

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

August 12, 2010

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

PSF No.: 10HD-110

Hawaii

Agreement in Concept for the Issuance of a Direct Lease to North Kohala Community Resource Center, Kahei, North Kohala, Hawaii, Tax Map Key:3rd/5-5-03:25.

APPLICANT:

North Kohala Community Resource Center (NKCRC), a Hawaii Non-profit Corporation, whose business and mailing address is P.O. Box 519, Hawi, Hawaii 96719.

LEGAL REFERENCE:

Sections 171-13, 171-16 and 171-43.1, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Kahei, North Kohala, Hawaii, identified by Tax Map Key: 3rd/5-5-03:25, as shown on the attached map labeled Exhibit A.

AREA:

24.749 acres, more or less.

ZONING:

State Land Use District: Urban
County of Hawaii CZO: RS-15 residential

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CURRENT USE STATUS:

Vacant and unencumbered.

CHARACTER OF USE:

Educational purposes.

LEASE TERM:

Thirty (30) years

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

ANNUAL RENT:

Pursuant to HRS §171-43, and the minimum rent policy established by the Board at its meeting of May 13, 2005 under agenda item D-19, the annual rent will be set at \$480.00.

METHOD OF PAYMENT:

Semi-annual payments, in advance.

RENTAL REOPENINGS:

At the 10th and 20th years of the lease term, by staff or independent appraisal.

PERFORMANCE BOND:

Twice the annual rental amount.

PROPERTY CHARACTERISTICS:

Utilities - Electricity, telephone
Slope - 0 to 10% with inclusions of undulating terrain
Elevation - Approximately 500 feet
Rainfall - Mean annual rainfall of 40 to 60 inches
SCS Soil Series - Kohala-deep
Land Study Bureau – B: Good
Legal access to property – Staff has verified that there is legal access to the property off of Kahei Rd.

Subdivision – Staff has verified that the subject property is a legally subdivided lot.

Encumbrances – Staff has verified that there are no encumbrances existing on the property.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

Applicant will have an environmental assessment prepared and published in accordance with the requirements of Hawaii Revised Statutes (HRS) Chapter 343 and Chapter 11-200, Hawaii Administrative Rules (HAR).

DCCA VERIFICATION:

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

APPLICANT REQUIREMENTS:

Applicant shall be required to:

- 1) Pay for the costs of public notice pursuant to HRS Section 171-16;
- 2) Provide survey maps and descriptions according to State DAGS standards and at Applicant's own cost;
- 3) Publish an environmental assessment with the Office of Environmental Quality Control in compliance with the HRS Chapter 343 and HAR Chapter 11-200, and obtain Finding of No Significant Impact (FONSI) for the project;

REMARKS:

Subject property was previously utilized for pasture purposes as evidenced by existing fencing. In 1981, the Hawaii Housing Authority (HHA), a State agency requested a set-aside for the possible development and expansion of their Kahei house lots development. This request was withdrawn soon after. At its meeting of 4/9/1998 under agenda item D-28, the Board approved the set aside to County of Hawaii, Parks and Recreation Department (P & R) for the development of a county park and playground. This request was withdrawn by Board action of 3/22/2002, item D-2. The property currently remains unencumbered although there is evidence that the county is using a portion of the property for the disposal of green waste.

North Kohala has a long and proud tradition of Paniolo families and events. This site will bring this tradition and skill building back for youth, adults and families to enjoy and perpetuate into the future. The county zoning for this property is RS-15, single family residence. The proposed use is allowed under section 25-5-3(11) of the county zoning code. Other than the requests to set aside from the State HHA and the County P & R, interest in the property has come mostly from persons wishing to use the land for pasture purposes. The current county zoning may prohibit leasing the land at public auction for any other use.

NKCRC is a nine year old non-profit 501(c)3 organization that provides support, education and access to funding for over 65 community improvement projects. NKCR has been an active and successful sponsor for the Kohala Ditch repairs, which has also involved collaboration with the DLNR Land Division and the Division of Forestry and Wildlife.

NKCRC is requesting a direct lease of State lands for educational purposes. They wish to develop the property in order to provide numerous agricultural educational programs including Future Farmers of America (FFA), 4-H and therapeutic riding programs. Additionally, this will be an arena that will allow individuals and groups to teach, practice and show their equestrian skills. The NKCR has provided evidence of 501(c)(3) status (Exhibit B).

The NKCRC has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

Upon approval in concept from the Board for the issuance of a direct lease for educational purposes, NKCRC will solicit comments from various agencies as part of the Environmental Assessment process.

RECOMMENDATION:

That the Board, subject to the Applicant fulfilling all of the Applicant requirements listed above, approve in concept the issuance of a direct lease to The North Kohala Community Resource Center, covering the State-owned parcel identified as Tax Map Key: 3rd/5-5-03:25 for educational purposes pursuant to Section 171-43.1 with the understanding that the approval in concept shall not be deemed to be an approval of a lease as staff shall return to the Board at a later date for approval of the lease disclosing the Environmental Assessment and its Finding of no Significant Impact (FONSI).

Respectfully Submitted,



Gordon C. Heit
Land Agent



APPROVED FOR SUBMITTAL:

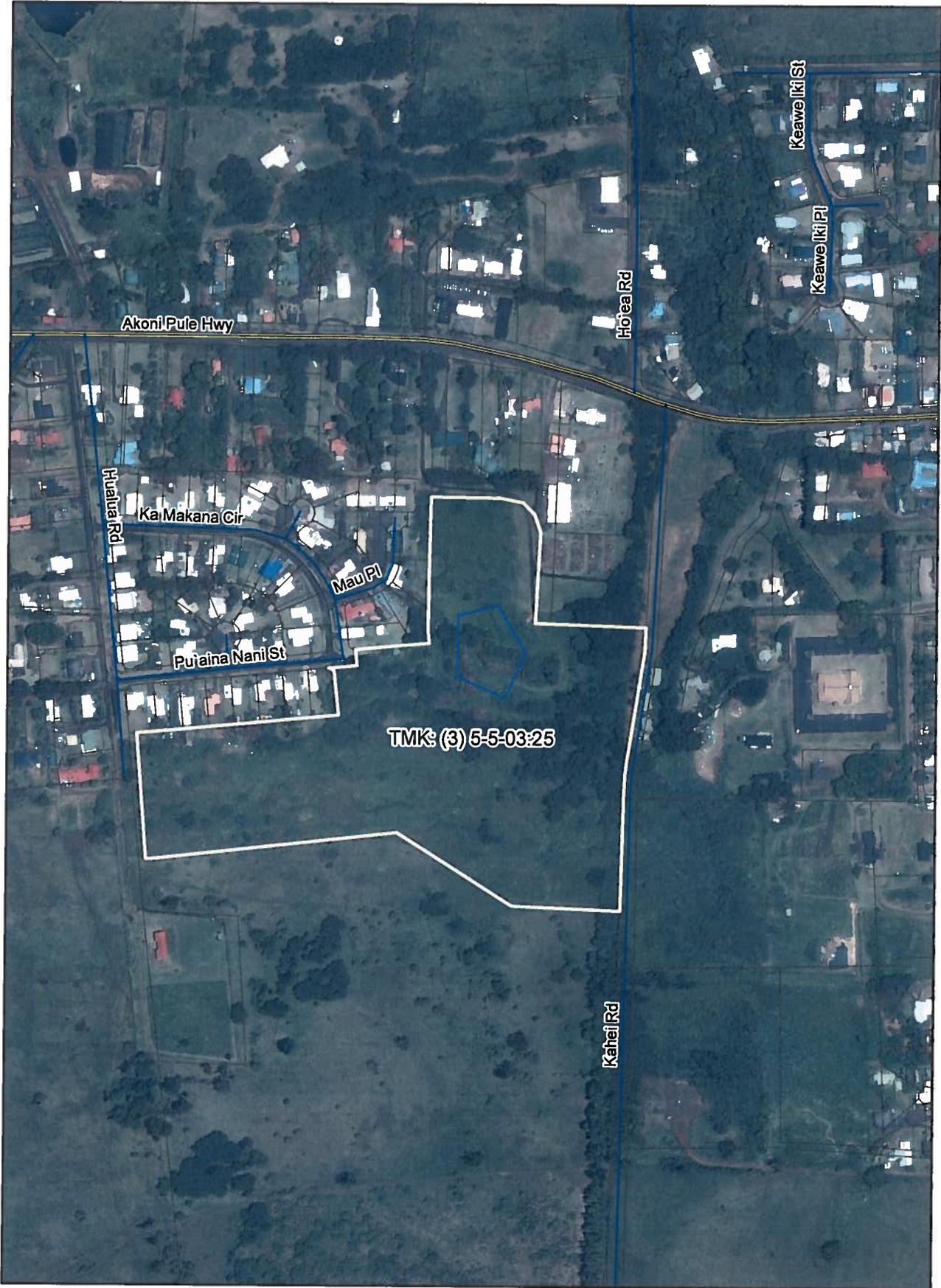


Laura H. Thielert, Chairperson



Hawi Parcel

EXHIBIT A



Internal Revenue Service

Date: November 5, 2007

**NORTH KOHALA COMMUNITY RESOURCE
CENTER
% NONE
PO BOX 2
HAWI HI 96719-0002**

**Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201**

**Person to Contact:
Yvette Davis 17-57076
Customer Service Representative
Toll Free Telephone Number:
877-829-5500
Federal Identification Number:**

Dear Sir or Madam:

This is in response to your request of November 5, 2007, regarding your organization's tax-exempt status.

In March 2002 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



**Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations 1**