

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

January 14, 2022

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

Ref: GL6056

OAHU

Consent to Federal Interest in a One-Story Medical Building for the Life of the Improvement; General Lease No. 6056 to Waimanalo Health Center, Lessee; Waimanalo, Koolaupoko, Oahu, Tax Map Key: (1) 4-1-009:279 and 282, (1) 4-1-015:023.

APPLICANT:

Waimanalo Health Center, a Hawaii non-profit corporation. (WHC)

LEGAL REFERENCE:

Sections 171-22 and 43.1, Hawaii Revised Statutes, as amended. (HRS)

LOCATION:

Portion of Government lands situated at Waimanalo, Koolaupoko, Oahu, Tax Map Key: (1) 4-1-009:279, as shown on the maps attached as **Exhibits A1** and **A2**.

AREA:

3.763 acres, more or less.

ZONING:

State Land Use District: Urban  
City & County of Honolulu LUO: F-1

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act  
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: No

CHARACTER OF USE:

Community Services Purposes.

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>

ANNUAL RENTAL:

\$480.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Section 11-200.1-15, Hawaii Administrative Rules (HAR), and the Exemption List for the Department of Land and Natural Resources, reviewed and concurred on by the Environmental Council on November 10, 2020, the subject request is exempt from the preparation of an environmental assessment pursuant to General Exemption Type 1, that states, "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing," Part 1, Item 40, which states the "Leases of state land involving negligible or no expansion or change of use beyond that previously existing". The subject request a de minimis action that will probably have minimal or no significant effect on the environment and should be declared exempt from the preparation of an environmental assessment and the requirements of § 11-200.1-17, HAR.

APPLICANT REQUIREMENTS:

None

REMARKS:

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.

At its meeting of December 17, 1993, under agenda item F-11, the Board approved the issuance of a direct lease (GL5400) over Parcel 279 for 35 years commencing September 1, 1995 to the Waimanalo Health Center.

On April 25, 2014, the Board approved the mutual termination of GL5400 and replaced it with a 65-year lease (GL6056) that covered Parcels 279 and 282. The leased area for GL6056 was amended by Board action of December 8, 2017 to include Parcel 23.

At the 2017 meeting, the Board also gave its consent for a federal interest to encumber the subject lease to facilitate the construction of a new medical building on Parcel 282.

2021 Federal Interest – One-story medical building

On August 16, 2021, the Health Resources and Services Administration (HRSA) awarded Grant No. C8E43766 to WHC in an amount of \$553,911. The grant provides federal funds for the construction of a new standalone one-story structure, consisting of approximately 7,300 square feet, for dental, vision, health promotion, disease prevention (including WIC), and support services. The structure is planned to be located on Parcel 279.

The purpose of this federal grant is to partially fund the total improvement cost of the above-mentioned building, which is anticipated in the range of \$6 Million. The proposed improvement involves the demolition of four (4) existing buildings on Parcel 279.

**Exhibit B-1** is the Notice of Award for this grant prepared by WHC which includes conditions on use of the aforementioned property and provides for a continuing federal interest in the property that will last for the life of the improvement. Specifically, the property may not be (1) used for any purpose inconsistent with the statute and any program regulations governing the award under which the property was acquired; (2) mortgaged or otherwise used as collateral without the written permission of the Associate Administrator, Office of Federal Assistance Management (OFAM), Health Resources and Services Administration (HRSA), or designee; or (3) sold or transferred to another party without the written permission of Associate Administrator, OFAM, HRSA, or designee. These conditions are in accordance with the statutory provisions set forth in Section 2601 of the American Rescue Plan Act of 2021 (P.L. 117-2) and Section 330 of the Public Health Service Act (42 U.S.C. 254b), Title 45 CFR Part 75, the HHS Grants Policy Statement, and other terms and conditions of award.

As part of the grant process, consent by the landlord to encumber the federal interest is also required. A draft consent prepared by WCH is attached as **Exhibit B-2**. The consent includes the following conditions:

- a) The recipient agrees not to sublease, assign, or otherwise transfer the property, or use the property for a non-grant related purposes(s) without the written approval from HRSA (at any time during the term of the lease/agreement, whether or not grant support has ended).
- b) The property owner will inform HRSA of any default by the recipient under the lease/agreement.
- c) HRSA shall have 60 days from the date of receipt of the property owner's notice of default in which to attempt to eliminate the default, and the property owner will delay exercising remedies until the end of the 60-day period.
- d) HRSA may intervene to ensure that the default is eliminated by the recipient or another recipient named by HRSA.
- e) The property owner shall accept payment of money or performance of any other obligation by the HRSA's designee, for the recipient, as if such payment of

money or performance had been made by the recipient.

- f) In the event that the recipient defaults, the grant is terminated, or the recipient vacates the property before the end of the lease term, HRSA shall have the right to designate a replacement for the recipient for the balance of the lease term, subject to approval by property owner, which will not be withheld except for good reason.

Staff confirmed with HRSA through email on December 16, 2021 that there is no expiration date on the federal interest. The federal interest will last for the life of the improvement and will be commensurate with its depreciated value. Further, the federal interest does not encumber any current or future rents payable to the State for the subject parcel.

At its meeting of April 21, 2011, under agenda item D-10, the Board approved a similar request where the Waianae Coast Comprehensive Health Center (WCCHC) was asking for approval to encumber a new medical building with federal interest. The 2011 submittal mentioned that the department may be subject to liability, both financially, and in regards to its ownership of the improvements. Although the lessee is primarily responsible for meeting the requirements of the federal interest, if the lessee either defaults or is otherwise unable to continue operating the healthcare and medical facility, the department would be responsible to keep the improvement in either its original intended use or other use approved by the federal granting agency. The other possible government entity that could conceivably operate the healthcare and medical facility would be the Hawaii Health Systems Corporation (HHSC). At this time, HHSC has not been consulted in this matter. Most likely, HHSC would have the same concerns as the department. Securing legislative funding to operate the healthcare and medical facility will be difficult. Nevertheless, the 2011 request was approved and WCCHC was recognized for its service to the Leeward coast.

WHC started serving the community in early 1992 after a State Department of Health demonstration project at the same site was closed after 23 years of service to the community. Over the years, WHC gradually developed into a hub for various disciplines of medicine, including medical, dental, vision, behavioral health, and pharmacy. WHC is a community-based Federally Qualified Health Center which exists in federally-recognized areas where residents face barriers to receipt of health care. Nearby medical facilities are in Kailua or East Honolulu which are inconvenient to the community in terms of travel distance.

Similar to the 2017 Board consent involving federal interests, staff recommends that the Board consent to the encumbrance of the subject lease with the federal interest. Formal documentation will be reviewed and approved by the AG before the Chairperson signs on behalf of the Board.

RECOMMENDATION: That the Board:

1. Declare that, after considering the potential effects of the proposed disposition as



provided by Chapter 343, HRS, and Chapter 11-200.1, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment as a de minimis activity.

2. Consent to the encumbrance of General Lease No. 6056 with a federal interest by the Health Resources and Services Administration under the terms and conditions cited above affecting property located on the land covered by the lease, as described in Exhibits B1 and B2, 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*

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Barry Cheung  
District Land Agent

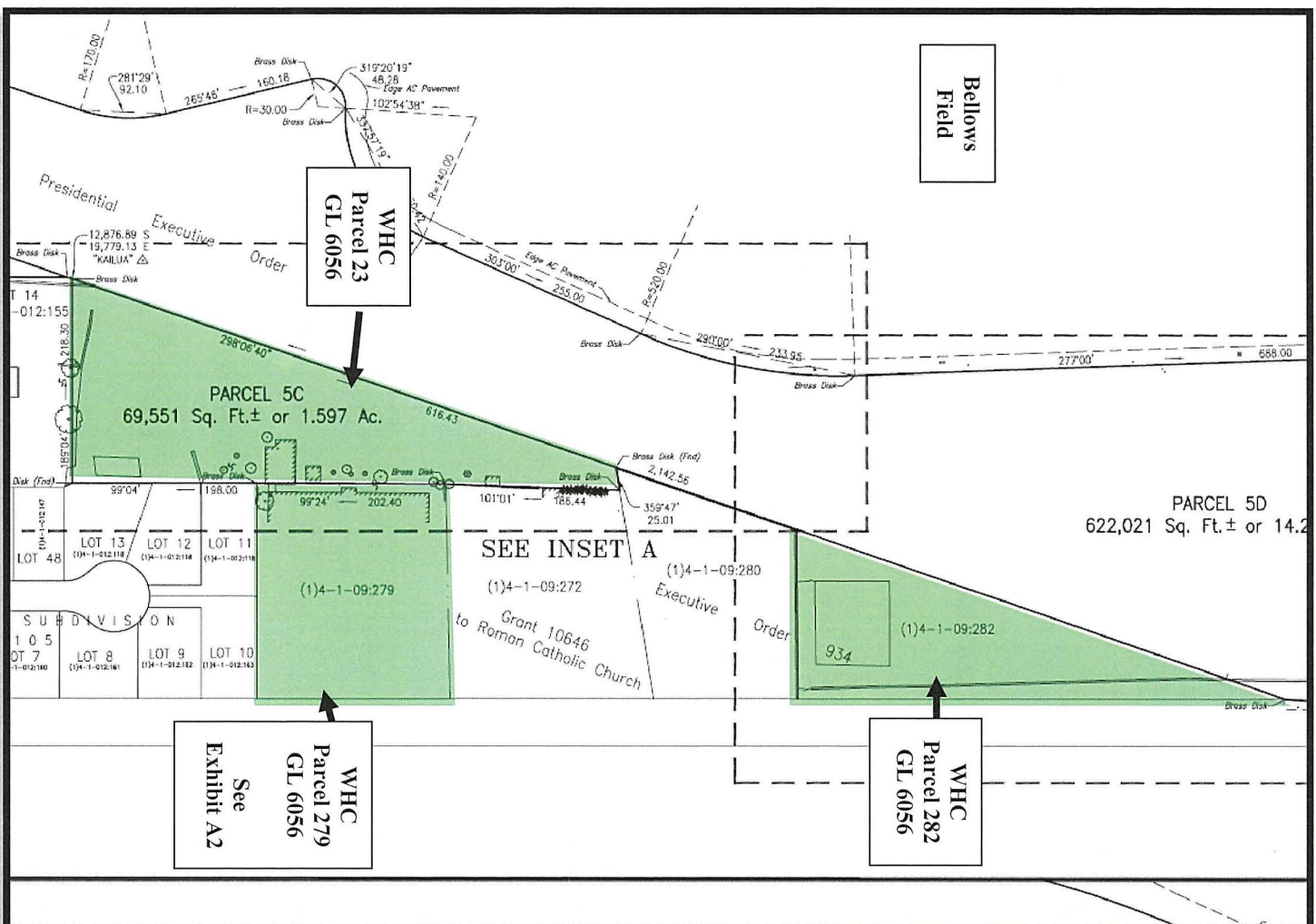
APPROVED FOR SUBMITTAL:

*Suzanne D. Case*

RT

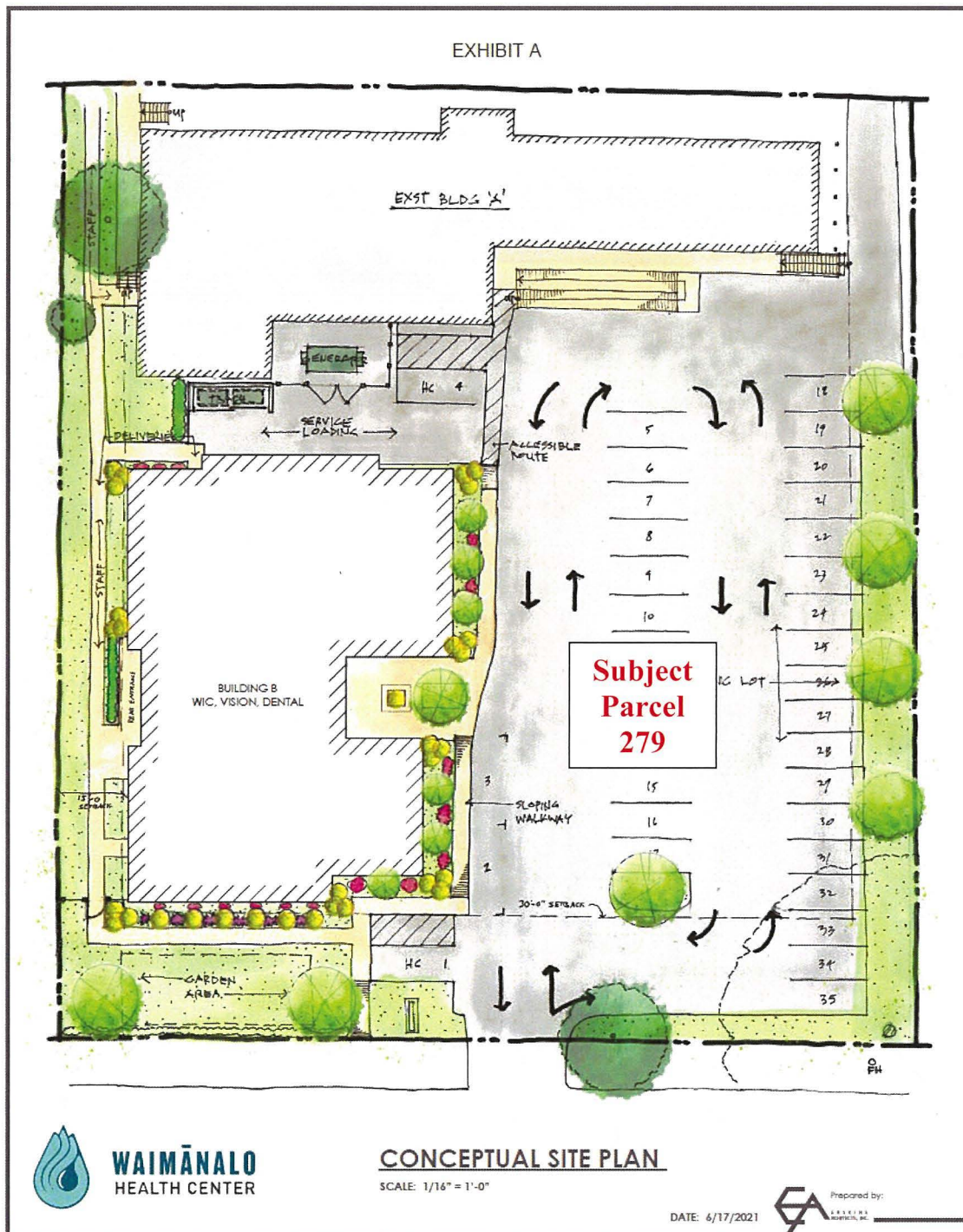
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Suzanne D. Case, Chairperson



TMK (1) 4-1-015:023; 4-1-009:279 and 282

EXHIBIT A1



TMK (1) 4-1-009:279

EXHIBIT A2



**WAIMĀNALO**  
HEALTH CENTER

#### NOTICE OF FEDERAL INTEREST

On August 16, 2021, the Health Resources and Services Administration (HRSA) awarded Grant No. C8E43766 to Waimanalo Health Center. The grant provides Federal funds for the construction of a new stand-alone one-story structure, consisting of approximately 7,300 square feet, for dental, vision, health promotion disease prevention (including WIC), and support services. The structure is planned to be located on land leased to Waimanalo Health Center, identified as Tax Map Key Number 4-1-009:279, located at 41-1347 Kalanianaʻole Highway, Waimanalo, HI 96795 as shown on the site plan attached as Exhibit A. The land is described further in Exhibit B hereto and made a part hereof.

The Notice of Award for this grant includes conditions on use of the aforementioned property and provides for a continuing Federal interest in the property. Specifically, the property may not be (1) used for any purpose inconsistent with the statute and any program regulations governing the award under which the property was acquired; (2) mortgaged or otherwise used as collateral without the written permission of the Associate Administrator, Office of Federal Assistance Management (OFAM), Health Resources and Services Administration (HRSA), or designee; or (3) sold or transferred to another party without the written permission of Associate Administrator, Office of Federal Assistance Management (OFAM), Health Resources and Services Administration (HRSA), or designee. These conditions are in accordance with the statutory provisions set forth in, Section 2601 of the American Rescue Plan Act of 2021 (P.L. 117-2) and the section 330 of the Public Health Service Act (42 U.S.C. 254b). Title 45 CFR Part 75, the HHS Grants Policy Statement, and other terms and conditions of award.

These grant conditions and requirements cannot be nullified or voided through a transfer of ownership. Therefore, advance notice of any proposed change in usage or ownership must be provided to the Health Resources and Services Administration (HRSA), Office of Federal Assistance Management (OFAM).

Signature: \_\_\_\_\_

*Mary Frances Oneha*

Typed Name: Mary Frances Oneha

Title: Chief Executive Officer

Date: 10/7/2021





**WAIMĀNALO**  
HEALTH CENTER

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October 5, 2021

Department of Land and Natural Resources  
Kalanimoku Building  
1151 Punchbowl St.  
Honolulu, HI. 96813

### Landlord Letter of Consent

Department of Land and Natural Resources (DLNR) is the owner of the property located at Waimanalo Health Center, (WHC) 41-1347 Kalaniana'ole Hwy., Waimanalo, Hawaii 96795. The property is currently leased by Waimanalo Health Center. DLNR currently has a lease agreement with WHC for a period of 65 years that will expire on December 31, 2079.

DLNR is in full agreement of the proposed improvements to the aforementioned leased property as part of the Health Resources and Services Administration (HRSA) through the Presidents' American Rescue Plan funding opportunity, and grant permission to WHC to undertake proposed improvements.

DLNR agrees to either modify the existing lease, or include in the new lease, the following restrictive terms, which will be signed by both DLNR and WHC:

a) The recipient agrees not to sublease, assign, or otherwise transfer the property, or use the property for a non-grant-related purpose(s) without the written approval from HRSA (at any time during the term of the lease/agreement, whether or not grant support has ended).

b) The property owner will inform HRSA of any default by the recipient under the lease/agreement.

c) HRSA shall have 60 days from the date of receipt of the property owner's notice of default in which to attempt to eliminate the default, and that the property owner will delay exercising remedies until the end of the 60-day period.

d) HRSA may intervene to ensure that the default is eliminated by the recipient or another recipient named by HRSA.

e) The property owner shall accept payment of money or performance of any other obligation by the HRSA's designee, for the recipient, as if such payment of money or performance had been made by the recipient.

f) In the event that the recipient defaults, the grant is terminated, or the recipient vacates the property before the end of the lease term, HRSA shall have the right to designate a replacement for the recipient for the balance of the lease term, subject to approval by the property owner, which will not be withheld except for good reason.

DLNR also acknowledges that there will be a Federal interest in the property as a result of the proposed improvements and that DLNR agrees to file a Notice of Federal Interest prior to work commencing, if required by HRSA.

Landlord/Corporation Signature: \_\_\_\_\_

Typed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_