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

July 26, 2019

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

Oahu

PSF No.: 19OD-077

First Amendment for Lease of Federal Property No. N62478-12-RP-00014 for Mokapu Elementary School at Marine Corps Base Hawaii, Kaneohe, Koolaupoko, Oahu, TMK (1) 4-4-009:007.

The amendment will add to the existing lease (a) Mokulele Elementary School, located at 250 Aupaka Street, Honolulu, TMK (1) 1-1-002: portions of 008; (b) Hickam Elementary School located at 825 Manzelman Circle, Honolulu, TMK (1) 9-9-001: portions of 003; and (c) Lehua Elementary School Parking Lot located near 791 Lehua Street, Pearl City, TMK (1) 9-7-016: portions of 001, together with other pertinent statutory updates.

APPLICANT:

Department of Education ("DOE").

LEGAL REFERENCE:

Section 171-30, Hawaii Revised Statutes, as amended.

LOCATION:

See subject line for address and tax map key. Subject locations are shown on the maps attached as **Exhibit A1** to **A3**.

AREA:

Mokulele Elementary School Hickam Elementary School 7.968 acres;

Lehua Elementary School Parking Lot

9.327 acres; and

0.350 acre.

ZONING:

State Land Use District:

Urban

City and County of Honolulu LUO: F-1

CURRENT USE STATUS:

Mokulele Elementary School, Hickam Elementary School, and Lehua Elementary School Parking Lot respectively.

CHARACTER OF USE:

Public school facilities

TERM:

January 1, 2019 to December 31, 2044.

CONSIDERATION:

Gratis.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

Not applicable. No State funds or lands were used.

APPLICANT REQUIREMENTS:

Not applicable.

BACKGROUND:

In 2011, the Board authorized the signing of a lease with the Navy regarding using portions of the federal land inside Kaneohe Marine Corps base by DOE to operate Mokapu Elementary School. The lease, executed in October 2012, carries a term of 25 years and expires on October 22, 2037.

Meanwhile, DOE is also leasing the subject locations from the Navy for public school purposes pursuant to three (3) separate leases managed by the Navy. The three leases have expired and the Navy acknowledges the DOE's holdover status at the respective locations.

Discussions were held between DOE and the Navy, in which the latter suggested entering into an amendment to the existing lease by adding the three (3) subject locations. The amendment will also include some pertinent statutory updates and changing the rental provision to gratis. Staff understands that DOE and its counsel have reviewed and agreed

to the latest draft amendment subject to some clarifications regarding the indemnification obligation from the State. A copy of DOE's letter dated May 13, 2019 enclosing the latest draft agreement between the Navy and DOE is attached as **Exhibit B**.¹

Upon approval by the Board, staff will request the Department of the Attorney General ("AG") to address the questions raised by DOE. Staff notes that in 2012, the AG obtained the approval of the Governor to indemnify the Navy.

There are no other pertinent issues or concerns.

<u>RECOMMENDATION</u>: That the Board authorize the Chairperson to execute the amendment of the lease substantially in the form attached as Exhibit B hereto under the terms and conditions cited above and further subject to the following:

- A. Review and approval by the Department of the Attorney General; and
- B. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

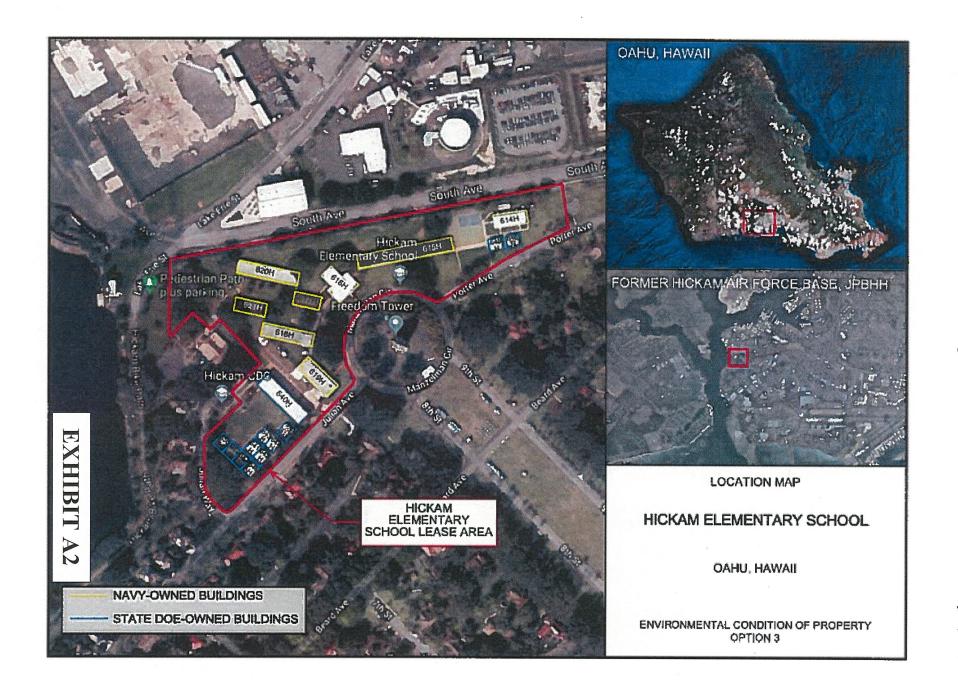
Barry Cheung

District Land Agent

APPROVED FOR SUBMITTAL:

¹ The 2012 lease as mentioned in DOE's letter is kept in the file and not attached in this submittal.







STATE OF HAWAI'I

DEPARTMENT OF EDUCATION

P.O. BOX 2360 HONOLULU, HAWAI'I 96804

OFFICE OF THE SUPERINTENDENT

May 13, 2019

TO:

The Honorable Suzanne D. Case

Chairperson, Department of Land and Natural Resources

FROM:

Dr. Christina M. Kishimoto

Superintendent

SUBJECT:

Request to Amend Real Estate No. N62478-12-RP-00014

The Hawaii Department of Education (HIDOE) is forwarding a lease amendment drafted by the Naval Facilities Engineering Command Hawaii (Navy) to expand a 2012 lease for Mokapu Elementary School on the Marine Corps Base Hawaii at Kaneohe. The amendment would expand the lease to include two elementary schools located on Navy land at Joint Base Pearl Harbor-Hickam, and one school parking lot on the Pearl City Peninsula. It was the Navy's decision to amend the existing Mokapu lease, rather than issuing additional new leases.

The lease amendment would be executed by the Board of Land and Natural Resources and the United State of America, represented by the Navy. Copies of the proposed lease amendment and the original 2012 lease are attached and identified as attachments A and B. The lease amendment has been edited by the Navy and is different than the version sent to you with my memo of February 26, 2019.

This most recent draft of the amendment incorporates edits suggested by the Office of the Attorney General, Education Division (AG-ED). Further review and approval as to form will be reserved for Department of Land and Natural Resource's Deputy Attorney General. We assume a final draft of the document will be returned for my signature.

The AG-ED attorneys asked several questions about whether the indemnification obligation in the original 2012 Mokapu lease (Paragraph 15) would apply to the two elementary schools and the parking lot. They asked if the three properties in the amendment were approved pursuant to Section 29-15.5, Hawaii Revised Statues. They also asked if there was a federal law that requires the indemnification.

The Navy asked for information on the HIDOE's insurance coverage and was supplied with a "Statement of Self-Insurance and Responsibility of the State of Hawaii." A copy of the statement is attached and identified as attachment C. After reviewing the statement, the Navy told us it

The Honorable Suzanne D. Case May 13, 2019 Page 2

considers Paragraph 15 as appropriate and non-negotiable. The Navy further stated it had no intention of making any changes to the agreed upon 2012 Mokapu lease. The only changes proposed were the addition of the three properties and pertinent statutory updates.

The HIDOE requests your review and execution of the amendment to the lease. We are satisfied with the language of the amendment and the 2012 lease.

Your assistance is appreciated. If you have any questions, please call Kenneth Masden, Public Works Manager of the Facilities Development Branch, Planning Section, at 784-5080.

CMK:kgm Attachments

c: Office of School Facilities and Support Services Facilities Development Branch

NAVAL FACILITIES ENGINEERING COMMAND HAWAII	LEASE AMENDMENT NO. One (1)
LEASE EXTENSION AND MODIFICATION TO LEASE	
ADDRESS OF PREMISES See Exhibit A Parcels 1-4 Attached	TO NAVY LEASE NO. N62478-12-RP-00014

THIS AMENDMENT is made on the ____ day of _____, 2019 by and between THE STATE OF HAWAII, by the Board of Land and Natural Resources, located at 1151 Punchbowl Street, Honolulu, Hawaii 96813, for and on behalf of the Department and Board of Education, located at 1390 Miller St, Honolulu, Hawaii 96813, hereinafter called the Lessee, and the UNITED STATES OF AMERICA, hereinafter called the Government.

WHEREAS, the Government and Lessee entered into that certain Real Estate Lease N62478-12-RP-00014, dated October 23, 2012 (the "DOE Lease"), for the lease of school premises located at Marine Corps Base Hawaii, Kaneohe Bay; and

WHEREAS, Lessee currently leases from Government premises in Honolulu under Real Estate Lease DA-94-612-ENG-191 and Supplemental Agreements, Mokulele Elementary School, (holdover) located at 250 Aupaka St, Honolulu, HI 96818; and

WHEREAS, Lessee currently leases from Government premises in Honolulu under Real Estate Lease DA-94-626-ENG-117, and Supplemental Agreements, Hickam Elementary School, (holdover) located at 825 Manzelman Circle, Honolulu HI 96818; and

WHEREAS, Lessee currently uses Government's premises in Pearl City under Real Estate License N62478-11-RP-00003, (holdover) Lehua Elementary School Parking Lot, located on the northeastern portion of Pearl City Peninsula, west of Lehua School (791 Lehua Ave. Pearl City, HI 96782); and

WHEREAS, the issuance of the Executive Order 13672 of July 21, 2014, that renders it necessary and timely to update paragraph 16 Labor Provisions of the DOE Lease; and

WHEREAS, the parties wish to amend the DOE Lease to change certain terms and add the foregoing locations to said lease;

NOW, THEREFORE, in consideration of the terms, covenants and conditions hereinafter set forth, the Government and Lessee hereby agree to amend the DOE Lease, which is attached hereto as Attachment 1 and incorporated by reference. The purpose of this amendment is to add three State School properties located on Navy property to the Mokapu Elementary School leased premises on board Marine Corps Base Hawaii, Kaneohe Bay, HI, as described in the original DOE Lease (collectively referred to as the "Leased Premises"). The Government and Lessee further agree to amend the DOE Lease (Attachment 1) to amend the lease terms to include consistent and uniform rent waivers, term extensions, service and utility agreements and fire protection and safety plans for all of the Leased Premises. The DOE Lease, (Attachment 1) shall govern the obligations and liabilities of the parties at all locations unless specifically modified by this Amendment One (1).

1. LEASED PREMISES

Section A of Paragraph 1 of the DOE Lease (Attachment 1) is amended by deleting the entire Section A and replacing it with the following text:

A. "Government does hereby lease, rent, and demise to Lessee and Lessee does hereby rent from the Government the Leased Premises, in four parcels, described as:

Parcel 1 - Mokapu Elementary School, situated at 1193 Mokapu Road, Kailua, Hawaii 96734, containing approximately 14.2 acres, all buildings, structures and vertical improvements are owned by the

Lessee, together with supporting rights-of-way for various utilities, as further described in the DOE Lease (Attachment 1) and Exhibits A, B, C and D, attached to the DOE Lease (Attachment 1);

Parcel 2 - Mokulele Elementary School, containing approximately 7.968 acres, all structures on the Premises (1303H-1305H, 1307H-1310H, and 1311-1314H) are owned by the Lessee, as further described in this Amendment One (1) and attached Parcel 2 Exhibits A, B, C and E;

Parcel 3 - Hickam Elementary School, containing approximately 9.327 acres of Navy land and 8 Navy-owned buildings 614H-621H, all other buildings, structures and vertical improvements are owned by the Lessee, as further described in this Amendment One (1) and attached Parcel 3 Exhibits A, B, C, and E; and

Parcel 4 - Lehua Elementary School Parking Lot, containing approx. 0.35 acres, as further depicted in this Amendment One (1) and attached Parcel 4 Exhibits B and C.

Each school is further described in the above mentioned exhibits, attached hereto and made parts hereof, with all rights of access to the Leased Premises for ingress, egress, parking, and utilities as provided in accordance with Paragraphs 10 and 28 below."

2. TERM

DOE Lease Paragraph 2, Term, is amended by deleting the entire Paragraph and replacing it with the following text:

"The term of this Lease shall be for a period of twenty-five years beginning on <u>Month Day, 2019</u> and ending on <u>Month Day, 2044</u> unless sooner terminated in accordance with the provisions of Paragraph 14, Termination."

3. CONSIDERATION

DOE Lease Paragraph 3, Consideration, is amended by deleting the entire Paragraph and replacing it with the following text:

"The annual fair market rental payment for the Leased Premises is waived per 10 U.S.C. § 2667 (National Defense Authorization Act 2016 Amendment)."

4. ACCESS BY GOVERNMENT

DOE Lease Paragraph 9, Access by Government, is amended by deleting Sections A and B and replacing them with the following text:

"In addition to access required under Paragraph 13 Environmental Protection Provisions, at all reasonable times throughout the term of this Lease, the Government shall be allowed access to the Leased Premises for any purpose upon reasonable notice to Lessee or sublessee. Government normally will give Lessee or any sublessee 24-hour prior notice of its intention to enter the Leased Premises, unless it reasonably determines the entry is an emergency required for safety, health, environmental, operations or security purposes, in which event no notice shall be required. Lessee or sublessee shall have no claim on account of any entries against the Government or any Government officer, agent, employee or contractor, provided, however, that nothing herein shall be deemed to prejudice the rights of the Lessee or any sublessee against the Government: (A) for any property damage or personal injury caused by the Government while on the Leased Premises; (B) related to, caused by, or arising from any negligence or willful misconduct of the Government while on the Leased Premises; or (C) under any contract, other agreement or law including, but not limited to the Federal Tort Claims Act. All necessary keys to the buildings and Leased Premises occupied by Lessee or any sublessee shall be made available to the Government upon request. The Government will take reasonable steps to prevent (and if prevention is not possible, the Government will take reasonable steps to minimize) interference with the Lessee's or the sublessee's use and enjoyment of the Leased Premises."

5. UTILITIES AND SERVICES

DOE Lease Paragraph 10, Utilities and Services, is amended by adding subparagraph C to read as follows:

"C. The parties acknowledge and agree that as of the commencement date of this Lease, the Lessee and Government have executed a utilities service agreement for each parcel attached hereto and made a part hereof as Exhibit G Parcels 1, 2 and 3. Exhibit G was not prepared for Parcel 4, as Government does not provide utilities to Parcel 4."

6. PROTECTION AND MAINTENANCE OF LEASED PREMISES

Section A of Paragraph 12 of the DOE Lease, Protection and Maintenance of Leased Premises, is amended by deleting the entire Section A and replacing it with the following text:

"A. Lessee shall, at its own expense, protect, preserve, maintain, and repair the Leased Premises such that it will be kept at all times in at least as good condition as when the Lessee received it. The Lessee is responsible for the maintenance and repair of all buildings or structures and grounds on the Leased Premises. The Lessee's responsibilities shall include, but not be limited to, the removal of trash, litter, and broken glass that are generated by the Lessee, its agents, employees, contractors, and invitees, as well as action to prevent and immediately remove any noxious or nuisance-causing conditions and other hazards from the Leased Premises."

Section D of Paragraph 12 of the DOE Lease, Protection and Maintenance of Leased Premises, is amended by deleting the entire Section D and replacing it with the following text:

"D. Lessee shall provide the level of security provided at other schools operated by the Lessee to assure security and safety of the Leased Premises. Any crimes or other offenses, including traffic offenses and crimes and offenses involving damage to or theft of Government property, shall be reported to the appropriate state or local municipal authorities for investigation and disposition and to the Government as property owner. In the event of a fire while school personnel are present at the Leased Premises, the Lessee shall make the initial assessment and take appropriate action to contact and request assistance from the appropriate responders. The installation Commanding Officer may require a separate fire protection and safety plan at Lessee's cost and expense, in the sole discretion of the installation Commanding Officer."

7. LABOR PROVISIONS

DOE Lease Paragraph 16, Labor Provisions, is amended by deleting the entire Paragraph and replacing it with the following text:

- "A. Equal Opportunity. During the term of this Lease, Lessee and each sublessee agree as follows with regard to all employees located at, or involved with, the Leased Premises:
- (1) Lessee and each sublessee shall not discriminate against any employee or applicant for employment because of race, color, age, marital status, handicap, religion, sex, or national origin. Lessee and each sublessee shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, age, marital status, handicap, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, retention or recruitment advertising, layoff or termination, rate of pay or other forms of compensation, selection for training, including apprenticeship. Lessee and each sublessee agree to post in conspicuous places available to employees and applicants for employment, notices to be provided by the Government setting forth the provisions of this nondiscrimination clause.
- (2) Lessee and each sublessee shall, in all solicitations or advertisements for employees placed at the Leased Premises by or on behalf of Lessee and each sublessee, state that all qualified applicants will receive consideration for employment without regard to age, marital status, handicap, race, color, religion, sex, or

national origin.

- (3) Lessee and each sublessee shall send to each labor union or representative of workers for the Leased Premises with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by Government, advising the labor union or worker's representative of commitments under this Equal Opportunity Clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) Lessee and each sublessee shall comply with all provisions of Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, Executive Order 13672 of July 21, 2014, and of the rules, regulations, and relevant orders of the Secretary of Labor as it relates to the Leased Premises.
- (5) Lessee and each sublessee shall furnish all information and reports required by Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and Executive Order 13672 of July 21, 2014, and by the rules, regulations, and orders of the Secretary of Labor or pursuant thereto, and will permit access to its books, records, and accounts by Government and the Secretary of Labor for purposes of investigating to ascertain compliance with such rules, regulations, and orders.
- (6) In the event of Lessee's or any sublessee's noncompliance with the Equal Opportunity Clause or with any of said rules, regulations, or orders, this Lease or such sublease may be canceled, terminated, or suspended in whole or in part and Lessee or such sublessee may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and Executive Order 13672 of July 21, 2014, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and Executive Order 13672 of July 21, 2014, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- (7) The Lessee shall include the above provisions in every sublease unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and Executive Order 13672 of July 21, 2014, so that such provisions will be binding upon each sublessee. Lessee will take such action with respect to any sublessee as Government may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event Lessee becomes involved in, or is threatened with, litigation with sublessee as a result of such direction by Government, Lessee may request the Government to enter into such litigation to protect the interests of the Government.
- B. Contract Work Hours and Safety Standards Act (40 U.S.C.§3701 et. seq.). This Lease and each sublease, to the extent that it is a contract of a character specified in the Contract Work Hours and Safety Standards Act (40 U.S.C.§3701 et. seq.) and is not covered by the Walsh-Healy Public Contracts Act (41 U.S.C.§35-45), is subject to the following provisions and exceptions of said Contract Work Hours and Safety Standards Act and to all other provisions and exceptions of said law as they apply to employment at the Leased Premises:
- (1) Lessee and each sublessee shall not require or permit any laborer or mechanic in any workweek in which he/she is employed on any work on the Leased Premises to work in excess of 40 hours in such workweek on work subject to the provisions of the Contract Work Hours and Safety Standards Act unless such laborer or mechanic receives compensation at a rate not less than one and one-half times his/her basic rate of pay for all such hours worked in excess of 40 hours in such workweek. The "basic rate of pay", as used in this clause, shall be the amount paid per hour, exclusive of the employer's contribution or cost for fringe benefits and any cash payment made in lieu of providing fringe benefits, or the basic hourly rate contained in the wage determination, whichever is greater.

- (2) In the event of any violation of the provision of the preceding sub-paragraph, Lessee or sublessee shall be liable to any affected employee for any amounts due, and to the Government for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of paragraph 16.B.1 above, in the sum of \$10.00 for each calendar day on which such employee was required or permitted to be employed on such work in excess of the standard workweek of 40 hours without payment of the overtime wages required by the preceding sub-paragraph.
- C. Convict Labor. In connection with the performance of work required by this Lease or any sublease, Lessee or such sublessee agrees not to employ any person undergoing a sentence of imprisonment at hard labor."

8. DISPUTES

DOE Lease Paragraph 23, Disputes, is amended by substituting the term "Real Estate Contracting Officer, Naval Facilities Engineering Command Hawaii" for the term "Commander, Naval Facilities Engineering Command, Pacific" wherever it appears in this Paragraph. All other text in Paragraph 23 remains unchanged.

9. INGRESS, EGRESS, PARKING AND SECURITY

DOE Lease Paragraph 29, Ingress, Egress, Parking and Security, is amended by adding subparagraph C to read as follows:

"C. All of the foregoing conditions also apply to Parcel 4 (Lehua Elementary School Parking Lot) despite the premises not being located on a secure military installation."

10. ADMINISTRATION

DOE Lease Paragraph 30, Administration, is amended by striking the entire Paragraph and replacing it with the following text:

"Except as otherwise provided for under the Lease, the Real Estate Contracting Officer of Naval Facilities Engineering Command Hawaii shall have complete charge of the administration of this Lease, including granting any consents and/or approvals hereunder, and shall exercise full supervision and general direction thereof insofar as the interests of the Government are affected."

11. EXHIBITS

DOE Lease Paragraph 35, Exhibits, is amended by striking the entire paragraph and replacing it with the following text:

"Exhibits to this Lease describing parcel premises and providing for certain administrative matters are set forth below, incorporated into and made a part hereof."

	Parcel 1 Mokapu <u>Elementary School</u>	Parcel 2 Mokulele <u>Elementary School</u>	Parcel 3 Hickam Elementary School	Parcel 4 Lehua <u>Parking Lot</u>
Legal Description of Leased Premises	Attachment 1-Exhibit A	Parcel 2-Exhibit A	Parcel 3-Exhibit A	N/A
Location Map of Leased Premises	Attachment 1-Exhibit B	Parcel 2-Exhibit B	Parcel 3-Exhibit B	Parcel 4-Exhibit B
Map of Leased Premises	Attachment 1-Exhibit C	Parcel 2-Exhibit C	Parcel 3-Exhibit C	Parcel 4-Exhibit C
Map showing utility rights of way	Attachment 1-Exhibit D	N/A	N/A	N/A
Environmental Condition of Property	Attachment 1-Exhibit E	Parcel 2-Exhibit E	Parcel 3-Exhibit E	Parcel 4-Exhibit E
Hazardous Materials List	Attachment 1-Exhibit F	Parcel 2-Exhibit F	Parcel 3-Exhibit F	Parcel 4-Exhibit F
Utility & Services Support Agreement	Parcel 1-Exhibit G	Parcel 2-Exhibit G	Parcel 3-Exhibit G	N/A
Fire Protection and Safety Plan	Parcel 1-Exhibit H	Parcel 2-Exhibit H	Parcel 3-Exhibit H	N/A

12. All terms and provisions of the DOE Lease Attachment (1) as amended herein by this Amendment One (1) shall apply to all Parcels.

THE UNITED STATES OF AMERICA

Approved as to form:	Date	RICHARD GREEN	Date
		Real Estate Director	
Deputy Attorney General		Real Estate Contracting Officer	
State of Hawaii		Naval Facilities Command, HI	
Concurrence	Date		
Christina M. Kishimoto, Department			
of Education Superintendent			
THE STATE OF HAWAII	Date		
Suzanne D. Case, Chairperson,			
Board of Land and Natural Resources			

DAVID Y. IGE



COMPTROLLER

AUDREY HIDANO DEPUTY COMPTROLLER

RISK 19.387

STATE OF HAWAII DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119. HONOLULU, HAWAII 96810-0119

March 21, 2019

TO: NAVFAC Hawaii Asset Management AM1

400 Marshall Road, Bldg. X-11

JBPHH, HI 96860

Attn: Ms. Olivia Kamra, Realty Specialist

STATEMENT OF SELF-INSURANCE AND RESPONSIBILITY OF THE STATE OF HAWAII

The State of Hawaii, as a sovereignty, chooses to be self-insured for the liability exposure identified below.

The State of Hawaii (State) shall be responsible shall be liable, subject to the applicable provisions of Chapter 661, Hawaii Revised Statutes (Actions By and Against the State) and Chapter 662, Hawaii Revised Statutes (State Tort Liability Act), for all claims and demands for property damage, loss, personal injury or death on the premise and during the activity identified below, caused by the negligent or wrongful act or omission of any officer or employee of the State in the scope of their employment or service to the State, provided that the State's liability has been determined by a court or agreed to by the State and provided that funds are appropriated and allotted for that purpose.

"State agency" includes the legislative, judicial and executive departments, boards and commissions of the State, but excludes any independent contractor with the State.

Identification of the Premise

Mokulele Elementary School, Hickam Elemeentary School & Lehua Elementary School

Identification of Activity

Lease Renewal
March 21, 2019 – March 20, 2020
DOE-Planning Section, Office of School Facilities and Support Services

CURT T. OTAGURO

Comptroller

TRACY S. KITAOKA Risk Management Officer