Amend Prior Board Action of March 14, 2014, Item D-12; Approval in Principle for Issuance of Direct Lease to Kosong Foundation, Inc. for Michuhol Museum and International Center Purposes; Issuance of Right-of-Entry for Site Investigation Purposes, Honolulu, Oahu, Tax Map Key: (1) 2-4-005:019.

The Amendment is to Extend the Right-of-Entry up to March 31, 2018.

BACKGROUND:

On March 14, 2014, under agenda item D-12 (Exhibit 1), the Board authorized the issuance of a 24-month right-of-entry ("ROE") to the applicant for due diligence purposes. The ROE expired on March 19, 2016. However, the applicant needs additional time to finalize the due diligence, including completion of an environmental assessment for the forthcoming application for a direct lease.

After meeting with the Division, applicant requests the ROE be extended up to March 31, 2018. Staff has no objection to the requested extension.

RECOMMENDATION: That the Board:

1. Amend its prior Board action of March 14, 2014, under agenda item D-12 by extending the effective period of the right-of-entry for due diligence purposes up to March 31, 2018.

2. All terms and conditions listed in its March 14, 2014 approval to remain the same.

Respectfully Submitted,

Barry Cheung
District Land Agent

APPROVED FOR SUBMITTAL:

Suzanne D. Case, Chairperson
Approval in Principle for Issuance of Direct Lease to Kosong Foundation, Inc. for Michuhol Museum and International Center Purposes; Issuance of Right-of-Entry for Site Investigation Purposes, Honolulu, Oahu, Tax Map Key: (1) 2-4-005:019.

APPLICANT:

Kosong Foundation, Inc., a domestic non-profit corporation

LEGAL REFERENCE:

Section 171-43.1 and 55, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Honolulu, Oahu, identified by Tax Map Key: (1) 2-4-005:019, as shown on the map attached as Exhibit A.

AREA:

33,872 square feet, more or less.

ZONING:

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

TRUST LAND STATUS:

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

CURRENT USE STATUS:

Land presently encumbered by Governor’s Executive Order No. 2175 setting aside the land to the Department of Accounting and General Services for parking purposes.

CHARACTER OF USE:

Michuhol Museum and International Center.
LEASE TERM:

To be determined by the Board at the final approval stage.

COMMENCEMENT DATE:

To be determined by the Chairperson.

ANNUAL RENT & RENTAL REOPENINGS:

To be determined by the Board at the final approval stage.

IMPROVEMENT and PERFORMANCE BOND:

To be determined by the Board at the final approval stage.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

Direct Issuance of Lease
Upon approval of today's request, applicant will commence an environmental assessment pursuant to Chapter 343, HRS. The outcome of such assessment process will be reported to the Board before final approval of the lease is requested.

Right-of-Entry for Site Investigation Purposes
A right-of-entry permit is proposed for the applicant to undertake any site investigation, which may include but not be limited to, soil sampling, geotechnical study, boundary survey, vegetation study for the purpose of preparing the environmental assessment as mentioned above.

In accordance with Hawaii Administrative Rule Sections 11-200-8(a)(1) & (4) and the Exemption List for the Department of Land and Natural Resources approved by the Environmental Council and dated December 4, 1991, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, that states "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing" and Class No. 4, that states "Minor alteration in the conditions of land, water, or vegetation." See Exemption Notification at Exhibit B.

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

APPLICANT REQUIREMENTS:

Applicant shall be required to: (1) Comply with any consolidation/subdivision requirements that may be applicable; (2) Accommodate parking for DOA employees as
part of the project; (3) Comply with other requirements established by the Board upon finalization of the environmental assessment process.

REMARKS:

Applicant is set up to plan and develop the Michuhol Museum and International Center. On June 28, 2013, under agenda item D-18, the Board authorized the Chairperson entering into a memorandum of agreement with the Applicant regarding the identification of suitable site for the Michuhol Museum and International Center. Subsequently, the subject Parcel 19 was identified as a potential site for the project. A copy of the questionnaire for non-profit leasing completed by the applicant is attached as Exhibit C.

Governor's Executive Order No. (“EO”) 2175 was issued to the Department of Accounting and General Services (“DAGS”) over Parcel 19 in 1964 for parking purposes. Currently, the Department of Agriculture, with its head office at the adjacent Parcel 18, is using the Parcel 19 for staff parking. The final plan for the current parking facilities shall be covered in the due diligence to be undertaken by the applicant.

At the time of preparing this submittal for the agenda, Department of Planning and Permitting, Department of Facility Maintenance, Department of Parks and Recreation, and Board of Water Supply indicate that they have no objection/comment to the subject request. Meanwhile, Department of Health, Department of Accounting and General Services, Department of Agriculture, and State Historic Preservation Division have not responded to the request for comments.

Since the subject request is to seek the Board's approval-in-principle subject to the applicant's eventual compliance with the environmental assessment process, the agencies mentioned above will again be solicited for comments during the due diligence. Therefore, staff recommends the Board approve in principle the issuance of a direct lease to the Applicant subject to the Applicant's compliance with the environmental assessment process pursuant to Chapter 343, HRS within 24 months of the Board approval.

Right-of-Entry for Site Investigation Purposes
In addition, staff recommends the Board authorize the issuance of right-of-entry to the Applicant for any site investigation work necessary for the completion of the environmental assessment process.

RECOMMENDATION: That the Board

A. Approve in principle the issuance of a direct lease to Kosong Foundation, Inc. subject to the following:

1. At its own cost, Kosong Foundation, Inc. shall pursue satisfactory compliance with Chapter 343, Hawaii Revised Statutes within twenty-four (24) months of the Land Board's approval;

2. Should Kosong Foundation, Inc. fail to obtain satisfactory compliance
with Chapter 343, Hawaii Revised Statutes within twenty-four (24) months of the Land Board’s approval, the Land Board’s approval shall be considered rescinded;

3. Kosong Foundation, Inc. acknowledges the following:
   a. All costs associated with the necessary compliance with Chapter 343, Hawaii Revised Statutes shall be borne by Kosong Foundation, Inc.;
   b. That this action is an approval in principle and does not provide any assurance of a direct lease and such approval of a direct lease shall be subject to consideration by the Land Board under a separate action after satisfactorily complying with Chapter 343, Hawaii Revised Statutes; and

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

B. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, the requested right-of-entry will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.

C.Authorize the issuance of a right-of-entry permit to Kosong Foundation, Inc. covering the subject area for site investigation purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

1. The standard terms and conditions of the most current right-of-entry permit form, as may be amended from time to time; and

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

Respectfully Submitted,

Barry Cheung
District Land Agent

APPROVED FOR SUBMITTAL:

William J. Aila, Jr., Chairperson
Subject Location

TMK (1) 2-4-005:019

EXHIBIT A
EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

Project Title: Issuance of Right-of-Entry for Site Investigation Purposes

Project / Reference No.: PSF 13OD-128

Project Location: Honolulu, Oahu; TMK (1) 2-4-005:019

Project Description: Site investigation, soil sampling, boundary survey and other site exploration works related to the proposed museum.

Chap. 343 Trigger(s): Use of State Land

Exemption Class No.: In accordance with Hawaii Administrative Rule Section 11-200-8(a)(4) and (5), the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 4, that states "Minor alteration in the conditions of land, water, or vegetation", and pursuant to Exemption Class No. 5, that states "Basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource."

The request is related to the site investigation work necessary for the applicant to prepare an environmental assessment for the proposed charter school campus. Staff does not expect there will be major alteration in the conditions of the land, water or vegetation at the location.

Consulted Parties: Agencies listed in the Board submittal

Recommendation: That the Board find this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.

William J. Aila, Jr., Chairperson
Date 2/28/14

EXHIBIT B
APPLICATION AND QUALIFICATION QUESTIONNAIRE
(Non-Profit)

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: Kosong Foundation
2. Applicant's full mailing address:
   1311 Kapiolani Blvd. 613 Honolulu Hawaii 96814
3. Name of contact person: Sosuk Ko
   Contact person Phone No.: Fax No.: 
4. Applicant is interested in the following parcel:
   Tax Map Key No.: 1-2-4-5-19 Location: 1436 S. King St.
   If Applicant is current lessee: General Lease No.: 
5. When was Applicant incorporated? August 22, 2012
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?
   List all such licenses and accreditations 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

EXHIBIT "C"

Rev. 08/30/05 Non-Profit Application Form, page 1
If yes, explain:


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:

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<th>Doc. No.</th>
<th>Type of Agreement</th>
<th>Term of Agreement</th>
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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:

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<th>Agency</th>
<th>Contract Term</th>
<th>Contract Amount</th>
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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.

To plan and develop the Michuhol Museum and International Center, Koseong Foundation will be receiving funding from private donors and international governments.

Rev. 08/30/05 Non-Profit Application Form, page 2
Part III: Program Activities and Persons to be Served

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

The Michuhol Museum and International Center (MAMIC) will focus on promoting Asia Pacific arts and culture. Unlike other community centers in Honolulu, MAMIC will celebrate and strengthen all Asia Pacific Rim communities. It will be open to the public and will be a community center for residents and visitors to learn and participate in arts and culture from the Asia Pacific region. It will feature art and cultural classes, workshops, and digital media stations.

16. What are the specific objectives of these activities?

The objectives of these activities is to create a venue in which we are able to educate and share the arts and cultures of the Asia Pacific while strengthening relations with our neighbors in the Asia Pacific regions. It will also serve to promote and share Hawaii art and culture to visitors and visiting governments.

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

Millions of people visit Hawaii each year and MAMIC will showcase our cultural diversity. It will serve to benefit the community by providing opportunities to also learn about other cultures around the Asia Pacific. It will also help revitalize the area both visually and economically.

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).
MAMIC will be a open museum and international center for the public. It will target to cater to people of all ages, gender, and ethnicity.

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

N/A

20. Do you require membership to participate in these activities? Yes/No

If yes, list the requirements of becoming and remaining a member:

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

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<th>Activity</th>
<th>Persons Per Year</th>
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22. Is State funding made available for the activities to be conducted on the leased premises? Yes/No

If yes, by which State agency: 

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.

Currently, this is being worked on. The main activity will be a Museum and International Center. Subleasing areas of the lobby of the museum is under consideration. Revenues from the subleased areas will go to the 501c(3) and be used to operate and manage the museum.

*Also refer to answer #15.

Rev. 08/30/05 Non-Profit Application Form, page 4
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.

*Please see attached sketch.*

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

*Please see attached sketch. The planning and building costs of MAMIC is estimated at about $20 million.*

26. How will the improvements be funded?

*Through private and international government sponsors.*

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

*The foundation will meet all requirements in terms of government requirements.*

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

*Currently, this is being worked on. The main activity will be a Museum and International Center. Subleasing areas of the lobby of the museum is under consideration. Revenues from the subleased areas will go to the 501c(3) and be used to operate and manage the museum.*
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.

Applicant Name: So Sick KD
By: ____________________________
Its: ____________________________
Date: __________/________/________

Subscribed and sworn to before me this 29th day of January, 2014.

Notary Public

County of: Honolulu
State of: Hawaii
My commission expires: 4/1/15

G. Nakamura
First Judicial Circuit
Doc. Description: application and
qualif ed questionnaire

No. of Pages: 6 Date of Doc. 1/29/14

Non-Profit Application Form, page 6
Date: MAR 27 2013

KOSONG FOUNDATION INC
1311 KAPIOLANI BLVD STE 613
HONOLULU, HI 96814

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Letter 947 (DO/CG)