

COUNCIL OF THE COUNTY OF MAUI

HOUSING, HUMAN SERVICES, AND TRANSPORTATION COMMITTEE

October 3, 2014

Committee
Report No. _____

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Housing, Human Services, and Transportation Committee, having met on July 31, 2014, and September 4, 2014, makes reference to County Communication 14-160, from the Director of Housing and Human Concerns, transmitting a proposed resolution entitled "AUTHORIZING THE GRANT OF A LEASE OF REAL PROPERTY TO MAUI YOUTH AND FAMILY SERVICES".

The purpose of the proposed resolution is to renew the grant of a lease of two parcels of real property to Maui Youth and Family Services, Inc. ("MYFS"). The parcels are located at Makawao, Maui, Hawaii, and identified as TMK: (2) 2-5-004:005, Lot 39-B, Building 18, consisting of approximately 3.43 acres, and TMK: (2)-2-5-004:006, consisting of approximately 3.69 acres.

According to the resolution, MYFS would use the property to provide emergency shelter, therapeutic foster care, substance abuse treatment, substance abuse prevention programs, other health and education programs for youth, and administrative facilities.

Your Committee notes the proposed lease is for 25 years, from July 1, 2015 through June 30, 2040. As noted in the proposed grant agreement, the fair market rental value of the property is \$58,674 per year. However, MYFS would be charged a nominal rental fee of \$100 per year for the property.

Your Committee further notes Section 3.40.040, Maui County Code, allows the Council to approve a lease of County real property for a term exceeding five years when the longer period is deemed necessary and in the public interest, and one of the following three conditions is met: (1) the lessee is required by the lease to expend \$25,000 or more for capital improvements; (2) the property will be devoted to the training and education of persons with disabilities, and the lease requires construction of an improvement estimated to cost \$10,000 or more; or (3) the property is leased for use by an agency of the State or Federal government.

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In addition, pursuant to Section 3.40.200, Maui County Code, a lease of County real property at a charge below fair market value shall be considered a grant of public property.

At the request of the Chair of your Committee, the Department of the Corporation Counsel transmitted a revised proposed resolution, entitled "AUTHORIZING THE GRANT OF A LEASE OF COUNTY REAL PROPERTY CONSISTING OF TAX MAP KEYS (2) 2-5-004:005 (POR.) AND (2) 2-5-004:006, MAKAWAO, HAWAII, TO MAUI YOUTH AND FAMILY SERVICES, INC., PURSUANT TO CHAPTERS 3.36 AND 3.40, MAUI COUNTY CODE", approved as to form and legality.

The revised proposed resolution states only a 1.01-acre portion of the property identified as TMK: (2) 2-5-004:005 is the subject of the lease, along with TMK: (2) 2-5-004:006. The resolution also attaches a map depicting the surveyed portion of the 1.01-acre property to replace the prior metes and bounds description. The resolution further modifies a standard lease restriction to allow for residential use on the property to accommodate emergency shelter and residential treatment services provided by MYFS. Finally, the proposed resolution incorporates nonsubstantive revisions.

The Director of Housing and Human Concerns informed your Committee MYFS has occupied the property since 1990, and its current lease will expire on June 30, 2015.

Your Committee noted MYFS has been an integral part of the community. Your Committee also recognized MYFS's ability to work collaboratively with other organizations. Your Committee noted MYFS has served the youth and families of Maui County well through its various outreach and advocacy programs.

Your Committee voted 7-0 to recommend adoption of the revised proposed resolution and filing of the communication. Committee Chair Crivello, Vice-Chair Cochran, and members Baisa, Carroll, Couch, Guzman, and Victorino voted "aye".

COUNCIL OF THE COUNTY OF MAUI
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Your Housing, Human Services, and Transportation Committee RECOMMENDS the following:


1. That Resolution _____, as revised herein and attached hereto, entitled "AUTHORIZING THE GRANT OF A LEASE OF COUNTY REAL PROPERTY CONSISTING OF TAX MAP KEYS (2) 2-5-004:005 (POR.) AND (2) 2-5-004:006, MAKAWAO, HAWAII, TO MAUI YOUTH AND FAMILY SERVICES, INC., PURSUANT TO CHAPTERS 3.36 AND 3.40, MAUI COUNTY CODE", be ADOPTED; and
2. That County Communication 14-160 be FILED.

COUNCIL OF THE COUNTY OF MAUI
**HOUSING, HUMAN SERVICES, AND
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This report is submitted in accordance with Rule 8 of the Rules of the Council.



STACY CRIVELLO, Chair

hht:cr:14020aa:mmy

Resolution

No. _____

AUTHORIZING THE GRANT OF A LEASE OF COUNTY REAL PROPERTY
CONSISTING OF TAX MAP KEYS (2) 2-5-004:005 (POR.) AND
(2) 2-5-004:006, MAKAWAO, HAWAII,
TO MAUI YOUTH AND FAMILY SERVICES, INC.,
PURSUANT TO CHAPTERS 3.36 AND 3.40, MAUI COUNTY CODE

WHEREAS, MAUI YOUTH AND FAMILY SERVICES, INC. is a Hawaii non-profit corporation which provides programs and shelter for the youth and families of the County of Maui; and

WHEREAS, MAUI YOUTH AND FAMILY SERVICES, INC.'s current lease will expire on June 30, 2015; and

WHEREAS, MAUI YOUTH AND FAMILY SERVICES, INC. desires a twenty-five (25) year lease of certain County real property identified as Tax Map Key (2) 2-5-004:005 (por.), consisting of approximately 1.01 acres, and Tax Map Key (2) 2-5-004:006, consisting of approximately 3.69 acres, located at Makawao, Maui, Hawaii, and hereinafter collectively referred to as the "Premises"; and

WHEREAS, application has been made to the Department of Housing and Human Concerns of the County of Maui by MAUI YOUTH AND FAMILY SERVICES, INC., for a grant of lease of the Premises at a charge below fair market value; and

Resolution No. _____

WHEREAS, attached hereto and made a part hereof as Exhibit "1" is a proposed Grant Agreement for Lease of County Real Property; and

WHEREAS the fair market rental value of the property as determined by the Director of Finance is FIFTY EIGHT THOUSAND SIX HUNDRED SEVENTY FOUR AND NO/100 DOLLARS (\$58,674.00) per annum, as evidenced by the Department of Finance, Real Property Tax Division memorandum dated August 13, 2013, attached hereto and by reference made a part hereof as Exhibit "2"; and

WHEREAS, in accordance with Section 3.40.040, Maui County Code, the term of any contract to lease property of the County shall not exceed five years; provided that the Council of the County of Maui may approve a lease of property for a term exceeding five years, when such longer period is deemed necessary and in the public interest; and

WHEREAS, in accordance with Section 3.40.200, Maui County Code, a lease of real property at a charge below fair market value shall be considered a grant of public property and shall be submitted to the Council as an application for a grant pursuant to Chapter 3.36, Maui County Code; and

Resolution No. _____

WHEREAS, the Department of Housing and Human Concerns requests that the Council of the County of Maui consider a lease rent in the amount of ONE HUNDRED AND NO/100 DOLLARS (\$100.00) per year and has incorporated this amount into the proposed Lease of County Real Property, attached hereto and by reference made a part hereof as Exhibit "3"; and

WHEREAS, in accordance with Section 3.36.090, Maui County Code, the Council may authorize the grant of 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 real property, and therefore waives all requirements of bidding and public notice in accordance with Sections 3.36.090 and 3.40.200, Maui County Code; and

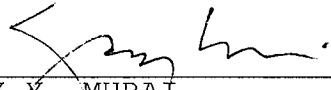
2. That it hereby authorizes the Mayor or his duly authorized representative to execute all necessary documents associated with the grant of real property; and

3. That certified copies of this resolution be transmitted to the Mayor; the Director of Finance; the

Resolution No. _____

Director of Housing and Human Concerns; and Maui Youth and
Family Services, Inc.

APPROVED AS TO FORM
AND LEGALITY:



GARY Y. MURAI
Deputy Corporation Counsel
County of Maui

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GRANT AGREEMENT FOR LEASE OF COUNTY REAL PROPERTY
MAUI YOUTH AND FAMILY SERVICES, INC.

THIS AGREEMENT, made this _____ day of _____, 2014, by and between MAUI YOUTH AND FAMILY SERVICES, INC., a Hawaii non-profit corporation, whose mailing address is P.O. Box 790006, Paia, Maui, Hawaii 96779, hereinafter called the "GRANTEE", and the COUNTY OF MAUI, a political subdivision of the State of Hawaii, whose principal place of business is 200 South High Street, Wailuku, Maui, Hawaii 96793, hereinafter called "COUNTY".

W I T N E S S E T H :

WHEREAS, the Grantee has applied to County for a grant of lease of certain County real property identified as Tax Map Key No. (2)2-5-004:006, consisting of approximately 3.69 acres and Tax Map Key No. (2)2-5-004:005, por. Lot A, consisting of approximately 1.01 acres located at Makawao, Maui, Hawaii, hereinafter called the "PREMISES", for a twenty-five (25) year period to provide office and shelter space for its programs for youth and families of the County of Maui; and

WHEREAS, the Mayor has approved the Grantee's application for grant of lease of County real property subject to certain guidelines and conditions; and

WHEREAS, the Director of Finance has determined that the fair market rental value of the premises is FIFTY EIGHT THOUSAND

SIX HUNDRED SEVENTY FOUR AND NO/100 DOLLARS (\$58,674.00) per annum; and

WHEREAS, the Grantee shall pay County a nominal rental fee for the premises of ONE HUNDRED AND NO/100 DOLLARS (\$100.00) for each one (1) year period, or a total of TWO THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$2,500.00) for the 25-year duration of the lease;

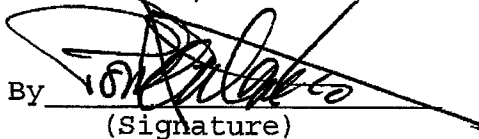
NOW, THEREFORE, IT IS HEREBY AGREED by and between the parties hereto as follows:

That for and in consideration of the aforesaid grant, Grantee hereby agrees to the covenants and conditions and to make the reports as contained in Exhibits "A" and "B" attached hereto and made a part hereof.


IN WITNESS WHEREOF, the parties have executed these presents the day and year first above written.

GRANTEE

MAUI YOUTH AND FAMILY
SERVICES, INC.

By 
(Signature)

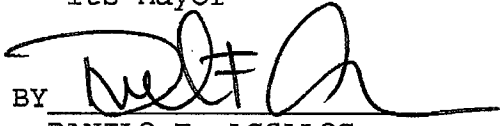
TOM CLEOTOMASI
Its Tom Cleotomasi
(Print Title Above)

By 
(Signature)

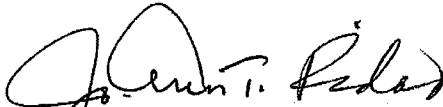
JUD R. CUNNINGHAM
Its CHIEF EXECUTIVE OFFICER
(Print Title Above)


COUNTY OF MAUI

By _____
ALAN M. ARAKAWA
Its Mayor

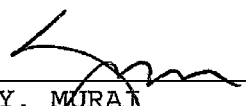
BY 
DANILO F. AGSALOG
Its Director of Finance

APPROVAL RECOMMENDED:


JO-ANN T. RIDAO
Director of Housing & Human Concerns


SANADA K. BAZ
Budget Director

APPROVED AS TO FORM
AND LEGALITY:


GARY Y. MURAL
Deputy Corporation Counsel
County of Maui

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STATE OF HAWAII)
)
COUNTY OF MAUI) SS.

On this 28th day of August, 2014, before me personally appeared TOM C. LEUTENBERGER, 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.



Kimberly A. Ferguson
Notary Public, State of Hawaii

Print Name: KIMBERLY A FERGUSON

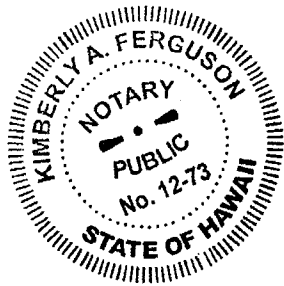
My commission expires: 2/19/2016

NOTARY PUBLIC CERTIFICATION	
Doc. Date: <u>undated</u>	# Pages: <u>25</u>
Notary Name: <u>KIMBERLY A FERGUSON</u>	Judicial Circuit: <u>2nd</u>
Doc. Description: <u>GRANT AGREEMENT FOR LEASE</u> <u>OF COUNTY REAL PROPERTY</u> <u>MAUI YOUTH AND FAMILY SERVICES, INC.</u>	
Notary Signature: <u>Kimberly A Ferguson</u>	A smaller circular notary seal for Kimberly A. Ferguson, Notary Public, State of Hawaii, No. 1273, identical to the one above.
Date: <u>8/28/14</u>	

STATE OF HAWAII)
)
COUNTY OF MAUI) SS.

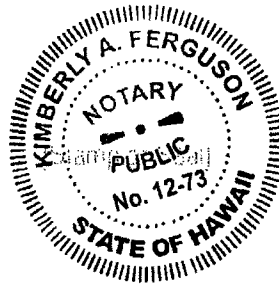
On this 28th day of August, 2014, before me personally appeared JUD R. CUNNINGHAM, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.

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



Kimberly A. Ferguson
Notary Public, State of Hawaii
Print Name: KIMBERLY A. FERGUSON
My commission expires: 2/19/2016

NOTARY PUBLIC CERTIFICATION		
Doc. Date:	<u>undated</u>	# Pages: <u>25</u>
Notary Name:	<u>KIMBERLY A. FERGUSON</u>	Judicial Circuit: <u>2nd</u>
Doc. Description:	<u>GRANT AGREEMENT FOR</u> <u>LEASE OF COUNTY REAL PROPERTY</u> <u>MAUI YOUTH AND FAMILY SERVICES, INC.</u>	
Notary Signature:	<u>Kimberly A. Ferguson</u>	
Date:	<u>8/28/14</u>	



STATE OF HAWAII)
) SS.
COUNTY OF MAUI)

On this _____ day of _____, 20____, before me 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 in 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.

Notary Public, State of Hawaii

Print Name: _____

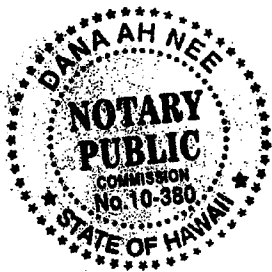
My commission expires: _____

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

STATE OF HAWAII)
) SS.
COUNTY OF MAUI)

On this 2nd day of September, 2014, before me appeared DANILO F. AGSALOG, 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 in behalf of said County of Maui by authority of its Charter, and the said DANILO F. AGSALOG 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.



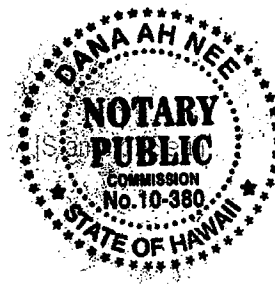
Dana Ahnee

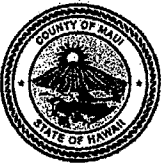
Notary Public, State of Hawaii

Print Name: DANA AH NEE

My commission expires: NOV 14 2014

NOTARY PUBLIC CERTIFICATION		
Doc. Date:	<u>undated at time of notary</u>	# Pages: <u>25</u>
Notary Name:	<u>DANA AH NEE</u>	Judicial Circuit: <u>2nd</u>
Doc. Description:	<u>Grant Agreement for Lease of</u> <u>County Real Property - Maui Youth and</u> <u>Family Services, Inc.</u>	
Notary Signature:	<u>Dana Ahnee</u>	
Date:	<u>SEP - 2 2014</u>	





COUNTY OF MAUI
DEPARTMENT OF
HOUSING AND HUMAN CONCERNS

RECEIVED Date of Application: 2/20/13

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COPY

GRANTS OF REAL PROPERTY DHHC GRANTS MANAGEMENT
COUNTY OF MAUI

APPLICANT

Legal Name of Organization: Maui Youth and Family Services, Inc.

Address: P. O. Box 790006
Paia, HI 96779

Director/Manager: Jud R. Cunningham
Phone: (808) 579-8414 Fax: 579-8426

Organization President: Robert Hankey
Phone: (808) 579-8414 Fax: 808-579-8426

Contact Person (Grant Writer): Jud R. Cunningham
Title: CEO Phone: (808) 579-8414

Total annual budget of organization: \$ 1,687,767.00

Has the applicant applied for funds from the County of Maui this fiscal year?

Yes Source: COMMUNITY PARTNERSHIP No

Please check one:

Property LEASE (If intended use an entire parcel) LICENSE to occupy (If intended use is for a portion of a parcel)

TERM REQUESTED: 25 Years TYPE OF REQUEST: New Renewal Extension

DESCRIPTION OF PROPERTY:
Tax Map Key: 1) 2-5-4:65 Lot 39 B BLDG 18; 2) 2-5-04:6 - 3.69 ACRES
Acreage or square footage of parcel: 1) 1.011 ACRES 2) 3.69 ACRES
Address of parcel (if available): 1) 200 IKE DRIVE, MAKAWAO 2) 1931 BALDWIN AVENUE, MAKAWAO
Please provide a Tax Map Key, available at <http://www.co.maui.hi.us/index.asp?NID=757>.

DESCRIBE THE INTENDED USAGE of the facility/site for which the lease/license is being requested (one sentence).
The facility's intended usage is for buildings or facilities that provide necessary shelter for residential, nonresidential, and administrative services for the program.

EXHIBIT "A"

MAUI COUNTY GRANTS OF REAL PROPERTY

NARRATIVE APPLICATION

1. Nature and purpose of Maui Youth and Family Services

- **Goals and Objectives**

Maui Youth and Family Services was established in 1978 by the County of Maui as the Maunaolu Youth Residential Shelter and incorporated as a private non-profit agency in 1982. MYFS' motto is "building better lives with Hawaii's families" by providing a range of behavioral and mental health programs that work together to wrap appropriate services around children and families, including adults and elders with special needs. By providing services that emphasize prevention, MYFS focuses on developing stronger families and youth who become responsible and contributing members of the community.

The guiding "vision" for MYFS is: Every individual has the help they need to achieve and maintain a foundation for lasting recovery and well-being. The stated mission of MYFS is empowering youth and families challenged with behavioral health issues to become responsible, self-fulfilled and contributing members of the community. The term "family" as referenced herein includes the broader concept of ohana, including elders.

The purpose of MYFS is to provide a comprehensive continuum of services from non-restrictive emergency shelter to community based shelter and foster care services, including the provision of mental health, substance abuse, pregnancy prevention, and substance abuse outpatient services for youth aged 10-17 in Maui County. MYFS provides Maui's only non-restricted emergency shelter for youth, and the only Adolescent Intensive Outpatient Substance Abuse Treatment program in Maui County. MYFS is accredited by the State Department of Health Alcohol and Drug Abuse Division and nationally accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF).

- **Population clientele served**

The population served includes children, youth, and adults of all ages who have behavioral health and other concerns that limit their ability to achieve their full potential within the educational setting, family, and community. At the present time, clientele include: children and youth in need of out of home placement in licensed foster care homes and their families; youth at risk for unwanted pregnancy, tobacco and other substance abuse and behavioral disorders; youth with severe behavioral disorders that require one to one supervision; adolescents in need of intensive outpatient, outpatient and school-based substance abuse treatment; juvenile offenders on probation and in need of intensive monitoring to prevent recidivism; older teens transitioning out of the foster care system; and homeless youth. Other populations which MYFS has served recently includes: pregnant and parenting women and their infant children through our affiliation with Malama Family Recovery Center and adults with serious mental illness through affiliation with Aloha House, Inc. It is important to note that the population to be served may vary over time depending on the priorities of various funding sources (Federal, State and County government, as well as private foundations). A good example is the recent trend away from

placing behaviorally disturbed and substance abusing youth in community-based residential programs, some of which is related to the present economic situation and part of which is driven by treatment philosophy. Therefore, MYFS strives to be adaptable and flexible in order to be most responsive to changing community needs.

- **Services provided**

All of our programs target youth who find themselves in situations beyond their control. That's where we step in. By providing the right program on an individual basis, we ensure that these young people do not slip through the cracks.

Outreach and Advocacy

Youth often need short term outreach intervention as an alternative to juvenile justice involvement. This program gives families access to professional assistance to help their children make better choices. It also serves as a resource to local law enforcement agencies to care for youth as an alternative to incarceration when family is unavailable.

Emergency Shelter

The MYFS Emergency Shelter Program serves young people aged ten to seventeen who require an alternative to home for a short period of time. Our shelter provides 24-hour care in a safe, family-based setting where youth can find the stability and security they need to address their problems and reconnect with family and community.

Therapeutic Foster Home

Our homes provide a normative, community-based environment through parental supervision, guidance and support for youth capable of demonstrating growth in family-based setting. Therapeutic Foster Care parents are trained to provide positive behavioral support directed at improving the youths ability to cope with daily stressors, managing emotions and strengthening family relationships.

Tobacco, Alcohol, Drug, Pregnancy Prevention Program

MYFS works hand-in-hand with schools and other community partners to provide youth and young adults with the skills and knowledge to make positive choices that support healthy lifestyles.

Outpatient Independent Living Program

This service assists youth in the Foster Care system to achieve the skills necessary to lead a successful, independent life.

Intensive Outpatient Substance Abuse Treatment

This program provides group and individual substance abuse treatment services for youth and their families.

Intensive Monitoring

Under a contract with the State Office of Youth Services, we work closely juvenile offenders on probation and in need of intensive monitoring to prevent recidivism and placement at a higher level of care such as Hawaii Youth Correctional Facility. In this endeavor, we work closely with

the youth, the family, other health and human service providers, schools and other community resources to create an environment that enhances the youth's chances for successfully completing stipulations of probation and transitioning to a pro-social relationship with family and community.

• Sources of funding for services and activities

Contractor	Amount	This Fiscal Year	Service
Family Court	\$30,000	7/1/11-6/30/13	Emergency Shelter Services
Department of Human Services Office of Youth Services	\$17,420	7/1/12-6/30/13	
Hawaii Youth Services Network- Basic Center	\$10,000	10/1/11 - 9/30/12	
Hawaii Youth Services Network- Street Outreach	\$19,925	10/1/09- 9/30/13	
Department of Health Alcohol and Drug Abuse Division	\$70,000	8/9/12-6/30/14	SA Prevention Services, Project Venture
Department of Health Child and Adolescent Mental Health Division	\$170,000 FFS (no limit)	7/1/12-6/30/13	Foster Home
Department of Health Office of Youth Services	\$105,570	7/1/12-6/30/13	
Family Court	\$45,000	7/1/11-6/30/13	

OYS	\$40,000	7/1/12 – 6/30/13	Positive Youth Development
			Teen Pregnancy Prevention
Federal	\$67,500	9/1/11-8/31/13	
Department of Human Services	\$81,711	7/1/10-6/30/16	DHS - ILP OP
Hawaii Youth Services Network	\$35,043	3/1/09 - 2/28/13	Therapeutic Living Program-Outreach
Hawaii Youth Services Network	\$150,000	7/1/11 – 6/30/13	Intensive Monitoring
Hawaii Community Foundation	\$75,000	12/8/09- 12/7/12	TNT(Towards no Tobacco)
Maui United Way	\$11,362	7/1/12-6/30/13	IOP/OP
Department of Health Alcohol and Drug Abuse Division	\$176,445	7/1/12 - 6/30/13	Intensive Outpatient SA Treatment
Family Court FCDC & SA	FFS	7/1/11-6/30/13	
Maui County	\$20,000	7/1/12-6/30/14	
Department of Human Services Office of Youth	\$60,000	7/1/12-6/30/13	Quarterly - Outreach and Advocacy
Department of Education	\$199,066	RFP F11-125 7/1/11-6/30/13	DOE Para Professional Support Services

- **Administrative/management structure**

Maui Youth and Family Services is organized (for 30+ years) and recognized by the State of Hawaii as a nonprofit entity. It has also been continuously recognized by the Federal government since its inception as a 501 c3 tax exempt entity organized for charitable purposes. As such, it is governed by a volunteer Board of Directors. All day to day operations of MYFS are the responsibility of the Chief Executive Officer (CEO), who reports to the Board of Directors. MYFS has two Divisions, each overseen by a Clinical Director. The two Divisions are: School and Community-Based Substance Abuse Treatment and Community Prevention and Intervention Services. The Clinical Directors who report to the CEO have direct responsibility for supervision of direct care staff and all program functions. The Clinical Directors are responsible to provide supervision for the counselors and program assistants, oversee the program operations and ensure fidelity to the model and evidence based interventions and curriculums. Counselors are responsible for program delivery, including but not limited to screening, assessment, treatment planning and review, and individual, group and family counseling. Prevention Specialists utilize evidence based models and work primarily with students enrolled in Maui's Intermediate level schools. The Program Assistant is responsible to assist counselors in the provision of group substance use education and life skills management, experiential activities and transportation. All direct care staff are directly responsible to one of the two Clinical Directors. **Required qualification** for the Clinical Directors are a Hawaii clinical license, 3 years or experience in providing clinical services to youth and one year of supervisory experience. Required qualifications for a counselor are a Master's degree in behavioral sciences or Certified Substance Abuse Counselor. Required qualifications for a Program Assistant are a high school diploma and one and half years' experience working with clients in substance abuse treatment. The Director of Quality ensures the management plan for supervision and service delivery is carried out according to all required standards, regulations and other requirements. Management functions also include a Director of Human Resources and Director of Finance and four accounting staff, responsible ultimately to the CEO.

Direct line of authority and qualifications are as follows:

- Board of Directors- Representative of community
- ▼
- CEO- Master's degree and 5 years of experience
- ▼
- Clinical Director- Hawaii Clinical License and 3 years of experience
- ▼

- Program Coordinator- Hawaii Certified Substance Abuse Counselor (CSAC) and 3 years of experience



- Direct Care Staff- Counselors- CSAC and/or Masters degree, Program Assistants- high school diploma and 1 ½ years of experience

2. Intended usage of the facility

- **Specific uses/activities to be conducted at the facilities/site**

The “facility” actually includes two parcels of County-owned property which has most recently been leased to Maui Youth and Family Services for a twenty-five (25) year period and is described as follows:

1)TMK: 2-5-4:05, Lot 39-B; Building 18, and 2)TMK: 2-5-04:6, 3.69 acres located at Makawao, Maui, Hawaii. The current lease term began in 1990, and is therefore set to expire or renew on June 30, 2015. Most of the intended uses have and will continue to require a State Special Use Permit and a Conditional Permit due to zoning. These permits are for a ten (10) year period currently set to expire or be renewed on June 5, 2021, We are requesting that the lease be extended for an additional twenty-five (25) year term, beginning through June30, 2040.

The current lease agreement specifies that the Lessee may “use said premises for buildings or facilities that provide necessary shelter for residential, nonresidential, and administrative services for the program.” We feel that this language is comprehensive enough to permit the conduct of an array of services that is consistent with the agency’s mission and purpose as stated in Section 1 (page 1).

Reason and justification of need for these uses

- **Target population to be served in the facilities/site**

The population served includes children, youth, and adults of all ages who have behavioral health and other concerns that limit their ability to achieve their full potential within the educational setting, family, and community. At the present time, clientele include: children and youth in need of out of home placement in licensed foster care homes and their families; youth at risk for unwanted pregnancy, tobacco and other substance abuse and behavioral disorders; youth with severe behavioral disorders that require one to one supervision; adolescents in need of intensive outpatient, outpatient and school-based substance abuse treatment; juvenile offenders on probation and in need of intensive monitoring to prevent recidivism; older teens transitioning out of the foster care system; and homeless youth. Other populations which MYFS has served recently includes: pregnant and parenting women and their infant children through our affiliation with Malama Family Recovery Center and adults with serious mental illness through affiliation with Aloha House, Inc. It is important to note that the population to be served may vary over time depending on the priorities of various funding sources (Federal, State and County government, as well as private foundations). A good example is the recent trend away from placing behaviorally disturbed and substance abusing youth in community-based residential programs,

some of which is related to the present economic situation and part of which is driven by treatment philosophy. Therefore, MYFS strives to be adaptable and flexible in order to be most responsive to changing community needs.

- **Average number of persons using the facility weekly**

The building at 200 Ike Drive currently houses approximately twelve administrative staff Monday through Friday. This building is typically vacant on weekends. The four buildings located at 1931 Baldwin Avenue (also included in the current lease) house approximately fifteen to twenty staff Monday through Friday. Again, the buildings are typically not in use on weekends. Throughout the week, the typical number of clients entering the campus is forty to fifty. It should be noted that, notwithstanding the Adolescent Outpatient Treatment Program, the vast majority of services are provided in schools and the community. Many of the staff use the facility as home base and do field work visiting schools, foster homes, home visits and experiential activities with youth, reporting to offices in the morning and returning for meetings, training, service documentation, etc., at other times of the day.

- **Frequency of Use**

As stated above, typical use pattern is Monday to Friday, excepting holidays, 8:00am to 6:00pm throughout the year.

3. Explanation of how the services are currently being carried out and how the requested facility will improve service delivery

This question has been answered in a more thorough fashion in the previous sections. The primary modalities of service that are either conducted at the facility location or carried out in schools, family homes and at various locations throughout the Maui community using 1931 Baldwin Avenue as a base of operations are: individual and group outpatient mental health and substance abuse treatment, group education and activities aimed at prevention of high risk youth behaviors, e.g., substance abuse, unwanted teenage pregnancy, and tobacco use, emergency and therapeutic foster home placement for youth. MYFS was recently awarded the State Child and Adolescent Mental Health Division contract to provide for foster home placement of youth in mental health crisis for Maui County.

As MYFS has had use of the facilities for many years, and has significantly improved the facilities through construction of two newer buildings over the past fifteen years, plus invested funds to rehabilitate the original two story "Maunaolu Youth Shelter" (now referred to as "Ka Pono"), service delivery continues to be enhanced by the availability of quality office and program space to carry out its stated mission and purpose.

4. Management plan

The building located at 200 Ike Drive is used primarily to house the administrative staff of MYFS. As MYFS is in partnership with Aloha House, Inc. and Malama Na Makua A Keiki, Inc., which results in a sharing of administrative infrastructure costs, this building houses the

following for MYFS and its partner agencies: Chief Executive Officer, Accounting Department, Human Resources, Quality Assurance and Contracts Management, Development and Information Technology. At any given time, approximately thirteen staff have offices in this building. Any issues related to facility management are handled by the on site staff. Facility oversight is directly delegated to the Director of Human Resources, who in turn supervises a full time Facilities Manager, who handles day to day maintenance issues including grounds maintenance, tracking vehicle maintenance, minor remodeling and repairs. If larger or more specialized maintenance projects arise, we exercise the option of subcontracting with licensed contractors or tradespersons (electrician, plumber, roofer, etc.) as needed.

At the 1931 Baldwin Avenue facility site, we have two Clinical Directors who oversee program clusters previously described. The Facilities Manager, under the supervision of the Director of Human Resources, addresses maintenance issues at this site as well. The Clinical Directors monitor and manage facility usage, visitors to the campus, parking, vehicle utilization, staff and program activity. As issues arise concerning the facilities and their use that need to be addressed, the Clinical Directors bring these issues to the attention of upper management and corrective action is taken in order to maintain the facilities in optimum condition so that, in turn, program activities and staff can function optimally.

5. Impact on services if lease/license is not granted

Maui Youth and Family Services continues to be an essential resource for youth and families in Maui County, especially those who are experiencing behavioral problems that require profession interventions. All of the programs and services previously described in this application utilize these facilities either for direct delivery of services or as a base of operations for school, home and community based behavioral health-related services. The impact on MYFS and the community we serve would be devastating if the lease is not granted and would place this organization, which has provided these critically needed services for the Maui community for several decades, in serious jeopardy of closing.

6. Plans for construction/improvements

At the present time, there is no immediate plan for any new construction or improvements. It should be noted, however, that the building located at 200 Ike Drive is very advanced in age and it is our intent to develop a plan for the eventual replacement of the building with new construction on the same site. The building remains adequate for current usage for the near future. Given the cost of such an undertaking, perhaps a ten year time frame for replacement would seem reasonable. Any planning for construction or improvements would be done in close coordination with the Maui County Department of Housing and Human Concerns and other affected entities.



COUNTY OF MAUI
DEPARTMENT OF
HOUSING AND HUMAN CONCERNS

Real Property Lease/License Application

Financial Information

Λ Include a copy of the current year operational budget for the programs/services conducted at/through the facility for which you are requesting a lease/license to occupy. Show separately County grant income and expenses, if any.

<u>YES</u>	<u>NO</u>	
<u> </u>	<u> X </u>	1. Are fees assessed for services/activities conducted at/through the County facility? If YES, please explain 1) fee schedule, and 2) assistance provided to clients unable to pay fee. <div style="border: 1px solid black; height: 50px; margin-top: 5px;"></div>
<u> </u>	<u> X </u>	2. Are any commercial activities conducted at/through the facility? If YES, please provide information on 1) nature of the activity, 2) annual gross receipts, and 3) use/disposition of income generated. (Attach separate sheet for explanation.)
<u> X </u>	<u> </u>	3. Does your Board of Directors approve a budget before the start of each fiscal year? If NO, please explain. <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>
<u> X </u>	<u> </u>	4. Do your Board meeting minutes show that financial statements are approved? If NO, please explain. <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>
<u> X </u>	<u> </u>	5. Are bank reconciliations and accounting done by someone other than the check signatory? If NO, please explain. <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>
<u> X </u>	<u> </u>	6. Is the agency free of any pending litigation, liens or judgments? If NO, please explain. <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>

I hereby certify that this information is true and correct to the best of my knowledge.

Agency: MAUI YOUTH & FAMILY SERVICES, INC. Phone: 808-579-8414

Prepared by: JUD R CUNNINGHAM, CEO Signature: [Signature] Date: 2/20/13
Print Name/Title

Certified by: ROBERT HANKEY, BOARD PRESIDENT Signature: [Signature] Date: 2/20/13
Print Name of Executive Director/Board President

Maui Youth & Family Services, Inc
 FY 7 1 2012 to 6 30 2013
 BUDGET

	Final 2013 Budget
<u>Revenue:</u>	
Contracts - DOE	115,898
Contracts - DOH	727,392
Contracts - DHS	70,330
Contracts - JUD	36,558
Contracts - OYS	343,560
Contracts - HYSN	158,947
Contracts - HCF	77,955
Contracts - MUW	11,362
Contract - Maui County	20,000
MDFT International	0
Office of Hawaiian Affairs	3,085
HRSA Grant	40,405
Donations - Foundation/Org.	1,250
Donations - Individual	11,980
Donations - Hawaii Hotel Ind.	5,500
Interest Income - Bank	8,542
Fundraising Income	15,992
Gain/Loss on Sale	0
Other Income	1,283
Rental Income - Roots	0
Rental Income -Will Smith Fdtn	0
Rental Income - Malama	0
Contract Salary Reimbursements	37,728
Total Revenue	1,687,767
 <u>Direct Expenses:</u>	
Salaries & Wages:DOEST	714,461
FICA Expense	52,749
SUI & FUTA Expense	13,157
Workers Comp.: CTA	8,300
Employee Life Ins Benefits:DOE	33
TDI	2,875
Health Insurance	66,602
Retirement: CTA	10,518
Total Direct Taxes & Benefits	154,235
Total Direct Payroll	868,696

Maui Youth & Family Services, Inc

FY 7 1 2012 to 6 30 2013

BUDGET

Program Expense: CTA	81,200
Supplies - Office	10,478
Supplies - Medical	35
Supplies - Facility	1,012
Supplies - Vehicle	11,139
Supplies - Recreational: CTA	38
Postage & Freight	268
Dues, Member, Lic & Fees	3,301
Training & Conferences	1,610
Payroll Service	8,485
Telephone	11,090
Electricity: CTA	17,020
Water: CTA	4,539
Rent/Lease - Equipment	1,587
Airfare - Intrastate	4,600
Subsistence: CTA	2,779
Ground Transportation: CTA	1,072
Mileage Reimbursement: CTA	29,260
Contractual Services: CTA	101,420
Foster Care - DOH: CTA	72,890
Foster Care - OYS: CTA	13,650
Foster Care - Shelter-CTA	7,093
Recruiting: CTA	1,000
Records verification	430
Drug Testing: CTA	1,111
Repair & Maint.-Vehicle: CTA	1,296
Repair & Majnt.-Facility:CTA	2,308
Repair & Maint.-Equip.: CTA	466
Insurance: CTA	93,061
Depreciation-Bldg.: CTA	75,217
Depreciation-Equip.: CTA	22,312
Miscellaneous Exp.	(3)
Vacation Expense:CIH	1,763
Total Direct Operating Expenses	<u>583,527</u>
Total Direct Expenses	<u>1,452,223</u>

Maui Youth & Family Services, Inc

FY 7 1 2012 to 6 30 2013

BUDGET

Indirect Expenses:

Salaries & Wages:DOEST	110,557
FICA Expense:DOEST	8,141
Workers Comp.:DOEST	1,671
Employee Life Ins Benefits:DOE	1,844
TDI:DOEST	642
Health Insurance:DOEST	10,306
Retirement:DOEST	4,037
Total Indirect Taxes & Benefits	<u>26,642</u>
Total Indirect Payroll	<u>137,199</u>
Program Expense:DOEST	36
Supplies - Office:DOEST	1,688
Supplies - Facility:DOEST	281
Supplies - Recreational:DOEST	2
Postage & Freight:DOEST	44
Outreach:DOEST	639
Dues, Member, Lic & Fees:DOEST	7,973
Training & Conferences:DOEST	2,024
Payroll Service:DOEST	942
Telephone:DOEST	1,825
Electricity:DOEST	165
Water:DOEST	46
Rent/Lease - Bldg.:DOEST	3,243
Airfare - Intrastate:DOEST	171
Ground Transportatio:DOEST	397
Mileage Reimbursemen:DOEST	362
Audit & Accounting:DOEST	14,155
Contractual Services:DOEST	22,486
Consulting:DOEST	334
Records verification:DOEST	200
Repair & Maint.-Facil.:DOEST	267
Insurance:DOEST	8,508
Depreciation-Bldg:DOEST	4,164
Depreciation-Equip.:DOEST	6,073
Miscellaneous Exp.:DOEST	3
Vacation Expense:DOEST	<u>(745)</u>
Total Indirect Operating Expenses	<u>75,283</u>
Total Indirect Expenses	<u>212,482</u>
Total Direct & Indirect Expenses	<u>1,664,704</u>
Excess of Revenue Over Expense	<u>23,062</u>

ADDITIONAL CONDITIONS
Department of Housing and Human Concerns (DHHC)

In consideration of a grant of COUNTY funds, GRANTEE agrees to the following 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 Grant Agreement, the terms, provisions, conditions and/or covenants contained in said body shall prevail.

- 1) GRANTEE shall keep records and prepare reports, including detailed, separate financial records relating to ALL GRANT FUNDS. All accounts shall be prepared and maintained according to generally accepted accounting principles and as otherwise provided by law. GRANTEE shall maintain such accounts and documents as will serve to permit expeditious determination to be made at any time of the status of funds within the award, including the disposition of all monies received from COUNTY and the nature and amount of all charges claimed to be against such funds.

- 2) GRANTEE shall provide COUNTY written quarterly narrative progress reports regarding the Project and use of grant funds within twenty-one (21) calendar days following the end of each quarter. GRANTEE's narrative reports shall contain the following information: summary of the status in the relationship to outcomes, outputs and scheduled action steps outlined in the grant proposal; numbers and descriptions of people or businesses served including progress in meeting performance standards and economic self-sufficiency if appropriate. Within thirty (30) days after expiration of the time of performance, GRANTEE shall submit to COUNTY a final project report in a form satisfactory to COUNTY documenting GRANTEE's efforts toward meeting the requirements of this Agreement, an inventory of all equipment costing \$5000.00 or more acquired with funds provided under this Agreement, and a list of expenditures incurred in the performance of this Agreement. GRANTEE's final project report shall contain the following information: summary of program status in relation to outcomes, outputs and scheduled action steps outlined in grant proposal; numbers and descriptions of people or businesses served; financial status report of COUNTY funds used; and narrative report, including progress in meeting performance standards and economic self-sufficiency, if appropriate.

- 3) GRANTEE shall provide COUNTY written quarterly allotment, financial and demographic reports.

- 4) GRANTEE shall not use grant funds to compensate its employees more than the wages then prevailing in the State of Hawaii for employees with similar skills and abilities.

- 5) Unless otherwise required in the Grant Agreement or in related application submittals, GRANTEE shall supply COUNTY with a copy of its audited financial statements, prepared by its Certified Public Accountant(s). GRANTEE shall, upon request of COUNTY, provide COUNTY full access to inspect or audit GRANTEE's records, report books, files, and other financial records and documents to allow COUNTY to determine compliance with the terms

of the Grant Agreement, measure program effectiveness, and assure proper expenditure. GRANTEE shall cooperate fully and assist the COUNTY in any such audit or inspection.

- 6) GRANTEE shall give the COUNTY and, if applicable, the State of Hawaii, appropriate recognition in all grant-funded programs and printed materials.
- 7) GRANTEE shall comply with its articles of incorporation and/or bylaws and all relevant COUNTY, State and/or Federal rules and regulations concerning its policies and operations.
- 8) GRANTEE shall not discriminate either in the hiring of staff, use of volunteers, use of facilities, 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.
- 9) GRANTEE shall not alter program plans which provided the justification for the grant without first obtaining the prior written consent of COUNTY. GRANTEE shall inform COUNTY of any proposed changes to the budget allocations or project description or schedule outlined herein.
- 10) If applicable, GRANTEE shall comply with all requests of the State of Hawaii for information and reports regarding the Project and GRANTEE's operations.
- 11) GRANTEE shall comply with all applicable federal, state and COUNTY licensing requirements and with all applicable accreditation and other standards of quality generally accepted in the field of GRANTEE's activities. GRANTEE shall assure that any person or entity GRANTEE may engage, retain or subcontract with to provide any service or perform any function under this grant complies with all applicable federal, state and COUNTY licensing requirements and with all applicable accreditation and other standards of quality generally accepted in said person's or entity's field.
- 12) GRANTEE shall not use any grant funds for purposes of providing entertainment, food and beverages, or perquisites to GRANTEE's employees or staff. For purposes of this Agreement, "perquisites" means a privilege provided or service rendered by GRANTEE to an employee, officer, director, or member of GRANTEE agency to reduce that individual's personal expenses.
- 13) As a nonprofit organization, GRANTEE shall establish and be governed by bylaws or policies which shall include provisions relating to nepotism and management of potential conflict-of-interest situations, as required by Section 3.36.040(c) of the Maui County Code.
- 14) GRANTEE shall not use grant funds for lobbying purposes or activities.
- 15) GRANTEE shall not dispose of any real or personal property acquired with grant funds received under this Agreement without first receiving prior written consent of the COUNTY.

Should GRANTEE cease to use any real or personal property acquired with grant funds for purposes described in this Agreement, GRANTEE shall either:

- a) Pay the COUNTY the current fair market value of the asset; or
 - b) Transfer the control of the asset to the COUNTY.
- 16) Upon expiration or termination of this Agreement, the GRANTEE shall transfer to the COUNTY
- a) Any COUNTY funds on hand at the time of termination;
 - b) Any account receivables attributed to the use of COUNTY funds; and
 - c) Any real and/or personal property acquired or improved in whole or in part with COUNTY funds.
- 17) NONCOMPLIANCE, SUSPENSION AND TERMINATION: GRANTEE's failure to faithfully perform any part of this Agreement or any of the Additional Conditions herein shall constitute noncompliance, and:
- a) Should the noncompliance continue for thirty (30) days after written notice thereof is delivered to GRANTEE or mailed to its last known address; or,
 - b) If such noncompliance cannot be reasonably cured in thirty (30) days, and GRANTEE has failed to commence to cure such noncompliance and to continue to diligently use its best efforts to cure such noncompliance; or
 - c) If GRANTEE shall become bankrupt; or,
 - d) If GRANTEE fails to perform any of the terms of this Agreement, or abandons or substantially suspends any part of this Agreement's Scope of Work; then the COUNTY may, at its sole discretion, take any one or more of the following actions:
 - i) Withhold grant fund payments pending correction of the noncompliance by the GRANTEE;
 - ii) Disallow all or part of the cost/expense of the activity or action not in compliance;
 - iii) Suspend or terminate, wholly or partially, the current award of this Agreement with the GRANTEE;
 - iv) Withhold additional award(s) to the GRANTEE; and
 - v) Terminate this Agreement without service or notice or legal process and without prejudice to any other remedy or right of action for breach or contract
- 18) 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.
- 19) COST INCURRED DUE TO SUSPENSION OR TERMINATION: Any costs incurred by the GRANTEE resulting from any obligations incurred by GRANTEE during suspension or after

termination of this Agreement are not allowable unless the COUNTY authorizes such costs in the Notice of Suspension or Termination issued to the GRANTEE. The determination of eligible costs shall be made by the COUNTY in its sole discretion.

20) FOR GRANTS INVOLVING USE OF COUNTY FUNDS FOR THE DESIGN AND/OR CONSTRUCTION OF IMPROVEMENTS TO REAL PROPERTY IN ADDITION TO THE ABOVE CONDITIONS, THE FOLLOWING CONDITIONS SHALL ALSO APPLY:

a) PERFORMANCE SCHEDULE

- i) Within thirty (30) days from receipt of the COUNTY issued notice to proceed, GRANTEE shall provide the COUNTY with an implementation schedule specifically indicating the time frame and the expenditures required to complete each major phase of the Project. Quarterly, GRANTEE shall submit status reports to the COUNTY in a form acceptable to the COUNTY, detailing the Project's financial status and progress of the Scope of Work. Status reports shall be submitted no later than the thirtieth (30th) day following the end of the quarter.
 - ii) Within ninety days of the Project completion, a final report shall be furnished to the COUNTY. Additional reports required by the COUNTY shall be provided by the GRANTEE as requested.
- b) INSPECTIONS AND MONITORING: During normal business hours, all of GRANTEE'S records relating to the Project will be available for examination by the COUNTY. On a semi-annual basis until the final report for the Project is accepted by the COUNTY, the COUNTY will make a determination as to whether the GRANTEE (a) has complied with the terms of this Agreement; and (b) has the continuing capacity to complete the Project in a timely manner. The COUNTY may withhold payments if it determines that the GRANTEE is unable to comply with these requirements.
- c) SUBCONTRACTING: The GRANTEE shall not procure or subcontract any part of the services under this Agreement without the prior written consent of the COUNTY. All subcontracts entered into by the GRANTEE shall be in writing.
- d) PROCUREMENT: If GRANTEE contracts for the design and/or construction of any structure, defined for purposes hereof as any construction involving a load-bearing wall, GRANTEE shall comply with the Hawaii Public Procurement Code, Chapter 103D, Hawaii Revised Statutes, and any COUNTY procurement policies for the procurement of contracts for design and/or construction of any structures as defined herein. GRANTEE shall submit to the COUNTY copies of all plans, specifications, permits and other approval applications for review and approval by the COUNTY's designated departmental officer prior to soliciting construction bids and proposals from contractors for the construction. Additionally, GRANTEE shall ensure that all procurement transactions for construction of non-structures, as defined herein, and all procurement transactions for goods and services are conducted in a manner to provide, to the maximum extent practical, open and free competition.

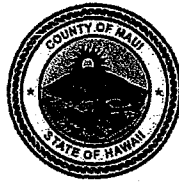
- e) **PREVAILING WAGES:** GRANTEE shall ensure that all contractors and subcontractors shall comply with all applicable provisions of the prevailing wage schedule as required under Chapter 104, Hawaii Revised Statutes, and further, shall require all contractors and subcontractors to submit certified payroll records to the GRANTEE on a periodical basis for GRANTEE's and the COUNTY's review and files.
 - f) **METHOD OF PAYMENT:** GRANTEE shall submit to the COUNTY written Request for Payment. Each request shall be authenticated as to accuracy by the GRANTEE, and verified by the designated COUNTY departmental officer. Each request shall include the following:
 - i) Certification by the GRANTEE that the work for which payment is requested was performed in accordance with the terms of this Agreement;
 - ii) Certified payroll records for the applicable time period or phase for which payment is being requested; and
 - iii) Copies of all contracts, bills, invoices and purchase orders which support the request shall:
 - (a) Be the original document, unless prior approval is obtained from the COUNTY's designated departmental officer to submit document copies.
 - (b) Be under the letterhead of the respective contractor or subcontractor requesting payment.
 - (c) Be signed by an authorized official of the GRANTEE.
 - (d) Identify the Project, the nature of the work or materials provided, and the specific Phase of the Project for which the work or materials were provided.
- 21) GRANTEE shall maintain in its files, at all times, documentation verifying that work described in any contract, bill, invoice, purchase order or Request for Payment sent to the COUNTY is correct, complete, and in accordance with the terms of this Agreement. Initial and final payment under this Agreement shall be subject to receipt by COUNTY of original tax clearance certificates for the GRANTEE from the State of Hawaii Department of Taxation and the Internal Revenue Service. A current Certificate of Vendor Compliance (CVC) is also acceptable in lieu of tax clearance certificates.
- 22) THE COUNTY MAY WITHHOLD ANY OR ALL PAYMENTS TO THE GRANTEE IF THE AMOUNT OF PAYMENT AS REQUESTED IS, IN THE COUNTY'S DETERMINATION, UNREASONABLE, OR DOES NOT COMPLY WITH THE TERMS OF THIS AGREEMENT.
- 23) **PROSELYTIZATION PROHIBITED:** Grant funds shall not be used to recruit or convert a person to a new faith, institution, or cause.

##

ALAN M. ARAKAWA
Mayor

RECEIVED

2013 AUG 13 PM 3:15



HHC-GRANTS MANAGEMENT
COUNTY OF MAUI

COUNTY OF MAUI
DEPARTMENT OF FINANCE
REAL PROPERTY ASSESSMENT DIVISION

70 E. KAAHUMANU AVENUE, SUITE A-16, KAHULUI, MAUI, HAWAII 96732-2196
Assessment: (808) 270-7297 | Fax: (808) 270-7884
www.mauipropertytax.com

DANILO F. AGSALOG
Director

MARK R. WALKER
Deputy Director

SCOTT K. TERUYA
Administrator

GERY MADRIAGA
Assistant Administrator

August 13, 2013, 2013

MEMO TO: Rudy Esquer, Grants Management Administrator, Department of Housing and Human Concerns

FROM: Scott Teruya, Real Property Assessment Administrator, Department of Finance *ST*

SUBJECT: June 13, 2013 Request for Fair Market Rental Value for TMK's 250040050000 por. and 250040060000.

250040050000 (1.011 acres and commercial buildings 1 and 4)

Assessed value for 2013 assessment year: \$533,400

Commercial capitalization rate: 11%

The estimated annual market rent for the above referenced property is \$58,674. The rent was derived by multiplying the assessed value and commercial capitalization rate ($\$533,400 \times .11 = \$58,674$).

250040060000 (entire residential property)

Assessed value for 2013 assessment year: \$1,845,100

Residential capitalization rate: 8%

The estimated annual market rent for the above referenced property is \$147,608. The rent was derived by multiplying the assessed value and residential capitalization rate ($\$1,845,100 \times .08 = \$147,608$).

foster care, substance abuse treatment, substance abuse prevention programs and other health and education programs for youth; and,

WHEREAS, the Lessee has performed the foregoing functions on said premises since about 1991 under a prior lease; and,

WHEREAS, the County of Maui enters into this Lease so that Lessee may continue to utilize said premises for its programs;

NOW, THEREFORE, Lessor, for and in consideration of Lessee's covenants and agreements set forth herein, does hereby agree to grant a lease to Lessee and Lessee hereby accepts said lease on the terms and conditions set forth below:

A. Premises. The Premises shall comprise the area situate at Makawao, Maui, Hawaii, and identified as Tax Map Key No.: (2)2-5-004:006, containing an area of approximately 3.69 acres and more particularly described and shown on Exhibit "A-1," attached hereto and made a part hereof and Tax Map Key No.: (2)2-5-004:005(por.), containing an area of approximately 1.01 acres and more particularly described and shown on Exhibit "A-2," as attached hereto and made a part hereof.

B. Use of Premises. Lessee shall use the Premises solely for providing emergency shelter, therapeutic foster care, substance abuse treatment, substance abuse prevention programs, and other health and education programs for youth and for related administrative purposes. The use of the Premises for any other purpose shall require the prior written approval of Lessor, through the Director of the Department of Housing and Human Concerns ("Director").

C. Term. This Lease shall commence on July 1, 2015 and expire on June 30, 2040, unless sooner terminated as provided herein.

D. Rent. Lessor reserving and the Lessee yielding and paying to the Lessor a rental fee of ONE HUNDRED DOLLARS (\$100.00) per annum, payable to the County of Maui, Department of Finance, at Lessor's address designated herein or as otherwise designated in writing by Lessor to Lessee.

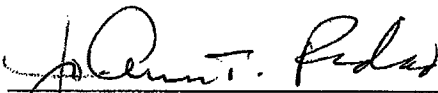
E. Additional Reservations, Covenants, Terms and Conditions. Additional reservations, covenants, terms and conditions of this Lease are set forth in Exhibit "B" attached hereto and by reference made a part hereof.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed on the date set forth above.

LESSOR:

APPROVAL RECOMMENDED:


COUNTY OF MAUI

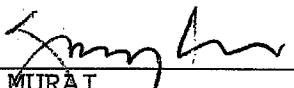


JOANN T. RIDAO
Director of Housing
and Human Concerns

By _____
ALAN M. ARAKAWA
Its Mayor

APPROVED AS TO FORM
AND LEGALITY


By _____
DANILO F. AGSALOG
Its Director of Finance



GARY Y. MURAI
Deputy Corporation Counsel
County of Maui

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LESSEE:

MAUI YOUTH AND FAMILY SERVICES,
INC.

By 
(Signature)

TOM C. LEUTENEKER
(Print Name)

Its Board President
(Title)

By 
(Signature)

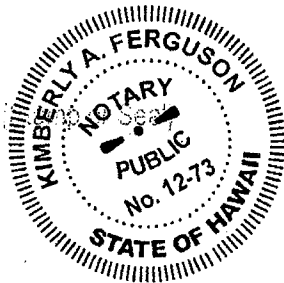
JUD R. CUNNINGHAM
(Print Name)

Its CHIEF EXECUTIVE OFFICER
(Title)

STATE OF Hawaii)
County of Maui) SS.

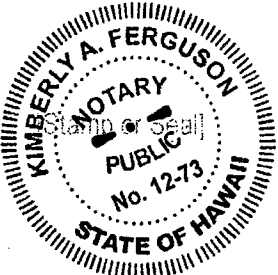
On this 28th day of August, 2014, before me personally appeared TOM C. LEUTENEKER, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.

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



Kimberly A Ferguson
Notary Public, State of Hawaii
Print Name: KIMBERLY A. FERGUSON
My commission expires: 2/19/2016

NOTARY PUBLIC CERTIFICATION	
Doc. Date: <u>undated</u>	# Pages: <u>22</u>
Notary Name: <u>KIMBERLY A FERGUSON</u>	Judicial Circuit: <u>2nd</u>
Doc. Description: <u>LEASE OF COUNTY REAL</u> <u>PROPERTY</u>	
Notary Signature: <u>Kimberly A Ferguson</u>	
Date: <u>8/28/14</u>	

A circular notary seal for Kimberly A. Ferguson, identical to the one above, located in the bottom right corner of the certification form.

STATE OF Hawaii)
County of Maui) SS.

On this 28th day of August, 2014, before me personally appeared JUD R. CUNNINGHAM, 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.



Kimberly A Ferguson
Notary Public, State of Hawaii
Print Name: KIMBERLY A. FERGUSON
My commission expires: 2/19/2016

NOTARY PUBLIC CERTIFICATION	
Doc. Date: <u>undated</u>	# Pages: <u>22</u>
Notary Name: <u>KIMBERLY A. FERGUSON</u>	Judicial Circuit: <u>2nd</u>
Doc. Description: <u>LEASE OF COUNTY REAL</u> <u>PROPERTY</u>	
Notary Signature: <u>Kimberly A Ferguson</u>	
Date: <u>8/28/14</u>	

A circular notary seal for Kimberly A. Ferguson, Notary Public, State of Hawaii, No. 12-73. The seal features a central emblem with a scale of justice and a book, surrounded by the text "KIMBERLY A. FERGUSON", "NOTARY PUBLIC", and "STATE OF HAWAII".

STATE OF HAWAII)
) SS.
COUNTY OF MAUI)

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 pursuant to Section 7-5.11 and Section 9-18 of the Charter of the County of Maui; 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)
) SS.
COUNTY OF MAUI)

On this 2nd day of September, 2014, before me appeared DANILO F. AGSALOG, 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 DANILO F. AGSALOG 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.



Dana Ah Nee

Notary Public, State of Hawaii

Print Name: DANA AH NEE

My commission expires: NOV 14 2014

NOTARY PUBLIC CERTIFICATION			
Doc. Date:	<u>undated at time of notary</u>	# Pages:	<u>22</u>
Notary Name:	<u>DANA AH NEE</u>	Judicial Circuit:	<u>2nd</u>
Doc. Description:	<u>Lease of County Real Property</u> <u>between the County of Maui and Maui</u> <u>Youth and Family Services, Inc.</u>		
Notary Signature:	<u>Dana Ah Nee</u>		
Date:	<u>SEP - 2 2014</u>		



DESCRIPTION OF TMK 2-5-04-06

All of that certain parcel of land being a portion of the land conveyed by the Board of Education to the Trustees of Oahu College, by deed dated January 30, 1860, and recorded in Liber 12, Pages 400-403 at the Bureau of Conveyances in Honolulu, situate at Sunnyside, Hamakuapoko, Island and County of Maui, State of Hawaii, and more particularly described as follows:-

Beginning at the northwesterly corner of this lot, on the easterly side of Baldwin Avenue, which point of beginning is also the southwesterly side of the Fred Baldwin Memorial Foundation lot, and the coordinates of said point referred to Government Triangulation Station "HAIKU", being 12,436.1 feet South, and 4,651.8 feet West, and running thence by azimuths measured clockwise from true South:-

1. 230° 32' 286.8 feet along the Fred Baldwin Memorial Foundation lot;
2. 312° 30' 167.4 feet along Alexander & Baldwin, Inc. Land, along the top, westerly edge of the gulch;
3. 281° 16' 263.5 feet along the same;
4. 337° 23' 32.0 feet along same;
5. 49° 57' 40" 544.4 feet along Lot No. 2 of this partition, the remaining portion of the McNicoll Land;
6. 151° 10' 412.5 feet along the easterly side of Baldwin Avenue, to the point of beginning, and containing an area of 3.69 acres, more or less.

SUBJECT, HOWEVER, to the following:-

1. Native Tenants Rights as provided for in Laws of 1850, Page 202, Civil Code (1859) Sec. 1477.
2. Exceptions A and B, in favor of Alexander and Baldwin, Inc., for two rights of way for the installation, operation, maintenance and repair of two separate domestic water pipelines, as contained in that certain Decree in Partition dated June 15, 1970, recorded on June 19, 1970 in said Bureau of Conveyances in Liber 7057, Page 102.
3. Easement 10, (15 feet wide) Water Line Easement, as delineated on said Tax Map 2-5-4.

EXHIBIT "A-1"

4. Easement 12, (25 feet wide) Power Line Easement in favor of Maui Electric Company, Ltd., as delineated on Tax Map 2-5-4.
5. Easement 15, (25 feet wide) Telephone Line Easement, as delineated on said Tax Map 2-5-4.
6. Trail Crossing a portion of the land herein described, as delineated on said Tax Map 2-5-4.

End of Exhibit "A-1"

EXHIBIT "B"

COVENANTS, TERMS AND CONDITIONS

RESERVING UNTO THE STATE OF HAWAII THE FOLLOWING:

1. Minerals and Waters.

A. All minerals as hereinafter defined, in, on or under the Premises and the right, on its own behalf or through persons authorized by it, to prospect for, mine and remove such minerals and to occupy and use so much of the surface of the ground as may be required for all purposes reasonably extending to the mining and removal of such materials by any means whatsoever including strip mining. "Minerals" as used herein, shall mean any or all oil, gas, coal, phosphate, sodium, sulphur, iron, titanium, gold, silver bauxite, bauxitic clay, dispore, boehmite, laterite, gibbsite, alumina, all ores of aluminum and without limitation thereon all other mineral substances and ore deposits, whether solid, gaseous or liquid, including all geothermal resources, in, on, or under the land, fast or submerged; provided that "minerals" shall not include sand, gravel, rock or other material suitable for use and used in general construction in furtherance of Lessee's permitted activities on the Premises and not for sale to others.

B. All surface and ground water appurtenant to the demised land and the right on its own behalf or through persons authorized by it, to capture, divert or impound the same and to occupy and use so much of the Premises as may be required in the exercise of this right reserved; provided, however, that as a condition precedent to the exercise by the State of Hawaii of the rights reserved in this paragraph, just compensation shall be paid to Lessee for any of Lessee's improvements taken.

2. Prehistoric and Historic Remains. All prehistoric and historic remains found on the Premises, this Lease shall be subject to the rights of native tenants and to regulatory rights and ownership rights (if any) of the State of Hawaii established pursuant to state law including chapter 6E, Hawaii Revised Status, over prehistoric or historic remains found in, on, or under the land.

LESSEE HEREIN COVENANTS AND AGREES WITH LESSOR AS FOLLOWS:

1. Taxes, Assessments, Etc. Lessee shall pay or cause to be paid, prior to delinquency, any taxes and assessments, of every description, as to said Premises, or any part thereof, including any improvements thereon; provided, however, that with respect to any assessment made under any betterment or improvement law which may be payable in installments, Lessee shall be required to pay only such installments, together with interest, as shall become due and payable during said term. Without limiting the generality of the foregoing, Lessees shall also be responsible for the payment of any Hawaii general excise tax (or successor tax) imposed upon the payment of all sums by Lessee under this Lease. Lessee shall remain current in payment of all taxes, rents, or other obligations to the United States, the State of Hawaii, or any of its political subdivisions, including the County of Maui.

2. Utility Services. Lessee shall pay, prior to delinquency, all charges for water, sewer, gas, electricity, telephone and other services or utilities used by Lessee on the Premises during the term of the Lease unless otherwise expressly agreed in writing by Lessor.

3. No Residential Use. Lessee, its agents, employees and invitees, shall not use the Premises as temporary or permanent residence, nor shall Lessee permit or allow any person to live on the Premises except for the purpose of providing emergency shelter and foster care services to eligible youth.

4. Indemnification. Lessee shall indemnify and save Lessor harmless against and from any and all suits, claims, damages, judgments, costs and expense, including reasonable attorney's fees, arising from the Lessee's use of the Premises or arise from the construction of Lessee's improvements, from the failure of Lessee to observe and perform any of the covenants, obligations, rules, regulations, provisions, terms and conditions of this Lease, or from any act or negligence or omission to act of Lessee, its agents, contractors, servants, employees, concessionaires or licensees in or about the demised Premises or in any connection with this Lease. In case any action or proceeding be brought against Lessor (in addition to Lessee) by reason of any such claim, even though such claim be based on alleged fault of Lessor, Lessee agrees to pay the reasonable costs and expenses thereof, secured against Lessee by reason of such action or proceeding. The obligations of Lessee under this section shall survive the expiration or earlier termination of the Lease without limitation.

5. Costs of Litigation. In case Lessor, without any fault on its part, is made a party to any litigation commenced by or against Lessee (other than condemnation proceedings), Lessee shall pay all costs and expenses, including attorneys fees, incurred by or imposed on Lessor. Lessee shall pay all costs and expenses, including attorneys fees, which may be incurred by or paid by Lessor in enforcing the covenants, obligations, rules, regulations, provisions, terms and conditions of this Lease, in recovering possession of the Premises, or in the collection of delinquent rental, taxes, and any and all other charges. The obligations of Lessee under this section shall survive the expiration or earlier termination of the Lease without limitation.

6. Assumption of Risk and Liability. Lessee, as a material part of the consideration to Lessor for this Lease, does hereby assume all risk of bodily injury, wrongful death and/or property damage, business interruption or economic loss occasioned by any accident, fire, or nuisance made or suffered on the Premises, and hereby waives any and all claims against the Lessor. All inventory, property, vehicles, approved improvements and equipment

of Lessee shall be kept, placed or stored at the sole risk of Lessee, and Lessor shall not be responsible or liable for any damage thereto or loss or theft thereof, including subrogation claims by Lessee's insurance carriers.

7. "As Is" Condition. Lessor has not made and shall not make, any representation or warranty, implied or otherwise, with respect to the condition of the premises, including but not limited to (a) any express or implied warranty of merchantability or fitness for any particular purpose or (b) any dangerous or defective conditions existing upon the premises, whether or not such conditions are known to Lessor or reasonably discoverable by Lessee. Lessee accepts the Premises in a completely "as is" condition, with full assumption of the risks, and consequences of such conditions.

8. Mortgage. Lessee may not mortgage or create a security interest in the demised premises or any portion thereof without the prior written approval of the Director.

9. Liens. Lessee shall not commit or suffer any act of neglect whereby the Premises, or any part thereof, or the estate of Lessee in the same, shall become subject to any attachment, judgment, lien, charge, or encumbrance (hereinafter collectively called "Lien"), whatsoever. In the event that any Lien shall attach to or encumber the Premises, or if an application for a Lien is filed in any court of competent jurisdiction, Lessee shall bond against or discharge the same within ten (10) days after written request by Lessor. Lessee shall indemnify and hold harmless the Lessor from and against all attachments, liens, charges and encumbrances and all expenses resulting therefrom, including attorney's fees.

10. Rules and Regulations. Lessor excepts and reserves the right, from time to time, to adopt reasonable rules and regulations pertaining to Lessee's use of the Premises, which rules and regulations shall be binding upon Lessee upon notice thereof to Lessee. For enforcement of such rules and regulations, if any, Lessor shall have all remedies in this Agreement and any other remedies allowed by law.

11. Alterations and Improvements. Lessee shall make no alterations to any structure on the Premises or construct any building or make any other improvements on the Premises without the prior written approval of the Director. Alterations or improvements on the Premises approved by the Director, made by and paid for by Lessee, with the exception of fixtures which cannot be removed without damage to the Premises, shall, unless otherwise provided by written agreement between the Parties, be the property of Lessee.

12. Fixed Improvements. Lessee shall not at any time during the term construct, place, maintain or install on the premises any building, structure or improvement of any kind or description except with the prior written approval of Lessor and upon those conditions the Lessor may impose, including any adjustment of rent, unless otherwise provided in this Lease. All improvements of whatever kind or nature located on the Premises prior to, or on the commencement date of this Lease shall be, and at all time remain, the property of the Lessor.

13. Repair and Maintenance. Lessee shall at its own expense at all times during the term of this Lease, substantially repair and maintain, and keep all improvements now or hereafter built or made on the Premises in good and safe repair, order, and condition, reasonable wear and tear excepted.

14. Sanitation. Lessee shall keep the Premises and improvements in a strictly clean, sanitary and orderly condition.

15. Waste and Unlawful, Improper or Offensive Use of Premises. Lessee shall not commit, suffer, or permit to be committed any waste or nuisance, or unlawful, improper or offensive use of the Premises, or any part thereof, nor, without the prior written consent of the Director, cut down, remove or destroy, or suffer to be cut down, removed or destroyed, any trees growing on the Premises at the commencement of the this Lease, as well as any trees that are growing on the Premises during the duration of the this Lease.

Lessee shall not allow the Premises to become unduly eroded or subject to any material increase in weeds or litter, and Lessee shall make reasonable efforts to prevent or correct same.

16. Hazardous Materials. Lessee shall at all times, at its own cost and expense, comply with all federal, state and local laws, ordinances, regulations and standards relating to the use, analysis, production storage, sale, disposal or transportation of any hazardous materials, including oil or petroleum products or their derivatives, solvents, PCB's, explosive substances, asbestos, radioactive materials or waste, and any other toxic, ignitable, reactive, corrosive, contaminating or polluting materials which are now or in the future subject to any governmental regulation (hereinafter collectively referred to as "hazardous substances"). Prior to commencing use of the Premises for any activity involving the storage, use, or distribution of (a) any hazardous substance, or (b) products or materials which (i) include any hazardous substance as a component and (ii) which, if an accident occurred, might result in the release or discharge of any hazardous substance, Lessee shall give written notice of such proposed use to Lessor. Such notice shall set forth (a) the proposed use and the hazardous substance involved, (b) a hazardous substance management

plan describing the actions taken or proposed to be taken by Lessee to assure Lessee's compliance with the requirements of this Lease, and (c) evidence of insurance or other financial resources available to Lessee sufficient to assure Lessee's ability to comply with its obligations. Upon the expiration or earlier termination or revocation of this Lease, Lessee shall (a) cause all hazardous substances previously owned, stored, or used by Lessee to be removed from the Premises and disposed of in accordance with applicable provisions of law; (b) remove any storage tanks or containers installed or used by Lessee to store any hazardous substances and repair any damage caused by such removal; (c) cause any soil or other portion of the Premises which has become contaminated by any hazardous substances stored or used by Lessee to be decontaminated, detoxified or otherwise cleaned up in accordance with the requirements of cognizant governmental authorities; and (d) surrender possession of the Premises to Lessor free of the presence or effects of any hazardous substances generated or used by Lessee in, on, or about the Premises during the term of this Lease. Lessee shall indemnify and hold harmless Lessor from and against any and all claims relating to hazardous materials arising from this Lease. The obligations of Lessee under this section shall survive the expiration or earlier termination of the Lease without limitation.

17. Rights of Way and Easements. Lessor reserves the right to issue rights of way and easements for lines, transmission facilities and appurtenances for utilities, electricity, gas, telephone, pipes, water, sewers, drainage, flowage, and any other purposes, whatsoever, without limitation, including the right to enter to construct, reconstruct, operate and maintain such facilities; provided that all such reserved rights shall be reasonably exercised so as to cause the least practicable interference with Lessee's operations; provided further, that, in any such event, any improvements made by Lessee which were damaged as a result of such entry shall be restored to a condition as near as practicable prior to such entry. Lessor further reserves the right to authorize public access over, across, under and through the Premises.

18. Access to Information. Lessee shall provide Lessor with access to Lessee's books, records, assets, facilities, and all other information relative to the use of the Premises, as deemed necessary in the judgment of Lessor.

19. Liability Insurance, Required Coverage. Lessee shall obtain, pay for, and keep in force throughout the period of this Lease 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 and Poor" ratings.

The insurance policy, as evidenced by issuance of a "Policy Endorsement", shall name Lessor, its officers, employees and agents as "Additional Named Insured", and shall include a duty to defend Lessor and its officers, employees and agents against any loss, liability, claims, and demands for injury or damage, including but limited to, claims for property damage, personal injury, or wrongful death, arising out of, or in connection with Lessee's actions and/or use of Premises.

Unless otherwise agreed to through the joint decision and discretion of the Director of the Department of Finance and the Director, 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, Lessee shall furnish the Lessor 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 Lease, the Lessee 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 Lessor, 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 Lessor thirty (30) calendar days prior written notice of the intended cancellation or termination.

If at any time, and from time to time, a higher limit or other requirements shall be deemed appropriate, customary, or necessary, in the reasonable discretion of the Director, Lessee shall obtain and maintain such coverage.

20. Property Insurance. Lessee shall, unless otherwise agreed to through the joint decision and discretion of the Director of the Department of Finance and the Director, procure and, during the entire term of this Lease, keep in force and effect special form property insurance covering all of Lessee's leasehold improvements, trade fixtures, inventory, equipment and personal property from time to time in, on or upon the Premises, in an amount not less than the full replacement cost thereof without

deduction for depreciation, providing protection against all risks of loss not otherwise excluded for the Premises, together with insurance against sprinkler damage, vandalism, and malicious mischief, including demolition and debris removal and extended coverage, hurricane/wind coverage, and with inflation guard endorsement, if available in any insurance company qualified to do business in the State of Hawaii and shall, from time to time, deposit promptly with Lessor the policy and premium receipts therefor or a current certificate that such insurance is in full force and effect and shall not be cancelled without written notice to Lessor sixty (60) days prior to the effective date of such cancellation. All such policies shall be made payable to Lessor and Lessee as their interests may appear (it being understood and agreed that Lessor's interest shall be limited to permanent fixtures and other installations which are not removable by Lessee upon the termination of this Lease), and shall provide for a deductible of not more than \$5,000.00. All policy proceeds shall be used for the repair or replacement of the property damaged or destroyed unless this Lease shall cease and terminate in accordance with the provisions of this Lease.

21. Fire Insurance. Lessee shall, unless otherwise agreed to through the joint decision and discretion of the Director of the Department of Finance and the Director, procure, at its own cost and expense, and maintain during the period of this Lease, a policy or policies of fire insurance, on all buildings and improvements on the Premises, against loss or damage by fire in an amount equal to one hundred percent (100%) of the replacement value of the Premises as established by the insurance appraiser and as approved by the Director of Finance, and shall pay premiums thereon at the time and place the same are payable. The policy or policies of insurance shall be made payable in the case of loss to the County of Maui, as its interest may appear, and shall be deposited with the County. Any proceeds derived therefrom in the event of total or partial loss shall be immediately available to, and as soon as reasonably possible be used by Lessee for rebuilding, repairing, or otherwise reinstating the same buildings in a good and substantial manner according to the plans and specifications approved in writing by the County; provided, however that with the approval of the County, Lessee may surrender this Lease and Lessee shall then receive that portion of said proceeds which constitute the proportionate value of permanent improvements made by Lessee, if any, in relation to the unexpired term of this Lease and useful life of the improvements at the time of the loss, if any, with the County retaining the remaining proceeds of said proceeds.

22. Condemnation. If at any time during the term of this Lease any portion of the leased Premises should be condemned or required for public purposes by the State of Hawaii or the United States, Lessee shall be entitled to receive from the condemning authority the proportionate value of Lessee's permanent

improvements so taken in the proportion that it bears to the unexpired term of this Lease; provided that Lessee may, in the alternative, remove and relocate Lessee's improvements to the remainder of the Premises occupied by Lessee. Lessee shall not by reason of the condemnation be entitled to any claim against Lessor for condemnation or indemnity for its interest in this Lease and all compensation payable or to be paid for or on account of this Lease by reason of the condemnation, except as aforesaid as to Lessee's improvements, shall be payable to and be the sole property of Lessor. Where the portion taken renders the remainder unsuitable for the use or uses for which the land was leased, Lessee shall have the option to surrender this Lease and be discharged and relieved from any further liability therefor; provided that Lessee may remove the permanent improvements constructed, erected and placed by it within such reasonable period as may be allowed by Lessor. The foregoing right of Lessor shall not be exclusive of any other to which Lessor may be entitled by law.

23. Lessor's Lien. Lessor shall have a lien on all the buildings and improvements placed on the Premises by Lessee, on all property kept or used on the Premises, whether the same is exempt from execution or not, and on the premises, whether the same is exempt from execution or not, and on the rents of all improvements and buildings situated on the Premises for all costs, attorney's fees, rent reserved, taxes, and assessments paid by Lessor on behalf of Lessee and for the payment of all money as provided in this Lease to be paid by Lessee, and such lien shall continue until the amounts are paid.

24. Assignment. Lessee may, with prior written approval of the Director assign the Lease for the remainder of the Lease term.

25. Sublease. Lessee may, with written approval of the Director sublease the demised premises.

26. Lessee's Right to Terminate. If Lessee is not in default of the terms of this Lease to be observed and performed, Lessee may terminate this Lease by giving Lessor at least sixty (60) days prior written notice of such termination.

27. Surrender of Premises. At the expiration, revocation, cancellation or termination of this Lease, Lessee shall peaceably surrender the Premises, together with all improvements existing or constructed thereon, unless provided otherwise. On or before the last day of the term or the sooner termination thereof, Lessee, if not then in default, shall remove all trade fixtures, operating equipment and other personal property of Lessee from the Premises and repair any damage occasioned by any such removal. Property not so removed shall be deemed abandoned by Lessee.

28. Termination. If Lessee becomes bankrupt, dissolves, becomes inactive, or abandons the leased Premises for a period of four (4) consecutive months, or if this Lease and the leased Premises shall be attached or otherwise taken by operation of law, or if any assignment be made of Lessee's property for the benefit of creditors, or shall fail to observe and perform any of the covenants, obligations, rules, regulations, provisions, terms and conditions, and such failure shall continue for a period of more than thirty (30) days after delivery by Lessor of a written notice of such breach or default, by personal service, registered mail or certified mail to Lessee at Lessee's last known address, all rights granted hereunder to Lessee shall cease and this Lease shall terminate without prejudice to any other remedy or right of action for arrears of rent or damages or for any preceding or other breach or contract; and in the event of such termination, all buildings and improvements there on shall remain and become the property of Lessor, subject to any valid mortgages against the property.

29. Covenant Against Discrimination. The use and enjoyment of the Premises shall not be in support of any policy which discriminates against anyone based upon race, sex, sexual orientation, age, religion, color, ancestry, national origin, disability, marital status, arrest and court record, assignment of income for child support obligations and National Guard participation.

30. ADA Compliance. Lessor makes no representations or warranties, express or implied, as to the Premises or any existing improvements thereon, regarding compliance with the Americans with Disabilities Act of 1990 ("ADA"), as amended. Lessee shall be responsible for complying with the ADA and Lessee shall defend, indemnify and hold harmless Lessor against any and all claims regarding non-compliance with any requirement of the ADA. All costs relating to any required improvements or modifications to the Premises, and any existing improvements thereon, shall be borne by Lessee. Notwithstanding any other provision of this Lease to the contrary, any improvements to the Premises constructed by Lessee shall be in compliance with the ADA.

31. Compliance with Laws. Lessee shall comply with all federal, state, and county laws pertaining to the Premises and activities conducted on the Premises, now in force or which may hereinafter be in force.

32. Interpretation Under Hawaii Law. This Lease is made and entered into in the State of Hawaii, and shall in all respects be interpreted, enforced, and governed under the laws of the State of Hawaii.

33. Gender. The use of any gender shall include all genders, and if there be more than one Lessee or Lessor, then all words used in the singular shall extend to and include the plural.

34. Paragraph Headings. The paragraph headings throughout this lease are for the convenience of Lessor and Lessee and are not intended to construe the intent or meaning of any of the provisions thereof.

35. Time of the Essence. Time is of the essence of this Lease and all of the terms, provisions, covenants, and conditions hereof.

36. Notices. All notices or demands that are required or may be given under this Lease by one party to another party, or that are required by law, shall be in writing and shall be deemed to have been validly given or served in the following manner: (a) by delivery to the intended addressee; or (b) by depositing the notice with a reputable private courier service for next business day delivery to the intended recipient at its address set forth on the first page of this Lease or at such other address as a party shall have designated for such purpose by notice to the other party or parties; or (c) by depositing the notice with the United States Postal Service for delivery, postage prepaid, registered or certified mail, return receipt requested, to the intended recipient at its address set forth on the first page of this Lease or at such other address as a party shall have designated for such purpose by notice to the other party or parties.

A notice shall be deemed received upon personal delivery to the designated address or three days after being deposited with a private courier service or with the United States Postal Service as described, supra. Rejection of or refusal to accept a notice or the inability to give notice because a notice of a change in address was not given as required by this Paragraph shall be deemed to be receipt of the notice sent when tendered as provided by this Paragraph.

If a party has designated an agent for service of process, notice to the agent shall conclusively be deemed service on the party. A party shall have the right from time to time to change its address for receipt of notice and to specify any other address within the United States of America by giving written notice of the change in address to the other party or parties at least fifteen (15) days in advance. A notice of change of address is effective under this Lease only when actually received.

37. Assistance of Legal Counsel. The Parties represent and certify to each other that they have been advised to seek the advice of legal counsel and have done so. The Parties have carefully read and fully understand all of the provisions of this

Lease, and have thoroughly discussed all aspects of this Lease with their respective counsel. The parties are voluntarily entering into this Lease and no party or its agents, representatives, or attorneys have made any representations concerning the terms or effects of this Lease other than those contained herein.

END OF EXHIBIT "B"