



HAWAIIAN HOME LANDS  
HAWAIIAN HOMES COMMISSION  
DEPARTMENT OF HAWAIIAN HOME LANDS

**INFORMATIONAL PRESENTATION  
ONE YEAR EXTENSION OF OPTION  
TO LEASE – HAWAII DEBARTOLO  
KAPOLEI, OAHU**

November 13, 2013

DOWNTOWN HONOLULU

LAND AREA: 67.270 Acres

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# HOW THIS PROJECT STARTED

## REQUEST FOR PROPOSAL

- Parcel offered by way of a seal-bid auction in 2006 pursuant to Section 171-59, Hawaii Revised Statutes, as amended
- 2 entities submitted applications
- Hawaii DeBartolo was deemed qualified and selected

# WHERE ARE WE NOW

## CURRENT PROPOSAL

- Option to expire November 30, 2014
- Option Waiting Period Payment:
  - \$1.8M prepaid on December 1, 2013
  - \$100,000 per month applied as option waiting period payments (non-refundable)
  - All payments up to November 30, 2013 (total \$453,727) refundable only if there is a challenge to DHHL authority to lease for commercial use

# WHY SUPPORT THIS EXTENSION REQUEST

## NEAR TERM BENEFITS

- \$468,845 Initial Deposit (non-refundable)

### Option Waiting Period Payments:

- \$453,727 already received
- \$1.8M (non-refundable) on December 1, 2013

**If DeBartolo is unable to pull down the lease in this last and final 12 month option period, the trust would realize approximately \$3M for its risk.**

# WHY SUPPORT THIS EXTENSION REQUEST

## LONG TERM BENEFITS

- \$600M+ Base Ground Lease Rent for entire 65 years
- Tenants' Participation Rent starting from Yr 11 is estimated to generate additional revenue to DHHL for the entire term (potentially \$400M)

**If DeBartolo IS able to pull down the lease in this last and final 12 month option period, the trust will realize an estimated \$1B in revenue over 65 years**

# WHY SUPPORT THIS EXTENSION REQUEST

## PROPOSED HOMESTEAD COMMUNITY BENEFITS

- 4% of Base Rent for entire 65 years
- Amount of contribution escalates based on rent schedule from \$140K (year one) to \$280K (year 25).
- \$5.5 M (estimated) total for the first 25 years
- Benefit funds will be held by the department in a separate fund for projects in the Kapolei region.
- Department will work with impacted communities and their associations to define how funds are spent.

# WHY SUPPORT THIS EXTENSION REQUEST

- The Department realizes that there are still outstanding issues regarding this project and pledges to continue the dialogue with our beneficiaries, and the surrounding communities.
- We have asked DeBartolo to engage with our beneficiaries and communities in the East Kapolei region in order to work with community stakeholders and leaders on the project.
- We understand that the project will create jobs. We also acknowledge that the project will forever transform the region, changing how we all work, live, learn, and play as a community.
- **How we best plan and manage that transformation is the reason we are here this evening.**

Mahalo

Questions?