

 HAWAII HEALTH SYSTEMS C O R P O R A T I O N "Touching Lives Everyday" Policies	Department: Corporate Finance	Policy No.: FIN 0028
	Issued by: Kelley Roberson COO & CFO	Revision No.: NA
Subject: Real Estate Leases	Approved by:  HHSC Corporate Board By: Raymond Ono Its: Secretary/Treasurer	Effective Date: January 29, 2009
		Supersedes Policy: NA Page: 1 of 2

- I. **PURPOSE AND SCOPE:** To establish and define the policy and responsibilities of HHSC Corporate Board of Directors and HHSC Regional System Boards of Directors and governance for other corporations and business ventures of HHSC relating to leasing, conditional use permits, facility use agreements, or easements of unimproved or improved real property of HHSC.

- II. **STATEMENT OF POLICY.** It is the policy of the Hawaii Health Systems Corporation Corporate Board of Directors to permit leasing, facility use agreements, conditional use permits, or easements of improved or unimproved real property of any region, corporation, or business venture of HHSC that is excess to HHSC operating requirements, that is appropriate use of public property, in a manner that provides the best value to HHSC and is consistent with and supports the mission of HHSC and its regions. HHSC and its regions, corporations, and business ventures shall not speculate in real estate or real property improvements. It is HHSC policy to employ assets efficiently and to highest and best use.

- III. **RESPONSIBILITIES.** Management at every levels of the HHSC system is responsible for implementing procedures and controls to properly manage leasing, facility use agreements, conditional use permits, or easements of unimproved or improved real property in accordance with this policy. Governance at each level shall hold management accountable for compliance with this policy.

- IV. **IMPLEMENTATION OF POLICY.** Any lease, facility use agreements, conditional use permits, or easements of unimproved or improved real property owned by HHSC at the time of transfer of custodial control to the regions, with value of five million dollars (\$5,000,000) or more shall be approved in advance by the HHSC Corporate Board of Directors. Any disposition of such real property with value up to five million dollars (\$5,000,000) shall be approved by the governance of other corporations or business units of HHSC. Any lease, facility use agreements, conditional use permits, or easements of unimproved or improved real property shall be approved in advance by the appropriate Regional System Board of Directors, or by the governance of other corporations or business units of HHSC. When presenting request for approval for leasing, facility use agreements, conditional use permits, or easements of unimproved or improved real property and prior to approval by governance, management shall certify that it has

determined the property is and will be excess to HHSC operating requirements for the duration of the lease, facility use agreement, conditional use permit, or easement. Management shall implement and maintain procedures for short term (six months or less) and long term leases, facility use agreements, conditional use permits, or easements of unimproved and improved real property in accordance with this policy and state law. Standard documents for lease agreements, facility use agreements, conditional use permits, or easements shall be established.

V. APPLICABILITY: Governance for all HHSC regions, corporations and business ventures and staff for all HHSC regions, corporations and business ventures and HHSC Corporate management and staff.

VI. Regional Policies. Regional System Boards of Directors and governance for other corporations and business ventures of HHSC are authorized to issue regional policies consistent with this policy.

VII. REFERENCE: HRS Chapter 323F