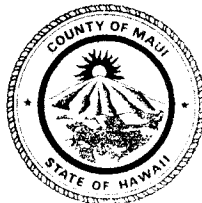


ALAN M. ARAKAWA
MAYOR



RECEIVED

KEITH A. REGAN
MANAGING DIRECTOR

2018 MAR -2 AM 11:37

OFFICE OF THE MAYOR
Ke'ena O Ka Meia
COUNTY OF MAUI – Kalana O Maui

**OFFICE OF THE
COUNTY COUNCIL**

March 2, 2018

Honorable Don S. Guzman, Chair
and Members of the Parks, Recreation,
Energy, and Legal Affairs Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Guzman and Committee Members:

**SUBJECT: KAHULUI COMMUNITY CENTER PARK AND SURROUNDING
AREA MASTER PLAN (PRL-10)**

Enclosed for your consideration, please find a proposed resolution that would allow the County to lease the Kahului Community Center Park (KCC) to Hale Makua.

As the proposed resolution indicates, for many decades, Hale Makua has developed programs and provided services designed to enhance the lives of Maui County's kupuna. Because Hale Makua's Kahului campus is adjacent to KCC and Hale Mahaolu, it makes a great deal of sense for Hale Makua to expand into the KCC property provided the County has comparable recreational facilities available for public use. Hale Makua envisions expanding its existing services and facilities over time into the KCC property to create new state-of-the-art rehabilitation and senior living facilities, health care services and senior-oriented recreational opportunities.

The proposed lease attached to the proposed resolution provides a phased approach to Hale Makua's use of the 34-acre KCC property. The property is currently improved with a community center, Department of Parks and Recreation annex building, Kokua Pool, picnic and barbecue areas, two soccer/baseball fields, four tennis courts, two playground sets, a gateball field with field house, jogging/bicycle paths, restrooms, parking, and drainage facilities.

Phase 1a will give Hale Makua the control and management of the gateball field and community center upon execution of the lease. Phase 1b requires the mutual agreement of the Department of Parks and Recreation and Hale Makua for Hale Makua to have control and management of the annex and its surrounding grounds

Phase 2 involves the remainder of the KCC property, including Kokua Pool, the jogging/bicycle paths, the ballfields and tennis courts, which will remain under the management and control of the County until the County has adequate or replacement facilities and Hale Makua is prepared to assume control and management. At such time, the County and Hale Makua will

Honorable Don S. Guzman
and Members of the Parks, Recreation,
Energy, and Legal Affairs Committee
March 2, 2018
Page 2

request Council approval, by resolution, to transfer control and management of specific Phase 2 areas or facilities from the County to Hale Makua.

Other requirements and provisions of the proposed lease include the following:

1. Hale Makua shall use the property in a manner consistent with its purpose as a nonprofit corporation.
2. The County will retain control and management of the drainage facilities.
3. Hale Makua will maintain the property in a clean and usable condition.
4. The County and Hale Makua will work cooperatively as shared users of the property.
5. Hale Makua will submit annual reports to the Department of Parks and Recreation.
6. Hale Makua will comply with all other general terms and conditions.

Your consideration of the enclosed proposed resolution and the proposed lease would be greatly appreciated. We cannot overstate the value and importance of Hale Makua to our community. For Hale Makua to plan for the future of our growing and aging population, it needs to be able to expand its facilities and services. This is a unique opportunity for the County to partner with Hale Makua in planning for the future needs of our kupuna. I hope to have your support.

Thank you, in advance, for your attention to this matter. If you have any questions or need additional information, please feel free to contact me or Deputy Planning Director Michele McLean at ext. 1755.

Sincerely,



ALAN M. ARAKAWA
Mayor

Enclosure

xc: Kaala Buenconsejo, Director of Parks and Recreation (pdf w/encl.)
Mark Walker, Director of Finance (pdf w/encl.)
Jeffrey Ueoka, Deputy Corporation Counsel (pdf w/encl.)
Michele McLean, Deputy Planning Director (pdf w/encl.)
Wesley Lo, Chief Executive Officer, Hale Makua (pdf w/encl.)

AMA:MCM:atw

C:\Desktop\Special Projects\Hale Makua PRL Transmittal.docx

Resolution

No. _____

AUTHORIZING A GRANT OF A LEASE OF COUNTY REAL PROPERTY TO HALE MAKUA HEALTH SERVICES

WHEREAS, HALE MAKUA HEALTH SERVICES (“Hale Makua”) is a 501(c)(3) Hawaii Nonprofit Corporation whose goal, in part, is dedicated to creating environments that promote quality of life for the frail, elderly and their care partners; and

WHEREAS, Hale Makua has evolved over the past 70 years, to develop programs designed to enhance the lives of Maui County’s kupuna, including multi-faceted services which include Adult Day Health, Care Homes, Home Health, Long Term Care and Rehabilitation components; and

WHEREAS, an integral component of Hale Makua’s vision is the potential utilization of all or portions of the Kahului Community Center Park, which is located adjacent to Hale Makua’s Kahului campus and is identified as Tax Map Key No. (2) 3-8-007-097, consisting of 34.082 acres, hereinafter called the “Premises”; and

WHEREAS, the Premises provide an ideal location in terms of its proximity to senior living and care facilities, to establish a holistically planned community for servicing the County’s frail and elderly communities; and

WHEREAS, Hale Makua wishes to enter into the proposed lease attached hereto as Exhibit “1” for a period of seventy-five (75) years to use the Premises for the purposes of expanding existing and creating new state-of-the-art rehabilitation and senior living facilities, health care services, and senior-oriented recreational opportunities; and

WHEREAS, the grant application submitted by Hale Makua is attached hereto as Exhibit "2"; and

WHEREAS, according to memorandum dated January 31, 2018, by the Department of Finance, attached hereto as Exhibit "3", the estimated fair market rental value per annum would be \$85,464; and

WHEREAS, pursuant to Section 3.36.090, Maui County Code, the Council of the County of Maui may authorize the grant of a lease of County real property by resolution; now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That it hereby finds that it is necessary and in the public interest to authorize the grant of lease of real property to Hale Makua; and
2. That it hereby authorizes the Mayor, or his duly authorized representative, to execute all necessary documents associated with the grant of a lease for the real property; and
3. That certified copies of this Resolution be transmitted to the Mayor, the Director of Parks and Recreation, the Director of Housing and Human Concerns, the Director of Finance, and Hale Makua.

APPROVED AS TO FORM
AND LEGALITY:



JEFFREY DEOKA
Deputy Corporation Counsel
County of Maui
2018-0128
2018-02-28 Resolution (Revised)

REGULAR SYSTEM

EXHIBIT "7"

WHEREAS, the facilities contained within KCC are further described in Exhibit "A", attached hereto and incorporated herein; and

WHEREAS, KCC is situated between Hale Makua and Hale Mahaolu facilities; and

WHEREAS, Hale Makua is interested in expanding its facilities and operations; and

WHEREAS, the Parties envision KCC as a park area with an emphasis on senior citizen use; and

WHEREAS, control and management of KCC will gradually be placed under Hale Makua as further planning is completed; and

WHEREAS, the Parties prepared this Lease for the entire KCC complex in the hopes that it will allow for Hale Makua to plan for its future expansion while making clear the overall intent to have the entire complex be part of a larger senior activity area;

NOW, THEREFORE, County, for and in consideration of Hale Makua's covenants and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby agree to grant a lease to Hale Makua and Hale Makua hereby accepts said lease on the terms and conditions set forth below:

A. Premises. The Premises shall comprise the area known as the "Kahului Community Center", identified as TMK (2) 3-8-007-097, an area approximately 34.082 acres, more accurately described in Exhibit "B", attached hereto and incorporated herein.

B. Term. The term of this Lease shall be seventy-five (75) years, commencing upon execution, unless sooner terminated as provided herein, with the understanding that the Council of the County of Maui ("Council") may set a distinct and separate term for each phase as it grants approval, unless sooner terminated as provided herein.

C. Control and Management of Premises. The control and management of the Premises shall be placed under Hale Makua in phases. Phase 1 shall be comprised of Phase 1a which shall include the "gateball field" and the Community Center; and Phase 1b shall include the Annex and the surrounding areas, as shown on Exhibit "C", attached hereto and incorporated herein. Control and management of Phase 1a shall be placed under Hale Makua upon execution of this Lease while control and management of Phase 1b shall be placed under Hale Makua at a time mutually agreed upon by the Department of Parks and Recreation and Hale Makua. The remaining portions of KCC shall

remain under the control and management of the County. Hale Makua shall not be responsible or liable for any areas that are not under its control and management, with the understanding that Hale Makua shall bear full liability and responsibility for those areas under its control and management.

When the Parties agree that County has adequate or replacement facilities and Hale Makua is prepared to take control and management of other areas of KCC, the Parties shall submit to the Maui County Council, for its approval by Resolution, agreements to transfer control and management of other areas of KCC to Hale Makua in additional Phases. No transfer shall take place without Council approval.

It is the understanding of the parties that Hale Makua may not take control of the drainage areas.

D. Use of Premises. Hale Makua shall utilize all areas of KCC under its control and management to further its purpose as a Hawaii nonprofit corporation.

E. Maintenance. The areas of KCC under the control and management of Hale Makua shall be maintained at all times in clean and usable condition for the term of this Agreement. If the Director of the Department of Parks and Recreation ("Director") determines, in the Director's sole but reasonable discretion, that the areas are not being properly maintained, the Director may transmit a written notice to Hale Makua outlining the request for maintenance. Failure to initiate a cure within thirty (30) days and fully remedy said maintenance issue(s) within ninety (90) days of receipt of written notice, to the reasonable satisfaction of the Director, shall be deemed a breach of this Agreement. Provided, however, in the case of maintenance issue(s) that cannot be fully remedied within ninety (90) days of receipt of written notice or where a cure cannot be initiated within thirty (30) days of receipt of written notice, Hale Makua shall commence promptly to cure the maintenance issue(s) and thereafter diligently undertake the curing of said maintenance issue(s) until said maintenance issue(s) are remedied to the reasonable satisfaction of the Director, the time within which the maintenance issue(s) may be cured may be extended for such period, as deemed necessary by the Director, to complete the curing thereof with diligence, failure to cure said maintenance issue(s) to the reasonable satisfaction of the Director within the time frame set forth by the Director shall be deemed a breach of this Agreement.

F. Shared Use. The Parties understand that there will be a period of time where only portions of KCC are under the control and management of Hale Makua. During these periods, the Parties agree to work together to ensure that County and Hale Makua operations may be conducted harmoniously, with the understanding that until all of KCC is under the control and management of

Hale Makua, the Director will have the ultimate authority and discretion to resolve issues regarding conflicting uses in KCC.

G. Permit Required. In the event that Hale Makua desires to have temporary, exclusive use of portions of the KCC, outside of the areas under its control and management, Hale Makua shall apply for a use permit with the Department of Parks and Recreation.

H. Conditions of Grant of Real Property. As the recipient of a grant of a lease of real property, Hale Makua shall comply with all requirements of Chapter 3.36, Maui County Code, Maui County Grants Program. Including, that within three (3) weeks after the end of each fiscal year, Lessee shall transmit to the Department of Parks and Recreation a report, using Exhibit "D", provided herewith, containing the following information for the previous fiscal year:

1. Program status summary.
2. Program data summary.
3. Summary of participant characteristics.
4. Changes in real property tax assessment for the real property.
5. Earnings from the grant of real property.
6. Narrative report.

I. Breach. In the event of a material breach of any term of this Agreement, the County shall have the authority to enjoin the entry upon and use of the KCC by Hale Makua. If after sixty (60) calendar days the material breach or breaches have not been remedied to the Director's reasonable satisfaction, the Director may unilaterally terminate this Lease. The materiality of a breach shall be determined in the Director's sole and absolute discretion.

The County may also pursue all available legal and equitable remedies for enforcement and shall be entitled to an award of attorney's fees and court costs if the County is the prevailing party.

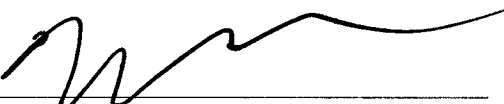
J. Termination. In the event that Hale Makua ceases operations at any time after the execution of this Lease, this Lease shall automatically terminate. The Parties may terminate this Lease by mutual agreement, in writing, upon ninety (90) days notice.

K. General Terms and Conditions. Hale Makua shall comply with the General Terms and Conditions, attached hereto and incorporated herein as Exhibit "E". In the event of a conflict or inconsistency between the General Terms and Conditions and the terms contained in the body of this Lease, the terms in the body of this Lease shall control.

APPROVAL RECOMMENDED:

BUTCH KAALA BUENCONSEJO
Director, Department of Parks
and Recreation

APPROVED AS TO FORM
AND LEGALITY:



JEFFREY UEOKA
Deputy Corporation Counsel
County of Maui
2018-0128
2018-03-05 Lease (Revised Version)

LESSOR:

COUNTY OF MAUI

By _____
ALAN M. ARAKAWA
Its Mayor

By _____
MARK R. WALKER
Its Director of Finance

LESSEE:

HALE MAKUA HEALTH SERVICES

By _____
(Signature)

(Print Name)

Its _____
(Title)

By _____
(Signature)

(Print Name)

Its _____
(Title)

STATE OF HAWAII)
COUNTY OF MAUI) SS.

On this _____ day of _____, 20____, before me personally appeared ALAN M. ARAKAWA, to me personally known, who being by me duly sworn, did say that he is the Mayor of the County of Maui, a political subdivision of the State of Hawaii, and that the seal affixed to the foregoing instrument is the lawful seal of the said County of Maui, and that the said instrument was signed and sealed on behalf of said County of Maui by authority of its Charter; and the said ALAN M. ARAKAWA acknowledged the said instrument to be the free act and deed of said County of Maui.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

[Stamp or Seal]

Notary Public, State of Hawaii

Print Name: _____

My commission expires: _____

NOTARY PUBLIC CERTIFICATION	
Doc. Date: _____	# Pages: _____
Notary Name: _____	Judicial Circuit: _____
Doc. Description: _____	

[Stamp or Seal]	
Notary Signature: _____	
Date: _____	

STATE OF HAWAII)
COUNTY OF MAUI) SS.

On this ____ day of _____, 20____, before me appeared MARK R. WALKER, to me personally known, who being by me duly sworn, did say that he is the Director of Finance of the County of Maui, a political subdivision of the State of Hawaii, and that the seal affixed to the foregoing instrument is the lawful seal of the said County of Maui, and that the said instrument was signed and sealed on behalf of said County of Maui pursuant to Section 9-18 of the Charter of the County of Maui; and the said MARK R. WALKER acknowledged the said instrument to be the free act and deed of said County of Maui.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

[Stamp of Seal]

Notary Public, State of Hawaii

Print Name: _____

My commission expires: _____

NOTARY PUBLIC CERTIFICATION	
Doc. Date: _____	# Pages: _____
Notary Name: _____	Judicial Circuit: _____
Doc. Description: _____	

[Stamp of Seal]	
Notary Signature: _____	
Date: _____	

STATE OF HAWAII)
) SS.
COUNTY OF MAUI)

On this ____ day of _____, 20____, before me personally appeared _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

[Stamp or Seal]

Notary Public, State of Hawaii

Print Name: _____

My commission expires: _____

NOTARY PUBLIC CERTIFICATION	
Doc. Date: _____	# Pages: _____
Notary Name: _____	Judicial Circuit: _____
Doc. Description: _____	

[Stamp or Seal]	
Notary Signature: _____	
Date: _____	

STATE OF HAWAII
COUNTY OF MAUI

)
) SS.
)

On this ____ day of _____, 20____, before me personally appeared _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

[Signature]

Notary Public, State of Hawaii

Print Name: _____

My commission expires: _____

NOTARY PUBLIC CERTIFICATION

Doc. Date: _____	# Pages: _____
Notary Name: _____	Judicial Circuit: _____
Doc. Description: _____ _____ _____ _____	
[Stamp or Seal]	
Notary Signature: _____	
Date: _____	

KAHULUI COMMUNITY CENTER FACILITIES LIST

Park Structures

Community Center with two divisible meeting rooms, a stage, and a kitchen.

Parks offices on site.

Annex with Kitchen

Kokua Pool

Picnic Areas

Large barbecue grill located at the Community Center

Sports Areas

Two soccer/baseball fields, four tennis courts, two playground sets, gate ball field with field house, jogging/bicycle path.

Parking

Five lots containing a total of 150 spaces

Public Restrooms

Restrooms available inside Community Center and Annex. One comfort station located near parking lot off of Onehee Street. One ADA portable toilet available near tennis courts.

DESCRIPTION

KAHULUI PARK SUBDIVISION LOT 3-A

Being a portion of Grant 3343 to Claus Spreckels, situated at Wailuku, Island and County of Maui, State of Hawaii.

Beginning at the Northeasterly side of the lot on the Southerly side of Wakea Avenue as shown on subdivision plat "Kahului Park Subdivision" (L.U.C.A. File No. 3.1583) prepared by Bruce R. Lee, LS (Surveyor Certificate No. 5983) of Newcomer-Lee Land Surveyors, Inc. dated and revised on December 22, 1994, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being:

1,294.66 feet North

7,124.69 feet East

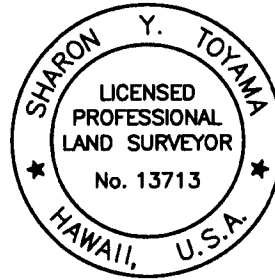
and running by azimuths measured clockwise from True South:

1. 279° 40' 50" 153.41 feet along the Southerly side of Wakea Avenue, being also the remainder of Grant 3343 to Claus Spreckels;
2. Thence along the Southwesterly intersection of Wakea Avenue and South Hina Avenue, being also the remainder of Grant 3343 to Claus Spreckels, on a curve to the right with a radius of 20.00 feet, the radial azimuth from the radius point to the beginning of the curve being: 186° 41' 40"; the radial azimuth from the radius point to the end of the curve being: 271° 25' 50"; and the chord azimuth and distance being: 319° 03' 45" 26.96 feet;
3. Thence along the Westerly side of South Hina Avenue, being also the remainder of Grant 3343 to Claus Spreckels, on a curve to the left with a radius of 1,097.36 feet, the radial azimuth from the radius point to the beginning of the curve being: 91° 25' 50"; the radial azimuth from the radius point to the end of the curve being: 80° 07' 50"; and the chord azimuth and distance being: 355° 46' 50" 216.07 feet;
4. 66° 00' 628.03 feet along Lot 4-A-3, being also the remainder of Grant 3343 to Claus Spreckels;
5. 4° 50' 40" 312.27 feet along same;

6. 36° 30' 120.00 feet along same;
7. 127° 56' 191.57 feet along Lot 2-A-1, being also the remainder of
Grant 3343 to Claus Spreckels;
8. 36° 30' 500.15 feet along same;
9. 307° 56' 791.39 feet along same;
10. Thence along the Westerly intersection of Laau Street and Kaulana Street, being also the
remainder of Grant 3343 to Claus Spreckels, on a curve
to the right with a radius of 20.00 feet, the chord
azimuth and distance being:
352° 56' 28.28 feet;
11. 37° 56' 64.97 feet along the Northwesterly side of Kaulana Street,
being also the remainder of Grant 3343 to Claus
Spreckels;
12. Thence along same on a curve to the left with a radius of 5,952.15 feet, the radial azimuth
from the radius point to the beginning of the curve
being: 127° 56';
the radial azimuth from the radius point to the end of
the curve being: 124° 26' 49";
and the chord azimuth and distance being:
36° 11' 24" 362.13 feet;
13. Thence along Lot 299 of the Kahului Town Development 11th Increment (File Plan 1051),
being also the remainder of Grant 3343 to Claus
Spreckels, on a curve to the left with a radius of 20.00
feet, the radial azimuth from the radius point to the
beginning of the curve being: 304° 26' 49";
the radial azimuth from the radius point to the end of
the curve being: 212° 00';
and the chord azimuth and distance being:
168° 13' 25" 28.88 feet;
14. 122° 00' 182.78 feet along Lot 299 and Lot 298 of the Kahului Town
Development 11th Increment (File Plan 1051), being
also the remainder of Grant 3343 to Claus Spreckels;

15. Thence along Lot 298 of the Kahului Town Development 11th Increment (File Plan 1051), being also the remainder of Grant 3343 to Claus Spreckels, on a curve to the left with a radius of 20.00 feet, the radial azimuth from the radius point to the beginning of the curve being: 212° 00'; the radial azimuth from the radius point to the end of the curve being: 124° 00'; and the chord azimuth and distance being: 78° 00' 27.79 feet;
16. 214° 00' 69.34 feet along the Southeasterly corner of Kaimana Street and Uhu Street, being also the remainder of Grant 3343 to Claus Spreckels;
17. 122° 00' 1,104.89 feet along the Northeasterly side of Uhu Street, being also the remainder of Grant 3343 to Claus Spreckels;
18. Thence along the Easterly intersection of Uhu Street and Onehee Avenue, being also the remainder of Grant 3343 to Claus Spreckels, on a curve to the right with a radius of 20.00 feet, the chord azimuth and distance being: 167° 00' 28.28 feet;
19. 212° 00' 813.61 feet along the Southeasterly side of Onehee Avenue, being also the remainder of Grant 3343 to Claus Spreckels;
20. Thence along same on a curve to the right with a radius of 1,392.40 feet, the chord azimuth and distance being: 225° 00' 626.44 feet;
21. 238° 00' 108.27 feet along same;
22. 328° 00' 55.00 feet along Lot 5-A-2, being also the remainder of Grant 3343 to Claus Spreckels;
23. 268° 57' 50" 58.31 feet along same;
24. 328° 00' 65.00 feet along same;
25. 238° 00' 344.47 feet along same;
26. 286° 10' 266.83 feet along same;
27. 192° 40' 81.31 feet same to the point of beginning and containing an area of 34.082 Acres.

This work was prepared by me
or under my supervision.



FUKUMOTO ENGINEERING, INC.

Sharon Y. Toyama

Sharon Y. Toyama
Licensed Professional Land Surveyor
Certificate Number 13713

1721 Wili Pa Loop, Suite 203
Wailuku, Hawaii 96793
February 27, 2018

HMHS01

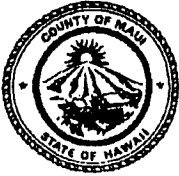


- HALE MAKUA MASTER PLAN
- HALE MAHAOLU Independent Living

Aerial Photograph Figure 2
KAHULUI SITE PLAN

Hale Makua Master Plan | G70





DEPARTMENT OF PARKS AND RECREATION

700 Hal'ia Nakoa Street, Unit 2, Wailuku, Hawaii 96793

ANNUAL REAL PROPERTY GRANT REPORT

Report Period: Fiscal Year July 1, _____ - June 30, _____

ORGANIZATION: _____

Tax Map Key Number(s): _____

Department of Parks and Recreation's Mission: The purpose of the Department of Parks and Recreation is to provide safe, satisfying and cost-effective recreational opportunities for the residents of and visitors to Maui County.

INSTRUCTION

Provide a narrative response to each question below for each quarter and fiscal year.

I. Program Data/Status Summary

- a. List each program goal/benchmark for the leased/licensed site and how it contributes towards the Parks Department's mission (noted above).
- b. What objectives/action steps were completed this fiscal year for each goal?
- c. What measurable outcomes were achieved this fiscal year?
- d. Were your organization's programs/activities open to the public? If so, how were they promoted to residents and visitors?
- e. Give actual number of people attended at activities, programs and events on property for each quarter of the fiscal year.
- f. What objectives/actions steps will be accomplished during the next fiscal year?

II. Narrative Report

- a. What program challenges occurred this fiscal year and how were they addressed and/or resolved?
- b. Describe any staff changes in your organization.
- c. Were there any fundraising activities on leased/licensed property? If so, please indicate how many, type of activity, primary beneficiary of the fundraising, and how your organization participated and benefited from the activity.
- d. Describe improvements on the property, its condition, and your risk evaluation program. How often are site inspections done and by who?
- e. Disclosure of any organizational conflict of interest and criminal violations.
- f. Were audits done this fiscal year? When is the next audit planned for your organization?

Please submit the following information with this report:

- a. Board of Directors' Minutes.
- b. Updated list of Board of Directors
- c. Financial status report including but not limited to the total revenue generated on the property leased/licensed.
- d. Update Tenant Contact Information Form.
- e. Current Liability Insurance Certificate naming the County of Maui as additional insured.

Report Prepared by: _____
Print Name/Title Signature Date

EXHIBIT " D "

EXHIBIT "E"

GENERAL TERMS AND CONDITIONS

In consideration of the grant of COUNTY funds, GRANTEE covenants and agrees to the following terms and conditions in the use and administration of COUNTY funds. In the event the following conditions conflict with any term, provision, condition and/or covenant contained in the body of the Agreement and any subsequent amendments, the terms, provisions, conditions and/or covenants contained in said body shall prevail.

- 1) RECORD KEEPING. Grantee shall keep records and prepare reports, including detailed, separate financial records relating to all grant funds received from the County. All accounts shall be prepared and maintained according to generally accepted accounting principles and as otherwise provided by law to ensure the effective administration of the grant. Grantee shall maintain such accounts and documents in a manner as to permit an expeditious determination to be made at any time of the status of funds within the award, including any disposition of all funds received from County and the nature and amount of all charges claimed to be against such funds. To facilitate the auditing process, Grantee's general ledger shall be organized to reflect the separation of County grant funds and expenses from other funds of the Grantee. Grantee shall maintain in its files, at all times, documentation certifying that the work described in any invoices, executed contracts or reimbursement requests submitted to the County are complete, correct, and in accordance with the terms of this Agreement.
- 2) FINANCIAL AUDITS. Grantee shall supply County with a copy of its annual financial statements that shall be prepared by a Certified Public Accountant. Grantee shall allow County to audit Grantee's records, report books, and other financial records upon request of County to determine compliance with the terms of this agreement. Grantee shall cooperate fully and assist County in such an audit.
- 3) NONPROFIT STATUS. If Grantee is a nonprofit organization, Grantee shall establish and be governed by bylaws or policies that shall include provisions relating to nepotism and management of potential conflict of interest situations, as required by Section 3.36.040(c), Maui County Code.

- 4) INSURANCE. In order to protect itself as well as the County under this Agreement, Grantee shall obtain, pay for, and keep in force throughout the period of this Agreement comprehensive liability insurance issued by an insurance company (the "Carrier") authorized to do business in the State of Hawaii (an "Admitted Carrier"), or by a company not authorized to do business in the State of Hawaii (a "Non-Admitted Carrier") only through a general insurance agent or broker licensed in the State of Hawaii. The Carrier shall be rated no less than "A-" as established by "AM Best" or "Standard & Poor" ratings.

The insurance policy, as evidence by issuance of a "Policy Endorsement", shall name County, its officers, employees and agents as "Additional Insured", and shall include a duty to defend the County, its officers, employees and agents against any loss, liability, claim, and demand for injury or damage, including but not limited to, claims for property damage, personal injury, or wrongful death, arising out of, or in connection with Grantee's actions and/or performance of this Agreement.

Unless otherwise agreed to by County through the joint decision and discretion of the Director of the Department of Finance and the Director of the Department of Parks and Recreation, the insurance policy shall contain the following minimum requirements:

- 1) No less than a Combined Single Limit ("CSL") of liability coverage of \$1,000,000;
- 2) No erosion of limit by payment of defense costs; and
- 3) Minimum annual aggregate limit of \$2,000,000.

Prior to or upon the execution of this Agreement, Grantee shall furnish the County with a copy of the insurance policy certificate together with the required endorsements verifying such insurance coverage. If the scheduled expiration date of a current insurance policy is sooner than the specified termination date of this Agreement, the Grantee shall, upon renewal of the insurance policy, provide the County with a copy of the renewed insurance policy certificate together with the required endorsements.

Unless waived by the County, the insurance policy shall expressly state that the coverage provided under such policy shall not be cancelled or terminated, unless the Carrier has first given the County thirty (30) calendar days prior written notice of the intended cancellation

or termination.

- 5) INDEMNIFICATION. To the extent permitted by law, Grantee shall indemnify, defend, release, and hold harmless the County, its officers, agents, and employees from and against any and all manner of action and claim arising, including serious bodily injury or death, either directly or indirectly, out of or resulting from the errors, omissions, or acts of Grantee, its officers, its employees, or its agents occurring during, or in connection with this Agreement. The Grantee's obligations under this section shall survive and shall continue to be binding upon Grantee notwithstanding the expiration, termination or surrender of this Agreement.
- 6) EMPLOYEE COMPENSATION. Grantee shall not compensate its employees more than the wages then prevailing in the State of Hawaii for employees with similar skills and abilities. Grantee shall not pay any commissions, bonuses or similar to its employees.
- 7) COUNTY RECOGNITION. Grantee shall give the County and State of Hawaii, if applicable, appropriate recognition in all grant-funded programs and printed materials. All such printed materials must be approved by the County prior to printing and/or use.
- 8) GRANTEE COMPLIANCE. Grantee shall strictly comply with its articles of incorporation and/or bylaws and all relevant County, State and Federal rules and regulations concerning Grantee's policies and operations.
- 9) NO DISCRIMINATION. Grantee shall not discriminate in the hiring of staff, compensation, terms or conditions of employment of individuals, use of volunteers, or delivery of client services on the basis of sex, sexual orientation, national origin, age, race, color, religion or disability. Grantee shall comply with all applicable Federal and State laws prohibiting discrimination.
- 10) MODIFICATION OF AGREEMENT. Any modification, alteration or change to this Agreement, including, but not limited to, modification of the services to be performed, modification of the scope of services to be performed, extension of time of performance, or changes to the approved budget, shall be made by written supplemental agreements executed by the County and Grantee.
- 11) SUSPENSION OR TERMINATION OF AGREEMENT. If, for any cause, the County finds that the Grantee has failed to

satisfactorily fulfill in a timely or proper manner its obligations under this Agreement or if the Grantee breaches any of the promises, terms, or conditions of this Agreement and, having been given reasonable notice of an opportunity to cure any such default, fails to take satisfactory corrective action within the time specified by the County, the County shall have the right to suspend or terminate this Agreement by giving written notice to the Grantee of such suspension or termination. Further, the County may suspend or terminate this Agreement without cause by giving written notice to the Grantee thirty (30) calendar days before the effective date of such suspension or termination. Upon termination of this Agreement, all finished or unfinished documents, data, studies, and reports purchased or prepared by the Grantee pursuant to this Agreement shall be transferred to the County.

- 12) COSTS INCURRED DUE TO SUSPENSION OR TERMINATION. The County shall not reimburse the Grantee for any costs incurred by the Grantee during suspension or after termination of this Agreement unless the County authorizes such costs in the Notice of Suspension or Termination issued to the Grantee.
- 13) PRODUCTION OF INFORMATION. If applicable, Grantee shall comply with all requests of the State of Hawaii for information and reports regarding the project and Grantee's operations.
- 14) COMPLIANCE WITH LAWS. Grantee shall comply with all applicable Federal, State and County laws, rules, regulations, licensing requirements, applicable accreditation and other standards of quality generally accepted in the field of Grantee's activities.
- 15) INSPECTIONS AND MONITORING. Grantee shall permit the County or its duly authorized agent free access to any al all Grantee programs, facilities, event or activities without advance formal notification or appointment when such access is for the express purpose of monitoring, investigation, researching or formulating programs, services or related policies and procedures or when County is otherwise in the pursuit of any official business relative to any aspect of this agreement.

END OF EXHIBIT "E"

COUNTY OF MAUI
Grant of Real Property
NARRATIVE APPLICATION

1. *Provide a description of the nature and purpose of the agency requesting the lease or license- to-occupy, including:*

- a. Goals of the Organization*
- b. Population clientele served*
- c. Services provided (including numbers served)*
- d. Sources of funding/support for the organizations services and activities*
- e. Administrative/management structure*

Hale Makua Health Services (HMHS) was established by the Maui community in 1946, shortly after World War II, to care for frail, vulnerable elders who needed 24-hour care and support, and who had no family to care for them or resources to provide the care. From its humble beginning 71 years ago, HMHS has grown from a single 24-bed residential home to include two nursing homes with rehab centers, a home health care agency, an adult day health center, and an adult residential care home. Our mission, "We improve the well-being of those in our care through compassionate personalized health services, in our home and yours" reflects the commitment we have to providing quality care with competence and compassion to Maui's frail elders and disabled individuals of all ages throughout the continuum of healthcare services that the organization provides.

Hale Makua Health Services is the ninth largest non-government employer, employing over 450 Maui residents in a variety of fields ranging from nursing and nutrition services to human resources and finance. The organization contributes over \$34 million annually to the economy and serves over 1,200 frail elderly and disabled individuals in its homes and in the community annually.

a. Goals of the Organization

- Increase skilled nursing facility days by 860 days annually
- Increase intermediate care days at the nursing homes by 2,801 days annually
- Decrease overtime incurred at Hale Makua Kahului by 10%
- Modify payer contracts for a financially beneficial payment structure
- Partner with Maui Medical Group to provide physician services and eliminating the need to pay for a physician to fly in from the mainland
- Continue to secure \$400,000 in State funding to help cover the cost of providing care for the under- and uninsured
- Create a master plan for Hale Makua Kahului that will expand services and provide a continuum of health care services for Maui's frail elderly and disabled individuals

b. Population clientele served

Hale Makua Healthy Services serves Maui County residents and visitors of all ages, primarily individuals over the age of 65 and are low income.

c. Services provided (including numbers served)

The organization's primary services are centered on the two nursing homes with attached rehab center, which have a total of 344 federally and state licensed beds for providing skilled and intermediate nursing care services, including in-patient and out-patient physical, occupational and speech therapy. HMHS is the largest long-term care provider on the island of Maui, serving about 750 individuals annually and discharging over 50% of individuals served back to their own home. The only other nursing home provider is Kula Hospital with 104 beds.

In addition to its two nursing homes, HMHS has a CHAP-accredited home health care agency, which provides skilled nursing and therapy (physical, occupational and speech) services in the comfort of clients' homes. About 400 individuals are served annually through the home health program.

The adult day health center is the only licensed Adult Day Health program on the island of Maui, and provides day care services and an exercise program for clients during the day and cares for about 75 seniors annually.

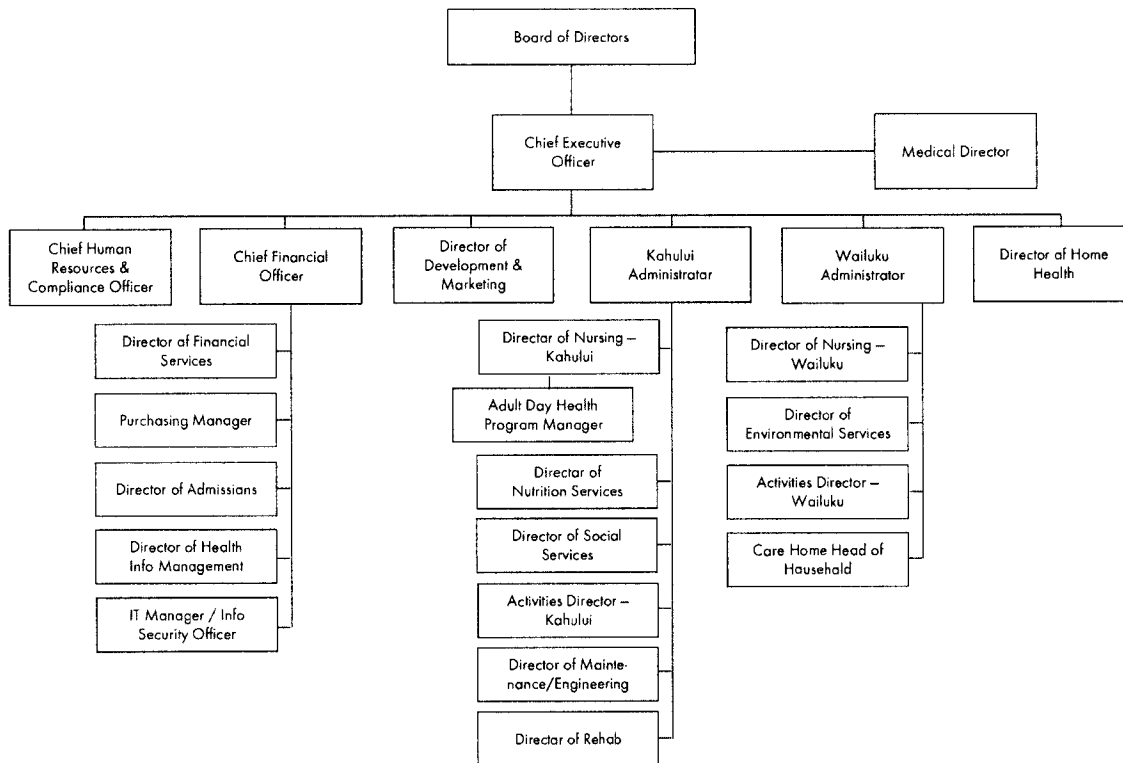
Most recently in 2013, HMHS converted a wing of the Wailuku nursing home that had been closed due to a severe decline in census to a licensed Adult Residential Care Home for up to 22 residents. The care home provides care for individuals who need around the clock supervision and some assistance with activities of daily living. The care home cares for about 25 individuals annually, including respite care from three to 30 days.

d. Sources of funding / support for the organization's services and activities

Funding of Hale Makua Health Services' operations comes primarily through government reimbursements from Medicare and Medicaid. Medicaid is an eligibility program for persons who qualify for financial assistance and Medicare is an entitlement program for persons who have paid into the social security system. Over 85% percent of the residents at Hale Makua Wailuku and over 75% of the nursing home residents at Hale Makua Kahului are Medicaid recipients. Medicaid payments do not cover the full cost of care per day. In fact, Hale Makua loses between \$9 – 11 per day, per Medicaid resident. Medicare provides coverage for 6% of the residents at Kahului Hale Makua and 2% at Wailuku Hale Makua. Private or Kaiser healthcare insurance provides coverage for an average of 13-14% of the residents.

In addition, Hale Makua Health Services is actively engaged in fundraising to support its mission and programs. Through State and County grants, special events, annual appeals and other fundraising activities, Hale Makua raised over \$1.3 million in 2017.

e. Administrative / management structure



2. Please explain the intended usage of the facility (or site) for which the lease/license-to-occupy is being requested. Included information about:

- The specific use(s)/activity(ies) to be conducted at the facility/site*
- The reason and justification of need for these services/activities*
- The target population to be served at the facility/site*
- The estimated average number of people using the facility/site on a weekly basis*
- The frequency of use (i.e. daily, monthly, quarterly, etc. and number of hours per day) of the facility/site*

a. The specific use(s)/activity(ies) to be conducted at the facility/site

The site will be utilized to expand Hale Makua Health Services' existing healthcare services to potentially include in phase 1:

- A 42-bed Expanded Adult Residential Care Home (ARCH) II for individuals needing moderate assistance to nursing home level of care, potentially dedicating a portion of beds for memory care
- A state-of-the art rehabilitation center to provide in-patient and out-patient

physical, occupational and speech therapy with 45 private rooms

- An Adult Day Health center for up to 80 individuals
- An Adult Day Care center for up to 80 individuals
- Relocation of central plant to a new central services building

Possibilities for phase 2 currently include a senior services center, a 110 bed assisted living facility, and a 100 bed Continuing Care Retirement Community (CCRC). CCRCs are retirement communities with accommodations for independent living, assisted living, and nursing home care, offering residents a continuum of care with the goal of giving individuals the ability to move between levels of care as needed.

b. The reason and justification of need for these services/activities

According to the 2010 Census, Maui's resident population is expected to grow from 129,471 in 2005 to 176,687 in 2030; indicating a population increase of 16% between 2010 and 2020. In next five years on Maui there will be a 9% increase in the 85 and over cohort and a 37% increase in the 75-84 cohort.

Contributing to the explosion in numbers is the surge of Baby Boomers, and an overall longer life expectancy. Nationally, baby boomers have not reached the typical age for nursing home level of care, there will be significant growth nationwide and increased demand for these services

Maui also sees an in-migration of retirees. By 2030, individuals over the age of 65 will represent 20% (35,337 people) of Maui's population. In comparison only 5.88% of Maui's population was over the age of 65 in 1970. This indicates that there will be even greater numbers of individuals exiting the workforce, and even more individuals who may eventually need nursing care as they age.

c. The target population to be served at the facility/site

The target population to be served are seniors who live on the Island on Maui, and individuals who need skilled therapy in recovering from injury or illness.

d. The estimated average number of people using the facility/site on a weekly basis

For phase 1, approximately 261 people could use the facilities at any given time, plus staff. For phase 2, there is potentials that an additional 225 individuals could be served, plus staff. At this time staffing ratios have not yet been determined.

e. The frequency of use (i.e. daily, monthly, quarterly, etc. and number of hours per day) of the facility/site

Individuals being provided housing and rehabilitation services on-site would most likely use the site around the clock daily. Whereas individuals attending Adult Day Health and Adult Day Care programs could vary in attendance of eight to nine hours on one to six days per week. Usage of the senior services center could range from daily to monthly.

3. Explain how/where the services/activities described above are currently being carried out and how use of the requested facility/site will improve delivery of these services/activities.

Currently Hale Makua Health Services provides rehabilitation, nursing home and adult day health services at the Hale Makua Kahului facility located at 472 Kaulana Street in Kahului. The nursing home has 254 beds licensed for skilled and intermediate care. Of those beds, only 16 are dedicated to individuals needing rehabilitation. At times there are 35+ individuals who reside at Hale Makua Kahului who are in need of in-patient therapy. The existing number of dedicated bedrooms and the 1,500 square foot rehab gym are not sufficient for these demands. In addition, the current 1,000 square foot Adult Day Health center cannot accommodate more than 40 program participants limiting the number of seniors that we are able to provide services to. As the only provider of a State-licensed adult day health program that provides therapeutic exercise, there will be an increasing need as Maui's aging population grows, and the existing space will not be able to grow to meet the need.

By relocating the rehab and adult day health services in Kahului to the requested site, Hale Makua Health Services will be better positioned to meet the demands of Maui's growing senior population by providing more options and greater availability of senior and healthcare related services in a centralized area. In addition, phase two of this project will give seniors more affordable living options, enable seniors to age in place, and create a continuum of retirement services in a centralized location on Maui.

4. Describe the management plan for the facility / site. Who and how will daily management of the facility / site be handled?

Daily management of the facility will be the same as the management of the current programs. The Director of Rehab currently located at Hale Makua Kahului will be relocated to the new rehab facility with oversight provided by the Hale Makua Kahului Administrator. A Head of Household will be hired to oversee operations of the new ARCH II expanded buildings. The current Adult Day Health Program Manager at Hale Makua Kahului will be relocated to oversee Adult Day Health and Adult Day Care operations at the new site. Central plant and services which include maintenance, purchasing, business office, marketing, admissions and nutrition services will be expended to serve these relocated operations as well as current operations.

5. What would the impact be on the services/activities to be conducted at/through the facility/site if a lease/license to occupy is not granted?

If the site were not granted, Hale Makua Health Services' operations would remain as they are currently. At this time, this lease presents a huge opportunity for the organization to expand senior care services a critical time when the senior population on Maui is growing and the potential demand will exceed current supply. The potential impact to the Maui community is that there will not be enough in-patient rehab beds or senior day care space to meet the Island's future needs.

In addition, Hale Makua Health Services' facilities in Kahului and Wailuku are aging and were built in 1978 and 1966 respectively. The organization recently completed a study on the cost to maintain and repair both facilities. Without a change to current programming and current reimbursement, the costs to maintain and repair the facilities over the next few years are so prohibitive, they would jeopardize the organization's ability to continue providing care for Maui's frail elderly and disabled individuals.

6. *If major improvements/construction is planned on the requested site, please provide the following:*

- a. Budget including projected costs and funding sources and amounts. Please identify firm/committed funding sources and amounts.*
- b. Description of the planned improvement including plans or at least a conceptual drawing(s) of the facility.*

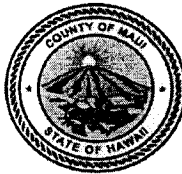
a. Budget including projected costs and funding sources and amounts. Please identify firm / committed funding sources and amounts.

Hale Makua Health Services is currently in the process obtaining cost estimates, which will be followed by a plan to secure funding.

b. Description of the planned improvement including plans or at least a conceptual drawing(s) of the facility.

Conceptual site plan drawings are attached.

ALAN M. ARAKAWA
Mayor



MARK R. WALKER
Director

MARCI M. SATO
Deputy Director

COUNTY OF MAUI
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

January 31, 2018

MEMORANDUM

TO: Jeff Ueoka, Corporation Counsel
VIA: Mark Walker, Director of Finance
FROM: Kyle Shimizu, Real Property Appraiser Supervisor
Subject: 3-8-007-097-0000 Fair Market Rental Value

This letter is in response to your request dated January 31, 2018 to obtain the fair market rental value of the property located at TMK: 3-8-007-097-0000.

The estimated building value of the subject property as of January 1st, 2018 is \$949,600. Currently, the prevailing fair market rate per annum is estimated to be 9%. Therefore, the estimated fair market rental value per annum would be \$85,464 (\$949,600 x .09).

All values of the subject property stated above were established using standardized mass appraisal techniques by the Real Property Tax Division, for real property tax purposes only.

This response is prepared solely for the use of the Department of Corporation Counsels' internal purposes, and is not intended to be used for lending or any other purposes. No site inspection of the subject parcel was conducted for the purposes of this response.

If you have any more questions about the valuation of this property, or the methods we used to arrive at our final figure, I can be reached at 270-7798.

EXHIBIT "3"