

Ocean Investments, LLC
1288 Ala Moana Blvd., Suite 206
Honolulu, Hawaii 96814

December 28, 2009

Mr. Anthony J. H. Ching
Executive Director
Hawaii Community Development Authority
461 Cooke Street
Honolulu, Hawaii 96813

Dear Mr. Ching,

Thank you for forwarding to us the comments which HCDA has received from (1) the Community Planning Advisory Council (CPAC) for Kaka`ako Makai and (2) The Outdoor Circle with respect to the planned redevelopment by Ocean Investments LLC (OI) on the existing John Dominis site.

By this letter, we will endeavor to respond in a meaningful and productive manner to address some of the stated concerns with OI's design considerations and other related factual information, and to also clarify and correct certain statements made by these parties which in our view are based on misinformation or incomplete information.

As you are aware OI and the members of its design and consultant team have gone through a long and arduous process in getting the proposed redevelopment plan for the John Dominis site to this stage, including the recent receipt of its project eligibility approval on August 31, 2009. Contrary to the assertion of Ms. Steiner in her letter on behalf of the Outdoor Circle OI has not been secretive about this process, but rather has strived at all times to be straightforward and above board with HCDA in both its capacity as the planning authority for Kaka`ako Makai and as the Landlord under the State Leases held by OI. OI has met with HCDA staff and worked diligently and in good faith with them over the past year and a half on these matters, all with the intent and purpose of meeting all applicable conditions and requirements for its planned renovations and/or redevelopment.

It is important to keep in mind that OI's interests in the John Dominis site arise out of long time State Leases and that pursuant to its leasehold rights OI has certain express rights to develop, renovate, repair, and/or redevelopment the improvements located on the John Dominis site. This is not a new matter of first impression with no pre-existing rights in the leased lands.

To provide some background on the process, soon after the acquisition of the leaseholds from Basin Projects was concluded, OI undertook a study of its options and alternative with respect to the John Dominis site. The current restaurant facility is over 30 years old and is in dire need of substantial repairs and deferred maintenance. During this evaluation process OI found (much to its surprise) that the cost to substantially renovate within the existing structure was only slightly less costly than the cost to demolish the existing structure and replace it with a brand new building. As a consequence, OI decided to pursue the option of demolition and redevelopment on the John Dominis site.

This decision was made in early 2007 and OI informed HCDA staff of this decision.

At all times OI has had its design and other consultants operate within a framework of full compliance with the applicable rules and regulations applicable to the design and redevelopment of a new restaurant and multipurpose facility on the John Dominis site. There have been no requests made for modifications to or variances from the applicable rules and regulations in connection with the contemplated redevelopment plans, and OI has expended substantial sums of money to date not only in the acquisition of the leasehold interests but in the design and planning process for the John Dominis Site.

The existing John Dominis facility located on the site consists of a restaurant, bar and multipurpose facility, the contemplated new structure will also contain a restaurant, bar and multipurpose facility. When the owner of OI decided to redevelop the John Dominis site by demolishing the existing facility and building a new structure on the site OI voluntarily determined that a valuable design feature of the existing building would not be replaced. The currently proposed design of the new structure provides for OI to give up its rights to one of the most valuable portions of the existing leasehold property, the portion of the existing John Dominis restaurant that cantilevers out over the water. In addition it should be noted that the existing structure extends out to the property line bordering on the entrance into Kewalo Basin, and a renovation project would have left the structure in place. As a result of this significant design accommodation, the new structure will comply with the required building setbacks along the Kewalo Basin property line. One significant potential benefit of the contemplated new structure design and its placement on the John Dominis site is to potentially allow the State the future flexibility to acquire through negotiation or condemnation a public easement over this newly designated setback area as part of an overall plan for Kaka`ako Makai to provide a pedestrian access walkway bordering along Kewalo Basin, including the area fronting the John Dominis property. Such flexibility would not be possible with the existing structure as it is today or a redevelopment which had involved only a renovation of the existing structure.

Both the planned restaurant and multipurpose facility will be available to and open to the public, enabling patrons and guests to share the experience and enjoyment of the spectacular views of the ocean, Diamond Head and Waikiki from this special and unique site. Special ceremonies and celebrations of families and businesses will be facilitated in the multipurpose rooms of the new structure.

OI was disappointed to learn that some members of CPAC were unhappy with the proposed design of the new structure. While OI understands that you can never please everyone in the realm of architectural aesthetics, OI was particularly troubled by the suggestion that its design was foreign to and out of place for the Kaka`ako Makai District. The design was a collaboration of the owner, Lancor Architects, and Philpotts and Associates and was inspired by the design features and finishes of several historic Hawaiian buildings in Honolulu, including, without limitation, the Iolani Palace, Kawaihao Church, A & B Building, Immigration building, the Old Circuit Court Building (Kamehameha Statue), and the State office building (where DBEDT is). The intent of the building design to create a new iconic structure to replace the old and aged John Dominis facility.

The rendering mutes and does not adequately depict the building's exterior material which is intended to reflect the natural element of the site with rough cut basalt stone in sand tones with a dark accent

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base which we feel compliments and aids the transition of the two tones. The surface is also a rough cut stone with finer trims, that provides details similar to those seen in the buildings listed in the prior paragraph. The proposed building will also have a number of traditional Hawaiian cultural stories portrayed and incorporated into its design and architectural features. The welcoming arcade loggia is spacious and contains a number of cast metal screens which will depict the Naupaka story of love and sadness. This story-telling theme will be repeated in other prominent locations within the interior of the building.

To respond to one of Ms. Matson's statements that "Kakaako Makai as an expanded recreational park and public gathering place emphasizing the Hawaiian culture and preserving and protecting significant view planes." We point out that there is already an existing structure on the site which is almost 50 feet high. The current design requirements allow for a height limit of 65 feet. The proposed new structure is approximately 55 feet high, which is below the height limit, and occupies a footprint substantially identical to the existing building footprint so there is no impact on the existing view plane resulting from the new and replacement structure.

OI will continue to work with HCDA in a cooperative spirit and within the laws, ordinances, codes, rules and regulations applicable to a redevelopment of the improvements located on the John Dominis site and restates its intent that the redeveloped and new structure will be in full compliance with all applicable laws, ordinances, codes, rules and regulations, and at this time does not anticipate the need to request any modifications or variances therefrom.

OI appreciate the comments and feedback which is provided to it during this planning and permitting process and remains open to discuss such comments and feedback with its design and other consultants and to take the same into consideration where deemed beneficial and consistent with OI's overall design concepts.

Although it may be difficult to visualize at this time, we believe the new restaurant and multipurpose facility will complement Kaka`ako Makai for many years to come. It is OI's belief that its new restaurant and multi-purpose structure will become a new and highly desirable gathering place within Kaka`ako Makai for the public to celebrate fine food, special occasions and events, and friendship while enjoying the spectacular views which are special to this site. From a historical perspective we point out that when the John Dominis Restaurant was first built some 30 years ago there were those in the community who said it was an eyesore and was out of place and would not succeed. Yet over the years it became a very special and iconic restaurant location in Honolulu. Those glory days are gone for now, but it is OI's hope that it can rekindle and reignite that special and iconic feel for this site.

Any questions regarding the above, please do not hesitate to contact me.

Sincerely,

Ocean Investments, LLC



Its: Authorized Representative