

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

March 10, 2023

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

Ref: GL 5981

OAHU

Consent to Sublease General Lease No. S-5981, Waianae District Comprehensive Health and Hospital Board, Incorporated, dba Waianae Coast Comprehensive Health Center, Lessee, to Diagnostic Laboratory Services, Inc., Sublessee; Lualualei, Waianae, Oahu, Tax Map Key: (1) 8-6-001:003.

APPLICANT:

Waianae District Comprehensive Health and Hospital Board, Incorporated, dba Waianae Coast Comprehensive Health Center ("Lessee"), a Hawaii nonprofit corporation, as Sublessor, to Diagnostic Laboratory Services, Inc., a Hawaii profit corporation as Sublessee.

LEGAL REFERENCE:

Section 171-36(a)(6) and 43.1, Hawaii Revised Statutes, as amended. ("HRS")

LOCATION:

Portion of Government lands situated at Lualualei, Waianae, Oahu, identified by Tax Map Key: (1) 8-6-001:003, as shown on **Exhibit A**.

AREA:

14.352 acres, more or less.

ZONING:

State Land Use District: Urban  
City and County of Honolulu LUO: B-2

TRUST LAND STATUS:

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

LEASE CHARACTER OF USE:

For health care and medical facility purposes.

SUBLEASE CHARACTER OF USE and AREA:

Laboratory services purposes for 4,337 square feet.

TERM OF LEASE:

65 years, commencing on August 1, 2010 and expiring on July 31, 2075. Next rental reopening is scheduled for July 1, 2030.

TERM OF SUBLEASE:

Five (5) years, commencing on August 1, 2022 and expiring on July 31, 2027, and shall be automatically renewed for additional periods of three (3) years at the end of the initial term or any renewal term, unless previously terminated by either party.

ANNUAL LEASE RENTAL:

\$480, payable semi-annually.

MONTHLY SUBLEASE RENTAL:

\$19,516.50 (includes CAM) for the 12 months and then subject to escalations tied to consumer price index but not more than 2% - 3% per year or base on fair market rent assessments (completed every three (3) years).

RECOMMENDED ADJUSTMENT TO LEASE RENTAL:

The sublease rent participation policies has evolved over the years, with the latest version adopted by the Board at its meeting of August 24, 2012, agenda D-14.<sup>1</sup> Prior to 2012, the determination to demand sandwich rent in a sublease situation relied on whether the lessee [sublessor] would be subleasing State's land or improvements. In 2012, the policy required a more thorough consideration on the age of the sublease improvement and its depreciated value, if any, as well as the tenant's costs in maintaining the improvement in relation to the sublease revenue. Also, the actual extent of utilization by the lessee of the premises in relation to its own business is also a factor.

According to the Lessee, the sublease rent "covers estimated utilities, janitorial services, medical waste disposal [relating to the sublease premises] and other common area maintenance. However, the monthly rent does not cover the depreciation costs associated with the lab space which is in the Emergency Medical Services Building which was placed into service in July 2018 (less than 5 years old)."

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<sup>1</sup> <https://files.hawaii.gov/dlnr/meeting/submittals/120824/D-Land-Submittals-D14.pdf>

The sublease allows the sublessee to occupy portions of the entire medical facility, while the Lessee will continue to provide other medical services, including the emergency room, to the community.

Therefore, staff recommends the Board allow the Lessee to keep 100% of the sublease rent for its daily operation of the entire facility on the leased premises.

#### CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rules (“HAR”) Section 11-200.1-15 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 minor expansion or minor change of use beyond that previously existing”, and Item 40, which states that “leases of state land involving negligible or no expansion or change of use beyond that previously existing”. The subject request is 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 Section 11-200.1-17, HAR.

#### DCCA VERIFICATION: (for both Sublessor and Sublessee)

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

#### REMARKS:

The existing health care facility has been at the subject location since 1994 serving as the only emergency room facility for the leeward side of Oahu. The current lease runs until July 31, 2075 and the continuance the Lessee’s operating the health care facility at the subject location is of paramount importance to the community as a whole. The Lessee celebrated its 50<sup>th</sup> anniversary in 2022 serving over 34,000 patients on the Waianae coast and its extended service areas in Kapolei, Ewa, and Waipahu.

At its meeting of December 13, 2019, under agenda item D-13, the Board approved the third amendment of the subject lease by allowing the sublease with prior written approval of the Board. The amendment document was executed on March 5, 2020.

In response to a request for proposal, the Lessee selected Diagnostic Laboratory Services, Inc, (“DLS”) to set up a 24/7 laboratory in association with other medical services/programs provided by the Lessee. As part of the Laboratory Services Agreement, parties signed an addendum to the Laboratory Services Agreement on January 27, 2023 (**Exhibit B**) finalizing the sublease area and monthly rent.

In the event that the Lessee loses its non-profit status because of income it receives from subleases or operations or otherwise, the subject master lease, which is currently charged at nominal rent, may be jeopardized and could be terminated or amended to require payment of market rent. Staff recommends the Board reserve the right to re-evaluate the sublease rent participation in the future should conditions warrant it.

Staff recommends the Board consent to the sublease described above. Applicant is compliant with the terms and conditions of the subject lease and there are no other pertinent issues or concerns.

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 action.
2. Consent to the sublease under General Lease No. S-5981 between Waianae District Comprehensive Health & Hospital Board, Inc. dba Waianae Coast Comprehensive Health Center, as Sublessor, and Diagnostic Laboratory services, Inc., as Sublessee, subject to any applicable conditions cited above which are by this reference incorporated herein and further subject to the following terms and conditions:
  - A. The standard terms and conditions of the most current consent to sublease form, as may be amended from time to time;
  - B. The Board reserves the right to re-evaluate the sublease rent participation in the future and require an additional rent payment under the lease should conditions warrant it;
  - C. Review and approval by the Department of the Attorney General; and
  - D. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

*Barry Cheung*

Barry Cheung  
District Land Agent

APPROVED FOR SUBMITTAL:



Dawn N. S. Chang, Chairperson *for* RT





**TMK (1) 8-6-001:003**

**EXHIBIT A**





## **ADDENDUM TO THE LABORATORY SERVICES AGREEMENT**

This is an Addendum to the Laboratory Services Agreement ("Addendum") entered into by Waianae District Comprehensive Health and Hospital Board, Incorporated dba Waianae Coast Comprehensive Health Center ("WCCHC") and Diagnostic Laboratory Services, Inc. ("DLS") effective August 01, 2022 ("Agreement"). This Addendum is effective as of January 05, 2023.

**WHEREAS**, the parties wish to modify Section I paragraph 1, Section II paragraph 1, Section IV, Section V paragraph 1, Section VI and Exhibit B.

**NOW, THEREFORE**, the parties agree to the following:

1. **Section I - Term and Termination.** The conversion date to a DLS Laboratory is changed from February 01, 2023 to April 03, 2023. Therefore, Section I paragraph 1 is restated and replaced as follows:

This agreement shall become effective on August 01, 2022. The term begins with an eight (8) month laboratory management transition period. DLS will provide 24 hour laboratory services seven (7) days a week for the main campus at WCCHC following the eight (8) month transition period. Request for extension of this eight (8) month transition period must be made and agreed by both parties in writing thirty (30) days prior to conversion. Unless the management period is extended, conversion into a DLS Laboratory shall commence April 03, 2023. This agreement shall have an Initial Term of five (5) years ("Initial Term", August 01, 2022 - July 31, 2027) and shall be automatically renewed for additional periods of three (3) years ("Renewal Term") at the end of the Initial Term or any Renewal Term, unless previously terminated by either party.

All other terms in this section shall remain as stated in the fully executed Agreement.

2. **Section II - Scope.** The transition period is changed from six (6) months to eight (8) months. Therefore, Section II paragraph 1 is restated and replaced as follows:

During the eight (8) month transition period DLS will provide an onsite laboratory manager with 24/7 accessibility for daily operations and emergent matters. The DLS manager will be responsible for duties outlined in DLS, Technical Manager job

description (Exhibit C). The DLS manager will be the communications liaison between DLS and WCCHC dealing with operational issues associated with laboratory services. During this transition to support laboratory staffing needs that arise, DLS shall provide personnel or contract services to avoid hiring new personnel, double training, and hiring costs. Any additional personnel costs encountered during the transition period will be communicated and approved by WCCHC prior to any additional costs being charged to WCCHC.

All other terms in this section shall remain as stated in the fully executed Agreement.

3. **Section IV - Equipment, Supplies, and Contracts.** Exhibit B has been updated by both parties. Therefore, Section IV is restated and replaced in its entirety as follows:

Upon conversion date stated above, DLS will take over all laboratory information systems, instruments, equipment, contracts, computers, software, and furniture hereby referred to in the Revised Exhibit B. DLS agrees to pay WCCHC a combined purchase price of \$157,941.08 at the conversion date for all items listed on the Revised Exhibit B. Breakdown consists of \$141,132.18 for laboratory equipment and \$16,808.90 for all other assets. If transition period is adjusted, valuation of remaining useful life will be reassessed. WCCHC will provide a bill of sale and any copies of ownership and/or contracts of equipment in its possession prior to payment. WCCHC agrees to extend current laboratory equipment and software support contracts expiring prior to conversion date for a minimum of one (1) year provided that such contracts can be assigned to DLS as of the conversion date without any payment by WCCHC. Any contracts negotiated after expiration is DLS' responsibility, not WCCHC. Also on date of conversion, DLS shall provide its own supplies required for collection, transport, process or store of specimens to be submitted for testing. In addition, DLS is also responsible to supply its own office supplies required for administrative duties.

DLS requests and agrees to pay for the lease cost of (4) Xerox leased printers which include (2) Versalink B405DN, (1) Versalink C405DN and (1) Versalink 400DN. The monthly lease cost is \$371.00 based on the 12 month average lease cost for fiscal year 2022. In addition to hardware changes, DLS will be applying for a new CLIA number, thus records for non-WCCHC patient information maintained on the Harvest Software will be removed and will be the sole property of WCCHC.

Emergency notifications will be communicated to DLS through WCCHC's Rave Emergency Communications systems. DLS is required to provide WCCHC a list of employee names, phone and email contact information that require emergency notifications. DLS is responsible to provide WCCHC with any updates to this list.

4. **Section V - WCCHC Services.** The transition period is changed from six (6) months to eight (8) months. Therefore, Section V paragraph 1 is restated and replaced as follows:

WCCHC agrees to pay DLS upon invoice a monthly rate of \$15,356 per month plus Hawaii general excise tax ("GET") for a total of eight (8) months for transition cost and management fees commencing August 01, 2022 and expiring April 02, 2023.

All other terms in this section shall remain as stated in the fully executed Agreement.

5. **Section VI - Lease Space.** The lease space has been updated and the fair market rent assessment has been determined. Therefore, Section VI is restated and replaced in its entirety as follows:

DLS agrees to enter into a space rental agreement with WCCHC commencing as of April 03, 2023 for the portion of medical office space designated for laboratory services only located at 86-260 Farrington Highway, Waianae HI 96792. Fair market rent assessment is determined to be \$4.50 per square feet based on an October 7, 2022 independent appraisal report (includes CAM) obtained by DLS. The total rentable area has been updated to 4,337 square feet as noted in the attached Revised Building (Rentable) Floor Areas and floor plan. Total monthly rent shall be \$19,516.50 plus Hawaii general excise tax for the first 12 months and then subject to annual rent escalations tied to CPI but not more than 2% - 3% per year or based on fair market rent assessments (completed every (3) three years).

WCCHC will submit to DLS a monthly invoice for services rendered to DLS by WCCHC for the prior month. Payment for services is due thirty (30) days after the date of invoice. Failure to remit payment within said time may result, among other remedies available to WCCHC, in the loss or reduction of DLS discounts and/or special prices on future services or discontinuation of services. If, as a result of such non-payment, WCCHC reduces or removes any discount and/or special prices, the terms and higher prices contained in WCCHC's current fee schedule shall become the fees payable by DLS. WCCHC may, at its option, reinstate any discount and/or special prices after DLS brings its balance current. Nothing in the foregoing shall waive any rights or remedies available to WCCHC with respect to late payment by DLS. If WCCHC is compelled to bring suit to collect amounts due hereunder, it shall be entitled to recover interest on amounts due, reasonable attorneys' fees and costs incurred in connection with the action.

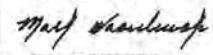
The monthly rent may be adjusted to include additional DLS owned network equipment into the Emergency Medical Services Building ("EMS") server room. As a condition of utilizing WCCHC's EMSB server room for DLS network equipment and services, DLS will agree to sign an additional risk assessment agreement hereby referred to as Exhibit G. Access to secured areas should be requested through the Security department. Emergency maintenance and housekeeping services should be requested through the Facilities department. A tiered workflow process addressing these services will be provided prior to the conversion date.



6. **Software Compatibility and Information Technology Minimum Requirements.**  
DLS agrees to assume responsibility for costs of installation and ongoing maintenance with regards to software interfaces required to import orders and release results to WCCHC's Electronic Medical Records ("EMR") systems, if any.
7. **Miscellaneous.** This Addendum may be signed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. All other terms and conditions set forth in the Agreement will remain in full force and effect, except as modified by the terms of this Addendum. In the event of any conflict between this Addendum and the Agreement, this Agreement shall control.

**IN WITNESS WHEREOF**, the parties have caused this Addendum to be executed by their duly authorized representatives.

**Diagnostic Laboratory Services, Inc.**

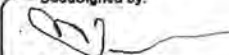
DocuSigned by:  
By:   
F375A391ADE64D1

Print Name: Mark Wasielewski

Title: President

Date: Jan 27, 2023

**Waianae District Comprehensive Health and Hospital Board, Incorporated**

DocuSigned by:  
By:   
E8147458C4284D8

Print Name: Nicholas Hughey

Title: Executive Vice President

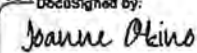
Date: Jan 27, 2023

DocuSigned by:  
By:   
77592355D9D4A83

Print Name: Arthur Ludwig

Title: Treasurer

Date: Jan 27, 2023

Reviewed by:  
DocuSigned by:  
  
Contract Services Dept.

## Revised Exhibit B

Contract No. 1024222 (A1-1124562)  
Account No. [REDACTED]

**DLS Pricing Bid for Equipment and Instruments**  
Laboratory Equipment and Contracts

[illegible]

**DLS Pricing Bid for Equipment and Instruments**  
Laboratory Other Asset Listing

Asset ID	Tag #	Description	Class	In Service Date	Acquisition Cost	D12 Priced Bid	Notes
7378	14311	BOOKCASE 310D VOA WHITE	Furniture & Office Equipment	10-22-2018	\$186.07	\$186.07	
7378	14317	BOOKCASE 310D VOA WHITE	Furniture & Office Equipment	10-22-2018	\$567.64	\$186.07	
7369	14453	CHAIR BANIMATE PATIENT WAITING METAL GRAY	Furniture & Office Equipment	10-22-2018	\$1,713.97	\$621.90	
7363	14456	CHAIR BANIMATE PATIENT WAITING METAL GRAY	Furniture & Office Equipment	10-22-2018	\$1,713.97	\$621.90	
7353	14487	CHAIR PATIENT WAITING METAL GRAY	Furniture & Office Equipment	10-22-2018	\$1,438.06	\$503.80	
7353	14498	CHAIR PATIENT WAITING METAL GRAY	Furniture & Office Equipment	10-22-2018	\$1,438.06	\$503.80	
7356	14449	CHAIR PATIENT WAITING METAL GRAY	Furniture & Office Equipment	10-22-2018	\$1,438.06	\$503.80	
7357	14450	CHAIR PATIENT WAITING METAL GRAY	Furniture & Office Equipment	10-22-2018	\$1,438.06	\$503.80	
7358	14451	CHAIR PATIENT WAITING METAL GRAY	Furniture & Office Equipment	10-22-2018	\$1,438.06	\$503.80	
7358	14452	CHAIR PATIENT WAITING METAL GRAY	Furniture & Office Equipment	10-22-2018	\$1,438.06	\$503.80	
7360	14453	CHAIR PATIENT WAITING METAL GRAY	Furniture & Office Equipment	10-22-2018	\$1,438.06	\$503.80	
7361	14454	CHAIR PATIENT WAITING METAL GRAY	Furniture & Office Equipment	10-22-2018	\$1,438.06	\$503.80	
7361	14548	CHAIR TASK 1972 DESK MASTER	Furniture & Office Equipment	10-22-2018	\$331.77	\$186.12	
7341	14549	CHAIR TASK 1972 DESK MASTER	Furniture & Office Equipment	10-22-2018	\$331.77	\$186.12	
7342	14550	CHAIR TASK 1972 DESK MASTER	Furniture & Office Equipment	10-22-2018	\$331.77	\$186.12	
7343	14551	CHAIR TASK 1972 DESK MASTER	Furniture & Office Equipment	10-22-2018	\$331.77	\$186.12	
7344	14552	CHAIR TASK 1972 DESK MASTER	Furniture & Office Equipment	10-22-2018	\$331.77	\$186.12	
7363		CHAIR MED W FOOTSTOCK	Furniture & Office Equipment	3-10-2012	\$708.43	\$247.64	
7363		CHAIR MED W FOOTSTOCK	Furniture & Office Equipment	3-10-2012	\$708.43	\$247.64	
7363		CHAIR MED W FOOTSTOCK	Furniture & Office Equipment	3-10-2012	\$708.43	\$247.64	
7366		CHAIR SMALL W FOOTSTOCK	Furniture & Office Equipment	3-10-2012	\$708.43	\$247.64	
7372		CHAIR SMALL W FOOTSTOCK	Furniture & Office Equipment	3-10-2012	\$708.43	\$247.64	
7378		CHAIR SMALL W FOOTSTOCK	Furniture & Office Equipment	3-10-2012	\$708.43	\$247.64	
7378		CHAIR SMALL W FOOTSTOCK	Furniture & Office Equipment	3-10-2012	\$708.43	\$247.64	
7378		CHAIR SMALL W FOOTSTOCK	Furniture & Office Equipment	3-10-2012	\$708.43	\$247.64	
7815	14981	CLOCK DIGITAL ANALOG DISPLAY	Furniture & Office Equipment	5-31-2010	\$668.99	\$334.01	
7815	14982	CLOCK DIGITAL ANALOG DISPLAY	Furniture & Office Equipment	5-31-2010	\$668.99	\$334.01	
7364	14447	WALL W COORDINATED CAB AND LOCK	Furniture & Office Equipment	10-22-2018	\$8,863.13	\$675.18	
808	14448	RECEPTION-CONSOLE 4800X36	Computer Equipment & Software	10-26-2009	\$1,493.04	\$675.18	Found broken - sent to IT (1/23/21)
8089	14448	RECEPTION-CONSOLE 4800X36	Computer Equipment & Software	10-26-2009	\$4,999.04	\$675.18	Found broken - sent to IT (1/23/21)
7246	14542	FIRE LATERAL 2 DRAWER SANITIZING	Furniture & Office Equipment	10-22-2018	\$610.32	\$227.56	
7246	14553	FIRE LATERAL 2 DRAWER SANITIZING	Furniture & Office Equipment	10-22-2018	\$610.32	\$227.56	
7247	14572	FIRE LATERAL SANITIZING	Furniture & Office Equipment	10-22-2018	\$596.73	\$227.56	
7248	14573	FIRE LATERAL SANITIZING	Furniture & Office Equipment	10-22-2018	\$596.73	\$227.56	
7249	14574	FIRE LATERAL SANITIZING	Furniture & Office Equipment	10-22-2018	\$596.73	\$227.56	
7249	14575	FIRE LATERAL SANITIZING	Furniture & Office Equipment	10-22-2018	\$596.73	\$227.56	
7249	14576	FIRE LATERAL SANITIZING	Furniture & Office Equipment	10-22-2018	\$596.73	\$227.56	
7249	14577	FIRE LATERAL SANITIZING	Furniture & Office Equipment	10-22-2018	\$596.73	\$227.56	
7249	14578	FIRE LATERAL SANITIZING	Furniture & Office Equipment	10-22-2018	\$596.73	\$227.56	
7249	14579	FIRE LATERAL SANITIZING	Furniture & Office Equipment	10-22-2018	\$596.73	\$227.56	
7249	14580	FIRE LATERAL SANITIZING	Furniture & Office Equipment	10-22-2018	\$596.73	\$227.56	
7249	14581	FIRE LATERAL SANITIZING	Furniture & Office Equipment	10-22-2018	\$596.73	\$227.56	
7249	14582	FIRE LATERAL SANITIZING	Furniture & Office Equipment	10-22-2018	\$596.73	\$227.56	
7249	14583	FIRE LATERAL SANITIZING	Furniture & Office Equipment	10-22-2018	\$596.73	\$227.56	
7249	14584	FIRE LATERAL SANITIZING	Furniture & Office Equipment	10-22-2018	\$596.73	\$227.56	
7363	14596	TABLE ROUND METAL LEVER CHAIRS	Furniture & Office Equipment	10-22-2018	\$1,713.97	\$621.90	
7363	14597	TABLE ROUND METAL LEVER CHAIRS	Furniture & Office Equipment	10-22-2018	\$1,713.97	\$621.90	
7353	14636	TABLE SQUARE W 2 DRAWER TOP SANITIZING	Furniture & Office Equipment	10-22-2018	\$1,624.83	\$503.80	
7353	14693	TABLE ROUND METAL LEVER CHAIRS	Furniture & Office Equipment	10-22-2018	\$1,713.97	\$621.90	
8017		SMALL DESK WITH 15.6" CRT TRAY	Furniture & Office Equipment	10-22-2018			Not in add sent - Room 221
7073	14691	SMALL 21" TALL 15.6" CRT TRAY	Furniture & Office Equipment	10-22-2018	\$576.26	\$186.12	Not in add sent - Room 221
7362	14691	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14692	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14693	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14694	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14695	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14696	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14697	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14698	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14699	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14700	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14701	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14702	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14703	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14704	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14705	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14706	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14707	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14708	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14709	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14710	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14711	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14712	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14713	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14714	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14715	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14716	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14717	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14718	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14719	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
7362	14720	METAL STORAGE RACK	Furniture & Office Equipment	10-22-2018	\$146.91	\$51.02	Not in add sent - Room 221
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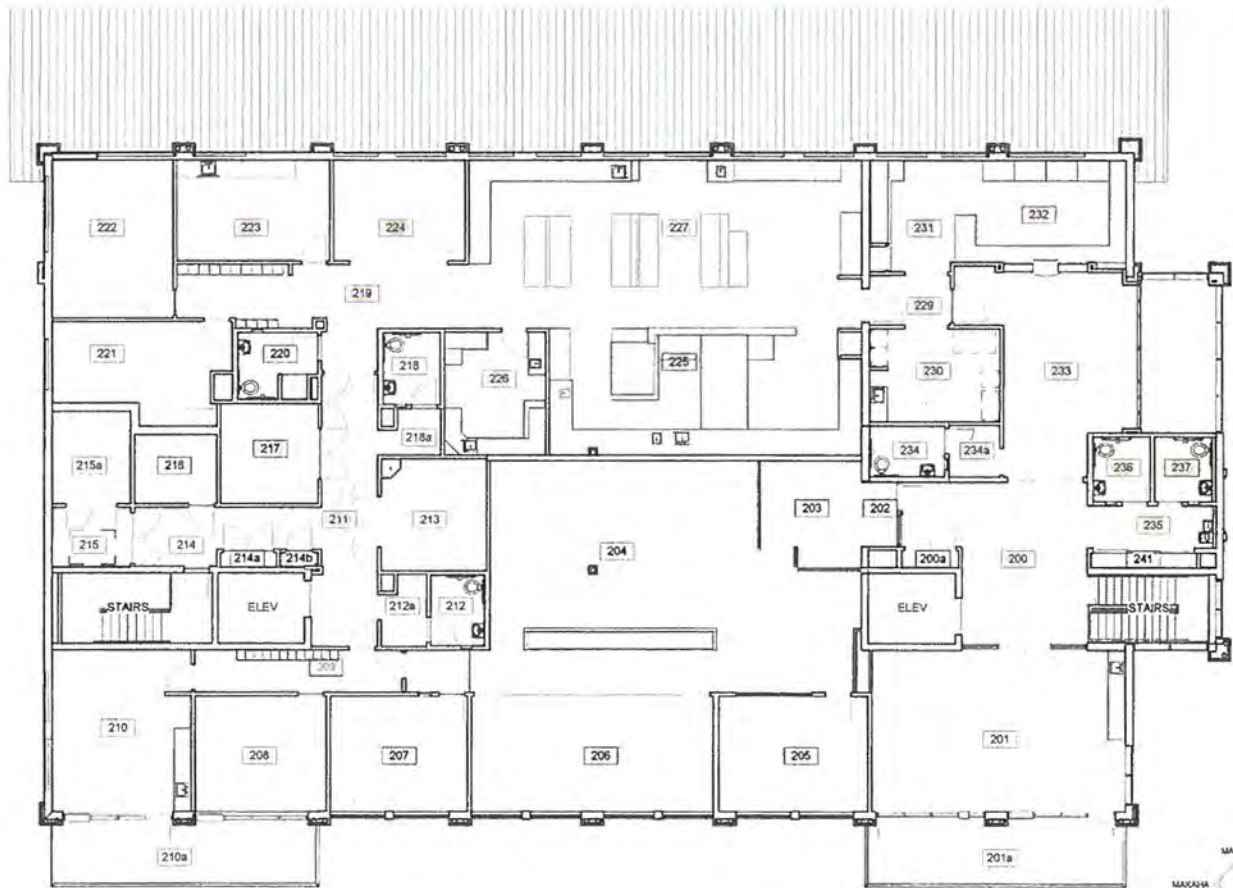
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Contract No. 1024222 (A1-1124562)  
Account No. [REDACTED]

DLS Pricing Bid for Equipment and Instruments  
Laboratory Other Asset Listing

Asset ID	Tag #	Description	Class	In Service Date	Acquisition Asset	DLS Pricing Bid	Notes
		GRAND TOTALS			\$11,394.04	\$16,028.90	

Revised Floorplan



EMERGENCY MEDICAL SERVICES BUILDING  
WAIANAE COAST COMPREHENSIVE HEALTH CENTER

01.14

Revised 01/2017

SECOND LEVEL FLOOR PLAN

**Revised Floorplan Details**Contract No. 1024222 (A1-1124562)  
Account No. [REDACTED]**REVISED Building (Rentable) Floor Areas**

<u>Space</u>	<u>Description</u>	<u>Total</u>	<u>WCCHC</u>	<u>DLS</u>
200	Lobby	346	173	173
211	Hallway A	226	170	56
217	Data Room	137	69	68
218	Toilet	57	57	0
218a	Foyer	34	34	0
219	Lab Corridor	288	-	288
220	Bathroom	70	-	70
221	Office Q.A.	220	-	220
222	Lab Director	267	-	267
223	Breakroom	217	-	217
224	Lab Storage 1	186	-	186
225	Hematology & Urinalysis	532	-	532
226	Micro Room	175	-	175
227	Chemistry	908	-	908
229	Corridor	56	-	56
230	Phlebotomy	171	-	171
231	Lab Recep	127	-	127
232	Lab Front Office	264	-	264
233	Lab Waiting	380	-	380
234	Toilet	53	-	53
234a	Foyer	37	-	37
235	Hallway A	74	37	37
236	Family Toilet 1	52	26	26
237	Family Toilet 2	52	26	26
		<u>4,929</u>	<u>592</u>	<u>4,337</u>
Rent per square feet				<u>x \$4.50</u>
Monthly rent (before GET)				<u>\$ 19,516.50</u>

The building (rentable) floor areas were revised as the entire laboratory space will be occupied by DLS and includes shared common space for the entrances to the laboratory space and administrative offices.

Fair market rent is estimated at \$4.50 per square feet per the October 7, 2022 independent appraisal report obtained by DLS.



**EXHIBIT G****PRIVACY AND INFORMATION SECURITY AGREEMENT**

This Privacy and Information Security Agreement (this "Agreement") is effective upon the day of October 25, 2022 (the "Agreement Effective Date") by and between Diagnostic Laboratory Services, Inc. ("Contractor"), whose mailing address is 99-859 Iwaiwa St. Aiea, HI 96701 and Waianae District Health and Hospital Board, Inc. dba Waianae Coast Comprehensive Health Center ("Customer"), a Hawaii non-profit corporation whose principal business address is located at 86-260 Farrington Highway, Waianae, Hawaii 96792. Contractor and Customer are hereafter, collectively, referred to as the "Parties."

WHEREAS, Contractor and Customer are parties to that certain contract dated August 01, 2022 (the "Laboratory Services Agreement" or "LSA"), pursuant to which Contractor will provide professional laboratory services and management for Customer, which may require that Contractor be given access to certain electronic personal health and security system information, equipment, and locations;

WHEREAS, in order to safeguard and protect such electronic personal health and security system information, the Parties desire to enter into this Agreement which sets forth the terms and conditions pursuant to which such information will be handled between Contractor and Customer and with third parties;

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter expressed, the Parties hereby agree as follows:

**1. General.** In the course of providing services under the LSA, Contractor will employ industry standard information security and physical security ("IT Security") safeguards, procedures and practices to protect the privacy and security of Customer Data (as defined herein) Contractor receives, accesses, uses, creates, or discloses. Such IT Security safeguards shall be: (a) at least equal to industry standards, (b) in accordance with all applicable information security laws applicable to Customer; and (c) reasonably appropriate to protect against accidental or unlawful destruction, loss, alteration or unauthorized third party disclosure or access of Customer Data. Customer Data means any information, regardless of the format it is in (for example, paper, electronic, oral conversations, or films), about any, employee, student, physician, contractor, or professional staff. Customer Data may include vaccination, billing, payroll, or other employment records, employee benefits, or employee information that is only intended for internal use. Without limiting the generality of the foregoing, Contractor will take commercially reasonable measures to secure and defend Contractor locations and equipment both physically and logically against "hackers" and others who may seek, without authorization, to modify or access the Contractor systems or the information found therein.

**2. Data Security.** In addition to any applicable privacy laws, Contractor shall comply with the following IT Security requirements with respect to all information transmitted by, or maintained in, electronic media for or on behalf of Customer.

- a. **Access Controls.** Contractor will maintain an adequate level of data security, including, but not limited to, logical access controls (such as unique user identification and dual factor authentication for remote access). Access to Customer Data will be provided on a "business need-to-know" basis so users are granted the least amount of access required to successfully fulfill their job requirements.
- b. **Data-at-Rest Encryption:** Contractor agrees that it will use non-proprietary, publicly available methods for encrypting data-at-rest. Advanced Encryption Standard with a 256-

bit key (also known as “AES256”) or better encryption is required. Data encryption is required for: servers, desktop and laptop computers, and other mobile devices where Customer Data may exist.

- c. **Data in Transit Encryption:** Contractor agrees to utilize adequate security for Customer Data transmitted across public networks by using the most secure version of Transport Layer Security (TLS) for web traffic and 256 bit or better for bulk data transfer. Transmission of data may include, but is not limited to, file transfer methods, email, file upload or file download, and file exports. Contractor must provide a list of any external contractors with whom Customer Data will be shared.
  - d. **Hardware and Software Changes.** Contractor shall maintain change control processes for both hardware and software changes. Contractor shall ensure that all Contractor personnel are familiar with, and utilize this process.
  - e. **International Export Prohibited.** Contractor shall not transfer or store Customer Data outside of the United States of America.
3. **Incident Response.** Contractor shall maintain a program plan to detect and respond to data security incidents. The program shall include identification, containment, mitigation and remediation of an incident (security breach or attack) and communication to Customer. Contractor will promptly notify Customer of any applicable data security incident and in any event within ten (10) days of Contractor’s discovery of such incident. Contractor shall meet Federal and State regulatory requirements for breach notification. Contractor shall cooperate with Customer and authorities should a security breach of Customer Data occur.
4. **Security Awareness.** (1) Contractor shall maintain policies or codes of conduct documenting responsibilities regarding IT Security practices; (2) Contractor workforce shall receive training on these policies at least annually; and (3) Contractor shall require confidentiality agreements to be completed as part of hiring process to ensure that Contractor’s workforce understands their responsibilities regarding the protection of confidential information of Contractor’s customers.
5. **Disaster Recovery and Data Backup.** Contractor shall maintain and implement disaster recovery procedures in accordance with Contractor’s written Disaster Recovery Plan. Contractor’s Disaster Recovery Plan shall contain procedures designed to safeguard data and the availability of the services and solutions. Contractor will perform daily and long term backups of all Customer Data. Contractor agrees to store all backup Customer Data as part of its designated backup and recovery processes, including tapes in an encrypted form, using a commercially supported encryption solution. All backup copies shall be available for content replacement should the need arise. Contractor shall be responsible for periodically testing that backup processes are working to ensure that data can be recovered in a reasonable timeframe in the instance of an outage or disaster on the primary infrastructure.
6. **Physical Controls.** All Customer Data must be stored in a physically and logically secure environment that protects it from unauthorized access, modification, theft, misuse or destruction. Contractor will maintain an adequate level of physical security controls over Contractor facilities, including appropriate alarm systems, visitor access procedures, security guards, cameras, and video surveillance.
7. **Environmental Controls.** Contractor will ensure that the Contractor datacenter has proper environmental controls including power, connectivity, temperature controls, fire suppression, Uninterruptible Power Supply (UPS) and backup generator to support availability of services and solutions.

**8. Software Lifecycle.** Contractor shall identify vulnerabilities, risks and threats as early as possible at any time during the software lifecycle. The software lifecycle shall mean from development, management, and updates through retirement of such application. Contractor shall maintain a change control process for Contractor software development lifecycle. Contractor shall ensure that all software provided to Customer undergoes routine security testing to reduce the risk of malware, compromises or other exploitable vulnerabilities.

**9. Malware Protection.** Contractor shall maintain active and up-to-date anti-malware programs to protect the Contractor system, software and Customer Data and services.

**10. Security Framework.** Contractor shall maintain an active IT Security Program using an industry recognized security standard and methodology, such as ISO27002/17799, HITRUST, COBIT, or NIST.

**11. Third Party Security Assessments.** Contractor agrees that during the Term, there shall be annual audits of its hosted environment performed in accordance with SSAE-16 SOC2 Type II/SAS70 (each a "Security Audit"). Upon written request by Customer, Contractor will provide a copy of the Security Audit report. All such reports are deemed the confidential information of Contractor.

**12. Employee Screening Practices.** Prior to hire, each Contractor employee shall undergo a formal security clearance review to include criminal background check. Any past activity that would subject confidential information and critical systems to risk will be cause to restrict a Contractor employee's access to Customer Data.

**13. Indemnification.**

- a. **Indemnity.** Contractor shall indemnify and hold harmless Customer, and any Customer affiliate, officer, director, employee or agent, from and against all claims, demands, liabilities, judgments and causes of action of any nature for any relief, elements of recovery and damages (including, without limitation, attorneys' fees, defense, court or proceeding costs, and equitable relief), for any damage or loss incurred arising out of, resulting from, or attributable to, any acts or omissions or other conduct of Contractor, its agents, contractors or representatives in connection with the performance of Contractor's, its agents', contractors' or representatives' duties under this Amendment.
- b. **Right to Tender or Undertake Defense.** If Customer is named a party in any judicial, administrative or other proceeding arising out of or in connection with any non-permitted use or disclosure of Customer Data or other breach of this provision by Contractor or any of its agents, contractors or representatives, Customer will have the option at any time either (i) to tender its defense to Contractor, in which case Contractor will provide qualified attorneys, consultants, and other appropriate professionals to represent Customer's interests at Contractor's expense, or (ii) undertake its own defense, choosing the attorneys, consultants, and other appropriate professionals to represent its interests, in which case Contractor will be responsible for and pay the reasonable fees and expenses of such attorneys, consultants, and other professionals.
- c. **Right to Control Resolution.** Customer will have the sole right and discretion to settle, compromise or otherwise resolve any and all claims, causes of actions, liabilities or damages against it, notwithstanding that Customer may have tendered its defense to Contractor. Any such resolution will not relieve Contractor of its obligation to indemnify Customer under this Section 13.

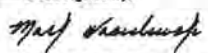


**14. Obligations of Contractor Upon Termination.** Upon termination of this Agreement for any reason, Contractor shall return to Customer or destroy all Customer Data that Contractor still maintains in any form. Contractor shall retain no copies of the Customer Data, except to the extent that any Customer Data needs to be retained in order to fulfill the legal obligations of Contractor. In the event that Contractor determines that returning or destroying the Customer Data is infeasible, Contractor shall provide to Customer notification of the conditions that make return or destruction infeasible. Upon mutual agreement of the parties that return or destruction of Customer Data is infeasible, Contractor shall extend the protections of this Agreement to such Customer Data and limit further uses and disclosures of such Customer Data to those purposes that make return or destruction infeasible, for so long as Contractor maintains such Customer Data.

**15. Survival.** Section 14 of this Agreement shall survive any termination or expiration of this Agreement or the LSA.


IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the Agreement Effective Date.

**Diagnostic Laboratory  
Services, Inc. (Contractor)**

DocuSigned by:  
By:   
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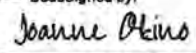
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Title: President

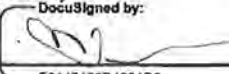
DocuSigned by:  
By:   
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Name: Arthur Ludwig

Title: Treasurer

Reviewed by:  
DocuSigned by:  
  
1035201456502A55  
Contract Services Dept.

**Waianae District Comprehensive Health and Hospital  
Board, Inc.**

(Customer)  
DocuSigned by:  
By:   
E6147458D4264D8

Name: Nicholas Hughey

Title: Executive Vice President