

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

April 25, 2014

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.:12OD-087

OAHU

Issuance of Direct Lease to Waimanalo Health Center for Community Service Purposes;
Cancellation of General Lease No. 5400, Waimanalo, Koolaupoko, Oahu, Tax Map
Keys: (1) 4-1-009:279 and 282.

APPLICANT:

Waimanalo Health Center, a domestic non-profit corporation and 501(C)(3) organization.

LEGAL REFERENCE:

Section 171-43.1, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Waimanalo, Koolaupoko, Oahu, identified by Tax Map
Keys: (1) 4-1-009:279 and 282, as shown respectively on the attached map labeled **Exhibit A**.

AREA:

TMK: (1) 4-1-009:279 - 1.081 acres, and
TMK: (1) 4-1-009:282 - 1.085 acres, more or less.

ZONING:

State Land Use District: Urban
City and County of Honolulu LUO: R5

TRUST LAND STATUS:

TMK:(1) 4-1-009:279 -Section 5(b) lands, and
TMK:(1) 4-1-009:282 –Section 5(e) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: No

CURRENT USE STATUS:

TMK: (1) 4-1-009:279:

Encumbered under GL-5400 to Waimanalo Health Center, Lessee, for community service purposes. Lease to expire on August 31, 2030.

TMK: (1) 4-1-009:282:

Portion is encumbered under GL-5366 to Hawaiian Electric Co. Inc. for a non-exclusive easement for electric pole line purposes, expiring on December 31, 2061.

CHARACTER OF USE:

Community service purposes.

LEASE TERM:

Sixty-five (65) years.

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

ANNUAL RENTAL:

\$480 per year, pursuant to the Board policy on minimum rent currently at \$480 per year.

METHOD OF PAYMENT:

Semi-annual payments in advance.

RENTAL REOPENINGS:

Every 10th year during the term of the lease, subject to the Board policy on minimum rent applicable at the time of reopening.

PERFORMANCE BOND:

Twice the annual rental amount.

CHAPTER 343 ENVIRONMENTAL ASSESSMENT:

The Final Environmental Assessment for the subject property was published in the OEQC's Environmental Notice on February 23, 2014 with a finding of no significant impact (FONSI).

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u> x </u>	NO <u> </u>
Registered business name confirmed:	YES <u> x </u>	NO <u> </u>
Good standing confirmed:	YES <u> x </u>	NO <u> </u>

APPLICANT REQUIREMENTS:

None

REMARKS:

The Land Board at its meeting of December 17, 1993, under agenda item F-11, approved the issuance of a direct lease (GL-5400) for 35 years commencing September 1, 1995 to the Waimanalo Health Center. Waimanalo Health Center (WHC) was established in 1989 to provide medical, behavioral health, dental, vision, pharmacy and enabling services, along with administrative and financial support services for the existing State Department of Health maternity care program and general health care program.

Presently, WHC manages all of the community health care programs at the subject location. WHC services the underserved geographic area of Waimanalo. Without the services of WHC, there would be limited access to the needed health care and social services and the Waimanalo residents would need to travel outside of the community for services. WHC not only serves the underserved geographic area of Waimanalo but also serves patients representing all areas of the island. WHC primarily focuses its community-based efforts on the large Native Hawaiian population of the Waimanalo community.

WHC is a domestic non-profit corporation and a 501(C)(3) entity, is qualified for a direct lease pursuant to 171-43.1, HRS. with its primary objective of Waimanalo Health Center's services/activities is to provide much-needed health services to the community of Waimanalo with the overarching goal of optimizing health outcomes regardless of an individual's social determinants of health (income, education, housing, etc.). Services provided by WHC seek to reduce barriers and increase access to health care.

WHC's mission reads "committed to providing the highest level of primary and preventive health services, with special attention to the needs of Native Hawaiians and the medically underserved, and improving the health and wellness of individuals of their ohana regardless of the ability to pay ..."

At its meeting of August 24, 2012, under agenda item D-11, the Board approved in-principle the direct lease to WHC for the above described purposes, subject to compliance with Chapter 343, HRS. within twenty-four (24) months of the Board's approval. The compliance requirement was met by the publication of the final environmental assessment and FONSI which was published in OEQC's Environmental Notice on February 23, 2014.

WHC is planning for an expansion in services with a projected cost of approximately \$13 million, of which \$5 million will be new debt capacity (revenue bonds, loans, grants), \$2.1 million from WHC's cash reserves, and \$5 million will come from additional equity sources generated from fundraising events. In view of the substantial amount of the improvement costs, WHC is requesting the Board's approval for a new 65-year lease.

The improvement includes a new 2-story structure, which will serve as the expansion facility and for additional parking for patients and employees for various functions of WHC. Currently WHC has a management right-of-entry for the abutting State property identified by Tax Map Key: (1) 4-1-009:282 for additional parking under the proposed project. To accommodate the demand for WHC improvements and expansion for its facilities, which would also allow for additional parking for its patients and employees, the above improvements and expansion facility of WHC project would take place on both Tax Map Keys: (1) 4-1-009:279 and 282.

WHC has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions. Currently, WHC is in compliance with the terms and conditions of GL 5400. Staff proposes the mutual termination of GL 5400 in the event the new 65-year lease is granted.

Staff recommends the Board issue a direct lease to WHC according to the terms and conditions described above.

RECOMMENDATION: That the Board:

- A. Authorize the issuance of a direct lease to Waimanalo Health Center covering the subject areas under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 1. The standard terms and conditions of the most current non-profit lease document form, as may be amended from time to time;
 2. Review and approval by the Department of the Attorney General; and
 3. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

- B. Authorize the mutual cancellation of General Lease No. 5400 upon issuance of a direct lease to Waimanalo Health Center covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 1. The standard terms and conditions of the most current mutual cancellation lease document form, as may be amended from time to time;
 2. Review and approval by the Department of the Attorney General; and

3. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

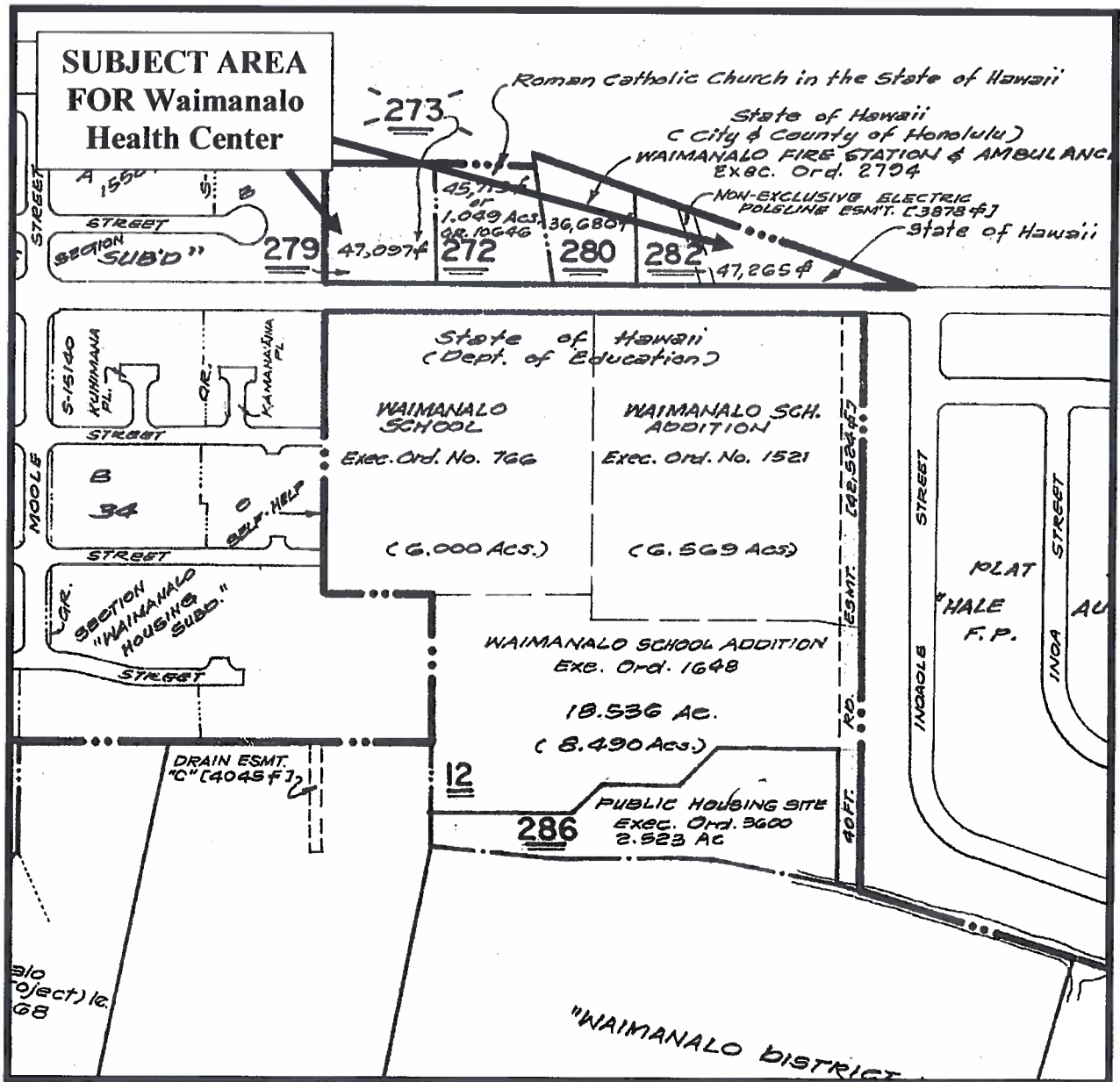


Steve Lau
Land Agent

APPROVED FOR SUBMITTAL:



William J. Aifa, Jr., Chairperson



TMK (1) 4-1-009:279 and 282

EXHIBIT A