

**Honolulu Authority for Rapid Transportation**

**RESOLUTION NO. 2015-10**

**APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE EASEMENT OVER, ON, AND ACROSS THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 1-1-016-012 (PORTION) BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID EASEMENT BY EMINENT DOMAIN**

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, Section 17-103.2(b) of the Charter empowers HART "to acquire by eminent domain ... all real property or any interest therein necessary for the construction, maintenance, repair, extension or operation of the fixed guideway system;" and

WHEREAS, prior to such acquisition the Charter directs HART to submit a list of real property and easements to be acquired by eminent domain to the City Council; and

WHEREAS, the City Council may approve the acquisition by eminent domain or may object by adoption of a resolution within 45 days of the notification to acquire the real property and easements; and

WHEREAS, the acquisition by eminent domain of an easement over, on, and across the real property identified as Tax Map Key (TMK) 1-1-016-012 (por.) and more particularly described in the attached legal description marked as Exhibit A, is necessary for the Honolulu Rail Transit Project fixed guideway system, a valid public use and purpose;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That written notification to the City Council is approved, for the acquisition by eminent domain of an easement over, on, and across the real property identified as TMK 1-1-016-012 (por.); and
2. That in the event the City Council approves or does not object to the acquisition within 45 days of notification, then HART is authorized to publish in a daily newspaper at least three days prior to Board action, the attached resolution marked as Exhibit B, authorizing acquisition by eminent domain of said easement.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on  
MAY 21 2015

Exhibit A – Legal description of TMK 1-1-016-012 (por.)  
Exhibit B – Resolution No. 2015-\_\_\_\_, Authorizing the Acquisition of Easement  
Over, On, and Across the Real Property Identified as Tax Map Key 1-  
1-016-012 (Portion) by Eminent Domain.

  
Board Chair

ATTEST:

  
Board Administrator

**PARCEL 310**

Being a Portion of Lot 97

As Shown on Map 150 of Land Court Application 1074

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the Northwest corner of this parcel of land, being the Northeast corner of the Lot 98 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,145.87 feet South and 2,403.16 feet East, thence running by azimuths measured clockwise from true South:

- |    |          |       |   |
|----|----------|-------|---|
| 1. | 279° 04' | 67.84 | feet along the South side of Waiwai Loop;   |
| 2. | 9° 04'   | 7.79  | feet;   |
| 3. | 99° 04'  | 33.83 | feet;   |
| 4. | 9° 04'   | 17.41 | feet;   |
| 5. | 99° 04'  | 34.01 | feet;   |
| 6. | 189° 04' | 25.20 | feet along Lot 98 (Map 150) of Land Court Application 1074 to the point of beginning and containing an area of 1,121 Square Feet, more or less. |



R. M. TOWILL CORPORATION

Description prepared by:

*Ryan M. Suzuki*  
 Ryan M. Suzuki Exp: 4/30/16  
 Licensed Professional Land Surveyor  
 Certificate Number 10059

2024 North King Street, Suite 200  
 Honolulu, Hawaii 96819  
 May 11, 2015



**Remainder of PARCEL 310**

Being a Portion of Lot 97

As Shown on Map 150 of Land Court Application 1074

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the Northeast corner of this parcel of land, being the Northwest corner of the Lot 96 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,161.63 feet South and 2,501.91 feet East, thence running by azimuths measured clockwise from true South:

- |    |             |        |  |
|----|-------------|--------|--|
| 1. | 9° 04'      | 208.27 | feet along Lot 96 (Map 150) of Land Court Application 1074;  |
| 2. | 92° 39' 30" | 100.63 | feet along Keehi Lagoon Beach Park, Exec. Ord. No. 1561;   |
| 3. | 189° 04'    | 194.30 | feet along Lot 98 (Map 150) of Land Court Application 1074;  |
| 4. | 279° 04'    | 34.01  | feet;  |
| 5. | 189° 04'    | 17.41  | feet;  |
| 6. | 279° 04'    | 33.83  | feet;  |
| 7. | 189° 04'    | 7.79   | feet;  |
| 8. | 279° 04'    | 32.16  | feet along the South side of Waiwai Loop to the point of beginning and containing an area of 20,268 Square Feet, more or less. |





R. M. TOWILL CORPORATION

Description prepared by:

A handwritten signature in cursive script, appearing to read "Ryan M. Suzuki".

Ryan M. Suzuki      Exp: 4/30/16  
Licensed Professional Land Surveyor  
Certificate Number 10059

2024 North King Street, Suite 200  
Honolulu, Hawaii 96819  
May 12, 2015



**Honolulu Authority for Rapid Transportation**

**RESOLUTION NO. 2015-\_\_**

AUTHORIZING THE ACQUISITION OF EASEMENT OVER, ON, AND ACROSS  
THE REAL PROPERTY IDENTIFIED AS  
TAX MAP KEY 1-1-016-012 (PORTION) BY EMINENT DOMAIN

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, Section 17-103.2(b) of the Charter empowers HART “to acquire by eminent domain . . . all real property or any interest therein necessary for the construction, maintenance, repair, extension or operation of the fixed guideway system;” and

WHEREAS, the City Council approved or did not object to the acquisition of an easement over, on, and across the real property identified as Tax Map Key (TMK) 1-1-016-012 (por.) by eminent domain after written notification by HART; and

WHEREAS, the acquisition by eminent domain of said easement over, on, and across the above-identified real property, which is more particularly described in the attached legal description marked as Exhibit A, is necessary for the Honolulu Rail Transit Project fixed guideway system, a valid public use and purpose;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That acquisition by eminent domain of an easement over, on, and across the real property identified as TMK 1-1-016-012 (por.) is hereby authorized and the Corporation Counsel of the City and County of Honolulu is empowered to institute eminent domain proceedings as provided by law for the acquisition thereof; and
2. That the acquisition of said easement by eminent domain is determined and declared to be for a valid public use and purpose as aforesaid; and
3. That the acquisition of said easement by eminent domain is determined and declared to be necessary for the aforesaid public use and purpose; and

- 4. That in the process of said proceedings in eminent domain, the Corporation Counsel is authorized and empowered to negotiate terms of settlement, subject to the approval of HART and/or the Court before which such proceedings are commenced; and
- 5. That the Board Administrator be directed to transmit copies of this resolution to HART and the Department of the Corporation Counsel.

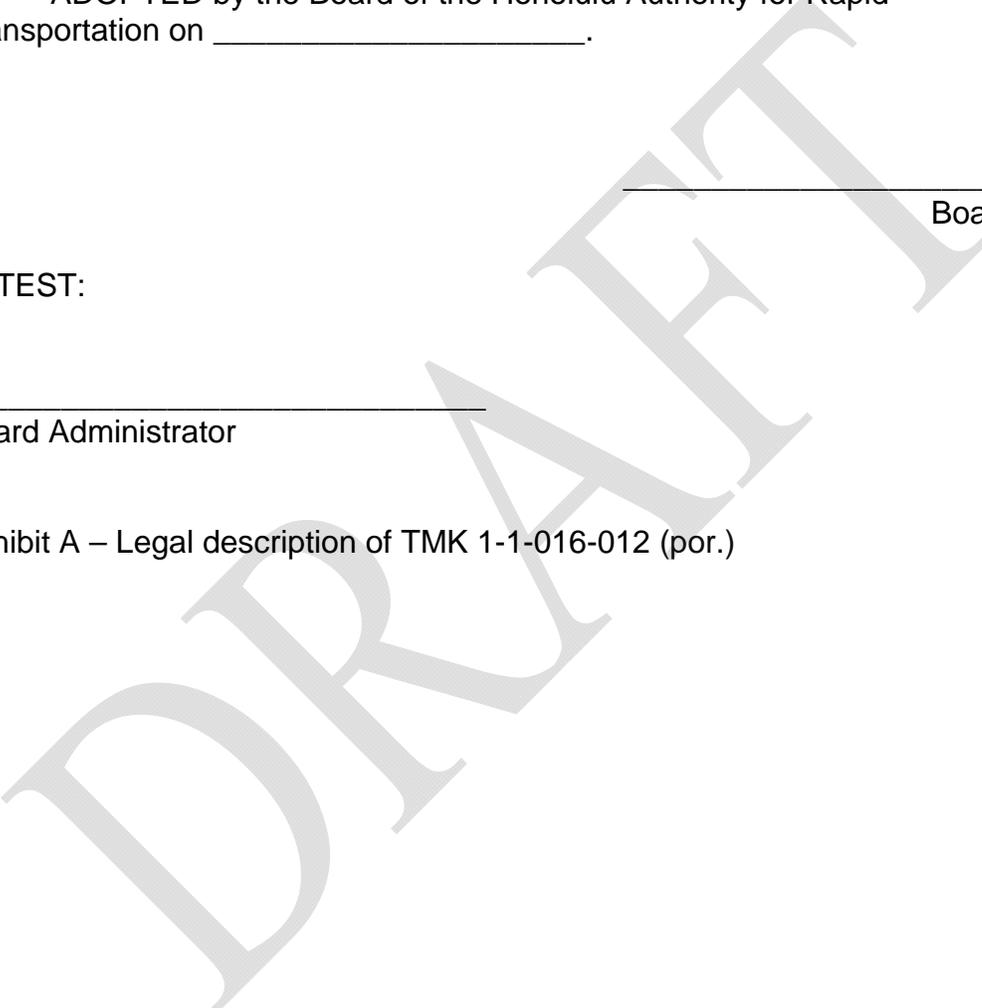
ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on \_\_\_\_\_.

\_\_\_\_\_  
Board Chair

ATTEST:

\_\_\_\_\_  
Board Administrator

Exhibit A – Legal description of TMK 1-1-016-012 (por.)



**PARCEL 310**

Being a Portion of Lot 97

As Shown on Map 150 of Land Court Application 1074

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

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Ryan M. Suzuki      Exp: 4/30/16  
Licensed Professional Land Surveyor  
Certificate Number 10059

2024 North King Street, Suite 200  
Honolulu, Hawaii 96819  
May 12, 2015



# Honolulu Authority for Rapid Transportation

## STAFF SUMMARY

<b>TITLE:</b> <b>RESOLUTION NO. 2015-10</b> APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE EASEMENT OVER, ON, AND ACROSS THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 1-1-016-012 (PORTION) BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID EASEMENT BY EMINENT DOMAIN	<b>STAFF CONTACT:</b> Elizabeth Scanlon Morris Atta	<b>DATE:</b> May 21, 2015
--	---	------------------------------

Type:	Goal	Focus Area	Reference Notes
<input checked="" type="checkbox"/> Action/Approval	<input checked="" type="checkbox"/> Project Delivery	<input checked="" type="checkbox"/> Livability/Land Use	
<input type="checkbox"/> Information	<input type="checkbox"/> Service Delivery	<input type="checkbox"/> Partnerships	
<input type="checkbox"/> Follow-up	<input checked="" type="checkbox"/> Resource Stewardship	<input type="checkbox"/> Agency Admin.	

**1. Purpose:**

Review of Notification to City Council for condemnation of land for public use, identified as Tax Map Key 1-1-016-012, and situated at 2620 Waiwai Loop, Honolulu, Hawaii, 96819, which is required for guideway construction of the Honolulu Rail Transit Project (H RTP). This property, for which a 1,121 square foot Guideway Easement and a 468 square foot Temporary Construction Easement is required, is on the critical path for successful completion of the Airport section of the H RTP. The property is owned by Window World, Inc.

HART recommends use of eminent domain to acquire the property.

**2. Background/Justification**

This property (TMK 1-1-016-012) was designated as a partial take in the Final Environmental Impact Statement (FEIS). As required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and FTA C5010.1D, the owners were notified of HART's intent to acquire the property. An appraisal was conducted following URA guidelines, which took into consideration all site conditions and potential impacts the partial take would have on the remainder of the property.

- The appraisal site visit occurred on September 22, 2014.
- An offer for the Guideway Easement and Temporary Construction Easement dated October 16, 2014 was hand delivered to the owner on October 21, 2014.
- The Consent to Enter has been signed by the owner; however no agreement has been reached on the acquisition.
- The owner is in disagreement with the value ascribed to the partial taking. The owner has not yet provided a formal response or counteroffer. There is a significant possibility that negotiations and/or closing of this transaction will not conclude prior to the date that access to the property is needed to meet HART's project construction schedule and could result in construction delay damage claims..

This parcel is being referred to eminent domain in order to ensure that if negotiations are not concluded to the satisfaction of the parties in a timely manner, HART will still be able to seek and obtain access to the property or part thereof to enable HART to maintain its construction schedule without delay. Access to this parcel is needed as soon as possible in order to avoid costly delays to the project schedule and timing. Even if authorization to proceed with eminent domain is granted, HART fully intends to continue negotiations with the owner to seek a negotiated settlement prior to the filing of any court action rather

than rely on resolution of this matter by litigation.

**3. Procurement Background**

N/A

**4. Financial/Budget Impact**

The project budget includes an estimated cost for legal action associated with the eminent domain of the property.

**5. Policy Impact**

There is no policy impact since this action conforms to the requirement of the URA, FTA 1050.1D and Article SVII of the Charter of the City and County of Honolulu.

**6. Public Involvement**

N/A

**7. Alternatives**

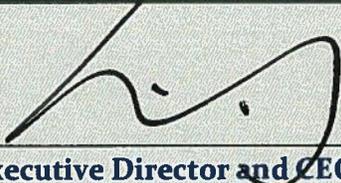
There is no feasible alternative to avoid the above described impacts to the property.

**8. Exhibits**

Exhibit 1 – Offer letter dated October 16, 2014

Exhibit 2 – Appraisal by John Child & Company

**Certified and Recommended by:**



Executive Director and CEO

5/15/15

Date



IN REPLY REFER TO:  
CMS-AP00ROW-00647

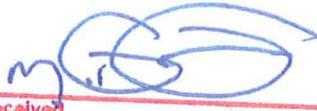
HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas  
EXECUTIVE DIRECTOR AND CEO

HAND-DELIVERED

BOARD OF DIRECTORS

October 16, 2014

  
 Received  
 MARTIN ANTON  
 Print Name  
 Date  
 10-21-14

Ivan M. Lui-Kwan, Esq.  
CHAIR

Donald G. Horner  
VICE CHAIR

George I. Atta  
Robert Bunda  
Michael D. Formby  
Ford N. Fuchigami  
William "Buzz" Hong  
Keslie W.K. Hui  
Damien T.K. Kim  
Carrie K.S. Okinaga, Esq.

Mr. Martin D. Anton  
Window World, Inc.  
2620 Waiwai Loop  
Honolulu, Hawaii 96819

Dear Mr. Anton:

Subject: Honolulu Rail Transit Project (H RTP)  
2620 Waiwai Loop  
Parcel 310: Tax Map Key (TMK) 1-1-016-012 (Partial)  
**Letter of Offer**

This is a follow-up to previous correspondence regarding the appraisal and acquisition of the subject property. An appraisal of your property has been completed. Based on our findings as contained in the enclosed Statement of Just Compensation, Honolulu Authority for Rapid Transportation (HART) offers to purchase a 1,121 square feet portion of your property, identified as TMK 1-1-016-012 (shown colored in yellow on the enclosed map), as a perpetual easement for stairwell touchdown and overhead station easement, for the total consideration of \$175,000 (One Hundred Seventy-Five Thousand Dollars). Only ingress/egress will be permitted within the proposed station maintenance easement. Parking, open yard storage, and fencing will not be permitted within the overhead station easement area. Clearance below overhead station easement will be sufficient to allow containerized vehicles access to the property.

In addition, HART offers to purchase a Temporary Construction Easement (TCE) encompassing a total of 468 square feet (shown in blue on the enclosed map), for a total consideration of \$2,095 (Two Thousand and Ninety-Five Dollars). The purpose of the TCE is to facilitate street widening and construction of the improvements with the right-of-way (ROW). Activities that may be performed with the TCE may include: demolition, grading, utilities, traffic items, paving, and sidewalk. These activities may involve operation of equipment, movement of a work force on the described easement, and may include site security with temporary fencing. Construction within the TCE area would be limited to driveway and back of sidewalk connections to existing grades, and surface restoration. The duration of the TCE will be six months with a start date to be determined thru coordination with you and HART's contractor.

The total offer for acquiring both interests in your property is \$177,095 (One Hundred Seventy-Seven Thousand Ninety-Five Dollars).

Mr. Martin D. Anton  
Page 2  
October 16, 2014

The amount of offer is predicated on the assumption that there exists no hazardous substance, product, or waste on the subject property. Please be advised that the amount offered is subject to completion of an environmental site assessment by HART, and the cost to remediate any identified findings may affect the valuation of the subject property.

If this offer is acceptable, please sign the duplicate of this letter and the Consent to Enter and return them in the enclosed envelope by November 16, 2014. The remaining copies are for your files. Also enclosed for your information is the Appraisal Summary Statement and the General Acquisition & Relocation Information Brochure.

In accordance with federal regulations affecting real property transactions, we request your cooperation in providing us with your Taxpayer Identification Number. Please execute and return the enclosed IRS Form W-9 at the same time. The W-9 is required by our Department of Budget and Fiscal Services to release the check.

Please contact Mr. Walter "Cap" Havekorst at 799-3655 if you have any questions regarding this matter.

Sincerely,



Daniel A. Grabauskas  
Executive Director and CEO

Enclosures

ACCEPTED:

WINDOW WORLD, INC.

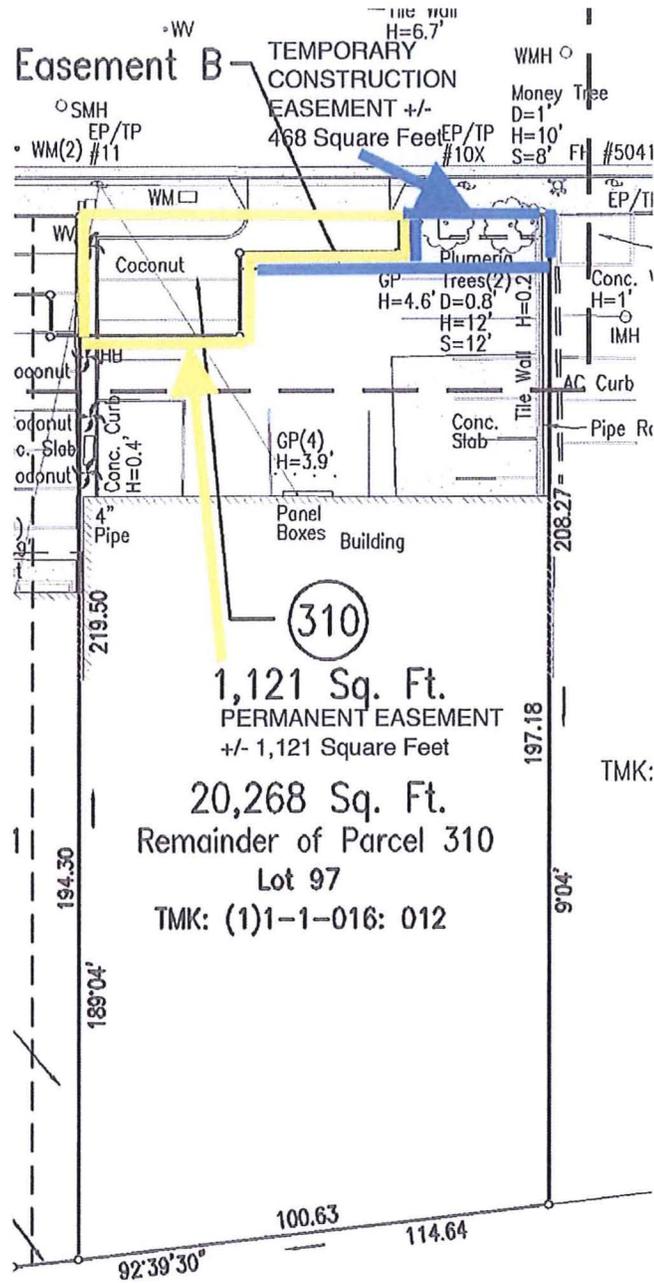
By \_\_\_\_\_  
Its

Print Name: \_\_\_\_\_

Dated: \_\_\_\_\_



MAP EXHIBIT



**STATEMENT OF JUST COMPENSATION**

**PROJECT:** HONOLULU RAIL TRANSIT PROJECT (H RTP)  
**LOCATION:** 2620 Waiwai Loop, Honolulu, Oahu, Hawaii  
**TAX MAP KEY:** 1-1-016-012  
**OWNER(S):** WINDOW WORLD, INC.

**INTEREST TO BE ACQUIRED:** Permanent Easement & Temporary Construction Easement

**PARCEL TO BE ACQUIRED:** Permanent Easement of +/- 1,121 square feet and Temporary Construction Easements (TCEs) of +/- 468 square feet

**ZONING:** I-2 Intensive Industrial (County)

**IMPROVEMENTS:** None

**PURPOSE:** Under the United States and Hawaii Constitutions, private property cannot be taken for public use without payment of just compensation. In accordance with the Code of Federal Regulations, Honolulu Authority of Rapid Transportation submits a written statement of and summary of the basis for the amount it has established as just compensation for the above identified property.

In estimating just compensation, an appraisal was performed by a State of Hawaii licensed appraiser. The amount established as just compensation is not less than the approved appraisal of the fair market value of the property being acquired.

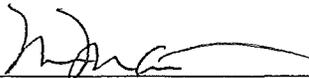
Unless otherwise stated in the attached letter of offer, the amount established as just compensation is for the real property being acquired, which includes land, buildings, structures, or improvements located on, or damaged as a result of the taking of the areas and interest described in the attached letter of offer.

The amount established as just compensation does not include items of personal property such as household furnishings, clothing and appliances.

**JUST COMPENSATION:** Based on the completed appraisal report and the appraisal review the just compensation amount for the property being acquired is:

Permanent Easement	<b>\$175,000</b>
Temporary Construction Easement	<b>\$ 2,095</b>
<b>TOTAL:</b>	<b>\$177,095</b>

The original of this statement to be tendered to the above named owner has been signed in ink. If the signature is not in original ink, as opposed to duplicating, electrostatic or other media, this Statement of Just Compensation is not valid.

  
 \_\_\_\_\_  
 Morris M. Atta  
 Deputy Director of Right-of-Way

**APPRAISAL SUMMARY STATEMENT**

**PROJECT:** HONOLULU RAIL TRANSIT PROJECT (H RTP)  
**ADDRESS:** 2620 Waiwai Loop, Honolulu, Oahu, Hawaii  
**TAX MAP KEY:** 1-1-016-012  
**OWNER(S):** WINDOW WORLD, INC.

**PARCEL AREA:** +/- 1,121 square feet of Permanent Easement  
 +/- 468 square feet of Temporary Construction Easement

**PROPERTY ACQUIRED:** ALL: \_\_\_ PART: X

**INTEREST TO BE ACQUIRED:** Permanent Easement & Temporary Construction Easement

**ZONING:** I-2 Intensive Industrial (County)

**HIGHEST & BEST USE:** Commercial

<b>ASSESSED VALUE (2014): FOR TOTAL PARCEL</b>	Land Value	\$ 2,276,400
	Building Value	<u>\$ 578,400</u>
	<b>TOTAL</b>	<b>\$ 2,854,800</b>

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Permanent Easement	\$175,000
Temporary Construction Easement:	<u>\$ 2,095</u>
<b>TOTAL</b>	<b>\$177,095</b>

The Appraisal Estimate is: \$177,095

The value of the property being acquired is based upon an appraisal prepared in accordance with accepted appraisal practices. Full and careful consideration has been given to the highest and best use for development of the property and to all features inherent in your property in order that the highest valuation possible can be made. The Appraisal Estimate and appraisal were developed and reported in conformity with Federal regulations, State statutes, and City ordinances.

RL 11694

**CONSENT TO ENTER**

The undersigned, being the owner of that certain property bearing the tax map key listed hereinbelow, hereby consents to the entry by the Honolulu Authority for Rapid Transportation ("HART"), a semi-autonomous agency of the City and County of Honolulu, and /or its representatives and consultants for the purpose stated:

PROJECT:           **Honolulu Rail Transit Project (H RTP)**  
TAX MAP KEY:      **1-1-016-012**  
LOCATION:            **2620 Waiwai Loop, Honolulu, Oahu, Hawaii**  
PURPOSE:           **Construction Activities**

It is understood that this consent to enter is granted upon the following terms:

(1) That the area covered by this consent document is colored in yellow and blue outlined on the attached map. That this consent includes the right of ingress to and egress from said consent to enter area over the land of the undersigned, adjacent thereto for all purposes in connection with this consent to enter.

(2) That this consent to enter is granted for a **nominal** consideration of \$1.00.

(3) That HART shall indemnify the undersigned against loss or damage to the property of the undersigned and from liability for injury to or death of persons in the manner provided by law when such loss, damage, injury or death is caused by the negligent use of said property by HART and/or its representatives and consultants, resulting from this consent to enter.

(4) That the entire cost of the work proposed to be done and all other expenses incidental thereto will be borne by HART.

(5) That HART will, in its discretion, determine the extent of the work to be done.

(6) That this consent to enter is granted for a period of thirty-six (36) months commencing from the date of actual entry and terminating at the end of the period or upon completion of work, whichever is sooner.

(7) That HART or its representative will provide the undersigned written notification at least two weeks prior to the entry into said property by HART's contractor.

(8) That this consent to enter shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, personal representatives, successors in trust, successors and assigns.

TAX MAP KEY: 1-1-016-012  
Consent to Enter – Page 2

(9) That this consent to enter shall be null and void upon recordation of the deed or other document conveying said property to HART.

DATED: HONOLULU, HAWAII 4-6-15

WINDOW WORLD, INC  
By   
Its pres  
Phone 808-834-1114

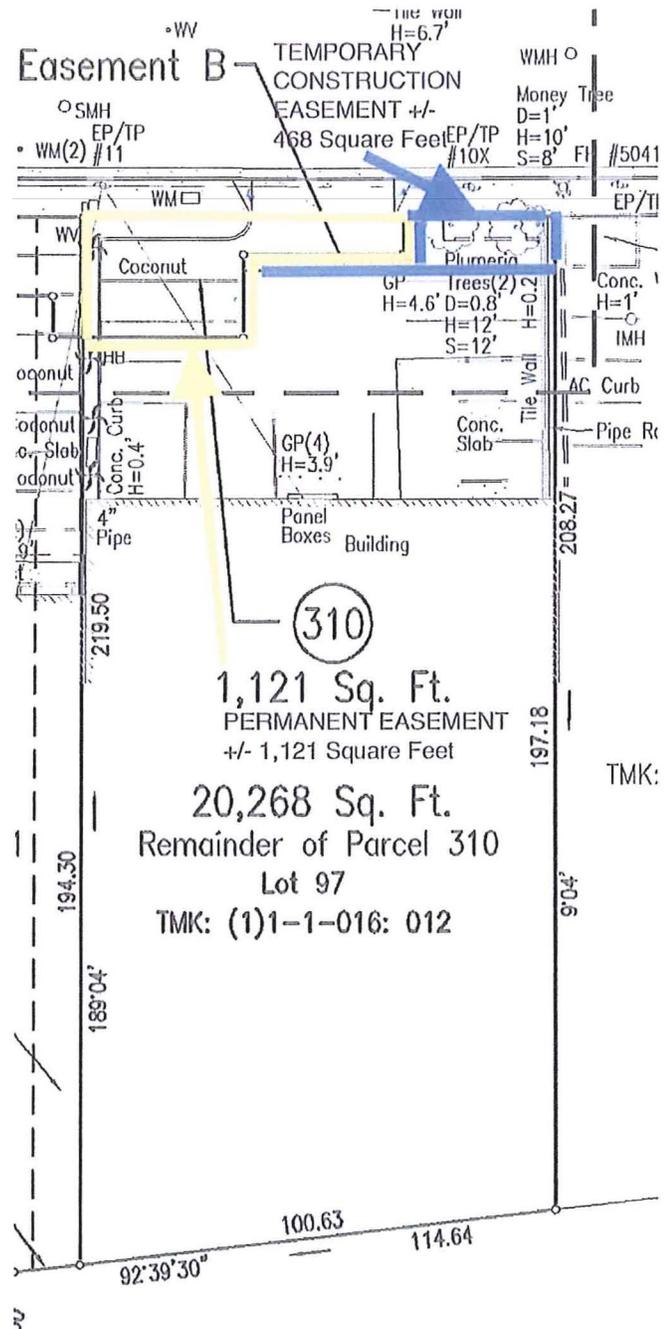
APPROVED AS TO FORM AND  
LEGALITY

  
Deputy Corporation Counsel  
MARILYN C. USHIJIMA

APPROVED AS TO CONTENTS

  
Honolulu Authority for Rapid Transportation

MAP EXHIBIT





October 1, 2014

Karen Char, MAI, CRE  
Paul D. Cool, MAI, CRE  
Shelly H. Tanaka, MAI

City and County of Honolulu  
Honolulu Authority for Rapid Transportation  
c/o Mr. Walter Havekorst  
Senior Acquisition Agent for HART  
Paragon Partners Ltd.  
1099 Alakea Street, Suite 2150  
Honolulu, Hawaii 96813

Dear Mr. Havekorst:

**Re: Window World Property at 2620 Waiwai Loop, Tax Map Key (1) 1-1-016:012;  
PDQ Parcel 310**

At your request, John Child & Company has completed valuation analyses to estimate the fair market values and annual rent for various interests in the Window World Property under full take and partial take scenarios. This letter summarizes the background and estimated values presented in the attached report.

### **STUDY BACKGROUND**

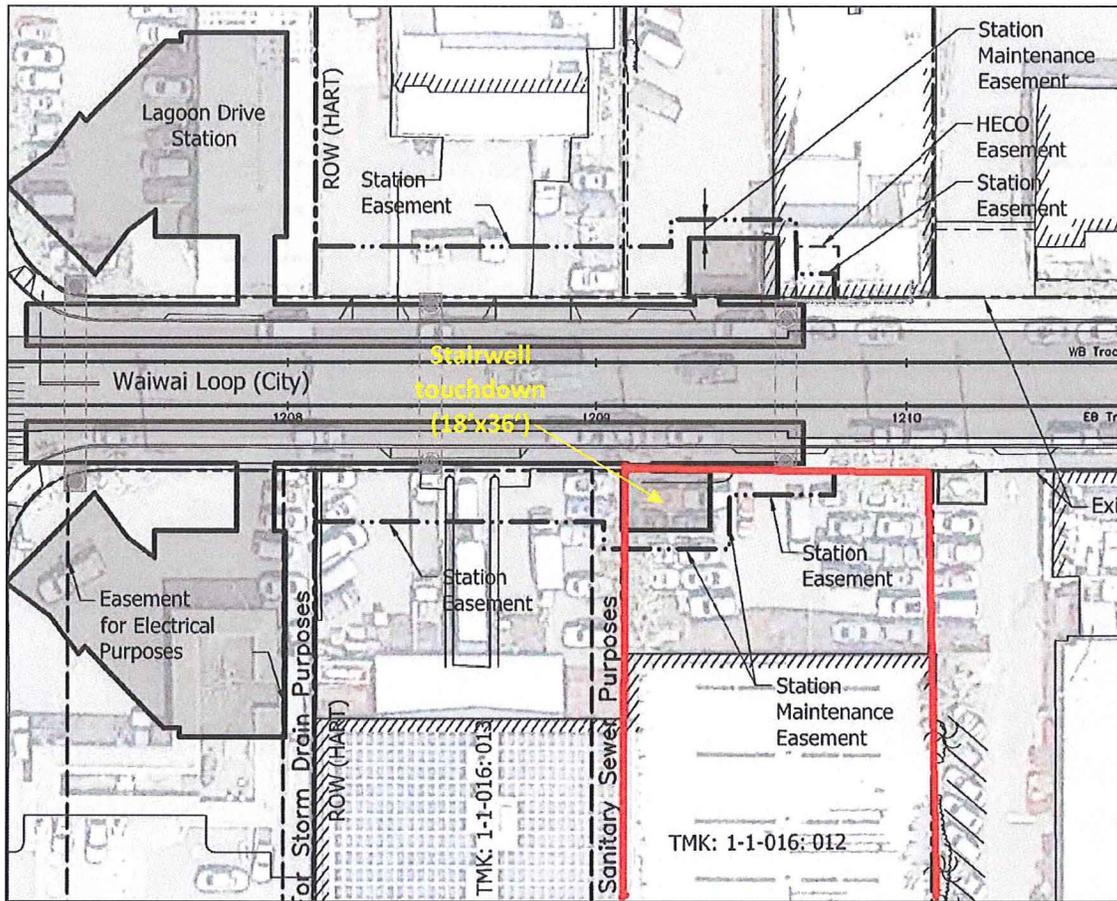
The Window World Property is a single-tenant industrial warehouse property at 2620 Waiwai Loop, in the Honolulu Airport Industrial district on Oahu, Hawaii. The property consists of a 21,389<sup>sq</sup>ft industrial-zoned parcel identified as Tax Map Key 1-1-016:012 of the First Taxation Division.

The single-story concrete masonry and steel warehouse was built in 1977 and includes approximately 16,000<sup>sq</sup>ft of warehouse and enclosed office space. Window World, Inc. is a manufacturer and wholesale distributor of window coverings. It acquired the fee simple interest in the property in 2007 for \$3,000,000 and occupies the entire property for its manufacturing operations, sales and service headquarters, and administrative offices.

Honolulu Authority for Rapid Transportation (HART), a semi-autonomous public transit authority, has retained Paragon Partners Ltd. as its consultant for the Honolulu Rail Transit Project (HRTTP). The HRTTP requires a permanent easement on a 1,121<sup>sq</sup>ft portion of the property along Waiwai Loop for the Lagoon Drive Station stairwell touchdown and overhead station maintenance easement. The proposed easement is shown on the following map:



Honolulu Authority for Rapid Transportation  
Paragon Partners Ltd.  
October 1, 2014  
Page 2



Window World Property

A 468<sup>sq</sup> temporary construction easement (TCE) along Waiwai Loop would also be required during construction.

Alternatively, HART is considering a full take of the Window World Property. In this regard, you have asked us to assist you.



Honolulu Authority for Rapid Transportation  
Paragon Partners Ltd.  
October 1, 2014  
Page 3

### **STUDY OBJECTIVES**

The objectives of our assistance are to:

1. Estimate the fair market value of the fee simple interest in the Window World Property assuming a full take.
2. Estimate the fair market value of a proposed easement encumbrance on a 1,121<sup>sq</sup> portion of the Window World Property for a stairwell touchdown and overhead station maintenance easement.
3. Estimate the annual market rent for a proposed 468<sup>sq</sup> Temporary Construction Easement on a portion of the Window World Property.

### **INTENDED USE AND USERS**

Our assistance is intended to be used by HART, Paragon Partners Ltd. (Paragon Partners), and the U.S. Department of Transportation Federal Transit Administration (FTA) in connection with the H RTP.

As a result, our assistance is intended for the sole and exclusive use of HART (Client), Paragon Partners, and the FTA. The Client has agreed that our assistance is not intended for any other purpose or users and is not to be relied upon by any third parties for any purpose, whatsoever.

### **DATE OF PROPERTY VISIT**

The property was visited on August 15, 2013 and September 22, 2014. The property owner, Mr. Martin Anton, accompanied the appraisers on both visits.

### **EFFECTIVE DATE OF APPRAISAL**

The effective date of appraisal is September 22, 2014, the date of the most recent property visit.

### **DATE OF REPORT**

The date of this report is October 1, 2014.



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Paragon Partners Ltd.  
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## **DEFINITIONS OF TERMS**

Terms used in this report are defined in the Appraisal Institute's, **The Dictionary of Real Estate Appraisal**, Fifth Edition, unless otherwise footnoted.

### **Fair Market Value**

“Fair market value” has the same meaning as “market value.”

Market value means the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. [1]

### **Fee Simple Interest**

“Fee simple interest” is the same as “fee simple estate.”

Fee simple estate is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

### **Easement**

An easement is the right to use another's land for a stated purpose.

### **Market Rent**

Market rent means the most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options, and tenant improvements (TIs).

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[1] Interagency Land Acquisition Conference, **Uniform Appraisal Standards for Federal Land Acquisitions**, 2000.



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### **ASSUMPTION OF A HYPOTHETICAL CONDITION**

A hypothetical condition is that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in an analysis. [1]

Section 24.103(b) of the Code of Federal Regulation (CFR) states:

“The appraiser shall disregard any decrease or increase in the market value of the real property caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for the project, other than that due to physical deterioration within the reasonable control of the owner.”

Therefore, the estimated market value of the property is based on the hypothetical condition that the property is not impacted by the rail project as of the date of valuation.

The assumption of this hypothetical condition could have an effect on the value of the property.

### **EXTRAORDINARY ASSUMPTION**

An extraordinary assumption is an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. [2]

A partial taking would involve an easement encumbrance on a 1,121<sup>7</sup>/<sub>16</sub> portion of the property along Waiwai Loop for a stairwell touchdown and station maintenance easement. The stairwell will encompass 648<sup>7</sup>/<sub>16</sub> at the northwest corner. The balance of the taking consists of an encumbrance of overhead air rights and will continue to be available for ingress and egress to the site; however, no parking, storage, development, or fencing will be allowed in the easement area.

The stairwell touchdown and a straddle bent column in the middle of the property’s driveway will necessitate the relocation of the driveway from its current center location to the easterly end of the parcel. Demolition plans also include removal of 33 linear feet of water-laterals, demolishing and removing planters, trees, and asphalt concrete pavement.

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[1] Appraisal Institute, **The Dictionary of Real Estate Appraisal**, Fifth Edition.

[2] Ibid.



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The estimated market value of the partial taking and TCE are based on the extraordinary assumptions that ingress and egress to the remainder parcel will not be affected. Clearance below the overhead station maintenance easement will be sufficient to allow containerized vehicles access to the property.

In addition, HART will be responsible for the driveway relocation and reconstruction of existing site improvements affected by the proposed taking and TCE, including asphalt or concrete paving, curbing and curb cuts, parking stall restriping, landscaping, irrigation systems, and existing utility connection points.

### **STUDY CONDITIONS**

This report is subject to the study conditions included in Section I.

### **ESTIMATED FAIR MARKET VALUE OF THE WINDOW WORLD PROPERTY ASSUMING A FULL TAKE**

The highest and best use of the Window World Property is as currently improved and for sale to an owner-user for continued manufacturing, storage, and/or distribution warehouse uses.

The fair market value of the property is estimated using the sales comparison and income capitalization approaches. Based on the valuation assumptions and analyses summarized in Section III, the fair market value of the fee simple interest in the Window World Property, as of September 22, 2014, is estimated to be:

**THREE MILLION FOUR HUNDRED THOUSAND DOLLARS**  
**\$3,400,000.**

The estimated fair market value is the value of the real estate only. An inventory of the realty and personalty items is included in Addendum 5.

### **ESTIMATED FAIR MARKET VALUE OF THE 1,121<sup>ſ</sup> PARTIAL TAKING**

The portion that would be taken for the proposed easement is vacant land. Therefore, the fair market value of the 1,121<sup>ſ</sup> easement taking is estimated, in part, based on the *taking + damages* method whereby the value of the part acquired is its value as a part of the whole (i.e., the larger parcel). The “larger parcel” is the 21,389<sup>ſ</sup> Window World site. The value of the partial taking also considers severance damage to the remainder property as a result of the taking.



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Based on the valuation assumptions and analysis presented in Section V of the attached report, the fair market value of the proposed 1,121<sup>sq</sup> partial taking, as of September 22, 2014, is estimated to be:

**ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS**  
**\$175,000.**

**ESTIMATED MARKET RENT FOR THE TCE**

Based on the valuation assumptions and analysis presented in Section VI of the attached report, the annual market rent for the 468<sup>sq</sup> TCE, as of September 22, 2014, is estimated to be:

**\$4,190.**

The annual market rent is equivalent to about \$349 per month or \$2,095 for a six-month period.

\* \* \* \* \*

We appreciate the opportunity to assist you on this interesting assignment. Please contact us if you have questions.

Sincerely,

JOHN CHILD & COMPANY, INC.

Paul D. Cool, MAI, CRE  
Vice President  
Certified General Appraiser License No. 71  
State of Hawaii  
Expires December 31, 2015

Shelly H. Tanaka, MAI  
Senior Appraiser  
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