file

'OHN WAIHEE
GOVERNOR

RUSSEL S. NAGATA
COMPTROLLER

ROBERT P. TAKUSHI
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P. O. BOX 119, HONOLULU, HAWAII 96810

LETTER NO. _____

APR 4 1991

COMPTROLLER'S MEMORANDUM NO. 1991-14

TO: Heads of Departments

FROM: Russel S. Nagata, State Comptroller

SUBJECT: Tenant Improvements in Leased Facilities

If modifications to leased facilities are required to accommodate an agency's functions, the following provisions will govern how it is to be provided:

1. Funding

   a. Landlord shall pay for all tenant improvements (T.I.) or shall provide an allowance for T.I.

   b. Agencies may provide additional funds for T.I. up to the amount provided by the landlord but not more than $25/s.f.

   c. All agency funds for T.I. shall be transferred to DAGS before the lease is executed.

   d. Interest bearing loans for T.I. will not be allowed.

2. Contracting for T.I. shall be done in one of the following ways:

   a. Landlord shall hire the architect and contractor for the improvements. The agency shall coordinate the T.I. requirements with the architect. If the agency pays for any part of the T.I., the landlord shall solicit at least three bids from contractors licensed to do the work.

4/8/91
Distrib.

DEP-7/PAR
AIR
HWY
CSS
STP
BUS-F
PHN

b. The agency will request DAGS to hire the architect and solicit construction bids for the T.I.

3. Terms of the lease shall include free rent for the design and construction period.

   a. Landlord responsible for improvements - payments shall commence after T.I. work completed and space is ready for occupancy.

   b. State responsible for improvements - landlord shall provide free rent for the time estimated to complete the improvements.

4. Improvements

   a. Improvements may include spaces and configurations in accordance with the approved space computations. T.I. plans and specifications shall be reviewed and approved by DAGS.

   b. Furniture and equipment to be owned by the State shall be acquired in accordance with State purchasing procedures. Payment for furniture and equipment will not be allowed under the lease.

Any questions relating to this memorandum should be directed to the Leasing Services Branch at 548-2825.

RUSSEL S. NAGATA
Comptroller