



Commercial Property Management
Standard Operating Procedures

Ka Paia Kanaloa - 'Āina

DRAFT

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Objective

The objective of this Commercial Property Operational Procedures is to set forth procedures and protocols for the Office of Hawaiian Affairs (OHA) to manage and operate its Kaka'ako Makai parcels received through Act 15, Session Laws of Hawai'i.

Background

In September 2012, the Office of Hawaiian Affairs Board of Trustees (“BOT”) implemented its Kaka'ako Makai Policy (“KM Policy”) that set forth guidelines for the management and development of the Kaka'ako Makai parcels. *See* Appendix A. The KM Policy focuses on five objectives that included:

- Relationship to OHA's vision and strategic priorities;
- Design and use, including cultural values;
- Revenue generation and proceeds;
- Timetable and process; and,
- Governance and decision-making.

The procedures and protocols contained herein are not meant to supersede or replace the foundational guidelines set forth by the BOT in its KM Policy or in the Outreach Plan, but rather further them by setting forth standard operating procedures and protocols that reflect the values found therein.

Guiding Principles

Commercial Properties' *'ōlelo no'eau* is “*ua waiwai i ka pono,*” which means “wealth comes from doing right.” While it is the aim of the Commercial Property Management team to generate revenue from OHA's Kaka'ako Makai properties, we commit to doing so by basing all our actions and decisions on OHA's core values of *pono, aloha, ho'omau, kūlia* and *kākou*.

Procedures

1) Team Structure

Within OHA, the Commercial Property Team serves as the asset managers responsible for the operation, management and development of the properties at Kaka'ako Makai. The Commercial Property Team includes:

Commercial Property Manager - The Commercial Property Manager is responsible for the day-to-day activities of the Kaka'ako Makai Property. The Commercial Property Manager reports to the Land Director and is responsible for planning and coordinating the acquisition, development, management and sale of investment lands.

Commercial Property Specialist - The Commercial Property Specialist assists the Commercial Property Manager in carrying out the day-to-day activities of the Commercial Property Program. The Commercial Property Specialist reports to the Commercial Property Manager and is responsible for the leasing and management of investment lands.

The Leasing Agent and Property Manager - To maximize efficiency, the Commercial Property Manager and Specialist shall procure a leasing and property management firm to assist OHA in the day-to-day operations and management (hereinafter, the "Leasing Agent" and the "Property Manager"). The Leasing Agent and Property Manager shall be procured in conformance with all applicable State of Hawai'i laws, rules and regulations and report directly to the Commercial Property Specialist.

2) Leasing

The goals of these Operational Procedures for Leasing are 1) to immediately maximize revenue generated from OHA's Kaka'ako Makai assets; and, 2) to immediately engage and enliven the surrounding community so that OHA's Kaka'ako Makai assets can be recognized as a destination for the general populace.

a) Create More/Diverse Product

One strategy for increasing revenue is to diversify the product types offered at Kaka'ako Makai. By being flexible with regard to lease area boundaries, OHA can attract more businesses and maximize its leasing revenue. Creating more products could be accomplished by subdividing one or more of the Properties. For example, instead of offering the entire lot for lease, the lot could be demised into smaller 5,000 to 10,000 square foot lots. This would attract a larger range of tenants. Parcel maps in Appendix B depict how the Kaka'ako Makai leasable lots may be subdivided, however it is imperative that we remain flexible to respond to market demand and be open to leasing even smaller areas. If OHA leases out smaller portions, however, careful consideration must be made with regard to the access, shape and size of the remaining parcel so as to not negatively impact its marketability. The subdivision does not prevent the leasing of larger areas or of the entire lot if a prospective tenant would like to rent more space.

It is important to create a separate identity from the adjacent landowners by hosting community events such as farmers markets and other (for-profit and not-for-profit) community events. Similar "night markets" and community events are held in the surrounding areas. To be competitive, OHA must capitalize on the unique features of the former Fisherman's Wharf site and surrounding parcels. Planned events and their vendors should highlight the sites proximity to the ocean and surf spots. Ahui Street,

which connects Ala Moana Boulevard with Point Panic, should be kept clean and welcome the public into the sites.

b) Improve Marketing

The Leasing Agent shall fully cooperate with the brokerage community and implement a comprehensive marketing program. The marketing program should include the following components:

- Direct Tenant Solicitation: The Leasing Agent shall commence a canvassing campaign, which breaks down as follows:
 - 1) Specialized List Canvassing: The Leasing Agent shall reach out to major contractors, automotive dealerships, and other large clean storage users who may be in need of space in the area.
 - 2) Soliciting Current Clients: The Leasing Agent shall contact its current clients if they would like to expand their businesses into Kaka‘ako.
- Broker Solicitation: The Leasing Agent shall alert the commercial real estate community to the specific details of the availabilities by distributing marketing materials on a monthly basis to other brokers.
- Internet: The Leasing Agent shall utilize its website to provide worldwide access to information about specific listings and background information about the property.
- LoopNet: The Kaka‘ako Makai property shall be listed as a premium listing on LoopNet, the online commercial property listing service used most by the commercial real estate community in Hawai‘i. LoopNet has the broadest market coverage of any listing service on the Internet and delivers the widest possible exposure for properties listings.
- Listings Email: The Leasing Agent shall distribute a monthly listings report showing information for all current listings. This report is distributed via email once a month to the commercial real estate brokerage community in Hawai‘i. This report is one of the most productive marketing resources available due to the number of people it reaches and reliance on it throughout the marketplace.
- CampaignLogic: The Leasing Agent shall utilize this Web-based email marketing tool to create and manage the targeted email campaigns for the portfolio. This platform provides unsurpassed real-time reporting and tracking that allows us to view and report easily on our electronic marketing strategies.
- Property Web Page: An individual web page shall be created for the Kaka‘ako Makai properties. This link can be placed on all email and printed information as well as linked from an individual broker’s web page.
- Signage: The Leasing Agent shall strategically place signs on the properties to obtain maximum exposure.

c) Solidify Pricing

(i) Establish Consistent Rent Rules

The following Leasing Rules and Regulations shall be established for all of the Kaka‘ako Makai properties to ensure that a uniform and consistent lease terms.

- No Subletting: Each Tenant will only be allowed to operate the business that is approved by OHA for its space. Not allowing tenants to sublet, or sublease, their spaces without OHA's consent will help to ensure that prohibited uses are not taking place at the Properties.
- Prohibited Uses: "Dirty" uses, such as automotive or machine repair, salvage yards, stone fabrication, and etc., will be prohibited. All uses must also comply with HCDA rules and regulations.
- Ensure Credit Worthiness and Collect Security Deposits: A credit check will be performed on the sole proprietor or managing member of any business applying to lease space. The previous two years of tax returns will also be requested for review. For larger corporations, company financial statements may be requested.
- DCCA: All prospective tenants must be in good standing with the State of Hawai'i Department of Commerce and Consumer Affairs (DCCA);
- Duration: Because OHA could begin to develop Kaka'ako Makai within the next three to five years, long-term leases of more than three years are discouraged. If a lease is to extend beyond three years, then at most, options for an additional two years may be given. Because the exact schedule of development is still unknown, some properties in Kaka'ako Makai may provide for longer leases if a certain development date is set in the future. OHA, together with the Leasing Agent shall prepare a schedule of suggested lease terms for each site. Periodically, the schedule shall be reviewed and updated to ensure the latest market conditions have been considered. This site-by-site breakdown of potential uses and suggested lease terms is included as Appendix B.
- Landlord's Right to Relocate: For new leases, the Landlord will maintain the right to relocate the tenant within the Kaka'ako Makai properties with a six months' written notice. This will allow for flexibility in the event when development occurs on any of the parcels.
- Security Deposits: All leases require one month's security deposit. Leases with a term under one year may require tenant to pay three month's security deposit up front.
- Licenses: Licenses shall be granted depending on the proposed use of the site. OHA's Commercial Property Team, consulting with OHA's Corporation Counsel shall determine whether a license is the most appropriate instrument. Licensees will be required to pay rent in the entirety up front.
- Property Tax and HCDA Common Area Maintenance (CAM) payments: All leases shall include provisions that property tax, if assessed, shall be paid by the tenant directly to the City & County of Honolulu. All leases shall also include provisions that CAM, if assessed by HCDA and/or OHA, shall be paid by the tenant directly to the agency assessing the CAM.

d) Establish Market Rate Rent Range

A table in Appendix C lists a range of acceptable market rates for each parcel based on comparisons to land use in the Honolulu urban core and best professional judgment of the Leasing Agent. The Leasing Agent shall make best efforts to secure rents on the higher end of the range. If a lease below the range of acceptable market

rates included as Appendix C is proposed, then the lease must be approved in accordance with the Kaka'ako Makai Policy.

e) Lease Conformance

Many of the existing HCDA leases that were transferred to OHA were not reflective of current market conditions. Upon their renewal, any and all non-conforming leases shall be renegotiated at current market rates and in compliance with the Rent Rules established in this plan. Additionally, the Leasing Agent shall confer with the OHA's Commercial Property Team to ensure that all Common Area Maintenance (CAM) charges are fair and adequate.

f) Develop a Streamlined Process for Approving Leases and Licenses

(i) Licenses and Leases

Licenses shall be granted depending on the proposed use of the site, typically for events or other short-term access. OHA's Commercial Property Team, consulting with OHA's Corporation Counsel, shall determine whether a license is the most appropriate instrument. Licensees will be required to pay rent in the entirety up front.

Leases shall be granted for longer occupancy of OHA's parcels, not to exceed ten years.

(a) Licensing and Leasing Process

(i) The Leasing Agent shall screen potential lessees or licensees requests and perform due diligence and background checks. The Leasing Contractor shall make recommendations to OHA based on applicant's credit-worthiness, the amount of rent offered and the proposed terms' compatibility with this leasing plan, the Kaka'ako Makai Property Management Plan and any other applicable OHA policy.

(ii) Lease and license terms will be reviewed by OHA and Corporation Counsel. Ka Pouhana, or his/her designee, shall grant final approval and sign all licenses and leases on behalf of OHA. The Leasing Flowchart in Appendix D illustrates the lease approval process. If a license or lease is below market rate, final approval shall be granted in a manner consistent with the Kaka'ako Makai Policy, with the exception of section (ii) below.

(ii) Licenses without Fee

All approvals for licenses without a fee must meet the following criteria:

- the requestor is a registered, not-for-profit organization;
- the requested use furthers one or more of OHA's Strategic Priorities;
- the requested use is consistent with all relevant OHA Policies;

- the requested use is a finite, temporary use of OHA's land not exceeding seven days; and,
- during the requested use, OHA will receive acknowledgement in a conspicuous manner (banner, program) and/or be given space (table or booth) to promote its programs.

(a) Approval Process

(i) If all of the criteria have been met, OHA will notify and coordinate access with the requestor, including insurance coverage, if necessary. If all of the criteria have not been met, OHA will notify requestor of the denial of its request.

(ii) If all of the criteria are not met, but OHA believes allowing the requestor use of its Kaka'ako Makai property for a finite period at no charge is in the best interest of OHA and/or OHA's mission, then an exception may be granted with Ka Pouhana, or his/her designee's, approval. If all of the criteria are met, but OHA believes allowing the requestor use of OHA's commercial property for a finite period at no charge is not in the best interest of OHA and/or OHA's mission, then the request may be denied at the discretion of Ka Pouhana or his/her designee.

(iii) Upon approval of the request, OHA shall execute a license for the requested use in accordance with this Leasing Plan.

Property Management

The goals of this Property Management Plan are: 1) to protect OHA's Kaka'ako Makai assets in the most effective way possible; and, 2) to maximize revenue from Kaka'ako Makai properties via active financial management.

a) Solid Lease Administration

Meticulous lease administration is critical to maximizing the value of tenant leases. Management and implementation of all aspects of each tenant lease, includes tracking security deposits, letters or credit, critical dates (i.e., starting, termination and step-ups) and percentage rent provisions, among others.

The Property Manager shall review and abstract each lease, noting basic facts about the lease, including, but not limited to: the tenant, duration, rent, CAM, step ups, and significant terms. In the event of a lease modification, the Property Manager shall update the lease abstract. Any and all lease abstracts shall be sent to OHA within two weeks of lease execution or modification.

(i) Rent Collection

Rent statements outlining the base rents, operating expense and any other reimbursable charges shall be prepared and delivered in a timely manner by the Property Manager as informed by the lease rent schedule. Such rent statements shall also include the current accounts receivable balance for each tenant.

The Property Manager shall take action(s) to collect rents in a timely manner and enforce the rights and remedies of OHA, including but not limited to, demand, default and other appropriate notices to affected tenants.

(ii) Lease Enforcement

The Property Manager shall immediately advise OHA's Commercial Property Specialist, in writing, of any violations by any tenant of their lease provisions (including but not limited to, terms and demised premises). Any discrepancies shall be immediately reported to OHA's Commercial Property Specialist, in writing, and shall be subject to corrective action as agreed upon between OHA and the Property Manager subject to the applicable lease agreement, and contract agreement between OHA and the Managing Agent.

In the event that such a corrective action could lead to attention by the press or involve an increase of liability, OHA's Commercial Property Management team shall notify the Land Director. The Land Director, in his/her discretion will 1) direct the appropriate OHA staff to take action; and, 2) if necessary, notify Ka Pouhana, or his/her designee.

(iii) Move Ins/Move Outs

The Property Manager will work with any and all tenants to ensure that an efficient, structured move-in/move-out process occurs. The Property Manager shall act as a strong liaison between each tenant and OHA. The Property Manager is to attend to and make reasonable attempts to resolve complaints, disputes or disagreements by or among tenants. The Property Manager shall immediately advise OHA's Commercial Property Specialist of any unresolved matters.

(iv) Complaints

All complaints regarding the Kaka'ako Makai property shall be directed to OHA's Commercial Property Team who will screen and log complaint.

- If complaint relates to minor breaks, the matter will be referred to the Property Manager to repair in accordance with the applicable sections of this procedure.
- If complaint relates to homeless, matter will be referred to the Property Manager and/or Honolulu Police Department.
- If complaint related to serious breakages or other matters, OHA shall take or shall direct the Property Manager to take appropriate action to resolve in accordance with the applicable sections of this plan.

- Upon resolution of the complaint, the Property Manager shall notify OHA in writing of the resolution. If necessary and to the extent practicable, the OHA's Commercial Property Manager shall notify the originator of the concern/complaint of the resolution.

b) Accountability and Fiscal Responsibility for Kaka'ako Makai Budget

The financial foundation for the management of the Kaka'ako Makai properties is a solid annual operating budget. The annual budget shall include financial projections that include revenue, foreseen operating expenses, foreseen owner's expenses, foreseen capital improvement costs as well as a set aside for contingency expenses to be determined by the Commercial Property Manager.

In March of each year, the budget shall be prepared by the OHA's Commercial Property Manager and approved, in writing, by OHA's BOT. The budget shall coincide with the OHA's fiscal year, which begins July 1st. Leasing assumptions, which shall incorporate market conditions and input from the leasing team, will be an important revenue component of the budget.

The approved budget figures shall be incorporated into the monthly financial statements to provide a barometer of actual vs. budgetary performance – both on a monthly and year-to-date perspective. Additionally, known budget figures shall be incorporated into OHA's Kaka'ako Makai budget and set aside a portion of gross revenues for grants in accordance with the KM Policy.

c) Execute Scheduled Maintenance Activities

Scheduled maintenance is the performance of routine actions to keep the asset in working order and leasable. Currently, the following tasks have been identified as scheduled maintenance:

- Security Patrols for all of OHA's properties, especially around the Parcel F/G to be performed on a daily basis;
- Landscaping for all of OHA's properties, especially at Parcel F/G to be performed on a monthly basis;
- Tree Trimming for trees on Parcel E and Parcel F/G to be performed on at least a quarterly basis;
- Trash Removal for all of OHA's properties to be performed on a monthly basis, or as needed; and,
- Compassionate actions that address homeless activity affecting OHA's property.

(i) Procurement of Third-Party Contractors for Scheduled Maintenance

The Property Manager shall obtain third-party one or more sub-contractors to perform the above work. The Property Manager shall identify and, with the prior approval of OHA, and at OHA's expense, enter into contracts with contractors for scheduled maintenance, and supervise the administration and monitor the performance of work and/or services under such contracts. Due care shall be

exercised by the Property Manager in the selection of such professionals and other independent contractors. Upon procuring third-party service contractors, the Property Manager shall abide to the following:

- The Property Manager shall procure, except in cases of emergencies or when impractical or commercially unreasonable to do so, three (3) qualified bidders, for each service contract. The Property Manager may, if practicable, combine two or more scheduled maintenance tasks under one contract. The Managing Agent, in the exercise of its reasonable judgment, shall not be required to accept the low bid.
- OHA shall have final approval of all third-party service consultants.

d) Planned Capital Improvement Projects

Capital improvements are defined as a permanent structural improvement or restoration to a property or existing improvements that will either enhance its overall value or extend its useful life.

Each year, the Property Manager shall identify those capital projects it feels necessary to be completed in the upcoming fiscal year. The list of capital projects shall be submitted to and approved by OHA BOT along with the Annual Budget described above each March so that such capital improvement projects can be accounted for in the following year's budget and appended each year to this Management Plan. The Property Manager shall also prioritize and provide justification for each capital improvement project.

(i) Procurement of Third-Party Contractors for Planning Capital Improvement Projects

In order to provide OHA the best services at the best pricing from qualified vendors/suppliers, a structured procurement of goods and services will be followed. The Property Manager shall identify and, with the prior approval of OHA, and at OHA's expense, enter into contracts with contractors and/or vendors to perform services, and supervise the administration and monitor the performance of work and/or services under such contracts. Due care shall be exercised by the Property Manager in the selection of such professionals and other independent contractors. Upon procuring third-party contractors, the Property Manager shall abide to the following:

- The Property Manager shall not incur, on behalf of OHA, any single expense that would exceed \$2000.00 without the prior written approval of the OHA.
- The Property Manager shall procure whenever feasible – except in cases of emergencies or when impractical or commercially unreasonable to do so – three (3) qualified bidders, for each service contract, repair project and/or capital expenditure providing for more than \$2,000 of payments in a single case. The Managing Agent, in the exercise of its reasonable judgment, shall not be required to accept the low bid.
- OHA shall have final approval of all third-party service consultants.

e) Unforeseen Emergencies or Unforeseen Capital Improvement Projects

In the event that an unforeseen emergency repair or unforeseen capital improvement project becomes necessary for the protection of OHA assets at Kaka'ako Makai or to remedy any potential hazards, the Property Manager shall notify OHA immediately of the issue and recommend a corrective action. If notification comes from a member of the public or staff, all matters shall be referred to the Commercial Property Specialist. The Commercial Property Specialist will work with the Property Manager to resolve the matter.

(i) Procedures

- Within one business day of receipt, the Commercial Property Specialist shall screen and log the inquiry and inform the Property Management Firm.
- If the inquiry relates to the area's transient population (i.e., the homeless), the Property Management Firm and/or the Honolulu Police Department shall address the problem.
- If the inquiry relates to minor breaks, serious breakages or other matters, the Property Management Firm shall work with the Commercial Property Specialist to take appropriate action to resolve the matter
- For corrective actions that cost not more than 10% of the total annual contingency reserve, OHA may authorize the Property Manager to take such appropriate corrective action at OHA's expense. Should the corrective action cost more than 10% of the total reserved annual contingency reserve, Ka Pouhana, or his/her designee, must give his/her authorization prior to OHA taking any and all appropriate corrective action.

(ii) Procurement of Third-Party Contractors for Planning Capital Improvement Projects

In order to provide OHA the best services at the best pricing from qualified vendors/suppliers, the Property Manager shall follow a structured procurement process. The Property Manager shall identify and, with the prior approval of OHA, and at OHA's expense, enter into contracts with contractors and/or vendors to perform services, and supervise the administration and monitor the performance of work and/or services under such contracts. Due care shall be exercised by the Property Manager in the selection of such professionals and other independent contractors.

Upon procuring third-party contractors, the Property Manager shall abide to the following:

- The Property Manager shall not incur, on behalf of OHA, any single expense that would exceed \$2000.00 without the prior written approval of the OHA.
- The Property Manager shall procure whenever feasible – except in cases of emergencies or when impractical or commercially unreasonable to do so – three (3) qualified bidders, for each service contract, repair project and/or

capital expenditure providing for more than \$2,000 of payments in a single case. The Managing Agent, in the exercise of its reasonable judgment, shall not be required to accept the low bid.

- OHA shall have final approval of all third-party service consultants.

Upon resolution of inquiry, the Property Management Firm shall notify the Commercial Property Specialist in writing of the resolution. If necessary and to the extent practicable, the Commercial Property Specialist shall notify the originator of the concern/complaint of the resolution.

Miscellaneous Inquiries

As OHA occasionally receives other inquiries concerning its Kaka‘ako Makai properties, the following procedures and protocols for handling such inquiries are provided:

- Unsolicited Development Proposals;
- Matters pertaining to the Disposition of Property via Sale or Land Swap; and;
- All other inquiries.

a. Unsolicited Development Proposals

Unsolicited Development Proposals shall be referred to the Commercial Property Manager.

The Commercial Property Manager will respond to inquiries within one week. Proposer shall be notified that OHA may or may not be seriously entertaining development proposals at this time.

If proposers still wish to present their idea, proposers must first provide the Commercial Property Manager with a development proposal in writing that must include, among other items, plans and schematics and financial *pro forma*.

Upon receipt and review of proposal, the Commercial Property Manager shall log the submission into a database and may invite the proposer to present its proposal if it is in the best interest of OHA. If the proposer was referred to the Commercial Property Manager by an OHA employee, the Commercial Property Manager shall extend an invitation to the presentation to the referring OHA employee or notify the OHA employee in writing of any action taken to entertain the proposal.

The Commercial Property Manager will set aside half a day per month to hear up to five (5) unsolicited proposals. If the list of proposers greatly exceeds five (5) in any given

month, the Commercial Property Manager may hear additional proposers if schedule permits.

If and when OHA issues an RFP for development of a certain commercial property, the Commercial Property Manager shall notify all proposers on log of RFP's availability. Updates to previously presented proposals will not be heard.

b. Disposition of Property via Sale or Land Swap

Matters pertaining to the disposition of property at Kaka'ako Makai via sale or land swap shall be referred to the Commercial Property Manager.

The Commercial Property Manager shall preliminarily analyze the terms of the offered proposal which shall consider a qualitative review, including but not limited to: relevant OHA policies, cultural considerations, and the background of the proposer, as well as a financial review. The Commercial Property Manager shall present in writing the terms of the offer to Ka Pouhana, or his/her designee.

If offeror is proposing a deal with the *threshold return of inflation plus 3% on an annualized basis*, then Ka Pouhana, or his/her designee, shall present the offer to the Board of Trustees. If the offeror is proposing a sale with a return on investment of less than the aforementioned threshold return, then Ka Pouhana, or his/her designee, may direct the Commercial Property Manager to decline the offer. If the offer is declined, offeror may re-propose with altered terms. Ka Pouhana, or his/her designee, may also direct the Commercial Property Manager to conduct a more in-depth vendor review or analysis.

If offeror is proposing a land swap which would result in OHA acquiring lands of significant cultural value, Ka Pouhana, or his/her designee, shall present the offer to the Board of Trustees.

If the Board of Trustees determines that disposition of commercial property via sale or land swap is in agreement with all applicable OHA plans and policies and in OHA's best interest, then it may vote to authorize Ka Pouhana, or his/her designee, to finalize the terms of the deal. The Board of Trustees may also authorize Ka Pouhana, or his/her designee, to finalize the terms of the deal contingent upon meeting specific conditions as decided upon by a majority vote of the Board of Trustees. Ka Pouhana, or his/her designee, will finalize the terms of the deal as set by the Board of Trustees and present the final terms to the Board of Trustees for its approval.

c. Other inquiries

All other inquiries pertaining to the Kaka‘ako Makai properties shall be referred to the Commercial Property Specialist for further action in compliance with any and all applicable OHA policy.

Authority Delegation

	Property Manager/ Leasing Agent	CPM	Land Director	Ka Pouhana	BOT	Corp Council
Lease or License	1 st	2 nd	3 rd	FINAL		4 th
Lease or License below Market Rate or Without Fee	1 st	2 nd	3 rd	FINAL		4 th
Standard Repair & Maintenance	1 st	FINAL				
Capital Improvements under \$2,000	FINAL					
Capital Improvements over \$2,000 but less than 10% of contingency	1 st	FINAL				
Capital Improvements more than 10% of contingency		1 st	FINAL			
Offer to purchase property with the threshold return of inflation plus 3% on an annualized basis		1 st	2 nd	4 th	FINAL	3 rd
Offer to purchase property with the threshold return below inflation plus 3% on an annualized basis			FINAL			
Contract Execution		1 st	2 nd	FINAL		3 rd
Letters of Correspondence		FINAL				
OHA Permit Applications		1 st	2 nd	FINAL		
Landowner approval for Tenant's Applications	1 st	2 nd	3 rd	FINAL		

Documents and Retention

All official records shall be maintained by OHA's Information Systems and Records Management program based on OHA's records retention policy. The following records shall be kept by OHA:

- Leases and ROEs
- Consultant Reports
- Incident Reports
- Executed Contracts
- Contract files

Appendices

Appendix A	Kaka'ako Makai Policy
Appendix B	Maps of Leasable Parcels
Appendix C	Market Rate Rent Range
Appendix D	Leasing Flowchart



Appendix A

Kaka‘ako Makai Policy (See previous Section)



OFFICE OF HAWAIIAN AFFAIRS
KAKA‘AKO MAKAI POLICY

First Reading: August 30, 2012
Second Reading: September 20, 2012

**Kaka‘ako Makai Policy
of the Office of Hawaiian Affairs**

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Kaka'ako Makai Policy of the Office of Hawaiian Affairs

PURPOSE

The purpose of this policy is to set forth guidelines for the management and development of its Office of Hawaiian Affairs' (OHA) Kaka'ako Makai parcels received through Act 15, Session Laws of Hawai'i, consistent with the existing Real Estate Vision, Mission, and Strategy Policy. The Real Estate Vision, Mission and Strategy Policy currently provides for real estate best practices and world class caliber developments. Factors affecting management and development of the Kaka'ako Makai parcels focus upon five objectives:

- 1) Relationship to OHA's vision and strategic priorities;
- 2) Design and use, including cultural values;
- 3) Revenue generation and proceeds;
- 4) Timetable and process; and
- 5) Governance and decision-making

The following set of policy guidelines reflects the objective of maximizing revenue and total returns to increase OHA's programmatic reach without compromising OHA's kuleana to perpetuate Hawaiian culture in OHA's management and development of the parcels.

POLICY GUIDELINES

1. Relationship to OHA's Vision and Strategic Priorities

Create synergy between OHA's Kaka'ako Makai parcels and OHA's vision and strategic priorities.

A. Commercial kuleana to maximize revenues while providing economic development opportunities for Native Hawaiians.

- 1) Create a sustainable revenue stream to support OHA's strategic priorities
- 2) Create opportunities for Native Hawaiian self-sufficiency
- 3) Create programmatic opportunities for employment of Native Hawaiians

B. Cultural kuleana to incorporate Native Hawaiian culture in both intrinsic and extrinsic design elements and purposes.

- 1) Proceed in a way that has in mind the transfer of the assets to the Nation

- 2) Raise an architectural landmark/signature that signifies Kaka'ako Makai as a Hawaiian place
- 3) Create a sense of Nation - acting boldly

2. Design and Use, including Cultural Values

Ensure that cultural and stewardship values drive/provide the base for design and use decisions.

A. Create a Hawaiian sense of place – a cohesive Hawaiian identity that creates a place in which the physical structures and environment are connected to the socio-psychological, cultural and spiritual aspects of living Hawaiian that reflects the past, present and future.

- 1) Understand that history can guide us – consider the trajectory of historical uses of the area
- 2) Incorporate cultural uses
- 3) Introduce Kaka'ako Makai as a meeting place for Native indigenous leaders of the Western hemisphere and Pacific Islands
- 4) Encourage uses and activities that attract Hawaiians and locals to Kaka'ako Makai
- 5) Incorporate the cultural identity of the area - stories, names, guardians, wind and elements – as a guide for planning, design and use
- 6) Proceed with our cultural/kanaka foot
- 7) Create a signature architectural Hawaiian landmark

B. Balance pono and commerce.

- 1) Encourage cohesiveness among parcels/projects
- 2) Establish priority for qualified Hawaiian businesses and professionals
- 3) Incorporate mixed uses
- 4) Use green (environmentally friendly) technology
- 5) Prioritize the use of indigenous plants

C. Collaborate with other Native Hawaiian organizations

- 1) Work with Kamehameha Schools on potential partnerships with KS's adjoining properties
- 2) Work with other Ali'i Trusts

3. Revenue Generation and Proceeds

Balance near-term revenue stream and/with long-term financial and strategic goals and decisions.

A. Near-term kuleana to balance near-term revenue generation for programmatic use with long-term vision.

- 1) Create a sustainable revenue stream for strategic priorities
- 2) Allocate 10% of gross revenue for grants (*policy to be revisited in two years)
- 3) Set leases and other contractual arrangements at market value; anything below market value should be exceptions, and will require Board approval

B. Long-term kuleana to balance revenue generation with OHA strategic goals.

- 1) Maximize revenue generation, consistent with design, use, and cultural values
- 2) Balance pono and commerce

4. Timetable and Process

Develop a timely, accountable process.

A. Key planning considerations

- 1) Have an overall conceptual plan before considering or initiating major proposals
- 2) Establish a timeline for tasks that need to be accomplished

B. Key execution considerations

- 1) Engage professionals – finance, real estate, marketing, development, etc.
- 2) Maintain the momentum, in keeping with fiduciary duties

3) Proceed in ways that grow, preserve, and protect the assets to the Nation

C. Transparency and communication kuleana

- 1) Embrace community engagement – ensuring dialogue with the community and neighbors
- 2) Have a robust communications and information-sharing infrastructure

5. Governance and Decision-Making

Exercise appropriate leadership and management.

A. Vision for master planning and property management.

- 1) Implement knowledge-based decision-making
- 2) Establish efficient management
- 3) Act in ways that are consistent with Kaka‘ako Makai being a flagship of actions, values and leadership
- 4) Create a sense of nation - acting boldly
- 5) Retain policy direction at the level of the Trustees

B. Accountability

- 1) Lead with people who have financial, management, and development expertise
- 2) Complete an annual budget and a 5-year management and operating budget

UPDATE AND MAINTENANCE

The OHA Chief Executive Officer shall be responsible for the update and maintenance of these policies. A review shall be done at a minimum annually to insure that amendments or changes in the laws are duly incorporated or as requested by the Chairperson of the Board of Trustees or Chairperson of a Standing Committee.

STATUS / EFFECTIVE DATE

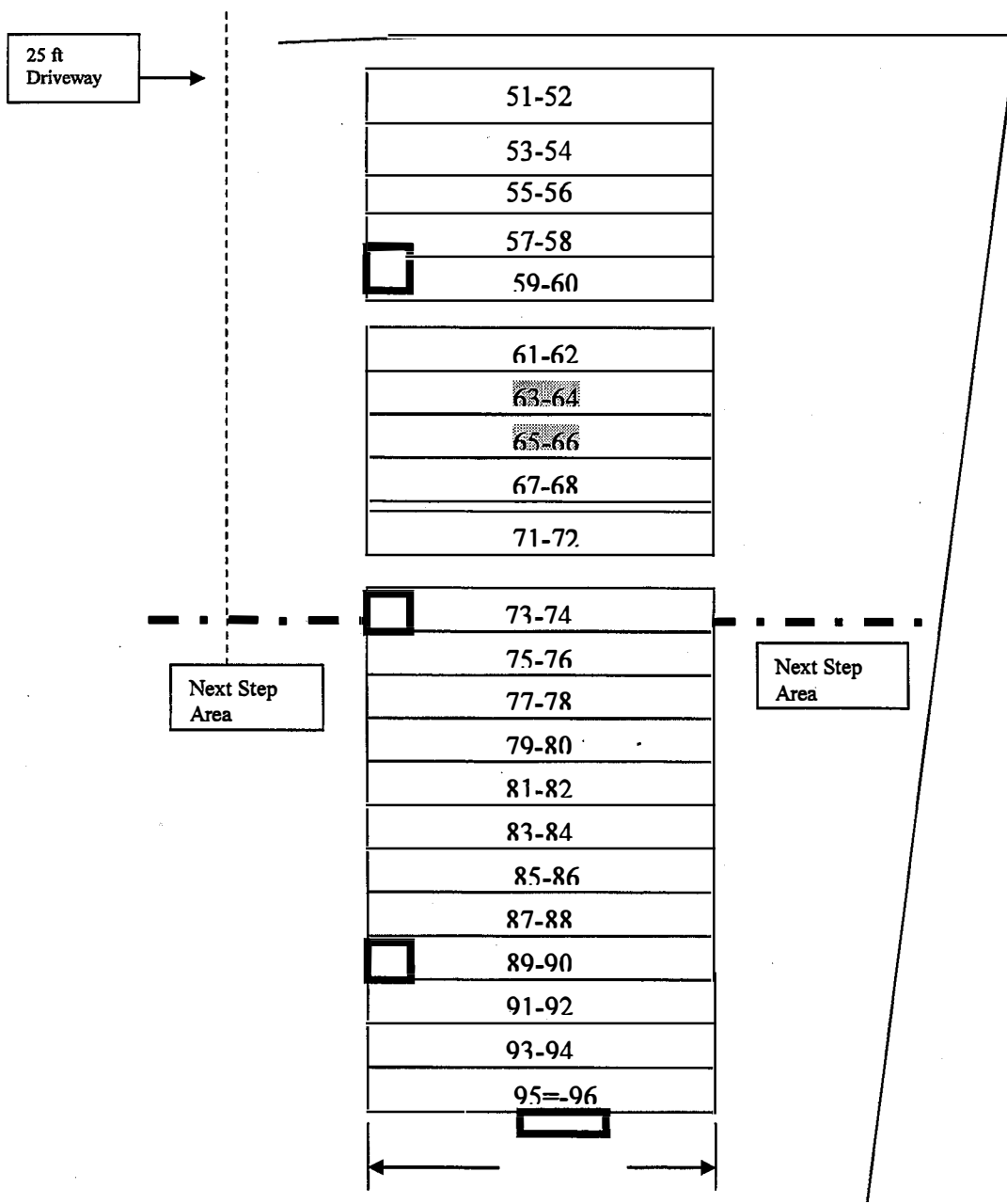
This document is effective as of September 20, 2012.



Appendix B

Map of Leasable Parcels

Parcel L Warehouse Map -
Approximately 3,000 SF per
bay (Not to Scale)
TMK (1) 2-1-15-051
200 Keawe St, Honolulu, Hi 96813





Appendix C

Market Rate Rent Range



OMITTED



Appendix D

Leasing Flow Chart

Lease Flowchart

