

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



**STATE OF HAWAII**  
**DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**WILLIAM J. AILA, JR.**  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

**ESTHER KIA'AINA**  
FIRST DEPUTY

**WILLIAM M. TAM**  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

May 5, 2013

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

Subject: Approval to enter into a grant-in-aid agreement with the Friends of Iolani Palace

The Division of State Parks respectfully requests approval to enter into a grant-in-aid agreement with the Friends of Iolani Palace as appropriated by Act 164, Session Laws of Hawaii 2011. Capital Improvement Project funds of \$500,000 were released by the Governor on August 13, 2012.

The funds will be used to provide for ongoing repair, restoration, and refinishing within the Palace complex including Iolani Palace, Iolani Barracks (Hale Koa), Coronation Pavilion (Keliiponi), and the Kanaina Building (Old Archives). The project includes hazard mitigation, disaster preparedness, security upgrades, and improvement of visitor services facilities.

**RECOMMENDATIONS:** That the Board

1. Authorize the grant-in-aid agreement with the Friends of Iolani Palace and authorize the Chairperson to sign the necessary documents and other non-substantive supplemental agreements pertaining to this project; and
2. Authorize the Chairperson to approve any future extensions of the time of performance under this agreement.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Daniel S. Quinn".

Daniel S. Quinn  
State Parks Administrator

APPROVED FOR SUBMITTAL:

A handwritten signature in black ink, appearing to read "William J. Aila, Jr.".

William J. Aila, Jr.  
Chairperson

ITEM E-1

**STATE OF HAWAII**  
**AGREEMENT FOR GRANTS, SUBSIDIES, AND PURCHASES OF SERVICE**

This AGREEMENT, entered into on \_\_\_\_\_, 2013 by and between the BOARD OF LAND AND NATURAL RESOURCES (hereinafter "AGENCY"), State of Hawaii (hereinafter "STATE"), by its Chairperson (hereinafter "DIRECTOR"), whose address is 1151 Punchbowl Street, Honolulu, Hawaii 96813, and Friends of Iolani Palace (hereinafter "AWARDEE"), a non-profit corporation under the laws of the State of Hawaii, whose business address is P.O. Box 2259, Honolulu, Hawaii 96804;

**RECITALS**

WHEREAS, Chapter 42F, Hawaii Revised Statutes, establishes standards for disbursing public funds to private organizations to fulfill specified public purposes;

WHEREAS, the AWARDEE has requested funding from the STATE for the project or program described in Attachment 1 of this Agreement;

WHEREAS, the STATE finds that the AWARDEE's performance as described in Attachment 1 of this Agreement will fulfill the public purpose set forth therein;

WHEREAS, the STATE desires to contract with the AWARDEE to fulfill the specified public purpose, and the AWARDEE is agreeable to performing under this Agreement;

WHEREAS, general obligation bond funds are available to fund this Agreement pursuant to Act 164, SLH 2011, in the following amount:

State:           \$500,000.00

NOW, THEREFORE, in consideration of the promises contained in this Agreement, the STATE and the AWARDEE agree as follows:

**A. SCOPE OF PERFORMANCE**

The AWARDEE shall perform, in a proper and satisfactory manner as determined by the STATE, the project or program described in Attachment 1, which is hereby made a part of this Agreement.

**B. TIME OF PERFORMANCE**

The performance required of the AWARDDEE under this Agreement shall be completed in accordance with the "Time Schedule" set forth in Attachment 2, which is hereby made a part of this Agreement.

**C. COMPENSATION**

The AWARDDEE shall be compensated for performance and costs incurred under this Agreement according to the "Compensation and Payment Schedule" set forth in Attachment 3, which is hereby made a part of this Agreement.

**D. STANDARDS OF CONDUCT DECLARATION**

The Standards of Conduct Declaration by AWARDDEE, set forth in Attachment 4, is hereby made a part of this Agreement.

**E. OTHER TERMS AND CONDITIONS**

The General Conditions set forth in Attachments 5 is hereby made a part of this Agreement.

IN WITNESS WHEREOF, the STATE and the AWARDDEE have executed this Agreement effective as of the date first above written.

STATE

By \_\_\_\_\_  
Its Chairperson

AWARDEE

By \_\_\_\_\_  
Its \_\_\_\_\_ \*  
(Title)

AWARDEE

By \_\_\_\_\_  
Its \_\_\_\_\_ \*  
(Title)

APPROVAL AS TO FORM:

\_\_\_\_\_  
Deputy Attorney General

\*Evidence of authority of the AWARDDEE's representative to sign this Agreement for the AWARDDEE must be attached.

AWARDEE'S ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_

\_\_\_\_\_ COUNTY OF \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
before me personally appeared \_\_\_\_\_,  
to me personally known, who being by me duly sworn, did say that he/she is  
the \_\_\_\_\_ of  
\_\_\_\_\_

the AWARDEE named in the foregoing instrument, and that he/she is authorized  
to sign said instrument on behalf of the AWARDEE, and acknowledges that he/she  
executes said instrument as the free act and deed of the AWARDEE.

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

Notary Public, State of Hawaii

My commission expires: \_\_\_\_\_

## **SCOPE OF PERFORMANCE**

### **Objectives:**

To support the operation and maintenance of Iolani Palace as an educational facility that will preserve the history of the Hawaiian monarchy; to provide visitors with a fresh understanding of Hawaii's royal heritage; and to ensure that an important part of Hawaii's heritage is preserved for future generations. The Friends of Iolani Palace manages and maintains one of Hawaii's most significant historic buildings – Iolani Palace, the only royal palace in the United States. Over the years, operational costs have been paid with funds from tour sales, shop sales, and fundraising of various sorts, however, these costs have continued to escalate with little opportunities for increased sales and donations. The Palace is one of the State's most precious historic buildings and a very important part of Hawaii's history and needs to be preserved for future generations.

### **Performance:**

The AWARDEE shall use the grant-in-aid funds to provide for ongoing repair, restoration, and refinishing within the Iolani Palace Complex, including Iolani Palace, Iolani Barracks (Hale Koa), the Coronation Pavilion (Keliiponi), and the Kanaina Building. The project includes hazard mitigation, disaster preparedness, security upgrades and improvement of visitor services facilities.

The grant-in-aid funds shall be used to repair, restore, and refinish walls, ceilings, flooring, and windows; repair termite damage; upgrade electrical wiring; repair or replace window shutters at the Barracks; repair various historic doors and related hardware; repair or replace center flagpole on top of Iolani Palace; and upgrade security and maintenance equipment.

**TIME SCHEDULE**

This Agreement shall be in effect for the period from May 15, 2013, through and including May 14, 2014, unless this Agreement is sooner terminated as hereinafter provided. An extension of this Agreement shall be made only by written amendment signed by the AWARDEE and the DIRECTOR.

## COMPENSATION AND PAYMENT SCHEDULE

In full consideration of the services to be performed under this Agreement, from general obligation funds appropriated by Act 164, SLH 2011, the STATE and AWARDEE agree to the following:

- a) First payment of SIXTY THOUSAND AND 00/100 DOLLARS (\$60,000.00), upon submission of an original signed and certified invoice, and a detailed budget of the expenditures and revenues for the project.
- b) Second payment of ONE HUNDRED THOUSAND AND 00/100 DOLLARS (\$100,000.00), upon submission of an original signed and certified invoice, and a detailed descriptive and financial progress report on the project.
- c) Third payment of ONE HUNDRED THOUSAND AND 00/100 DOLLARS (\$100,000.00), upon submission of an original signed and certified invoice, and a detailed descriptive and financial progress report showing at least twenty-five percent (25%) of the project has been completed.
- d) Fourth payment of ONE HUNDRED THOUSAND AND 00/100 DOLLARS (\$100,000.00), upon submission of an original signed and certified invoice and a detailed descriptive and financial progress report showing at least fifty percent (50%) of the project has been completed.
- e) Fifth payment of ONE HUNDRED THOUSAND AND 00/100 DOLLARS (\$100,000.00), upon submission of an original signed and certified invoice and a detailed descriptive and financial progress report showing at least seventy-five percent (75%) of the project has been completed.
- f) Sixth and final payment of FORTY THOUSAND AND 00/100 DOLLARS (\$40,000), upon submission of an original signed and certified invoice; a final descriptive report

on the benefits derived from this grant and detailing the operational costs that were paid with state and other funds; a financial report certifying expenditures of state and other funds; tax clearances from the Hawaii State Department of Taxation and the Internal Revenue Service, and any other required documentation.

- g) Invoices for payment must state: “I certify that this invoice is, to the best of my knowledge and belief, in accordance with the terms of the agreement as approved and has not been previously claimed on this or any other related project. I also understand that receipt of this invoice does not approve the costs listed. All expenditures are subject to audit.”
  
- h) Payments shall be made in accordance with, and subject to the provisions contained in this Agreement and approval by the STATE of the descriptive and financial progress reports, final descriptive and financial reports, and required documentations.



EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

August 13, 2012

Mr. Kippen de Alba Chu, Executive Director  
Friends of Iolani Palace  
P.O. Box 2259  
Honolulu, Hawaii 96804

Dear Mr. de Alba Chu:

I have released the \$500,000 CIP grant for the Friends of Iolani Palace to restore, repair, and refinish both interior and exterior walls, ceilings, flooring, and windows on Iolani Palace, Iolani Barracks, and the Kanaina Building and address the termite damage in Iolani Palace.

The State Parks Division in the Department of Land and Natural Resources (DLNR) will be working with your organization to coordinate the release of these funds. There is a standard process that all organizations must go through before funds are released. I urge you to contact DLNR to ensure an efficient and expedient process.

Sincerely,

NEIL ABERCROMBIE  
Governor, State of Hawaii

c: ✓ Honorable William J. Aila, Jr.  
Honorable Kalbert K. Young