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

March 23, 2007

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

PSF No.:06KD-221

KAUAI

Reconsideration of Rent under General Lease No. S-5522 to The Storybook Theatre of Hawaii, Lessee, for Youth Cultural and Educational Purposes, Waimea, Kauai, Tax Map Key: (4) 1-9-5:41.

APPLICANT:

The Storybook Theatre of Hawaii, a Hawaii non-profit corporation.

LEGAL REFERENCE:

Section 171-43.1, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Hanapepe situated at Waimea, Kauai, identified by Tax Map Key: (4) 1-9-5:41 as shown on the attached map labeled Exhibit A.

AREA:

6,432 square feet, more or less.

ZONING:

State Land Use District: Urban
County of Kauai CZO: General Commercial

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

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

CHARACTER OF USE:

Youth cultural and educational purposes.

LEASE TERM:

Fifty-five (55) years, commencing on February 14, 1997 and expiring on February 13, 2052.

ANNUAL RENT:

$860.00 for the time period February 14, 1997 to February 13, 2007.

RENTAL REOPENINGS:

At the 10th, 20th, 30th, 40th, and 50th years of the lease term.

DCCA VERIFICATION:

Place of business registration confirmed:	YES	x	NO	
Registered business name confirmed:	YES	x	NO	
Applicant in good standing confirmed:	YES	x	NO	

BACKGROUND:

The Land Board at its meeting of February 14, 1997, under agenda Item D-22, approved the direct issuance of a 55 year lease to The Storybook Theatre of Hawaii for youth cultural and educational purposes. General Lease No. S-5522 commenced February 14, 1997.

DISCUSSION:

According to General Lease No. S-5522 the "The new annual lease rental shall be determined in the manner prescribed by law and shall be the existing rental or twenty-five percent (25%) of the fair market value of the improved vacant lot at the time of reopening, whichever is higher."

A rent reopening scheduled for the 10th year, falls on February 14, 2007. Appraisal Hawaii was contracted to determine the fair market rental. The new fair market rental was determined to be $8,000 per annum. A rental offer letter was tendered to the Lessee dated October 31, 2006 stating the new rent was $2,000.

As background, the Board of Land and Natural Resources (Board) typically issues leases to private individuals and entities via public auction. The new rent at reopening is established at fair market rental value by an appraisal. If the tenant or prospective tenant is an eleemosynary (charitable) organization, the Board may issue the lease, at a nominal rent, by direct negotiation. The statute providing the Board this authority is as follows:

> **§171-43.1 Lease to eleemosynary organizations.** The board may lease, at a nominal consideration, by direct negotiation and without recourse to public auction,

public lands to an eleemosynary organization which has been certified to be tax exempt under sections 501(c)(1) or 501(c)(3) of the Internal Revenue Code of 1986, as amended. The lands shall be used by such eleemosynary organizations for the purposes for which their charter was issued and for which they were certified by the Internal Revenue Service. [L 1970, c 83, §5; am L 1971, c 100, §1; am L 1982, c 202, §1; am L 1991, c 212, §3]

It is noted that the 501(c)(1) organization must be both organized by an Act of Congress and be an instrumentality of the United States, while the 501(c)(3) organization is a privately organized charitable organization.

CONCLUSION:

Therefore, when considering lease dispositions to eleemosynary (charitable) organizations or religious organizations, the Board may issue the lease by public auction at fair market rent, or by direct negotiation at an amount below fair market rental (i.e., nominal rent). On May 13, 2005, the Land Board established a Minimum Rent Policy that stated, among other things, that the Minimum Rent for Lease be no less than $480 per year. Land Division generally issues Leases at fair market rental value as determined by an appraiser or via public auction. Staff believes "nominal rent" under Section 171-43.1, HRS ought to be anywhere between fair market rent, or lower, but not lower than the minimum rent of $480 per year.

There should be a reasonable and fair annual rent for all Land Division non-profit tenants. Therefore, staff is recommending the new annual rent be $480.

Staff has requested information on the Lessee's operations, services, program measurements, budget and funding and has attached whatever the Lessee has provided [Exhibit B].

The Lessee is in compliance with all lease terms and conditions. Rent of $2,000 is paid up to February 13, 2008. Liability insurance expires on March 1, 2008. Lessee has posted a $1,720 surety bond that expires on July 21, 2007. A Notice of Default was issued dated February 20, 2007 for insufficient bond amount. Otherwise, in the past two (2) years there has been no outstanding compliance issues.

RECOMMENDATION: That the Board

1. Amend General Lease No. S-5522, The Storybook Theatre of Hawaii, Lessee, by adding 'Effective February 14, 2007 to February 13, 2017, the annual rental shall be $480 per annum', subject to:

   A. The standard terms and conditions of the most current lease amendment document form, as may be amended from time to

time;

B. Review and approval by the Department of the Attorney General; and

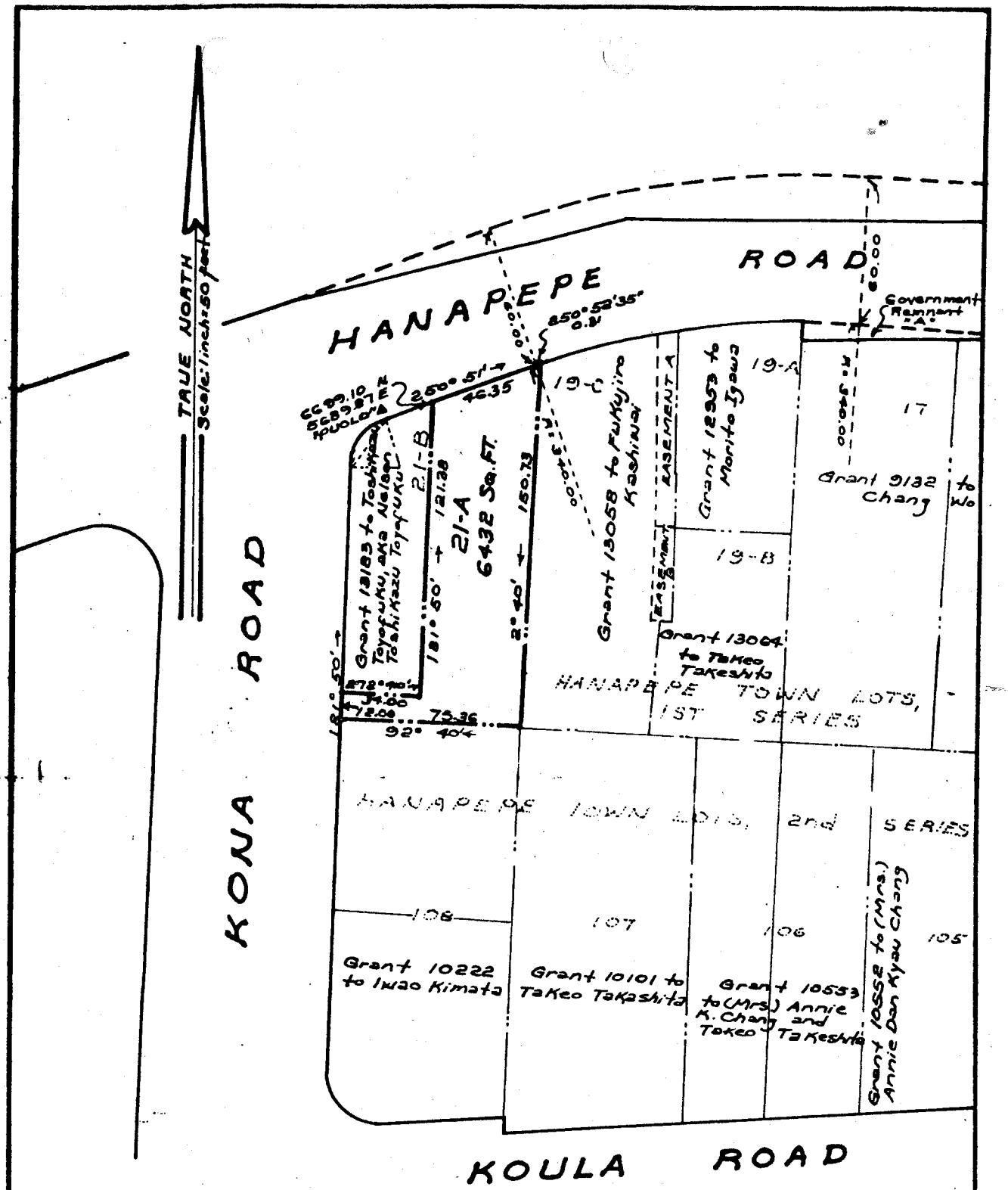
C. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

Charlene E. Unoki
Assistant Administrator

APPROVED FOR SUBMITTAL:

Peter T. Young, Chairperson



(REVISED SEPTEMBER 1986)
HANAPEPE TOWN LOTS
FIRST SERIES
LOT 21-A
Hanapepe, Waimea, Kauai, Hawaii

Scale: 1 inch = 50 feet

JOB K-311(86)
C. BK 12, pg 80 - S. Nakamura

REDUCED NOT TO SCALE

EXHIBIT A

TAX MAP 1-9-05:41

SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
STATE OF HAWAII

KAUAI FILE-CARTON 22

STN Sept. 24, 1986

PRELIM. APPR'D.
Department of the Attorney General

APPLICATION AND QUALIFICATION QUESTIONNAIRE
(Non-Profit)

RECEIVED
LAND DIVISION
2006 NOV -9 A 10:45
DEPT. OF LAND AND NATURAL RESOURCES
STATE OF HAWAII

Write answers in the spaces provided. Attach additional sheets as necessary, clearly indicating the applicable section number.

Part I: General Information

1. Applicant's legal name: The Storybook Theatre of Hawaii
2. Applicant's full mailing address:
   3814 Hanapepe Rd P.O. Box 820
   Hanapepe HI 96716
3. Name of contact person: Mark Jeffers
   Contact person Phone No.: 808 335-0712 Fax No.: 808-335-0702
4. Applicant is interested in the following parcel:
   Tax Map Key No.: (4) 1-9-5:41 Location: Hanapepe Kauai
   If Applicant is current lessee: General Lease No.: S-5522
5. When was Applicant incorporated? 1986
6. Attach the following:
   A. Articles of Incorporation
   B. Bylaws
   C. List of the non-profit agency's Board of Directors
   D. IRS 501(c)(3) or (c)(1) status determination
   E. Tax clearances from State of Hawaii and respective county Real Property Tax Office.
   F. Audited financial statements for the last three years. If not audited, explain why.
   If Applicant is a new start-up, attach projected capital and operating budgets.
   G. Any program material which describes eligibility requirements or other requirements to receive services

Part II: Qualification

7. Is Applicant registered to do business in Hawaii: Yes/No
8. Has Applicant received tax exempt status from the Internal Revenue Service? Yes/No
9. Is Applicant licensed or accredited in accordance with federal, State or county statutes, rules, ordinances, to conduct the proposed activities? Yes/No

   List all such licenses and accreditations required: None are required

10. Is Applicant in default or otherwise not in good standing with any State department (e.g. POS agency, DCCA, DLNR, etc.)? Yes/No

    If yes, explain:

EXHIBIT "B"

11. Has Applicant had a State of Hawaii lease, permit, license, easement or sale in fee cancelled within the last five years? If yes, list: Yes/No

Doc. No.	Type of Agreement	Term of Agreement

12. Does Applicant have any policies which discriminate against anyone on the basis of race, creed, color, national origin, sex or physical handicap? Yes/No

If yes, explain:

13. Has Applicant received funding from a federal, State, or county government agency, the Aloha United Way, and/or a major private foundation within the last three years? Please list all such contracts below: Yes/No

Agency	Contract Term	Contract Amount
Dept Solid Waste - County of Hawaii	2005-2006	$ $1950.00
SFCA - Basic Support	2005-2006	$ $23,937
SFCA - Basic Support	2006-2007	$ $25,737
Hawaii Community Foundation (HCF)	2006-2007	$ 20,000
HCF - PONO	2005-2006	$ 30,000
HCF - CIRCUS	2005-2006	$ 20,000
G. N. Wilcox Trust	2005-2006	$ 10,000
Annie Sinclair-Knudsen Fund	2005-2006	$ 10,000

Approximately 10 more from 2004

14. If Applicant has not received funding from a federal, State or county government agency, the Aloha United Way and/or a major private foundation during the past three years, describe Applicant's qualifications to effectively perform the proposed services, including but not limited to, grants or subsidies received from non-major, private fundors and/or staff or Board members who possess significant experience in Applicant's service field.

EXHIBIT "B"

Part III: Program Activities and Persons to be Served

15. What activities will be conducted on the premises to be leased?

Childrens Media Center - Television + Radio Studio
Art Academy + Classroom + workshops
Art Gallery for Children + Families

16. What are the specific objectives of these activities?

To enrich the lives of local + visiting children + families
To introduce child + youth to the arts through media

17. Describe the community need for and the public benefit derived from these activities.

No art or media academy exists on West Kauai
Children's Media Center is located in a federally designated low/moderate income community. Media Center introduces young people to TV+Radio Careers.

18. Describe the targeted population for these activities by: 1) age group, 2) gender, 3) ethnic background, 4) income level, 5) geographic location of residence, 6) special needs/disability, and 7) other applicable characteristic(s).

STORY Book Programming targets young children ages 3yrs + above up until 15yrs. Our programs are non gender specific. West Kauai is primarily Hawaiian + Filipino populations in low/moderate income range. Storybook provides programs for special needs families.

19. Describe all eligibility requirements of clients to participate in the activities, e.g. age, income level, ethnic background, income level, disability, etc.

Participants fill out a simple application form for most programs

20. Do you require membership to participate in these activities? Yes/No
If yes, list the requirements of becoming and remaining a member:

EXHIBIT "B"

21. How many unduplicated persons will engage in the activities annually?

Activity	Persons Per Year
Academy Classes	100
School Visits	650
T.V. Show Audiences	30,000 Kauai 662,000 Statewide

22. Is State funding made available for the activities to be conducted on the leased premises? (Yes) No

If yes, by which State agency: STATE FOUNDATION on Culture and the Arts

23. List all activities to be conducted on the leased premises which require payment of excise taxes, e.g. subleasing, sale of products or services. Include an estimate of annual gross revenues from each activity.

Logo Shop - T-Shirt Sales $200
Button & Bumper Stickers 400
Other ancillary products are educational and exempt from sales taxes

Development of the Land

24. Describe the proposed site development plan for the property, indicating the location and size of buildings, parking areas, landscaped areas and related uses. Attach sketch of plan if available.

Building construction is completed to date 2007 site development will include media studio and classroom improvements. A backyard memorial garden will also be built with statuary, interpretive signage, small pond, fencing, native plant garden

25. What improvements to the land do you intend to make and at what cost?

Backyard memorial garden for memory of former U.S. Senator Spark M. Matsunaga will cost approximated $200,000 and is expected to be completed in 2008

26. How will the improvements be funded?

The 2005 2006 Hawaii State Legislature appropriated $190,000 for the Memorial Garden and other improvements. The rest will come from private sources.

EXHIBIT "B"

27. Describe all environmental, land use and other permitting requirements which must be met to develop the land as proposed.

- Construction completed -

28. Will you be subleasing any portion of the property? If yes, describe the sublease uses:

- no lease prohibits it.

Part V: Notarized Certification

I/We hereby certify that the statements and information contained in this Application and Questionnaire, including all attachments, are true and accurate to the best of my/our knowledge and understand that if any statements are shown to be false or misrepresented, I/we may be disqualified from receiving a lease or my/our lease may be canceled.

Mark Jeffers
Applicant Name

By: Mark Jeffers
Its: Executive Director
Date: 11/8/06

Joanne P Nakashima
Applicant Name

By: Joanne P Nakashima
Its: TREASURER

Subscribed and sworn to before me this 8th day of November, 2006.

Nancy B Bres
Notary Public

County of: Kauai
State of: Hawaii
My commission expires: 11/18/2009

LS

EXHIBIT "B"

Volume 3 Issue 1 Spring 2006

The StoryBook

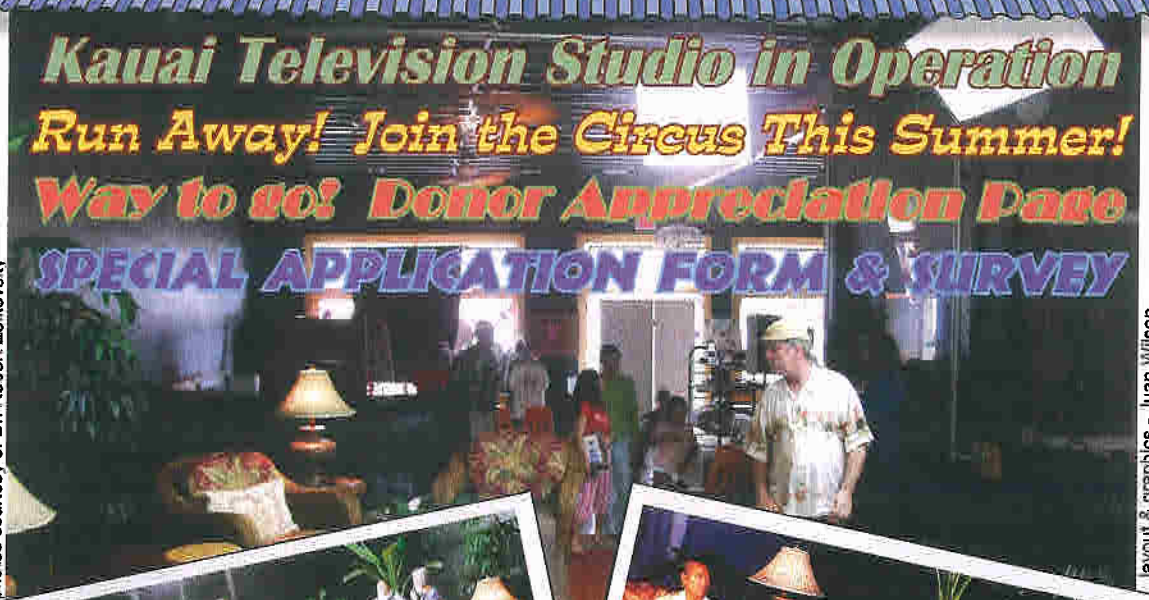
Special Donor Appreciation Issue

Kauai Television Studio in Operation Page 1

Run Away! Join the Circus This Summer! Page 2

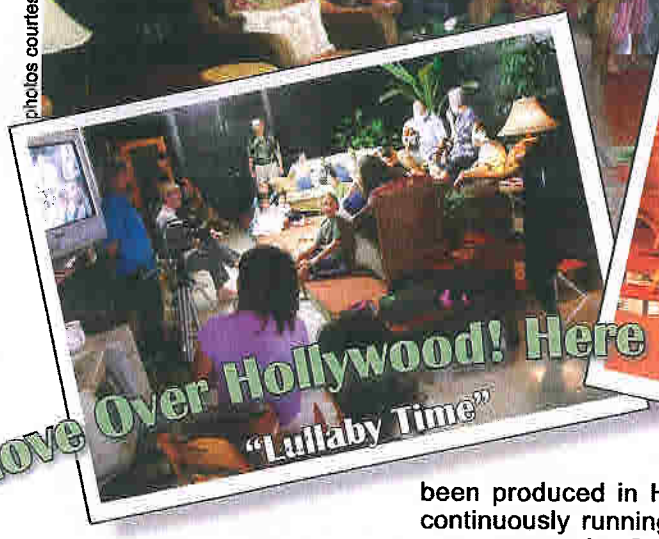
Way to go! Donor Appreciation Page Page 3

SPECIAL APPLICATION FORM & SURVEY Page 4



photos courtesy of Dr. Robert Zelkovsky

layout & graphics - Juan Wilson



"Lullaby Time"

"Talking with Dads"

Move Over Hollywood! Here Comes Storybook Theatre!

In the big wide world of making television and radio programming it is difficult to find a working studio and trained staff that are community oriented. The Storybook Theatre is fortunate to have both a charming new media studio and great people who are dedicated to achieve success on each project undertaken. More than 200 half-hour entertaining, safe & educational television shows have been produced in Hawaii's longest continuously running children show seen across the State; *"Da Russell da Rooster Show"*.

Recently, a new program segment, the 'Lullaby Show' was video taped at the our media studio in Hanapepe. Host Aunty Cindy Combs was joined by special guests Millicent Cummings, Carlos Andrade and Patrick Cockett. Each artist performed an original lullaby for the keiki, moms, dads, & kupuna in the audience who could barely stay awake.

Storybook Theatre is also working with Child and Family Services to complete a recently filmed series pilot titled "Talking With Dads" a talk show style "get acquainted" time with island fathers.

The Storybook Theatre's` Staff and Trustees envision the studio serving our island by training young people in art of good storytelling and media creation... making our world a better place.

EXHIBIT "B"

photo courtesy of Judith Lenthall

Standing Left to Right
David LaPiana,
Mark Jeffers,
Karen Fischer,
Deann Canuteson,
Lisa Kimsey,
Chris Cartwright,
Janet Coburn,
Bill McCoy

Seated Left to Right
Dennis Brown,
Barbara Rehmer,
Cynthia Winans Burns,

not in photo
Georgie Kennedy,
Matthews Hamabata

PONO PROGRAM

Storybook Theatre is taking part in the 2005 – 2006 PONO Leadership Program for its Executive Director, Mark Jeffers. Mr. Jeffers is joined by ten other executives representing their organizations for an eight session intensive training program over the course of a full year in Honolulu. The project sponsors, The Case and Hawaii Community Foundation provides funding for a broad range of programs, services, and resources along with meals, travel, & venue coordination for each participant.

A capacity building award of $30,000 was granted to Storybook Theatre who has chosen to use the funds to develop a solid business plan based on the marketing of its new media studio in Hanapepe. The studio is a versatile community facility which can provide products and services for a wide range of organization, business, & individual needs.

MAHALO & THANK YOU

Partners

Otsuka's Furniture

KONG Radio Group

Kauai Island Utility Cooperative

Hanapepe United Church of Christ

Bobbie's Restaurant

Polyweb Inc.

Foundations

The Annie Sinclair Knudsen Fund of the Hawaii Community Foundation

PONO Leadership Program of the Hawaii Community Foundation

G. N. Wilcox Trust

The Hawaii State Foundation on Culture & Arts - with funds from the Hawaii State Legislature

The Hau'oli Mau Loa Foundation

We Love Volunteers

Volunteers include:
Trustees, Show Ushers, Children's Talent Assistants, Seamstress for Costumes and Puppets, Make-Up, Studio Assistants, Summer Circus and Forest Akamai Camp Intern Counselors. Way to Go Gangy!

Volunteers:
The Storybook Theatre loves its volunteers! On the top on our list is our Board of Trustees who serve to make our theater and media programs the best they can be. Would you like to join us?

Trustees & Staff

Stan Yates - President
Millicent Cummings - Vice President
Joanne Nakashima - Sec-Treasurer
Magenta Billet
Diane Yates
Dr. Larry Magnusen
Caylin Spear
Jean Spear
Mark Jeffers - Executive Director
Dr. Robert Zelkovsky - Tech Director
Kay Koike - Children's Membership

Donors

Ms. Nancy Golden	Cast Member
Lillian Cunningham	Cast Member
Ms. Carol Wilcox	Cast Member
Ms. Carol Kanna	Cast Member
Thomas Grollman, M. D. Inc	Cast Member
Mr. & Mrs Gary Blaich	Cast Member
Ernest and Debra Blachowiak	Cast Member
Ms. Donna Morrison	Cast Member
Lt. Col. & Mrs Edwin Morrison	Cast Member
Mr. & Mrs. Yaso Ushigome	Cast Member
Ms. Eldean Scott	Cast Member
Mr. Donald Conover	Cast Member
Ms. Neva Olsen	Cast Member
Mr. & Mrs. Bill Cowern	Cast Member
Ms. Ayla Millett	Cast Member
Mr. & Mrs. Toshio Teshima	Cast Member
Ms. Millie Wellington	Cast Member
Ms. Frances Dote	Cast Member
Mr. & Mrs. Sutemi Yamamoto	Cast Member
Ms. Suzanne Kashiwaeda	Cast Member
Mr. Lawrence Zdvoracek	Cast Member
Mr. & Mrs. William Scamahorn	Cast Member
Mr. Archie Mathews	Cast Member
Ms. Phyllis Kunimura	Cast Member
Mr. Jeffrey Gere	Cast Member
Ms. Virginia Dunas	Cast Member
Mr. V. H. Viglielmo	Cast Member
Mr. & Mrs. Robert Moura	Cast Member
Ms. Doris Rewick	Cast Member
Ms. Monica Ka'auwai	Cast Member
Ms. Jane Campbell	Cast Member
Ms. Claire Seaver	Cast Member
Ms. Annabelle Fong	Cast Member
Mr. & Mrs. Bill Schenck	Cast Member
Ms. Judith F. Lenthall	Cast Member
Ms. Liz Jackson	Cast Member
Ms. Jessi Jardin	Cast Member
Ms. Mary Goya	Cast Member
Ms. Cathy Shanks	Cast Member
Mr. Yoshito Nakashima	Cast Member
Mr. & Mrs. Robert R. Steputis	Cast Member
Mr. & Mrs. Teddy Sharp	Cast Member
Mr. & Mrs. Milton Yamashita	Cast Member
McBryde Federal Credit Union	Cast Member
Ms. Florence Togioka	Cast Member
Mr. Phillip Wood	Cast Member
Mr. & Mrs. Jack Fuller	Cast Member
Ms. Sara Silverman	Cast Member
Mr. Paul Booth	Cast Member
Mr. & Mrs. Charlie Copeland	Cast Member
Mr. & Mrs. Morrison German	Cast Member
Mr. Mitsuo Mayajima	Cast Member
Ms. Susan Togioka	Cast Member
Salt Pond Country Store	Cast Member
Ms. Christine Jackson	Cast Member
David Hagino & Lou Ann Guanson	Cast Member
Bruce D. Ten and Sherrill Potts	Cast Member
Mr. & Mrs. James Reinhardt	Script Writer
Mr. & Mrs. Hans Nothnagel	Script Writer
Ms Yukie Ozaki	Script Writer
Mr. & Mrs. Gaylord Wilcox	Script Writer
Mr. Jesse Wells	Script Writer
Ms. Ellen Kawakami	Script Writer
Mr. & Mrs Holbrook Goodale	Script Writer
Mr. & Mrs. Jonathan Wichman	Script Writer
Mr. Wil Welsh	Script Writer
Representative Bertha Kawakami	Script Writer
Mr. Byron Hokulani Cleeland	Script Writer
Mumeno & Bruce Igawa	Script Writer
Mr. & Mrs. Martin Albert	Script Writer
Ms. Lillian Katsura	Script Writer
Ms. Gera Korte	Script Writer
Mr. & Mrs. Norman Hashisaka	Script Writer
Dr. Richard Korsak	Script Writer
Mr. & Mrs. Mitusgi Nakashima	Script Writer
Hanapepe Hawaiian Congre. Church	Script Writer
Dr. Thomas Barlow & Mr. Jim Coolidge	Script Writer
Mr. Chris Pearce	Script Writer
Mr. Henry Goldstein	Script Writer
Mr. & Mrs. Shigeru Fujikawa	Script Writer
Annie & Rick Bernstein	Script Writer
Mr. & Mrs. David Pratt	Script Writer
Ms. Maurizia Zanin	Script Writer
Ms. Linda Collins	Script Writer
Ms. Andrea Cronrod	Script Writer
King Auto Center	Script Writer
Friends of Gary Hooser	Script Writer
Friends of Mayor Bryan Baptiste	Script Writer
Ms. Lucy Kawaihala	Script Writer
Ms. Bonnie Peel	Script Writer
Mr. & Mrs. JC Carvalho	Script Writer
Mr. & Mrs. Ralph Cushnie	Script Writer
Memory of Darci Isoshima	Script Writer
Milton & Henrietta Kushkin Fund	Star
Joanne P. Nakashima	Star
Mr. & Mrs. Dave Hamil	Director
Mr. & Mrs. Stan Yates	Producer
Graham & Susan Nash	Producer
Bow Street Properties	Producer

EXHIBIT "B"