

**Developer
Request for
Proposals**

No. DEV-RFP-17-001

**MIXED-USE DEVELOPMENT
FOR AFFORDABLE RENTAL
HOUSING AND JUVENILE
SERVICES CENTER/SHELTER
AT 902 ALDER STREET
HONOLULU, OAHU, HAWAII**

RFP Issued: 10/18/2017

Questions Due: 1/10/18

Proposals Due: 2/28/2018, 2:00 p.m.

NOTICE TO INTERESTED PARTIES

Request for Proposals (RFP) No. DEV-RFP-17-001

MIXED-USE DEVELOPMENT FOR AFFORDABLE RENTAL HOUSING AND JUVENILE SERVICES CENTER/SHELTER AT 902 ALDER STREET

The HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION (HHFDC) is requesting proposals from qualified persons or firms who meet the qualifications described herein to enter into a real estate development agreement for design, financing and construction of a mixed use affordable rental housing project and juvenile services center/shelter on a State-owned parcel located at 902 Alder Street in the Ala Moana-Kaka'ako District of Honolulu, Oahu, Hawaii, identified as Tax Map Key (1) 2-3-012:019.

Copies of the RFP shall be made available as follows, beginning October 18, 2017:

1. **Electronic copy on the HHFDC website.** A copy of the RFP documents can be reviewed and downloaded online at no cost. Go to <http://hawaii.gov/dbedt/hhfdc/>. Locate and click on the RFP link to download the documents. **Any Offeror who downloads the solicitation documents online is advised to register by e-mail or fax to the RFP Contact.** If Offeror does not register with the RFP Contact, Offeror will not be sent notification of any changes or addenda to the RFP. Such changes or addenda, however, will be posted on the HHFDC website.
2. **Hard copy picked up at the HHFDC Office.** Notify the RFP Contact to schedule a pick up during business hours (Monday through Friday from 7:45 a.m. to 4:30 p.m., except State holidays). A fee of \$100 per copy will be assessed for administrative and printing costs. The HHFDC Office is located at 677 Queen Street, Suite 300, Honolulu, Hawaii.
3. **Hard copy by U.S. Postal Service first class mail, Fedex, or equivalent.** Notify the RFP Contact to arrange mailing of the solicitation documents. Must have carrier account number or documents will be mailed via USPS First Class Mail. A fee of \$500 per copy will be assessed for administrative and printing costs. The fee shall be in the form of a cashier's check or certified check made payable to the "Hawaii Housing Finance and Development Corporation".

A **Pre-Proposal Conference** will be held on November 22, 2017 at 10:00 a.m. in the HHFDC Board Room, 677 Queen Street, Suite 300, Honolulu, Hawaii.

Statements made by HHFDC representatives at the Pre-Proposal Conferences, Site Inspection, or otherwise during the solicitation process shall not be binding on HHFDC unless confirmed by written addendum. Direct all questions regarding the RFP, in writing, to the RFP Contact, Ken Takahashi, Project Manager, HHFDC, Email: ken.t.takahashi@hawaii.gov, Fax: (808) 587-0600. The deadline for questions is January 10, 2018.

Proposals must be received and time-stamped no later than 2:00 PM HST on February 28, 2018 by HHFDC at its office located at 677 Queen Street, Suite 300, Honolulu, Hawaii 96813. A non-refundable application fee of \$500 must accompany the proposal.



Craig K. Hirai, Executive Director
Hawaii Housing Finance and Development Corporation

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1. EXECUTIVE SUMMARY

Opportunity	1. The Hawaii Housing Finance and Development Corporation (HHFDC) is seeking proposals from qualified persons or firms who meet the qualifications described herein to enter into a real estate development agreement for the design, financing, construction and operation of a mixed-use development on State-owned land that will simultaneously help to address the State's affordable rental housing and juvenile justice needs.
Proposed Project	2. The Project involves the redevelopment of an underutilized State-owned property into a mixed-use development consisting of affordable rental housing, a Judiciary services center/shelter, and parking.
Site	3. The State-owned Property consists of 63,180 square feet (1.45 acres) of land at 902 Alder Street in the Ala Moana – Kaka'ako District of Honolulu, Oahu, Hawaii, identified as Tax Map Key (1) 2-3-012:019. The property is bound by Alder Street to the east, Elm Street to the makai direction, Piikoi Street to the west, and a service station and restaurant to the mauka direction.
Existing Use and Zoning	4. The property is currently used as the Juvenile Services Center and Shelter, and is zoned A-2 Medium Density Apartments.
Selection Process	5. Following this Request for Proposals, a pre-proposal conference and submission of proposals, qualified development teams will be evaluated by a selection committee in March 2018, after which the committee will recommend a development team for exclusive negotiations and approval by the HHFDC Board of Directors in April 2018.
Reference Materials	<p>6. The Alder Street Final Environmental Assessment and Finding of No Significant Impact (FEA) for the proposed Project was prepared in accordance with Chapter 343, Hawaii Revised Statutes (HRS). A Finding of No Significant Impact (FONSI) determination was published in the Environmental Notice on July 23, 2016. The FEA included all appropriate studies including a Biological Resource Survey Report; Environmental Noise Assessment; Air Quality Assessment; Historic Resource Inventory; Archaeological Inventory Survey; Cultural Impact Assessment; Traffic Impact Assessment; Preliminary Engineering Report; Electrical Power and Communications Report; Population, Economic, and Fiscal Impact Study, and ALTA/ACSM Land Title Survey.</p> <p>Proposers should be aware that there are non-residential limitations for exemptions under Chapter 201H, HRS, as provided under Section 201H-44, HRS, and General Excise Tax (GET) exemptions under HAR Section 15-306-2. In addition, there are restrictions on the rental of affordable units under subchapter 6 of Chapter 15-307, Hawaii Administrative Rules (HAR). Finally, this Project must comply with the accessibility guidelines and standards under Section 103-50, HRS; minimum prevailing wages under Chapter 104, HRS; and the requirements relating to employment of State of Hawaii Residents under Chapter 103B, HRS.</p>

Non-Mandatory Pre-Proposal Conference	<p>7. 10:00 a.m. on November 22, 2017 in the Boardroom at HHFDC's office located at:</p> <p>677 Queen Street, Suite 300 Honolulu, Hawaii 96813</p> <p>Interested parties are invited to attend; however attendance is not mandatory.</p>
Notice of Intent to Submit an Offer	<p>8. No later than 2:00 p.m. on December 20, 2017. Completed Notice of Intent to Offer form (Attachment 1) must be submitted with Corporate Resolution.</p>
Deadline for Written RFP Questions	<p>9. Accepted beginning on October 18 through January 10, 2018 at 2:00 p.m. Questions should be emailed to the RFP Contact, Ken Takahashi, at ken.t.takahashi@hawaii.gov. Answers will be emailed to all registered Offerors.</p>
Proposals Due	<p>10. No later than 2:00 p.m. on Wednesday, February 28, 2018. A non-refundable application fee of \$500 must accompany the proposal.</p>
RFP Response Format	<p>11. Submit one (1) original marked "ORIGINAL", six (6) copies marked "COPY" (seven total), and one (1) electronic copy on compact disc, including the pro forma sheet in Microsoft Excel format to:</p> <p>Craig K. Hirai Executive Director Request for Proposals No. DEV-RFP-17-001 Hawai'i Housing Finance and Development Corporation 677 Queen Street, Suite 300 Honolulu, Hawai'i 96813</p>
Priority Offer List Determination	<p>12. Date to be determined.</p>
Discussion with Priority Listed Offerors	<p>13. March 2018 (subject to change)</p>
Best and Final Offer Due	<p>14. Date to be determined.</p>
Estimated Selection of Successful Offeror	<p>15. April 12, 2018 (subject to change)</p>

A **Pre-Proposal Conference** will take place at the date, time and place noted above. Attendance is recommended but not mandatory. Interested Offerors may submit written inquiries to the RFP Contact to be answered at the Pre-Proposal Conference by the date specified. These inquiries, and new oral questions as time permits, will be answered at the Pre-Proposal Conference. Spontaneous answers to oral questions may be provided by HHFDC;

however, Offerors are informed that responses to the oral questions will not be binding. If an Offeror wishes to receive a formal answer to oral questions raised at the Pre-Proposal Conference, the Offeror shall submit such questions to the RFP Contact by the deadline for written questions. All official responses will be provided in writing via addendum to this RFP. A walk through of the Property will be scheduled if requested by Interested Offerors.

Written Questions concerning this RFP after the Pre-Proposal Conference must be submitted to HHFDC as indicated and up until the date specified above. Questions shall be directed to the RFP Contact.

Interested Offerors shall submit a mandatory **“Notice of Intent to Offer”** letter (**Attachment 1**) together with a corporate resolution or “authorization to sign” no later than the date specified above addressed to the RFP Contact. The Intent to Offer will form the official list of interested Offerors, and the recipient list of any communication and/or addenda relating to this RFP.

The terms and requirements of this RFP cannot be changed prior to the date for receipt of proposals except by duly issued and written addendum which will be sent to registered interested Offerors and posted on the HHFDC website. Offerors on the official list of Interested Offerors will be notified of the addenda that are posted. Offerors will be responsible for obtaining any issued addenda from the HHFDC website.

One (1) original and six (6) copies along with one (1) electronic CD or USB drive of Offeror’s proposal are due by the date and time specified above. Timely receipt of offers shall be evidenced by the date and time registered by the HHFDC time stamp clock. Offers received after the deadline shall be returned unopened. Proposals shall be placed in a sealed envelope(s) or container(s). A completed “Offer Form” (Attachment 2) shall be enclosed in the proposal package.

An Offeror may modify or withdraw their proposal prior to the established proposal due date in writing to the RFP Contact. The modification or withdrawal may be mailed, faxed, hand-delivered or e-mailed. Modifications or withdrawals must be accompanied by a duly executed certificate of resolution authorizing the signer to modify or withdraw the proposal.

This RFP may be cancelled and any or all proposals may be rejected in whole or in part, without liability, when it is determined to be in the best interest of the State. The State shall not be liable for any costs, expenses, loss of profits or damages whatsoever, incurred by the Offeror in the event this RFP is cancelled or a proposal is rejected.

This RFP is issued by the HHFDC. The Procurement Officer’s name and contact information are as follows:

Craig K. Hirai, Executive Director
Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813
Ph: (808) 587-0641
Email: craig.k.hirai@hawaii.gov

All communications regarding this RFP during this solicitation by the Offeror, consultants and agents shall be directed to the RFP Contact as follows:

Ken Takahashi, Project Manager
Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813
Ph: (808) 587-0547 Email: ken.t.takahashi@hawaii.gov

2. INTRODUCTION AND PURPOSE

TERMS AND ACRONYMS USED THROUGHOUT THE SOLICITATION

The following terms and acronyms have the same meaning throughout this RFP, unless specifically stated otherwise or clearly inappropriate in the context.

Addendum	= A written document issued by HHFDC during the solicitation period clarifying or establishing changes to the RFP, which will be considered and made a part of the RFP.
Award	= Written notification of the approval of the Offeror's proposal.
BAFO	= Best and Final Offer
Contract	= All types of agreements (e.g., the Development Agreement, Lease Agreement, and/or any other agreement) executed as a result of this RFP.
Contractor	= Any individual, partnership, firm, corporation, joint venture, or representative or agent, awarded a contract as a result of this solicitation.
CPO	= Chief Procurement Officer
DAGS	= Department of Accounting and General Services
Development	= Successful completion of the mixed-use project that is the subject of this RFP.
Development Agreement:	= The contract executed by HHFDC and the Successful Offeror as a result of this RFP.
HAR	= Hawaii Administrative Rules
HHFDC	= Hawaii Housing Finance & Development Corporation
HRS	= Hawaii Revised Statutes
Judiciary or The Judiciary	= Hawaii State Judiciary
Offeror	= Any individual, partnership, firm, corporation, joint venture,

or representative or agent, submitting an offer in response to this solicitation. The terms “Proposer”, “Offeror”, “Respondent”, and “Developer” are used interchangeably in this RFP.

Priority List	= Those Responsible Offerors who: (1) have submitted a proposal in response to this RFP which the HHFDC evaluation committee determines to be acceptable or potentially acceptable and among the most qualified to perform and complete the Project. If more than three acceptable or potentially acceptable proposals have been submitted, the Priority List will be limited through evaluation and ranking to no more than three (3) acceptable or potentially acceptable Offerors who submitted the highest-ranked proposals.
Procurement Officer	= Executive Director, Hawaii Housing Finance & Development Corporation
Responsible Offeror	= An Offeror who has submitted a complete proposal and the HHFDC evaluation committee determines has: (1) the capability in all respects to design and construct the Project and (2) the integrity and reliability that will ensure good faith performance.
RFP	= Request for Proposals, referring to all documents, whether attached or incorporated by reference, utilized for soliciting proposals.
RFP Contact	= The person designated by HHFDC to receive various communications in writing relating to the RFP.
State	= State of Hawaii, including all departments, attached agencies, and political subdivisions
Successful Offeror	= Any individual, partnership, firm, corporation, joint venture, or representative or agent, awarded a contract by the HHFDC as a result of this solicitation

This Request for Proposals (“RFP”) is being issued by the Hawai’i Housing and Finance Development Corporation (“HHFDC”) for the purpose of soliciting proposals from interested developers or development teams who meet the qualifications described herein and to enter into a development agreement for the development of a mixed-use project (hereinafter referred to as “Project”) located on State-owned lands at 902 Alder Street in Honolulu, Hawaii, TMK: (1) 2-3-012:019 (hereinafter referred to as “Property”). See **Figure 1**, Project Location Map. The purpose of the RFP is to give qualified developers an opportunity to demonstrate a workable planning and business framework for their approach to developing the property, consistent with the vision and other principles described in this RFP.

In this RFP, the Project is described in terms of maximum approximate floor areas, design objectives, minimum acceptable standards of construction, and disposition objectives for the purpose of soliciting proposals from qualified and experienced developers or development teams. Each proposer will be required to use State of Hawaii licensed architects and engineers to prepare the design and will be expected to adhere to all State of Hawaii requirements and requirements of other authorities having jurisdiction.

After reviewing proposals and potentially interviewing parties who submit responsive proposals, HHFDC anticipates selecting a preferred development entity to design, finance, build, own and operate the Project (“Offeror” or “Developer”) and entering into negotiations for a Development Agreement (DA) and long-term lease of the Property. The process and criteria that will be used to make the selection are described later in the RFP. In reaching agreement on the terms of the DA, the Successful Offeror and HHFDC will negotiate, in good faith, terms for the parties to move forward together and will clarify respective roles and responsibilities including pre-development activities and budgets, as well as key terms and conditions of the ground lease and related development, financial and operational considerations.

Figure 1: Project Location Map



Source: Google Maps (2015)

Figure 2: Tax Map

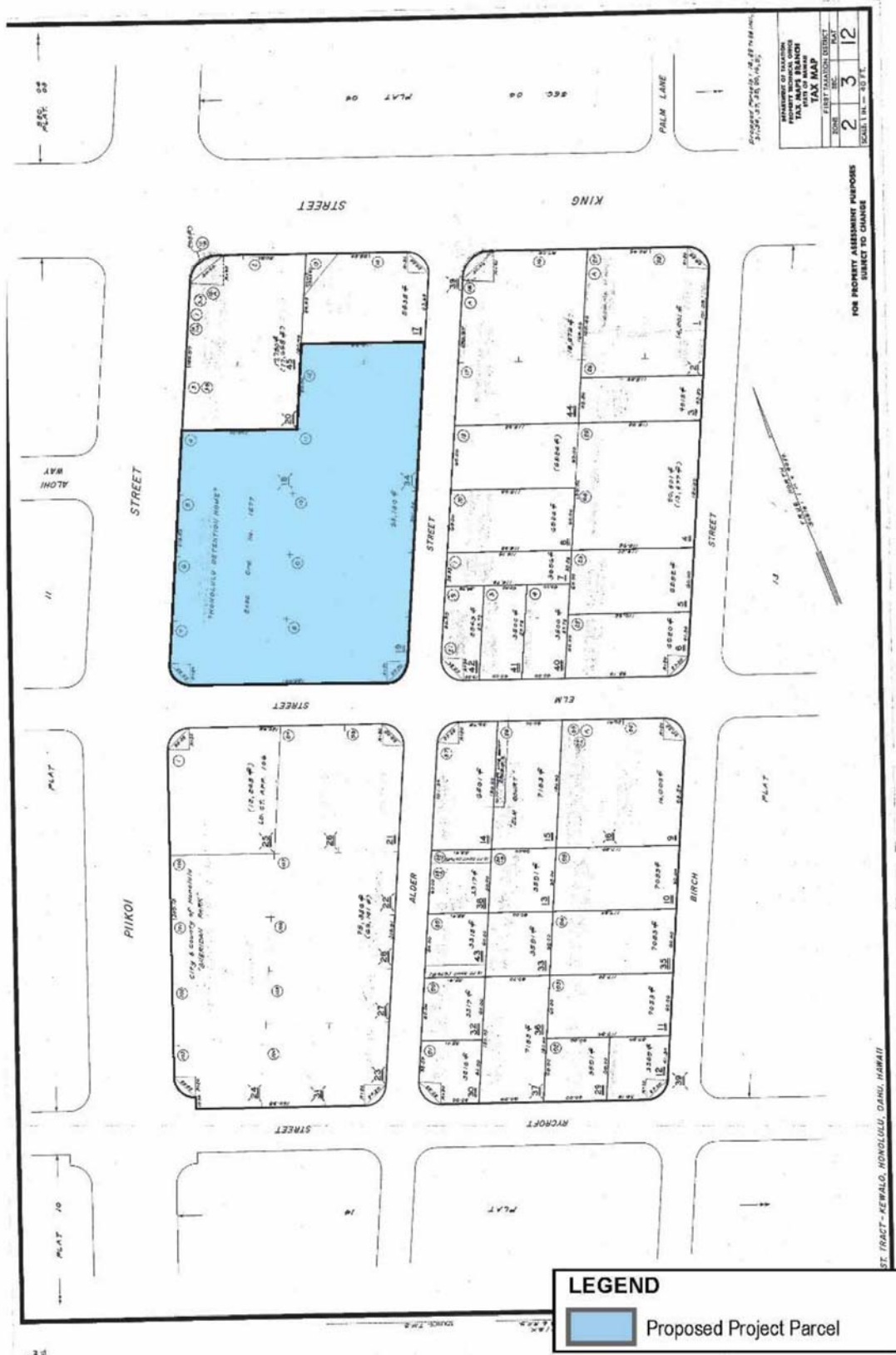
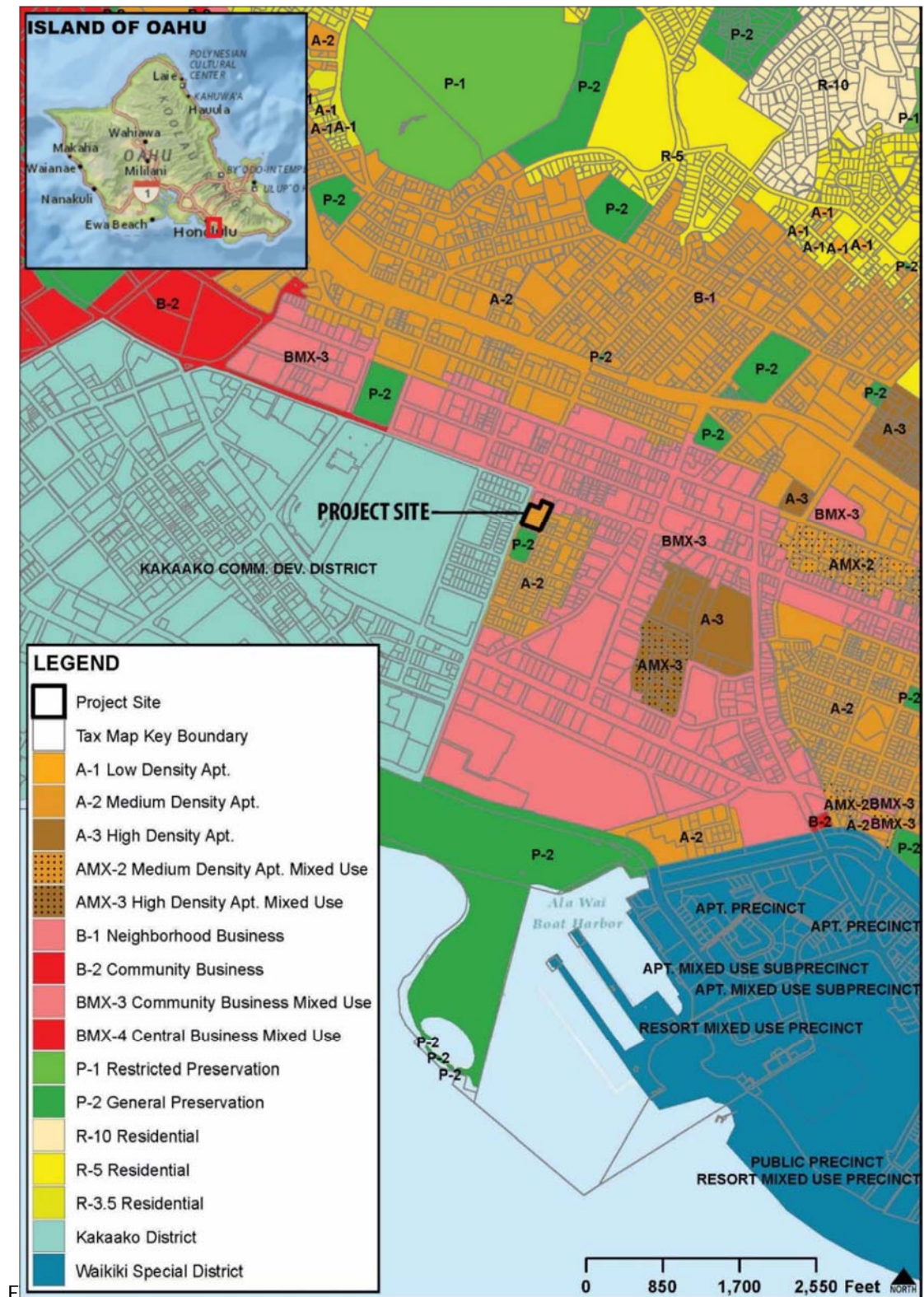


Figure 3: City and County Zoning



**PRIMARY URBAN CENTER
DEVELOPMENT PLAN**

A.5: Land Use Map PUC - Central

Color/Symbol	Description
Yellow	Lower-Density Residential
Brown	Medium and Higher-Density Residential/Mixed Use
White circle with red dot	Community/Neighborhood Commercial
Red	District Commercial
Purple	Industrial
Orange	Resort
Blue	Institutional
Green	Major Parks and Open Space
Light Green	Preservation
Grey	Military
Black dashed line	Urban Community Boundary
Black dotted line	Pedestrian Network
Black solid line	College/University
Black solid line with cross	Hospital/Medical Center
Black solid line with triangle	Intermediate School (State)
Black solid line with square	High School (State)
Black solid line with diamond	Small Boat Marina
Black solid line with circle	Harbor
Black solid line with star	Airport

(SEE MAP A.4:
PUC - WEST)

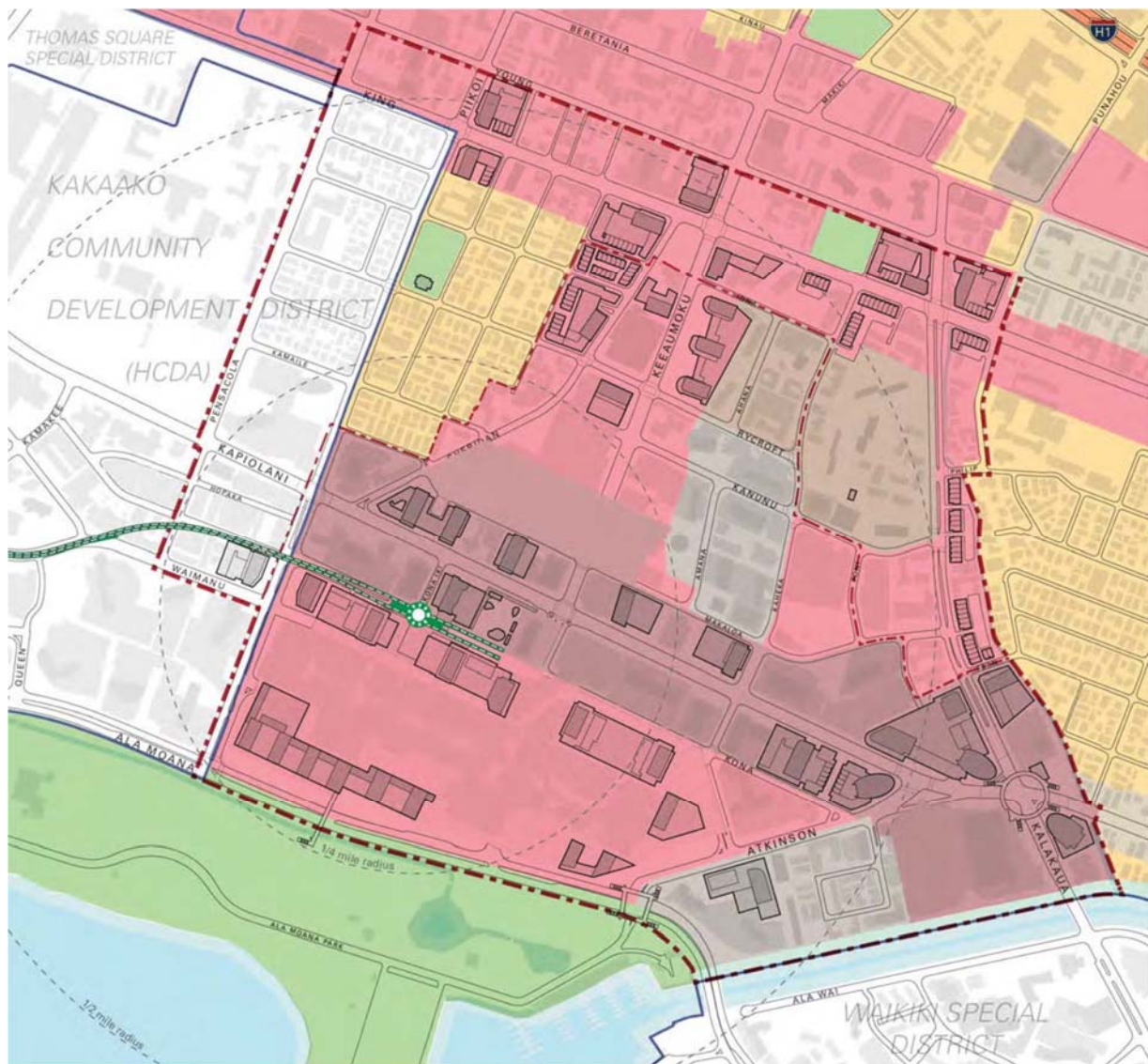
(SEE MAP A.6:
PUC - EAST)

PROJECT SITE

Scale: 0, 5000, 10000, 15000' feet

Department of Planning & Permitting
City & County of Honolulu
June 2004

Figure 5: Ala Moana TOD



3. PROJECT OVERVIEW

The State of Hawaii owns 63,180 square feet (1.45 acres) of land at 902 Alder Street in the Ala Moana – Kaka’ako District of Honolulu, Oahu, Hawaii. The Property is bound by Alder Street to the east, Elm Street in the makai direction, Piikoi Street to the west, and a service station and restaurant in the mauka direction. See Project Location Map, “Figure 1”. The site information is summarized in the following table.

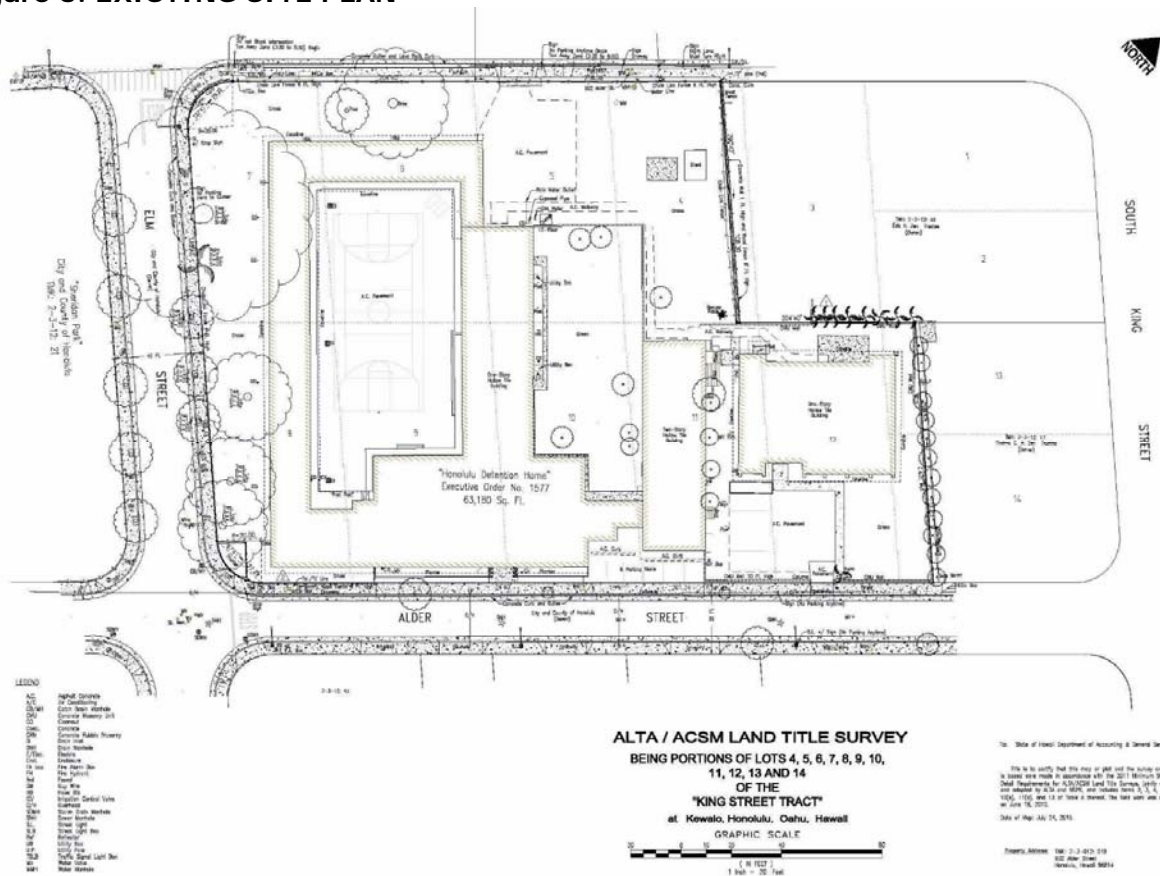
Project Information Summary

Name:	Mixed-Use Development for Affordable Rental Housing and Juvenile Services Center/Shelter At 902 Alder Street
Project Location:	902 Alder Street, Honolulu, Oahu, Hawai’i (See Figure 1)
Tax Map Key:	(1) 2-3-012: 019 (See Figure 2)
Land Area:	1.45 acres (63,180 square feet)
Landowner:	State of Hawaii, Executive Order to The Judiciary
State Land Use Classification:	Urban
Ceded Land:	The Property is NOT ceded land.
City and County Zoning:	A-2 Medium Density Apartments (See Figure 3)
Development Plan:	Primary Urban Center Development Plan (See Figure 4)
Development Plan Land Use Map:	Medium and Higher-density Residential/Mixed Use and within the Urban Community Boundary (See Figure 4)
Special District:	None; however, within the Ala Moana Neighborhood Transit-Oriented Development Plan by City and County of Honolulu (See Figure 5)
Transit-Influence Zone (TIZ) Precinct Subdistrict	Sheridan District
Special Management Area:	Not within SMA
Existing Use:	Juvenile Services Center and Shelter (See Figure 6)
Infrastructure:	All major utilities currently available. Approved Sewer Connection Application valid until 1/25/19,

and water availability will be confirmed at time of building permit approval.

The Property is located within a half mile from the City and County of Honolulu's proposed Ala Moana Rail Station, and lies within the "Ala Moana Transit-Oriented Neighborhood Development Plan", an urban mixed-use planning area regulated by the City which will offer redevelopment opportunities along with convenient transportation options and public amenities. The site is predominantly level and there are currently two buildings, a parking area, recreational facilities, and landscaped yards on the Property. The small building is currently occupied by the Home Maluhia, a single-story structure providing shelter services for status offenders (youth who violate laws that would not be crimes if they were over the age of 18 such as truancy, runaway, etc.) and low risk youth who are not able to return home for a variety of reasons. The large building is called Hale Hilina'i and serves as the office for the Juvenile Accountability Program, which is the "hub" from which The Judiciary operates community service and restitution programs for adjudicated youth. These services are housed on the girl's side of the former Detention Home which was vacated in 2010. The Department of Education also holds classes for youths at Hale Hilina'i. See **Figure 6**, Existing Site Plan. All Juvenile services currently onsite will be relocated by The Judiciary prior to start of construction.

Figure 6: EXISTING SITE PLAN



Source: ALTA/ACSM (2014)

The Project involves demolishing the buildings, conducting hazardous materials removal as required by law, and constructing two new structures: (1) a tower structure consisting of a juvenile shelter/services center and rental housing complex, and (2) a parking garage structure. The proposed mixed-use project entails a combination of affordable rental housing; therapeutic counseling and rehabilitative services for juveniles; short term shelter services; parking; and, ancillary community uses and landscaping.

A Final Environmental Assessment (FEA) and Finding of No Significant Impact (FONSI) for the Project ([hypelink at Alder Street Final Environmental Assessment and Finding of No Significant Impact](#)) was published in The Environmental Notice by the State Office of Environmental Quality Control on July 23, 2016. The FEA (**Appendix 1**) includes a conceptual plan of the Project that reflects the HHFDC/Judiciary's objectives for the site with respect to affordable housing units, judiciary facilities, parking, open space, and recreation areas.

HHFDC intends to transfer the Property to the Successful Offeror in an "as is" condition with no implied warranties or representations, and HHFDC and The Judiciary shall incur no expenditures and liability in connection with the existing condition of the Property or the development and operation of the Project. The Successful Offeror shall be responsible for removing all existing structures and conducting hazardous materials cleanup of the Property as needed before construction of the Project. Two hazardous materials surveys were conducted for the site. Both surveys-- Inspection Report for Asbestos, Lead-Based Paint, PCB, Arsenic and Chlordane and Phase 1 Environmental Site Assessment, dated June 2011, are provided under separate cover in **Appendix 2** and **Appendix 3**, respectively.

4. RFP DOCUMENTS

The documents included in this RFP (collectively, the “RFP Documents”) consist of Sections 1 through 10 herein, the exhibits and attachments contained or identified in such sections, any and all addendums to the RFP Documents, and the following appendices, although not attached, which can be downloaded from the following hyperlink or from the HHFDC website <http://hawaii.gov/dbedt/hhfdc/>:

Appendix	Document
1	Alder Street Final Environmental Assessment and Finding of No Significant Impact
2	Inspection Report for Asbestos, Lead-Based Paint, PCB, Arsenic and Chlordane
3	Phase 1 Environmental Site Assessment

5. HHFDC/JUDICIARY OBJECTIVES

This section details HHFDC/Judiciary's vision and business objectives for development of the Alder Street property.

A. HHFDC/JUDICIARY Vision for the Site

Recognizing the need for affordable housing in the urban core of Honolulu as well as the continued need for services to youth and families involved in the juvenile justice system, HHFDC, in cooperation with The Judiciary of the State of Hawaii (hereinafter "The Judiciary"), is seeking to redevelop the underutilized State-owned property at 902 Alder Street into a mixed-use development that will simultaneously help to address the State's affordable rental housing and juvenile justice needs. A conceptual site plan, building massing and elevations were prepared in conjunction with the Project FEA (see **Figures 7 and 8**) reflecting HHFDC and The Judiciary's collective vision for the site. As envisioned, the proposed Project would result in the construction of approximately 180 affordable rental housing units in a high-rise tower, approximately 34,000 square feet of floor area for Judiciary functions in the lower floors of the tower, an adjacent parking structure for residents, employees and visitors, and outdoor landscaping and recreation areas. The Offeror has the flexibility to propose an alternative to the conceptual design provided herein, provided the following project objectives are addressed:

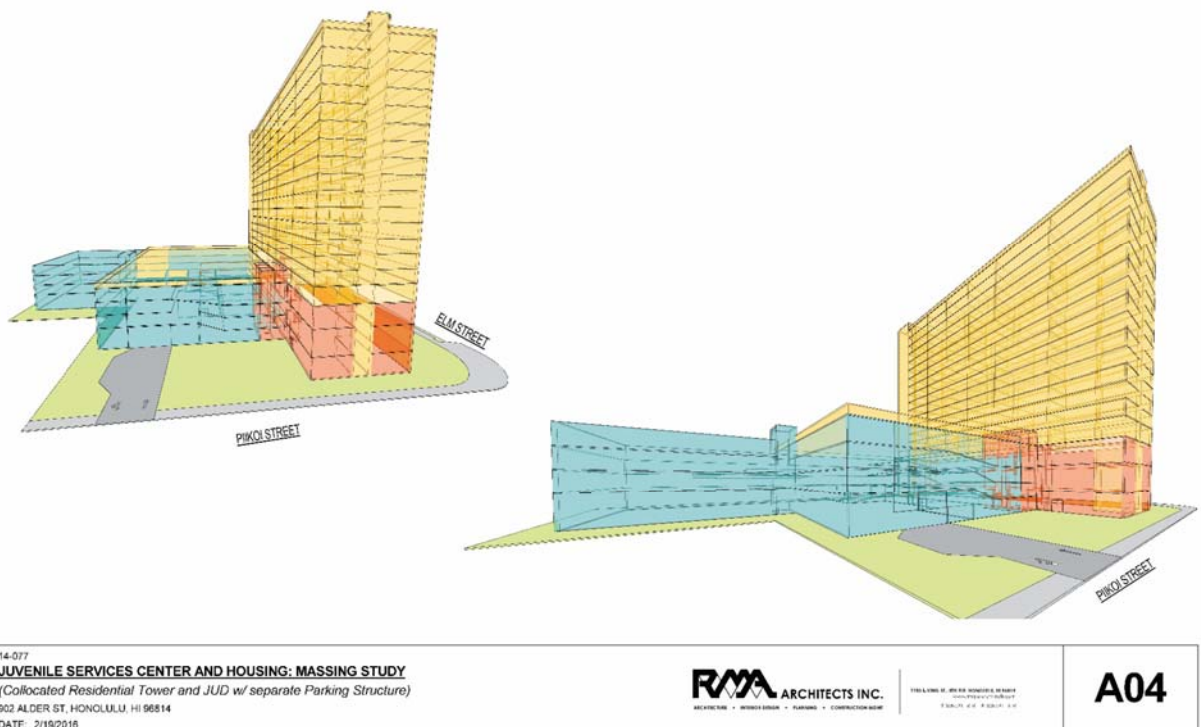
- 1. Housing Component.** The Project shall include approximately 180 rental housing units and incidental uses, such as management office, lobby area, multi-purpose room, in a high-rise tower ("rental housing component"). The rental units shall be priced primarily for households with incomes of no more than 60 percent of the area median income (AMI)¹, with unit types that may range from studios to three-bedroom units. The affordable units shall remain affordable for no less than 65 years.
- 2. Judiciary Component.** The Project shall also include the buildout of The Judiciary Services Center/Shelter, which will consist of approximately 34,000 square feet of floor area ("Judiciary component"), shown conceptually within the bottom three to four floors of the tower, of which a minimum of 24,000 square feet of floor area shall be completed "turnkey", providing floor space for administrative functions, offices, client assessment intake, meeting rooms, a recreational and visitation space, and shelter services, as specified in the "Judiciary Program Space Requirements", attached as **Exhibit A**. Note that the space requirements shown in **Exhibit A** should serve as general guidelines and may be modified by the Offeror. The Judiciary component also includes ancillary parking consisting of approximately 50 parking stalls. The remaining floor area of approximately 10,000 square feet shall be constructed as an incomplete "shell" with utilities "roughed-in" that is contiguous to the juvenile shelter and juvenile drop off/triage center. The completion of this "shell" would not be part of the Contract and will be completed in subsequent phase(s) of the Judiciary component. Ingress and egress shall be separated from the rental housing component.

¹ For City and County of Honolulu, 60% AMI in 2017 is: 1 person - \$43,980; 2 persons - \$50,220; 3 persons - \$56,520; 4 persons - \$62,760.

Figure 7: CONCEPTUAL SITE PLAN



Figure 8: CONCEPTUAL BUILDING MASSING PLAN



The Center will serve status offenders (youth who violate laws that would not be crimes if they were over 18 such as truancy, runaway etc.) as well as low end law violators. The Center will have two components: 1) a 24/7 shelter for youth who cannot be immediately placed back with their families because of safety issues, and 2) a service center for youth and their families. Services provided will include, and not be limited to, assessment and treatment services, life skills and other services for youth and families. The services are intended to stop youth from progressing further into the juvenile justice system. These services will be provided through probation and partnering with social service agencies and would include services such as anger management, substance abuse, victim impact classes etc. The facility will also operate as a drop off center where police can bring youth for assessment and triage for service needs determination and placement.

3. **Parking Structure.** There shall be a parking structure with approximately 250 stalls for residents, the Judiciary, visitors, and an assigned stall for the Honolulu Police Department that is conveniently located to the juvenile drop/off triage center. There shall be space within the structure for secure, on-site bicycle parking. The Project shall provide a total of approximately 50 parking stalls relating to the Judiciary functions. The Judiciary parking, including ADA accessible stalls, shall satisfy the minimum required by the City Land Use Ordinance ("LUO"). The rental housing component may include fewer parking stalls than the LUO requires, and for which a 201H exemption may be requested, as discussed in the FEA (see **Appendix 1**), as residents are expected to require fewer cars as a result of the Project's convenient location and access to multiple forms of transportation. The Project shall provide loading zones for each component of the Project. The loading spaces may be located within the parking structure or elsewhere on the site. The top level of the parking structure may provide recreation space for residents of the rental housing component.
4. **Outdoor Project Amenities.** The Project shall be landscaped and include such features as an outdoor recreation area available to residents of the rental housing component, shade trees and structures, seating areas, well-lit walkways, and bicycle parking. The existing shade trees on Elm Street, as well as plant species native to the Hawaiian Islands, should be preserved to the extent possible. A separate outdoor recreation area of approximately 3,000 square feet for youths in the Juvenile shelter meeting the general requirements in the "Judiciary Program Space Requirements" (**Exhibit A**) shall be provided.
5. **Other Project Objectives.** Additional objectives include:
 - a. **Sustainable Development Standards** – To the extent possible, the Project shall comply with Chapter 196-9, HRS, regarding energy efficiency and environmental standards for state facilities.
 - b. **Hawaiian Plants** – Whenever and wherever feasible, the Project shall utilize Hawaiian plants (see [OHA Native Plant Poster](#)) for its landscaping pursuant to Section 103D-408, HRS (see [section 103D-408, HRS](#)).
 - c. **Placemaking Elements** – The Project may include placemaking elements such as community gathering spaces, public art, activated streets, or other elements that will facilitate dynamic and unique public spaces, such as those that integrate

Hawaii's island environment with fine art, artisanship and native vegetation. Outdoor spaces are considered to be important to the overall site design.

- d. **Complete Streets** –The Project should embrace the “Complete Streets” design approach, creating conditions that encourage walkability and facilitate transportation choices by providing safe and convenient pedestrian and bicycle access to community amenities and public transportation services.
- e. **Advanced Sustainable Design** – Project proposals shall consider sustainable and energy efficient practices such as solar power, advanced metering, “daylighting” (i.e., light from windows penetrating interior spaces), natural ventilation, water conservation initiatives, passive solar heating, efficient building systems and products, vehicle charging stations, and rooftop gardening, among others.

B. Project Delivery and Disposition Objectives

Subject to the need to establish a feasible business plan and Project, HHFDC's known expectations and objectives are described below and will be incorporated into the DA. Note that **Section 7 part F** of the RFP requests that respondents provide feedback, exceptions or alternative proposals considered absolutely necessary, with respect to the objectives and terms described below:

1. **Project Development.** HHFDC is seeking a Developer to develop, own and manage the Project under the terms of the contract award, DA and ground lease. The development structure would involve a private non-profit or for-profit development entity or developer-led team where the developer will be the prime contractor with full responsibility to complete the Project as described herein. The developer-led team would design the project, obtain financing for the rental housing component and ancillary parking (using typical low-income rental housing financing sources), and construct the entire Project, with a minimum of 24,000 square feet (Phase 1) of The Judiciary component completed “turnkey” and ready for occupancy.

HHFDC will provide financing for the planning and design of the Project in the amount of \$1.669 million which was appropriated by the 2015 Legislature. In addition, HHFDC has approved a preliminary commitment of up to \$15 million from the Dwelling Unit Revolving Fund (DURF) for construction financing of Phase 1 of The Judiciary component (including ancillary parking). The development budget for The Judiciary component shall not exceed the DURF allotment and such funds will be released in accordance with the terms of the Development Agreement. Costs over and above the amounts stated herein shall be identified and described in the Offeror's proposal.

HHFDC also envisions the development structure to include a lease/lease-back project delivery method whereby the Successful Offeror would create Condominium Property Regime (“CPR”) spatial units for at least three components: the rental housing component; The Judiciary component; and the common area component, which will include common elements as well as limited common elements, such as the parking stalls for the other two components. HHFDC, as lessor, would enter into a 75-year ground lease with the Successful Offeror, who would develop the Project, maintain leasehold ownership

of the rental housing component, and sublease The Judiciary facilities and appurtenant parking back to the State (Judiciary). The ground lease would allow for the creation of a CPR into the separate spatial units (see form of ground lease, **Exhibit B**, for general terms and customary financing provisions requested by lenders). The Successful Offeror would provide, through its AOUO (formerly AOA), asset and property management services for Common Area Maintenance (CAM) and assessment of fees for property taxes, insurance and the maintenance of Judiciary interior and exterior spaces, among other things, as agreed to by HHFDC and Judiciary.

The Offeror has the flexibility to propose an alternative to the development structure provided herein, provided it meets the objectives of the Project whereby the project components can be developed pursuant to a single Development Agreement and HHFDC will maintain oversight of the operations through terms defined in the Development Agreement. The intent of the development arrangement is to reduce time, obtain the best value for the established fixed budget for The Judiciary component, provide strong guarantees, and reduce conflict by having a single entity responsible for the development of the Project, ownership and management of the rental housing component, and maintenance of the entire Project.

The key elements of the project delivery structure described above are as follows:

- a. **Development Agreement.** A Development Agreement or Contract between the State and the Successful Offeror to develop the Project;
- b. **Condominium Property Regime.** Successful Offeror to obtain approval of CPR documents to create spatial units for separate leasehold ownership of at least three components: the rental housing component, The Judiciary component, and the common area component;
- c. **Financing of Affordable Housing.** Financing of the rental housing component and appurtenant parking by the Successful Offeror utilizing existing financing resources, such as tax-exempt revenue bonds, Low-Income Housing Tax Credits, and Rental Housing Revolving Fund loans;
- d. **DURF Financing of The Judiciary Component.** A fixed budget of up to \$15 million for construction financing of The Judiciary component (Phase 1, including ancillary parking);
- e. **Completion of Project.** Delivery of a completed design build Project in accordance with the terms and conditions of the Contract, with The Judiciary component Phase 1 completed as a fully functioning turnkey facility with approximately 24,000 square feet of floor area and approximately 50 parking stalls, along with an unfinished "shell" of approximately 10,000 square feet;

Note: The Judiciary Furniture, Fixtures and Equipment (FF&E) to be furnished and installed by The Judiciary;

- f. Lease/Lease Back.** HHFDC, as lessor, to convey a ground lease to the Successful Offeror for the Property upon closing of all of the interim financing for the Project for a term not to exceed 75 years at \$1/year. The Successful Offeror will design and build the entire Project, then sublease The Judiciary facilities back to the State at \$1/year for a term that would be coterminous with the ground lease for the Property. A form of ground lease is attached as **Exhibit B**.
- 2. Project Completion.** The Project shall be completed within 3 years from the date of HHFDC Board approval selecting the developer for the Project, provided that HHFDC may approve two extensions for up to one-year each, at its sole discretion.
- 3. Affordable Housing Exemptions Under Chapter 201H, HRS**

Section 201H-38, HRS, provides a process whereby an affordable housing project may be granted exemptions from statutes, ordinances and rules of any governmental agency relating to planning, zoning and construction standards, provided the project primarily includes affordable housing units, meets minimum health and safety requirements, and does not contravene safety standards, rates and fees by various public utilities or the BWS. Section 201H-38, HRS, exemptions as applied to the concept plan were addressed in the FEA, which is provided as **Appendix 1**.

The Successful Offeror will be responsible to apply for any needed exemptions specific to the approved Project and obtain approval by the Honolulu City Council pursuant to Section 201H-38, HRS. HHFDC makes no representation that any exemption will be approved. Furthermore, approval of the award under this RFP does not obligate the HHFDC or The Judiciary to support any exemptions proposed by the Successful Offeror.
- 4. Capital Improvement Project (CIP) Appropriation and DURF.** The 2015 Legislature appropriated \$1.669 million for design of the Project, and the HHFDC Board at its meeting on July 13, 2017 approved a preliminary commitment of up to \$15 million of DURF funds for construction financing of The Judiciary component (budget figure). These sources do not include costs for Furniture, Fixtures and Equipment ("FF&E"). HHFDC will seek HHFDC Board approval of the use of DURF funds for The Judiciary component upon approval of the Successful Offeror. Should design and construction costs exceed the allotted CIP and DURF funds, the Successful Offeror shall describe any additional funding needed. Proposals submitted in excess of this budget figure for The Judiciary component may be cause for disqualification for award and cancellation of this RFP.
- 5. Development Agreement.** The Successful Offeror and HHFDC shall negotiate a Development Agreement over a period of no more than eight (8) months from the date of HHFDC Board approval of the selection, subject to extensions as may be approved by HHFDC, in its sole discretion. The DA will include a number of benchmarks and milestones for the planning, entitlement, and development of the Project.
- 6. Deadlines.** The DA will include deadlines for commencement of construction and completion of the Project.

6. PROJECT REQUIREMENTS

The submission of a proposal shall constitute representation by the Offeror of compliance with all requirements of the RFP, and that the RFP documents are sufficient in scope and detail to indicate and convey reasonable understanding of all terms and conditions of performance of the work.

1. **Offeror Requirements.** Except as otherwise provided in this RFP, the Offeror ultimately selected and awarded the Contract ("Successful Offeror") shall be responsible for all onsite and offsite costs and expenses associated with the applicable design, development, management and operation of the Project, including but not limited to the following:
 - a. **"As Is, Where Is".** The Successful Offeror shall accept the Property in an "AS IS, WHERE IS" condition, without any express or implied warranties or representations.
 - b. **Rental Housing Component.** The Successful Offeror shall, on its own behalf or in conjunction with a non-profit or other entity acceptable to HHFDC, own, operate and manage the rental housing component.
 - c. **Judiciary Component.** The Successful Offeror shall, on its own behalf or in conjunction with a non-profit or other entity acceptable to HHFDC/Judiciary, own and maintain The Judiciary component.
 - d. **Land Use Restrictive Covenants.** The Successful Offeror shall be responsible for execution and recordation of the affordability requirement of the Project as land use restrictions on the ground lease for a minimum term of 65 years.
 - e. **Design Services.** The Successful Offeror's development team (defined in Sec. 7-B(1)(b)) shall provide complete architecture and engineering services necessary to implement the objectives of this RFP, and shall conduct meetings with the HHFDC and Judiciary project staff to refine the design plans and costs for The Judiciary component, including interior and exterior spaces, through schematic design, design development and construction document phases. The HHFDC shall approve the final plans and be the principal decision-making authority in the event of any disagreement or dispute between any members of the Project team (i.e., the Offeror's development team, HHFDC, and Judiciary) regarding the Project.
 - f. **Compliance with Federal, State and County Requirements.** The Project shall comply with the rules, regulations, ordinances, codes and standards of the City and County of Honolulu, and any Federal and State requirements. Furthermore, the Project shall utilize Hawaiian plants for its landscaping whenever and wherever feasible pursuant to Section 103D-408, HRS.

- g. Zoning and Condominium Property Regime Approvals.** The Successful Offeror shall be responsible for obtaining any zoning, building and condominium property regime approvals required for this Project.
- h. Compliance with Chapter 343, HRS.** The Successful Offeror shall be responsible for compliance with Chapter 343, HRS. A Final Environmental Assessment (FEA) for the proposed Project was prepared in accordance with Chapter 343, HRS (**Appendix A**). A Finding of No Significant Impact (FONSI) was published in the Environmental Notice on July 23, 2016. The Successful Offeror shall provide supplemental information to update the information in the FEA to the extent required by HHFDC, the Office of Environmental Quality Control or any permitting agency.
- i. Hazardous Materials.** The Successful Offeror shall be responsible for removing all existing structures and conducting hazardous materials cleanup of the Property as needed before construction of the Project. Two hazardous materials surveys were conducted for the site. Both surveys (Inspection Report for Asbestos, Lead-Based Paint, PCB, Arsenic and Chlordane, and Phase 1 Environmental Site Assessment, both dated June 2011) are provided under separate cover in **Appendix 2** and **Appendix 3**, respectively. The Successful Offeror shall not cause or permit the escape, disposal or release of any hazardous materials, nor allow the storage or use of such materials in any manner not permitted by law or by the highest standards prevailing in the industry for the storage and use of such materials.
- j. Funding Project Costs.** A portion of total Project costs will be funded by Legislative appropriation and DURF. The Successful Offeror will not be required to pay for HHFDC and Judiciary staff time or HHFDC's consultants. The Successful Offeror will fully fund all remaining costs associated with the overall land development of the Property, including infrastructure, land improvement, and other pre-development and land development costs. The Successful Offeror will also be required to fund vertical development costs, or may offer portions of the site to other developers to construct the buildings. Pre-development costs will include costs associated with due diligence, master planning and infrastructure studies (e.g., TIAR updates), negotiations, and obtaining necessary condominium property regime documents, permits and approvals.
- k. Compliance with SHPD.** The Successful Offeror shall be responsible for compliance with the requirements of the State Historic Preservation Division of the Department of Land and Natural Resources ("SHPD") to mitigate any adverse effect caused by the Project on significant archaeological and cultural resources. SHPD has recommended archaeological monitoring to be conducted due to the sensitive location and the potential of encountering unidentified historic properties during the developmental of the Project. All mitigation measures shall be coordinated with SHPD.

- l. Potable Water.** The Successful Offeror shall be responsible for obtaining potable water for the Project from the Board of Water Supply (BWS) and the payment of BWS water facilities charges.
 - m. Sewage Capacity.** The Successful Offeror shall be responsible for securing sewage capacity and connection approvals from the City and County of Honolulu.
 - n. Maintenance of Site.** The Successful Offeror shall be responsible for maintenance of the Project site as well as the area from the Project boundary to the adjacent street curb, subject to the terms of the Development Agreement and City and County of Honolulu ordinances.
 - o. Minimum Prevailing Wages.** The Successful Offeror shall comply with Chapter 104, HRS, for the payment of minimum prevailing wages to mechanics and laborers employed on the Project for the corresponding work classifications as determined by the Department of Labor and Industrial Relations.
 - p. Disability and Communications Access Board.** The Project shall be accessible to and usable by persons with disabilities in compliance with Section 103-50, HRS, and the Successful Offeror shall submit written evidence to HHFDC that the Project plans have received final document review by the Disability and Communication Access Board, prior to start of construction. This requirement is in addition to any other applicable requirement for accessibility such as the Fair Housing Amendments Act of 1988 (Pub. L. 100-430, approved September 13, 1988) and the Fair Housing Accessibility Guidelines (24 CFR Chapter 1).
 - q. Market Analysis.** The Offeror shall submit evidence of market demand for the type of rental units being proposed. HHFDC may require the Successful Offeror to submit a current comprehensive market analysis substantiating the feasibility of the rental housing component. The specifications and scope of the market study shall be subject to HHFDC's review and approval.
 - r. GET Exemptions.** The rental housing component may qualify for General Excise Tax ("GET") exemptions for all work qualified for exemption, as permitted by law. To be eligible for exemptions from GET, non-residential uses, including any commercial space shall be limited to incidental or de minimus uses that are intended to directly benefit the residents of the Project. See Section 15-306-2, HAR. For the purposes of this RFP, use of GET exemptions shall not be considered as a State of Hawaii resource.
- 2. Minimum Risk to HHFDC.**
- a. Risk During the RFP Solicitation.** HHFDC assumes no obligations, responsibilities, and liabilities, fiscal or otherwise, to reimburse all or part of the costs incurred or alleged to have been incurred by parties considering a response to and/or responding to this RFP. All such costs shall be borne solely by each Offeror and its team members.

- b. Risk During the Term of Contract.** The Successful Offeror shall assume sole and complete risk and liability for the development of the Project during the term of the Contract period, and shall defend, indemnify, and hold harmless HHFDC, The Judiciary and the State of Hawaii, their employees, officers, agents, representatives, successors and assigns against any loss, cost, action, claim, damage or injury arising out of any activity conducted in the planning, design, hazardous materials removal, construction and management of the Project. The Successful Offeror shall maintain insurance acceptable to HHFDC in full force and effect throughout the term of the Development Agreement.

7. SUBMITTAL REQUIREMENTS

Respondents are asked to submit one (1) original proposal and six (6) copies along with one (1) electronic CD or USB drive copy including pro forma sheet in Microsoft Excel format to:

Craig K. Hirai
Executive Director
Request for Proposals: No. DEV-RFP-17-001
Hawai'i Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawai'i 96813

Proposals must be received and time-stamped at HHFDC by **2:00 p.m. Hawaii Time on February 28, 2018**. The proposals should present the information described below and should adhere to the format described below.

Transmittal Letter. Provide a one- to two-page transmittal letter that summarizes Offeror's proposal and confirms that the Offeror shall comply with the requirements, provisions, terms, and conditions specified in this RFP. The transmittal letter should be in the form of a standard business letter on official business letterhead and signed by an authorized representative of Offeror.

If development partners, consultants and/or subcontractors will be used, append a statement to the transmittal letter from each subcontractor signed by an individual authorized to legally bind the subcontractor and stating, in addition to the paragraph above:

- a. The general scope of work to be performed by the subcontractor; and
- b. The subcontractor's willingness to perform the indicated work in accordance with the RFP.

Note that those Offerors selected as priority-listed offerors may be required to generate more detailed information as requested for the BAFO.

A. Offer Form

Offer Form OF-1. Provide a signed Offer Form OF-1 (see **Attachment 2**) with the complete name and address of Offeror's firm and the name, mailing address, telephone number, and e-mail address of the person the State should contact regarding the Offeror's proposal.

Proposals shall be submitted using Offeror's exact legal name as registered with the Department of Commerce and Consumer Affairs, if applicable; and indicate exact legal name in the appropriate spaces on the Offer Form. Failure to do so may delay proper execution of the contract.

The authorized signature on Offer Form OF-1 shall be an original signature in ink. If unsigned or the affixed signature is a facsimile or a photocopy, the offer shall be automatically rejected unless accompanied by other material, containing an original signature, indicating Offeror's intent to be bound.

The Offeror must submit a non-refundable application fee of \$500 with their proposal. The fee shall be in a form of a cashier's or certified check made payable to "Hawaii Housing Finance and Development Corporation".

B. Offeror Qualifications

1. Development Entity

- a. Offeror Description.** Provide an accurate description of the Offeror including narrative and quantitative metrics such as number of employees, dollar volume per year, and office locations, among other descriptive information.
- b. Development Team.** Identify the development team, including the general contractor, major subcontractors and consultants, to be involved in the planning, financing, design, construction, and management of the Project, including without limitation, planners, all structural and architectural elements, mechanical, electrical and plumbing services, HVAC and sprinkler systems, security, financial partners, legal counsel, and property manager. Indicate whether the architect(s) and engineers on the team possess current Hawaii professional licenses for the services which they intend to provide. The property manager shall be a Hawaii licensed real estate broker.
- c. Team Roles.** Identify the roles and submit resumes for the project manager and key individuals who will be involved in the design, construction, operation and management of the Project.

2. Financial Qualifications. Note that HHFDC will maintain the confidentiality of all financial information provided by Offerors as part of the review process. Offerors may provide proprietary financial information under separate cover.

- a. Summary of Financial Capacity.** Provide a description of Offeror's financial capacity and backing, including general financial capabilities and partnerships. Describe the Offeror's need for and ability to raise equity and additional capital sources. Describe how pre-development costs will be funded.
- b. Detailed Financial Qualifications.** In order to demonstrate access to equity and financing resources to carry out development of the Property, provide the information listed below:
 - (1) Composition of current real estate portfolio.
 - (2) Recent history (last five to seven years) in obtaining financing commitments, detailing type of project, financing source, and amounts committed.
 - (3) Projects in the pipeline, including status, development schedule and financial commitment required of developer, a description of project financing methods, sources, and amounts.
 - (4) Audited (or reviewed by an independent party CPA) financial statements for the past three years. The financial statements must be prepared in

conformance with generally accepted accounting principles and shall include a balance sheet, income statement, statement of cash flows and footnotes. Place in separate, sealed envelope marked "Confidential" if Offeror would like HHFDC to maintain the confidentiality of this portion of the response.

- (5) Specific sources of debt/equity capital that may be used for this Project, (multi-family tax-exempt revenue bonds, Low Income Housing Tax Credits, Rental Housing Revolving Fund, outside lender, parent company, affiliates, etc.).
- (6) Adverse actions taken by any funding sources or financial institutions against the developer or joint venture partner, such as terminating or restricting the use of funds anytime during the past five years, if any.
- (7) Litigation in which developer (and any related affiliated entities) is involved or settled litigation over the last five years, if any.

3. Experience

- a. **Offeror's Experience.** Describe the relevant development experience of the Offeror. Provide relevant examples of projects with similar entitlement and development requirements that are in progress, have been successfully completed, or are in the development pipeline. Similar projects include those with one or more of the following types of attributes: (1) mixed-use development combining residential and office under separate leasehold ownership of spatial units created under a CPR; (2) partnerships with public agency landowners; (3) sustainability and smart growth principles; (4) affordable rental housing; and (5) government agency project.

For each project identified, provide the following information:

- (1) Project name and type.
- (2) Location, including address and photograph(s).
- (3) Size and mix of uses.
- (4) Development timeline (from developer selection/site control, to financing approvals/closing, to securing permits, and to commencement/completion of construction, indicating phasing as relevant). Note whether the project was started and completed on schedule. If delayed, provide explanation and length of the delay.
- (5) Project cost and financing sources used.
- (6) General description including role of development team and key project personnel, unique challenges of project, occupancy and history.

Project descriptions, including photos, should not exceed 3 pages per project.

- b. **Development Team Members' Experience.** Provide relevant experience of the Offeror's development team members. Provide no more than three projects per team member, and no more than 2 pages per project. Provide information including the project name, location, description, services provided, dates of service, and outcome of work effort. These projects may be the same as those submitted under section 3.a. above. For the property manager, provide the number of projects managed in Hawaii involving State, local, or Federal assistance programs.
- c. **References.** Provide at least five references for the Offeror, including public and private entities. Provide name of reference, company name and address, phone number and email address. Reference interviews will involve inquiries related to Offeror's performance in successfully planning, financing, entitling, and developing a similar project.

C. Development Concept and Strategy

HHFDC acknowledges that the development concept plan, project delivery strategy and the financial projections and terms proposed for the Project will be refined over time and through additional due diligence and negotiations. However, the information provided in response to this RFP will describe the Offeror's current intent and will serve as a major consideration in the selection of a Developer. As such, all future adjustments to the proposed concept, financial terms, and development structure must be justified as a result of additional information or input received during the planning and negotiation process.

Provide, in a narrative and graphic description, the development concept for the Alder Street Project. This concept must correspond with the financial proposal (described in **Subsection D**). The concept should, to the maximum extent practicable, be based upon the design and sustainability principles articulated in this RFP. The submittal should include tabular and narrative descriptions as well as supporting maps and graphics. At a minimum, the development concept should include the following elements (not necessarily in this order):

- 1. **Development plan.** Provide a narrative description and diagram(s) that clearly indicates property lines, the proposed building orientation and layout, roadway pattern, open space system, pedestrian walkways, bicycle paths, landscaping elements, and distribution of land uses, keyed to a table which quantifies:
 - a. The mix and distribution of proposed land uses (i.e., The Judiciary component square footage, residential component dwelling units, parking, etc.), including projected net and gross densities for the Project.
 - b. The utilization of land, in square feet, by land use (i.e., The Judiciary component, rental housing component, outdoor recreation areas for rental housing and The Judiciary components, roadways, etc.).

The following drawings and outline specifications should be included:

- c. Site plan at 1" = 20' scale.
 - d. Typical floor plans scaled at 1/16" or 1/8" = 1'- 0" General, 1/4" = 1' – 0" Detail. Plans shall show all necessary dimensions and indicate the proposed architectural arrangements, such as stairways, elevators, corridors, machine rooms, etc.
 - e. Building cross and longitudinal sections and exterior elevations at 1/16" or 1/8" = 1'-0" scale.
 - f. No less than three (3) and no more than six (6) colored vignettes, perspectives and/or renderings of the proposed development illustrating its relationship to the surrounding areas, key elements, amenities and features, character and scale.
 - g. The outline specifications shall specify compliance with the requirements of this RFP, sufficiently far enough advanced to allow the Offeror to obtain bona fide bids or estimates and quotes for the entire Project. These specifications shall generally describe the following:
 - (1) Project's site, architectural design, buildings, and type of construction;
 - (2) Structural system, including materials and systems, subsurface conditions, and substructure;
 - (3) Mechanical and electrical systems conceptually;
 - (4) Any special systems, such as building mechanical, electrical, plumbing, and roofing systems that are designed to improve energy performance, special exhaust systems, special lighting and security systems, etc.; and
 - (5) Finishes at a gross level, indicating type and quality level.
- 2. Rental Housing Component.** A diagram, supporting table, and narrative describing the proposed affordable rental housing component, including but not limited to, the total number of units, number of units by unit types and target income levels, unit sizes, accessible units, length of affordability commitment, project amenities (e.g., playground, tot lot, picnic areas, pool, community meeting room, laundry facilities, computer room, bike racks), and any social or special services and programs proposed for the rental housing component.
- In addition, evidence of market demand for the type of units being proposed shall be provided. Provide a market study prepared by an independent research firm that specializes in analyzing affordable rental housing markets on the island of Oahu to help forecast the demand for the number, affordability levels and type of units proposed.
- 3. Judiciary Component.** Narrative describing how the standards in The Judiciary Program Space Requirements (**Exhibit A**) were satisfied, including program elements that exceeded or did not meet the general standards. Describe the expected total buildout under this Contract within the budget allotted for design and construction, and the program elements, if any, which will need to be eliminated, value engineered, or completed in a subsequent phase.

4. **Property Operation and Maintenance.** Narrative describing the approach to operate and maintain the entire Project, or portion thereof. Describe the contractual structure, including leasehold ownership of the separate CPR spatial units, management agreements, debt leveraging revenue streams (i.e., public and private revenue sources), CAM, risk allocation, cost-efficiency benefits, etc.
5. **Community Benefits.** Narrative explaining any community benefits proposed in the Project (other than fulfilling HHFDC's and The Judiciary's affordable rental housing and juvenile justice needs), which may include physical amenities or programmatic elements that benefit the future residents of the Project as well as the larger community. Describe the Project's relationship to the Ala Moana Neighborhood TOD and the measures taken to promote transit ridership.
6. **Development Strategy.** Describe the development strategy, including how the development concept described above will be implemented. At a minimum, the development strategy should include the following elements:
 - a. **Predevelopment and Development Periods.** Include a schedule and narrative of the key steps that the Offeror intends to take to complete the predevelopment and development processes, including the attainment of all entitlements, approvals, and agreements with third parties; refinement of all plans and engineering; the refinement of budgets, pro formas, and cost projections; the attainment of funding commitments; the commencement of construction, and the completion of the entire Project. This section should make clear which activities will take place sequentially and which will take place concurrently.
 - b. **Infrastructure Approach.** Background infrastructure information has been provided in the FEA. Please provide a narrative describing the types of needed improvements, if any. Note that the Successful Offeror will be responsible for all negotiations and approvals with relevant agencies for access improvements and other infrastructure for the project.
 - c. **Expectations and Commitments for Timely Development.** Describe how the Developer will ensure that development is initiated and completed in a timely manner, including any suggestions of performance guaranties (e.g., liquidated damages) or other terms that can benefit HHFDC in the event of delays. The final terms of such guaranties will be negotiated after Developer selection, but this information will provide a sense of the Offeror's initial position. Please provide your proposed deadlines to be incorporated in the DA for the following:
 - (1) Commencement of construction; and
 - (2) Substantial completion of each component of the entire Project.

D. Financial Proposal

Development teams are requested to provide as much detail as possible on the financial aspects of their development concept, including a pro forma. The pro forma should provide a full set of project economics based on available information and the Offeror's own judgment recognizing that the pro forma will be refined as the development plan is developed. The ultimate business

deal will be based on a refined pro forma, to be developed as part of negotiations with the Successful Offeror.

Key financial aspects of the proposal will include:

1. Development Costs, Revenues, and Funding Strategy Narrative.

- a. *Development Costs.*** Provide narrative to describe estimated predevelopment costs, conceptual infrastructure costs, vertical building costs, maintenance costs (if applicable) and other identified costs for the entire Project, broken down into The Judiciary component (Phase 1), the affordable housing component and the parking structure. Make note of major uncertainties that may lead to significantly different costs than those estimated.
- b. *Judiciary Component Cost.*** An estimated cost breakdown by line item for The Judiciary component and its allocable parking cost (i.e., its pro rata share by square footage for its parking compared to the entire square footage in the parking structure) must be submitted on a form similar to **Attachment 3**. The estimated cost breakdown shall be the all-inclusive cost for the development of The Judiciary component and ancillary parking and shall be presented as a total development cost, which shall include all materials, supplies, labor, equipment, construction management fees, permits, taxes, overhead, profit, and any other expenses for construction related services applicable to the buildout of The Judiciary component, as described in the proposed concept plan. Provide a narrative to describe costs in excess of the approved budget for The Judiciary component (and ancillary parking), if any.
- c. *Project Revenues.*** Describe all anticipated project revenues, including projected building rents and parking fees, and anticipated absorption rates. Provide a pro forma operating budget to summarize the revenue expected for the full term of financing.

2. Development Financing Plan. Provide an explanation of the likely financial structure of the Project, including potential sources and amounts of equity and debt financing, as well as any expected public financing (e.g., for design, affordable housing and DURF funding for The Judiciary component), revenues received and retained. Identify the minimum preferred return on investment requirements for the Offeror as well as its financing partners. Specifically, describe how the predevelopment costs and the initial phases of infrastructure investments will be funded. The proposed financing plan shall include tables for both construction (interim) and permanent financing. The totals for construction and permanent financing must equal Total Development Cost.

As previously noted, there is a \$1.669 million CIP appropriation for Project design, and up to \$15 million of construction financing for The Judiciary component utilizing a DURF allotment from HHFDC.

3. Pro Forma. The pro forma provides an opportunity for Offeror teams to illustrate how to maximize development feasibility while meeting the goals and business objectives of HHFDC. A preliminary forecast of the revenues and expenses of the proposed project in the form of a pro forma Statement of Cash Flows for each year up to expected coverage

of the debt service should be provided. Please fill out the Excel document provided in **Attachment 4**. The attachment provides a framework; therefore, the organization and line items can be modified and expanded to best illustrate your financial proposal. Be sure to consider all known project costs, including predevelopment and development costs, and management expenses, and make note of assumed funding that is contingent on another agency's action (e.g., tax credits for affordable housing). Note that the purpose of the pro forma is to allow HHFDC/Judiciary to understand the Offeror's approach and expectations of project economics and to provide a basis for business terms to be negotiated later.

4. **Use of State of Hawaii Resources.** Provide a description of the Offeror's proposed use of State of Hawaii resources. Please identify all sources. However, for purposes of scoring proposals under this RFP, "use of State of Hawaii resources" shall not include use of the Alder Street parcel, use of CIP appropriation for design of the Project, use of up to \$15 million DURF allotment for construction of The Judiciary component (for Phase 1 only), State of Hawaii general excise tax exemption and bond authority, use of non-competitive 4% tax credits, and use of 201H exemption authority.
5. **Financial Commitment.** With respect to financial commitment, provide an estimate of the amount of money that will be invested by the Developer before the project begins to produce positive cash flows, including predevelopment and operations costs as well as investments in capital improvements. Please identify the anticipated source of the Offeror's up-front funding.

E. Construction Management Proposal

Provide a construction management plan that demonstrates a knowledgeable and experienced design-build management approach to construct and complete the Project, in all respects, with integrity and reliability that will ensure good faith performance. The approach should identify the composition of the management team, including the names and roles of key personnel and the percentage of their time devoted to this Project, and the decision-making process within the organization.

F. Exceptions or Alternative Proposals

If applicable, describe any exceptions or proposal alternatives to HHFDC's key business objectives described in **Section 5**. Innovative, creative, or cost saving proposals that meet or exceed the objectives and requirements in the RFP are encouraged and will receive consideration accordingly. Each alternative shall include an explanation of what the benefits are and why the Offeror believes the alternative is in the best interest of the State.

G. Submittal Format

Respondents are asked to submit one (1) original proposal and six (6) copies along with one (1) electronic CD copy (or USB flash drive) including pro forma sheet in Microsoft Excel format. The completed Offer Form (**Attachment 2**) shall accompany the submittal and shall have an original, authorized signature of the Offeror. Proposals shall be organized into sections, following as closely as possible the format as presented in this **Section 7**, with tabs separating each section.

H. Late Proposals

Any proposal, request for withdrawal, or modification of a proposal that is not received at the designated location, time and date set forth herein will be deemed late and therefore not be considered. Delivery of the proposal to the specified location by the prescribed time and date is the sole responsibility of the Offeror. Exceptions may be authorized, at the sole discretion of the Procurement Officer, when the reason for the late proposal, late request for withdrawal or late modification of a proposal is due to the action or inaction of the HHFDC.

Withdrawal of, or modifications to, proposals are effective only if written notice thereof is submitted to HHFDC prior to the time proposals are due. A notice of withdrawal or modification to a proposal must be signed by an officer with the authority to commit the company. Withdrawal or modifications will not be accepted after the time proposals are due.

8. SELECTION CRITERIA

HHFDC is interested in comprehensive and clear responses to the submittal requirements. Criteria for evaluation of proposals will include the following:

Criteria	Max Points
<p>A. Offeror Qualifications</p> <ol style="list-style-type: none"> 1. Legal Offeror entity and team members. 2. Offeror's relevant project experience and its specific personnel and team members, including work on similar type projects and projects involving public/private partnerships. 3. Financial capacity to develop the Project, including its financial record and success in obtaining equity and debt capital for funding past projects. 4. Capacity to manage the Project. 	20
<p>B. Project Design Concept and Strategy</p> <ol style="list-style-type: none"> 1. Well-thought out development concept with strong rationale. 2. Achievement of HHFDC objectives for the project, including maximum number of affordable rental housing units and range of affordability, consistency with The Judiciary Program/Space Requirements (Exhibit A) and development budget, sustainability, and provision of safe and convenient pedestrian and bicycle access to public transportation services. 3. Realistic and creative approach to achieving successful vertical development (i.e., compactness and efficiency of building design to minimize sprawl and energy use), including approach to overall management, marketing and tenanting residential units, and maintenance of facilities. 	10
<p>C. Ability to Meet Time and Budget Requirements</p> <p>Expectations and commitments to initiate and complete the Project in a timely manner, including the Offeror's suggested guaranties or penalties (i.e., liquidated damages). Offeror's description of schedule risks, critical path issues and track record of meeting deadlines set by financing awards</p>	15

for affordable housing projects. Demonstrated ability to manage costs and provide the best value for the given budget for The Judiciary component.	
D. Number of Affordable Units Proposed and Community Benefits Number of affordable units by incomes levels served, and additional physical or programmatic elements proposed to benefit the future and existing community.	10
E. Financial Proposal 1. Well-thought out approach to and assessment of predevelopment and infrastructure costs, including identification of potential challenges and uncertainties and corresponding mitigation/risk management strategies. 2. Complete project budget and financial pro forma demonstrating a feasible project. 3. Minimum use of State of Hawaii resources.*	10
F. Management Proposal 1. Demonstrated understanding of the challenges and opportunities associated with the Project, including an understanding of the team relationship with HHFDC/Judiciary. 2. Demonstrated understanding of the qualifications necessary to design, construct and complete the Project in all respects. 3. Demonstrated understanding of how the Offeror's project delivery approach will contribute to the success of the Project and meet HHFDC's goals. 4. Commitment to providing HHFDC and The Judiciary with a high quality project.	15
<i>Subtotal, Written Proposal Only</i>	80
G. Interview. Criterion to be determined at a later date based on questions developed for interview.	20
<i>Total including Interview</i>	100

* For purposes of scoring proposals, "use of State of Hawaii resources" shall not include use of the Property, use of CIP appropriation for design of the Project, use of up to \$15 million DURF

allotment for construction of The Judiciary component, use of State of Hawaii tax exempt and bond authority, use of non-competitive 4% tax credits, use of 201H exemption authority, and use of GET exemptions.

9. SELECTION AND AWARD PROCEDURE

A. RFP Selection

1. The RFP solicitation process begins with the issuance of the RFP, a non-mandatory pre-proposal conference, and the formal response to any written questions or inquiries regarding the RFP. Changes to the RFP will be made only by Addendum.
2. Interested Offerors shall submit a "Notice of Intent to Offer" letter (**Attachment 1**) together with a corporate resolution or "authorization to sign" no later than the date specified in the Selection Schedule below. The Intent to Offer will form the official list of interested Offerors, and the recipient list of any communication and/or addenda relating to this RFP.
3. Only proposals received on or before the required due date will be considered. Proposals shall not be opened publicly, but shall be opened in the presence of two (2) or more government officials. The register of proposals and Offerors' proposals shall be open to public inspection after posting of the award. All proposals and other materials submitted by Offerors become the property of the State and may be returned only at the State's option.
4. Proposals which do not fully comply with the submittal requirements of **Section 7** may be deemed "nonresponsive" on the basis of evaluation deficiencies and result in disqualification by HHFDC in its sole discretion. All Nonresponsive Proposals will be returned to the Offeror, with the deficiency(ies) noted. The decision by the HHFDC evaluation committee shall be final, and no appeal will be considered.
5. The HHFDC evaluation committee shall evaluate the proposals in accordance with the evaluation criteria in **Section 8**. Members of the evaluation committee will consist of personnel from HHFDC and The Judiciary, and may include personnel from other agencies and/or outside technical or legal experts. The proposals shall be classified initially as "acceptable", "potentially acceptable", or "unacceptable".
6. Proposals may be accepted on evaluation without discussion. However, if discussions are deemed necessary by the HHFDC evaluation committee, then prior to entering into discussions, a "priority list" of responsible Offerors submitting acceptable and potentially acceptable proposals shall be generated. The Priority List Offerors ("PLO") may be limited to a minimum of three (3) responsible Offerors who have submitted the highest-ranked proposals. The objective of these discussions is to clarify issues regarding the Offeror's proposal.
7. If, during discussions, there is a need for any substantial clarification or change in the RFP, the RFP shall be amended by an addendum to incorporate such clarification or change. After the PLO is generated, addenda to the RFP shall be distributed only to PLO who submit acceptable or potentially acceptable proposals, and may include without limitation a bid security, verification of key personnel, and letter of commitment from surety(ies) for Payment and Performance Bonds.

8. Following any discussions, PLO may be invited to submit a Best and Final Offer ("BAFO"), if necessary. The HHFDC evaluation committee reserves the right to have additional rounds of discussions with the PLO prior to the submission of the BAFO.
9. The date and time for PLO to submit their BAFO, if necessary, is indicated in the RFP Selection Schedule below. This date is an estimate only. PLO's will be notified by duly issued addendum of the due date and time. If Offeror does not submit a notice of withdrawal or a BAFO by the date indicated in the request for BAFO, the Offeror's immediate previous offer shall be construed as its BAFO.

B. Award

1. After receipt and evaluation of Proposals or BAFOs in accordance with the evaluation criteria in **Section 8**, the HHFDC evaluation committee will make its recommendation to the HHFDC Board of Directors for approval. Upon approval, the Procurement Officer will award the contract to the Offeror whose proposal is determined to be the most advantageous to the State taking into consideration the evaluation criteria.
2. The award shall allow the Successful Offeror to enter into exclusive negotiations with the HHFDC for the development of the Project. The HHFDC Board of Directors may impose a deadline from the date of its approval of the Successful Offeror for the execution of a development agreement. If necessary, the Successful Offeror's proposal may be amended. If the HHFDC and the Successful Offeror do not execute the development agreement by the end of such deadline, the HHFDC may terminate negotiations and thereafter consider proposals submitted by the next highest ranked Offeror.
3. The contents of any proposal shall not be disclosed during the review, evaluation, discussion, or negotiation process. All development proposals are government records which cannot be released to the public before HHFDC has successfully completed its negotiation and execution of a lease and development agreement with the Successful Offeror. Once the lease and development agreement are executed, all proposals, successful and unsuccessful, become available for public inspection. Those sections that the Offeror and the State agree are confidential and/or proprietary in accordance with all applicable laws should be identified by the Offerors and shall be excluded from public inspection.
4. The HHFDC evaluation committee reserves the right to determine what is in the best interest of the State for purposes of reviewing and evaluating proposals submitted in response to the RFP. The evaluation committee will conduct a comprehensive, fair and impartial evaluation of proposals received in response to the RFP.
5. The RFP, any addenda issued, and the Successful Offeror's proposal shall become a part of the contract. All proposals shall become the property of the State of Hawaii.

C. Selection Schedule

HHFDC has established the timeline summarized in **Table 1** for selecting a Design/Builder for exclusive negotiations.

Table 1: Selection Schedule Summary (subject to modification)

Milestone	Date or Timeframe
1. RFP Advertised and Issued	October 18, 2017
2. Pre-Proposal Conference	<p>10:00 a.m. on November 22, 2017 in the Boardroom at HHFDC's office located at:</p> <p>677 Queen Street, Suite 300 Honolulu, Hawaii 96813</p> <p>Interested parties are invited to attend; however attendance is not mandatory.</p>
3. Deadline for Notice of Intent to Offer	<p>Interested Offerors shall submit a mandatory "Notice of Intent to Offer" form (Attachment 1) together with a corporate resolution or "authorization to sign" no later than 2:00 p.m. on December 20, 2017.</p>
4. Deadline for Receipt of RFP Questions	<p>Questions must be made in writing and will be accepted through January 10, 2018, at 2:00 p.m. Questions may be emailed to Ken Takahashi at ken.t.takahashi@hawaii.gov. Responses will be prepared as addenda and emailed to the shortlisted teams. Addenda will also be posted to the HHFDC website at http://dbedt.hawaii.gov/hhfdc/</p>
5. Proposals Due	<p>February 28, 2018, at 2 p.m., HST.</p> <p>Submit one (1) original marked "ORIGINAL" and six (6) copies marked "COPY" (seven total), and one (1) electronic CD copy (or USB flash drive) of the response including pro forma sheet in Microsoft Excel format to:</p> <p>Craig K. Hirai Executive Director Request for Proposals No. DEV-RFP-17-001 Hawai'i Housing Finance and Development Corporation 677 Queen Street, Suite 300 Honolulu, Hawai'i 96813</p> <p>Proposals shall include a non-refundable application fee of \$500. The fee shall be in a form of a cashier's or certified check made payable to "Hawaii Housing Finance and Development Corporation".</p>

6. Discussion with Priority Listed Offerors (if needed)	March 2018
7. Best and Final Offers Due (if needed)	TBD
8. Selection of Successful Offeror	April 12, 2018
9. Award Contract	April 2018

NOTE: HHFDC reserves the right to deviate from this timeline.

10. TERMS AND CONDITIONS

This RFP and all responses are subject to the following terms and conditions.

A. Reservation of Rights

HHFDC, in its sole discretion, reserves the right to:

1. Change or cancel this RFP;
2. Amend, supplement, or waive any RFP requirements, guidelines, or materials at any time before or after the date and time by which proposals must be submitted;
3. Accept and/or reject any or all proposals received in response to this RFP, and may exercise such right without notice and without liability to any Respondent or other parties for their expenses incurred in the preparation of a proposal;
4. Determine whether a proposal submitted in response to this RFP fails to meet the requirements of the RFP in some material respect;
5. Obtain modification or clarification necessary to properly evaluate a proposal;
6. Obtain references or other INFORMATION regarding any Offeror's past performance from any source; and
7. Execute a Contract or Development Agreement with a Successful Offeror in the form required by HHFDC. HHFDC reserves the right without liability to disqualify and/or cease negotiations with the Successful Offeror if it determines, at its sole discretion, to be in the best interest of the State. The Successful Offeror assumes the sole risk and responsibility connected with the negotiation process.

Neither issuance of this RFP nor evaluation of any proposal(s) obligates HHFDC to award a Contract from this RFP.

B. Submission of Proposal

By submission of a proposal, Offerors warrant and represent that they have read and are familiar with the contractual requirements set forth in the RFP and its attachments and exhibits, the provisions of which are expressly incorporated into this RFP by reference as though fully set forth in its entirety herein. Furthermore, the submission of a proposal shall constitute an incontrovertible representation by the Offeror of compliance with every requirement of the RFP, and that the RFP documents are sufficient in scope and detail to indicate and convey reasonable understanding of all terms and conditions of performance of the work.

Before submitting a proposal, each Offeror must:

1. Examine the solicitation documents thoroughly. Solicitation documents include this RFP, any appendices, attachments, exhibits, addenda, plans referred to herein, and any other relevant documents; and

2. Be familiar with State, local, and federal laws, statutes, ordinances, rules, and regulations that may, in any manner, affect cost, progress, or performance of the work.

All submitted proposals shall become the property of the HHFDC and be subject to public disclosure in accordance with Hawai'i's Uniform Information Practices Act, Chapter 92F, HRS.

If the Offeror takes exception to any of the requirements specified in the RFP, the Offeror shall clearly identify and explain each exception in the proposal. RFP requirements are not necessarily negotiable and exceptions may render an Offeror's proposal unacceptable and ineligible for award.

All development proposals are government records which cannot be released to the public before HHFDC has successfully completed its negotiation and execution of a lease and development agreement with the Successful Offeror. Once negotiations are concluded and the lease and development agreement are fully executed, HHFDC may release the contents of the proposals to the general public after any information otherwise exempt from disclosure is removed, such as proprietary and other financial information.

C. Confidentiality

If an Offeror believes that any portion of a proposal, offer, specification or correspondence contains information that should be withheld as confidential, then the Procurement Officer (HHFDC Executive Director) should be so advised in writing and provided with legal justification to support the confidentiality claim.

An Offeror shall request in writing nondisclosure of designated trade secrets or other proprietary data considered confidential by law. Such data shall accompany the proposal, be clearly marked, and shall be readily separable from the proposal in order to facilitate eventual public inspection of the non-confidential portion of the proposal.

Proposers may not mark an entire proposal confidential. Should a proposal be submitted in this manner, the HHFDC reserves the right to hold no portion of the proposal as confidential, unless such a portion is determined by the Department of the Attorney General to be exempt from the Uniform Information Practices Act, Chapter 92F, HRS.

If a request is made to inspect the confidential material, the inspection shall be subject to written determination by the Department of the Attorney General in accordance with HRS Chapter 92F. If it is determined that the material designated as confidential is subject to disclosure, the material shall be open to public inspection, unless the Offeror appeals pursuant to HRS §92F-42(1). If the request to inspect the confidential material is denied, the decision may be appealed to the Office of Information Practices in accordance with HRS §92F-15.5.

D. Responsibility of Respondents

The highest-scoring responsive Offeror shall, at the time of award, be compliant with all laws governing entities doing business in the State, including, but not limited to:

1. Chapter 237, tax clearance;
2. Chapter 383, unemployment insurance;

3. Chapter 386, workers' compensation;
4. Chapter 392, temporary disability insurance;
5. Chapter 393, prepaid health care; and
6. Chapter 103D-310(c), Certificate of Good Standing (COGS) for entities doing business in the State.

To obtain and demonstrate proof of compliance, Offerors are strongly encouraged to register online at the Hawaii Compliance Express (HCE) website (<https://vendors.eHawaii.gov>) and furnish a current and valid HCE Certificate of Vendor Compliance to HHFDC. Otherwise, Offerors will be responsible for gathering all appropriate compliance documentation from the applicable agencies and submitting to HHFDC to show compliance. HHFDC shall verify compliance on HCE or with the applicable agencies.

- a. **Hawai'i Compliance Express.** HCE is an electronic system that allows vendors/contractors/service providers doing business with the State to quickly and easily demonstrate compliance with applicable laws. It is an online system that replaces the necessity of obtaining paper compliance certificates from the Department of Taxation, Federal Internal Revenue Service; Department of Labor and Industrial Relations, and Department of Commerce and Consumer Affairs.

Respondents should register with HCE at <https://vendors.eHawaii.gov> before submitting a response. The "Certificate of Vendor Compliance" is accepted as proof of compliance for award and execution of the contract.

- b. **Timely Registration on HCE.** Respondents are advised to register on HCE soon as possible.

E. Non-Collusion

By submission of a proposal, Offeror warrants that its proposal is made without collusion or fraud, that it has not offered or received any kickbacks or inducements from any other developer, supplier, manufacturer, or subcontractor in connection with the proposal, and that it has not conferred on any HHFDC or The Judiciary officer or employee, past or present, any payment, loan, subscription, advance deposit, travel services or items even of nominal value.

F. Award Protest

This RFP solicitation for land disposition is not subject to the procurement statute and administrative rules under Chapter 103D, HRS. Therefore, the procedures relating to the protest of an award under Chapter 103D, HRS, are not applicable to this solicitation. Reconsideration of HHFDC Board decisions on land dispositions may be made pursuant to the HHFDC's rules of practice and procedure.

G. Additional Terms and Conditions

1. **Approvals.** Any agreement arising out of this offer may be subject to the approval of the Department of the Attorney General as to form, and is subject to all further approvals required by statute, regulation, rule, order, or other directive.

2. **Executive Orders.** This RFP is subject to set aside of the Property by Executive Order to HHFDC.
3. **Confidentiality of Material.** All material given to or made available to the Offeror by virtue of this contract, which is identified as proprietary or confidential information, will be safeguarded by the Offeror and shall not be disclosed to any individual or organization without the prior written approval of the State.
4. **Nondiscrimination.** No person performing work under this RFP, including any subcontractor, employee, or agency of the Contractor, shall engage in any discrimination that is prohibited by any applicable federal, state, or county law.
5. **Competency of Offeror.** The evaluation committee shall determine whether the Offeror has the financial ability, resources, skills, capability, and business integrity necessary to complete a project. For this purpose, either before or after the deadline for the RFP, the HHFDC may require Offeror to submit answers to questions regarding facilities, equipment, experience, personnel, financial status or any other factors relating to the ability of the Offeror to satisfactorily fulfill the RFP requirements. Whenever it appears from answers to the questionnaire or otherwise, that the Offeror is not fully qualified and able to fulfill the RFP requirements, a written determination of non-responsibility of an Offeror shall be made. The unreasonable failure of an Offeror to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for a determination of non-responsibility with respect to such Offeror. The decision of non-responsibility shall be final.
6. **Preparation of Offer.** An Offeror may submit only one offer in response to this RFP solicitation. If an Offeror submits more than one offer, then all such offers shall be rejected.
7. **Amendment of Terms and Conditions.** The State and HHFDC reserves the right to amend or add terms and conditions to the RFP at any time before the date and time by which proposals must be submitted. These terms and conditions will be within the scope of the RFP and will not affect the proposal evaluation.

HHFDC also reserves the right to permit submittal of amendments and supplements to a Successful Offeror's proposal, including without limitation dedicating more funds, or reducing or expanding the scope of work, and any such changes or supplements shall not nullify the selection process that was used to select the Successful Offeror for the Project.
8. **Contract Not Binding Unless Funds Available.** No Contract will be binding unless there is a DURF allotment sufficient to cover the amount for the Phase 1 Judiciary component required by the Contract. Use of DURF funds are subject to approval and release of funds by the Governor.
9. **Affordable Housing Credits.** The Project, or any residential unit thereof, shall not be sold, transferred, or otherwise used to satisfy affordable housing requirements for any project at any location.

H. Role of HHFDC After Award

Once a Contract is awarded the HHFDC will be responsible for the following:

1. **Contract Administration.** Provide overall administration of the Contract. HHFDC will designate a representative who will be the point of contact for the Project.
2. **Construction and Quality Assurance Management.** Provide, with the assistance of an independent construction management or engineering consultant (as needed), construction oversight and quality control, including without limitation the following functions: review and evaluate contractor submittals; ensure that materials used and work performed meet contract requirements; determine when the Project (or portions thereof) is complete and is ready for occupancy and final acceptance; and authorize the processing of appropriate payments for The Judiciary project work satisfactorily performed and completed.
3. **Oversight.** Provide oversight of the Project and media relations.

I. Campaign Contributions by State and County Contractors

If awarded a contract in response to this solicitation, the Successful Offeror agrees to comply with HRS Section 11-355, which states that campaign contributions are prohibited from a State and county government contractor during the term of the contract if the contractor is paid with funds appropriated by a legislative body between the execution of the contract through completion of the contract.

J. Cancellation

HHFDC reserves the right to cancel, withdraw, suspend, postpone or extend this RFP at any time without any liability if it is determined by HHFDC, at its sole discretion, to be in the best interests of the State. The Offeror assumes the sole risk and responsibility for all expenses connected with the preparation of its proposal.

K. Rejection of Proposals

HHFDC reserves the right to reject any or all proposals, in whole or in part, without liability, if it is determined by HHFDC, at its sole discretion, to be in the best interest of the State. The Offeror assumes the sole risk and responsibility for all expenses connected with the preparation of its proposal.

L. Financial Obligations

Any brokerage or consulting fees expended by or on behalf of the Offeror shall not be paid by HHFDC. Each Offeror is responsible for all costs incurred in responding to this RFP. Neither HHFDC, its agents or its advisors shall have financial responsibility for any costs or fees incurred by an Offeror in responding to this RFP or any transaction that may be consummated as contemplated by this RFP.

M. Disclaimer in Event of Reliance on Material in this RFP

The information and data included in this RFP and related documents are for informational purposes only and are deemed reliable but are not guaranteed. HHFDC provides no representations, assurances, or warranties pertaining to the accuracy of the information. Detrimental reliance on this information is at Offeror's sole risk.

ATTACHMENTS AND EXHIBITS

Attachment 1 – Notice of Intent to Offer

Attachment 2 – Offer Form OF-1

Attachment 3 – Project Cost Breakdown for The Judiciary Component

Attachment 4 - Pro Forma

Exhibit A – Judiciary Operational/Program/Space Requirements

Exhibit B – HHFDC Ground Lease Form

[Formal Letterhead of Company]

[Date]

Mr. Ken Takahashi, Project Manager
Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813

**Notice of Intent to Offer
Request for Proposal for Affordable Rental Housing and
Juvenile Services Center/Shelter at 902 Alder Street
DEV-RFP-17-001**

Dear Mr. Takahashi:

I would like to indicate our intent to submit an offer in response to the above Request for Proposal (RFP) and to be notified of any updates and amendments to the RFP.

Name of Company: _____

Sincerely,

[Signature]

[Contact name]

[Complete address of the firm]

[Phone and fax]

[Email address, an alias or distribution list dedicated to the RFP process]

This letter shall be submitted with a corporate resolution or "authorization to sign" no later than the date specified in the RFP

Attachment 1

Request for Proposals: Mixed-Use Development at 902 Alder Street

**OFFER FORM
OF-1**

**JOINT DEVELOPMENT FOR AFFORDABLE RENTAL HOUSING AND JUVENILE
SERVICES CENTER/SHELTER AT 902 ALDER STREET**

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
RFP No. DEV-RFP 17-001

Craig K. Hirai
Executive Director
Hawaii Housing Finance and
Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813

Dear Sir:

The undersigned has carefully read and understands the terms and conditions specified in this Request for Proposals, including all attachments, exhibits, and addenda, and hereby submits the following offer to perform the work specified herein, all in accordance with the true intent and meaning thereof. The undersigned further understands and agrees that by submitting this offer, the undersigned:

- 1) is declaring his/her offer is not in violation of Chapter 84, Hawaii Revised Statutes, concerning prohibited State contracts;
- 2) is certifying that Offeror shall comply with all applicable federal and State laws prohibiting discrimination against any person on the grounds of race, color, national origin, religion, creed, sex, age, sexual orientation, marital status, handicap, or arrest and court records in employment and any condition of employment with the Contractor or in participation in the benefits of any program or activity funded in whole or in part by the State;
- 3) acknowledges and agrees that Offeror shall comply with HRS Section 11-355, which states that campaign contributions are prohibited from a State and county government contractor during the term of the contract if the contractor is paid with funds appropriated by a legislative body; and
- 4) acknowledges and agrees that Offeror shall comply with all the requirements, provisions, terms, and conditions specified in this RFP.

Offeror is:

☐ Sole Proprietor ☐ Partnership ☐ *Corporation ☐ Joint Venture
☐ Other: _____

*State of incorporation: _____

Hawaii General Excise Tax License I.D. No. _____ Federal Tax I.D. No. _____

Business address (street address): _____
City, State, Zip Code: _____

Respectfully submitted:

Date: _____ (x) _____

Attachment 2

Request for Proposals: Mixed-Use Development at 902 Alder Street

Telephone No.: _____

Authorized (Original) Signature

Fax No.: _____

Name and Title (Please Type or Print)

E-mail Address: _____

**** Exact Legal Name of Company (Offeror)**

****If Offeror is a “dba” or a “division” of a corporation, furnish the exact legal name of the corporation under which the awarded contract will be executed: _____**

Attachment 2

Request for Proposals: Mixed-Use Development at 902 Alder Street

ATTACHMENT 3

PROJECT COST BREAKDOWN FOR THE JUDICIARY COMPONENT

Provide a total cost breakdown worksheet for The Judiciary Component substantially in the form provided herein, including labor, materials, supplies, all applicable taxes, permits, overhead, profit, and any other costs incurred to design and build The Judiciary component as specified in this RFP.

ATTACHMENT 3 **PROJECT COST BREAKDOWN WORKSHEET** **JUDICIARY COMPONENT**

Itemized Cost	Estimated Building Cost	Cost Per Sq. Ft.	Estimated Parking Cost	Cost Per Sq. Ft.
For Site Work				
Demolition				
Hazmat				
Off-Site Work				
Other:				
Subtotal				
On-Site Improvements				
Detail:				
Other:				
Subtotal				
For New Construction				
Building Sub-structure and Super-structure				
Fire Sprinkler, fire stopping				
Electrical, fire alarm, security systems				
Plumbing				
HVAC				
Lt. gauge framing, drywall, insul., acous. ceiling				
Welding				
Cabinets, Doors, Millwork				
Glazing				
Painting				
Flooring				
Other:				
Subtotal				
Hardscape				
Landscaping				
Special Equipment (Detail)				
Appliances				
Contractor Overhead				
Contractor Profit				
Other:				
Subtotal				
For Contingency				
Construction Contingency				
Other:				
Subtotal				
For Architectural, Engineering and Construction Mgt Fees				
Architect Fee-Design				
Architect Fee-Supervision				
Engineering Fees				
Construction Management Fee				
Permits and Inspection Fees				
Other:				
Subtotal				

**ATTACHMENT 3
PROJECT COST BREAKDOWN WORKSHEET
JUDICIARY COMPONENT**

<u>Itemized Cost</u>	<u>Estimated Building Cost</u>	<u>Cost Per Sq. Ft.</u>	<u>Estimated Parking Cost</u>	<u>Cost Per Sq. Ft.</u>
For Interim Costs				
Construction Performance Bond				
Subtotal				
For Soft Costs				
Feasibility Study				
Consultants				
Insurance and legal fees				
Payment and Performance Bond				
Taxes				
Other: _____				
Other: _____				
Subtotal				
For Developer's Fees				
Developer's Overhead				
Developer's Fee				
Consultant Fee				
Other: _____				
Subtotal				
Total Project Cost				

ATTACHMENT 4

PRO FORMA REQUIREMENTS

The pro forma represents a critical part of the overall proposal submission. The pro forma cash flow should provide an estimate of costs and revenues associated with the development concept and the financial proposal articulated in the proposal submission. The pro forma should be based on available information and the Offeror's own judgment recognizing that the pro forma will be refined as the project plan evolves and business terms are negotiated.

The pro forma will allow HHFDC to understand the development team's proposed approach to maximizing the feasibility of the Project, the potential returns to all parties, and the key conditions/assumptions required to accomplish project feasibility and these returns. Ultimately, HHFDC and the selected Offeror will work together to finalize the plan to ensure HHFDC's overall objectives are met and the Project is financially feasible. The business deal will be based on the refined pro forma.

In order to compare the approaches and initial conclusions of the different development teams, it is critical that the pro forma portion of the submission conform to the structure and content identified in the attached Excel worksheet. The attachment provides a framework so the organization and line items can be modified and expanded to best illustrate your financial proposal.

Table 1
Illustrative Sources and Uses Proforma Template (all dollars are nominal)
Alder Street Proposal Review

Item (1)	Total Amt/Nominal \$	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
PROJECT DESCRIPTION / ABSORPTION																
Vertical Development																
Judiciary	0															
Affordable Residential Units	0															
Office Sq. Ft.	0															
Retail Sq. Ft.	0															
(other, please describe) Sq. Ft.	0															
Structured Parking Spaces	0															
Surface Parking Spaces	0															
Public Spaces																
Parks, Open Space Sq. Ft.	0															
Plaza Sq. Ft.	0															
(other please describe) Sq. Ft.	0															
SOURCES OF FUNDS																
Building Revenues																
Market-Rate Residential Unit Sales	\$0															
Affordable Residential Unit Sales	\$0															
Apartments NOI/Reversion Value (2)	\$0															
Office NOI/Reversion Value (2)	\$0															
Retail NOI/Reversion Value (2)	\$0															
(other) Reversion Value	\$0															
Public Financing (if applicable) (3)	\$0															
(source 1, please describe)	\$0															
(source 2, please describe)	\$0															
Other	\$0															
Total Sources of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
USES OF FUNDS																
Land Payments to HHFDC	\$0															
(other) Payment to HHFDC	\$0															
Predevelopment	\$0															
Infrastructure	\$0															
Building Development	\$0															
Developer Fee	\$0															
Other	\$0															
Total Uses of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET PROJECT CASHFLOW (including Developer Returns)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Nominal Value of HHFDC Payments	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
NPV of HHFDC Payments at 5% Discount Rate	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!

(1) Fill out all applicable rows. Make note of rows that are not needed for the Project Concept.
(2) Please fill in annual net operating income (NOI) and reversion value not later than Year 15. Reversion value is needed even if the Project Concept is a developer "build and hold" to allow the selection committee to compare proposals.
(3) Make note of public financing sources and including sources that are contingent on public agency action.

EXHIBIT A

The Judiciary's Phase 1 development ("Judiciary component") will consist of 24,000 gross square feet of finished space, 10,000 square feet of an unfinished "shell" space for future development and ancillary parking consisting of approximately 50 parking stalls. The attached table outlines the types of spaces needed for the various uses. Short narratives regarding the space are provided below. The floor areas include set asides for circulation, and mechanical spaces. The Project objective is that the facility encompass the bottom three floors of the Project, with its own ingress and egress, and elevator system. The facility will also require a dedicated outdoor area. The Judiciary component will include the finished spaces described on the attached table, as well as an incomplete shell of about 10,000 square feet with utility stub-outs to be completed in subsequent phase(s).

Judiciary Component Program Elements

Shelter: This space will be self-contained with controlled access between the shelter and the rest of the uses in the facility. The floor plan should be an open area with the kitchen opening to the living area. The shelter will operate 24/7 and should be designed as a welcoming "homey" space for youth that cannot for a variety of reasons be with their families. Many of the youth in the shelter may be suffering from trauma and have other emotional problems. The shelter will accommodate a maximum of 12 youth.

Shared Shelter and Juvenile Services Center – accessible to both uses: These spaces should be designed so that they can be used by both the shelter and the Juvenile Services Center. This area would be used for counseling sessions and other educational and group needs. It would need to be designed in such a way that access from the two users can be separate with some security to assure that the two populations do not mix unintentionally. Spaces should be welcoming, light and airy and not institutional. A separate area with two bathrooms would be dedicated as a urinalysis testing area.

Juvenile Services Center: The space would consist of offices, break areas, open space for work station development, restrooms, break area, and reception space. This space will provide services to youth and their families. Some of the open space should be designed for dedicated workstations for staff, while other space should accommodate shared workstations for staff from other agencies and Non-Government Organizations (NGOs) that work with our programs and youth. This space should be designed to be open and welcoming.

Outdoor Area: Exclusive use outdoor area will be for gardening, relaxation and recreational use and should be about 3,000 square feet, enclosed with an 8Ft. solid wall that could be used as an art wall.

DRAFT _____

LAND COURT SYSTEM

REGULAR SYSTEM

Return by Mail (X) Pickup () To:

Land Court () Regular () Double (X)

Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813
Attention: _____, Project Coordinator

Total pages _____

TYPE OF DOCUMENT: **Ground Lease**

PARTIES TO DOCUMENT:

Lessor: **Hawaii Housing Finance and Development Corporation**
Lessee: _____

PROPERTY DESCRIPTION

DOCUMENT NO.

DOCUMENT NO.
TRANSFER CERTIFICATE OF
TITLE NO:

TAX MAP KEY NO. _____

GROUND LEASE
PROJECT

THIS INDENTURE ("Lease"), made this ____ day of _____, 20____, by and between the **HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**, a public body and a body corporate and politic of the State of Hawaii, the principal place of business and mailing address of which is 677 Queen Street, Suite 300, Honolulu, Hawaii 96813, ("Lessor"), and _____, a Hawaii corporation, whose principal place of business and mailing address is _____ ("Lessee");

W I T N E S S E T H:

The Lessor for and in consideration of the rent to be paid and of the terms, covenants and conditions herein contained, all on the part of the Lessee to be kept, observed and performed, does lease unto the Lessee, and the Lessee does lease from the Lessor the premises situate at _____ and more particularly described as follows:

See: Exhibit "A which is attached and incorporated by reference.

It being expressly understood and agreed by Lessor that, except as provided herein, Lessee is the leasehold owner of all buildings and real property improvements and fixtures which are now or hereafter situated on such land described in Exhibit "A"; provided that Lessee, for itself and its successors and assigns, covenants that, except as provided by Sections **9, and 30** of this Lease, the buildings and real property improvements and fixtures shall not be separated from the premises demised hereby; and can only be conveyed or encumbered with any conveyance or encumbrance of this Lease subject to Lessor's approval or consent as provided below in Section **13** pertaining to "Assignment of Lease" even though not expressly mentioned or described in the conveyance or other instrument.

TO HAVE AND TO HOLD the premises unto the Lessee for the term of: _____ () years, commencing on the _____ day of _____, 20____, up to and including the _____ day of _____, 20____, unless sooner terminated as hereinafter provided, the Lessor reserving and the Lessee yielding and paying to the Lessor at the office of the Lessor, an annual rental as provided hereinbelow, payable in advance, without notice or demand, in a lump sum upon the execution of this Lease as follows:

The sum of ONE DOLLAR AND 00/100 (\$1.00) per annum.

RESERVING UNTO THE LESSOR THE FOLLOWING:

1. Minerals and waters. (a) All minerals as hereinafter defined, in, on or under the premises and the right, on its own behalf or through persons authorized by it, to prospect for, mine and remove the minerals and to occupy and use so much of the surface of the

ground as may be required for all purposes reasonably extending to the mining and removal of the minerals by any means whatsoever, including strip mining. "Minerals," as used herein, shall mean any or all oil, gas, coal, phosphate, sodium, sulphur, iron, titanium, gold, silver, bauxite, bauxite clay, diaspore, boehmite, laterite, gibbsite, alumina, all ores of aluminum and, without limitation thereon, all other mineral substances and ore deposits, whether solid, gaseous or liquid, including all geothermal resources, in, on, or under the land, fast or submerged; provided, that "minerals" shall not include sand, gravel, rock or other material suitable for use and used in general construction in furtherance of the Lessee's permitted activities on the premises and not for sale to others. (b) All surface and ground waters appurtenant to the premises and the right on its own behalf or through persons authorized by it, to capture, divert or impound the same and to occupy and use so much of the premises required in the exercise of this right reserved; provided, however, that as a condition precedent to the exercise by the Lessor of the rights reserved in this paragraph, just compensation shall be paid to the Lessee for any of Lessee's improvements taken.

2. Prehistoric and historic remains. All prehistoric and historic remains found on the premises.

3. Reserved.

4. Reserving unto Lessor, its successors and assigns, the right to subdivide the premises and designate easements thereon and thereupon to grant such easements as shall be shown on a duly approved subdivision map to any public utility, or governmental authority or adjoining or nearby owner(s) of land and to record any documents against the premises, as amended, with respect to such grant(s); provided that in no event shall any such recorded document or easement granted with respect to the premises, as amended, after the date hereof (i) contravene, hinder or impair any right or privilege granted Lessee in the Lease, (ii) result in any material interference with the use by Lessee of the premises, for the purposes permitted hereunder or result in damage to existing structures or improvements and/or un-repaired damage to existing water, sewer, electrical, or cable systems and roads.

THE LESSEE COVENANTS AND AGREES WITH THE LESSOR AS FOLLOWS:

1. Payment of rent. The Lessee shall pay the rent to the Lessor at the times, in the manner and form provided in this lease and at the place specified above, or at any other place the Lessor may from time to time designate, in legal tender of the United States of America.

2. Taxes, assessments, etc. The Lessee shall pay or cause to be paid, when due, the amount of all taxes, rates, and assessments of every description as to which the premises or any part, or any improvements, or the Lessor or Lessee, are now or may be assessed or become liable by authority of law during the term of this Lease; provided, however, that with respect to any assessment made under any betterment or improvement law which may be payable in installments, Lessee shall be required to pay only those installments, together with interest,

which becomes due and payable during the term.

3. Utility services. The Lessee shall pay when due all charges, duties and rates of every description, including water, sewer, gas, refuse collection or any other charges, as to which the premises or any part, or any improvements, or the Lessor or Lessee may become liable for during the term, whether assessed to or payable by the Lessor or Lessee. Notwithstanding the foregoing, Lessor and Lessee agree that Lessee will demolish all improvements located on the land prior to or on the commencement date of this Lease.

4. Covenant against discrimination. The use and enjoyment of the premises shall not be in support of any policy which discriminates against any one based upon race, creed, sex, color, national origin, religion, marital status, familial status, ancestry, physical handicap, disability, or HIV (human immunodeficiency virus) infection.

5. Sanitation. The Lessee shall keep the premises and improvements in a strictly clean, sanitary and orderly condition as comparable developments in Hawaii, similar in use and age, desirability of location, level of housing affordability, kind and nature to the Improvements.

6. Waste and unlawful, improper or offensive use of premises. The Lessee shall be responsible for the maintenance of the property during the term of this Lease and shall not commit, suffer or permit to be committed any waste, nuisance, strip or unlawful, improper or offensive use of the premises or any part, nor, without the prior written consent of the Lessor, cut down, remove or destroy, or suffer to be cut down, removed or destroyed, any trees now growing on the premises. Lessee shall be responsible for responding to any complaints against the leased premises and for resolving any issues arising from the complaints.

7. Compliance with laws. The Lessee shall comply with all of the requirements of all municipal, state, and federal authorities and observe all municipal, state and federal laws applicable to the premises, now in force or which may be in force.

8. Inspection of premises. The Lessee shall permit the Lessor and its agents, at all reasonable times during the lease term, to enter the premises and examine the state of its repair and condition.

9. Improvements. The Lessee shall not at any time during the term construct, place, maintain or install on the premises any building, structure or improvement of any kind and description except with the prior written approval of the Lessor and upon those conditions the Lessor may reasonably impose. The Lessee shall own these improvements until the expiration or termination pursuant to a breach of the Lease, at which time the ownership shall, at the option of the Lessor, remain and become the property of the Lessor or shall be removed by Lessee at its sole cost and expense.

10. Repairs to improvements. The Lessee shall, at its own expense, keep,

repair, and maintain all buildings and improvements now existing or hereafter constructed or installed on the premises in good order, condition and repair, reasonable wear and tear excepted.

11. Liens. The Lessee shall not commit or suffer any act or neglect which results in the premises, any improvement, or the leasehold estate of the Lessee becoming subject to any attachment, lien, charge, or encumbrance, except as provided in this Lease, and shall defend, indemnify, and hold harmless the Lessor from and against all attachments, liens, charges, and encumbrances and all resulting expenses.

12. Character of use. The Lessee shall use or allow the premises to be used for the purposes of constructing, operating and maintaining a mixed-use project consisting of low and moderate income residential units and a Family Court facility for juveniles under the jurisdiction of the court, together with appurtenant and supportive space, as described in Exhibit "B," attached hereto and incorporated herein by reference, unless otherwise agreed to by Lessor in writing ("Project"). Lessee shall ensure that the use and occupancy of the Premises complies with all applicable County, State, and Federal laws and regulations. The Project shall be developed utilizing a condominium property regime established and created in accordance with Chapter 514B, Hawaii Revised Statutes. Lessor shall join in on the documents necessary to establish and create the condominium property regime, provided, however, that in in event shall the Lessor be liable or responsible for the contents thereof. The form and content of all the condominium project documents shall be acceptable to the Lessor. All costs and expenses associated with the condominium property regime shall be borne by the Lessee.

13. Assignments of Lease, etc. Lessee shall not assign or mortgage this Lease without the written approval or consent of Lessor. A permitted assignee shall have the same rights and obligations hereunder as the original Lessee; provided, however, that no such assignment shall be effective to transfer any interest in this Lease unless Lessor shall have approved or consented to the assignment or mortgage and shall have received either a true executed copy of such assignment or written notice thereof, and also, in any case other than assignment by way of mortgagor assignment to or by the Department of Housing and Urban Development or Veterans Administration or upon foreclosure of mortgage or assignment in lieu of foreclosure, payment of a reasonable service charge and the written undertaking of the assignee to perform all obligations of Lessee hereunder, which undertaking may be incorporated in such assignment. No such assignment shall release the Lessee or assignor from further liability hereunder unless Lessor shall consent in writing to such assignment, and Lessor will not require payment of any money except said service charge for such consent nor withhold such consent unreasonably or because of the assignee's national origin, race, color or creed; provided, however, that any person acquiring the leasehold estate in consideration of the extinguishment of a debt secured by mortgage of this Lease or through foreclosure sale, judicial or otherwise, shall be liable to perform the obligations imposed on Lessee by this Lease only during the period such person has possession of ownership of the leasehold estate.

Notwithstanding the foregoing, Lessee may sell, assign, convey, mortgage, pledge or otherwise transfer this Lease with prior written notice to Lessor but without obtaining

Lessor's approval or consent in the following circumstances:

a. Lessee may obtain a construction or permanent loan, the repayment of which is to be secured by one or more mortgages on the leasehold estate in favor of any department or agency of the federal government, including U. S. Department of Housing and Urban Development, Federal Housing Administration, Veterans Administration, Rural Development, any department, agency or public body and body corporate and politic of the State of Hawaii, any agency or department of the City and County of Honolulu, or any lending institution to finance the development and construction of improvements on the premises. Lessee is authorized to otherwise to comply with the requirements of the mortgagee for obtaining such mortgage loan.

b. If Lessee shall participate in the Low income Housing Tax Credit Program described in Section 42 of the Internal Revenue Code of 1986, Lessee may sell and assign this Lease after the 15 year compliance period pertaining to such program, subject to the provisions of Section 12 above.

14. Subletting; Space Lease; Parking Spaces. Lessee shall be permitted to issue, grant and convey individual condominium conveyance documents ("CDDs") to one or more Sublessees for the purpose of completing the construction and development of the Project as contemplated by this Lease consistent with the provisions of Section 12 above. The consent of the Lessor shall not be required for such CCDs provided that Lessee shall not be in default under the terms of the Lease. The form of the CCD shall be acceptable to Lessor. Each CCD shall require that the Sublessee shall comply with all of the terms, covenants, and conditions of this Lease as such terms, covenants, and conditions shall apply to the portion of the premises covered by such CCD. Lessee shall provide Lessor with a copy of any executed CCD with Sublessee.

Lessee and/or Sublessee shall expressly be allowed to lease the whole or any portion of the spaces within the improvements constructed on the Leased Land consistent with the provisions of Section 12 above and rent or license the use of the parking spaces. Lessee shall not be allowed to sublet the whole or any portion of the premises except as permitted above. Lessee and/or Sublessee may also rent or lease portions of the improvements for a cellular communication tower or antenna.

15. Indemnity. The Lessee shall defend, indemnify, and hold harmless the Lessor from and against any claim or demand for loss, liability, or damage, including claims for bodily injury, wrongful death, or property damage, arising out of or resulting from: (a) any act or omission on the part of Lessee relating to Lessee's use, occupancy, maintenance, or enjoyment of the premises; (b) any failure on the part of the Lessee to maintain the premises and sidewalks, roadways and parking areas adjacent thereto in Lessee's use and control, and including any accident, fire or nuisance, growing out of or caused by any failure on the part of the Lessee to maintain the premises in a safe condition; and (c) from and against all actions, suits damages, and claims by whomsoever brought or made by reason of the Lessee's non-observance or non-

performance of any of the terms, covenants, and conditions of this Lease or the rules, regulations, ordinances, and laws of the federal, state, municipal or county governments.

16. Costs of litigation. In case the Lessor shall be made a party to any litigation commenced by or against the Lessee (other than condemnation proceedings), the Lessee shall pay all costs, reasonable attorney's fees, and expenses incurred by or imposed on the Lessor; furthermore, the Lessee shall pay all costs, reasonable attorney's fees, and expenses which may be incurred by or paid by the Lessor in enforcing the covenants and agreements of this Lease, in recovering possession of the premises, or in the collection of delinquent rental, taxes, and any and all other charges.

17. Liability insurance. Lessee shall maintain insurance acceptable to Lessor in full force and effect throughout the term of this Lease. The policy or policies of insurance maintained by the Lessee shall provide the following minimum policy limits and coverages:

<u>Coverage</u>	<u>Minimum Policy Limits</u>
Commercial General Liability and Automobile Insurance	Lessee's commercial general liability and automobile liability insurance shall contain broad form property damage and bodily injury coverage of a combined single limit of not less than \$ <u>3,000,000</u> per occurrence, and \$ <u>5,000,000</u> in the aggregate arising out of or in connection with operations performed under this Lease. Automobile insurance, including automobile contractual liability, uninsured and underinsured motorist coverage, and basic no-fault and personal injury protection as required by Hawaii laws, shall be no less than \$ <u>1,000,000</u> per accident. If Lessee does not own automobiles, it shall maintain Hired and Non-owned Automobile Liability coverage.
Pollution Liability	Lessee shall obtain at Lessee's expense, and shall keep in effect during the term of the Lease, Pollution Liability Insurance covering Lessee's liability for bodily injury, property damage and environmental damage resulting from sudden accidental and gradual pollution and related cleanup costs incurred by Lessee all arising out of Lessee's lease and use of the Leased

premises. Combined single limit per occurrence may not be less than \$ 3,000,000. Annual aggregate limit may not be less than \$ 5,000,000. The policy shall name the State, Department of Land and Natural Resources and the Lessor as additional insureds.

Workers' Compensation

As required by Hawaii laws

Property

Including Windstorm written on a replacement cost basis in an amount not less than 100% of the replacement cost of the buildings and contents, including betterments and improvements, made by Lessee, located on the Premises. Lessee shall be responsible for any deductible or self-insurance retention, and to provide these coverages on a primary basis. Coverage should be evidenced on a form Acord 27 – Evidence of Property Insurance.

The Commercial General Liability Insurance and the Automobile Insurance shall contain the following four provisions:

a. It is agreed that any insurance maintained by the State of Hawaii shall apply in excess of and not contribute with insurance provided by this policy.

b. State of Hawaii and Lessor specifically are added as additional insured parties for operations performed on the premises.

c. If a general aggregate limit is used, the general aggregate limit shall apply separately to this Lease.

d. Insurance shall include a cross liability or severability of interest clause.

The above required insurance shall be primary and shall cover the insured for all operations to be performed under this Lease and on the premises, all operations performed incidentally, directly or indirectly connected with all operations to be performed under this Lease and on the premises, including operations performed outside the work area and all change order work.

Lessee agrees to a Waiver of Subrogation for each required policy described herein. When required by the insurer, or should a policy condition not permit Lessee to enter into

a pre-loss agreement to waive subrogation without an endorsement, Lessee shall notify the insurer and request that the policy be endorsed with a Waiver of Transfer of Rights of Recovery against Others, or its equivalent. This Waiver of Subrogation requirement shall not apply to any policy, which includes a condition specifically prohibiting such an endorsement, or voids coverage should Lessee enter into such an agreement on a pre-loss basis.

Lessee agrees to deposit with Lessor, on or before the effective date of this Lease, certificates of insurance necessary to satisfy Lessor that the insurance provisions of this Lease have been complied with. Lessee further agrees to keep such insurance in effect and current certificates of insurance on deposit with Lessor during the entire term of this Lease. The certificates of insurance shall refer to this Lease.

Lessor shall retain the right at any time to review and approve coverage, form, and amount of the insurance required by this Lease. If, in the opinion of Lessor, the insurance provisions in this lease do not provide adequate protection for Lessor, Lessor may require the Lessee to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. Lessor's requirements shall be reasonable but shall be designed to assure protection from and against the kind of and the extent of risks which exist at the time a change in insurance is required.

Lessor shall notify the Lessee in writing of any changes in the insurance requirements desired by Lessor. If the Lessee does not deposit copies of insurance policies with Lessor incorporating such changes requested by Lessor within 60 days of receipt of such notice, this Lease shall be in default without further notice to the Lessee and Lessor shall be entitled to all legal remedies, including termination of this Lease, and the Lessee shall be liable for all damages, costs, and fees.

The procuring of the required policy or policies of insurance shall not be construed to limit the Lessee's liability under this lease nor to fulfill the indemnification provisions and requirements of this contract. Notwithstanding the policy or policies of insurance, the Lessee shall be obligated for the total amount of any damage, injury, or loss incurred under or related to this Lease.

All rights or claims or subrogation against the State of Hawaii and Lessor, their officers, employees, and agents are waived.

Lessee shall procure from each of the insurers under all policies of insurance obtained pursuant to the provisions of this Lease, including but not limited to public liability and fire insurance, a waiver of all rights of subrogation which said insurer might otherwise have, as against the other party hereto, said waiver to be in writing and for the express benefit of the other.

Contractor's Pollution Liability Insurance. Any general contractor contracted to build a building on the premises shall be required to obtain and maintain Pollution Liability

Insurance covering its liability for bodily injury, property damage and environmental damage resulting from sudden accidental and gradual pollution and related cleanup costs arising out of or caused by the operations and construction activities of said general contractor. Combined single limit per occurrence shall not be less than \$3,000,000 and aggregate limit of not less than \$5,000,000. The policy shall have tail coverage extending 5 years beyond the completion of the work contemplated by the applicable construction contract. The policy shall name the State, Department of Land and Natural Resources and the Lessor as additional insureds.

18. Property insurance. The Lessee, at its cost and expense, shall procure and maintain at all times during the term of this Lease, fire and extended coverage insurance with an insurance company(s) licensed to do business in the State of Hawaii, insuring all buildings and improvements erected on the premises in the joint names of Lessor and Lessee, with the standard mortgage clause for Mortgagee, if any, as their interest may appear, in an amount equal to the replacement cost of the facilities and shall pay the premiums at the time and place required under the policy.

In the event of total or partial loss, any proceeds derived from the policy(s) shall be used by the Lessee for rebuilding, repairing, or otherwise reinstating the same buildings in a good and substantial manner according to plans and specifications approved in writing by the Lessor; provided, however, that with the approval of the Lessor, the Lessee may surrender this Lease and pay the balance owing on any mortgage and the Lessee shall then receive that portion of the proceeds which the unexpired term of this Lease at the time of the loss or damage bears to the whole of the term, the Lessor to be paid the balance of the proceeds.

Lessee shall furnish the Lessor on or before the commencement date of this Lease, a certificate showing the policy(s) to be in full force and effect and shall furnish a like certificate upon each renewal of the policy(s). Each certificate(s) shall contain or be accompanied by an assurance of the insurer not to cancel the insurance, limit the scope of the coverage, or fail or refuse to renew the policy(s) until after thirty (30) days written notice has been given to the Lessor.

19. Lessor's lien. The Lessor shall have a lien on all the buildings and improvements placed on the premises by the Lessee, on all property kept or used on the premises, whether the same is exempt from execution or not and on the rents of all improvements and buildings located on the premises for all Lessor's costs, attorney's fees, rent reserved, for all taxes and assessments paid by the Lessor on behalf of the Lessee, and for the payment of all money provided in this Lease to be paid by the Lessee, and this lien shall continue until the amounts due are paid. Notwithstanding the foregoing, this lien shall be subordinate in all respects to any mortgage which Lessee shall be allowed to place on this Lease or to which Lessor shall consent as provided in this Lease. Lessor shall execute such instruments as a permitted mortgagee may reasonably require to evidence the subordination of Lessor's lien. Upon Lessor's request, Lessee shall execute a UCC-1 statement for recording in the Bureau of Conveyances, State of Hawaii, memorializing Lessor's security interest.

20. Mortgage. Except as provided in this Lease, the Lessee shall not mortgage, hypothecate, or pledge the premises, any portion, or any interest in this Lease without the prior written approval of the Lessor and any mortgage, hypothecation, or pledge without Lessor's approval shall be null and void.

Notwithstanding any provision in this Lease to the contrary, Lessee may, upon prior written notice to Lessor, assign all or any portion of its right, title and interest in, to and under the Premises or this Lease, by way of mortgage, to any bank, insurance company, or other established lending institution providing an construction loan or permanent loan, which mortgage may contain such terms, conditions and maturity as Lessee may determine, and Lessee may enter into any and all such extensions, modifications, amendments or refinancing of any such mortgage as it may determine, provided that Lessee shall upon execution of any such mortgage, extension, modification, amendment or refinancing promptly deliver a true copy thereof to Lessor. The execution and delivery of any such mortgage shall not be deemed to constitute such an assignment or delivery of this Lease as would require the holder or holders thereof, as such, to assume the observance or performance hereunder.

The term "holder" shall include an insurer or guarantor of the obligation or condition of the mortgage, including the Department of Housing and Urban Development through the Federal Housing Administration, the Federal National Mortgage Association, the Veterans Administration, the Small Business Administration, United States Department of Agriculture Rural Development, formerly Farmers Home Administration, or any other federal agency and their respective successors and assigns or any lending institution authorized to do business in the State of Hawaii or elsewhere in the United States; provided, that the consent to mortgage to a non-governmental holder shall not confer any greater rights or powers in the holder than those which would be required by any of these federal agencies.

21. Breach. Time is of the essence in this agreement and if the Lessee shall fail to pay the rent, or any part, at the times and in the manner provided within thirty (30) days after delivery by the Lessor of a written notice of breach or default, or if the Lessee shall become bankrupt, or shall abandon the premises, or if this Lease and premises shall be attached or taken by operation of law, or if any assignment is made of the Lessee's property for the benefit of creditors, or if Lessee shall fail to observe and perform any of the covenants, terms, and conditions contained in this Lease and on its part to be observed and performed, and this failure shall continue for a period of more than sixty (60) days after delivery by the Lessor of a written notice of breach or default, by personal service, registered mail or certified mail to the Lessee at its last known address and to each mortgagee or holder of record having a security interest in the premises, the Lessor may at once re-enter the premises, or any part, and upon or without the entry, at its option, terminate this Lease without prejudice to any other remedy or right of action for arrears of rent or for any preceding or other breach of contract; and in the event of termination, at the option of the Lessor, all buildings and improvements shall remain and become the property of the Lessor, or shall be removed by Lessee, in either case, at no cost or expense of Lessor; furthermore, Lessor shall retain all rent paid in advance to be applied to any damages. If this Lease is recorded in the Bureau of Conveyances or filed in the Office of the Assistant

Registrar of the Land Court of the State of Hawaii, such termination may but need not necessarily be made effective by recording or filing in such place an affidavit thereof by Lessor or a judgment thereof by a court of competent jurisdiction.

22. Right of holder of record of a security interest. During the continuance in effect of any authorized mortgage of this Lease, Lessor will not terminate this Lease because of any default on the part of the Lessee to observe and perform any of the covenants or conditions herein contained if the mortgagee or its assigns, within one hundred twenty (120) days after Lessor has mailed to the mortgagee or its assigns at the last known address thereof a written notice of intention to terminate the interest of the Lessee under this Lease for such cause, shall cure such default, if the same can be cured by the payment of money, or, if such is not the case, shall undertake in writing to perform and shall thereafter perform all the covenants of this lease capable of performance by the mortgagee or its assigns until such time as this Lease shall be sold upon foreclosure of such mortgage. In case of such undertaking, Lessor will not so terminate within such further time as may be required by the mortgagee to complete foreclosure of such mortgage or other remedy thereunder provided (i) that such remedy is pursued promptly and completed with due diligence, and (ii) that mortgagee has paid all rent and other charges accruing hereunder as the same become due, and upon foreclosure sale of this Lease the time for performance of any obligation of Lessee then in default hereunder other than payment of money shall be extended by the time reasonably necessary to complete such performance by due diligence. Any default consisting of Lessee's failure promptly to discharge any lien, charge or encumbrance against said premises junior in priority to such mortgage shall be deemed to be duly cured if such mortgage shall be foreclosed by appropriate action instituted within said one hundred twenty (120) day period and thereafter prosecuted in diligent and timely manner. Ownership of Lessor's interest and Lessee's interest by or for the same person shall not effect the merger thereof without the prior written consent of any mortgagee to such merger.

This Lease cannot be amended without the consent of the leasehold mortgagee.

Lessor agrees to provide "estoppel" certificates when requested by the leasehold mortgagee, to establish that there have been no unapproved changes to this Lease, this Lease is in full force and effect, there are no known defaults, and the lease rent has been paid.

Lessor agrees not to accept a voluntary surrender of this Lease at any time when the leasehold estate is encumbered by a leasehold mortgage.

23. Condemnation. If at any time, during the term of this Lease, any portion of the premises should be condemned, or required for public purposes by any county or city and county, the rental shall be reduced in proportion to the value of the portion of the premises condemned. The Lessee shall be entitled to receive from the condemning authority (a) the value of growing crops, if any, which Lessee is not permitted to harvest and (b) the proportionate value of the Lessee's permanent improvements so taken in the proportion that it bears to the unexpired term of the Lease; provided, that the Lessee may, in the alternative, remove and relocate its

improvements to the remainder of the premises occupied by the Lessee. The Lessee shall not by reason of the condemnation be entitled to any claim against the Lessor for condemnation or indemnity for leasehold interest and all compensation payable or to be paid for or on account of the leasehold interest by reason of the condemnation shall be payable to and be the sole property of the Lessor. The foregoing rights of the Lessee shall not be exclusive of any other to which Lessee may be entitled by law. Where the portion taken renders the remainder unsuitable for the use or uses for which the premises were leased, the Lessee shall have the option to surrender this lease and be discharged and relieved from any further liability; provided, that Lessee may remove the permanent improvements constructed, erected and placed by it within any reasonable period allowed by the Lessor.

24. Right to enter. The Lessor, State of Hawaii, or the City and County of _____ and their agents, representatives, successors or assigns shall have the right to enter and cross any portion of the premises for the purpose of performing any public or official duties; provided, however, in the exercise of these rights, the Lessor, State or City and County of Honolulu shall not interfere unreasonably with Lessee's use and enjoyment of the premises.

25. Reserved.

26. Acceptance of rent not a waiver. The acceptance of rent by the Lessor shall not be deemed a waiver of any breach by the Lessee of any term, covenant, or condition of this Lease, nor of the Lessor's right of re-entry for breach of covenant, nor of the Lessor's right to declare and enforce a forfeiture for any breach, and the failure of the Lessor to insist upon strict performance of any term, covenant, or condition, or to exercise any option conferred, in any one or more instances, shall not be construed as a waiver or relinquishment of any term, covenant, condition, or option.

27. Extension of time. Notwithstanding any provision contained in this Lease, when applicable, the Lessor may for good cause shown, allow additional time beyond the time or times specified in this Lease for the Lessee to comply, observe, and perform any of the Lease terms, conditions, and covenants.

28. Termination of Lease. In the event the Development Agreement dated _____, 20__ by and between the parties of this Lease governing the development of the premises described in Exhibit A is terminated or deemed to be terminated, this Lease shall also be terminated. In such case of termination, the Lessee will promptly execute a Cancellation of Lease provided by Lessor reflecting such termination.

29. Quiet enjoyment. The Lessor covenants and agrees with the Lessee that upon payment of the rent at the times and in the manner provided and the observance and performance of these covenants, terms, and conditions on the part of the Lessee to be observed and performed, the Lessee shall and may have, hold, possess, and enjoy the premises for the term of the lease, without hindrance or interruption by the Lessor or any other person or persons lawfully claiming by, through, or under it.

30. Surrender. The Lessee shall, at the end of the term or other sooner termination of this lease, peaceably deliver unto Lessor possession of the premises, together with all improvements existing or constructed thereon, or Lessee shall remove such improvements, at the option of the Lessor, in either case, at no cost or expense of Lessor. Furthermore, upon the expiration, termination, and/or revocation of this Lease, should the Lessee fail to remove any and all of Lessee's personal property from the premises, after notice thereof, the Lessor may remove any and all personal property from the premises and either deem the property abandoned and dispose of the property or place the property in storage at the cost and expense of Lessee, and the Lessee does agree to pay all costs and expenses for disposal, removal, or storage of the personal property. This provision shall survive the termination of the Lease.

31. Non-warranty. The Lessor does not warrant the conditions of the premises, as the same are being leased "AS IS."

32. Hazardous materials. Lessee shall not cause or permit the escape, disposal or release of any hazardous materials except as permitted by law. Lessee shall not allow the storage or use of such materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such materials, nor allow to be brought onto the premises any such materials except to use in the ordinary course of Lessee's business, and then only after written notice is given to Lessor of the identity of such materials and upon Lessor's consent which consent may be withheld at Lessor's sole and absolute discretion. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials on the premises, then the Lessee shall be responsible for the reasonable costs thereof. In addition, Lessee shall execute affidavits, representations and the like from time to time at Lessor's request concerning Lessee's best knowledge and belief regarding the presence of hazardous materials on the premises.

Lessee agrees to defend, indemnify, and hold harmless Lessor and the State of Hawaii from any damages and claims resulting from the release of hazardous materials on the premises occurring while Lessee is in possession, or elsewhere if caused by Lessee or persons acting under Lessee. This covenant shall survive the expiration or earlier termination of the Lease.

For the purpose of this Lease "hazardous material" shall mean any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, or any other federal, state, or local environmental law, regulation, ordinance, rule, or by-law, whether existing as of the date hereof, previously enforced, or subsequently enacted.

If Lessee discovers any hazardous materials on the premises (other than groundwater or other contamination not directly caused, created or contributed to by Lessee or persons acting under Lessee) during the term of this Lease, the presence of which violates any

applicable laws, Lessee shall immediately undertake, at Lessee's expense, to remediate the presence of the hazardous materials in compliance with applicable laws.

33. Hawaii law. This Lease shall be construed, interpreted, and governed by the laws of the State of Hawaii.

34. Exhibits - Incorporation in Lease. All exhibits referred to are attached to this Lease and hereby are deemed incorporated by reference.

35. Headings. The article and paragraph headings herein are inserted only for convenience and reference and shall in no way define, describe or limit the scope or intent of any provision of this Lease.

36. Partial invalidity. If any term, provision, covenant, or condition of this Lease should be held to be invalid, void or unenforceable, the remainder of this Lease shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.

37. Time is of the essence. Time is of the essence in all provisions of this Lease.

38. Archeological sites. In the event any unanticipated sites or remains such as shell, bone or charcoal deposits, human burials, rock or coral alignments, paving, or walls are found on the premises, the Lessee and the Lessee's agents, employees and representatives shall immediately stop all land utilization and/or work and contact the Historic Preservation Office at 587-0047 in compliance with Chapter 6E, Hawaii Revised Statutes ("HRS").

39. Set Aside. This Lease is subject to the terms and conditions contained in the set aside of the premises to Lessor, Governor's Executive Order No. _____, dated _____.

40. Counterparts. This Lease may be executed in counterparts, each of which may be deemed an original, but all of which together shall constitute one and the same instrument.

41. Notices. Whenever in this Lease one party to this Lease is required or permitted to give or serve a notice, request or demand to or on the other, such notice, request or demand shall be given or served upon the other party to whom it is directed in writing and shall be delivered personally with a delivery receipt, delivered by email or forwarded by registered or certified mail, postage prepaid, return receipt requested or by commercial delivery service with a delivery receipt. All notices delivered by personal delivery, certified mail or commercial delivery service shall be deemed received as of the date shown on the delivery receipt as the date of delivery, the date delivery was refused, or the date the item was returned as undeliverable. Either party may change its address for the purpose of this paragraph by giving prior written notice of the change to the other party in the manner provided in this section.

42. Additional Terms. The provisions of Exhibit B are hereby incorporated and made a part of this Lease. This Lease contains the entire agreement between the parties as to the rights granted and the obligations assumed and it may not be amended, except by a writing signed by both Lessor and Lessee. Except as otherwise provided in this Lease, this Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective heirs, personal representatives, successors, and assigns.

[The remainder of this page is intentionally left blank. The signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Lease as of the date set forth above.

Approved by the Board of Directors
Of Hawaii Housing Finance and
Development Corporation at its meeting
held on:

HAWAII HOUSING FINANCE AND
DEVELOPMENT CORPORATION

By _____

Craig K. Hirai
Executive Director

"Lessor"

APPROVED AS TO FORM:

Deputy Attorney General

A Hawaii corporation

By _____

Its: President

"Lessee"

STATE OF HAWAII)
)
) SS
CITY AND COUNTY OF HONOLULU)

On this _____ day of _____, 20____, before me appeared _____, personally known to me, who, being by me duly sworn, did say that (s)he is the _____ of the HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION, a public body and a body corporate and politic of the State of Hawaii, that the seal affixed to the foregoing instrument is the corporate seal of the corporation, and that this _____-page (Doc description) _____

dated _____, was signed and sealed on behalf of the corporation by authority of its Board of Directors, and the said officer acknowledged the instrument to be the free act and deed of the corporation.

Name:
Notary Public, State of Hawaii
1st Judicial Circuit

My commission expires: _____

A Hawaii corporation

STATE OF HAWAII)
)
) SS
CITY AND COUNTY OF HONOLULU)

On this _____ day of _____, 20____, before me appeared _____, personally known to me, who, being by me duly sworn, did say that (s)he is the _____ of the HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION, a public body and a body corporate and politic of the State of Hawaii, that the seal affixed to the foregoing instrument is the corporate seal of the corporation, and that this _____-page (Doc description) _____

dated _____, was signed and sealed on behalf of the corporation by authority of its Board of Directors, and the said officer acknowledged the instrument to be the free act and deed of the corporation.

Name: _____
Notary Public, State of Hawaii
1st Judicial Circuit

My commission expires: _____

EXHIBIT A

(Legal description of the Property)

EXHIBIT “B”

USE RESTRICTIONS

1. Affordability requirements. The Project must comply with the following project and affordability requirements for a multi-family rental housing project, unless otherwise approved in writing by Lessor:

- _____ one-bedroom units affordable to families with household incomes at 60% and below the HUD median income
- _____ two-bedroom units affordable to families with household incomes at 60% and below the HUD median income
- 1 resident manager’s unit
- _____ Total affordable housing units

- _____ Market units

- _____ Total housing units

- _____ parking stalls.

2. Median Family Income.

a. Household income is defined as the total annual income of each member of a tenant’s household, excluding minors (i.e., persons eighteen years of age and under).

b. Area median gross incomes are derived from estimates provided by the U. S. Department of Housing and Urban Development.

3. Maintenance. Lessee shall be responsible for the maintenance of the premises during the term of the Lease, including responding to complaints about maintenance of the premises and resolving any issues arising from the complaints.

4. Review of Project operations. Lessee shall be responsible for the operation of the Project. The Project shall be operated for the use and purpose

described by the terms of this Lease. Lessor and Lessee acknowledge that the lease rent provided in this Lease is significantly below market lease rent in order to minimize the fees and charges to the end users. To ensure furtherance of this objective, Lessor shall have the right, but not the obligation, to a review of all aspects of Lessee's operation of the Project on a regular basis.

a. Annual Operating Budgets. Upon Lessor's request, not later than 30 days prior to the beginning of each calendar year, Lessee shall submit to Lessor an operating budget for the upcoming calendar year. The operating budget shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, taxes and special assessment levies, prorated amounts required for insurance and all other expenses incidental to the operation of the Project, and shall show the expected revenue to pay such expenses. The expenses incurred and disbursements shall not exceed the reasonable and necessary amount thereof.

b. Annual Audited Financial Reports. Upon Lessor's request, not later than four calendar months after each calendar year, Lessee shall submit to Lessor audited financial reports of the Project operations for the calendar year just ended. The reports shall be prepared by an independent certified public accountant who shall be approved by Lessor. The annual report shall also include a description of the services offered to end users and the charges for the services provided.

c. Inspection Reports. Upon Lessor's request, Lessee shall submit to Lessor copies of any inspection reports of the Project required by lenders and licensing agencies. If no inspection reports are required, Lessor may require that inspection reports of the Project be done at Lessee's expense as Lessor deems necessary. The reports shall be done by an inspector approved by Lessor.

d. Fiscal Year. By notifying the Lessor, references to the calendar year may be Lessee's fiscal year.

e. Monitoring Fee. A reasonable annual compliance monitoring fee shall be determined by Lessor and may be charged against Lessee for administrative expenses. It will be the responsibility of Lessor or its designated representative to inform Lessee of any changes in the annual compliance fee. The fee may be adjusted annually.

f. Operational Expenses. Neither Lessee nor its agents shall make any payments for services, supplies or materials, unless the services, supplies or materials are actually rendered, or used for the Project and are necessary for its operation. Payments for services, supplies, or materials shall not exceed the amount ordinarily paid for services, supplies or materials in the area where the services are rendered or the supplies or materials are furnished.

g. Inspections. Equipment, buildings, plans, offices, devices, books, contracts, records, documents, and other papers relating to the Project shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination and inspection at any time by Lessor and its duly authorized agents. Lessee or its agents shall retain copies of all written contracts or other instruments which affect the Project and the leased premises.

h. Inquiries. At the request of Lessor, its agents, employees, or attorneys from time to time, Lessee shall give specific answers to questions relative to the income, assets, liabilities, contracts, operation, and condition of the Project and the leased premises and any other information regarding the Lessee or the Project and the leased premises.

i. Licenses. Lessee shall at all times, if required by the laws of the jurisdiction, maintain in full force and effect any licenses to operate the Project from the applicable licensing agency(s).

5. Termination for illegal purposes. At any time during the term of this Lease, Lessor shall have the right to terminate this Lease if the premises or any part of the premises, appurtenances or improvements are used, or intended to be used, in any manner or in part, to commit or to facilitate the commission of a crime or to endanger public safety.

6. Incorporation of Development Agreement. This Lease incorporates the terms and conditions of the Development Agreement between the Lessor and Lessee for the development of the Project, dated _____. An event of default under the Development Agreement shall constitute an event of default under this Lease.

End of Exhibit "B"