

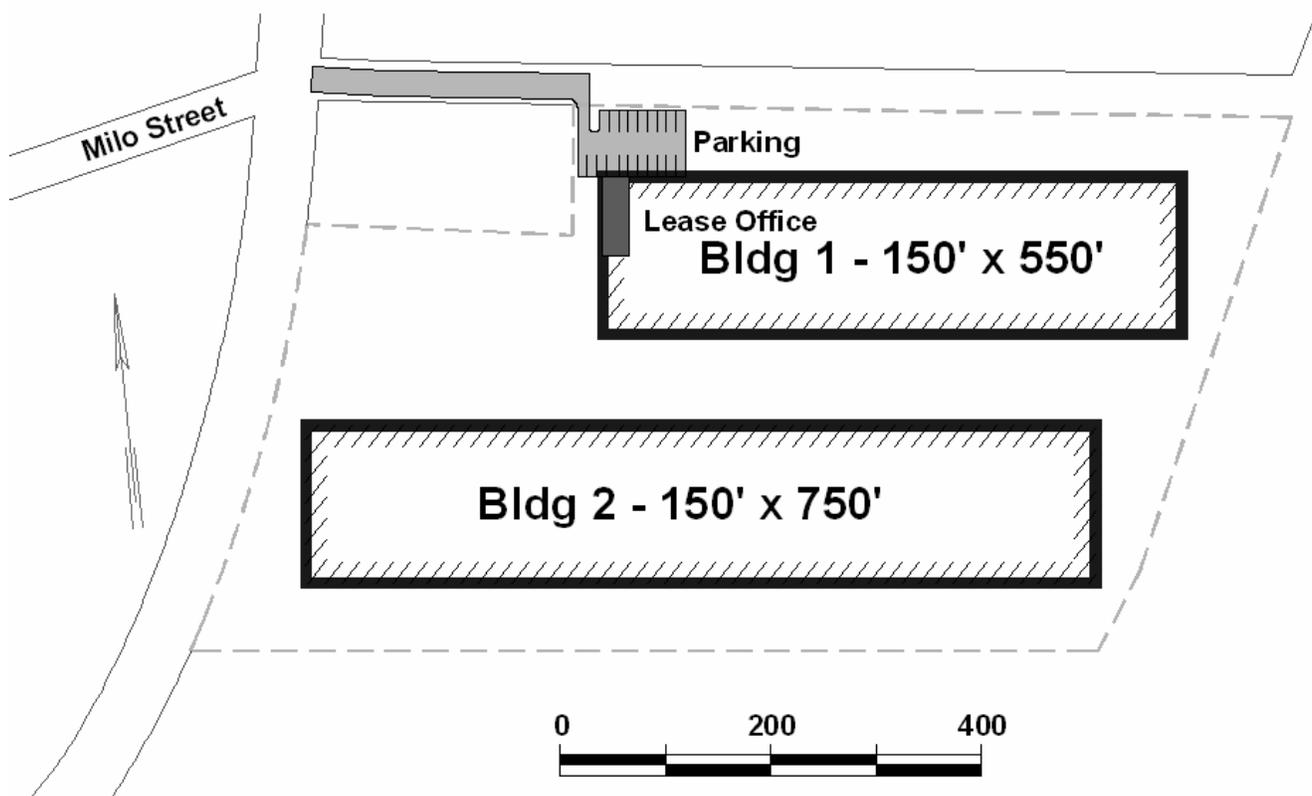
Mr. Ilan Gorodezki, via e-mail to Howard Levine

Subject: Proposed Development: Keauu Property TMK 1-6-03:18

Dear Ilan,

June 29, 2006

Proposed Project The project will construct two Butler™ metal building shells on a 9.8 acre site as shown below. The buildings will be 24' high, 150' wide, with Building # 1 550' long and Building # 2 750' long. The buildings will be centered on the site, 65 feet apart and 65 feet from the property lines to allow for parking and vehicular access. Each building can be subdivided into 25' by 75' modules (1,875 sq. ft. each) as individual rental areas. The North West corner of Building 1 will be built out as a rental office. The remaining building areas will be loft space, fully enclosed (only two access doors per building) with provisions for future infrastructure connections. As individual tenants rent spaces, they will become responsible for building out the loft space and installing necessary parking and supporting infrastructure for their rental area. A 20 stall parking area will be installed next to the rental office, but the rest of the site will remain undeveloped until leased.



Site Visit As you requested, I completed a site visit on June 26, 2006. I first met with Larry Nakayama at the *County of Hawaii Planning Department* to discuss the proposed project. Larry confirmed that the project can be completed as proposed, but that all future tenants must be agricultural. The Planning Department will require a Site Development Plan for their review prior to submission of construction plans to the *Building Department* for approval. This site review process will take about two months.

I examine the site and recorded 30 minutes of HD video along with several dozen photographs. The site is fairly flat with no observed drainage or development problems. Fire hydrants were seen along the North property line and therefore adequate County water is probably available at the site. The North West corner of the site is currently occupied by an ugly auto wrecking company, but their lease has been terminated and they will vacate at the end of next month. There are half a dozen other buildings on the western part of the site, several of which are actively used for storage or agricultural production. These buildings will need to be demolished to make room for the new development.

Project Team I have asked seven companies to join the design and construction effort. Most of these people have worked together on similar warehouse projects. They are:

<u>Specialty</u>	<u>Company</u>	<u>Individual.</u>	<u>Phone number</u>
Warehouse Construction	Maryl Pacific	Norm Wood	808-545-2920
Industrial Architecture	Roy Yamamoto Architects	Roy Yamamoto, AIA	808-942-3666
Geotechnical Engineering	Weidig GeoAnalysts	Paul Weidig, PE	808-524-5657
Civil Engineering	Hawaii Consulting Group	Geoff Goeggel, PE	808-371-9695
Structural Engineering	Hawaii Consulting Group	Geoff Goeggel, PE	808-371-9695
Electrical Engineering	RS Engineering	Sam Matsuo, PE	808-834-1887
Mechanical Engineering	Integrated Engineering	Alex Tang, PE	808-593-8388
Landscape Architecture	Leonard Bisel & Assoc.	Leonard Bisel	808-969-9533
Industrial Real Estate	Coldwell Banker	Glen Takase	808-935-0399

The first step of this project will be to prepare the *Site Development Plan* for review by the County of Hawaii. This will present the overall concept of the development and the significant infrastructure and zoning issues that need approval by the County. The fee proposal to complete this task will be \$ 100,000. A proposal for this work is attached for your review and approval.

After approval of the design development by the Planning Department, we can begin the construction document phase. The current fee proposal to complete this task will be \$ 220,000. Obviously, this might change if the project is significantly modified or changed during the plan review process.

Based on an estimated cost of \$100 per square foot, our construction cost estimate is \$20 million. Norm can build the project for you in eight months. The consulting fees to inspect and support the construction effort are estimated at \$ 50,000.

Leasing the project to a 95% occupancy rate will take several years under current market conditions. Lease rents for similar properties are \$ 0.50 Sq. Ft. /month. Glen can manage leasing and operations for a 8 % fee, which includes an O&M budget of \$ 25,000/year for repairs, painting, etc. Please call me if you have any questions.

Very truly yours,



Geoffrey B. Goeggel, P.E.
President & Chief Engineer

Attached: Fee Proposal, Phase 1