

New Aloha Stadium Entertainment District (NASED)

Real Estate Market Outreach Q&A

Would be interesting to see the State's HBU [highest and best use] proforma and expected returns. Appears to have many up-front capital costs before a dollar in revenue is collected.

The State plans on sharing some of its preliminary analysis with shortlisted respondents who progress into Stage 2 of the Real Estate Project procurement process. The draft analysis also includes infrastructure and site preparation costs in the ground lease estimates over the anticipated 99-year ground lease term as well as absorption rates for asset categories that are supported in the draft Market Study. Elements of this will be summarized in the RFP Part 1.

Will there be a Project Labor Agreement required for the Real Estate Project? If not, then how will the developer/or developers ensure that local contractors are utilizing the local labor force for this important project?

The State seeks to ensure that local and community businesses and workers are being utilized to provide work on NASED (including the Real Estate Project). We expect, and have obtained, international, national, and local interest in the delivery of NASED's two primary projects. As public-private partnership (P3) projects, many of the traditional goods and services associated with major construction projects will be procured by our (yet to be appointed) stadium and real estate developers. While we expect to set minimum standards for engaging and utilizing local and community businesses and workers, we will evaluate bidders' proposals favorably where they can show a clear and contractual commitment to exceed these minimum standards. If you would like to register your business' interest in working with NASED or its developers, please get in touch with us at <https://nased.hawaii.gov/doing-business/>

An initial recommendation is to include criteria within the framework of the RFP to encourage Proposers to engage local developers and businesses as part of the Development team. Local developers are the sounding board and will be invaluable in navigating the local real estate market. Establishing a criterion for local developer involvement will also buffer concerns and perceptions of having (100%) outside developers coming into and developing the parcel.

Refer to above response.

What is the State's role in providing infrastructure as they will be collecting the fees for hook-ups, on-going, etc. Are the proposed infrastructure improvements part of the NASED Real Estate Project, or is it an entirely separate procurement independent of the Real Estate Project?

Design and construction of site infrastructure for the Real Estate Project will be the responsibility of the selected developer partner and is not expected to be delivered via a separate procurement. Further details will be provided in the procurement documentation.

Has fee ownership been considered for the residential portion of the project?

The State does not anticipate making any portions of the site available to the selected developer partner under a fee simple ownership structure. Instead, it is the State's current position that the site will be offered under 99-year ground leases as each developable parcel comes on-line after the needed infrastructure systems are put into place.

Biggest concern is about leasehold residential...most likely condo sales and even rental units would require sizeable workforce and affordable housing requirements. Will there be ceiling income limits placed on the residential real estate components? Will there be affordable housing requirements?

- The State's analysis indicates there may be a market for "for sale" condominiums within the 99-year lease framework.

- At present, the State is not planning on mandating affordable housing or income ceiling limits. We are looking for a diverse range of residential opportunities. We note that the majority of housing proposed under its analysis is within the “workforce housing” band.

Integrating both the stadium and real estate masterplans will be of paramount importance, however achieving the desired integration while under a competitive procurement process with multiple stadium and real estate development teams will pose a challenge. Addressing the integration later at the preferred bidder stage may result in revisions to the masterplan(s) and risk delaying the overall delivery. Also bifurcating the two developments adds more complexity to the interfaces, schedule and increases the risk variables.

The State agrees with the assertion of integrating master plans to be of paramount importance and has developed a framework for this occurrence. Further details will be provided to priority-listed respondents / offerors in the stadium and real estate procurement process.

Will Master Developers need to identify proposed teams (i.e. sub-developers, design firms, construction teams, etc.) as part of the RFP?

Yes, the RFP – Part 1 will require respondents to provide details of team members for the first development parcel of development and a number of key team members for the wider master planning and future development.

Is the Real Estate development a P3 with the Master Developer responsible for the O&M throughout the term of the ground lease?

At this time, the State has not made a final determination as to which entity will be responsible for the long-term maintenance of the District. The State is working with Project Stakeholders and the wider industry gathering feedback and preferences to ensure the final determination sets the project up with the greatest chance for success in the current marketplace.

Are the ground lease 99 years?

Act 146 authorizes ground leases up to 99 years within the 98-acre district.

Since the Real Estate component will "ensure" the long-term financial viability of the Stadium component, has there been any thought given to delaying the Stadium P3 by a year or so until the Real Estate Developer is selected? This would allow for more confidence in the State's long-term share of costs for the new Stadium."

The development of the stadium is the primary driver of the overarching district vision and schedule as the new stadium establishes the entertainment district and addresses public need. Our goal in running both procurements simultaneously is to best align both projects to optimize development of the district, which includes supporting costs for building, operating, and maintaining the new stadium and for sustaining the district itself.

With the short procurement period and wide-ranging scope, will there be market studies to base assumptions? Is the Master Developer expected to submit a Price Certain proposal for all development phases at the time of the RFP submittal?

Details of market studies undertaken by the State are expected to be provided to shortlisted respondents for the Real Estate Project. We do not expect to request fixed pricing (ground lease payments) for all development phases during the RFP Stage 2 submission.

Can you clarify how parking will work between stadium activities & residents? Will each site be expected to accommodate their own parking, or will it be shared?

We expect the Stadium Project will provide for some parking for stadium events and activities. We also expect that the Real Estate Project will provide for some additional parking for stadium event patrons as well. Further details on the numbers and approach will be provided in the RFP.

I would think you would want the residential side built first to generate the activity - what is your thought on timing?

Our perspective is to promote activity within the district and to leverage incentive to develop the entertainment district as effectively as possible. Key to this is establishing the anchor points for activity, which are the stadium in tandem with the HART rail station. People need a reason to move to and enjoy NASED.

Can the RE development include basic needs for the community such as grocery stores, gas stations etc.?

As a live-work-play-thrive district, day-to-day community needs will be key to the success of full integration.

Have you had experience with other government developments (in other states) that had a significant amount of rental housing and no for sale component? Wouldn't a blend of rental and for sale work best and provide the best financial outcome?

As noted, fee simple sale of land is not permitted for the NASED site. However, we do expect that there may be a market for ""for sale"" condos under the 99-year lease framework.

How many companies submitted for the RFP and who are in the short-listed finalists?

If you are referring to the NASED Stadium RFQ, the State received six (6) submittals, and shortlisted to three (3) Priority-Listed Respondents.

- **Aloha Stadium District Partners**, a consortium comprising of:
 - John Laing Investments Limited, Bouygues Group (Civil & Building North America Inc.) and Hawaiian Dredging Construction Company, Inc. as the lead equity members;
 - NBBJ Hawaii, Inc. and RMA Architects as the design team;
 - Civil & Building North America and Hawaiian Dredging Construction Company, Inc. as the construction team; and
 - Aramark Management Services Limited Partnership and Honeywell International Inc. as the services (maintenance) provider.

- **Aloha Stadium Hui Hilina'i**, a consortium comprising of:
 - Plenary Americas US Holdings Inc. and PCL Investments Canada Inc. as the lead equity members;
 - M. Arthur Gensler Jr. & Associates, Inc. and KYA, Inc. as the design team;
 - Nordic PCL Construction as the construction team; and
 - Johnson Controls, Inc. as the services (maintenance) provider.

- **Waiola Development Partners**, a consortium comprising of:
 - EllisDon Capital Inc., Kobayashi Group LLC and BSC Acquisitions II, LLC as the lead equity members;
 - Design Partners Incorporated and MANICA Architecture as the design team;
 - Turner Construction Company and Nan, Inc. as the construction team; and
 - Spectra as the services (maintenance) provider.

For the Real Estate RFP, the State has not issued any solicitations, yet. The Real Estate Project RFP Part 1 is anticipated to be released in July / August of 2021.