to negotiate the best deal possible for the State including the compensation to be paid to the BLNR for the fee simple interest of the FEE PORTION to be occupied by the market-priced residential tower and the air rights, the leasehold interest of the LEASE PORTION to be occupied by the affordable residential units, commercial spaces, and parking.

3. HCDA shall provide an appraisal for the values of the respective interests (FEE PORTION and LEASE PORTION) mentioned in paragraph 2 above, provided that any final approval of compensation for the respective interests (FEE PORTION and LEASE PORTION) be brought back to the BLNR for approval prior to the disposition of such interests.

4. In the event any of the negotiated values mentioned in paragraph 2 above are less than 80% of the fair market value as determined by such appraisal, HCDA shall bring this matter back to the BLNR for further consideration and/or reevaluation prior to any disposition of the FEE PORTION or LEASE PORTION.

5. Upon subdivision of the FEE PORTION and LEASE PORTION from the SUBJECT PROPERTY, HCDA shall convey the fee simple interest of the LEASE PORTION to BLNR.

6. Upon the transfer of the LEASE PORTION to BLNR, BLNR shall recommend to the Governor for issuance of an executive order setting aside the LEASE PORTION to HCDA.

7. Upon the issuance of the executive order, HCDA shall obtain BLNR's prior concurrence to the terms and conditions of the lease over the LEASE PORTION to be executed between HCDA and the selected developer.

8. HCDA and/or its selected developer shall use the compensation payable to BLNR from the disposition of the FEE PORTION and LEASE PORTION to buy annuities, the principal and interest of which shall be for the sole benefit of BLNR.

9. In the event HCDA cannot reach an agreement with the developer selected pursuant to the request for proposal within two (2) years from the date of this MOA, the MOA shall be deemed to be terminated without any further action of either HCDA or BLNR. Upon the termination of this MOA, all right, title and interest in and to the SUBJECT PROPERTY shall
automatically revert to the BLNR at no cost to BLNR. This reverter shall appear in the conveyance document of the SUBJECT PROPERTY to HCDA.

10. This MOA shall not be amended, revised, or altered without agreement in writing from HCDA and BLNR.

11. This MOA may be signed in counterparts, each of which shall be deemed an original and said counterparts shall together constitute one and the same MOA, binding all of the parties are not signatory to the original or the same counterparts.

APPROVED BY THE BOARD OF LAND AND NATURAL RESOURCES AT ITS MEETING HELD ON AUGUST 24, 2012

APPROVED AS TO FORM

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Chairperson, Board of Land and Natural Resources

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APPROVED AS TO FORM

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

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By

Its
November 8, 2012

William J. Aila, Jr., Chairman
Board of Land and Natural Resources
P.O. Box 621
Honolulu, HI 96809

Re: Request for Revocable Right of Entry for adjacent DLNR property
    TMK: 2-1-51: 41 (portion), “DLNR Site”

Dear Mr. W. J. Aila, Jr.;
On behalf of Halekauwila Place, LP, I am writing to request a Right of Entry for the DLNR Site located at the corner of Pohukaina and Keawe Streets (mauka – Diamond Head corner).

Our request for access to the Site is related to the construction of Halekauwila Place (“Project”) located on TMK: 2-1-51: 42 and 43 (“Project Site”). The Project is under Hawaii Housing Finance and Development Corporation’s jurisdiction as provided in the Governor’s Executive Order No. 4345 dated November 29, 2010. We seek a right of entry on lands previously approved by the BLNR on August 24, 2012, Item D-15 to be transferred to HCDA for development purposes; in exchange the DLNR was to receive market value compensation for the lands transferred. We have consulted with HHFDC about this 2-year right of entry at gratis and HHFDC has no objection. We will restore and land to its original condition at the end of the 2-year right of entry prior to return to either DLNR or HHFDC, whoever has management jurisdiction at that time. We anticipate commencing construction of the affordable housing development sometime during the last quarter of 2012. Approval of the requested Right of Entry is important as it will be used for site access, construction staging and storage of materials. We respectively request that BLNR consider this request as follows:

<table>
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<tr>
<th>Property</th>
<th>TMK: 2-1-51: 41 (portion)</th>
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<tr>
<td>Commencement date</td>
<td>December 10, 2012</td>
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<tr>
<td>Term</td>
<td>Two years</td>
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<tr>
<td>Consideration</td>
<td>$1.00 per year, $2.00 for the entire Term</td>
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If you have any questions about this request, please do not hesitate to contact Jesse Wu at (808) 547-2274.

Sincerely,

Stanford Carr, President

Cc: Barry Cheung, DLNR staff
    Karen Seddon, HHFDC

Acknowledged and concurred:
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

Name: Anthony Ching
Title: Executive Director

EXHIBIT "S"