SOLICITATION DOCUMENT NO. RFB-HLM-2046518

NOTICE TO OFFERORS
Request for Sealed Bids (RFB)

Description:	Provide Property Management Services for Chinatown Gateway Plaza
Requesting Agency:	Department of Housing and Land Management, City & County of Honolulu, Hawaii.

COMPETITIVE SEALED BIDS shall be received no later than:

Close Time:	14:00 HST
Close Date:	September 30, 2026
Location:	Division of Purchasing, Department of Budget and Fiscal Services 530 South King Street, Room 115, City Hall Honolulu, Hawaii 96813

Unless otherwise stated in the solicitation, competitive sealed bids shall be read aloud at the public bid opening held shortly after the deadline for offers, as amended.

Questions relating to this solicitation shall be emailed to Daria Monkus at bfspurchasing@honolulu.gov.

PAULA A. YOUNGLING
Purchasing Administrator

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NOTICE TO OFFERORS - SCHEDULE OF EVENTS

All times indicated are Hawaii Standard Time (HST).

Deadline to Submit Requests for Clarifications/Substitutions:	September 23, 2026
Last Day to Issue Addenda:	September 28, 2026
DEADLINE FOR OFFERS:	14:00 HST on September 30, 2026

NOTICE TO OFFERORS – SPECIAL INSTRUCTIONS TO OFFERORS

I. GENERAL INSTRUCTIONS TO OFFERORS FOR THE CITY AND COUNTY OF HONOLULU DATED 02/09/2017.

The General Instructions to Offerors for the City and County of Honolulu dated 02/09/2017 shall apply. If not physically attached, it shall be incorporated by reference herein and referred to as the "General Instructions." Copies may be obtained online at www.honolulu.gov/pur; click on the link titled: " Instructions, Terms & Conditions".

A. Solicitation Addenda.

Section 2.19 Solicitation Addenda (b)(2) of the General Instructions to Offerors dated 02/09/17 is deleted in its entirety.

The City is posting all formal solicitations on the State of Hawaii – Hawaii Awards & Notices Data System (HANDS) (https://hands.ehawaii.gov/) for goods, services, construction, grants and concessions. HANDS gathers information from multiple state and county procurement platforms and displays it all in one place. Offerors are solely responsible to check HANDS website for any updates and addenda issued by the City.

B. Cost Analysis Data.

Delete Section 6.9 Cost Analysis Data of the General Instructions to Offerors dated 02/09/2017 in its entirety and replace with the following:

"The City reserves the right to request cost data to conduct a cost analysis. Pursuant to HRS 103D-312 and HAR 3-122 Subchapter 15, this cost data will be used to determine if the offer is fair and reasonable. Information provided by the Offeror may remain confidential and proprietary in accordance with HRS §92F-13(3)."

C. Notary Requirement

Delete Section 8.4(a) of the General Instructions to Offerors dated 02/09/2017 in its entirety and replace with the following:

"(a) Notarization

Signatures appearing on bond forms (if applicable) must be notarized by a notary public."

II. METHOD OF AWARD.

The City shall award a contract to the responsive, responsible Offeror with the lowest Total Sum Evaluated Bid Amount. The award is subject to the availability of funding.

III. SAMPLE OF CONTRACT.

A sample of the City & County of Honolulu's ("City") contract form is included as Notice to Offerors - Exhibit 1: Sample Contract. Any questions regarding the City's contract form shall be submitted prior to the solicitation's Deadline to Submit Requests for Clarifications/Substitutions.

IV. LICENSING REQUIREMENT.

Pursuant to chapter 467, HRS, Real Estate Brokers and Salesperson, the management agent must possess a current, valid real estate broker's license and employ a licensed principal broker at the time of bid submission. Interested Offerors are charged with the presumptive knowledge of the licensing requirements under chapter 467, HRS. Any bid submitted by an unlicensed offeror will be rejected.

V. HAWAII COMPLIANCE EXPRESS (HCE).

Prior to the award of the contract, the successful Offeror shall be registered as "Compliant" on the State of Hawaii Compliance Express System (http://vendors.ehawaii.gov) or submit the required tax clearances from the State Department of Taxation and Internal Revenue Service, the Certificate of Compliance with the State Department of Labor and Industrial Relations, and the Certificate of Good Standing with the Department of Commerce and Consumer Affairs Business Registration Division. Failure to provide proof of compliance, within the time that may be permitted by the CITY, will result in the rejection of the offer.

The CITY reserves the right to award to the next responsible Offeror if all certificates and other required documentation are not submitted within the time as specified in the CITY's request.

VI. Hawai'i Bidder/Offeror Preference

The Hawai'i Bidder/Offeror preference shall be applicable to this solicitation, for evaluation purposes only. Bidders/Offerors that wish to qualify for the five percent (5%) discount preference shall submit a completed Hawai'i Bidder/Offeror Preference Certification form with its bid/offer. The five percent (5%) discount shall be applied to the Bidder's/Offeror's bid/offer price.

THIS IS A CITY AND COUNTY OF HONOLULU SOLICITATION. Bidders/Offerors shall not use any other Hawai'i Bidder/Offeror Certification form except the form provided in the solicitation. Hawai'i Bidder/Offeror Preference Certifications submitted for previous or other solicitations shall not be accepted.

The preference shall only apply if the total bid or offer price is less than $10,000,000.00. The preference shall only apply when at least one (1) qualified Bidder/Offeror competes against at least one (1) Bidder/Offeror that does not qualify for the preference. The preference shall not be applied if all bidders/offerors are Hawai'i Bidders/Offerors.

Upon the City's written request, the Bidder/Offeror shall provide sufficient documentation to the City to demonstrate full compliance with this preference. The documentation must be provided within the time stated in the request.

Award shall be made at the Bidder's/Offeror's bid/offer price and not at the reduced evaluated price. During the contract period, failure to maintain the Hawai'i Bidder/Offeror qualifications shall cause a reduction of price equal to the value of the preference applied and may constitute cause for debarment pursuant to Hawai'i Revised Statutes §103D-702.

VII. EXPERIENCE.

At minimum, at least one (1) of the individuals within the CONTRATOR's team must have at least three (3) years' experience in residential and commercial property management and common area maintenance reconciliations, involving projects comparable in size and scope to those described herein.

Such service experience shall include:

A. Experience managing Section 8 Choice Voucher and Project Based Section 8 Assistance programs, federally funded supplemental programs and other rental assistance programs.

B. Projects for housing people currently, formerly, or at risk of experiencing homelessness. Housing project(s) should be of similar or greater size.

C. Proficiency in residential and commercial property accounting principles, including budgeting, expense tracking, and cost allocations.

Evidence to substantiate these experience requirements shall be provided to the City with their offer or within five (5) calendar days upon request of the City. The City may reject an offer if evidence is not provided.

NOTICE TO OFFERORS - EXHIBIT 1: SAMPLE CONTRACT

CONTRACT NO. XX-XXX-XXXXXXX
SOLICITATION NO. RFB-XXX-XXXXXXX

THIS AGREEMENT (or "Agreement"), made and entered into on _____ , by and between the CITY AND COUNTY OF HONOLULU, a municipal corporation existing under and by virtue of the laws of the State of Hawaii, with offices at Honolulu Hale, 530 South King Street, Honolulu, Hawaii 96813, hereinafter called the "CITY" (or "City"), and [CONTRACTOR'S LEGAL NAME] whose principal place of business is [CONTRACTOR'S ADDRESS], hereinafter referred to as the "CONTRACTOR" (or "Contractor").

WITNESSETH THAT:

WHEREAS, the CITY desires to engage the CONTRACTOR to [Project Description]; and

WHEREAS, a solicitation for bids and the selection of the CONTRACTOR were made in accordance with section 103D-302, Hawaii Revised Statutes ("HRS") and the related Hawaii Administrative Rules ("HAR"). The CONTRACTOR has been identified as the lowest responsible and responsive bidder, whose bid meets the requirements and criteria set forth in the invitation; and

WHEREAS, the CONTRACTOR is willing and able to provide the services set forth in this Agreement;

NOW, THEREFORE, the CITY and the CONTRACTOR, in consideration of the foregoing and of the mutual promises hereinafter set forth, the sufficiency and adequacy of which are hereby acknowledged, and intending to be legally bound, hereby mutually agree as follows:

1. This Contract and the following documents, appendices and exhibits collectively form the "Agreement" or "Contract Documents", all of which are attached hereto and incorporated herein:

This Contract

Appendix A: Scope of Work

Appendix B: Term/Schedule of Work

Appendix C: Pricing/Certifications

Appendix D: Special Provisions

Appendix E: General Terms and Conditions ("GTC")

The Contract Documents as listed hereinabove are in the order of controlling preference should there be any conflict in the terms of the Contract Documents.

2. The CONTRACTOR shall furnish all services, labor, goods, materials, supplies, equipment and other incidentals reasonably necessary for the successful completion of the work contemplated under Appendix A: Scope of Work and this Agreement.

3. The CITY agrees to pay the CONTRACTOR for the satisfactory performance and completion of the Work in accordance with the payments schedule and provisions, all as set forth in Appendix C: Pricing/Certifications, Appendix D: Special Provisions and Appendix E: General Terms and Conditions. The total amount of this Agreement shall not exceed [Dollar Amount Spelled Out] [($XX.XX)], which is the maximum payable under this Agreement and inclusive of all taxes. CONTRACTOR shall not pass through any increases in taxes to the City.

Such payments shall be provided from the following funds:

Federal Funds	[Dollar Amount]
City Funds	[Dollar Amount]

It is hereby agreed by and between the parties hereto that the sum of [Dollar Amount] shall be paid only out of the applicable Federal funds, and that this Agreement shall be construed to be an agreement by the City to pay such compensation to the CONTRACTOR only out of the aforesaid Federal funds when such Federal funds are received from the Federal Government

4. The term of the Agreement shall be provided in Appendix B: Term/Schedule of Work.

5. The CONTRACTOR will perform said work in an efficient manner so as entirely to complete and perform said work within the time set forth in Appendix B: Term/Schedule of Work.

IN WITNESS WHEREOF, this AGREEMENT is executed by the duly authorized officer or agent of the CITY and the CONTRACTOR.

CITY AND COUNTY OF HONOLULU	CONTRACTOR'S LEGAL NAME
BY:	BY:
PRINTED NAME:	PRINTED NAME:
TITLE: Director, Department of Budget and Fiscal Services	TITLE:
DATE:	DATE:

APPROVED AS TO FORM AND LEGALITY

_____

Deputy Corporation Counsel

CITY AND COUNTY OF HONOLULU

HAWAIʻI BIDDER/OFFEROR
PREFERENCE CERTIFICATION FORM
(AS DEFINED IN HAWAIʻI REVISED STATUTES §103D-1001)

I, _____, _____ of
(Name of Authorized Person on behalf of the Bidder/Offeror) (Position Title)

_____ (the "Hawai'i Bidder/Offeror"), certify the following
(Hawai'i Bidder's/Offeror's Legal Business Name)

under penalty of perjury that:

1. The Hawai'i Bidder/Offeror holds a valid commercial place of business located in the State of Hawai'i that has been staffed by the Hawai'i Bidder/Offeror or an employee of the Hawai'i Bidder/Offeror for not less than two (2) consecutive years immediately preceding the time and date set for the opening of bids or receipt of proposals; and

2. The bid or proposal in response to Solicitation No. _____ is submitted under the name under which the Hawai'i Bidder/Offeror is authorized to do business in the State of Hawai'i; and

3. Not less than fifty-one percent (51%) of the total direct labor hours required for performance of the contract will be performed in the State of Hawai'i; and

4. The Hawai'i Bidder/Offeror will maintain these qualifications throughout contract performance; and

5. If the Hawai'i Bidder/Offeror is a joint venture, the Hawai'i Bidder/Offeror is composed entirely of parties meeting the requirements of paragraphs 1, 2, 3, and 4 above.

I hereby certify under penalty of perjury that the above statement is true. Any changes in eligibility shall be reported to the Officer-in-Charge or the contact person identified in the solicitation. I agree to maintain the above qualifications throughout contract performance. I acknowledge that failure to maintain the above qualifications triggers a reduction of price equal to the value of the preference applied and may be cause for debarment of the Hawai'i Bidder/Offeror pursuant to Hawai'i Revised Statutes §103D-702.

_____ _____
(Signature) (Date)

APPENDIX A: SCOPE OF WORK

I. OVERVIEW.

The furnishing of property management services for Chinatown Gateway Plaza ("PROJECT" or "Project") located at 1031 Nuuanu Avenue, Honolulu, Hawaii 96817 to the Department of Housing and Land Management ("HLM") of the City and County of Honolulu ("CITY" or "City") shall be in accordance with this Appendix A: Scope of Work, Appendix B: Term/Schedule of Work, Appendix C: Pricing/Certifications, Appendix D: Special Provisions, Appendix E: General Terms and Conditions and Appendix F: Child Care Compliance Addendum.

The purpose of this AGREEMENT is to retain a property management firm to manage the City-owned housing, residential and commercial units of Chinatown Gateway Plaza as described herein. The contractor shall also be responsible for components of parking duties for the Chinatown Gateway Plaza as described herein.

II. PROJECT DESCRIPTION.

Name:	Chinatown Gateway Plaza
Location:	1031 Nuuanu Avenue, Honolulu, Hawaii, 96817
Tax Map Key:	2-1-002: 038
Tenant Spaces:	Two Hundred (200) residential units comprised of the following: One (1) Studio unit, and One Hundred Ninety-Nine (199) One-bedroom units.
Laundry:	Each residential unit is equipped with a washer and dryer provided by the City.
Parking:	Two Hundred Seventy-Five (275) parking stalls – One Hundred Sixty-Three (163) unreserved parking stalls for residential use, and One Hundred Twelve (112) stalls for public use.
Occupancy Rate:	As of 5/1/2026 - Residential 96%.
Commercial Space:	There are six (6) commercial spaces varying in size from Eighty (80) square feet to Eleven Thousand square feet for a total of Twenty One Thousand Three Hundred Thirty-nine (21,339) square feet of commercial space.

III. MINIMUM QUALIFICATIONS.

The CONTRACTOR shall have the capability to provide complete property management services, including, but not limited to, physical maintenance of the Project, including the premises and all improvements; establishing and collecting rents; depositing all Project incomes into Project bank accounts as specified by the CITY; making all Project disbursements as specified from the Project accounts; providing accounts and reporting services according to procedures as specified by the CITY.

The CONTRACTOR shall meet the following organizational requirements:

A. Hold and maintain a Real Estate Brokers and Salesperson License pursuant to Chapter 467, HRS. The CONTRACTOR (or management agent) must possess a valid real estate broker's license and employ a licensed principal broker throughout

the duration of the AGREEMENT. The CONTRACTOR is responsible for complying with all licensing requirements under Chapter 467, HRS.

B. At a minimum, at least one (1) of the individuals within the CONTRACTOR's team must have at least three (3) years' experience in residential and commercial property management and common area maintenance reconciliations, involving projects comparable in size and scope to those described herein.

   Such service experience shall include the following:

   1. Experience managing Section 8 Choice Voucher and Project Based Section 8 Assistance programs, federally funded supplemental programs and other rental assistance programs.

   2. Projects for housing people currently, formerly, or at risk of experiencing homelessness. Housing project(s) should be of similar or greater size.

   3. Proficiency in residential and commercial property accounting principles, including budgeting, expense tracking, and cost allocations.

C. Be compliant with the State of Hawaii's Hawaii Compliance Express (HCE).

D. Must be authorized to do business in the State of Hawaii as evidenced by a Certificate of Good Standing ("COGS") issued by the State of Hawaii, Department of Commerce and Consumer Affairs.

E. Must not be in arrears on the payment of taxes, rents, or other obligations owing to the City, nor may the CONTRACTOR be a party to any pending litigation against the City.

Evidence to substantiate these requirements shall be provided to the City within three (3) business days upon request of the City.

IV. PERFORMANCE REQUIREMENTS AND INSTRUCTIONS.

The CONTRACTOR shall abide by the requirements as specified, and comply with all instructions relating to the management, rental, leasing and maintenance of the Project that may be issued from time to time by the CITY and adhere to all operating policies that have been or may be adopted by the CITY. With respect to new instructions and policies, the CONTRACTOR shall have the right to submit recommendations to the CITY prior to their issuance or adoption or to recommend subsequent changes.

A. CONTRACTOR'S RESPONSIBILITIES.

1. Management.

The CONTRACTOR shall manage, operate and maintain the Project in a manner that is both residentially and commercially reasonable, and in the best interest of the tenants subject to (a) applicable governmental requirements and (b) the terms and provisions of this Agreement.

The CONTRACTOR shall keep the Project clean and in good repair at all times. The CONTRACTOR shall procure, manage, and supervise any services and contracts necessary for the maintenance, repair, and ongoing operation of the Project, as required to uphold the aforementioned standards.

The CONTRACTOR shall be responsible for the preparation of all rental agreements and execution, in its name, identified thereon as agent for the City. The rental agreement shall be in a form approved by the City. Once approved, individual rental agreements need not be submitted for the approval of the City. Upon availability of a unit, the CONTRACTOR shall be responsible to draw up the rental agreement, to include, but not limited to, start end dates, rental rate, and parking fee, if applicable.

The CONTRACTOR shall take actions as may be necessary to comply promptly with any and all governmental orders or other requirements affecting the Project, whether imposed by Federal, State, or County authority. Nevertheless, the CONTRACTOR shall take no such action so long as the CITY is contesting, or has affirmed its intention to contest, any such order or requirement. The CONTRACTOR shall notify the CITY in writing of all notices of such orders or other requirements immediately upon receipt.

2. Maintenance and Repairs.

a. Janitorial Services and Refuse Collection. The CONTRACTOR shall clean and maintain the common areas of the premises, including but not limited to, any landscape and plantings, parking spaces, and sidewalks within the Project in a clean and safe condition. The CONTRACTOR shall be responsible for any trash consolidation. The CONTRACTOR shall continuously assess the use of in-house Project personnel versus contract vendors and provide for the most effective and economical management of the Project. The City reserves the right to request the use of a private vendor for maintenance and or janitorial at the City's discretion. The CONTRACTOR shall be responsible for refuse consolidation and collection and the sanitation and maintenance of the "trash rooms".

b. Routine Maintenance/Repairs. The CONTRACTOR shall be responsible for performing and/or paying for all routine maintenance/repairs required as Project costs. The CONTRACTOR shall develop a schedule of all routine maintenance and janitorial activities for the CITY's approval. The CONTRACTOR shall respond to all tenant requests for service or repair as soon as possible but not later than two (2) working days after the requests are received.

c. Vacant Unit Repairs. Rehabilitate and clean vacated units to a marketable condition to ensure the unit is ready for occupancy and leased within fourteen (14) calendar days from the date the previous tenant vacated. Vacated units referred and approved by HLM that require substantial renovation and or construction shall be exempt from the fourteen (14) calendar day turnaround

requirement. A private company may be used to complete repairs for these types of units with DHLM approval.

d. Emergency/Urgent Repairs. The CONTRACTOR shall immediately respond to all requests for emergency repairs or services, which includes repairs involving manifest danger to persons or property or required to avoid suspension of any necessary service to the Project, but not later than two (2) hours after the request is received. The CONTRACTOR shall notify the CITY immediately via phone and email within forty-eight (48) hours of an emergency via an incident report. Invoices for emergency repairs shall be submitted together with the financial reports.

e. Preventative Maintenance. Each rental unit shall be inspected annually, to assess its safety and general condition. The CONTRACTOR shall provide the Tenant with reasonable advance written notice of the scheduled inspection, in accordance with the Hawaii Residential Landlord-Tenant Code, which requires at least two (2) days' notice unless otherwise agreed by the Tenant. All inspection shall be conducted with the Tenant present, whenever possible. An inventory report form and a safety checklist, with one (1) copy of each to the Tenant, Tenant's file and to a preventative maintenance file, shall record the results of these inspections. The CONTRACTOR shall then submit a report to the CITY. The report shall contain photos of each room in the unit at time of inspection, any violations, items for corrective action and any repairs needed in unit.

f. Bids/Extraordinary Repairs. The CONTRACTOR is required to obtain a minimum of three (3) written bids for repairs or services beyond the capacity of a qualified maintenance person and requiring the services of a private contractor and/or repairs that will cost TWO THOUSAND FIVE HUNDRED AND NO/100 DOLLARS ($2,500.00) to TWENTY-FIVE THOUSAND AND NO/100 DOLLARS ($25,000.00) which shall be submitted to the City for written approval. The CONTRACTOR shall obtain contracts, materials, supplies, utilities and services in the most advantageous terms to the Project, and shall solicit bids, either formal or informal, for items that can be obtained from more than one source. The CONTRACTOR shall secure and credit to the Project all discounts, rebates, or commissions obtainable with respect to purchases, service contracts, and all other transactions on the City's behalf. The CONTRACTOR shall provide HLM with the original copies of all approved Service Contracts for the property. The Contractor agrees to request such records from the supplier within seven (7) days of receipt of a written request from the City.

The Contractor shall keep these written bids on file and made available upon the CITY's request.

g. Janitorial and Maintenance of Common Areas and Building Systems. **Within ninety (90) days** of the NTP start date, the CONTRACTOR shall submit for City approval a comprehensive cleaning and maintenance schedule covering all common areas and building systems. This includes:

- A detailed janitorial plan specifying cleaning tasks, frequency, timeframes, estimated labor hours, and locations.

- A schedule of vendors responsible for the maintenance, cleaning, and certification of building systems, including (but not limited to): ventilation, trash, backup generator, hot/cold water, backflow preventers, dryer vents, electrical, gas, elevators, tree trimming, security cameras, entry systems, fire sprinklers, and fire extinguishers.

The CONTRACTOR must maintain both hard copy and electronic records of all maintenance activities and vendor contracts in the resident manager's office, with electronic versions submitted to the City.

h. Photographs. Photographs are required to document damages and all photographs shall include the date and location of the damage. All work done by an outside contractor shall require before and after photos of all repairs. Photographs shall be kept in the tenant file and/or unit file.

i. Construction and Maintenance Expenses. In accordance with CITY Ordinances, State laws, rules, and codes, and the CONTRACTOR's budget and maintenance plan, the CONTRACTOR shall maintain and repair the Project at all times, as approved by the CITY.

3. Budgets.

a. Proposed Operating Budget. A proposed operating budget and cost analysis shall be submitted and approved by HLM **prior to the issuance** of a Notice to Proceed. The budget must include the anticipated operating budget for the Project, estimated contract costs, personnel salaries, and any other applicable budgeted cost to the Project. The CONTRACTOR shall show the personnel salaries by individual job titles.

b. Annual Operating budget. The CONTRACTOR shall prepare a recommended operating budget for each fiscal year for the CITY at least sixty (60) days before the beginning of the operating fiscal year. HLM shall promptly inform the CONTRACTOR of any changes incorporated in the approved budget, and the CONTRACTOR shall keep HLM informed of any anticipated deviation from the receipts of disbursements stated in the approved budget. Annual operating budgets for the Project shall be approved by HLM. Except as otherwise permitted, annual disbursements for each type of the operating expenses itemized in the budget shall not exceed the amount authorized by the approved budget.

4. Accounts.

a. Required Accounts. The CONTRACTOR shall open three (3) bank accounts for each entity: Residential, Commercial and Parking. These accounts shall be carried in the CONTRACTOR and the CITY's name, and designated as "Chinatown Gateway Plaza". All interest earned on any of the accounts listed above account shall not be included in the gross collections calculations.

b. Account Requirements. The bank accounts shall be opened with the CITY's tax payer identification number, with the CONTRACTOR's company name followed by "Agent for" on the top name line, followed by "The City & County of Honolulu" on the second name line and the name of the Project on the third line. The financial institution must have a rating consistent at all times with the current minimally acceptable ratings as established and published by Government National Mortgage Association (GNMA), and its deposits must be insured by the Federal Deposit Insurance Corporation.

The financial institution's ratings must be monitored and documented by the CONTRACTOR, at minimum, on a quarterly basis. If the rating falls to unacceptable levels established and published by GNMA, the CONTRACTOR shall change institutions. The ratings of the financial institution where funds are deposited and maintained shall be documented in the administrative records for three (3) years. The CONTRACTOR will be expected to make up losses sustained by various project accounts held by the failed financial institution in the event the CONTRACTOR fails to follow these procedures. The cash position of each Project in Required Account must be easily identified at all times without exception. The CITY reserves the right to require the CONTRACTOR to keep the funds isolated and separated from the funds of other projects held by the CONTRACTOR.

c. Account No. 1 (Operating Account). The CONTRACTOR shall deposit collection of all rents, charges, fees and other amounts receivable in connection with the management and operation of the Project. The CONTRACTOR shall deposit such receipts into this Operating Account, separate from all other accounts and funds, with a bank whose deposits are insured by the Federal Deposit Insurance Corporation.

The CONTRACTOR shall collect from the tenant all costs chargeable to the tenant by before the close of the next rental period and deposit into this Operating Account. Exceptions to this time period may be in cases of extreme hardship. The CONTRACTOR shall collect and deposit income from any source and shall include such receipts in the monthly report of income and expenses.

All disbursements from the Operating Account shall be supported by invoices, bills or contracts approved by the Project's Property or Resident Manager and shall include corresponding General Ledger Code.

d. Account No. 2 (Security Deposit Account). The CONTRACTOR shall deposit collection of all security deposits in connection with the management and operation of the Project into this interest-bearing Security Deposit Account, separate from all other accounts and funds, with a bank whose deposits are insured by the Federal Deposit Insurance Corporation. Any interest earned shall be transferred to the Replacement Reserve Account monthly.

e. Account No. 3 (Replacement Reserve Account). The CONTRACTOR shall deposit Net Income, defined as gross collections minus the sum of

management fees and approved operating costs, into this interest-bearing Replacement Reserve Account, separate from all other accounts and funds, with a bank whose deposits are insured by the Federal Deposit Insurance Corporation.

5. **Collection of Rents and Other Income.**

   a. Rents. Rent is due in advance on the first (1st) day of each month. The CONTRACTOR shall make personal contact and/or phone calls to Tenants who do not turn in their rent payment on the first (1st) day of each month.

   b. Grace Period. Tenants shall be allowed a grace period of five (5) calendar days after their rent is due; to pay rent without penalty or enforcement action.

   c. Late Charge. For residential tenants, a late fee will be assessed after the fifth (5^{th}) day of the month in accordance with HRS 521.21 Rent Section (f) Where the rental agreement provides for a late charge payable to the landlord for rent not paid when due, the late charge shall not exceed eight percent (8%) of the amount of rent due. For Commercial tenants, a late fee shall be charged in accordance with the terms outlined in the commercial lease agreements. For residential and commercial tenants, all late fees shall be recorded separately.

   d. Delinquent Payments. On the sixth (6^{th}) day of each month, reminder notices and notices pursuant to the Federal Fair Debt Collection Act shall be sent to all tenants who have not paid. If payment is still not received, a thirty (30) day demand letter shall be sent on the eleventh (11^{th}) day of the month. Legal action or collection/eviction will then be initiated if tenants' account remains unpaid for thirty (30) days.

   e. Hardship. Exceptions to the above procedure may be made in cases of hardship as recommended by the CONTRACOR and approved by HLM, but only if the tenant provides assurance that the tenant will bring his/her account current and up-to-date by the end of the second month.

   f. Accounts Receivable Follow-up.

      1) Referral to Collection Agency. If payment or promise to pay has not been received after ninety (90) days from the billing or invoice date, all delinquent accounts, regardless of the amount, shall be referred to the collection agency, approved by DHLM for collection.

      2) Documentation of Collection Efforts. A Collection Follow-up Log shall be used to document all collection activity, i.e., mailing of notices, telephone calls, referral to collection agency, etc.

      3) Handling of Skip Accounts. Skip accounts include situations where the tenant has moved without notification. Indications of a skip account are a returned letter marked "addressee unknown" or a disconnected phone. Skip tracing procedures shall be implemented immediately as follows:

a) For returned mail marked "addressee unknown," contact the individual by telephone.

b) If phone contact cannot be made or if the phone is disconnected without a forwarding number, the account shall be turned over to the collection agency, regardless of the time outstanding.

g. Write-off of Uncollectable Accounts. Any delinquent account deemed uncollectable by the collection agency shall be reported on a List of Uncollectible Accounts and referred to HLM for processing write-offs. When submitting the uncollectible accounts for write-off, separate reports must be prepared for accounts with balances not in excess of $1,000.00 and accounts with balances over $1,000.00. At a minimum, the uncollectible debts should be submitted for write-off on an annual basis. HLM shall obtain the following write-off approvals from Budget and Fiscal Services. A listing of all accounts written off should be maintained and provided to HLM.

h. Recordkeeping and Reports.

1) Maintain a subsidiary accounts receivable ledger to accurately account for amounts, billed, collected and outstanding individual account or billing.

2) At a minimum, on a monthly basis, prepare the following reports to assist in monitoring the accounts receivable:

a) Accounts receivable detailed aging report, listing each account balance by age.

b) Accounts at the collection agency.

c) Accounts written off - cumulative listing for the year.

3) Obtain from the collection agency a listing of accounts assigned to them for collection. A separate report should be prepared for each type of receivable. Reconcile the collection agency report to the Contractor's records on a least a quarterly basis.

4) Annually, by July 31, submit a copy of the June 30, accounts receivable summary aging report to HLM for review.

5) Annually, by July 31, submit a report for the year ended. June 30, which lists the total number of accounts and total dollar amount of each of the following items to HLM for review. A separate report shall be prepared for each type of accounts receivable.

- Billings
- Accounts assigned to the collection agency
- Accounts collected by the collection agency
- Fees paid to or withheld by collection agency

- Accounts written off

The CONTRACTOR shall bill all tenants and shall make diligent efforts consistent with both residential and commercial reasonable standards, to collect all rent and other charges due and payable from any tenant or from others for services provided in connection with the Project. The CONTRACTOR shall deposit all monies so collected in the Operating Account within 24 hours of receipt. The CONTRACTOR shall collect from the tenant all costs chargeable to the tenant by before the close of the next rental period and deposit into the Operating Account. The CONTRACTOR shall attach all records of disbursements from the Operating Account with supporting documentation such as approved invoices/bill to monthly financial reports.

j. Security Deposit. The CONTRACTOR shall deposit collection of all security deposits in connection with the management and operation of the Project into the Security Deposit Account.

k. Net Income. The CONTRACTOR shall deposit Net Income, defined as gross collections minus the sum of management fees and approved operating costs, into the Replacement Reserve Account.

l. Miscellaneous Income. The following can be considered as income in the calculation of Gross Income:

Charges collected from tenants for items such as, damages to unit, damages to common areas, bad checks, late fees, re-keying of unit, lost keys in elevator shaft.

6. Expenditures.

The CONTRACTOR shall pay for Project expenditures from the Project accounts as follows:

a. Operating Account. The CONTRACTOR shall make all payments for salaries, wages, fringe benefits, and payroll taxes to or for on-site staff employees, on-site computer services and fees, marketing, routine maintenance/repairs, maintenance/repairs, emergency/urgent repairs, utilities and other project-wide services (including, but not limited to, services for the installed fire alarm system, water and sewer, electricity, gas, vermin extermination, decorating, telephone/Wi-Fi/television cable, and trash, as applicable), and off-site computer services as specified and reflected as approved Project expenses on the financial statement. The following off-site costs and fees shall be provided by the CONTRACTOR to fulfill the requirements of this AGREEMENT and shall be considered as office supplies to the CONTRACTOR paid through the Operating Account: Postage; Envelopes; File Folders; Paper (including stationary, printer paper, fax paper, and copier paper); Copying and copier expenses; Faxing and facsimile machine expenses; and any off-site CONTRACTOR software programs required to fulfill the requirements of this contract shall require prior approval by the CITY

and submittal of an invoice with the financial statements. Any bank interest earned on this account shall be transferred to the Replacement Reserve Account and shall not be considered in the gross income of the project.

b. Security Deposit Account. The CONTRACTOR shall make all refunds of security deposits and unearned rent when tenants vacate within fourteen (14) days. Any portion of the security deposit remaining, if any, must be returned to the tenant within fourteen (14) days after the termination of the rental agreement. Any bank interest earned on this account shall be transferred to the Replacement Reserve Account and shall not be considered in the gross income of the project.

c. Replacement Reserve Account. The CONTRACTOR shall seek CITY approval prior to making any payments from this account. Bank Interest earned on replacement reserve account is not considered part of gross operating income for the purposes of calculating a property management fee.

d. City Approval. Notwithstanding any of the foregoing provisions, the CONTRACTOR shall request prior approval of the CITY for any expenditure equal to or more than TWO THOUSAND FIVE HUNDRED AND NO/100 DOLLARS ($2,500.00) in any one instance for labor, materials, or otherwise in connection with Project expenditures such as operating costs of the Project. Exceptions for this requirement are: recurring expenses within the limits of the Project Operating Budget, or emergency repairs involving manifest danger to persons, property, or required to avoid suspension of any necessary service to the Project. In the latter event, the CONTRACTOR shall inform the CITY immediately. The CONTRACTOR shall follow the Procurement Policy and Procedures as outlined herein.

e. Payment. The CONTRACTOR shall ensure all payments for goods/services received are issued within 30 days of receipt of invoice. If a payment is issued in excess of 30 days from the receipt date or a late fee is assessed, the City shall deduct the interest paid to the vendor in accordance with Section 103-10, HRS, from the CONTRACTOR'S management fee. This shall not apply in those cases where delay in payment is due to circumstances beyond the control of the CONTRACTOR and acceptable to the City.

f. Insufficient Funds. The CONTRACTOR shall inform the CITY in the event the balance in the Operating Account is insufficient to pay disbursements due and payable. The CITY may authorize a transfer from Replacement Reserve Account or subsidize and advance to the CONTRACTOR sufficient funds to cover the deficiency. CONTRACTOR shall provide the CITY a written request for approval to transfer funds from the Replacement Reserve Account. Without the written approval of the CITY, no additional cost other than the items included in the current budget shall be reimbursed to the CONTRACTOR.

7. Reports and Data Collection.

a. Reporting Submittal Requirements. Reporting shall be submitted via paper hardcopy when original signatures are required. Reporting forms format are subject to CITY approval. Reports shall be submitted to:

City and County of Honolulu
Department of Housing and Land Management
650 South King Street, 3rd Floor
Honolulu, Hawaii 96813

Electronic reporting may be accepted in a format approved by the CITY.

b. All data collected, generated, or maintained under this Agreement, including all database contents, shall be the sole property of the City. Contractor shall have no ownership interest and shall provide full access to and export of such data in a format acceptable to DHLM at any time upon request and upon termination.

c. Monthly Reports. By the fifteenth (15th) day of each month, the CONTRACTOR shall submit a report to the CITY, at no cost, a detailed financial statement which shall include the following:

1) A cash receipts and disbursements register to record all operating receipts and expenditures of the Project for the previous month.

2) A financial statement based on accrual accounting method, in electronic format, of the income and expenditures for the previous month.

3) A detailed rent roster listing all tenant rents, other charges collected, and any other Project revenues.

4) A list of all Project operating expenses for the month and a schedule of tenant delinquencies for the month.

5) Actual and budgeted income and expense figures for the reported month, as well as cumulative year-to-date.

6) The percentage variance between actual income and expense versus the budget for the reported month and for the cumulative year-to-date.

7) A report of significant variances.

8) A reconciliation schedule of security deposits, a schedule of unpaid invoices, and a schedule of any reserve accounts. All bank statements shall be reconciled on a timely basis and copies of these statements shall be submitted with each month's financial report.

9) Revenue and Expenses Summary Reports including, but not limited to the following:

a) Cash Receipts Ledger.
b) Cash Disbursements Ledger/Check Register (The description of expenditures shall be detailed so as to provide for an accurate expenditure).
c) Journal entries.

10) Cash Reconciliation Reports including, but not limited to the following:

a) Bank Statement for each Required Account.
b) Bank Reconciliation.

11) A Security Deposit Report, listing each unit on a monthly basis as approved by the CITY.

12) Statistical Data Report (Sampled attached hereto as Exhibit A)

13) Copies of invoices to be submitted in the monthly financials in an orderly manner, grouped by accounting code or like items.

14) Copies of CITY approvals.

15) A manager's report, summarizing the monthly physical inspections of all common areas, and any area being used by the CONTRACTOR, listing current conditions and any actions to be taken for any repairs needed. A list of all vacant units, when vacated, repairs needed, repairs done by, when available to be leased. A breakdown of work orders submitted by the tenants, when submitted, when completed, completed by in-house staff or outside vendor.

16) A Project financial report (a sample is attached hereto as Exhibit B).

17) A Property Inspection record log of monthly property inspections of the Project as specified and the annual unit inspection report including a safety checklist (a sample is attached hereto as Exhibit C).

18) Laundry income report from vendor.

19) The CONTRACTOR shall submit additional documents for the following types of costs for the month payment is made:

a) Equipment and Tool Purchases approved by the City.

- Copy of the paid invoice.
- Detailed description of the equipment purchased.
- Cost.
- Vendor name.
- Purchase date.
- Manufacturer.
- Model Number.

- Serial Number.
- Location
- Check number and date.

b) Repairs and Maintenance Costs, Building Improvement Costs, and Land Improvement Costs.

- Copy of the paid invoice.
- Cost.
- Contractor name.
- Unit number and address.
- Check number and date.
- And any additional reports requested by the CITY.

c. Inventory. The CONTRACTOR shall keep a current Project inventory by manufacturer, model and serial number of all appliances, tools, equipment and supplies purchased by the CITY and provide it with the Annual Report or at CITY's request.

d. Annual Financial Report. With respect to each fiscal year ending during the term of this AGREEMENT, the CONTRACTOR shall have an Annual Financial Report prepared by a certified public accountant, which shall be submitted to the CITY within sixty (60) calendar days or as otherwise specified after the end of the fiscal year. Compensation for the preparer's services shall be paid from the Operating Account as an expense to the Project. The record log of monthly property inspections of the Project as specified, and the annual inspection report of each unit including a safety checklist shall be submitted with the Annual Financial Report.

e. The CONTRACTOR shall submit annual Common Area Maintenance reconciliation reports to the City for approval for commercial entities in accordance with lease terms.

f. Annual Manager's Report. Perform a comprehensive physical inspection of all units and the Project annually, and submit to the CITY a written report of said inspection, to include but not limited to, recommendations and solutions to noted, problems, preventative maintenance action to be taken, etc.

g. Replacement Reserve Schedule. The CONTRACTOR shall establish a replacement reserve schedule. The replacement reserve schedule shall be evaluated annually, and adjustment shall be reflected in the budget and monthly financial report.

h. Records. The CONTRACTOR shall make all records available to the CITY and its auditors within three (3) working days of the CITY's request or as otherwise specified.

8. **Employees/Independent Contractors of Property Manager.**

The Property Manager shall employ, directly or through third party contractors, employees and/or independent contractors to enable the Property Manager to manage, operate and maintain the Project. All matters pertaining to the supervision of such employees and independent contractors shall be the responsibility of the Property Manager. All salaries, benefits and positions of employees who perform work in connection with the Project shall be consistent with the Budget and shall be reported in the monthly financial reports.

a. Hiring and Equal Employment Opportunity. During the performance of this AGREEMENT, the CONTRACTOR shall not discriminate against any employee or applicant for employment because of sex, race, creed, color, religion, or national origin. The CONTRACTOR shall take affirmative action to ensure that applicants are employed without discrimination and that employees are treated during employment without regard to sex, race, creed, color, religion, or national origin. Such action shall include but not be limited to the following: employment; upgrading; demotion or transfer; recruitment or recruitment advertising; all other advertising as specified; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR shall insert provisions similar to the foregoing in all subcontracts, except subcontracts for standard commercial supplies or raw materials.

b. Minimum Wages and Hours of Work. Each contract entered into by the CONTRACTOR for which any laborers or mechanics are employed in such operation (other than contracts for the furnishing of materials or equipment and not involving work normally done at the Project other than the delivery of such material or equipment) shall require that they shall be paid, and the CONTRACTOR shall itself pay, to all such maintenance laborers and mechanics, not less than the minimum wage required by law.

c. Contract Work Hours Standards Act – Overtime Compensation. Neither the CONTRACTOR nor any subcontractor contracting for any part of the work under this AGREEMENT that may require or involve the employment of laborers or maintenance workers shall require or recruit any laborer or maintenance worker in any work week in which the laborer or maintenance worker is employed on such work to work in excess of eight (8) hours in any calendar day or an excess of forty (40) hours in such work week, unless such laborer or maintenance worker receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of eight (8) hours in any calendar day or in excess of forty (40) hours in such work week, as the case may be.

d. Noncompliance. In the event of any violation of the provisions above, the CONTRACTOR and any subcontractor responsible therefore, shall be liable to any affected employee for these unpaid wages. The CITY may withhold or cause to be withheld from the CONTRACTOR fee such sums as may be determined to be necessary to satisfy any liabilities of the CONTRACTOR or such subcontractor for unpaid wages as provided above. In the event the

CONTRACTOR fees are insufficient to satisfy any liabilities for unpaid wages, the CITY may seek legal action against the CONTRACTOR. The CONTRACTOR shall insert the foregoing requirements in any subcontracts, and also a clause requiring the subcontractor to include these subparagraphs in any lower tier subcontract that the CONTRACTOR may enter into, together with a clause requiring this insertion in any further subcontracts that may in turn be made.

e. Administrative Assistant. The CONTRACTOR shall have the Certified Administrative Professional ("CAP") or Administrative Assistant ("AA") complete income examinations of tenant eligibility and rent determination for new move-ins and annual re-certifications sixty (60) days prior to the last annual examination date. In addition to the CAP or AA review, the Property Manager or designated staff shall also review each file. Two (2) signatures shall be required for each party completing the reviews.

f. Training. The CONTRACTOR shall train and supervise on-site staff required for the operation of the Project. The compensation for the on-site staffing positions shall be approved by the City as provided in the Project Operating Budget submitted by the CONTRACTOR as part of its qualification documents and considered a Project expense from the Operating Account. Any and all training costs are the responsibility of the CONTRACTOR. The site office shall not be closed during normal business hours for staff training unless approved by the City.

g. Compensation. The CONTRACTORs shall have sole discretion regarding compensation of bookkeeping, clerical, and other off-site personnel, provided minimum wage standards are met and at the expense of the CONTRACTOR, except for other employee's salary which shall be based on the actual time spent for the Project and shall require submission of a time sheet monthly. All compensation paid by the City to the CONTRACTOR shall be verified yearly thru the CONTRACTORS reported Form 1099-NEC (Nonemployee Compensation). The City reserves the right to request all personnel billing being paid by the Project.

h. Resident Manager. The CONTRACTOR shall provide a qualified and suitable full-time Resident Manager. A one-bedroom apartment (Unit #220) shall be provided at no cost to the fulltime On-Site Resident Manager only. If the resident manager does not occupy the designated unit, that unit will then be returned to the general inventory and be made available as part of the rental pool. The office in the building shall serve as the Resident Manager's office. The Contractor shall provide the necessary training and supervision at no cost to the Project. At a minimum, the Resident Manager shall maintain the entire premises at a level of repair satisfactory to the City. All work performed shall be recorded on a work order form and include an appropriate invoice if contracted out. One (1) copy of the work order or invoice shall be retained in a central maintenance file and one (1) copy shall be kept in the tenant's file. All work orders for unit repairs are to be entered into the Yardi system within 24 hours of receipt. There is no utility allowance for the Resident Managers living unit.

i. Contractor Occupied Spaces. Maintenance, Janitorial, Supply and Storage rooms shall be maintained in a professional manor at all times. They shall be kept free of trash, debris and personal items. All tools and equipment shall be returned to the proper workshop on a daily basis. All tools, supplies and materials shall be categorized and kept in a professional manner. All tools and equipment bought for use on the property shall be preapproved by the CITY and shall be recorded as noted in Attachment A. No CITY equipment or tools shall leave the property without prior CITY approval. The CONTRACTOR shall provide a complete and up to date inventory of tool, equipment and supplies at the end of each quarter.

j. Uniform Requirements for On-Site Staff. CONTRACTOR shall require all on-site personnel, including, but not limited to, maintenance technicians, leasing agents, janitorial staff, and property management staff – to wear professional, company-issued uniforms during all working hours.

Each uniform shall include, at a minimum:
- A collared shirt (e.g. polo or button-down) in a consistent company-approved color.
- The company name and/or logo clearly displayed on the shirt.
- A name badge identifying the employee, to be worn at all times during work hours while on property.
- Appropriate professional attire (e.g., work pants, clean closed toe shoes) depending on the employee's role/duties.

Uniforms shall be clean, well-maintained, and worn in a neat and presentable manner at all times. The cost of providing, replacing, and maintaining staff uniforms shall be borne by the CONTRACTOR and shall not be charged to the project unless prior written approval is obtained from the HLM.

k. On-Site Staff. The on-site staffing for this project shall be:

1) One (1) Fulltime Resident Manager
2) One (1) Fulltime Office Certified Administrative Professional ("CAP") or Administrative Assistant ("AA")
3) One (1) Fulltime higher skilled maintenance person (supervisor level for the maintenance, janitorial and laborer).
4) One (1) Fulltime Maintenance person.
5) Two (2) Fulltime janitorial / Laborer.

All staff schedules shall be posted with assigned areas and duties in the maintenance office and resident manager's office. The City reserves the right to request schedules at any time.

All parking available thru Propark, Inc. for on-site staff is the sole responsibility of the CONTRACTOR.

l. Miscellaneous Employee Time. It is understood and agreed that the CONTRACTOR's work plan includes "miscellaneous employee time," which

is defined as vacation, holiday and sick leave. The CONTRACTOR and its employees shall not be allowed to accrue vacation or sick leave beyond the term of the Contract. All unused vacation and sick leave must be forfeited at the end of the Contract period and each Contract period thereafter or at the end of each Fiscal Year ending June 30th. The CONTRACTOR shall not convert vacation and/or sick leave credits to cash at the expense of the City. The CONTRACTOR shall have a "temporary person" fill the position of any staff member that is off-site for a period of five (5) business days or longer.

9. <u>Communications and Tenant Relations.</u>

The CONTRACTOR shall:

a. Respond to and resolve complaints from the community directed at the Project. The CONTRACTOR shall notify the CITY of any complaints directed at the Project via detailed email within twenty-four (24) hours of receiving the complaint, followed up with a formal memorandum.

b. Respond to and resolve complaints/problems from the tenants. Provide and maintain adequate documentation of tenant complaints and CONTRACTOR's responses and/or resolutions of complaints. The CITY may at any time request to review CONTRACTOR's records for any tenant complaint.

c. Maintain good communication between tenants and management personnel. Request constructive comments and suggestions from the tenants.

d. Provide for twenty-four (24) hour coverage of emergencies and provide necessary assistance.

e. Institute office hours Monday through Friday from 7:45 a.m. to 4:30 p.m. except for holidays observed by the CITY and provide after hour emergency contact phone number(s) to the tenants. All after hours emergency contact numbers shall be posted in the window of the Resident Mangers Office and on the designated bulletin board on each residential floor. This shall include the numbers for the On-Site Security Company Desk and Main Office, Emergency Staff Contact Number, Message Service and all City and County of Honolulu emergency contact numbers.

f. Not implement additional or alternative paid holidays, including without limitation, the closure of business days at the CITY's expense and/or without written consent by the Officer-in-Charge ("OIC").

g. The CONTRACTOR shall make recommendations for changes as necessary for City approval from time to time as deemed needed. The CONTRACTOR shall enforce House Rules and local ordinances to reduce or eliminate the number of incidents of crime, vandalism, rule violation and nuisance behavior. All notices posted shall be in the three most used languages as indicated by the current tenant data. Language access to limited English proficient individuals - this includes providing interpreters (not family members, friends or other tenants) and possibly translating vital documents.

h. The CONTRACTOR shall implement and comply with HUD's Reasonable Accommodation Policy and plan to accommodate tenants with disabilities. A log shall be maintained which includes adequate documentation of reasonable accommodation requests and responses and/or resolutions. The City may at any time request to review the policy and plan documents and also the reasonable accommodation log generally or for any specific tenant. No pets are allowed without a Reasonable Accommodation Request verified by and confirmed thru a local (Oahu) physician. All animals must be certified in the area of request for accommodation. Contractor shall follow the HUD service animal guidelines. There shall be a limit of two animals per unit.

i. The CONTRACTOR shall be required to market residential units, interview, screen, and select tenant according to tenant selection policy. The City reserves the right to change or modify this section of the contract to allow for homeless initiatives to be considered for housing.

j. The CONTRACTOR shall be responsible for screening of tenants for selection. This shall include employment verification, rent-check inquiry, prior/present landlord reference check, other references checks, credit report review, and criminal background checks.

k. The CONTRACTOR shall evaluate rental rates annually, and submit recommendations and supporting data to HLM for approval no less than sixty (60) days before the beginning of the next operating fiscal year.

l. The CONTRACTOR shall provide services in compliance with all Federal and State nondiscrimination statutes and regulations and civil rights related program requirements (which prohibit the denial of benefits and discrimination on the basis of, but not limited to race, color, religion, sex, including gender identity or expression, sexual orientation, disability, marital status, familial status, ancestry, age, human immunodeficiency virus infection, or national origin, or retaliation), including, but not limited to the most recent revisions of, Title VI of the Civil Rights Act of 1964, as amended; 24 CFR, Part 100-Discriminatory Conduct Under the Fair Housing Act of 1975, amended 24 CFR, Part 146 Age Discrimination Act of 1975, as amended; 24 CFR 200.600 Affirmative Fair Housing Regulations, as amended; 24 CFR 880.612a, 883.701, 884.223a, 886.329a, as amended; 42 U.S.C. 13641 Title VI, Subtitle D of Housing and Community Development Act of 1992, as amended; Uniform Federal Accessibility Standards (UFAS), effective July 11, 1988, as amended; Title VIII of the Civil Rights Act of 1968, Fair Housing ACT, as amended; 24 CFR, Part 200, Subpart M, as amended; 24 CFR, Part 110 (and the Fair Housing Act), as amended; Section 504 of the Rehabilitation Act of 1973, as amended; Title VI, Subtitle D of the Housing and Community Development Act of 1992 (42 U.S.C. 12641), as amended; 24 CFR 1.6, 8.55(b) and 107.30, as amended; and HRS Chapter 515, as amended.

m. The CONTRACTOR shall provide services in compliance with Title VI of the Civil Rights Act of 1964, as amended, HRS, Chapter 321, C, and associated

regulations which require recipients of federal funds to take reasonable steps to ensure meaningful access to their programs and activities by Limited English Proficient (LEP) persons. The Contractor must establish and maintain Title VI and Language Policies and Plans to ensure effective communication with LEP individuals. The City may at any time request to review policies and plan documents. The Contractor shall provide services in compliance with Title VI of the Civil Rights Act of 1964, as amended, HRS, Chapter 321, C, and associated regulations which require recipients of federal funds to take reasonable steps to ensure meaningful access to their programs and activities by Limited English Proficient (LEP) persons. The CONTRACTOR must establish and maintain Title VI and Language Policies and Plans to ensure effective communication with LEP individuals. The City may at any time request to review policies and plan documents. The CONTRACTOR shall implement and comply with HUD's Reasonable Accommodation Policy and plan to accommodate tenants with disabilities. A log shall be maintained which includes adequate documentation of reasonable accommodation requests and responses and/or resolutions. The City may at any time request to review the policy and plan documents and also the reasonable accommodation log generally or for any specific tenant.

10. Tenant Occupancy Policies and Procedures.

a. Amount of Rent to be Charged. The CONTRACTOR shall follow the tenant selection policy, and rent 25% of units to households with gross incomes not exceeding 60% of Area Medium Income (AMI) of Honolulu's Moderate Income (MOD), 25% of units to households with gross income limits not exceeding 80% AMI of Honolulu's MOD, 25% of units to households with gross income limits not exceeding 120% AMI of Honolulu's MOD and 25% of units to households with gross income limits not exceeding 140% AMI of Honolulu's MOD. CONTRACTOR shall follow guidelines established by the Hawaii Housing Finance & Development Corporation (HHFDC) Fair Market Rent Schedule for the applicable year. Electronic Transfer of Fund (ETF) option for Rent collection is required, in addition to any other methods in use.

b. Annual Adjustments of Rents. The CONTRACTOR shall have a CAP or AA conduct an annual examination of income for each tenant in the affordable units to establish the tenant's eligibility for the ensuing twelve (12) month period. Such examination shall be conducted on the tenant's anniversary date or other appropriate date established by the CONTRACTOR in coordination with Section 8 office for the Section 8 tenants.

c. Periodic Re-Examinations. Whenever a tenant in an affordable unit reports a change in income that would affect the tenant's eligibility, the CONTRACTOR shall have a CAP or AA conduct a re-examination of income and shall make adjustment in accordance with the City and Section 8 program policies on income adjustments.

d. Rental Rate Increases. The CONTRACTOR shall not exceed the maximum allowable rent established annually by the U.S. Department of Housing and

Urban Development (HUD) and the HHFDC, as applicable to the specific property and tenant income qualifications.

The CONTRACTOR shall review the HUD HHFDC rent limits annually and ensure that any rent adjustments remain within the published limits. Documentation supporting the rent increase and confirmation of compliance shall be maintained and made available for audit or review upon request.

The CONTRACTOR shall provide written notice of any rent increase to tenants in accordance with applicable landlord-tenant laws and lease provisions, including but not limited to the minimum notice period required under Hawaii Revised Statutes.

At any time, a rent adjustment may approach or exceed HUD HHFDC limits, the CONTRACTOR shall obtain prior written approval from HLM before implementation.

e. Initial Placement Procedures.

1) At the initial placement of new tenants, the CONTRACTOR shall collect from the tenant, the first month's rent, prorated to the end of that month, plus a security deposit. The CONTRACTOR shall then deposit the first month's rent into the Project's Operating Account.

2) At all initial placements, the CONTRACTOR shall thoroughly familiarize the tenant as to the tenant's rights and responsibilities, as defined by the rental agreement and House Rules. The CONTRACTOR and tenant shall also inspect the unit together to:

a) Familiarize the tenant with the unit and instruct him/her in the proper use and care of the unit and furnishings; in particular, proper use and cleaning of appliances, kitchen cabinets and bathroom fixtures.

b) Check the condition of the furniture, appliances, fixtures and the unit. Tenant shall sign a unit inventory/condition report form which lists these items, and which shall be made a part of the rental agreement. Thereafter, the tenant shall be liable for any losses or damages, normal wear and tear excepted.

f. Vacates.

The CONTRACTOR shall ensure the smooth transition for tenants moving out of the Property and provide the minimum services:

1) Twenty-eight (28) days advance notice of intent to vacate shall be required of the tenant per the Rental Agreement.

2) Manage unit vacancies, move-outs, and abandoned units at the Property in compliance with the terms of Chapter 521, HRS, Landlord-Tenant Code.

3) Conduct an initial move-in inspection with the tenant present to inspect the unit and provide the tenant the keys to the unit. Photos shall be taken of entire unit at time of signing lease and kept in tenant file.

4) Conduct a move-out inspection with the tenant present to inspect the unit and collect from the tenant the keys to the unit. Photos shall be taken of entire unit at time of move out walk thru and kept in tenant file.

5) Ensure that proper documentation is completed and filed, and a vacant unit is filled within the required time frames.

6) Ensure that abandoned units are properly assessed and referred to as "abandoned", using the date the abandoned unit was discovered as the first (1st) day of vacancy.

7) The tenant's initial move-in inspection form shall be checked against the current condition and noted on the move-out inspection form of the unit. Tenant shall be informed of any charges and such charges shall be deducted from the tenant's security deposit.

8) The CONTRACTOR shall submit a documented claim for reimbursement for such costs in the CONTRACTOR's monthly billing to the City. However, the CONTRACTOR shall not be entitled to compensation for any cleaning or maintenance work done in the vacated units by project staff, such work being deemed to be ordinary maintenance.

9) If inadequate cleaning or damages to a unit by a vacating tenant causes the CONTRACTOR to incur additional costs to affect such cleaning, the CONTRACTOR shall be entitled to compensation for such extra costs if funds in the security deposit are inadequate and efforts to collect from the tenant are unsuccessful.

g. Re-Renting of Vacant Units.

1) Application for Rental. The CONTRACTOR shall accept applications from the public and maintain a file of these applications. The applications shall be listed in the order received. All applicants shall provide information on family composition, income and employment, and current housing situation. Applicants shall be informed that their previous landlord shall be contacted to inquire on their rent paying and housekeeping habits and that their criminal background and credit rating shall be checked. Unsatisfactory reports on these factors may be cause for rejection of the application or non- selection as a tenant. The CONTRACTOR shall counsel all prospective tenants regarding eligibility for affordable units and shall prepare and verify eligibility certifications and recertification.

2) Tenant Selection.

Selection of tenants shall be in the following order of priority:

a) The CONTRACTOR shall follow the tenant selection policy, and rent 25% of units to households with gross incomes not exceeding 60% of Area Medium Income (AMI) of Honolulu's Moderate Income (MOD), 25% of units to households with gross income limits not exceeding 80% AMI of Honolulu's MOD, 25% of units to households with gross income limits not exceeding 120% AMI of Honolulu's MOD and 25% of units to households with gross income limits not exceeding 140% AMI of Honolulu's MOD.

b) Vacant Americans with Disabilities Act (ADA) Accessible units shall be offered as follows:

   i. First, to a current tenant of another unit of the Project or comparable project under common control, having one (1) or more disabilities requiring the accessibility features of the vacant unit and occupying a unit not having such features, or, if no such tenant exists.

   ii. Second, to an eligible qualified applicant on the waiting list having one (1) or more disabilities requiring the accessibility features of the vacant unit, or, if no such tenant exists.

   iii. Third, to an eligible qualified applicant on the waiting list that does not have any disabilities requiring accessibility features of the vacant unit. Third, to an eligible qualified applicant on the waiting list that does not have any disabilities requiring accessibility features of the vacant unit to agree (and incorporate this agreement in the lease) to move to a non-accessible unit when one becomes available.

c) All prospective tenants will be placed on the waiting list according to the date of the application receipt.

d) The CONTRACTOR shall show the premises to prospective tenants.

e) The CONTRACTOR shall take and process applications for rentals. If any application is rejected, the applicant will be told the reason for rejection and the rejected application, with reason for rejection noted thereon, will be kept on file for one (1) year. A current list of prospective tenants will be maintained.

f) The CONTRACTOR shall prepare all rental agreements and will execute the same in its name, identified thereon as agent for the City. The rental agreement shall be in a form approved by HLM but individual rental agreements need not be submitted for the approval of HLM.

g) The City reserves the right to change or modify this section of the Agreement to allow for homeless initiatives to be considered for housing in compliance with Federal, State and County laws.

h. Occupancy Standards.

The CONTRACTOR shall adhere to the following standards:
Studio: One (1) person, no more than two (2) persons.
One-Bedroom: One (1) person, no more than three (3) persons
Contractor must remain in compliance with Revised Ordinances of Honolulu (ROH) Chapter 27 Housing Code, Article 4. Space and Occupancy Standards, Section 27-43 room dimensions at all times.

11. Parking Garage.

The Project includes a parking structure with two hundred seventy-five (275) parking stalls, one hundred twelve (112) of the stalls are for public use and one hundred sixty-three (163) unassigned stalls are for the residents. The management of the parking garage is not part of this Agreement, the management of the parking garage is under the jurisdiction of the Department of Transportation Services and is contracted to a private parking firm (ProPark, Inc.). However, the CONTRACTOR is responsible for determining the proportionate share of the operating expenses for the common area to be borne by the private parking company and collect all such charges. Maintenance and repair of and the security of the garage is the responsibility of the CONTRACTOR.

12. Commercial Spaces.

There is 21,339 square feet of improved commercial space in a two-story building, plus 943 square feet of courtyard. The Project also includes all common area landscaping; all garage, mechanical, elevator, lighting and ventilation components; all sidewalk areas; and all plaza promenade and fountain elements. The CONTRACTOR shall provide complete commercial property management services, including, but not limited to physical maintenance of the premises, collecting monthly revenues and fees, depositing all Project income into Project bank accounts as specified by the City, making all Project disbursements as specified from the Project accounts, providing accounts and reporting services according to procedures as specified by the City. The CONTRACTOR shall NOT conduct solicitation and placement activities for new tenants/permittees under this Agreement. If an interested party contracts the CONTRACTOR with an inquiry of this nature, their information should be forwarded to HLM for discussion and consideration.

B. MANAGEMENT PLAN.

The CONTRACTOR shall submit to the CITY, a management plan that provides comprehensive and detailed description of the policies and procedures to be followed in the management of the Project. The CONTRACTOR shall have the capability to provide complete management services, including but not limited to

physical maintenance of the premises, establishing and collecting rents, depositing all Project incomes into Project bank accounts, and providing accounts and reporting services according to procedures specified by HLM. The management plan shall be **submitted and approved** by HLM ("Management Plan") **prior to issuance of the Notice to Proceed** (NTP). HLM and the CONTRACTOR shall comply with all applicable provisions of the Management Plan. If there is a conflict between the CONTRACTORS' Management Plan and this AGREEMENT, this AGREEMENT shall prevail.

C. VENDING RESTRICTION.

The CONTRACTOR shall not install, maintain, operate, or permit the installation, maintenance or operation of any currency, coin, token or credit card-operated vending machine or device, for the purpose of vending or providing any product (including food and beverage items) or service (for the purposes hereof, amusement or entertainment shall be deemed a service) upon any part or portion of the Project without prior written approval of the CITY. Vending machines include, but are not limited to newspaper racks, and other currency and coin operated devices. All income derived from vending operations shall be deposited into the Operating Account. All services provided shall be restricted for Project use only and not available to the general public. All income generated from the Project shall be deposited into the Operating Account.

V. PROCUREMENT POLICY AND PROCEDURES FOR CITY-OWNED RENTAL PROPERTIES.

The CONTRACTOR shall abide by the following procurement policy and procedures:

A. PURCHASE DISCOUNTS, REBATES OR COMMISSIONS.

The CONTRACTOR shall obtain contracts, materials, supplies, utilities and services on the most advantageous terms to the Project, and shall solicit bids, either formal or informal, for items that can be obtained from more than one source. The CONTRACTOR shall secure and credit to the Project all discounts, rebates, or commissions obtainable with respect to purchases, service contracts, and all other transactions on the CITY's behalf. The CONTRACTOR shall also provide to the CITY original copies of all service contracts for the Project.

The CITY and the CONTRACTOR agree that all goods and services purchased from individuals or companies shall not have a conflict-of-interest with the CONTRACTOR.

B. BIDS.

1. Formal Bids.

The CONTRACTOR shall obtain prior written approval from the CITY and solicit bids by advertising in a local daily newspaper or on the CONTRACTOR's publicly accessible website, and by soliciting bids from at least three (3) vendors, for any work item which will cost TWENTY-FIVE THOUSAND AND NO/100 DOLLARS

($25,000.00) or more and for any contract or ongoing supply or service arrangement which is estimated to exceed TWENTY-FIVE THOUSAND AND NO/100 DOLLARS ($25,000.00) per year. The CITY reserves the right to revise the amount specified at any time. The CONTRACTOR agrees to accept the bid which represents the lowest price, taking into consideration the vendor's reputation for quality of workmanship or materials and timely performance, and the time frame within which the service or goods are needed. All formal bids require **prior written approval** by the CITY.

a. The method of soliciting bids, including written bid specifications and instructions to vendors shall be issued uniformly to all potential vendors, so that all vendors are bidding on the same basis.

b. Bids should be sealed, and further, all shall be opened at a specified date and time.

c. Three (3) bids are the minimum required. The CONTRACTOR is encouraged to solicit as many bids as possible. The CONTRACTOR is further encouraged to refrain from using the same vendor repeatedly simply because it is convenient to do so, and possibly resulting in limited competition.

d. The CONTRACTOR must make a written record of all bids obtained. Copies of all required bids and documentation of all other written or verbal cost comparisons made by the CONTRACTOR shall be made part of the Project's records and shall be retained for three (3) years from the date the work was completed.

e. The CITY shall reserve the right to purchase the goods or services, construction or professional service through the CITY's Division of Purchasing.

f. The General Terms and Conditions (GTC) for the City and County of Honolulu dated 2/1/15, as amended, shall apply to all formal bids. If not physically attached, it shall be incorporated by reference.

g. Bid bonds, Performance Bonds, Labor and Material Bonds may apply, pursuant to the General Terms and Conditions dated 2/1/15, as amended.

h. Contractors shall follow Chapter 444 of the Hawaii Revised Statutes, relating to licensing of contractors when bidding construction bids.

2. Informal Bids.

In accordance with Section IV. Performance Requirements and Instructions, Subsection A. Contractors Responsibilities, Paragraph 2. Maintenance and Repairs, Item f. Bids/Extraordinary Repairs, for purchases of any one instance for labor, materials, or otherwise in connection with maintenance and repair of the Project or specified as Project expenditures such as operating costs that are between TWO THOUSAND FIVE HUNDRED AND NO/100 ($2,500.00) and TWENTY FOUR THOUSAND NINE HUNDRED NINETY NINE AND NO/100

DOLLARS ($24,999.00) per year, a minimum of three (3) **written** bids, shall always be solicited; and if less than three (3) bids are received, the CONTRACTOR shall document the names of the three (3) bidders who were solicited and/or submitted bids. City approval shall be required.

The General Terms and Conditions (GTC) for the City and County of Honolulu dated 2/1/15, as amended, shall apply to all informal bids. If not physically attached, it shall be incorporated by reference.

VI. CONTRACTOR COMPENSATION AND GROSS RENTAL INCOME.

A. MANAGEMENT FEE.

The CONTRACTOR shall be compensated for its services under this AGREEMENT by a management monthly fee, to be paid out of the Project's Operating Account and treated as a Project expense. Such fees will be payable on the first (1st) day of each month. A detailed invoice for the management fee will be submitted with the corresponding financial report. The fee will be based on using the **actual** monthly gross collections.

The monthly management fee to be paid by the Project to the CONTRACTOR shall be based on a percentage of gross collections, as submitted in Appendix C: Pricing/Certifications multiplied by the actual monthly gross collections obtained. The management fee monthly gross collections provided in Appendix C: Pricing/Certifications shall serve only for the purpose of determining the low bid.

B. GROSS COLLECTIONS.

Gross collections shall be defined as all income derived by the Project including, but not limited to rental income, other tenant charges, rent subsidies, laundry collections. Interest earned on all project bank accounts shall not be included in Gross Collections calculations.

The CONTRACTOR and the CITY shall comply with HRS, Section 102-14 relating to blind vending facilities and/or vending machines in public buildings.

See Appendix C: Pricing/Certifications for proposed monthly management fee.

VII. TRANSITION.

Upon completion of the AGREEMENT, the CONTRACTOR shall provide for a seamless transition of all records relating to but not limited to finances, tenants, facilities, service contracts, and operations.

As part of the transition process, the CONTRACTOR shall complete the Statement of Receipt & Transfer of Management Responsibilities Form (attached hereto as Exhibit D) with the required documents and submit to the OIC no later than forty-five (45) days prior to the contract termination date.

Should the AGREEMENT be terminated in accordance with the CITY's General Terms and Conditions dated 2/1/15, the CONTRACTOR shall turn over to the CITY all the Project's cash, trust accounts, investments, and all records within thirty (30) days after the date the AGREEMENT is terminated.

Exhibit A: Sample Statistical Data Report

Monthly Statistical Data Report

Project Name	
Total Unit Types	
Studio	0
1 Bedroom	0
2 Bedroom	0
Total	**0**
Removed from Inventory	
Studio (Property Office & Resident Mgr)	0
1 Bedroom	0
2 Bedroom	0
Total	**0**
Units Available For Rent	
Studio	0
1 Bedroom	0
2 Bedroom	0
Total	**0**
Units Under Maintenance	
Studio	0
1 Bedroom	0
2 Bedroom	0
Total	**0**
Units Rented	
Studio	0
1 Bedroom	0
2 Bedroom	0
Total	**0**
Vacancies as of (date)	
Studio	0
1 Bedroom	0
2 Bedroom	0
Total	**0**
Household Information	
Single Parent Households	0
Two Parent Households	0
Adult only Households	0
Total Households	**0**

Veterans	**0**
Income	
Employed Households	0
Unemployed	0
Social Security Benefits	0
VA Benefits	0
Total	**0**
Adult & Child Demographic	
Adults	0
Children	0
Total Adults & Children	**0**
Child Age Groups	
Pre-School Age Children	0
Elementary Age Children	0
13+ Children	0
Total Chilldren	0
Previous Living Conditions	
Sheltered	0

Complaints

None

Exhibit B: Sample Financial Report

Project Name: _____

Managing Agent: _____

For the month: _____

Cash Reconciliation

Residential Bank Account #:_____

Beginning Balance: $_____
Receipts
Expenditures
Security Deposit-Receipts
Security Deposits-Refunds
Transfer from Reserves-SD
Transfer to Reserves-SD
Transfer to Reserves-Reserves Int
Transfer to Reserves-SD Int Payment to City
Transfer to Commercial Account

Ending Balance: $_____

Parking Bank Account#: _____

Beginning Balance **$** _____

Receipts
Expenditures
Security Deposit-Receipts
Security Deposits-Refunds
Transfer from Reserves
Transfer to Reserves Payment to City
Transfer to Residential Account

Ending Balance **$**_____

Project Name: _____

Managing Agent: _____

For the month: _____

Summary of Revenues & Expenses

Revenues:

Rental Income
% of Rent
Commissions
Delinquent Charges Deposits on Account Laundry Income
Operating Charges Parking
Other Income

Total Rental Revenues:
Interest Income
Total Revenues
Less Revenues Collected Advance
Net Revenues

Expenditures
Administrative and General:
Administrative Expenses
Advertising
Legal Fees
Administrative Salaries
Clerical Payroll
Maintenance Payroll
Resident ·Manager Payroll and Payroll Taxes
Payroll Processing Service Office supplies
Postage
Xerox
Rent/Check Credit Services Tenant Computer Accounting Mileage
Excise Tax
Taxes & Licenses
Bank Service Charges·

Subtotal-Admin and general Maintenance:

Building Maintenance
Other Equipment Maintenance Elevator Maintenance
Grounds Maintenance
Poll Maintenance
Other Maintenance
Painting
Subtotal Maintenance

Project Name: _____

Managing Agent: _____

For the month: _____

Summary of Revenues & Expenses

Revenues:
Rental Income
% of Rent
Commissions
Delinquent Charges Deposits on Account Laundry Income
Operating Charges Parking
Other Income
Total Rental Revenues:
Interest Income
Total Revenues
Less Revenues Collected Advance
Net Revenues

Expenditures:
Administrative and General:
Administrative Expenses
Advertising
Legal Fees
Administrative Salaries
Clerical Payroll
Maintenance Payroll
Resident ·Manager Payroll Payroll Taxes
Payroll Processing Service Office supplies
Postage
Xerox
Rent/Check Credit Services Tenant Computer Accounting Mileage
Excise Tax
Taxes & Licenses
Bank Service Charges·

Subtotal-Admin and general Maintenance:

Building Maintenance
Other Equipment Maintenance Elevator Maintenance
Grounds Maintenance
Poll Maintenance
Other Maintenance
Painting

Subtotal-Maintenance

Project Name: _____

Managing Agent: _____

For the month: _____

Summary of Revenues & Expenses

Contractual Services:
Air Conditioning Maintenance Carpet Cleaning Services
Fire Equipment Services
Fire Extinguisher Services
Heat Pump Equipment Services Janitorial Services
Leasing Commissions
Lock Service
Maintenance Salaries
Management Fees
Pest Control
Refuse Services
Security Services
Tree 'Trimming Service
Window Cleaning Service

Subtotal-Contractual services:

Fringe Benefits:
Employee Benefits
Medical Insurance
TDI
Unemployment Insurance
Workers' Comp Insurance
Other Insurance

Subtotal-Fringe benefits

Materials and supplies:
Materials
Supplies

Subtotal-Material & supplies

Insurance:
Insurance - SMP Liability

Subtotal – Insurance

Project Name: _____

Managing Agent: _____

For the month: _____

Utilities:
Electricity
Gas
Sewer Service Charges Telephone
Water
Water and Sewer

Subtotal-Utilities

Office lease & rentals:
Copier Lease
Subtotal-Office lease & rental

Other:
Other Expenses
Relocation Costs
Capital Expenditures:
Equipment Purchases
Building Improvements
Subtotal-Other

Reclassify:
Reserves & Security Deposit Account
Funds Held By Mgt Agent
Subtotal-Reclassification

Total Disbursements
Add Back Reserves Total Rental Expense
Net Income from Rentals Net Rents Paid to the City
Revenues Collected In Advance
Addn to/(Subt fr
Cash Held by Agents

Exhibit C: Sample Building Inspection

(PROPERTY NAME) INSPECTION REPORT

Project Address: Date:

	CONDITION			REMARKS
	GOOD	FAIR	POOR	
A. Roof				
1. Door - Secured?	X			
2. Roofing Membrane, Condition	X			
3. Flashing (Rusting / Holes?)	X			
4. Caulking (Cracks?)	X			
5. Drains (Effective ? Blockage?)	X			
6. Light on Building	X			
B. Elevator Machine Room (Roof)				
1. Door (Secure?)	X			
2. Stairs (Safe?)	X			
3. Cleanliness (No Combustibles?)	X			
4. Air Conditioning (Temp?)	X			
C. Hot Water System (Roof)				
1. Door - Secure?	X			
2. Heater Room- Clean?	X			
3. Heat Pump #1	X			
4. Heat Pump #2	X			
5. Storage Tank #1	X			
6. Storage Tank #2	X			
7. Valves / Meters	X			
8. Piping (Evidence of Leaks?)	X			
9. Insulation	X			
10. Fan #1	X			
11. Fan #2	X			
D. Vents/Screens (Roof)				
1. Right Vent 1	X			
2. Right Vent 2	X			
3. Right Vent 3	X			
4. Right Vent 4	X			
5. Right Vent 5	X			
6. Right Vent 6	X			
7. Right Vent 7	X			
8. Right Vent 8	X			
9. Left Vent 9	X			
10. Left Vent 10	X			
11. Left Vent 11	X			
12. Left Vent 12	X			
13. Left Vent 13	X			
14. Left Vent 14	X			
15. Left Vent 15	X			
16. Left Vent 16				
E. Antenna's (Roof)				
a. Antenna - round				
b. Antenna - kite shaped				
c. Dish				
F. Corridors & Floors				
1. Light Fixtures				

SAMPLE

	CONDITION			REMARKS
	GOOD	FAIR	POOR	
	X			
2. Walls, Condition	X			
3. Floors	X			
4. Doors, Unit & Stairway	X			
5. Exit Signs (Visible?)	X			
6. Elevator Lobbies	X			
7. Stairways - Mauka	X			
8. Stairways - Makai	X			
9. Trash Chutes	X			
G. Building				
1. Main Lobby	X			
2. R/M Office	X			
3. Trash Collection Area (3bins)	X			clear
4. Maintenance Work Area		X		
H. Building Exterior				
1. Walls & Trim	X			
2. Windows	X			
3. Frontage	X			
4. Exposed Air Conditioners	X			
5. Lighting	X			
I. Fire Prevention & Equipment				
1. Fire Extinguishers (All Floors)	X			Next Inspection Date
2. Fire Hoses (All Floors)	X			
3. Sprinklers (Tested annually?)	X			Next Inspection Date
4. Alarm System (Tested Annually?)	X			
5. Dry Standpipes	X			
6. Alarm Pulls (Properly Placed?)	X			
7. Exits (Properly Identified?)	X			
J. Electrical Equipment				
1. Panels Clear	X			
2. Panel Labels (Easy to read?)	X			
3. Lighting	X			
4. Accessibility	X			
5. Cleanliness	X			
K. Elevators #1 & #2				
1. Cab (Doors & Interiors)	X			
2. Buttons & Indicators (All Floors)	X			
3. Emergency Phone & Instructions	X			
4. Emergency Light	X			
5. Flooring	X			
6. Door Tracks	X			
7. Operation (Smooth Run & Level Stops)	X			
L. Building Grounds				
1. Walkways & Stairs	X			
2. Driveways		X		

SAMPLE

	CONDITION			REMARKS
	GOOD	FAIR	POOR	
3. Parking Areas		X		patched but still need to be re-paved
4. Lighting	X			
5. Landscaping (Grass & Hedges)	X			
M. Recreation Areas				
1. Grass	X			
2. Picnic Tables, 2 benches	X			
3. Lighting	X			
4. Safety	X			
5. Cleanliness	X			
N. BBQ Area				
1. Plants	X			
2. Picnic Tables	X			
3. Coal Dump Area	X			
4. Trash area	X			
5. Cleanliness	X			
O. Swimming Pool				
1. Men's Room	X			
2. Ladies Room	X			
3. Shower Area	X			
4. Pool Water (Clean & Clear?)	X			
5. Pool Gate (Secure?)	X			
6. Rules Posted Clearly	X			
7. Safety Equipment	X			
8. Pool Deck	X			
9. Lighting	X			
10. Cleanliness	X			
11. Planters	X			
12. Pool Furnishing	X			
13. Roof	X			
14. Storage Room	X			
15. Landscape	X			
P. Ball Court				
1. Court Floor	X			
2. Fencing	X			
3. Safety	X			
4. Cleanliness	X			
5. Planter Box (Entrance)	X			
6. Basket Ball Rim	X			
Q. Laundry Room				
1. Washer/Dryers	X			
2. Sink	X			
3. Lighting	X			
4. Security	X			
5. Flooring	X			
6. Signs	X			
7. Furnishing (Table/chairs)	X			
R. Storage Rooms				
1. Bike room	X			
2. Fronting lobby entrance	X			
3. Gated area	X			

SAMPLE

NOTES:
PM to send letter to tenants asking them to identify their garden space- deferred
Received proposal for Pool lift, RM working on getting 2 others, added to budget
RM to replace 140 valves to isolate the shut offs- deferred due to cost
Roofing bids - received all, putting together packets for City approval
PM located replacement sign "emergency lifesaving Techniques"- vendor could not make sign; still working on finding alternatives

HUD Required Postings:
_X__Rent Collection Policy
_X__Grievance Procedure
_X_Fair Housing
_X_Rent Schedule
_X_Affirmative Fair Housing Marketing Plan

Vacancies:
None

SAMPLE

Exhibit D: Sample Statement of Receipt and Transfer of Management Responsibilities

EXHIBIT D

STATEMENT OF RECEIPT & TRANSFER OF MANAGEMENT RESPONSIBILITIES

(Property Name)

Exiting Property Manager: _____

Entering Property Manager: _____

	Description of documents to be delivered from Exiting Property Manager to Entering Property Manager:	**Exiting PM Initial / Date**	**Entering PM Initial / Date**
1	Active service contracts, contact person(s), phone number(s), term period(s), date service agreement began and account numbers		
2	Vendor list with addresses and phone numbers		
3	Utility Account # and Phone number		
4	Approved Budgets		
5	Current Residential leases		
6	Active Tenant files		
7	Wait List		
8	Approved Rent Schedule		
9	House Rules		
10	Listing of Pending Projects (status, contact person(s), contractor(s), etc.		
11	Listing of current tenant concerns		
12	Most Recent Timesheets		
13	Most Recent Payroll Records with Insurance Payments		
14	Copies of annual inspection reports		
15	Current **Financial Statements** including:		
	Project Financial & Occupancy Report		
	Variance Report		
	Resident Manager's Monthly Report		
	Balance Sheet		
	Income Statement		
	Trial Balance		
	Budget Comparison Report		
	Statement of Changes in Cash Positions		
	Year to date Ledger-Cash		
	Income Register		
	Expense Register		
	Petty Cash		

	Bank Reconciliation/Reserves/Statement of Account		
	Reconciliation Journal		
	Year to Date Ledger		
	Detailed Aged Receivables		
	Security Deposit Listing/ Statement of Account		
	Replacement Reserve Account Summary		
	Asset Invoices		
	Invoices/Receipts		
	Management Fee computation Invoice		
	Rent Roll		
16	Equipment and appliance inventory list		
17	Sub-metering system (if any) connection information/reading procedures		
18	Map(s): Water Shut Off Valve, Electrical boxes, property plans		
19	Previous Year Financial Statement		
20	Individual Tenant Ledgers for entire Tenancy		
21	List of Pending Evictions		
22	Collection Agency Name & Accounts Currently with Collection Agency		
23	Date to Close and Cash out Operating Account – Cashier's Check		
24	Date to Close and Cash out Security Account – Cashier's Check		
25	Date to Close and Cash out Replacement Reserve Account – Cashier's Check		
26	Abatement Units		
27	Turn Over units – Security Deposit amount		

The undersigned persons hereby certify that they have delivered/received the above listed items.

_____ _____

[NAME OF EXITING MANAGER] Date

_____ _____

[NAME OF NEW MANAGER] Date

_____ _____

DLM/City and County Representative Date

Exhibit E: Sample Tools and Equipment

5/27/2025

TOOLS and EQUIPMENT INVENTORY

Quantity	Item	Manufacturer	Model No.	Serial No.	Purchase Date	Cost	Location
1	Blower, Gas	Echo	PB-200	5901019830	01/24/06	$159.00	Maint Room
1 PR.	Boots, Rubber Blk Size 12		FW221-12		02/06/08	$17.00	Maint Room
1 PR.	Boots, Rubber Blk Size 10		BN-827203		01/22/08	$14.00	Maint Room
1	Buffer						Maint Room
1	Buffer	Minuteman	M1712003	U1902020587			Maint Room
1	Chalk Line						Maint Room
2	Chisel Set - 3 pc.				09/06/07	$32.00	Maint Room
4	Chisels, Assorted						Maint Room
4	Clamps						Maint Room
1	Compressor			609922073			Maint Room
1	Chain Saw			C0330505			Maint Room
1	Cutter, Bolt			86405 0006E			Maint Room
1	Cutter, Tube H.D.				05/ /06	$20.82	Maint Room
15	Drill Bits, Assorted						Maint Room
2	Drill Bit Set-12 pc.				0 /06/07	$33.00	Maint Room
1	Drill Bit Set-14 pc.				0 19/06	$19.97	Maint Room
1	Drill, Electric			88576			Maint Room
3	Extension Cord						Maint Room
4	Garden Hose						Maint Room
1	Garden Hose 3/4"X50'		CWW7534050		06/15/07	$35.00	Maint Room
3	Garden Pick						Maint Room
1	Garden Pruner						Maint Room
2	Garden Rake						Maint Room
6	Garden Sprinkler						Maint Room
1	Grinder, Angle			703557			Maint Room
1	Grinder, Bench						Maint Room
Quantity	**Item**	**Manufacturer**	**Model No.**	**Serial No.**	**Purchase Date**	**Cost**	**Location**
2	Gun, Caulking						Maint Room
2	Gun, Rivet		RH200	RHT300			Maint Room
5	Hammer Chisel						Maint Room
1	Hammer Gun		4T6				Maint Room

SAMPLE

APPENDIX B: TERM/SCHEDULE OF WORK

I. The initial term of this AGREEMENT shall be for a twelve (12) month period to commence on the date stated in the Notice to Proceed (NTP).

II. Further, by mutual agreement between the parties hereto, the AGREEMENT may be extended on a month-to-month basis, not to exceed a twelve (12) month extension at a time, for an additional period or periods not to exceed a total of forty-eight (48) months. Any extension of the Contract is subject to the availability of funds, and will be under the same terms and conditions. Any extension shall be accomplished by an amendment to the Contract.

Furthermore, if the contract is to be extended at the same price(s), terms and conditions, the contract may be extended by:

A. A letter issued by the Department of Budget and Fiscal Services Director or designee and acceptance of the extension by endorsement on said letter by the Contractor; or

B. Request of a letter submitted by the Contractor and written approval from the Department of Budget and Fiscal Services Director or designee.

THE FOLLOWING PAGES SHALL BE DETACHED FROM THE SOLICITATION DOCUMENT AND SUBMITTED AS THE OFFEROR'S BID.

The Offeror shall not include samples or descriptive literature unless expressly requested. Any unsolicited samples, descriptive literature, or attachments will not be examined or tested, and will not be deemed to vary any of the City's provisions or requirements.

APPENDIX C: PRICING/CERTIFICATIONS

_____
Offeror's Legal Business Name

Director of Budget and Fiscal Services
City and County of Honolulu
Honolulu, Hawaii 96813

SOLICITATION NO. RFB-HLM-2046518
Provide Property Management Services for Chinatown Gateway Plaza.

The undersigned hereby agrees to complete the specified work herein, at the bid prices quoted below, in strict compliance with this Appendix C, Appendix A: Scope of Work, Appendix B: Term/Schedule of Work, Appendix D: Special Provisions and Appendix E: General Terms and Conditions attached hereto and by reference made a part thereof.

The CONTRACTOR shall be compensated for its services under this AGREEMENT by monthly property management fees, to be paid out of the Operating Account and treated as a Project expense. Such fees will be payable in arrears, on the first day of each month.

The monthly management fee to be paid from Project funds to the CONTRACTOR shall be based on a percentage fee as stated in this Appendix C: Pricing/Certifications, multiplied by twelve (12) months.

RESIDENTIAL:

(A) MONTHLY MANAGEMENT FEE (PERCENTAGE of GROSS COLLECTIONS per MONTH)	(B) AVERAGE ESTIMATED MONTHLY GROSS COLLECTIONS	(C) TOTAL NUMBER OF MONTHS IN CONTRACT	(D) TOTAL EVALUATED BID AMOUNT
_____%	X $245,000.00	X 12 MONTHS =	$_____ (AxBxC)

COMMERCIAL:

(A) MONTHLY MANAGEMENT FEE (PERCENTAGE of GROSS COLLECTIONS per MONTH)	(B) AVERAGE ESTIMATED MONTHLY GROSS COLLECTIONS	(C) TOTAL NUMBER OF MONTHS IN CONTRACT	(D) TOTAL EVALUATED BID AMOUNT
_____%	X $8,000.00	X 12 MONTHS =	$_____ (AxBxC)

TOTAL SUM EVALUATED BID [RESIDENTIAL (D) + COMMERCIAL (D)] $_____

It is understood and agreed that the goods and/or services as specified herein are being furnished for the exclusive use of the City and County of Honolulu.

It is also understood and agreed that the bid prices include all taxes which shall be applicable to the products or services or the furnishing, sale or purchase thereof whether assessed against, chargeable to or payable by the City and County of Honolulu or any of its agencies or the undersigned.

It is also understood and agreed that unless otherwise specified in the solicitation, prices offered shall be based on f.o.b. place of destination and shall include all applicable freight, delivery, handling and related charges.

It is also understood and agreed that the Offeror agrees to submit its offer in accordance with the General Instructions and the General Conditions attached hereto by reference. Since the instructions shall apply to the solicitation only, the instructions shall not be included as a part of the contract.

It is also understood and agreed that the Director of Budget and Fiscal Services reserves the right to accept or reject any or all offers if, in the Director's opinion, such acceptance or rejection will be in the best interest of the City and County of Honolulu.

The Offeror further understands and agrees that by submitting this offer, the Offeror is declaring that its offer is not in violation of Chapter 84, Hawaii Revised Statutes, concerning prohibited State contracts, and that the offer is certifying that the price(s) submitted was (were) independently arrived at without collusion.

The undersigned represents: **(Check one only)**

☐ A **Hawaii business** incorporated or organized under the laws of the State of Hawaii;

OR

☐ A **Non-Hawaii business** not incorporated or organized under the laws of the State of Hawaii.

State of Incorporation or Organization: _____

Offeror is: ☐ Sole Proprietor; ☐ Partnership; ☐ Corporation; ☐ Joint Venture;

☐ Other: _____

Respectfully submitted,

_____
Offeror's Legal Business Name

_____
Signature

_____
Print Name and Title of Above

Business address: _____
(Street Address)

City, State, Zip Code: _____

Business mailing address: _____
(If other than address above)

City, State, Zip Code: _____

Payment mailing address: _____
(If other than address above)

City, State, Zip Code: _____

Business Telephone No: _____

Business Cellular No: _____

Business Fax No.: _____

Business E-Mail Address: _____

Person to Contact if Awarded: _____

Last 4 numbers of Federal Identification No.: XX-XXX _____

- Or - Last 4 numbers of Social Security No. if Sole Proprietor: XXX-XX- _____

CERTIFICATE OF ACCEPTANCE OF SOLICITATION REQUIREMENTS

It is understood and agreed that the undersigned acknowledges the following:

1. The Offeror has read this solicitation document including any addenda, in its entirety;

2. The Offeror understands and agrees to furnish, deliver, and perform the requirements of the solicitation in strict compliance with the solicitation document as amended, including any specifications, plans, and scope of work descriptions, without any exceptions, if awarded a contract;

3. The Offeror understands and agrees that no substitution or alternate brands may be furnished without the **written approval** of the City;

4. The Offeror understands that the Contractor shall resolve any noncompliance with the requirements of the awarded contract at the Contractor's own expense;

5. The Offeror will make all modifications or customizations to the brand and model being offered as necessary to meet all specifications, at no additional cost. Offeror guarantees that all modifications or customizations done to meet specifications shall not affect the quality or operation of the product; and

6. The Offeror understands that **FAILURE TO MEET CONTRACT REQUIREMENTS WILL CONSTITUTE A BREACH OF CONTRACT THAT MAY RESULT IN SUSPENSION OR DEBARMENT, AND THE EXERCISE OF RIGHTS AND REMEDIES AS PROVIDED BY LAW.** Contract requirements include any specifications, plans, and scope of work descriptions;

7. The undersigned is an authorized representative of the Offeror and can legally obligate the Offeror thereto.

Offeror's Legal Business Name: _____

Signature: _____

Title: _____

Date: _____

END OF APPENDIX C.

APPENDIX D: SPECIAL PROVISIONS

I. EXHIBIT L, REPORT OF EQUIPMENT PURCHASED WITH CONSULTANT OR CONSTRUCTION CONTRACTS.

The City will not require the use of Exhibit L: Report of Equipment Purchased with Consultant or Construction Contracts form. As a result, the following sections of the GTC shall be modified:

A. Delete GTC 4.5 Payments, section (a) in its entirety and replace it with the following:

"(a) Payments will be authorized by the Director after completion of performance or delivery and acceptance by the Director of all materials, goods, and services stipulated in the contract or Purchase Order and after the invoices, in triplicate, are received by the using agency, Attention: Fiscal Officer. The invoices must list the following information: contract and confirmation purchase order numbers (if any), item numbers, description of items, quantities, unit prices, and extended totals. Payments will be computed in accordance with any applicable unit prices bid. Payments will be made as soon thereafter as the regular course of business will allow; provided, however, that payments shall be made no later than thirty (30) calendar days following receipt of the statement for goods received and services completed."

B. Delete GTC 5.4.6 Payment for Delivered Materials or Equipment in its entirety and replace it with the following

"(a) No payment for any material or equipment that is affixed, movable or removable, delivered to the site of the work under the contract will be made until said material or equipment is incorporated into the parts of the project required to be constructed under the contract. Payment for the delivered material or equipment shall be included in the monthly progress payment under the appropriate cost item.
(b) Specialized or Special Ordered Materials, Equipment. The Officer-in-Charge may, to the extent provided for in the contract, include in the monthly estimate for progress payment the delivered cost of specialized materials, special ordered materials or equipment usable only for the contract. Such inclusion in the monthly estimate will be allowed only if all costs are substantiated by evidence of delivery and payment, and only for such materials or equipment as are specifically described or referred to in the contract as being the subject matter for such inclusion in the monthly estimate for progress payment. Payment to the Contractor shall not terminate the Contractor's responsibility or ownership of such materials or equipment until incorporated in place and accepted by the Officer-in-Charge. The Contractor shall be responsible for the safekeeping of such specialized materials or equipment until incorporated into the work and accepted by the Officer-in-Charge. The amount included for payment under this subsection shall be subject to the retention requirement."

C. Delete GTC 5.4.7 Final Payment, section (a)(1) and section (a)(2) in its entirety.

D. Delete GTC Exhibit L Report of Equipment Purchased with Construction Contracts in its entirety.

II. INDEMNITY FOR WILLFUL OR INTENTIONAL MISCONDUCT.

Delete Section 2.10 Indemnity of the General Terms and Conditions dated 2/1/15 in its entirety and replace with the following:

"2.10 Indemnity

The contractor shall perform the work as an independent contractor and shall indemnify and hold harmless the City, its departments, and all of their officers, employees or agents, from any and all deaths, injuries, losses and damages to persons or property, and any and all claims, demands, suits, action and liability therefor including reasonable attorney fees and cost of defense, caused by error, omissions, negligence or willful or intentional misconduct in the performance of the contract by the contractor or the contractor's subcontractors, agents and employees, and this requirement shall survive the termination of contract."

III. CONTRACTOR PERFORMANCE RECORDS.

The City may maintain records pertaining to the Contractor's performance on contracts with the City. The Contractor may be required to participate in performance assessment activities during or after the performance of the contract. Contractor performance records may be used to determine a contractor's responsibility, qualifications, and eligibility for the award of future contracts with the City.

IV. ESTIMATED GROSS COLLECTIONS.

The average estimated monthly gross collections as specified in Appendix C: Pricing/Certifications for the Project are only estimates which are subject to change by the CITY, and shall not be deemed to be the actual gross collections to be collected for each month during the period of the contract. The gross income to be collected from the Project for each month of the contract period may vary. If the average estimated monthly gross collections as specified in Appendix C: Pricing/Certifications should fail to materialize, such failure shall not constitute grounds for equitable adjustment under the contract.

V. OFFICER-IN-CHARGE.

For the purposes of this contract, the Officer-in-Charge (OIC) is the Director of Housing and Land Management (HLM) or HLM designee. The OIC can be reached at (808) 768-4277.

VI. INSURANCE.

CONTRACTOR shall insure that the CITY's interest in the Project is separately covered as follows:

The CONTRACTOR shall procure at Project expense, during the entire term hereof, Commercial General Liability insurance in the name of the CITY, written on an occurrence basis with respect to the premises and the business operated by CONTRACTOR and/or any subtenants, concessionaires, licensees or other persons in, on or about the premises, with limits not less than:

A. Bodily Injury and Property Damage Combined Single Limit.

$1,000,000 Each Occurrence
$2,000,000 General Aggregate per policy year
$2,000,000 Products and Completed Operations Aggregate per policy year

B. Personal and Advertising Injury.

$1,000,000 Each Occurrence

C. Medical Expenses.

$5,000 Any One Person

All policies of insurance provided for herein shall be issued by insurance companies with an A.M. Best's insurance report's rating of A- or better, financial category class of VII or higher and qualified to do business in the State of Hawaii. All evidence of insurance delivered to the CITY must contain a provision that the company writing said policy will give the CITY thirty (30) days' prior written notice of any cancellation or lapse or of the effective date of any reduction in the amounts or change in coverage of such insurance. If the CONTRACTOR's insurance company or its insurance agent/broker will not agree to provide such notice, the CONTRACTOR shall assume the obligation to provide the CITY with such written notice. All policies required to be maintained by the CONTRACTOR under this AGREEMENT shall be written as primary insurance, not contributing with and not in excess of coverage which the CITY may maintain.

The CONTRACTOR hereby waives, on the CONTRACTOR's behalf and on behalf of any insurance carrier of the CONTRACTOR, any claim which the CONTRACTOR might otherwise have against the CITY arising out of loss or damage, including consequential loss or damage, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage, or from any loss or damage required to be insured against by the CONTRACTOR. Because the CONTRACTOR's employees perform and use services in and around the CITY's premises and accepts the condition of these premises as is, the CONTRACTOR further agrees to require its workers' compensation carrier to waive its right of subrogation against the CITY and any Additional Insured.

Property Insurance shall not apply to this project.

In addition, the CONTRACTOR is required to carry insurance as outlined under Section 2.26, Insurance, of the CITY's General Terms and Conditions dated

(2/1/2015). Insurance is at the CONTRACTOR's sole cost and shall not be considered as a Project expense.

D. Fidelity Bond or Crime Insurance.

The CONTRACTOR shall obtain and maintain, at its sole expense during the term of this AGREEMENT inclusive of contract extensions, a fidelity bond or a crime insurance policy which includes third party liability in a minimum of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($500,000.00) and shall cover all officers, employees, and agents of the CONTRACTOR and which shall protect the CONTRACTOR against loss by reason of, including without limitation, fraud, dishonesty, forgery, theft, larceny, embezzlement, wrongful abstraction or misappropriation or any other dishonest criminal or fraudulent act, whatever committed and whether committed directly or with others.

The CONTRACTOR shall name the CITY as an additional loss payee.

The CONTRACTOR shall furnish, at no cost or expense to the CITY, a certificate of such coverage upon request from the CITY after award. The CONTRACTOR shall provide the CITY with a current certificate any time an employee is added to the Project that will handle or have custody or control of any Project funds.

The CONTRACTOR agrees to deposit with the CITY a valid certificate necessary to satisfy the CITY and that the CONTRACTOR is in compliance with provisions of the AGREEMENT and shall keep such bond or policy in effect with the CITY during the entire term of the contract and throughout all extensions.

Failure of the CONTRACTOR to provide and keep in force such bond or policy shall be regarded as material default under this AGREEMENT. The CITY shall be entitled to exercise any or all of the remedies provided in this AGREEMENT for such default of the CONTRACTOR.

The CONTRACTOR shall provide the CITY with an updated and current list of employees working on the Project.

The CONTRACTOR's cost of the Fidelity Bond or crime insurance policy shall not be considered as an operating expense.

VI. ANTI-DISCRIMINATION.

In accordance with Section 1-11 of the Revised Ordinances of Honolulu 2021, as amended, the Contractor shall not engage in discriminatory practices for any work provided under this Agreement. Discriminatory practices are practices that discriminate on the basis of a classification protected by any federal, State, or City law, including retaliation for opposing discrimination or participation in an investigation or proceeding that alleges discrimination.

APPENDIX E: GENERAL TERMS AND CONDITIONS

General Terms and Conditions for the City and County of Honolulu dated 2/1/15

The General Terms and Conditions (GTC) for the City and County of Honolulu dated 2/1/15 shall apply. If not physically attached, it shall be incorporated by reference herein and referred to as the "General Conditions." Copies may be obtained online at www.honolulu.gov/pur ; click on the link titled: " Instructions, Terms & Conditions".

APPENDIX F: CHILD CARE COMPLIANCE ADDENDUM

(City-Owned Multifamily Housing)

This Child Care Compliance Addendum ("***Addendum***") is incorporated into and made part of all leases, property management agreements, and house rules for the properties owned by the City and County of Honolulu and managed by and through its Department of Housing and Land Management. In the event of any conflict between this Addendum and any leases, property management agreements, or house rules, this Addendum shall control.

1. Permitted Residential Use — Licensed Family Child Care

   Notwithstanding any provision of any rental agreements, leases, property management agreements, or house rules to the contrary, the operation of a licensed family child care home within a residential unit shall be deemed a permitted residential use, provided such use complies with zoning restrictions and the operator holds and maintains all required State and City licenses, registrations, and approvals. Licensed family child care operations shall not be treated as a prohibited business use, commercial activity, or non-residential use for purposes of lease enforcement, occupancy restrictions, or house rules. General lease or house rule provisions limiting use to "residential purposes only" or use as a "private dwelling," or prohibiting "business" or "commercial" use or activity (collectively, "***Residential Use Restrictions***") shall not be interpreted or enforced to restrict lawful licensed family child care home operations.

   No property manager, agent, or contractor acting on behalf of the City may:

   A. Based upon a contention that a licensed family child care home violates a Residential Use Restriction:
      - Issue a notice of violation, notice to cure, notice of lease termination, or notice of non-renewal to any tenant; or
      - Require a licensed family child care home to cease operations.

   B. Impose conditions, approvals, or restrictions on licensed family child care home operations that are not equally applicable to all other tenants, occupants and guests of the subject property; or

   C. Apply or enforce any rules, restrictions or requirements in a discriminatory manner with the purpose of unduly impeding, undermining, or burdening a licensed family care home operation.

   Any concern, complaint, or potential non-compliance relating to family childcare home operations must be elevated to the Department of Housing and Land Management (***"DHLM"***) for review before enforcement action is taken. Property managers shall coordinate with DHLM before taking action that could affect a licensed family child care home.

2. Operational Conditions and Building Management Requirements

While licensed family child care homes are not violations of Residential Use Restrictions, this Addendum does not exempt tenants operating family child care homes from other rental agreement and lease provisions, building rules, house rules, and operational requirement which are generally applicable and promote the safe, efficient, orderly, and fair operation of the subject property for the common benefit of all occupants. In addition, all tenants or residents operating licensed family child care homes shall comply with the provisions of this Addendum. Any breaches of such provisions, rules, and requirements by family child care home operators or activities shall be addressed in accordance with the foregoing Paragraph 1, and applicable provisions of the lease or rental agreement.

A. Compliance with House Rules and Building Policies.

Operators of licensed family child care homes shall comply with all generally applicable house rules, building policies, and security procedures, including those relating to:

- Building access and security protocols;
- Use of common areas;
- Noise, sanitation, and safety standards; and
- Conduct of residents, guests, and visitors.

B. Loading Zones, Parking, and Circulation.

Licensed family child care home operations shall not obstruct or misuse loading zones, fire lanes, emergency access routes, or designated parking areas, including for routine drop-off or pick-up activities, unless expressly authorized by building management. Loading zones shall not be used for recurring child care drop-off or pick-up. Parents and guardians shall comply with posted parking and circulation rules applicable to all building users.

C. Security and Building Access.

Parents, guardians, and other authorized child care participants shall comply with applicable building security procedures, including sign-in/sign-out requirements; use designated building entrances; and adhere to any visitor access controls applicable to all non-residents. Nothing herein authorizes circumvention of building security protocols.

D. Utilities and Cost Recovery.

Where utilities (including electricity, water, refuse, or similar services) are paid or subsidized by the City or property owner, DHLM may, in its sole discretion, evaluate whether licensed family child care home operations result in measurable incremental utility usage beyond typical residential consumption and implement reasonable, lawful mechanisms to recapture or allocate such incremental costs. Operators will be provided advance notice and an opportunity to review or comment on proposed methodologies. No utility cost recovery shall be imposed in a manner

that functions as a prohibition or penalty on lawful family child care home operations.

E. Insurance.

Tenants and residents operating a licensed family child care home shall comply with all applicable federal, state, and local laws and requirements relating to liability insurance coverage, including but not limited to Hawaii Revised Statutes Section 346-157, as may be amended.

Proof of compliance with such requirements shall be provided to DHLM and the property manager upon request.

F. Documentation.

Tenants and residents operating family child care homes shall provide copies of their valid and current business registration, license, certificates of insurance showing they have obtained the insurance required by this Addendum, and any other documentation reasonably required to demonstrate that the family child care home is in compliance with legal requirements.

3. Indemnity

To the fullest extent permitted by law, any resident or occupant operating a licensed family child care home within a City-owned property ("***Child Care Operator***") shall defend, indemnify, and hold harmless the City and County of Honolulu, its officers, employees, agents, contractors, and representatives, from and against any and all claims, demands, actions, damages, losses, liabilities, costs, and expenses (including reasonable attorneys' fees and court costs) arising out of or related to:

- The operation or conduct of the licensed family child care home;
- Any act or omission of the Child Care Operator, the Child Care Operator's employees, assistants, agents, clients, invitees, or participants;
- Any injury to persons or damage to property occurring in connection with the child care operation, including, but not limited to, any injury to a child that is subject to the care of the family child care home, or to any of the child's relatives, guardians, or caretakers, that occur within the family child care home or on the common elements of the City property in which the family child care home is located; or
- Any failure by the Child Care Operator to comply with applicable licensing, health, safety, or regulatory requirements.

This indemnification obligation shall apply regardless of whether the claim arises during drop-off, pick-up, or hours of operation, and shall survive termination or expiration of the underlying lease or agreement.

4. No Prejudice to City's Rights; No Third-Party Beneficiaries

This Addendum shall not be construed to waive, limit, or otherwise prejudice the legal rights or remedies available to the City for any breach or default of a lease or rental agreement pertaining to City-owned property. In addition, this Addendum shall not be construed to limit or prejudice the City's right to act to protect the health or safety of any person or to prevent damage to property. This Addendum is not intended to and shall not confer any right or benefit on any person other than the parties hereto.