

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015- 46

APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE A FEE SIMPLE INTEREST AND A TEMPORARY CONSTRUCTION EASEMENT (TCE) IN THE REAL PROPERTY IDENTIFIED AS TAX MAP KEYS 1-1-016-019 (PORTION) AND 1-1-016-020 (PORTION) BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID PROPERTY 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 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

WHEREAS, the acquisition by eminent domain in fee simple and TCE of the real property identified as Tax Map Keys (TMKS) 1-1-016-019 (Portion) and 1-1-016-020 (Portion) 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 in fee simple of the real property and TCE identified as TMKS 1-1-016-019 (Portion) and 1-1-016-020 (Portion); 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 in fee simple and TCE of the above-identified real property.

ADOPTED by the Board of the Honolulu Authority for Rapid
Transportation on AUG 27 2015 .

Exhibit A – Legal description of TMK 1-1-016-019 (Portion) and 1-1-016-020 (Portion)
Exhibit B – Resolution No. 2015-____, Authorizing the Acquisition of the Fee Simple
Interest Real Property and Temporary Construction Easement (TCE)
Identified as Tax Map Key 1-1-016-019 (Portion) and 1-1-016-020 (Portion),
by Eminent Domain


Board Chair

ATTEST:


Board Administrator

Parcel 318-A
Being a Portion of Lot 104
As Shown on Map 150 of Land Court Application 1074

SITUATE AT MOANALUA, HONOLULU, ISLAND OF OAHU, HAWAII

Beginning at the Southwest corner of this parcel of land, also being the Southeast corner of Lot 103 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,123.71 feet South and 2,535.40 feet West, thence running by azimuths measured clockwise from true South:

- 1. 189° 04' 6.70 feet along Lot 103 (Map 150) of Land Court Application 1074;
- 2. 279° 04' 20.67 feet along the Remainder of Parcel 318-A;
- 3. 9° 04' 6.70 feet along the Remainder of Parcel 318-A;
- 4. 99° 04' 20.67 feet along the North side of Waiwai Loop to the point of beginning and containing an area of 138 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
 July 13, 2015
 TMK: 1-1-016: 019 (PDQ 318)

Note: This description is for exhibit purposes only and does not purport a legally subdivided lot.



Remainder of Parcel 318-A
 Being a Portion of Lot 104
 As Shown on Map 150 of Land Court Application 1074

SITUATE AT MOANALUA, HONOLULU, ISLAND OF OAHU, HAWAII

Beginning at the Southeast corner of this parcel of land, also being the Southwest corner of Lot 105 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,107.95 feet South and 2,436.65 feet West, thence running by azimuths measured clockwise from true South:

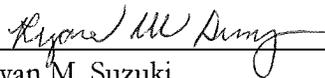
- | | | |
|----|----------|---|
| 1. | 99° 04' | 79.33 feet along the North side of Waiwai Loop; |
| 2. | 189° 04' | 6.70 feet along Parcel 318-A; |
| 3. | 99° 04' | 20.67 feet along Parcel 318-A; |
| 4. | 189° 04' | 218.30 feet along Lot 103 (Map 150) of Land Court Application 1074; |
| 5. | 279° 04' | 100.00 feet along Lot 947 (Map 207) of Land Court Application 1074; |
| 6. | 9° 04' | 225.00 feet along Lot 105 (Map 150) of Land Court Application 1074 to the point of beginning and containing an area of 138 Square Feet, more or less. |





R. M. TOWILL CORPORATION

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Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
July 13, 2015
TMK: 1-1-016: 019 (PDQ 318)

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Easement A
For Temporary Construction Purposes
Affecting the Remainder of Parcel 318-A
Being a Portion of Lot 104 (Map 150) of Land Court Application 1074

SITUATE AT MOANALUA, HONOLULU, ISLAND OF OAHU, HAWAII

Beginning at the Southwest corner of this easement, along the North side of Waiwai Loop, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE", being 11,126.96 feet South and 2,514.98 feet West, thence running by azimuths measured clockwise from true South:

- 1. 189° 04' 6.70 feet along Parcel 318-A;
- 2. 279° 04' 10.00 feet;
- 3. 9° 04' 6.70 feet;
- 4. 99° 04' 10.00 feet along the North side of Waiwai Loop to the point of beginning and containing an area of 67 Square Feet, more or less.



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 Certificate Number 10059

2024 North King Street, Suite 200
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 July 13, 2015
 TMK: 1-1-016: 019 (PDQ 318)

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Parcel 318-B
Being a Portion of Lot 105
As Shown on Map 150 of Land Court Application 1074

SITUATE AT MOANALUA, HONOLULU, ISLAND OF OAHU, HAWAII

Beginning at the Southwest corner of this parcel of land, along the North side of Waiwai Loop, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,095.05 feet South and 2,418.70 feet West, thence running by azimuths measured clockwise from true South:

- 1. 189° 04' 9.00 feet along the Remainder of Parcel 318-B;
- 2. 279° 04' 28.00 feet along the Remainder of Parcel 318-B;
- 3. 9° 04' 9.00 feet along the Remainder of Parcel 318-B;
- 4. 99° 04' 28.00 feet along the North side of Waiwai Loop to the point of beginning and containing an area of 252 Square Feet, more or less.



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 Honolulu, Hawaii 96819
 July 13, 2015
 TMK: 1-1-016: 020 (PDQ 318)

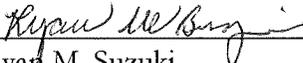
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July 13, 2015
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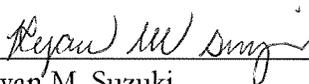
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July 13, 2015
TMK: 1-1-016: 020 (PDQ 318)

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Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015-46

**AUTHORIZING THE ACQUISITION OF THE FEE SIMPLE INTEREST REAL
PROPERTY AND TEMPORARY CONSTRUCTION EASEMENT (TCE) IDENTIFIED
AS TAX MAP KEYS 1-1-016-019 (PORTION) AND 1-1-016-020 (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 the real property identified as Tax Map Keys (TMKS) 1-1-016-019 (Portion) and 1-1-016-020 (Portion) by eminent domain in fee simple and TCE after written notification by HART; and

WHEREAS, the acquisition by eminent domain in fee simple and TCE of 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 in fee simple and TCE of the real property identified as TMKS 1-1-016-019 (Portion) and 1-1-016-020 (Portion) 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 the above-identified property by eminent domain is determined and declared to be for a valid public use and purpose as aforesaid; and
3. That the acquisition of the above-identified property 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.

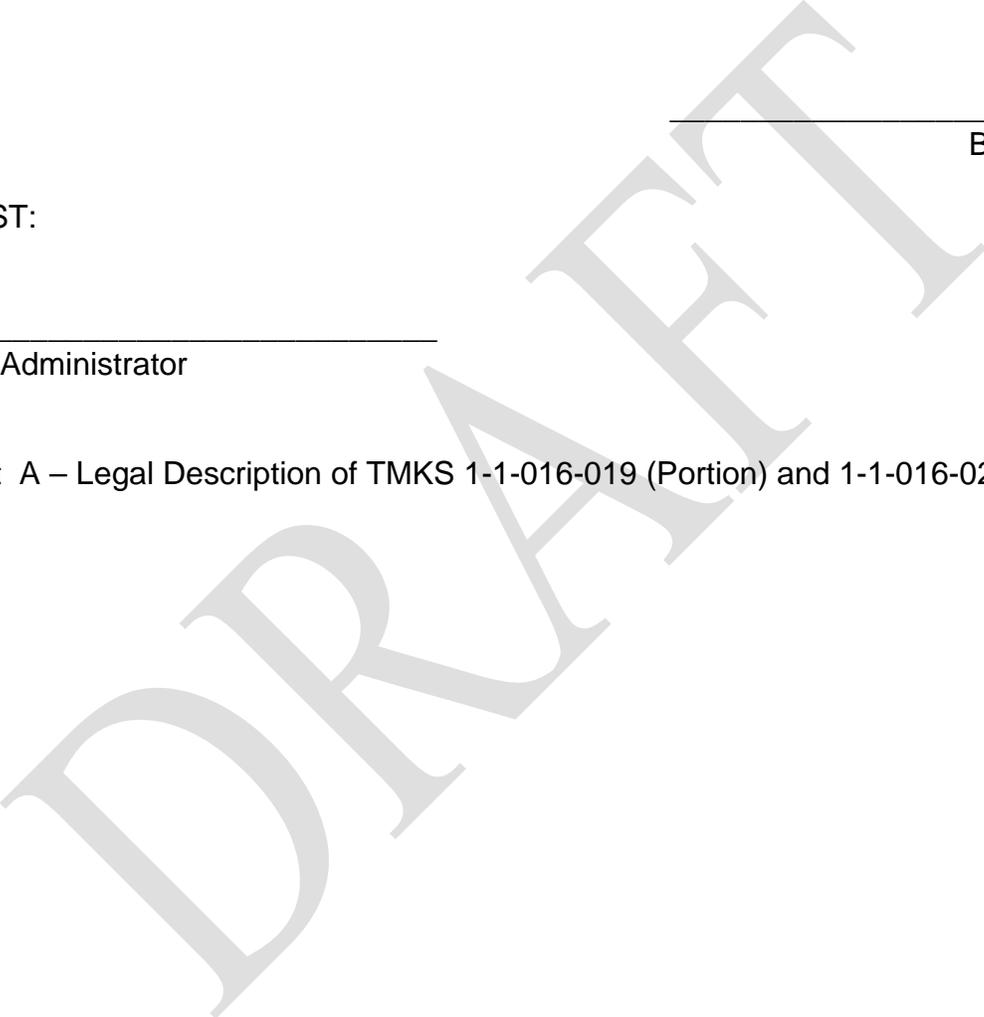
ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on _____.

Board Chair

ATTEST:

Board Administrator

Exhibit A – Legal Description of TMKS 1-1-016-019 (Portion) and 1-1-016-020 (Portion)



Parcel 318-A
Being a Portion of Lot 104
As Shown on Map 150 of Land Court Application 1074

SITUATE AT MOANALUA, HONOLULU, ISLAND OF OAHU, HAWAII

Beginning at the Southwest corner of this parcel of land, also being the Southeast corner of Lot 103 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,123.71 feet South and 2,535.40 feet West, thence running by azimuths measured clockwise from true South:

- 1. 189° 04' 6.70 feet along Lot 103 (Map 150) of Land Court Application 1074;
- 2. 279° 04' 20.67 feet along the Remainder of Parcel 318-A;
- 3. 9° 04' 6.70 feet along the Remainder of Parcel 318-A;
- 4. 99° 04' 20.67 feet along the North side of Waiwai Loop to the point of beginning and containing an area of 138 Square Feet, more or less.



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 July 13, 2015
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Remainder of Parcel 318-A
 Being a Portion of Lot 104
 As Shown on Map 150 of Land Court Application 1074

SITUATE AT MOANALUA, HONOLULU, ISLAND OF OAHU, HAWAII

Beginning at the Southeast corner of this parcel of land, also being the Southwest corner of Lot 105 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,107.95 feet South and 2,436.65 feet West, thence running by azimuths measured clockwise from true South:

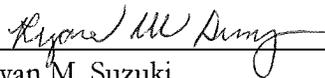
- | | | |
|----|----------|---|
| 1. | 99° 04' | 79.33 feet along the North side of Waiwai Loop; |
| 2. | 189° 04' | 6.70 feet along Parcel 318-A; |
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| 4. | 189° 04' | 218.30 feet along Lot 103 (Map 150) of Land Court Application 1074; |
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July 13, 2015
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Easement A
For Temporary Construction Purposes
Affecting the Remainder of Parcel 318-A
Being a Portion of Lot 104 (Map 150) of Land Court Application 1074

SITUATE AT MOANALUA, HONOLULU, ISLAND OF OAHU, HAWAII

Beginning at the Southwest corner of this easement, along the North side of Waiwai Loop, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE", being 11,126.96 feet South and 2,514.98 feet West, thence running by azimuths measured clockwise from true South:

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Parcel 318-B
Being a Portion of Lot 105
As Shown on Map 150 of Land Court Application 1074

SITUATE AT MOANALUA, HONOLULU, ISLAND OF OAHU, HAWAII

Beginning at the Southwest corner of this parcel of land, along the North side of Waiwai Loop, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,095.05 feet South and 2,418.70 feet West, thence running by azimuths measured clockwise from true South:

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- 2. 279° 04' 28.00 feet along the Remainder of Parcel 318-B;
- 3. 9° 04' 9.00 feet along the Remainder of Parcel 318-B;
- 4. 99° 04' 28.00 feet along the North side of Waiwai Loop to the point of beginning and containing an area of 252 Square Feet, more or less.



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 July 13, 2015
 TMK: 1-1-016: 020 (PDQ 318)

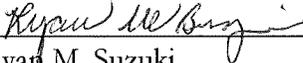
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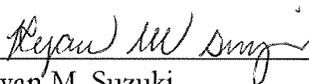
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July 13, 2015
TMK: 1-1-016: 020 (PDQ 318)

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Honolulu Authority for Rapid Transportation

STAFF SUMMARY

TITLE: RESOLUTION NO. 2015-46 APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE BOTH A FEE SIMPLE INTEREST AND A TEMPORARY CONSTRUCTION EASEMENT (TCE) IN THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 1-1-016-019 and 1-1-016-020 (PORTIONS) BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID FEE SIMPLE INTEREST AND A TCE BY EMINENT DOMAIN	STAFF CONTACT: Elizabeth Scanlon Morris Atta	DATE: 08/27/2015
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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 Keys 1-1-016-019 (por.) and 1-1-016-020 (por.), and situated at 2635 Waiwai Loop, Honolulu, Hawaii 96819, which is required for guideway and temporary construction easements purposes for the Honolulu Rail Transit Project (H RTP). This property, for which a 252 square-foot guideway easement acquisition and 778 square feet of temporary construction easements are required, is on the critical path for successful completion of the Airport Section of the H RTP. The property is owned by Masters Properties, LLC.

HART recommends use of eminent domain to acquire the property.

2. Background/Justification

This property (Tax Map Key 1-1-016-019 (por.) and 1-1-016-020 (por.)) was designated as needed for the H RTP and identified 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.

- An appraisal report with an effective date of May 14, 2015 was conducted.
- A Letter of Offer dated June 29, 2015 was delivered.
- Owner has not provided a response to the Letter of Offer. Negotiations with the Owner have been slow to-date.

This parcel is being referred to eminent domain in order to adhere to the project construction timeline. Access to this parcel is needed as soon as possible in order to avoid costly delays to the project schedule and timing. Negotiations with the Owner will continue during the eminent domain process.

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 5010.1D and Article XVII of the Charter of the City and County of Honolulu.

6. Public Involvement

N/A

7. Alternatives

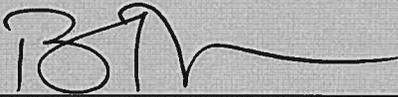
There is no feasible alternative to avoid the above described impacts to the property.

8. Exhibits

Exhibit 1 – Letter of Offer dated June 29, 2015.

Exhibit 2 – Appraisal Summary prepared by John Child & Company with an effective appraisal date of May 14, 2015.

Certified and Recommended by:



fu Executive Director and CEO

8/20/15

Date



IN REPLY REFER TO:
CMS-AP00ROW-00954

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

CERTIFIED MAIL/RETURN RECEIPT REQUESTED
7014 1200 0000 8348 1922

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

June 29, 2015

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. John R. Dodds
Masters Properties, LLC
255 Washington Street, Suite 300
Newton, Massachusetts 02458

Dear Mr. Dodds:

Subject: Honolulu Rail Transit Project (H RTP)
2635 Waiwai Loop
Parcel 318: Tax Map Key (TMKs) 1-1-016-019 and 1-1-016-020 (Portions)
Letter of Offer

The Honolulu Authority for Rapid Transportation (HART) is constructing the H RTP. As part of the H RTP, HART will need to acquire a portion of your property. An appraisal of the property identified as TMKs 1-1-016-019 and 1-1-016-020 has been completed to determine just compensation.

A review of public records indicates that you are the Owner of Record of the property HART is seeking to acquire for this Project. Based on our findings as contained in the enclosed Statement of Just Compensation, HART offers to purchase a portion of your property, a total of 252 square feet, for guideway easement, for the total consideration of \$14,200 (Fourteen Thousand Two Hundred Dollars), as shown colored in red on the enclosed map.

In addition, HART offers to purchase two Temporary Construction Easements (TCE) consisting of 778 square feet (shown colored in yellow on the enclosed map) for a consideration of \$7,030 (Seven Thousand Thirty Dollars). The intent of the TCE is to provide temporary access to and use of a portion of your property for the purpose of facilitating Project construction activities. 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 the driveway and back of sidewalk connections to existing grades and surface restoration. The duration of the TCE will be twelve months with a start date to be determined thru coordination with you and HART's contractor.

The total offer for acquiring the interest in your property is \$21,230 (Twenty-One Thousand Two Hundred Thirty Dollars). Costs incidental to closing escrow for this transaction will be paid by HART except prorated costs such as taxes and insurance.

Mr. John R. Dodds
Page 2
June 29, 2015

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.

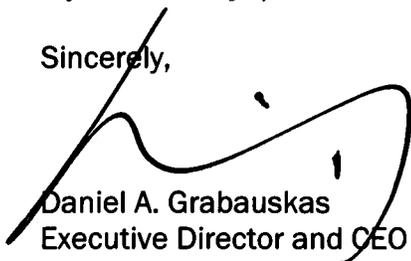
If this offer is acceptable, please sign the duplicate of this letter and return it in the enclosed envelope by **July 30, 2015**. The remaining copy is for your file. Enclosed for your information are the Appraisal Summary Statement and General Acquisition and Relocation Information Brochure. Also enclosed is a draft Possession and Use Agreement for your review, consideration, and for further discussion with your acquisition agent. The Possession and Use Agreement is intended to provide you early access to most of the purchase price of this acquisition subject to HART being provided access to the portion of your property required for construction of the H RTP with minimal risk to the Project. Under this agreement, your rights to the full just compensation amount are fully reserved and enforceable.

It is the desire of HART to acquire private property through voluntary purchase if possible. While HART has the power of eminent domain, HART has not sought the authority nor made any decision to exercise the power of eminent domain to acquire your property at this time.

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.

HART has retained the services of Paragon Partners Ltd to assist you with the acquisition process. Please contact Mr. Jackson Blagden at 536-5900 or by email at jblagden@paragon-partners.com if you have any questions or to discuss this matter further.

Sincerely,



Daniel A. Grabauskas
Executive Director and CEO

Enclosures

Mr. John R. Dodds
Page 3
June 29, 2015

ACCEPTED:

MASTERS PROPERTIES, LLC

By _____
Its

Print Name: _____

Dated: _____

Appraisal Report to

**City and County of Honolulu
Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
Honolulu Rail Transit Project**

Covering the

**PARTIAL ACQUISITION OF THE
MASTERS WAIWAI LOOP PROPERTY
Tax Map Keys (1) 1-1-016:019 and 020
Owner: Masters Properties LLC**

2635 Waiwai Loop, Airport Industrial District,
Honolulu, Oahu, Hawaii

As of May 14, 2015

(PDQ Parcel 318)





May 18, 2015

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

City and County of Honolulu
Honolulu Authority for Rapid Transportation
c/o Ms. Georgia Marquis
1099 Alakea Street, Suite 2150
Honolulu, Hawaii 96813

Dear Ms. Marquis:

**Re: Partial Acquisition of the Masters Waiwai Loop Property at 2635 Waiwai Loop;
Tax Map Keys (1) 1-1-016:019 and 020; PDQ Parcel 318**

At your request, John Child & Company has completed valuation analyses to estimate the fair market value of a 252 $\frac{1}{2}$ guideway easement and annual rent for two temporary construction easements encompassing a 778 $\frac{1}{2}$ portion of the Masters Waiwai Loop Property. This letter summarizes the background and estimated values presented in the attached report.

STUDY BACKGROUND

The Masters Waiwai Loop Property is an improved industrial warehouse at 2635 Waiwai Loop, in the Honolulu Airport Industrial district on Oahu, Hawaii. The 44,959 $\frac{1}{2}$ site consists of two, industrial-zoned parcels identified as Tax Map Keys 1-1-016:019 and 020 of the First Taxation Division.

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 252 $\frac{1}{2}$ guideway easement along Waiwai Loop and two temporary construction easements (TCEs) during construction. In this regard, you have asked us to assist you.

STUDY OBJECTIVES

The objectives of our assistance are to:

1. Estimate the fair market value of a 252 $\frac{1}{2}$ guideway easement on a portion of the Masters Waiwai Loop Property
2. Estimate the annual market rent for two temporary construction easements encompassing a 778 $\frac{1}{2}$ portion of the Masters Waiwai Loop Property.



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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 May 14, 2015. At the direction of Paragon Partners, the property was viewed from Waiwai Loop only.

EFFECTIVE DATE OF APPRAISAL

The effective date of appraisal is May 14, 2015.

DATE OF REPORT

The date of this report is May 18, 2015.

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

öFair market valueö has the same meaning as ömarket value.ö

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



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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).

ASSUMPTION OF HYPOTHETICAL CONDITIONS

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.

The report is subject to the following hypothetical conditions.

Valuation Assumes No Impact of H RTP

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

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



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“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 values are based on the hypothetical condition that the property is not impacted by the rail project as of the date of valuation.

Valuation Assumes Fee Simple Interest

The property is leased to Triple B Freight Forwarders. The tenant lease was not provided.

However, at the direction of Paragon Partners, the valuations of the easement taking and TCEs are based on the hypothetical condition that the property is owned in fee simple and unencumbered.

The assumption of these hypothetical conditions could have an effect on the value of the taking and TCE.

EXTRAORDINARY ASSUMPTIONS

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.

The guideway easement and TCE on Parcel 20 encompasses the parcel’s driveway and area in front of the building’s loading dock and storage shed. The estimated market value of the taking and TCEs are based on the extraordinary assumptions that ingress and egress to the remainder parcel will not be affected.

The estimated values also assume HART will be responsible for the reconstruction of existing site improvements affected by the proposed taking and TCE, including landscaping and asphalt or concrete paving, utility connections, and security fencing.

STUDY CONDITIONS

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



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ESTIMATED FAIR MARKET VALUE OF THE PARTIAL TAKING

The fair market value of the 252^{sq ft} portion of the Masters Waiwai Loop Property that will be acquired for the H RTP guideway easement is estimated 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 44,959^{sq ft} Masters Waiwai Loop Property.

Based on the valuation assumptions and analysis presented in Section IV of the attached report, the fair market value of the 252^{sq ft} easement taking, as of May 14, 2015, is estimated to be:

FOURTEEN THOUSAND TWO HUNDRED DOLLARS
\$14,200.

The taking includes vacant land along the perimeter of the property near Waiwai Loop. The taking does not impact the current use or redevelopment potential of the property. Therefore, there are no severance damages as a result of the taking.

ESTIMATED MARKET RENT FOR THE TCES

Based on the valuation assumptions and analysis presented in Section V of the attached report, the annual market rent for two TCES that will encumber a total 778^{sq ft}, as of May 14, 2015, is estimated to be:

\$7,030.

The annual market rent is equivalent to about \$586 per month or \$3,515 for a six-month period.

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

Sincerely,

JOHN CHILD & COMPANY, INC.

Shelly H. Tanaka, MAI
Vice President
Certified General Appraiser License No. 61,203
State of Hawaii
Expires December 31, 2015