



April 30, 2018

Suzanne Case, Chairperson
Russell Tsuji, Land Administrator
Gordon C. Heit, Compliance Officer
Members, Board of Land and Natural Resources
1151 Punchbowl Street
Honolulu, Hawaii 96813

RECEIVED
LAND DIVISION
2018 APR 30 PM 1:52
DEPT. OF LAND &
NATURAL RESOURCES
STATE OF HAWAII

Mailing Address:

DLNR Land Division
Attn: Banyan Drive RFI
1151 Punchbowl Street, Room 220
Honolulu, Hawaii 96813

Re: Banyan Drive Hotel Request for Interest - RFI No. BDH-1-FY18 ("RFI")

Aloha Madam Case and Messer's Tsuji and Heit, and Board Members:

Tower Development, Inc. ("TDI"), the current lessee for the Uncle Billy's property ("Uncle Billy's"), is honored to submit this Response to the RFI. As you are aware, TDI has completed the redevelopment of the Grand Naniloa Hotel, a Doubletree by Hilton ("Grand Naniloa" or "Hilton").

TDI has used good faith for 9 months to save DLNR significant costs (likely over \$100,000) in securing the Uncle Billy's grounds from vandalism and negative impacts after its closure. TDI has the greatest interest in Banyan Drive and is committed to assist in the full redevelopment of Banyan Drive at the same standards as the Hilton. Thus, we are confident that TDI is the appropriate, and qualified Hawaii developer to complete the demolition, and re-construction of the site.

Through its extensive 20-year Hawaii experience in development, demolition, environmental remediation, construction and financing, and 4-year development experience specifically on Banyan Drive, TDI is excited to continue the success with Uncle Billy's redevelopment. For the last two (2) years, and also during the nine (9) months since TDI was issued the RP S-7905 for Uncle Billy's, we have been patiently planning for the redevelopment and have procured the most qualified team to complete the project for the benefit of DLNR and the County, State, Hilo and the surrounding community.

FORMAL RESPONSE to RFI:

RESPONSE 6. A. – B.:

Responder's contact information, and Principals (as defined in the RFI document):

Principals Owning More than 5% of TDI:	
Edward L. Bushor Chief Executive Officer Tower Development, Inc. 1050 Bishop, Suite 530 Honolulu, HI 96813 Ph: 808.268.1903 Ed@TowerDevCon.com	Stuart L. Miller President Tower Development, Inc. 93 Banyan Drive Hilo, HI 96720 Ph: 808.365.2665 Stuart@TowerDevCon.com
Corporate Directors & Officers:	(In addition to the CEO, and President above)
Noel Ross Vice President Tower Development, Inc. 93 Banyan Drive Hilo, HI 96720 Ph: 808.430.0384 Noel@TowerDevCon.com	Lynn Bushor Treasurer & Secretary Tower Development, Inc. 1050 Bishop, Suite 530 Honolulu, HI, 96813 Ph: 808.333.3388 Lynn@TowerDevCon.com

RESPONSE 6. C.:

TDI and its officers and principals have 20 years of Hawaii real estate development experience in commercial projects. We have acquired and successfully redeveloped office high rises, multiple hotel properties, industrial projects as well as over 400 acres of land for residential, hotel, timeshare, condominium, retail and golf course uses. The aggregate value of the Hawaii developments exceeds \$500,000,000. Our company philosophy is to assist communities in the redevelopment of legacy projects and return the Hawaii lands to the needed uses for the community. Thus, we focus on redevelopment of existing hotel and other structures, some of which have abatement issues with hazardous materials and major construction challenges.

Case Study:

Grand Naniloa Hotel – TDI, through its affiliate, WHR, LLC successfully completed the demolition, hazardous materials abatement, renovation, repositioning, branding, and successfully operates the hotel, collectively defined as the Redevelopment of the Naniloa. TDI, employed over 250 construction workers, of which 235 were Hawaii residents in the redevelopment, and the hotel currently employees in excess of 220 full time employees. We have made a meaningful impact on Hilo, and the surrounding communities by creating hundreds of jobs and millions of dollars financial impact for the island and the State. The hotel is performing very well, and was recently in the press with the sponsorship of the 55th annual Merrie Monarch Festival, and the return of the Hokule'a to the Naniloa after departing from the

Naniloa four years ago. TDI has invested approximately \$50M into the Naniloa, has a long-term vision for Banyan Drive. TDI has deeply rooted and vested interest in the Hilo community, and is committed to see through the entire Banyan Drive redevelopment parcel by parcel.

See attached Exhibit B, resume for details on Hawaii specific experience, and Exhibit C for references.

RESPONSE 6. D.:

Proposal for the Subject Site:

See attached Exhibit A for a conceptual Rendering of the proposed development.

After extensive consultation with 3rd party experts, commissioning of feasibility studies, research and underwriting, and as the only developer to successfully, and completely re-develop a hotel asset Banyan Drive, our conclusion is the sites highest and best use is to substantially demolish and reconstruct a branded hotel consisting of approximately 125 guest rooms, fitness room, appropriate back of house ("BOH") spaces and a food and beverage venue along Banyan Drive.

Substantially similar to the Grand Naniloa, TDI will hire Hawaii contractors and sub-contractors for the proposed development and will partner with a globally recognizable brand such as Hilton, Marriott, IHG or Hyatt. TDI is currently in discussions with the global brands and is in the process of select its brand.

RESPONSE 6. H.:

Details of the New Hotel:

The new hotel product will comply with all State and County building codes and will contain and consist of the following:

Number of Buildings: Currently there are 5 buildings and wings on the subject site. TDI will be reconstructing 2-3 buildings, which will consist of a Lobby / Retail / Restaurant / Laundry / BOH, structure connected to two guest room wings.

Guest Rooms: 125 subject to final architectural, and brand approval.

Stories: 4

Restaurants: 1 Food and Beverage venue

Retail: 1 sundries shop to include sundries items normally found in a Hawaii hotel as well as a diverse selection of Island of Hawaii handmade items and art (*see the Naniloa's gift shop for an example of what is proposed*).

Parking: There is not adequate parking on the subject site for a hotel. TDI is the only Responder to provide unlimited parking on the Grand Naniloa 70-acre site. TDI will enter into a long-term agreement with the Grand Naniloa for parking and valet services to comply with current building codes, and hotel customer expectations to allow for a minimum of 200 stalls to meet building code, guest, and employee requirements.

Building Height: Substantially similar to existing

Setbacks: As required by the County Planning Department.

Floor Area: Approximately 100,000 square feet, subject to final architectural and brand requirements.

Swimming Pool: The existing pool will be fully renovated and left in its current location.

RESPONSE 6. I.:

Project Design & Aesthetics:

The project will be designed to fit into the natural beauty of the Waiakea peninsula, Banyan Drive, the greater Hilo area, and Hamakua Coast. TDI prides itself on being a sustainable developer, and to embody, and incorporate the elements of the surrounding areas. We will implement design ideas, elements such as recycled and repurposed elements from the site such as milling fallen trees into furniture, and the overall design. This project is no different than the Grand Naniloa, where we seek to implement design aesthetics from the past, with a modern flare and a strong emphasis on cultural sensitivity, and the historical significance of the site. TDI will be working with a designer (already selected) that has a world class boutique design approach with over 30 years of high-end hotel/hospitality and resort design experience. TDI's selected design studio is comprised of the industry's most talented multinational designers who excel in the field of interior design, with worldwide exposure and experience. The designers have been responsible for designing over 100 hotels, over 10,000 guestrooms, timeshare units, and numerous resort public areas across the U.S. and 6 different countries with extensive experience in Hawaii and have received many awards and accolades for their design.

RESPONSE 6. J. & K.:

Required Lease Duration:

To appropriately capitalize, and develop the subject site, TDI will require a 65-year lease at market terms.

TDI will contribute \$1.5M toward site demolition and site work for removal of existing structures and remediation of existing improvements.

TDI will require a Rent Credit for any amount in excess of that amount not to exceed the difference between \$5,300,000 and \$1,500,000, meaning \$3,800,000 as a maximum rent credit. This rent credit will be the offset for the demolition, and remediation of the existing improvements.

Grant to County Park Land for Park and Parking Uses.

TDI shall, in consideration of the new ground lease grant to County 2 acres for "County Park and Parking Uses" in area of land across from Reeds Bay Beach Park, which the County has a need for in order to assist the Hilo community to provide better access and parking for park lands along the Hilo Bay.

RESPONSE 6. L.:

Financing and Capital Stack of the Proposed Development:

Financial wherewithal is based on the current structure of the Grand Naniloa, and the current construction lender of the Grand Naniloa. TDI will finance the project with a mix of equity capital, and a low leverage leasehold mortgage. It is anticipated that the capital stack for this project is substantially similar to the Grand Naniloa, which was funded with approximately 60%

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cash and a low leverage mortgage of approximate 40% of project cost. The equity capital will come from TDI's investment fund, and it is assumed that TDI will use its current Naniloa lender for the low leverage construction loan. Our lender is the only lender familiar, and comfortable with the DLNR's lease structure, the Hilo market, and borrower. As such, it has given initial approval to fund the subject development.

Cost and Time Estimates for the Development (*quoted in USD*):

RESPONSE 6. E.:

EA - 5-6 months, at a cost of \$45,000; if EIS is required, add 2-4 months and \$55,000.

RESPONSE 6. G.:

Consolidation of the 4 parcels into one is a 6-10 month process at a cost of approximately \$50,000.

RESPONSE 6. F.:

Phase 1 Demolition and site preparation – approximately 6-12 months at a cost of approximately \$5,300,000.

RESPONSE 6. H.:

Phase 2 Development of a new hotel – approximately 12-18 months (there will be overlap with Phase 1) at a cost of approximately \$28,500,000.

Total Project cost of approximately \$38,500,000.

See attached Exhibit B&C project schedules.

Detailed Budgets, and schedules are of a confidential nature and may be reviewed by the State, if TDI is selected as the developer for the subject project. Assumes industry standard permit approval process.

Any cost and time estimates provided in response to this RFI are acknowledged to be estimates only, and are non-binding on the Responder, TDI or the State of Hawaii and are subject to the final review and approval of the legal counsel of the Responder, TDI and the State of Hawaii, and a fully executed Lease agreement for the subject site. All negotiations and all documentation prepared in connection with such negotiations shall be nonbinding upon either party with the exception of a fully executed Lease document.

Respectively,



Edward L. Bushor
Chief Executive Officer
Tower Development, Inc.



Stuart L. Miller
President
Tower Development, Inc.

cc:

Kevin E. Moore, Department of Land and Natural Resources

Michael L. Lam, Esq., Case, Lombardi and Pettit

Mayor Harry Kim, Island of Hawai'i

EXHIBIT "A"
UNCLE BILLY'S PROPERTY
REPRESENTATIVE IMAGES ONLY
HEIGHT AND FOOTPRINT CONSISTANT CURRENT IMPROVEMENTS



"EXTERIOR"



"LOBBY/FRONT DESK"

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EXHIBIT "B"
TOWER DEVELOPMENT RESUME

HAWAII DEVELOPMENT RESUME

2018

**TOWER DEVELOPMENT,
INC.**

TOWER
DEVELOPMENT

2018 TOWER RESUME TRACK RECORD - CERTAINTY OF HAWAII CLOSURE

KEY FACTS:

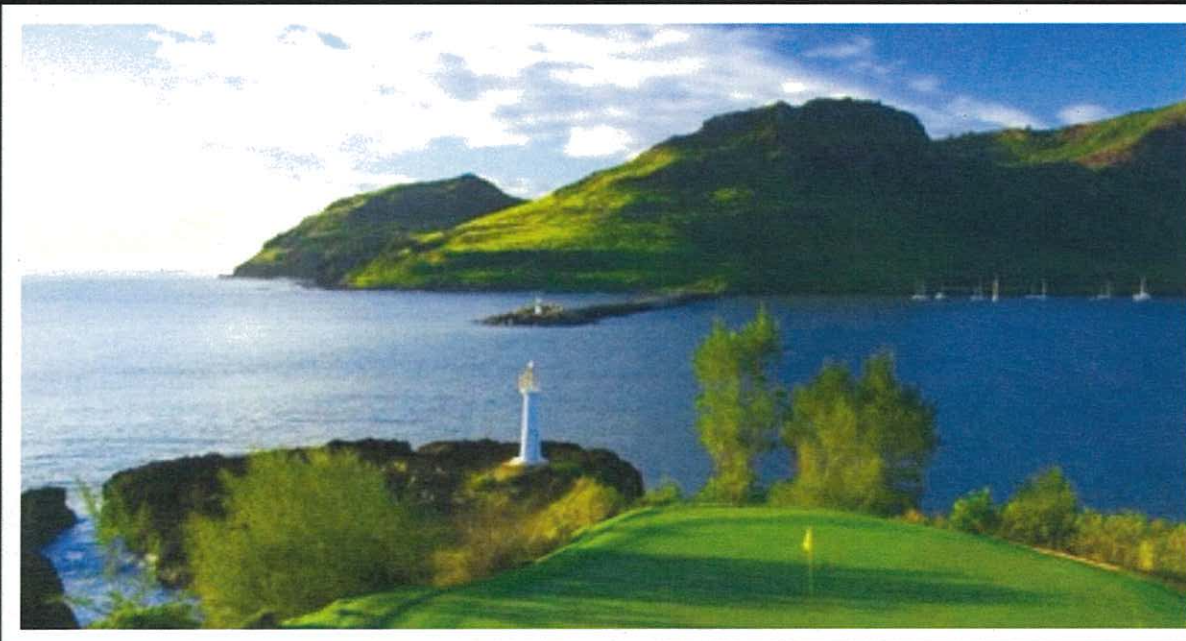
Hawaii Based HOTEL Development Team – “Hawaii Based to Build Hawaii”

2053 Keys Being Redeveloped in Hawaii Since 2005

More Hawaii Hotel Projects Than Any Other Competitor During Last 12 Years

\$500M+ Hawaii Developments

Hawaii Unsurpassed Relationships With Big 3 - Hilton/Marriott/IHG



2018 CURRENT HAWAII HOSPITALITY PROJECTS

2018 Current Development Projects

- ❑ Kauai - Kauai Lagoons 694 Unit Master Plan – Phase 1 Timbers Resort (\$210M Project Under Construction – Planned Completion Date Q2 2018) – Under Construction
- ❑ Big Island - 388 Room Hilton DoubleTree, Big Island (Completed November 2017)
- ❑ Hilo, Big Island Hawaii - Banyan Drive Redevelopment Master Plan – (Proposed Redevelopment of Tower's Golf Course to be Convert to Mixed Use Project and Two Hospitality Projects)

Additional Projects

- ❑ Honolulu 2010 – 366 Room Marriott “Edition” 1st Opening of New Worldwide Brand (\$250M)
- ❑ Honolulu 2005-6 – 405 Room Rebrand - 1st Boutique Hotel in Hawaii “Wyland Waikiki” (Operated by Marriott Courtyard)

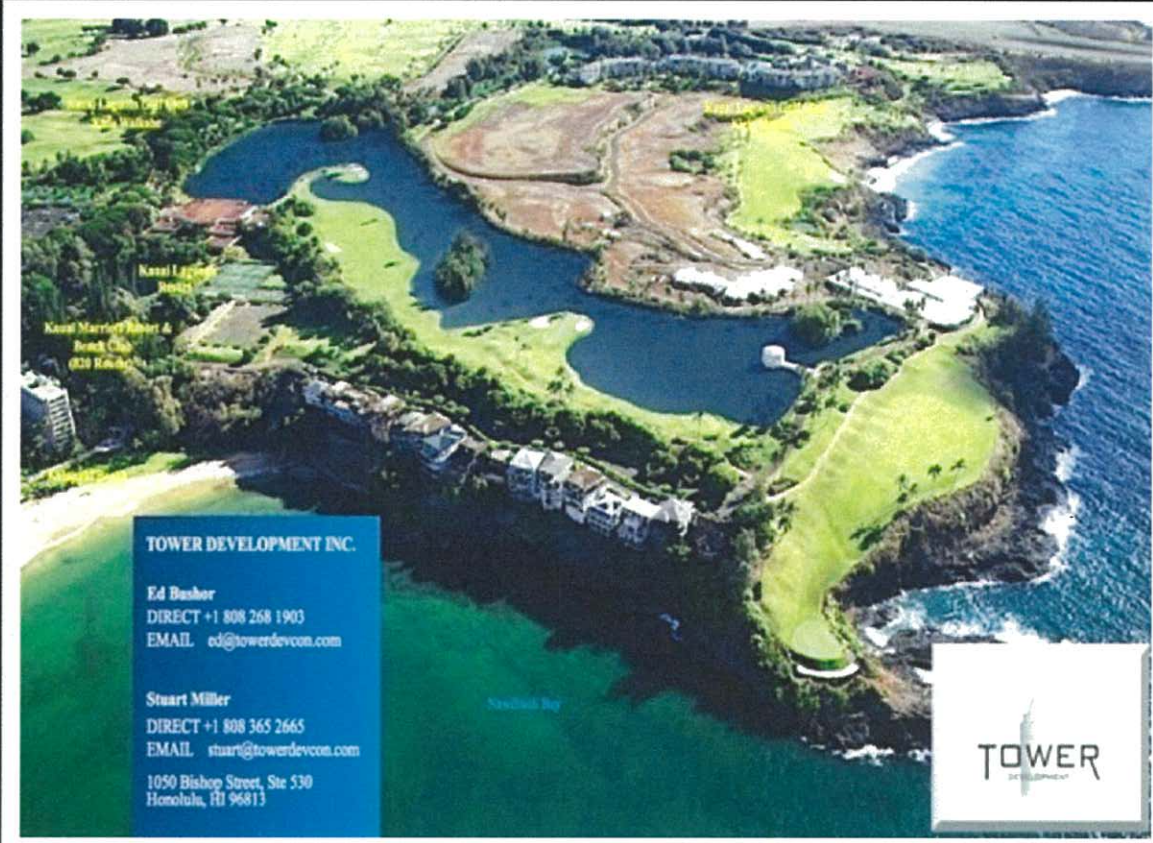
**CURRENT PROJECT:
KAUAI LAGOONS HOTEL/RESORT RESIDENTIAL**

TDI was sought by Marriott to redevelop all 450 acres of Kauai Lagoons and Phase 1 will be completed in 2017 with proposed Timbers Resorts Hotel/Residence Club on Cliff

Phase 1 Project Cost \$250M

Phase 2 Hotel – 200 Key
\$200M

Phase 3 - 400 Hospitality/Residential Units



CURRENT PROJECT:
BIG ISLAND OF HAWAII - 388 ROOM HILTON DOUBLETREE

TDI has opened its new 388 Room Hilton DoubleTree on the Island of Hawaii (Phase 1 320 Rooms) and is processing Phase 2 of 3 Phases of the development.

Phase 1 Complete



ADDITIONAL EXPERIENCE HAWAII HOTEL PROJECTS

WAIKIKI – WYLAND WAIKIKI

(CURRENTLY MARRIOTT COURTYARD
BRANDED)



WYLAND WAIKIKI 2006

WAIKIKI – MARRIOTT 1ST “EDITION” WORLDWIDE

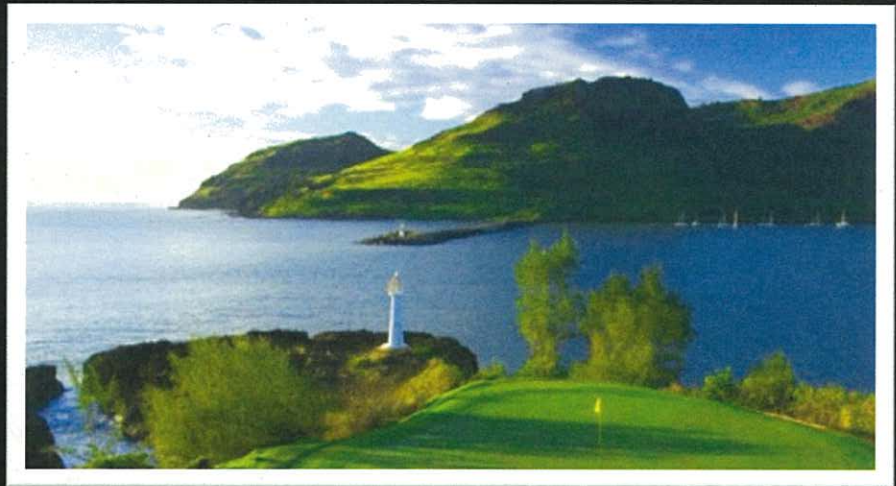


EDITION - 2010

TOWER TEAM
EXCLUSIVELY HAWAII BASED COMPANIES
(20 YEARS - 1998-2018)

“We are honored to serve Hawaii with 20 years of service in providing green redevelopment projects to revitalize communities and give back to the people of Hawaii restored properties for use by Hawaii families and tourists alike.” Ed Bushor, CEO, Tower Development

- **DEVELOPER/ASSET MANAGER** Tower Development Inc., a Hawaii corporation
- **HOTEL OPERATING COMPANY** Tower Hotels LLC, a Hawaii limited liability company
- **GENERAL CONTRACTOR** Tower Construction Hawaii, Inc., a Hawaii corporation



KAUAI MIXED USE DEVELOPMENT – 2014-2022

**TOWER HOTELS LLC
EXECUTIVE MANAGEMENT TEAM**

DIRECTORS & OFFICERS

CEO – ED BUSHOR

PRESIDENT - STUART MILLER

VP CONSTRUCTION - AARON MOLINAR



STUART MILLER, PRESIDENT

RESUME

EDWARD L. BUSHOR

COMPANY AFFILIATIONS:

CEO
Tower Development, Inc.

Chairman & President
Tower Hotels LLC

Managing Partner, Lifestyle Retail Properties LLC,
Honolulu, Hawaii

Managing Partner, WHR LLC, Hilo, Hawaii (Hilo Naniloa
Hotel)

Managing Partner, Hulapalooza LLC, Honolulu, Hawaii

Board of Director, Wyland Foundation, Aliso Viejo,
California

President, A4C Foundation

HAWAII EXPERIENCE:

1998 – Present
\$500M+ in hospitality, office, industrial, residential and retail
development transactions.

HAWAII PROJECTS:

Kauai Mixed Use Master Plan

Grand Naniloa Hotel, DoubleTree by Hilton

Aloha Tower Redevelopment

EDITION Hotel Development

Wyland Waikiki Hotel Development

Airport Center Office Redevelopment

Dole Cannery Industrial Redevelopment

Kaneohe 20 Lot Subdivision

EDUCATION:

USC Marshall School of Business, BA 1986

USD School of Law, JD 1989

FAMILY:

Children: Brittany Bushor 23, Chase Bushor 21

RESUME

STUART L. MILLER

COMPANY AFFILIATIONS:

President
Tower Development, Inc.

Board of Director
Tower Hotels LLC

Project Director, Lifestyle Retail Properties LLC,
Honolulu, Hawaii

President, MR Hawaii, LLC

Managing Partner, MR Fund 12 LLC

HAWAII EXPERIENCE:

1998 – Present
\$500M+ in hospitality, office, industrial, residential
and retail development transactions.

HAWAII PROJECTS:

Kauai Mixed Use Master Plan

Grand Naniloa Hotel, DoubleTree by Hilton

Aloha Tower Redevelopment

EDITION Hotel Development

Wyland Waikiki Hotel Development

Airport Center Office Redevelopment

Dole Cannery Industrial Redevelopment

Kaneohe 20 Lot Subdivision

EDUCATION:

Western Michigan University Haworth College of
Business Real Estate/Finance, BA 1996

RESUME

AARON J. MOLINAR

COMPANY AFFILIATIONS:

Director of Construction,
Tower Development, Inc.

Board of Director,
Tower Hotels LLC

President & CEO, Molinar Construction TN, Inc.

President & CEO, Pacifica Innovative Contracting
Srvs, Inc. (DBA Molinar Construction)

Director of Construction, Invictus Ultd (Church
Consulting Group)

Board Member, A4J Foundation Athletes for Jesus
Christ

HAWAII EXPERIENCE:

1999 – Present

\$500M+ in hospitality, office, industrial, residential and
retail development transactions.

HAWAII PROJECTS:

Kauai Mixed Use Master Plan

Grand Naniloa Hotel, DoubleTree by Hilton

Aloha Tower Redevelopment

EDITION Hotel Development

Wyland Waikiki Hotel Development

Airport Center Office Redevelopment

Dole Cannery Industrial Redevelopment

GOVERNMENT REFERENCES

Hawaii Government Relationships:

Mayor, Honolulu 2002-2010

President, Hawaii Tourism & Lodging - Current

Mufi Hannemann

(808) 479-1325

mhannemann@hawaiilodging.org

Big Island Mayor - Billy Kenoi (2008-2016)

Personal Contact information available upon request.

Big Island Mayor - Harry Kim (2017-present)

Personal Contact information available upon request.

Kauai Mayor - Bernard P. Carvalho, Jr. (2008-present)

Personal Contact information available upon request.

**TOWER DEVELOPMENT, INC. (TDI)
TOWER HOTELS, LLC
TOWER CONSTRUCTION HAWAII, INC.**

1050 BISHOP STREET 530
HONOLULU, HAWAII 96813

ED BUSHOR, CEO TD & Tower Hotels, LLC 808.268.1903
STUART MILLER, President Development, TDI 808.365.2665

TOWER
TOWER DEVELOPMENT

EXHIBIT "C"
TOWER DEVELOPMENT, INC. REFERENCES

References:

Mayor Harry Kim, County of Hawaii
Billy Kenoi, Retired County of Hawaii Mayor
Mufi Hannemann, CEO of the Hawaii Lodging and Tourism Association
Brian Delima, Agency Chair, Banyan Drive Redevelopment Agency
Duane Kanuha, retired Planning Director, Hawaii County
Lincoln Ashida, former Corporation Counsel, County of Hawaii
Senator Kaiali'i Kahele, State Senator representing 1st Senatorial District
Governor George Ariyoshi, Governor of Hawaii 1974-1986
Governor Neil Abercrombie, Governor of Hawaii 2010-2014
Elwin Ahu, Senior Pastor, Metro Christian Church, Honolulu
Hakim Ouansafi, Executive Director, State of Hawaii Housing Authority
Rabbi Itchel, Chabad of Hawaii Synagogue
James Hirayama, Hirayama Bros. Electric, Inc.

Corporate References:

Hilton Worldwide
Marriott International
Bank of Hawaii
Case Lombardi Pettit
Torkildson Katz Hetherington Harris & Knorek
Colliers International
Hall Structured Finance
Goldman Sachs
Hawaii Pacific University
Evolution Hospitality