REQUEST FOR QUALIFICATIONS/ PROPOSALS

To Enter Into a

REAL ESTATE DEVELOPMENT AGREEMENT

For

ON-CAMPUS STUDENT HOUSING

Requested by:

UNIVERSITY OF HAWAI'I AT MĀNOA
HONOLULU, HAWAI'I

December 20, 2004
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1 BACKGROUND

1.1 Objective

The University of Hawai‘i at Manoa (the University) is seeking proposals from qualified development teams (the Developer or Respondent) for the implementation (design, construction, financing, and possible management) of a multi-phase student housing capital improvement program. The University is in the process of completing a system-wide master plan for on-campus student housing (the Master Plan), which will set forth the program and phasing for new construction and renovation of its existing residential facilities. The expected completion date of the Master Plan is March 2005.

The initial project of the Master Plan is likely to be the redevelopment, through renovation and/or reconstruction, of the site on which Frear and Johnson Halls and the International Gateway House are currently located (the Project) to accommodate a minimum of 800 students. The site is located on Dole Street near its intersection with East-West Road. Future phases of the Master Plan will likely include renovation and/or reconstruction of additional existing residence halls. The University intends to enter into an agreement with the most qualified team that demonstrates knowledge, experience, organization and financial ability to implement large, complex, progressive, innovative projects in a timely manner that serves the best interest of the University.

The objective of this Request for Qualifications/Proposals (the Request) is to select a Developer through a two-step process. The first step is to solicit information in the form of a Statement of Qualifications (SOQ) from interested Developer teams. A short list of the three to five most qualified teams will be invited to participate in the second step, which will require the submission of proposals for design, construction, financing, and possible management.

Developers are encouraged to organize teams in the most effective manner necessary to fulfill the scope of work. The team shall include firms necessary to provide services for all phases of the Master Plan. All legal structures permitted in the State of Hawai‘i will be considered including a sole proprietorship, a partnership, a joint venture, a limited liability corporation, or a corporation.

1.2 University of Hawai‘i

1.2.1 Setting

The Mānoa campus covers more than 400 acres in several locations within Mānoa Valley, Honolulu on the island of O‘ahu in the State of Hawai‘i. These include about 250 acres on the “main” campus including the College of Education and related facilities West of University Avenue, a “lower campus” area comprised of a 3,000+ space parking structure and a substantial athletics complex, a Hawaiian Studies complex and an approximately 3,000 bed student residence complex of high-rise and walk-up structures of dormitory-style rooms.
and apartments. Elsewhere in the valley, there are an additional 140 acres at the Lyon Arboretum and two faculty housing complexes, one adjacent to the main campus and the other in the East upper reaches of the valley.

1.2.2 Academics

The University of Hawai‘i has a long history of academic excellence, dating back more than 97 years. Founded in 1907 as the College of Agriculture and Mechanic Arts, the University’s initial mission was to train agriculturists, engineers and teachers in accordance with its designation as a land grant institution. The school became a university with a broader mission in 1920 with the establishment of a College of Arts and Sciences. Today, the Mānoa campus offers bachelor’s, master’s and doctoral degrees in more than 80 fields, each offering a mix of the classroom training and practical experience needed for students to get a job after graduation.

The university is accredited by the Western Association of Schools and Colleges. All programs on the Mānoa campus that are eligible for accreditation are fully accredited through their respective accrediting agencies.

1.2.3 Demographics

In the fall of 2004, 20,462 students were enrolled on the Mānoa campus, of which approximately 14,000 were undergraduates and 6,000 were graduate students.

In Fall 2003, 19,863 students were enrolled on the Manoa campus of which 13,292 were undergraduates and 6,106 were graduate students. No data was available for 462 enrolled students. The full-time population totaled 14,250 students; there were 5,613 part-time students enrolled. Of those students enrolled for whom data was provided, 8,562 were female and 11,125 were male. Ethnically, the student population consisted of 8,443 Asians, 4,840 Caucasians, 2,073 Hawaiian/Pacific Islanders, 866 mixed Asian/Pacific Islanders, and the balance representing other minorities. Of those students reporting geographic origin, 14,427 were from the State of Hawai‘i and 3,147 were from the mainland.

1.2 Housing Assessment

1.2.1 Housing Mission

On-campus housing on the Mānoa campus is made available to students to provide a safe and comfortable living environment affording the opportunity to associate with people of diverse backgrounds, cultures, interests, ideas, and experiences while pursuing their educational goals. It is the belief of the campus that a student’s university education is less than complete without a residential experience. The University is committed to providing this unique experience in
a way that is compatible with and supportive of students’ physical, spiritual, emotional, social, and intellectual development.

1.2.2 Current On-Campus Housing Program

The University offers housing accommodations in ten residence halls for approximately 3,000 students in traditional dormitories—with both community and semi-private bathrooms—and apartments. Additionally, there is one hall that has been closed because of deferred maintenance and life safety concerns. All of the halls were built between 1952 and 1978. Despite an ongoing renewals and replacement program, a significant deferred maintenance backlog exists for most halls.

Room rates for the 2004-2005 academic year vary from $2,903 to $3,498 for double occupancy and from $4,126 to $5,019 for single occupancy in a traditional unit. Apartment rates vary from $3,834 for four students to $4,847 for two students in the apartments.

1.2.3 Off-Campus Market Analysis

This analysis will be added as an addendum to the Request when it is completed.

1.2.4 Enrollment Projections and Housing Demand

This analysis will be added as an addendum to the Request when it is completed.
2 PROJECT DESCRIPTION

2.1 Scope of Work

The University is seeking a Developer to enter into a real estate development agreement for planning, design, construction, financing, and possible management of the Project. Potential transaction structures include a privatized model and a design-build concept with University financing and ownership.

As described in Section 1.1, a Developer will be selected through a two-step process. The University will enter into an agreement with the Selected Developer that will describe the requirements of the scope of work set forth below and establish an acceptable time frame for completion of this work.

2.1.1 Development Phase

The development phase is divided into two parts. The services provided in Part A consist of pre-design consulting services, which will help the University finalize the architectural program for the project and the project development budget. If the outcome of Part A yields a student housing project that the University determines to be marketable, financially feasible, and sustainable, the University will enter into an agreement with the Developer that will include the design, construction, financing, ownership, and possible management of the Project. The form and content of such agreement is dependent on the transaction structure chosen.

Although it is anticipated that the University will proceed with Part B of the Development Phase, it may cancel the relationship rather than proceed with design, construction, and financing. If this occurs, no fees or expenses incurred by Developers in Part A shall be reimbursed by the University.

The agreement to fulfill the scope of work in Part A and Part B will be based on an approach similar to that described in the latest edition of AIA Document A191, Standard Form of Agreement Between Owner and Design/Builder, as modified by this Request and other modifications mutually agreed to by the University and Developer.

2.1.1.1 Pre-Design (Part A)

As part of the Part A scope of work, the Developer shall:

- Provide, after consultation with the University, a preliminary evaluation of the program and project budget.
- Provide to the University an analysis of alternative approaches to design and construction of the project, which shall include operating and development budgets that support the Project.
Submit to the University a proposal, including preliminary design documents, a statement of the proposed contract price, a final schedule for the construction of the Project, a financial pro forma for the Project, and any other information necessary to complete Part B of the agreement. Preliminary design documents shall include conceptual drawings, outline specifications, and other documents to fully describe the size, quality, and character of the facility, its architectural, structural, mechanical, and electrical systems, and the materials proposed for the project.

The proposal submitted shall be consistent with the development proposal submitted in accordance with Section 4.2. The University reserves the right to reject the proposal if it is materially different from the development proposal submitted in Step Two of the selection process.

2.1.1.2 Design/Build (Part B)

As part of the Part B scope of work, the Developer shall:

- Provide all services necessary to design, construct, and finance the project in accordance with the selected Part A proposal as described in Section 2.1.1.1, as modified by this Request and other modifications agreed to by the University.
- Based on the Plan, develop and submit construction documents for review and approval by the University.
- Commit to build the project for an agreed upon guaranteed maximum price and guaranteed delivery date.
- Be responsible for obtaining all necessary regulatory approvals.
- Construct the Project in accordance with the construction documents previously approved by the University.

2.1.2 Operations Phase

- The Developer may provide services needed for operations administration, maintenance and capital renewal and may also provide proposals for the collection of rents.
- The University will provide residential program staff and programming functions for the Project, which will be paid for by the Developer. A delineation of the operating services to be provided by the University and the Developer will be provided prior to the initiation of Step Two of the selection process.
2.2 Program Specifications

2.2.1 Objective

The University has a substantial inventory of existing student housing beds. However, the University recognizes the need for additional housing capacity, as well as the preferences of upper-division and graduate students. Existing University housing does not provide accommodations that are attractive to upper-division students. In order to meet the needs of the University and its students, the development of housing must meet the following objectives.

- Increase the supply of affordable on-campus housing for students
- Construct a quality-built housing development at a competitive cost
- Benefit from private sector creativity and experience
- Develop a housing configuration that addresses the needs and preferences of its students, including more private accommodations and a semi-independent living experience
- Deliver the first phase of the new housing by Spring 2007
- Assist the University in obtaining project financing that minimizes the impact of the project on the credit of the University and the State of Hawai‘i

2.2.2 General Requirements

The focus of the Project is to provide new suite-style housing for a minimum of 800 students. Infrastructure and site development that accommodate the Project are included in the scope of the work. The development program for the Project responds to preferences and requirements arising from the market analysis, which was conducted for the Master Plan.

The following minimum requirements must be achieved, and greater consideration shall be given to proposals that exceed these requirements. Detailed design specifications will be provided as an addendum to this Request.

2.2.2.1 Building Program

The building program shall include the following components.

- Suite-style housing for a minimum of 800 students
- Single and double bedrooms with two to four beds per unit and no more than four students per bathroom
- Common areas within the units
- Common areas that provide opportunities for student socialization in a semi-independent living environment
- Telephone, data and cable TV ports for each resident
- Amenities including laundries, bicycle storage racks, mailboxes for letters and packages, storage space for students, vending space, trash/recycling room, etc.

2.2.2.2 Architectural Design

The exterior design shall complement the character of existing campus buildings. The design of interior and exterior spaces shall encourage and facilitate social interaction among residents. The design shall comply with all applicable building codes, environmental laws, and the Americans with Disabilities Act.

2.2.2.3 Site Design

The University would like to maximize the number of beds on the site consistent with sound planning principles, zoning regulations, and the creation of a quality living environment for the students. Site design shall consider the following requirements.

- On-site parking must be adequate to meet the needs of residential and housing management staff. Parking areas should be safe and secure with lighting that exceeds code, and should incorporate other security measures to include fencing, electronic access, etc.

- Project accessibility must comply with all Federal, State of Hawai‘i and local laws for persons with disabilities.

2.2.2.4 Security

Safety is a paramount concern for the Project. The Project must be constructed taking into highest consideration all student safety issues. Specifically, the Project shall include the following enhancements.

- Staffed 24-hour front desk
- Card access at exterior entries and crucial doorways throughout the building fully compatible with the University’s proposed security system
- Fire exits alarmed and electro-magnetically secured and monitored remotely
- CCTV cameras at lobby area, each elevator and all other critical areas

2.2.2.5 Environmental Considerations

The University views the Project as an opportunity to show its commitment to environmentally responsible design and construction, while balancing such values with economic constraints. The University is a recognized leader in resource conservation and recycling.
Accordingly, the Developer shall demonstrate support of University programs in these areas.

### 2.2.3 Dwelling Units

Single, double and quad occupancy units may be considered. The dwelling units shall be fully furnished and include the following components.

#### 2.2.3.1 Living Areas
- A living area adequate to serve the number of residents for the unit
- Overhead lighting with ample outlets for table lamps and electronic equipment such as computers and televisions

#### 2.2.3.2 Bathrooms
- One full bathroom for a maximum of four occupants with appropriate light, ventilation, and storage
- Compartmentalized configuration to allow simultaneous usage of fixtures
- Privacy locks for bathroom doors
- Ample electrical outlets adjacent to the counter space

#### 2.2.3.3 Bedrooms
- Single and double occupancy bedrooms distributed as proposed in the Master Plan, or an alternative that maximizes the students’ desire for privacy but is consistent with an achievable rent structure
- One built-in closet or wardrobe per occupant with shelving for storage
- Door hardware with privacy locks
- Sound transmission between units shall be attenuated to minimum practical levels

### 2.2.4 Common Area Requirements

Common areas for laundry facilities, recreation, socialization, and property management functions shall be provided and be fully furnished. The Developer shall refer to the Master Plan for the common area requirements and use its experience and knowledge of on-campus student housing development to propose a suitable common area program that meets the functional needs of the target population and financial constraints.
2.3 Design Guidelines

The University seeks to maximize the quality of design for the Project consistent with the architectural program, rent structure, operating costs, and financing terms. The Developer must demonstrate superior capability for maximizing the value of the Project for residents and demonstrate an ability to develop a facility that is safe for students. Design guidelines will be provided as an addendum to this Request. In the proposal provided in Step Two of the process, the Developer shall call out any material or performance specifications that deviate from these design guidelines.
3 SELECTION PROCESS

3.1 Overview

The University is seeking technical and financial proposals for the project specified in Section 2.2. Since detailed and final program and operational requirements have not been developed, the proposals will not be expected to constitute a final design or financial structure. Rather, the primary goal of this process is to solicit preliminary concepts and budgets that demonstrate the Respondents’ creativity, flexibility, and ability to provide reasonable assumptions that will yield a feasible project. The successful Respondent will assist the University in developing final project specifications and operating and development budgets for the Project.

Selection of the successful Respondent will not be based solely on absolute financial criteria. Instead, selection will consider the Respondents’ ability to maximize the value of student rents to develop a successful project. The Respondent must use its professional judgment and expertise in developing student housing to conceptualize a project that meets the market, programmatic, and financial requirements of the project. The technical and financial proposals should be developed at a level of detail commensurate with the availability of market, programmatic, operational, and financial information.

3.2 Evaluation Committee

An Evaluation Committee will review, evaluate and rank all SOQs received by the closing deadline.

The same Evaluation Committee will review the proposals received as part of Step Two of the selection process.

3.3 Schedule

The Evaluation Committee expects to adhere to the following schedule in the selection process:

<table>
<thead>
<tr>
<th>Step One</th>
<th></th>
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<tbody>
<tr>
<td>Informational Meeting/Site Visit (Optional)</td>
<td>January 5, 2005</td>
</tr>
<tr>
<td>Deadline for submittal of questions regarding this Request</td>
<td>January 7, 2005</td>
</tr>
<tr>
<td>Response to questions</td>
<td>January 13, 2005</td>
</tr>
<tr>
<td>Deadline for submittal of SOQ</td>
<td>3:00 PM HST; January 21, 2005</td>
</tr>
<tr>
<td>Selection of short list of finalists</td>
<td>February 4, 2005</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Step Two</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-proposal conference</td>
<td>February 18, 2005</td>
</tr>
<tr>
<td>Deadline for submission of proposals</td>
<td>3:00 PM HST; March 25, 2005</td>
</tr>
</tbody>
</table>
3.4 Process Requirements

3.4.1 Informational Meeting /Site Visit

An informational meeting is planned for Step One of the selection process. Attendance at this meeting is optional.

3.4.2 Pre-Proposal Conference

Respondents who are selected for the short list and asked to submit a proposal for Step Two will be required to attend a pre-proposal conference prior to submission of proposals as scheduled in Section 3.3.

3.4.3 Respondent Inquiries

Inquiries concerning this Request must be received in writing, prior to the date specified in Section 3.3. Inquiries may be submitted by facsimile transmission.

Except as specifically permitted in this section, from the date of this Request until a final agreement is executed and the selection is announced, Respondents are not permitted to communicate for any reason with any University representative or consultant except through:

Jan Yokota
Office of Capital Improvements
University of Hawai‘i
1951 East-West Road
Honolulu, HI 96822

Phone: (808) 956-7935
Fax: (808) 956-9968
Email: jsyokota@hawaii.edu

In the event of a violation of this provision, the Evaluation Committee reserves the right to reject the submission of the offending Respondent. Only questions that are in writing will be accepted. In addition, only responses issued in writing will be binding on the Evaluation Committee.
3.4.4 Written Addenda

Responses to inquiries will be made in writing and provided to all Respondents. The Evaluation Committee may modify this Request, prior to the date fixed for submission of the SOQs or proposals, by issuance of an addendum or addenda to all parties who have received a copy of this Request.

3.4.5 Format of Responses

Responses must be submitted in the format outlined in Section 4 of this Request, with each of the described divisions completed in full. Each submission will be reviewed to determine if it is complete prior to actual evaluation and the Evaluation Committee reserves the right to eliminate from further consideration any submission deemed to be substantially or materially non-responsive to the requests for information contained herein.

A submission may be considered non-responsive if it includes extraneous information not specifically requested in this Request. The clarity and conciseness of responses will be valued over sheer volume.

Each division and exhibit described in Section 4 must be indexed, tabbed, and presented on a separate page. If a Respondent fails to provide all categories of information required in this Request, the Respondent may be disqualified from further award consideration. However, the Evaluation Committee reserves the right in its sole discretion to waive minor irregularities.

3.4.6 Submission of Responses

Each Respondent shall submit one (1) reproducible original and ten (10) copies (excepting large-scale drawings and exhibits if included in the submittal package) of its responses in 8 ½”x 11” format. The response must be received no later than the due date and time set forth in Section 3.3 of this Request unless amended pursuant to Section 3.3. The deadline for submission may be extended if, in the sole judgment of the Evaluation Committee, such extension is warranted.

Responses shall be delivered to:

Jan Yokota
Office of Capital Improvements
University of Hawai‘i
1951 East-West Road
Honolulu, HI 96822

The entire submission must be in a sealed package. The name and address of the Respondent shall appear on the outside of the package and the package shall refer to the University of Hawai‘i Student Housing Project and due date. All addenda to the Request must be signed and returned with the response.
Each Respondent is solely responsible for the timely delivery of its response by the deadline for submission. The University will not be responsible for lack of timely delivery of a response regardless of reason. Failure to meet the deadline for submission will result in rejection of the submission.

3.4.7 Respondent Presentations

A short list of three to five finalists will be invited to submit proposals in Step Two of the process.

An oral presentation will be required of these finalists. The purposes of the oral presentations are as follows:

- To allow the University to meet the Respondent’s key personnel assigned to the Project
- To allow the Respondent to discuss selected aspects of its proposal
- To provide the Evaluation Committee with a final opportunity to clarify elements of the proposals

At the time the oral presentations are scheduled, the University will confirm in writing with each Respondent the specific agenda and requirements of the session.

3.4.8 Final Ranking and Selection

At the conclusion of Step Two of the process, the University will select one Respondent finalist with whom to proceed toward the development of the agreement described in Section 2.2. The selection of the Respondent finalist (Selected Developer) does not necessarily mean that the University accepts all aspects of the Respondent’s proposal.

The University will enter into an agreement with the Selected Developer that will describe the requirements of the scope of work described in Section 2.1 and set forth an acceptable time frame for the completion of this work. Should the University fail to reach agreement with the selected developer as to all points of the agreement, the University may reject the proposal of the Selected Developer, consider other proposals or undertake other actions as deemed to be in the best interest of the University.

3.5 Evaluation of Qualifications

3.5.1 General

In Step One of the process, information will be solicited from interested Developer teams in the form of an SOQ. Each SOQ will be reviewed and evaluated by the Evaluation Committee. A short list of finalists will be prepared based on the Evaluation Committee’s determination of the teams exhibiting the
strongest qualifications and capacity to perform the services required for this Project. The Evaluation Committee may reject all responses.

Each SOQ that conforms to the requirements of this Request will be scored and ranked in accordance with the information requested in Section 4. A SOQ can receive a maximum of 100 points, which are distributed as set forth in Section 4.1. The Evaluation Committee will use the criteria set forth in the following paragraphs of this section to evaluate the information provided by the Respondent. The Respondent is encouraged to assemble a team and a response that can best address these issues.

### 3.5.2 Minimum Requirements

The Respondent shall meet the following minimum requirements. Failure to do so will result in the rejection of the submission and the removal of the Respondent from further consideration.

#### 3.5.2.1 Developer

The developer shall have successfully financed and completed at least three residential projects of similar size and scope within the past five years.

#### 3.5.2.2 Architect

The architect shall be licensed to do business in the State of Hawai‘i and have designed at least three residential projects of comparable size and scope within the past five years.

#### 3.5.2.3 Contractor

The contractor shall be licensed to do business in the State of Hawai‘i and have constructed at least three residential projects of comparable size and scope within the past five years.

#### 3.5.2.4 Operator

The housing operator shall have current experience managing at least three student housing projects of comparable size and scope.

#### 3.5.2.5 Insurance

The team members must show proof of insurance in both type and limits as set forth in Section 5.2.

### 3.5.3 Developer Qualifications

The qualifications of the developer will be evaluated based on the following criteria.
- Business expertise and management experience in comparable developments involving similar scope and services
- Organization of the Developer’s team and interrelationship between entities if more than one firm is involved; prior experience of firms as team members
- Financial soundness
- Experience of Developer in the development and/or renovation of comparable residential projects
- Ability to arrange for financing, and proposed terms and process for financing

3.5.4 Design Team Qualifications

The qualifications of the architect and other members of the design team will be evaluated based on the following criteria.

- Availability of professional staff and their qualifications and experience for assigned roles on the project
- Experience of the architect on comparable residential projects of similar size and scope, including both new construction and renovation
- Financial soundness
- Ability of the architect to provide required insurance coverage

3.5.5 Contractor Qualifications

The qualifications of the contractor will be evaluated based on the following criteria.

- Availability of professional staff and their qualifications and experience for assigned role on the project
- Experience of the contractor on comparable residential projects of similar size and scope, including both new construction and renovation
- Financial soundness
- Ability of contractor to provide required insurance coverage and bonding capacity

3.5.6 Operator Qualifications

The qualifications of the operator will be evaluated based on the following criteria.

- Experience of the operator in managing student housing projects and housing systems of similar size and scope
- Financial soundness
3.5.7 Approach to Project

The Respondent’s approach to the project will be evaluated based on the following criteria.

- Demonstration of a coordinated approach to the scope of work for the design and construction phases of the Project as well as for possible subsequent phases of the Plan
- Involvement of the University in the review and approval of concept design and development of the construction documents
- Sensitivity to the issue of maximizing the value of the project by balancing the needs of the students (e.g., affordability, amenities, privacy) with the financial feasibility of the project (e.g., quality of construction, program)
- Presentation of a feasible partnership structure
- Demonstration of its ability to adhere to the project schedule for both the design and construction phases

3.6 Evaluation of Proposals

A short list of the three to five most qualified teams will be invited to participate in Step Two of the process, which will require the submission of proposals for design, construction, financing and possible management. The Evaluation Committee will review each proposal. One Developer team will be selected based on an assessment of which team has submitted the strongest proposal and has the capacity to perform the scope of work required for the Project. The Selection Committee may reject all responses.

Each proposal that conforms to the requirements of this Request will be scored and ranked in accordance with the information requested in Section 4.2. A proposal can receive a maximum of 100 points, which are distributed as set forth in Section 4.2.
4 SUBMISSION REQUIREMENTS

4.1 Statement of Qualifications (Step One)

4.1.1 Organization of Response

The response shall be submitted in three-ring loose leaf notebooks and organized as follows:

- Cover Letter
- Table of Contents
- Overview of Team Qualifications
- Developer Qualifications
- Design Team Qualifications
- Contractor Qualifications
- Operator Qualifications
- Approach to Project
- Attachments

4.1.2 Cover Letter

A transmittal letter prepared on the Respondent’s business stationery must accompany each response. An individual authorized to bind the firm to all statements, including all services contained in the response, must sign the letter.

4.1.3 Table of Contents

The SOQ shall have a Table of Contents that conforms to the organization set forth in Section 4.1.1.

4.1.4 Overview of Team Qualifications 5 Points

Submit a brief overview of the Respondent’s approach to the Project. The summary should not exceed three (3) pages and should address the following topics:

- A demonstration of an understanding of the Project objectives
- An overview of the Respondent’s organization and the entity or entities that will be responsible for the work
- A summary of the Respondent’s basic experiences and attributes that set it apart from other candidates, including prior projects on which team members have worked together.

In addition to the Overview of the SOQ, the Respondent shall provide a letter or memorandum of understanding signed by all team members identified in the SOQ that:
- Describes the proposed structure of Respondent’s team;
- Identifies the person (including contact information) authorized to represent the team in all communications and negotiations; and
- Certifies that all parties are willing and able to provide the services set forth in the SOQ.

4.1.5 Developer Qualifications 25 Points

4.1.5.1 Personnel

Provide resumes and references for personnel who will be representing the Developer on the project and who have provided technical skills on projects similar to that required in this Request. The qualifications of the Developer should also address the capability and the experience necessary to secure tax-exempt financing, if determined to be needed for the Project.

4.1.5.2 Projects

Provide a list of at least three residential projects of similar size and scope completed by the Developer within the past five years. For each project, provide the following information:

- Project name
- Description of project including size and number of units or beds
- Picture of project, if available
- Total development budget and final cost
- Scheduled opening date and actual opening date
- References with telephone numbers

Provide at least one example of a multi-phase development program for which the Developer provided at-risk project management or construction management services for the construction or renovation of a residential project. For the program, provide the following:

- Institution
- Summary of the services provided and the risk assumed by the Respondent
- Description of the phases, including the type of project (i.e., new construction or renovation) and number of units or beds
- Total development budget for each phase and final cost
- Current status of the engagement
- References with telephone numbers
4.1.5.3 Financial Data

Provide the following financial information for the Developer:

- Most recent financial statement available (identify whether audited or un-audited) including balance sheet and income statement, including notes
- List of bank and accounting references
- Statement from insurance/surety brokers indicating that the requisite bonds and insurance can be secured for the Project

4.1.5.4 Claims, Law Suits or Defaults

Provide a list of any outstanding claims, lawsuits, or defaults on the part of the Respondent or any of its subsidiaries.

4.1.5.5 Tax-Exempt Financing

Provide information on experience in providing tax-exempt financing for universities and the availability of such financing for the proposed Project.

4.1.6 Design Team Qualifications

4.1.6.1 Personnel

Provide resumes and references for personnel who will be representing the architect and its sub-consultants on the Project who have provided technical skills on projects similar to that required in this Request.

4.1.6.2 Projects

Provide a list of at least three residential projects of similar size and scope completed by the architect within the past five years. For each project, provide the following:

- Project name
- Description of project including size and number of units or beds
- Picture of project, if available
- Total development budget and final cost
- Scheduled opening date and actual opening date
- References with telephone numbers

4.1.6.3 Financial Data

Provide the following financial information for the architect:
- Most recent financial statement available (identify whether audited or un-audited) including balance sheet and income statement, including notes
- List of bank and accounting references
- Proof of insurance in accordance with Section 5.2

4.1.6.4 **Claims, Law Suits or Defaults**

Provide a list of any outstanding claims, lawsuits, or defaults on the part of the architect or any of its subsidiaries.

4.1.7 **Contractor Qualifications**

4.1.7.1 **Personnel**

Provide resumes and references for personnel representing the contractor on the Project and who have provided technical skills on projects similar to that required in this Request.

4.1.7.2 **Projects**

Provide a list of at least three residential projects of similar size and scope completed by the contractor within the past five years. For each project, provide the following information:

- Project name
- Description of project including size and number of units or beds
- Picture of project, if available
- Total development budget and final cost
- Scheduled opening date and actual opening date
- References with telephone numbers

4.1.7.3 **Financial Data**

Provide the following financial information for the contractor:

- Most recent financial statement available (identify whether audited or un-audited) including balance sheet and income statement, including notes
- List of bank and accounting references
- Proof of bonding capacity (payment and performance) for 100% of the project
- Proof of insurance in accordance with Section 5.2
4.1.7.4 **Claims, Law Suits or Defaults**

Provide a list of any outstanding claims, lawsuits, or defaults on the part of the contractor or any of its subsidiaries.

4.1.8 **Operator Qualifications**

15 Points

4.1.8.1 **Personnel**

Provide resumes and references for personnel representing the operator on the Project and who have provided technical skills on projects similar to that required in this Request.

4.1.8.2 **Projects**

Provide a list of at least three projects of similar size and scope managed by the operator within the past five years for college and university clients. For each project, provide the following information:

- Project name
- Description of project, including size and number of units or beds
- Picture of project, if available
- Term of contract
- References with telephone numbers

4.1.8.3 **Financial Data**

Provide the following financial information for the operator:

- Most recent financial statement available (identify whether audited or un-audited) including balance sheet and income statement, including notes
- List of bank and accounting references
- Proof of insurance in accordance with Section 5.2

4.1.8.4 **Claims, Law Suits or Defaults**

Provide a list of any outstanding claims, lawsuits, or defaults on the part of the operator or any of its subsidiaries.

4.1.9 **Approach to Project**

20 Points

An overview discussion of the Respondent’s potential approach to development and management is requested in order to ascertain the team’s general expertise and capability to deliver the Project. If the Respondent is selected for Step 2 of the process, a more thorough discussion of the Respondent’s approach to project development and management will be required.
4.1.9.1 Development Phase

Describe the Respondent’s approach to performing the services contemplated for the development phase of the Project. The description should include a discussion of the methodology to be used by the Respondent for seeking University input and periodic approvals of its work. The following issues are of particular interest to the University:

- Site analysis
- Design development
- University review and approval opportunities during design
- Budget and pro forma development and control
- Trade-off or approaches to value engineering
- Schedule control during design and construction
- Construction management

4.1.9.2 Operations Phase

Provide an overview of the Respondent’s approach to managing residential projects of this size and scope. Include information on the following topics:

- Managing multi-phase development programs that include both renovation and new construction of residential facilities
- Integrating operations with the existing University student housing operation
- Determining annual operating income and expense budgets
- Developing and delivering relevant residential life programs

4.1.9.3 Transaction Structure

Describe a potential partnership structure with the University for implementation of the Master Plan, including the following information:

- Type and source of financing and financing terms
- Structure of ownership entity, relationship to the University, and the allocation of risk and return to the parties
- Significant terms of a ground lease
- Significant terms of an operating agreement
4.1.9.4 Schedule

Demonstrate the Respondent’s capacity to meet the Project delivery date set forth in Section 3.3. Provide a schedule for achievement of all major Project milestones, including the following dates for the first phase of new construction:

- Start and finish of architectural and engineering design
- Procurement of all permits, licenses, and approvals
- Start and finish of site development
- Start and finish of building construction, and
- Commissioning of the facility

4.2 Development Proposals (Step Two)

4.2.1 Organization of Response

The response shall be submitted in three-ring loose leaf notebooks and organized as follows:

- Cover Letter
- Table of Contents
- Project Administration
- Technical Proposal
- Financial Proposal
- Supplemental Information

4.2.2 Cover Letter

A transmittal letter prepared on the Respondent’s business stationery must accompany each response. An individual authorized to bind the firm to all statements, including all services contained in the response, must sign the letter.

4.2.3 Table of Contents

The proposal shall have a Table of Contents that conforms to the organization set forth in Section 4.2.1.

4.2.4 Project Administration 5 Points

4.2.4.1 Team Organization

Provide a concise overview of the final firms that make up the Respondent’s team as presented in the SOQ submitted in Step One, including an organizational chart that identifies the firms and staff assigned to the project.
4.2.4.2 Staff Qualifications

Provide final information on the personnel that will be specifically assigned to the project from each of the firms identified in Section 4.2.4.1. Specifically, provide brief biographies for all personnel identified in the organization chart and a description of the responsibilities they will assume for this project.

4.2.4.3 Schedule

Demonstrate capacity to meet the Project completion deadline set forth in Section 3.3. Provide a schedule for achievement of all major milestones, which shall include:

a. Start and finish of tasks associated with Pre-Design services and the development of the final project proposal
b. Start and finish of architectural and engineering design
c. Procurement of all permits, licenses, and approvals
d. Start and finish of site preparation
e. Start and finish of building construction
f. Commissioning of the facility

4.2.4.4 Contract Provisions

Confirm acceptance of the essential terms of the agreements described in Section 5.3. Discuss any additional provisions that the Respondent may request in the development agreement between the University and the Respondent.

4.2.5 Technical Proposal 55 Points

The University is seeking an innovative, creative design proposal for development of the Project that incorporates all elements of the specifications contained in this Request.

4.2.5.1 Project Design

The Respondent shall provide a complete and detailed description of the Project in this section of the Proposal. The Proposal shall adhere to the Project specifications set forth in Section 2.2 of this RFP and include the following elements:

- Discussion of the basic design philosophy for the buildings and site development
A summary of the proposed development program in tabular form, specifying assignable areas of all spaces and a calculation of the gross area of the Project

A site plan indicating buildings, parking, roadways, exterior lighting and emergency phone locations, landscaping, property boundaries, and changes in topography

Building floor plans, schematic in nature, but sufficient in detail to fully describe the proposed project indicating circulation, apartment unit types, amenities, and preliminary structural, mechanical, electrical, data, and life-safety systems.

Elevations and sections indicating systems, materials, window types, doors, and other architectural elements and features

Plans for each unique unit type and common areas including furniture and equipment layouts to scale

Perspective sketches of the exterior of the project, which convey the quality and character of the architecture of the buildings

Outline specifications for architectural materials, systems, and furnishings indicating ratings and anticipated useful life of major items and systems

4.2.5.2 Construction Administration

In its technical proposal, the Respondent shall:

- Confirm that it will comply with the design guidelines to be provided as an addendum to this Request. Additionally, the Respondent shall list any policies, procedures, or other standard terms it typically requires in its construction agreements that it believes may become issues in the negotiation of the agreement.

- Provide a copy of the Table of Contents from its Field Operations Manual, which demonstrates that it has fully developed and implemented management and control procedures, a safety program, and a cost accounting program for managing construction activities.

- Confirm that it will comply with the University’s requirement that its records, books, and documents will be available for inspection at any time.

4.2.5.3 Management and Operations Plan

In its technical proposal, the Respondent shall submit a management and operations plan for the Project, which shall include an outline for the following:
4.2.6 Financial Proposal 40 Points

The University is seeking a transaction structure and financing approach that optimizes the cost of capital and minimizes the impact of the financing on its balance sheet or its credit rating to the maximum extent possible. The University also desires to minimize its exposure to project development and operating risks.

4.2.6.1 Development Budget

Submit a proposed development budget (including hard costs, site development and infrastructure, permits and fees, furnishings, design and other soft costs, and contingencies) and a cash flow projection for the term of the development phase. The development budget is the total cost of the project to the University for which the Respondent will provide a guaranteed maximum price as part of the Pre-Design services.

4.2.6.2 Operating Budget

Provide an operating budget for the first ten years of the project clearly indicating the assumptions regarding rent structure for the student occupants and operating costs; discuss all significant operating assumptions, especially requirements for reserves for renewal and replacement. For the purpose of this analysis, the rents charged to student residents shall not exceed those set forth in the Master Plan.

4.2.6.3 Financing and Transaction Structure

Provide a description of the alternatives available to the University including identification of funding sources, parties involved in any capacity with the financing or the development of the project (e.g., equity or debt participants) and a description of the role of each party. The University is primarily interested in privatized and internally financed models, but may consider a public-private partnership or
financing based on a leaseback to the University if it resulted in materially lower financing costs and higher value to the students. A comparison of the financial impacts of the alternative solutions should be provided.

In addition, discuss the proposed timetable for obtaining financing and the latest possible date for making a final determination of the approach to finance the Project. If construction financing is required to begin the Project prior to obtaining permanent financing, describe the source and terms of such financing.

### 4.2.6.4 Fee Proposal

Provide a fee schedule for all services and reimbursable expenses required to fulfill this proposal. Fees should be provided as a lump sum dollar amount with an explanation of the basis of the fee (e.g., percent of budget line item, lump sum estimate, fixed or variable). Itemization of the fee shall include:

- Developer’s fee; itemize Part A and Part B services
- Architect’s fee inclusive of all sub-consultants and reimbursable expenses
- Contractor’s fee inclusive of all home office overhead and profit, but exclusive of on-site general conditions
- Construction management fee, if separate from the Developer’s fee and the Contractor’s fee; specify entity receiving this fee
- An estimate of financing fees for the Project
- Management fee, which itemizes portion that is a direct expense in the operating budget

### 4.2.7 Supplemental Information

This section shall be used for the presentation of supporting materials and information to the proposal. These materials should be kept to a reasonable minimum and provided only if they are in direct support of the Respondent’s proposal. There will be no assignment of points for this section.
5 TERMS AND CONDITIONS

5.1 General Provisions

5.1.1 Revisions to Request

The University may modify this Request, prior to the date fixed for submission of the SOQs, by issuance of an addendum or addenda to all parties who have received a copy of this Request. The University may extend the deadline for submittal of SOQs or proposals for any reason. As provided in Section 3.4.3, written inquiries concerning this Request may be submitted to the University. Responses to inquiries will be made in writing and provided to all Respondents to this Request. The University may decline to answer any Respondent’s inquiries at its discretion.

5.1.2 Cancellation of Request

The University may cancel this solicitation without cause and at no cost to the University, in whole or in part, if such action is determined to be in the best interest of the University.

5.1.3 Acceptance of Submittals

The University reserves the right to: accept or reject any or all submittals, in whole or in part, received as a result of this Request; waive minor irregularities; or negotiate with all Respondents in any manner necessary to serve the best interest of the University. Further, the University reserves the right to make a whole award, multiple awards, a partial award, or no award.

5.1.4 Incurred Expenses

Any costs incurred by the Respondent in preparing and submitting a response to this Request will be the sole responsibility of the Respondent and will not be reimbursed by the University.

5.1.5 Economy of Preparation

Responses should be prepared simply and economically, providing a straightforward, concise description of the Respondent’s ability to fulfill the requirements of this solicitation.

5.1.6 Confidentiality of Documents

To the extent permitted by law, written requests for confidentiality shall be submitted with the SOQ and proposals. The request must state specifically what elements of the response are to be considered confidential and/or proprietary. Confidential and proprietary information must be readily identified, marked and separated/packaged from the rest of the submittal. Co-mingling of confidential
and proprietary information and other information is unacceptable. Any information that will be included in any resulting agreement cannot be considered confidential.

5.1.7 Ethics in Contracting/Collusion

If requested to submit a proposal, the Respondent shall certify in its proposal that:

- Its response is made without collusion or fraud.
- It has not offered or received any kickbacks or inducements from any other developer, supplier, manufacturer, or subcontractor in connection with the proposal.
- It has not conferred on any University officer or employee, past or present, any payment, loan, subscription, advance deposit, travel services or items even of nominal value, present or promised.

5.1.8 Discrepancies and Clarifications

The University reserves the right to request clarification of any aspect of received SOQs or proposals, or to request additional information that might be required to evaluate the submittals. Responses that are incomplete or conditioned or are not in conformity with this Request may be rejected.

5.1.9 Respondent Responsibilities

All Respondents will be required to bring to the attention of the University expressly, in writing, any requested substitution or change proposed to this Request prior to the date for submittal of the SOQ or proposal. The University will not be bound to a substitution or change unless the Respondent expressly brings it to the University’s attention, in writing and in a timely manner, and the University expressly approves the substitution or change in writing.

5.1.10 Nondiscrimination

The University of Hawai’i supports the principles of equal opportunity and will not discriminate because of gender, race, color, national origin, religion, sexual orientation, age or disability in the selection of firms. University of Hawai’i encourages the participation of small, women-owned, and minority-owned firms.

5.2 Insurance Requirements

The successful Respondent shall, at its own expense, procure and maintain during the entire performance period of any contract or agreement arising from the process outlined in Section 1.1, including any extensions thereof, insurance of the kind and in the minimum amounts specified below. All insurance, except for professional liability, shall have a retroactive date of placement prior to or coinciding with the effective date of the
agreement between the University and the successful Respondent. Professional liability coverage should be retroactive to the beginning of pre-proposal design activities. All policies shall name the University of Hawaii as an additional insured.

Depending upon the substance of the successful proposal, the insurance requirements may be tailored to meet the proposal structure and to meet the requirements of the University.

5.2.1 Overall Requirements

5.2.1.1 Commercial General Liability insurance on an occurrence form to include coverage for:

• Premises Operation
• Independent Contractors
• Products and Completed Operations

Products and Completed Operations coverage protecting the Contractor and Subcontractor must be carried for two (2) years after substantial completion of the Project. Evidence of this insurance shall be provided to the University on an annual basis.

• Broad Form Property Damage including completed operations
• Blanket Contractual Liability
• Personal Injury
• Employees named as Additional Insureds
• Explosion, Collapse and Underground Property Damage
• Severability of Interest

The limit of liability for such coverage shall be:

• Bodily Injury and Property Damage Combined Single Limit:
  $5,000,000.00 per occurrence
  $5,000,000.00 aggregate

• Products/Completed Operations:
  $1,000,000.00 per occurrence
  $5,000,000.00 aggregate.

• Personal Injury:
  $1,000,000.00 per occurrence
  $5,000,000.00 aggregate
5.2.1.2 Professional Liability Insurance

The Respondent shall carry professional liability (Errors and Omissions) insurance, covering the Design Services provided under the Agreement with coverage of $1,000,000.00 per occurrence and $2,000,000.00 in the aggregate. The term “Design Services” means all professional services required to fulfill the design obligations of the Project, including, but not limited to programming, schematic design, design development, construction documents and construction contract administration services. Specifically, the contractor shall carry Contractor’s Professional Liability (CPL) insurance with coverage of $1,000,000.00 per occurrence and $2,000,000.00 in the aggregate. The CPL policy shall include a Design/Build Endorsement in a form acceptable to the University and shall provide coverage for:

- Contractor’s vicarious, contingent and direct liability for design errors
- Facility management
- Program management
- Providing computer software
- Contractual liability or liability assumed in “insured contracts”

If the successful Respondent is a joint venture, then the CPL policy shall include the joint venture as a named insured.

Any architect and/or engineer furnishing services for the Project shall carry professional liability insurance with coverage of $1,000,000.00 per occurrence and $2,000,000.00 in the aggregate.

All professional liability policies shall be maintained throughout the course of the work and for a minimum of five (5) years after the Certificate of Substantial Completion is filed.

All professional liability insurance policies shall cover claims for bodily injury and property damage as well as claims involving solely economic loss. This insurance shall also provide for redesign and reconstruction costs and expenses resulting from negligent Design Services.

5.2.1.3 Builders’ Risk Insurance

Builders’ Risk Insurance including all standard coverage and specifically providing coverage for exposed buildings and structures. The Builder’s Risk insurance shall be on an “all risk” basis and shall provide coverage on a full replacement value basis for the Project. The policy shall insure all work, labor, materials furnished by the Contractor against loss occasioned by fire, lightning, windstorm, theft,
vandalism, malicious mischief, earthquake, flood, surface waters and collapse. The property to be covered shall include: (1) all materials and supplies owned by the named or additional insured and used in the construction of the buildings while in or on the described buildings, or in the open on the development’s premises or job site; (2) Foundations and fixtures; (3) Excavation, grading and labor charges associated with the construction project; and (4) Temporary structures used in, incidental to, the construction, fabrication, installation or completion of the Project.

5.2.1.4 Comprehensive Automobile Insurance

Comprehensive Automobile insurance covering all vehicles, owned and non-owned, hired and leased. This insurance shall include coverage for automobile contractual liability and all coverages required by Hawai‘i law with the following limits:

- Bodily Injury
  - $1,000,000.00 per person
  - $1,000,000.00 per occurrence

- Property Damage
  - $1,000,000.00 per occurrence

5.2.1.5 Workers’ Compensation

Workers’ Compensation, Temporary Disability and other similar insurance required by the State of Hawai‘i or Federal laws. The minimum limits of liability to be maintained are as follows:

- Coverage A State of Hawaii Workers’ Compensation Law: Statutory Limits
- Coverage B Employers Liability:
  - Bodily Injury from each accident: $1,000,000.00
  - Bodily Injury from disease: $1,000,000.00
  - Bodily Injury from disease: $1,000,000.00 aggregate

5.2.2 Operator

If the University determines that the Respondent shall handle operation, management and maintenance of the completed facilities, the operator, at its sole cost and expense, shall insure its activities in connection with its work and obtain, keep in force and maintain insurance as required in Section 5.2.1, with the exception of Builder’s Risk Insurance and Professional Liability Insurance.
Respondent shall be required to maintain commercial general liability insurance with an aggregate limit of at least $10,000,000.00.

The operator may be required to obtain “all risk” property insurance with an aggregate limit of at least $25,000,000.00 and crime insurance with a limit of $1,000,000.00.

The operator shall maintain the insurance policies throughout the course of the operating agreement with the University and for a minimum of two years following termination of the operating agreement.

5.2.3 Proof of Insurance

All insurance coverage shall be written by companies licensed or authorized to do business in the State of Hawai‘i and having an A.M. Best rating of A:VII or better. All policies, except Workers’ Compensation, shall provide a 30-day notice for cancellation. Certificates of Insurance evidencing coverage shall be provided to the University prior to the awarding of any contract. Copies of insurance policies shall be provided upon request of the University. For insurance which must be maintained after completion of the Project or termination of an agreement, proof of insurance shall be submitted to the University on an annual basis.

5.3 Development Agreement

The proposed structure of the development is predicated on the University’s intent to create a self-sustaining residential community that minimizes costs and maximizes value. Under current plans, the University will provide the land and the Developer will construct, at its own cost and expense, the Project specified by the University. While the final agreement structure may take the form of a ground lease, other relationships will be considered. Any agreement shall include, but not be limited to, the following provisions.

5.3.1 Negotiation

After University selection and approval of a developer, the University and the Developer must enter into an agreement satisfactory to the University within Sixty (60) days. If the University and the selected developer fail to reach agreement within the Sixty (60) day negotiation period, the University shall have the exclusive right to extend the time frame, cancel further negotiations, or begin negotiations with other developers.

5.3.2 General

- Compliance: All agreements will provide for compliance with University academic and student service programs and objectives and for the involvement of the University in the project planning and management (e.g., composition and voting majorities on supervisory or management committees that handle budgeting, programming, evictions).
- **Performance Benchmarks:** All contracts and agreements will contain time and performance benchmarks, including construction deadlines, as appropriate, with clear termination provisions.

- **Indemnification:** The successful Respondent and its agents, partners, employees and consultants (Indemnitors) shall defend, indemnify and hold harmless the University, the State of Hawaii and their officers, employees and agents from and against all liability, loss, damage, liens, causes of action, suits, judgments, cost, and expense, including all attorneys’ fees, and all claims, suits, and demands therefore, arising out of or resulting from the performance of services or any part thereof, the acts or omissions of the Indemnitors, or sub-contractors under any agreement with the University. The provisions of this paragraph shall remain in full force and effect notwithstanding the expiration or early termination of any agreement.

- **Insurance:** The Respondent will provide proof of insurance at levels acceptable to the University prior to the signing of a Ground Lease. Other insurance may be required from time to time in such amounts as may be determined by the University for coverage against other insurable risks relating to performance.

### 5.3.3 Ground Lease and Financing

- **Financing Approvals:** The University will retain approval rights for any financing, refinancing, or additional pledges or encumbrances on the facilities or activities conducted in those facilities.

- **Subordination:** Neither the University’s fee interest in the Project site nor the University’s interest in the ground lease shall be subordinated to any financing or other lien or encumbrance that the Respondent may obtain in connection with the development and ownership of the Project.

- **Term:** Financing arrangements should not exceed the term of the ground lease. The University will agree to a lease term on the ground lease appropriate for the proposed use not to exceed 30 years.

- **Title:** The leasehold improvements shall not be sold or the title transferred without the approval of the University. Title to the leasehold improvements shall pass to the University no later than termination of the ground lease, or in the event of default. Respondent will provide “buyout offers” in 10, 15, and 20-year options.

- **Ground Rent:** Ground rent will be at a nominal rent.

- **Assignment:** The Ground Lease will contain a clause prohibiting assignment or sublease of the Respondent’s interest without the written consent of the University, which may be withheld at its discretion. The foregoing notwithstanding, the Respondent will be permitted to give a
security interest in the lease to a lender providing construction or long-term financing.

- **Alternative Financing Structures:** The University will consider alternative financing structures. While it is primarily interested in privatized financing, the University may consider various forms of public-private partnerships or financing based on a leaseback to the University.

### 5.3.4 Design and Construction

- **Assurances:** All contracts and agreements will include provisions for liquidated damages, performance bonds, or other remedies to assure timely completion of the Project. Prior to commencement of construction, the Respondent must demonstrate that it has the resources in hand or available to complete the project.

- **Design Standards:** Improvements shall be designed to comply with University and State design standards.

- **Off-site and On-Site Costs:** All off-site and on-site preparation costs will be at the sole cost and expense of the Respondent. The site is leased “as is” in its present condition and subject to applicable governmental laws and regulations. All residential and ancillary buildings, circulation, and landscaping for this Project are to be located within the Project site.

- **Construction Schedule:** The first phase of the project shall be fully completed and ready for occupancy no later than Spring 2007.

### 5.3.5 Management and Operations

- **Occupancy:** Occupancy of the residential units will be limited to enrolled University of Hawai‘i full-time degree-seeking students. Exceptions may be granted at the discretion of the University. If exceptions (such as renting to other University-affiliated persons) are granted, the terms of such exceptions will be separately negotiated. Leases to non-student tenants shall be no longer than 12 months with expiration date at the subsequent August 31 from lease execution.

- **Operating Costs:** The Respondent will pay for, and hold the University harmless from all costs of construction, maintenance, and management of improvements, whether by the Respondent or its agent, contractor, or party having any other legal relationship with the Respondent. This also will apply to all utility and other operating expenses, and all applicable taxes, fees, and assessments.

- **On-Site Management:** The Respondent will employ an on-site manager for purposes of the day-to-day business of the project and designate an employee as an emergency contact for after normal business hours.

- **Reserve Account:** Within 30 days of occupancy of any units in the project by University students, the Respondent will establish a joint Reserve
Account for major maintenance in the name of the University and Respondent. Funds, including interest earned from the Reserve Account, will be used for major maintenance or replacement and/or for demolition at the end of the lease term but not for ongoing routine maintenance. The written consent of the University will be required prior to withdrawal of funds from the Reserve Account. The Respondent will send a yearly statement of the status of the Reserve Account for review by the University. The adequacy of the funds in the Reserve Account will be periodically reviewed by the Respondent and University. Should the parties agree that it is necessary to change the monthly funding level, rental rates may be adjusted accordingly.

- **University Liability:** The University will not be responsible for the physical security of any personal property nor any improvements on the project site, and the Respondent will indemnify the University for any loss in any manner arising from the Respondent’s use, ownership, or operation of the project improvements and occupancy of the project site.

- **Tenant Leases:** Commencing Lease Year One, the Respondent may require residents to sign a lease or rental agreement, the terms of which are subject to University approval. At the discretion of the Respondent, units may be rented to the tenants individually or collectively (if more than one).

- **Police Services:** The Respondent will provide, through the University, police services and uniformed security services to the property. Fees for these services will be negotiated prior to commencement of construction. The completed project will be subject to continuing surveillance by the City and County of Honolulu Fire Department for compliance with all applicable codes. Maintenance of fire alarm circuits, fire extinguisher, and detectors will be the responsibility of the Respondent.