



INFORMATION PACKET

**Public Notice of Proposed Disposition by Public Auction for
.946 Acre (1,187 Square Feet)
Intensive Industrial (I-2) Parcel
Located at Shafter Flats Industrial Development,
650 Kakoi Street, TMK: 1st Division 1-1- 64:010
Moanalua, Honolulu, Oahu, State of Hawaii**

Requesting Agency

**State of Hawaii
Department of Hawaiian Home Lands**

91-5420 Kapolei Parkway
Kapolei, Hawaii 96707

May 11, 2012

INFORMATION PACKET
For Intensive Industrial-Use (I-2 District)
Property Location: Shafter Flats, Moanalua, Honolulu, Oahu

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Exhibit “E” – Memorandum of Lease

LIST OF ITEM(S) AVAILABLE FOR REVIEW IN DHHL OFFICE:

- 1) Appraisal Report Dated July 27, 2011

NOTE: While the data in the Information Packet, the appraisal report, and all other reports or information provided to prospective applicants have been obtained by DHHL from reputable and professional sources, it is not guaranteed. DHHL bears no responsibility for Applicant’s actual reliance on the data provided. Applicant should make his/her own independent study to verify the accuracy of the information and determine its usefulness to applicant’s project.

**LEGAL PUBLIC NOTICE OF PROPOSED DISPOSITION
BY NEGOTIATION OF A GENERAL (GROUND) LEASE
For Intensive Industrial-Use (I-2 District)
At Shafter Flats, Moanalua, Honolulu, Oahu, Hawaii**

The Department of Hawaiian Home Lands (DHHL) is seeking applications from qualified individuals or entities to enter into a general (ground) lease agreement for the use of an industrial lot and improvements on Hawaiian home lands further described in the Information Packet. As authorized by §204(a)(2), Hawaiian Homes Commission Act, 1920, as amended, all parties interested in leasing the property herein described shall have 45 days from the date this LEGAL PUBLIC NOTICE is first published, that date being **Friday, May 11th, 2012**, in which to submit completed applications for DHHL consideration.

Interested applicants may obtain an **Information Packet** which describes the details of this disposition beginning on **Friday, May 11th, 2012**. All completed applications received no later than **4:00 p.m. (HST), Monday, June 25, 2012** will be reviewed, and only those applicants that meet DHHL’s objectives and criteria will be notified in writing as being “eligible” for further consideration of their proposals. Eligible applicants will then be required to submit detailed information regarding their planned use, renovation, or re-development of the site, meet certain DHHL criteria as explained in the Information Packet, and submit an **Earnest Money Deposit** to DHHL by no later than **4:00 p.m. (HST), Thursday, August 9, 2012**. DHHL will then review all information submitted. Those eligible applicants who meet DHHL’s objectives and criteria will be deemed “qualified” and will receive written notice of such. Qualified applicants will then be invited to attend the voice bid auction conducted at DHHL’s Kapolei Office at the location as described below:

DATE & TIME:	10:00 a.m. (HST), Thursday, August 23, 2012
LOCATION:	Department of Hawaiian Home Lands Hale Kalaniana’ole 91-5420 Kapolei Parkway Kapolei, Hawaii 96707
LAND TO BE DISPOSED:	The subject property is located at 650 Kakoi Street, in the Shafter Flats Industrial Development, Moanalua, Honolulu, Oahu

An **Information Packet** containing an application form, land use form, property information, auction guidelines and other instructions and requirements for completing the application process are available through the internet or for mail-out or pick-up by prospective applicants during regular state business hours at DHHL’s Main Office in Kapolei, 91-5420 Kapolei Parkway, Kapolei, Oahu.

Land to be disposed: The property to be disposed is located at 650 Kakoi Street, Honolulu, identified as Tax Map Key (1) 1-1-64 parcel 010, further described as Lot 8 of the Shafter Flats Industrial Development, containing approximately 0.946 acres (41,187 square feet) of land with building improvements, at Moanalua, Honolulu, Island of Oahu.. The two (2) existing structures must be purchased in the amounts as stated in the Information Packet.

Purpose/Use: The property is being offered for Intensive Industrial Use (I-2) under the City and County of Honolulu Zoning Code and all applicable permit requirements consistent with I-2 zoning requirements.

Lease Term: The qualified applicant may propose a minimum twenty-five (25) year lease term up to a maximum fifty-five (55) year lease term.

Rent/Minimum Upset Rent: The bidding will start at the Minimum Upset Rent for the first year of the lease. The minimum upset rent is \$208,000.00. The highest bid equal to or greater than the Minimum Upset Rent will be the determining factor in selecting the Successful Bidder who will be offered the opportunity to negotiate a lease with DHHL. The Minimum upset rent has been set by appraisal as follows:

Term	Minimum Upset Rent Per Annum
Years 1-10	\$ 208, 000.00
Years 11-15	\$266,260.00
Years 16-20	\$301,250.00
Years 20-25	\$340,830.00

After determining the highest bidder for the first year of the lease, rent for the first twenty-five years of the lease will be determined as follows:

Years 1-10	Highest Bid (equal to or greater than \$208,000.00)
Years 11-15	Year 10 multiplied by 1.2801
Years 16- 20	Year 15 multiplied by 1.1314
Years 21 – 25	Year 20 multiplied by 1.131

Rent Step-ups: After the initial ten (10) year lease period, rent step-ups are at each five (5) year intervals for the first twenty-five (25) years of the lease.

Rent Reopenings: If the term of the lease extends beyond 25 years, the rent will be re-determined by an independent fair market appraisal prior to commencement of the 26th, 36th and 46th year of the lease with rent step-ups at each five-year interval.

Utilities: All public utilities, including water, sewer, electricity, and gas are available to the property within the surrounding public roadways. Connection to all utilities and related services are the responsibility of the successful bidder.

Telecommunication Service: Sandwich Isles Communications, Inc. will provide telephone and broadband services to the site at the time these services are needed.

Existing Structures: The lot has two existing buildings that must be purchased in their “as is” condition for the amounts as stated in the Information Packet. The purchase of these improvements by the successful bidder is **mandatory** and shall be considered a separate financial commitment from the annual ground lease rent. **A lump sum payment for the two building improvements is due within ninety (90) days from the date lease negotiations are complete and the lease is fully executed.** Upon payment, the new lessee will then own the improvements located on the leasehold property.

Chapter 343, Environmental Assessment: Section 11-200-8(a)(1), Exempt Classes of Action of the Environmental Impact Statement Rules of the Hawaii Administrative Rules: This section exempts “operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible, or no expansion or change of use beyond that previously existing”. The successful bidder may be required to comply with Chapter 343, Hawaii Revised Statutes, as amended, if planned uses differ from existing uses.

Additional Information: To receive an Information Packet, view the Appraisal Report used to determine the Upset Rent, and answers to any questions, please contact: Carolyn Darr, Land Agent at Department of Hawaiian Home Lands, Land Management Division, (808) 620-9457 or at carolyn.i.darr@hawaii.gov.

This Notice of Public Auction is authorized by and may be cancelled, postponed, modified or continued from time to time by public announcement to that effect by the Chairman of the Hawaiian Homes Commission.

Date: Honolulu, Hawaii _____

Honolulu Star Advertiser
(Local Newspaper)

State of Hawaii
DEPARTMENT OF HAWAIIAN HOME LANDS

Date: 5/11/2012
5/18/2012
5/25/2012

By _____
Albert “Alapaki” Nahale-a, Chairman
Hawaiian Homes Commission

I. INTRODUCTION, OBJECTIVES AND GENERAL INFORMATION
For Intensive Industrial-Use (I-2 District) At
650 Kakoi Street, Shafter Flats, Moanalua, Honolulu, Oahu

Introduction:

The Department of Hawaiian Home Lands (DHHL) is soliciting proposals from interested parties (applicants) who are interested in entering a long term general (ground) lease for a parcel of Hawaiian home lands with existing building improvements situated at 650 Kakoi Street in the Shafter Flats Industrial Development, Lot No. 8, Moanalua, Honolulu, Oahu, State of Hawaii. DHHL will be conducting a public auction for the parcel identified in the City and County of Honolulu, Tax Map (1) 1-1-64:010, Lot 8. The lot is .946 acres (41,187 square feet). The term of the lease is set at a minimum of twenty-five (25) years and negotiable to a maximum of fifty-five (55) years.

Applicants are required to submit details regarding their planned use, renovation or re-development of the site, meet certain DHHL criteria, and submit rent proposals, as further described in this Information Packet.

The applicant that best meets DHHL's objectives and criteria, and whoever makes the highest rent proposal, which meets or exceeds the Minimum Upset Rent for the first twenty-five (25) years of the lease, and is willing and financially able to purchase the improvements at the stated price of \$150,100.00, shall be declared the Successful Bidder and have the opportunity to negotiate a lease for the property.

Objectives:

DHHL wishes to lease the parcel for existing use, renovation or re-development at its highest and best use, which has been designated as intensive industrial (I-2) zoning under the City and County of Honolulu's zoning requirements. Proposed uses that are controversial and/or incompatible with the character of the surrounding neighborhood, or create significant negative impacts on the land or community may be denied. DHHL has deemed that residential use on the site is not compatible with its objectives.

General Information:

- The qualified applicant who proposes the highest rent that is equal to or exceeds the Minimum Upset Rent for the first year of the lease, as stated in the legal notice, will determine (by stepped increases) the rent for the first twenty-five (25) years of the lease, and will be offered the opportunity to negotiate a lease for the property.

- Prior to commencement of any demolition or construction on the site, the lessee may be required to comply with Chapter 343, Hawaii Revised Statutes, as amended. This requires an assessment be made to determine the impacts the development may have on the surrounding environment, if lessee's use, renovation, or re-development is significantly different than the existing use of the property. If compliance is required, such compliance shall be considered completed upon issuance of a Finding of no Significant Impact (FONSI) or final approval and acceptance of an Environmental Impact Statement, whichever is applicable. The Hawaiian Homes Commission is the Accepting Authority for Environmental Assessments and Environmental Impact Statements on Hawaiian home lands.
- Telecommunications for the site shall be provided by Sandwich Isles Communications, Inc. (SIC). A small portion of the parcel is planned for use as a telecommunications equipment site. **A site plan for the proposed installation of this equipment site is available at DHHL.**

II.

APPLICANT QUALIFICATION CRITERIA For Intensive Industrial-Use (I-2 District) Shafter Flats, 650 Kakoi Street, Moanalua, Honolulu, Oahu

The Department of Hawaiian Home Lands (DHHL) has established the qualification criteria described below to:

1) identify willing and capable applicants who are deemed “eligible” to bid for a general (ground) lease of the property described as 650 Kakoi Street, in the Moanalua, Shafter Flats Development and further identified as Tax Map Key (1) 1-1-64 parcel 010 (hereinafter the “Property”);and

2) determine those Eligible Bidders who, at the time of the auction are “qualified” to bid; and

3) select the Successful Bidder who declares the highest offer to rent the Property from among all qualified bidders.

Prior to the Public Voice Bid Auction, a two step process will be used to determine an applicant’s eligibility and qualify the applicant to enter into a general (ground) lease for the Property.

COMPLETED APPLICATIONS (Step One)

All persons or entities interested in obtaining a lease for the Property must submit a “completed application” by no later than **4:00 p.m. (HST) Monday, June 25, 2012**. A completed application must include the following:

1. Completed “Application and Qualification Form (see Section IV of this Information Packet) or other printed material that provides the same information as that requested in the Application and Qualification form;

2. A conceptual plan with enough detail to describe the type, size, and use of the existing improvements, renovation, or re-development envisioned on the site;

3. Information describing applicant’s experience and capacity for completing a development (if re-developing) and/or describing applicant’s business as envisioned, together with supporting documents;

4. Information showing a) preliminary or estimated renovation or re-development budget; b) planned funding sources for the renovation or re-development; and c) demonstration of the financial capacity of each principal

member and/or entity of the applicant's development team, together with supporting documents; and

5. Any other information that supports or demonstrates the applicant's ability to use, renovate or re-develop the property as envisioned.

EARNEST MONEY DEPOSIT

IS NOT TO BE SUBMITTED DURING THE "STEP ONE" PROCESS.

DHHL is the sole entity that will evaluate the information provided above. The information will be reviewed to determine if the applicant's conceptual use, renovation, or re-development plans meet DHHL's objectives.

By no later than **June 28, 2012**, DHHL will mail out written notices to all persons or entities who have submitted complete applications on or before the deadline. Those applicants who have met DHHL's objectives and eligibility criteria will be informed that they are "eligible" to bid and move on to "Step Two". Those who have not met DHHL's objectives and eligibility criteria will be informed that they are not eligible to bid.

BID QUALIFICATION (Step Two)

Those who have submitted a completed application and have received DHHL's written confirmation declaring them eligible to bid, the "Eligible Bidders" will have until **4:00 p.m. (HST) Thursday, August 9, 2012** to submit the following information:

1. Current Certificate of Good Standing (business entities) issued by the State of Hawaii, Department of Commerce and Consumer Affairs. If the business is not yet registered to operate in the State of Hawaii then the applicant must provide a written statement that it is the applicant's intent to register to do business in the State of Hawaii and that the applicant, if selected as the Successful Bidder, will provide evidence of such registration, prior to execution of a lease for the Property.

2. Current (less than 60-days) Tax Clearance from the IRS and State of Hawaii, Department of Taxation, indicating that the applicant is not delinquent in taxes. If the business is not yet registered in the State of Hawaii, the applicant must provide a federal tax clearance and a written statement that the applicant, if selected as the Successful Bidder, will provide evidence of receipt of a Hawaii Taxpayer Identification Number, prior to the execution of a lease for the Property.

3. A detailed planned use, renovation, or re-development of the Property that must include:

a) A narrative of the Eligible Bidder's plans for the use, renovation or re-development of the Property including phasing of the development, if any. Intended uses and purposes for development or renovation must be described including any space that is intended for sub-leasing;

b) A site development plan (if renovating or re-developing) indicating what and where new improvements are planned, the estimated square footage of all structures, maximum floor area, parking requirements, landscaped areas, elevations and renderings;

c) An estimated construction schedule with a timeline for all major tasks to be completed, including but not limited to, HRS Chapter 343 compliance, if required, governmental permits, site preparation, construction and occupancy, etc; and

d) Letters of commitment or interest from potential tenants, sub-tenants or occupants, if intended.

4. Demonstration of the financial capacity to complete the proposed project as envisioned by submitting the following:

a) A refined construction budget/estimate including contractors or sub-contractor's cost estimates, if any;

b) Current financial statements or tax returns, financing commitments from lending institutions, and any documents identifying other financial resources which the Eligible Bidder is relying upon to complete the proposed project;

c) An "**Earnest Money Deposit**" in the form of a certified or cashier's check made payable to the Department of Hawaiian Home Lands in the amount of **\$52,000.00**. The Earnest Money Deposit will be held uncashed by DHHL, until the Successful Bidder has been determined. Earnest Money Deposits submitted by unsuccessful bidders will be returned, uncashed;

d) A prequalification letter from a financial institution or other type of funding commitment that indicates the Eligible Bidder's financial capacity to purchase the improvements on the property for the stated price of \$150,100.00; and

e) A written statement acknowledging that the Eligible Bidder understands that the purchase of the existing improvements is mandatory and a separate cost from the cost of the ground rent, as determined by the voice bid auction.

DHHL is the sole entity that will evaluate the information received from the Eligible Bidders. DHHL's evaluation will be based on the ability for the Eligible Bidder to meet DHHL's objectives and criteria. DHHL reserves the right to disqualify any proposal that lacks sufficient information to clearly define the use, renovation, or re-development concept or occupancy plans. Information submitted after the deadlines as established in the Legal Public Notice and the Information Packet will not be accepted.

Only those proposals that include an **Earnest Money Deposit**, in the amount of **\$52,000.00**, a **letter acknowledging and agreeing to purchase the improvements**, and the other information requested in "Step Two" will qualify for the opportunity to bid at the voice bid auction scheduled at **10:00 a.m. (HST) on Thursday, August 23, 2012.**

III.

PUBLIC AUCTION GUIDELINES

For Intensive Industrial-Use (I-2 District)

Shafter Flats, 650 Kakoi Street, Moanalua, Honolulu, Oahu

The public auction shall be held on THURSDAY, August 23, 2012 at 10:00 a.m. (HST), at DHHL’s Main Office, Hale Kalaniana’ole, 91-5420 Kapolei Parkway, Honolulu, Oahu, Hawaii 96707.

Any person or entity shall be eligible to bid for a general lease at this auction, **except** a person who:

- a) Is in arrears in the payment of taxes, rents or other obligations owing to the State of Hawaii or to any of its political subdivisions;
- b) Is a minor;
- c) Has had during the five (5) years preceding the date of the public auction, a previous sale, lease, license, permit or easement covering public lands cancelled for failure to satisfy the terms, conditions and covenants thereof;
- d) Fails to show proof of I. D. and having on hand, upon demand of the Chairman of the Hawaiian Homes Commission or his agent, at the public auction, an Earnest Money Deposit in the form of a certified, or cashiers check, (payable to the Department of Hawaiian Home Lands) an amount equal to one-fourth of the minimum upset annual rental as listed below:

<u>Annual Rent</u>	<u>Earnest Money Deposit</u>
\$ 208,000.00	\$52,000.00

- e) And, fails to meet the pre-qualifying criteria as outlined in the Qualification Guidelines.

All prospective applicants are responsible for thoroughly reading and understanding the terms, covenants, reservations and conditions of the lease offering by reviewing a copy of the Legal Public Notice of Proposed Disposition, all data contained in the Information Packet, and other informational items available for review electronically at carolyn.i.darr@hawaii.gov, or at **DHHL’s Main Office**.

Furthermore, prospective applicants are encouraged to physically inspect the Property, provided DHHL is indemnified and held harmless from personal injury or damages that result from such property inspection. **You must make an**

appointment for a site inspection by contacting Carolyn Darr, Land Agent, Land Management Division, Department of Hawaiian Home Lands at (808) 620-9457.

Appraisal Report: The Appraisal Report Dated July 27, 2011 that was used to determine the upset rent for the property is available for viewing at **DHHL's Main Office** between 7:45 a.m. – 4:30 p.m.

All prospective bidders must be pre-qualified pursuant to the above-referenced qualification guidelines. All qualified bidders or authorized corporate representatives must be present in person at the auction. All qualified bidders must bring a picture identification card and earnest money funds pursuant to the Public Auction Guidelines, section (d). **Bidding shall commence at the upset minimum annual rental for the first ten (10) years as stated in the Notice of Proposed Disposition and the qualified bidder making the highest bid (equal to or greater than \$208,000.00) at the fall of the gavel shall be the successful bidder of the lease. The annual rent for the 11th through the 25th year will be increased as follows:**

Years 11-15	Year 10 multiplied by 1.2801
Years 16- 20	Year 15 multiplied by 1.1314
Years 21 – 25	Year 20 multiplied by 1.131

If the term of the lease extends beyond 25 years, the rent shall be re-determined by an independent fair market appraisal prior to commencement of the twenty-six (26th), thirty-six (36th) and forty-six (46th) years of the lease.

DHHL reserves the right to negotiate with respect to any and all terms and conditions of the lease including all rent provisions, provided however, that any negotiated adjustments to the rent do not result in such adjustments being less than the amount of rent offered by the Successful Bidder for the first twenty-five (25) years of the lease term.

The proposed rent for each of the first twenty-five (25) years cannot be less than the minimum upset rent as stated in the Legal Public Notice. Any proposal not meeting or exceeding the minimum upset rent as described in the Information Packet will be immediately disqualified. DHHL reserves the right to negotiate with the qualified applicant with the next highest offer, should the Successful Bidder fail to conclude negotiation with respect to the lease.

A minimum reasonable time may be proposed for the completion of due diligence and/or construction of improvements if renovating or re-developing the site during which the Eligible Bidder would pay no rent or reduced rent. DHHL reserves the right to negotiate the terms as appropriate to the proposal submitted.

Information Packet and Consultant's Reports

The data in the Information Packet, the Appraisal Report, Legal Description and Survey, Property Information, and all other reports or information provided to prospective applicants have been obtained from reputable and reliable sources however, they are NOT GUARANTEED. Applicant is advised to make his/her own independent study to verify the accuracy of the information and determine its usefulness to applicant's project.

IV.

**APPLICATION AND QUALIFICATION FORM
For Intensive Industrial-Use (I-2 District)
Shafter Flats, 650 Kakoi Street, Moanalua, Honolulu, Oahu**

Name of Applicant

Person to Contact / Title

Applicant's Address

Contact Person's Address

City, State, Zip Code

City, State, Zip Code

Applicant's Telephone No.

Contact Person's Telephone No.

Applicant's Facsimile No.

Contact Person's Facsimile No.

List of Corporate Officers and Directors or Individual Partners, Joint Ventures or Owners.

Name:_____

Name:_____

Title:_____

Title:_____

Telephone No.:_____

Telephone No.:_____

Address:_____

Address:_____

Name:_____

Name:_____

Title:_____

Title:_____

Telephone No.:_____

Telephone No.:_____

Address:_____

Address:_____

NOTE: Please attach a separate page if more space is needed. Should any information change during the proposal evaluation, selection, and award process, it is the responsibility of the applicant update DHHL in writing of such changes.

Corporate Shareholders / Partners Holding 25% or More of the Outstanding Shares:

Name: _____	Name: _____
Title: _____	Title: _____
Telephone No.: _____	Telephone No.: _____
Address: _____	Address: _____
_____	_____

Name: _____	Name: _____
Title: _____	Title: _____
Telephone No.: _____	Telephone No.: _____
Address: _____	Address: _____
_____	_____

Applicant intends to bid on the following Parcel:

TMK Lot No. _____ Location _____

Intended Use _____

Project Description:

Include a narrative and any supportive materials that will provide information pertaining of the proposed use or development at the subject property. Attach additional pages to this application. See Applicant Qualification Criteria for list of requested information.

Project Development Team

	Company / Address	Contact/Person Telephone No./email address
Developer		
Architect		
Civil Engineer		
Site Contractor		
Contractor		
Financing		

Financial Information

Note: Financial information submitted to DHHL shall be kept confidential and shall not be considered as a public record as defined in Chapter 92, Hawaii Revised Statutes. Financial information shall not be released without the express written consent of the applicant.

1. All Applicants shall include the following:

- (a) If applicable a certified copy of the Articles of Incorporation.
- (b) If applicable a certified copy of the By-Laws.
- (c) If applicable, a certified copy of the Corporation Resolution.
- (d) If applicable, a certified copy of the Partnership Certificate.
- (e) If applicable, a certified copy of the Joint Venture Agreement.
- (f) A current Certificate of Good Standing from the Department of Commerce and Consumer Affairs.
- (g) A current Tax Clearance from the Department of Taxation and Internal Revenue Service.
- (h) Applicant's proposed plan within 36 month construction period.
- (i) Detailed budget / cost estimate showing the estimated cost of construction.
- (j) If applicable, a description of any financial default, modification of terms, and conditions of financing to avoid default, or legal actions taken or pending against the applicant and borrowing and guaranteeing entities and their principals.

Please attach a description of the Applicant's company experience which supports the foregoing requirement and which includes the following information:

- (a) A list of industrial/commercial projects developed, if any;

- (b) The role of the applicant in developing the listed industrial/commercial Projects, if any;
- (c) A brief description of the industrial/commercial projects developed or occupied;
- (d) If applicable, a description of all industrial /commercial projects or facilities owned and/or operated by the applicants;
- (e) If applicable, a statement of the applicant's past or current involvement with the State of Hawaii, Department of Hawaiian Home Lands (DHHL).
- (f) THE UNDERSIGNED APPLICANT understands that DHHL is relying on the information provided herein to qualify the undersigned as an eligible occupant or developer under the Hawaiian Homes Commission Act, 1920, as amended. The undersigned represents and warrants that the information provided is true and complete and that DHHL may consider the information as continuing to be true and correct until a written notice of a change is given to DHHL by the undersigned. The Undersigned agrees to provide the above and any other information that DHHL deems necessary to determine the qualifications of the applicant.

Name of Company

By: _____
Signature

Title

Date

V. Request for Trust Lands from the Hawaiian Home Lands Trust
Department of Hawaiian Home Lands

This application is completed by an interested party in requesting lands designated as Hawaiian home lands under the Hawaiian Homes Commission Act (HHCA). HHCA lands are to be used for homesteading purposes for beneficiary native Hawaiians (residential, agricultural or pastoral), and when necessary, in the best interest of the trust and its beneficiaries, for public purpose, commercial and multipurpose use.

Section I: Name of Applicant Requesting Trust Lands

Name of Requesting Organization:

Address of Organization:

Officers and/or Principal Representatives:

Mission of Organization:

Date Incorporated: _____ **State of Incorporation:** _____

Section II: Type of Organization

Requesting Organization – Non-Profit

- Type of Non-Profit:** Private Nonprofit – governed by self appointed board
 Member Nonprofit – governed by voting members
 *Homestead Organization – governed by HHCA beneficiary

members

*Non-profit is Democratically Elected by and for HHCA Beneficiaries or a Subsidiary thereof

Capacity Assessed by DHHL Kulia Ika Nuu Program: Yes No

Current Capacity and Service to HHCA Beneficiary Community:

Requesting Organization – Individual or Business

- Individual Sole Proprietorship Partnership
 Corporation Limited Liability Corporation Other

Is an Individual HHCA Beneficiary/is Owned by an HHCA Beneficiary Yes No

Requesting Organization – Government Agency

- Federal State County

Section III: Land Request Instrument, Terms & Purpose

Applicant requests the following land transaction instrument:

- Right of Entry Revocable Permit Easement:
 License General Lease Other:

Land Description: _____

Island: _____ **Tax Map Key:** _____

Term: _____ **Payment Amount:** Undetermined Market value land rents
 Gratis/or Less than Market value land rents \$ _____

*If Gratis or Less than Market – Explain Why the Trust Should Not be Compensated:

Land Use or Purpose:

Land Use Benefit to the Trust and/or its Beneficiaries:

**If Applicant is Not a Homestead Beneficiary Organization or a Subsidiary Thereof,
Describe How the Applicant is Partnered with Such Organizations:**

Section IV. Relevant HHCA Sections to Non-Homesteading Trust Land Disposition

The HHCA addresses non-homesteading public purpose licenses, such as community facilities, commercial or multi-purpose functions, when such purpose supports the overall mission and well-being of the trust and its HHCA beneficiaries.

Section 207(c) – This application relates to which of the following four categories under Section 207(c) of the Hawaiian Homes Commission Act wherein a License may be issued:

- Section 207(c)(1) – Railroads, Telephone Lines, Electric/Utility Lines, Gas Mains, etc; OR
- Section 207(c)(1)(A) – Churches, hospitals, public schools, post offices and other improvements for public purposes; OR
- Section 207(c)(1)(B) – Theatres, garages, service stations, markets, stores and other mercantile establishments (all of which shall be owned by native Hawaiians or by organizations formed and controlled by native Hawaiians); OR
- Section 207(c)(2) – Reservations, roads and other right of way, water storage and distribution facilities and practice target ranges of the United States;
- None of the Above

Section 204(a)(1) – Lands not required for leasing under 207(a) (homesteading), DHHL may issue a general lease for public, commercial or multipurpose use. This application is a commercial or multipurpose use:

- Land use or improvements will generate commercial profit to the applicant
- Land use or improvements will not generate commercial profit to the applicant

Section 204(a)(2)/220.5– Lands not required for leasing under 207(a) (homesteading), DHHL is expressly authorized to negotiate, prior to negotiations with the general public, the disposition of Hawaiian home lands or any improvements thereon to a native Hawaiian, or organization or association owned or controlled by native Hawaiians, for commercial, industrial or other business purposes in accordance to section 171HRS.

- This Land Request IS made by an *HHCA Homestead Beneficiary Organization.
- This Land Request IS NOT made by an *HHCA Homestead Beneficiary Organization or individual or business owned and controlled by HHCA Beneficiaries.

Section V. Beneficiary Consultation, Applicant Capacity and Land Use Benefit Analysis

Trust Lands represent a finite amount of land, with thousands of HHCA eligible beneficiaries awaiting an award under the Residential, Agricultural or Pastoral Homesteading program, as well as dozens of Homestead Associations controlled by HHCA Beneficiaries working on homestead based development projects.

As a result, the applicant acknowledges that part of the process of considering applications for trust lands should include the following:

1. Beneficiary Consultation

- a. A Notice of All Land Requests to License/Lease Hawaiian Home Lands for non-homesteading purposes should be sent to all Homestead Associations with an opportunity for beneficiaries of the trust to comment and provide input.
- b. All input received should be provided to the Hawaiian Homes Commission.

2. Applicant Capacity

- a. If a Nonprofit Organization – should be assessed by DHHL Kulia i ka Nuu capacity program to determine financial, programmatic, governance and leadership capacity and determine legal structure. Additional information may be required to be submitted to DHHL.
- b. If an Individual/Business – should be assessed by DHHL to determine financial and leadership capacity and legal structure. Additional information may be required to be submitted to DHHL.

3. Land Use Benefit Analysis

- a. The land requested should have a direct or significant indirect benefit to the trust or to the beneficiaries of the trust. Additional information may be required to be submitted to DHHL.
- b. The land requested should comply with the spirit and intent of Section 207(c) and Section 204(a)(2)/220.5 of the Hawaiian Homes Commission Act, as amended, by engaging beneficiary organizations. Additional information may be required to be submitted to DHHL to determine how Beneficiary Organizations are directly connected to the land request use.

The following authorized representative, submits this request for Hawaiian home lands:

Print Individual or Organization Name

Date

Authorized Representative Name & Title

Signature

VI.

CONDUCT OF DISPOSITION

For Intensive Industrial-Use (I-2 District)

Shafter Flats, 650 Kakoi Street, Moanalua, Honolulu, Oahu

The following procedures, terms and conditions are applicable to dispositions of commercial leases on Hawaiian home lands by public auction.

Any proposed disposition of a lease may be cancelled, postponed or continued by order of the Chairman of the Hawaiian Homes Commission.

A. PRE-SELECTION/ELIGIBLE TO BID

1. A completed application, as defined in the Applicant Qualification Criteria, Section II, (Step One) of the Information Packet must be submitted to DHHL by no later than **4:00 p.m. (HST), Monday, June 25, 2012.**
2. An applicant may be declared ineligible to bid for any of the following reasons:
 - a. If the completed application is late, incomplete, or does not adhere to the format and instructions;
 - b. If inaccurate statements are made on the completed application;
 - c. If the applicant fails to submit any of the information requested in the Applicant Qualification Criteria, Section II of the Information Packet;
 - d. Is declared ineligible for reasons cited in the Public Auction Guidelines, Section III of the Information Packet; or
 - e. If the submitted proposal does not meet the objectives or is not in the best interest of the Hawaiian Home Lands Trust and/or its beneficiaries.
3. By **June 28th, 2012** DHHL will inform each prospective applicant, in writing, as to the applicant's eligibility or non-eligibility to bid at the auction.

B. QUALIFIED TO BID

1. Persons or entities that receive notices that they are eligible to bid have until **4:00 p.m. (HST) Thursday, August 9, 2012** to submit additional detailed information and meet the requirements described in the Applicant Qualification Criteria, Bid Qualification, Section II (Step Two) of this Information packet.

2. An Eligible Bidder may be disqualified from bidding for any of the following reasons:

- a. If the application is submitted to DHHL past the deadlines, is incomplete, lacks sufficient detail or does not adhere to the format and instructions;
- b. If it is shown that inaccurate statements were made in the completed application;
- c. Failure to provide an Earnest Money Deposit in the form of a certified or cashier's check payable to the Department of Hawaiian Home Lands in the amount of \$52,000.00;
- d. Failure to include a letter acknowledging and agreeing to purchase the improvements together with evidence of financial capacity to do so;
- e. If its proposal does not meet the objectives or is not in the best interest of the Hawaiian Home Lands Trust and/or its beneficiaries.

3. By, **August 15, 2012**, DHHL will inform each prospective applicant, in writing, as to the applicant's qualification or non-qualification to bid at the auction scheduled for **10:00 a.m. (HST) on Thursday, August 23, 2012 at Hale Kalaniana'ole, 91-5420 Kapolei Parkway, Kapolei, Hawaii 96707.**

C. DETERMINATION AND DUTIES OF SUCCESSFUL BIDDER

All qualified bidders or authorized corporate representative must be present in person at the auction. All qualified bidders must bring a photo identification card and the Earnest Money Deposit funds pursuant to section "d" of the Public Auction Guidelines. **Bidding will commence at the upset minimum annual rent for the first ten (10) years of the lease as stated in the Notice of Proposed Disposition by Public Auction. The qualified bidder stating the highest bid at the fall of the gavel shall become the successful bidder of the lease.**

The annual rental for the eleventh (11th) through the 25th year will be escalated as follows:

Years 11-15	Year 10 multiplied by 1.2801
Years 16- 20	Year 15 multiplied by 1.1314
Years 21 – 25	Year 20 multiplied by 1.131

Notwithstanding the above, DHHL may reject any or all bids and waive any defects when, in its opinion, such rejection or waiver will be for the best interest of its beneficiaries.

Upon the fall of the hammer, the successful bidder must:

1. Execute a Memorandum of Lease (Exhibit “E” of the Information Packet);
2. Pay in certified or cashier’s check, the required Earnest Money Deposit, refer to Public Auction Guidelines, Section III (d), which will be deposited and will then be non-refundable;
3. Within five (5) working day from the date that the applicant is notified that it is successful bidder, the bidder must execute an affidavit stating that they are not in arrears in the payment of taxes, rents or other obligations owing the State of Hawaii or any of its political subdivisions, and that they have not had any leases, licenses or permits that were issued by the State of Hawaii or its political subdivisions, rescinded, cancelled or terminated due to the bidder’s lack of performance within the last five (5) years;
4. Within five (5) working days from the date that the applicant is notified that they are the successful bidder, the bidder must pay the difference between the Earnest Money Deposit and twenty-five percent (25%) of the annual rental bid, and the estimated charges in connection with this negotiated disposition, as required by law, including the cost of appraisal, printing, advertising, travel expenses, conveyance tax, and all other costs incurred by DHHL;
5. Within ninety (90) days of signing the lease purchase, the new lessee must purchase the existing improvements on the Property for the amount of \$150,100.00, to be paid to DHHL. The improvements will be conveyed in “as is” condition. Thereafter, the improvements are owned by the lessee throughout the term of the lease; and
6. Upon signing the lease, lessee will pay all outstanding legal and consultant charges associated with the disposition.

D. CANCELLATION

The Department of Hawaiian Home Lands (DHHL) requires that lease negotiations are concluded and a lease signed no later than ninety (90) days following the selection of the successful bidder provided that, for good cause shown, an extension of time to the negotiation period may be granted with approval of the Chairman of the Hawaiian Homes Commission.

In the event the successful bidder fails to comply with the requirements as described above, DHHL may at its option, cancel the award thereby terminating any and all rights pursuant to the disposition of the defaulting awardee and retain any amounts paid by the successful bidder as damages. The foregoing shall not exclude any other remedies available to DHHL.

Dated: _____

State of Hawaii
DEPARTMENT OF HAWAIIAN HOME LANDS

By _____
Albert "Alapaki" Nahale-a, Chairman
Hawaiian Homes Commission

VII.

GENERAL PROPERTY INFORMATION

For Intensive Industrial-Use (I-2 District)

650 Kakoi Street, Shafter Flats, Moanalua, Honolulu, Oahu

The parcel of land (the “Property”) being offered for general (ground) lease is located in the Shafter Flats Industrial Subdivision, Moanalua, Honolulu, Island of Oahu. The Property is currently identified by Tax Key No. (1) 1-1-64:010, Lot 8. The address is 650 Kakoi Street, Honolulu, Hawaii 96819. The Property is designated as intensive industrial (I-2), consistent with the surrounding uses. The site is generally rectangle-shaped and contains sewer/storm drain easements that are approximately 5,000 square feet. The Property is located in an area of Honolulu where there is a high demand for industrial uses.

PROPERTY DATA

Legal Description/Survey – See Exhibit “A”

Tax Map Key – See Exhibit “B”

Environs – The Property is situated along Kakoi Street within the Shafter Flats Industrial Development in Moanalua. This industrial subdivision consists of approximately 13 to 20 acres with lots ranging from 10,000 to 46,000 square feet. The immediate neighborhood is typically characterized by a mixture of building contractors, heavy equipment rental, trucking companies, storage facilities, and other lighter industrial uses. The Property has good access to urban Honolulu, the airport, Nimitz Highway, and H-1 freeway. Within a two to three mile radius are several industrial areas and parks including Iwilei and Kapalama industrial areas, the Airport industrial area, Mapunapunna, Moanalua, Kalihi-Kai and Sand Island. The major landowners of industrial property in the Shafter Flats and Mapunapuna areas are the State of Hawaii, TSM Properties and Kamehameha Schools.

Property History – The Property, including the structures, are currently owned by the State, Department of Hawaiian Home Lands. The property was leased under a long term ground lease that began in 1967 and ended in 2007. Currently, DHHL has three (3) month-to-month tenants on the property.

State Land Use/County Zoning – Urban District/I-2 Intensive Industrial zoning.

Flood Hazard Districts – Per the Appraisal Report, the property is located on Flood Insurance Rate Map Number 15003C0353 E, effective date September 30, 2004 within an area designated as Zone AO. Interested parties are advised to determine

the extent of flooding that has occurred or may occur in the future at the site, as well as flood insurance requirements.

Utilities – All public utilities are available to the subject site. This includes water, sewer, gas, electricity and telephone. Water service is provided by way of a twelve-inch main located on Kakoi Street. Sanitary sewer is provided by way of a ten-inch main located on Kakoi Street. Gas service is available by way of a two-inch main located partially up Kakoi Street. Electricity is provided via connections to existing underground utility transmission lines.

Telephone – Currently provided by Hawaiian Telcom and will be provided by Sandwich Isles Communications (SIC) at a time when such service is required. Underground and aboveground easements for SIC will be installed at the site. A Communication Utility Easement site plan is available at DHHL.

The capacities of existing utility systems are considered adequate to satisfy the present and anticipated needs of the Property, however, all costs for connection and consumption of utilities are the sole responsibility and cost to the lessee.

Water service is provided by the City and County of Honolulu, Board of Water Supply and Electricity service is provided by Hawaiian Electric Company, Inc.

PROPERTY DESCRIPTION & CONDITION

Size and Shape - The Property is rectangular in shape and contains a gross land area of approximately 41,187 square feet or 0.946 acres. There is approximately 149 feet of street frontage along Kakoi Street.

Soils Condition – A detailed geotechnical study of soil and sub-soil of the Property has not been done.

Hazardous Materials/Contaminants – An assessment or investigation for possible hazardous material or contamination has not been conducted for the Property.

Improvements – The Property is improved with two industrial warehouse buildings and an attached two-story office building. The original structures were constructed in about 1969. The warehouse buildings consist of concrete slabs with steel frames and metal roofing with ceiling heights of between 15 feet – 18 feet. The two story office building is attached to the building on the south side of the property and is constructed of masonry.

The mauka building (Building A) has a gross square footage of approximately 8,600 square feet. The warehouse on the makai side of the Property (Building B) contains a gross floor area of approximately 7,125 square feet with an attached office building that is approximately 1,250 square feet on the 1st floor and 1,125 square

feet on the 2nd floor (Building C) (See Exhibit "A"). The buildings are not ADA compliant. Please note that the tax records for this property differ from DHHL's records of building square footage.

Building A (mauka building) has structural damage at the outside wall near the drainage easement. The successful bidder will be required to renovate/repair or rebuild this structural wall within six month of finalizing a general (ground) lease with DHHL.

Mandatory purchase price for the improvements on the Property is One hundred fifty thousand one hundred and no /100 dollars (\$150,100.00).

SITE INSPECTION

You must contact Carolyn Darr, Land Agent, Land Management Division, Department of Hawaiian Home Lands at 620-9457 to set-up an appointment to inspect the property. Please do not enter the property unescorted.