

ADDENDUM NO. 1

STATE OF HAWAII
NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY

REQUEST FOR INTEREST (RFI) RFI-19-03-NELHA

April 23, 2019

This Addendum No. 1 responds to questions posed at the pre-submittal conference on April 15, 2018 at 10:00AM HST or received via other means by the Question due date of April 22, 2019 at 1:00PM HST.

QUESTIONS AND ANSWERS

- 1) Where are the waste water discharge locations and what is the capacity for these locations?**

Answer: The process water disposal system locations are indicated by the two metal grills on the ground in the general vicinity of the outdoor tanks on the east side of the building. The approximate location of one of the grills is shown on the as built map (Attachment A). The second grill is a little south of the first grill. The exact amount of process water that can be disposed at these locations is not known. Drainage tests are recommended to determine the exact drainage capacity of the systems.

- 2) May a Joint Venture be proposed?**

Answer: A Joint Venture may submit a project and be considered. The submittal should list out the details of the joint usage of the property.

- 3) If the desalination equipment is not needed for the proposed project, will NELHA dispose of the equipment?**

Answer: NELHA will dispose of the Reverse Osmosis (RO) desalination equipment if it is not purchased. The outdoor tanks are considered part of the RO desalination system. Proposals may include the purchase of these tanks only if so desired.

- 4) If salt drying structures are not needed for the proposed project, will NELHA dispose of the structures?**

Answer: The salt drying structures are considered part of the facility above ground improvements and unlike the RO desalination equipment will not be removed from the facility grounds by NELHA. The structures may be removed by the successful firm.

5) What is the cost of bringing surface sea water to the facility?

Answer: The SSW distribution pipeline is located on the south side of Makako Bay Drive. Previous similar construction cost on the order of \$35,000 or more depending on the size of the pipe. However, it is recommended a professional general contractor be contacted for an accurate price estimate of bringing surface sea water (SSW) to the facility.

6) What would the possible monthly rental fee be for the entire 4.5 acre property (including building) in a mixed use proposal (productive: aquaculture and retail: commercial & tourism) for a 30 year sublease? Would a shorter term sublease, like 12 years, be considered?

Answer: The monthly rental fee for a mixed use proposal will depend on the proportional use of the property and in accordance with the NELHA leasing published rates which may be found at the following link: https://nelha.hawaii.gov/wp-content/uploads/2013/05/NELHA-Leasing-Policy_Updated-2016.pdf. The acreage being used for productive activities such as aquaculture would be at the productive rate and the acreage used for manufacturing/retail/tourism/extractive use would be at the extractive rate. The term of the sublease is flexible and may be shorter or longer than 30 years but in any case, no longer than the term of NELHA's master lease with DLNR which ends in June 2066. An additional important factor is the proposer's treatment of the building. If a shorter-term lease is being proposed and the building rented, then this would be less attractive to NELHA.

7) What would a possible acceptable price be for the building and contents for outright purchase (US\$2-3 million?), and in this case, what would the possible remaining rental of the 4.5 acres property be per month?

Answer: The February 2018 appraisal of the property was included as part of RFI-18-01-NELHA to provide an independent valuation of the property including the building and equipment. This appraisal should be taken into consideration when submitting a proposal for an outright purchase of the building and/or equipment. It is expected that the ground rent will be a separate line item from the building purchase. The ground rent is expected to be in line with NELHA published lease rates (see Question 6 for a link to these rates).

8) It was stated that NELHA would prefer outright purchase of the building and contents, but would rental of the building and property be considered as an option too?

Answer: Rental of the building and property will be considered.

9) Has there ever been environmental group or DOH complaints associated with that site?

Answer: To NELHA's knowledge, there have been no environmental concerns or complaints associated with this property.

10) Has NELHA been doing any well or other sump water sampling on that site?

Answer: NELHA sampled the discharge of HDMI operations while the company was in production. The sampling was performed in accordance with HDOH Wastewater Branch regulations. No sampling has been carried out since March of 2017 and there have been no activities involving waste water since that time at the facility.

11) Will subletting be allowed?

Answer: The NELHA boiler plate sublease includes a subletting clause. Subletting is allowed with prior written approvals of the NELHA Board of Directors provided, that prior to this approval, the NELHA Board and the Sublessor shall have the right to review and approve the rent to be charged to the proposed Subletter and that the Subletter is required to pay rent based on a percentage of its gross sales. The receipts of the proposed Subletter shall be included as part of the Sublessee's gross sales. The NELHA shall have the right to revise the rent of the subleased premises based upon the rental rate charged to the proposed Subletter including the percentage rent. Proposer may include one or more subletters in its initial proposal in response to this RFI or present requests for approval of the NELHA Board at a later time. The sublettee activities should fall under one of the appropriate use categories listed in Appendix A of RFI-19-03-NELHA.

12) Is there a proposal template for responding to this RFI-19-03-NELHA ?

Answer: Preliminary proposals and final proposal/business plan templates are provided in Attachment B. Proposer may use the preliminary proposal template (first three pages) in response to this RFI-19-02-NELHA. A final business plan including the information listed on the final business plan checklist (starting on page 4) will be required for final approval by the NELHA Board after an initial approval in concept is obtained.

13) Will additional Department of Health permits be required for waste disposal?

Answer: It is not expected that any additional approvals would be required if the use of the facility is the same as its previous use. However, if the activities change or increase that require a County Building Permit for a modifications and/or expansion to the facility, the County Building Permit may trigger the need for approvals by the Hawaii Department of Health, Wastewater Branch.

Attachment A - As-built Building Diagram

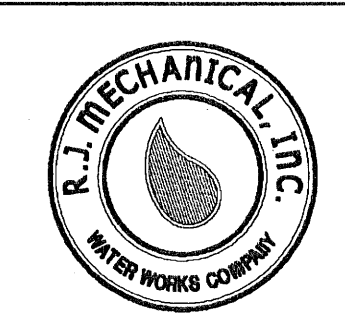
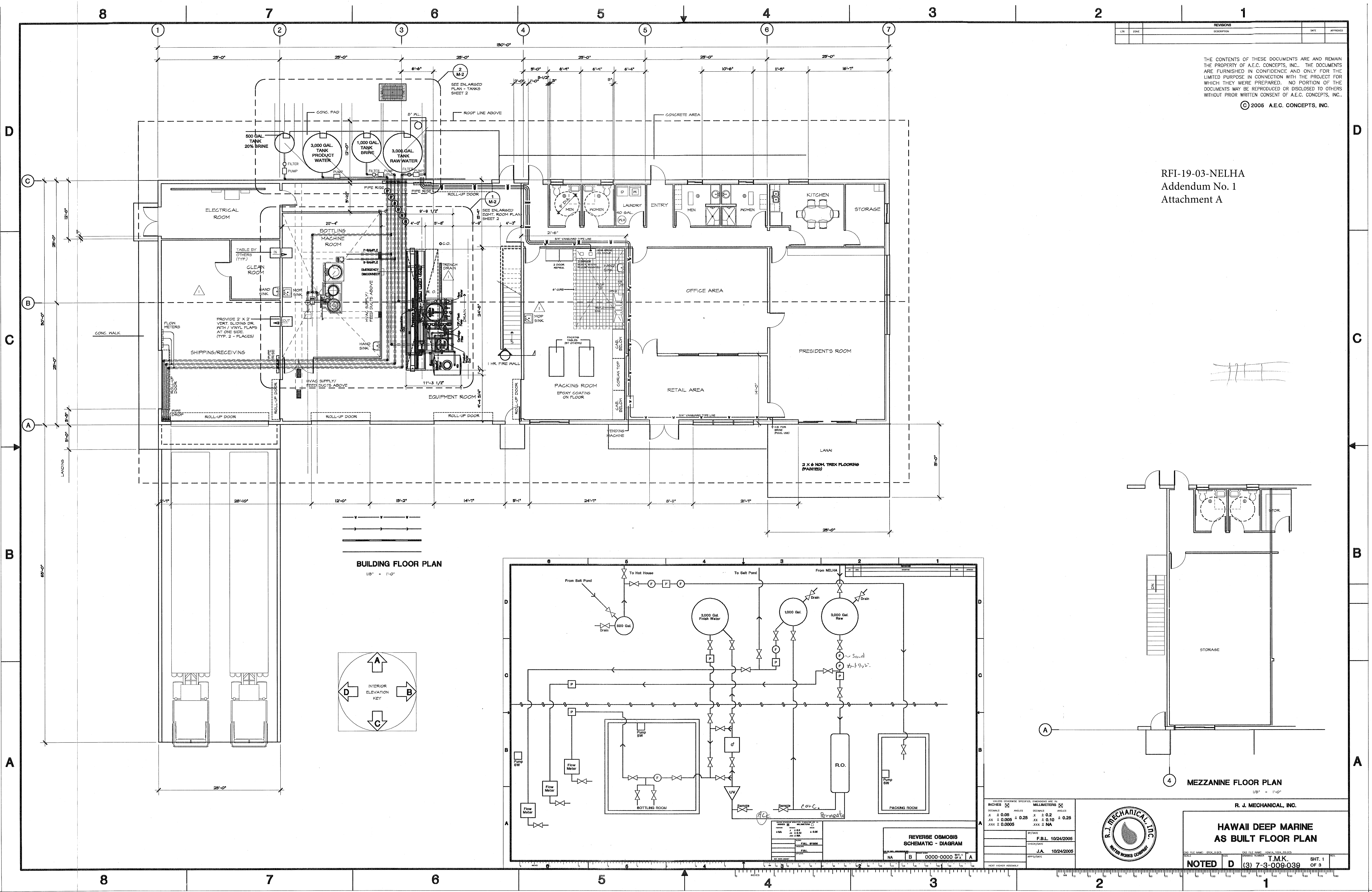
Attachment B – Template Preliminary proposal

REVISIONS			DATE	APPROVED
1	REVISED	DESCRIPTION		

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RFI-19-03-NELHA
Addendum No. 1
Attachment A



R. J. MECHANICAL, INC.

HAWAII DEEP MARINE AS BUILT FLOOR PLAN

NOTED D (3) 7-3-009-039 T.M.K. SHT. 1 OF 3

EXAMPLE OF A COMMERCIAL OR NON-PROFIT PRELIMINARY PROPOSAL

STEP ONE for Commercial and Non-Profit Project Applications

The completed Preliminary Proposal document should contain the following information. Please use the topic headings listed below and consecutively number all pages of the document body.

1. **APPLICANT NAME**
State name of individual, business, organization, or institution making the application for tenancy.
2. **CONTACT INFORMATION**
Provide name of primary contact person representing the applicant and current mailing/billing address, telephone number(s), fax number, email address, website URL (if applicable).
3. **LEGAL STATUS**
Describe legal status of business (sole proprietorship, partnership, type of corporation or other legal status and state or country under whose laws the business was created and operates), non-profit organization, institution, agency, or individual applying for tenancy.
4. **APPLICANT PROJECT PRINCIPALS**
List individuals, partners, officers/major stockholders, and provide title and a brief background for each. If applicable, include technical staff and relevant background.
5. **STATEMENT OF REQUEST**
 - a) Begin with a statement of request for “Approval in concept” for a commercial or non-profit project, with “final approval” subject to NELHA review of a Final Proposal/Business Plan.
This will authorize the applicant to work with NELHA staff to further define logistical and utility needs with the understanding that a Final Proposal/Business Plan will be submitted next, prior to commencement of the project.
 - b) Follow this statement of request with a succinct description of the proposed project activities.
6. **BRIEF HISTORY**
Provide a brief history of the applicant, including accomplishments and background relevant to the success of the proposed activities at HOST PARK.
7. **PROJECTED GOALS**
Provide a list of project goals that will be met through the implementation of the proposed activities, including preliminary market studies as relevant.
8. **PROPOSED ACTIVITIES**
Describe proposed activities needed to meet projected goals as stated above.
For pre-commercial research activities to develop marketable products or services, describe contents of planned test products or nature of services, any planned test marketing activities, and how value-added production would occur.
Show tentative long-term plans for commercialization and projected profitability.
9. **RATIONALE FOR HOST PARK LOCATION**
Summarize how the project will use the unique resources at HOST PARK and provide a rationale explaining why the project must be carried out at HOST PARK instead of at another location.

10. **ESTIMATED INFRASTRUCTURE AND RESOURCE DEMANDS**

Quantify estimates of demand on HOST PARK infrastructure, land area, and other resources, including projected estimates of anticipated scale-up to commercialization, over a five-year period.

a) Utilities (provided by local utility companies)

- | | |
|-------------------|---|
| (i) Electricity: | Number of kwh/month
Estimated peak use in kw |
| (ii) Telephone: | Number of phone lines required |
| (iii) Freshwater: | Estimated total Kgal/month |

b) Seawater (provided by HOST PARK distribution system)

- | | |
|------------------------|---|
| (i) Deep seawater: | Estimated Kgal/day |
| Estimated flow rates: | Average rate in gpm
Peak rate in gpm |
| (ii) Surface seawater: | Estimated Kgal/day |
| Estimated flow rates: | Average rate in gpm
Peak rate in gpm |

c) Space requirements—office space, laboratory space, Research Campus square footage, or acreage in the technical park, including any relevant criteria required for selecting a location.

11. **BUDGET**

Provide an itemized summary of capital requirements for project development over a minimum of five years.

12. **FUNDING - FINANCING**

Provide a summary of funding resources and their status.

13. **FINANCIAL PROPOSAL RELATING TO THE ASSETS EXISTING ON PROPERTY**

Provide a summary of financial proposal for existing assets.

14. **PROFITABILITY**

Provide a discussion of projected profitability, including estimated percentage rent projections.

15. **IMPLEMENTATION SCHEDULE**

Provide timing and implementation schedule.

16. **ENVIRONMENTAL IMPACT**

Describe anticipated general impact on the local environment and specific effluent and waste description/treatment/disposal needs and requirements.

17. **CREATION OF EMPLOYMENT OPPORTUNITIES**

Provide anticipated number and types of employment opportunities to be created on site.

18. **COMMUNITY BENEFITS**

Describe potential benefits to the community in terms of impacts on economy, quality of life, etc.

19. **PRELIMINARY SITE PLANS**

Provide preliminary site development plans/layout (e.g., construction, building plans drawn to scale).

20. **OTHER INFORMATION**

Provide any other information on the project which may affect HOST PARK, or would be helpful in clarifying proposed activities, goals, and impacts.

21. **REFERENCES**

If needed, include footnoted citations of published literature relevant to the subject of the proposed activities.

FINAL PROPOSAL/BUSINESS PLAN

STEP TWO for Commercial and Non-Profit Project Applications

BUSINESS PLAN CHECKLIST

COVER PAGE - Title “Final Proposal/Business Plan for _____ (company name)”

TABLE OF CONTENTS

EXECUTIVE SUMMARY (2-5 pages)

COMPANY & TECHNOLOGY

Brief company introduction

- *Mission*
- *Legal Name and form of business*
- *Names of management staff—include technical and business experience*
- *Location, size, history*
- *Overview of company capabilities*
- *Customers & past performance*

Technology

- *Brief description*
- *Applications*

Product/Service

- *Brief description*
- *Intellectual property status*
- *Commercialization strategy—brief overview*

INDUSTRY OVERVIEW

Industry definition and description

Size and growth trends (analysis of demand; historical data and trend analysis of supply; historical data and correlation analysis of price; communications with potential product buyers, etc.)

Maturity of industry

Vulnerability of economic factors

Seasonal factors

Technological factors

Regulatory factors

Supply and distribution

Financial considerations

Legislation and policies driving the industry

- *Future and historical trends*

CUSTOMERS

Customers & end-user

- *Need addressed by the technology/product/service*
- *How the need is currently filled?*
- *Features, advantages, and benefits; price point*
- *Who has the need? - Differentiate between end-users and customer needs*
- *Distribution channels used by customers and end-users*

Buying behavior

- *Decision makers*
- *Who makes the decision to buy*
- *Who influences the purchase decision*

- *Characterization of decision makers*

Basis for purchase decisions

- *Frequency of purchase decisions*
- *Basis for purchase decisions*

TARGET MARKET

Market definition

Demographics

Primary market

Secondary markets

Lifestyle and psychographics

Purchasing patterns

Buying sensitivities

Size and trends of market

Primary suppliers and customers

COMPETITORS

Indirect customers

Direct competitors

- *Who are they?*
- *Strengths and weaknesses*
- *Market share of competitors*

Market share distribution

Barriers to entry

Future competition

MARKETING/SALES PLAN

Marketing and sales objectives

Marketing tools

Current customers (if appropriate)

Pricing

- *Basis for targeted price point*
- *Margins and levels of profitability at various levels of production and sales*

Sales Plan

- *Sales force analysis (reps, distributors, direct)*
- *Sales expectations for each salesperson and each distribution channel*
- *margins given to intermediaries*
- *Service and warranties*
- *Organizational chart for sales/marketing staff, indicating planned growth for 3 – 5 years*

Advertising

- *Year 1 – Detailed marketing communications plan*
- *Year 2-5 (general)*

Sales/Marketing Budget

- *Assumptions*

OPERATIONS PLAN

Plant and facilities (site development plans/layout; construction, building plans)

Manufacturing/production plan

Equipment and/or technology

Labor requirements (local employment; community benefits)

Future growth/expansion expected

Safety, health and environmental concerns (waste description/treatment)

Supply and distribution

RESEARCH & DEVELOPMENT PLAN

R&D Objectives

Milestones and current status

- *What remains to be done to make the product marketable?*

Difficulties and risks

R&D Budget

MANUFACTURING/ENGINEERING PLAN

Objectives

Use of subcontractors

Quality control

Staffing

Manufacturing/Engineering budget

HUMAN RESOURCE PLAN

Staffing objectives

Organizational structure – phased over 3-5 years

- *Introduction of management team*
- *Key individuals to be recruited and plans for doing so*
- *Board of Directors, Advisory Board*
- *Incentives for commitment*

Human Resource Budget

CONTINGENCIES

Potential risks

- *Impact and responses*

FINANCIALS

Financial objectives

- *Commercialization strategy*
- *Use of funds*
- *Terms and conditions of any previous financing arrangements*

Plans for obtaining investors or strategic alliance

- *Profile of investor or partner sought*
- *Leveraging advantage for investor/partner*
- *Detailed plans for obtaining investor/partner*
- *Costs and time associated with securing investor/partner*

Pro Forma Profit and Loss statements

Pro Forma Cash Flow projections

Pro Forma Balance Sheet

Alternative return scenarios

- *Exit scenarios*

APPENDICES

Could include:

- *Analysis of potential teaming partners*
- *Patent information*
- *Detailed market surveys*
- *Customer endorsements*
- *More detailed technical information*

REFERENCES

- *Bibliography*
- *Industry experts consulte*



**NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY (NELHA)
HAWAII OCEAN SCIENCE & TECHNOLOGY (HOST) PARK
At Keahole Point**

**73-4460 Queen Kaahumanu Hwy. #101
Kailua-Kona, Hawaii USA 96740-2637**

Telephone: (808) 327-9585

Fax: (808) 327-9586

E-mail: leasing@nelha.org

Website: nelha.hawaii.gov