

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

August 23, 2019

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

PSF No.: 19KD-058

Kauai

Cancellation of Revocable Permit No. S-7865 (RP S-7865) to Kapaa Ki-Aikido Club, Inc. and Waiver of Phase I Environmental Site Assessment Required under RP S-7865; Issuance of Direct Lease to Hawaii Ki Federation for Clubhouse Purposes; Wailua, Kawaihau (Puna), Kauai, Tax Map Key: (4) 4-1-009:018.

APPLICANT:

Hawaii Ki Federation, a Hawaii non-profit organization.

LEGAL REFERENCE:

Section 171-43.1, Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of Government lands of Wailua situated at Wailua House Lots, 4th Series, Kawaihau (Puna), Kauai, identified by Tax Map Key: (4) 4-1-009:018, as shown on the attached map labeled Exhibit A.

AREA:

To be determined by staff or independent surveyor, subject to review and verification by the Department of Accounting and General Services, Survey Division.

ZONING:

State Land Use District: Urban
County of Kauai CZO: Open

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:

Encumbered by Revocable Permit No. S-7865, Kapaa Ki-Aikido Club, Inc., for
Clubhouse purposes.

CHARACTER OF USE:

Hawaii Ki Federation clubhouse purposes.

LEASE TERM:

Thirty (30) years.

COMMENCEMENT DATE:

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

ANNUAL RENT:

\$480.00 per annum (Minimum Rent Policy for New Dispositions, May 13, 2005).

METHOD OF PAYMENT:

Semi-annual payments, in advance.

RENTAL REOPENINGS:

The annual rent shall be reopened and redetermined at the 10th and 20th years of the
lease term based on the Board's then-prevailing Minimum Rent Policy for eleemosynary
organizations.

PERFORMANCE BOND:

Twice the annual rental amount.

PROPERTY CHARACTERISTICS:

Utilities - Public water and electric services
Slope - Gentle (0-25%)
Elevation - 130 Feet

Rainfall – Mean annual rainfall is 47 inches

SCS Soil Series – Soil taxonomy is very-fine; Naturally infertile

Land Study Bureau – University of Hawaii: <http://gis.ctahr.hawaii.edu/SoilAtlas>

Legal access to property – Staff has verified that there is legal access to the property off of Haleililo Road.

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

Encumbrances – Staff has verified that the following encumbrances exist on the property:
Revocable Permit No. S-7865

Improvements – The land is improved with a clubhouse structure of approximately 1200 square feet originally constructed in 1950.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

See Exemption Notification attached below as Exhibit B

DCCA VERIFICATION:

Place of business registration confirmed:	YES
Registered business name confirmed:	YES
Applicant in good standing confirmed:	YES

APPLICANT REQUIREMENTS:

Applicant shall be required to:

- 1) Provide a map and description of the premises prepared by a licensed surveyor, if required, at applicant's cost; and
- 2) Pay for the costs of public notice pursuant to section 171-16, HRS.

REMARKS:

Hawaii Ki Federation (HKF), a Hawaii non-profit corporation, is the umbrella organization for a number of member dojos, one of whom is Kapaa Ki-Aikido Club, Inc. (KKAC). KKAC currently holds Revocable Permit No. S-7865 (RP S-7865) covering use of the subject property for clubhouse purposes.

The property was originally used by the Wailua Young People's Club (WYPC) back in the 1950's as an eleemosynary organization whose primary function was to serve the community. Members came from the surrounding area. When WYPC ceased using the property in 1982, KKAC took over the management of the site, paying the rent and providing insurance. KKAC is a non-profit organization and listed with the County of

Kauai as a community service organization and associated with the HKF. See attached Exhibit C.

HKF has applied for a 30-year direct lease at nominal rent for the continued use of the premises as a clubhouse by member dojo KKAC. Ki-Aikido federations are authorized to organize dojos in designated areas. HKF is headed by Christopher Curtis and has several dojo locations on the islands of Oahu, Kauai, and Hawaii. An authorized dojo is one that follows all Ki Society Headquarters rules and regulations and is qualified to conduct classes in both Ki and Shin Shin Toitsu Aikido under a Regional Chief Instructor. They may have many satellite clubs and dojos under their supervision. These dojos have received a Ki calligraphy handwritten by Tohei Sensei with official stamp and seal. Because KKAC is an HKF dojo, it will be authorized to use the premises under the requested lease without a sublease from HKF.

KKAC's purpose is to educate the people and visitors to the island of Kauai in the practice of Shinshin Toitsu Aikido (Aikido with mind and body unified) and Shinshin Toitsu Do (the way of mind/body unification) as taught by the founder, Koichi Tohei. Currently, KKAC primarily instructs children. The facility is a safe haven for youth to gather to learn and have fun. Several times throughout the year, KKAC offers classes in Ki Aikido as well as self-defense for free or with very minimal fees. KKAC collects dues from membership to pay for rent, insurance, utilities, etc. Instructors are volunteers and draw no salary.

The Board of Land and Natural Resources (Board) has authority to issue the leases at a nominal consideration and by direct negotiation to eleemosynary (charitable) organizations pursuant to the following authority:

§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. [L1970, c 83, §5; am L 1971, c 100, §1; am L 1982, c202, §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.

On May 13, 2005, the land Board established a Minimum Rent Policy that stated, among other things, that the minimum rent for leases to charitable organizations be no less than \$480 per year.

HKF is a domestic 501(c)(3) nonprofit corporation. See Exhibit C.

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

To date, no other parties have expressed interest to utilize/lease the subject area.

The last inspection was conducted on May 3, 2019. The premises and building were clean and maintained, as shown in photos attached as Exhibit D. The clubhouse structure on the land was built sometime in the 1950's or earlier. State leases typically include the following standard language:

Non-warranty. The Lessor does not warrant the conditions of the premises, as the same are being leased as is.

To provide clarity that this language extends to the improvements on the premises, staff is recommending the standard language be amended to read:

Non-warranty. The Lessor does not warrant the conditions of the premises or any improvements thereon, as the same are being leased as is, where is with all faults and defects, whether latent or patent.

The following State and County of Kauai (COK) agencies were consulted on this action with the results indicated:

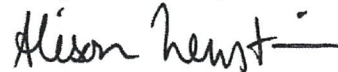
Agency:	Comment:
Historic Preservation	No response by suspense date
Office of Hawaiian Affairs	No response by suspense date
Department of Health	No comments
COK Department of Public Works	No comments
COK Water Department	No comments
County of Kauai (COK) Planning Department	No response by suspense date
COK Police Department	No response by suspense date
COK Fire Department	No comments

RP S-7865 to KKAC includes a requirement that the permittee conduct a Phase I Environmental Site Assessment (ESA) of the property before termination of the permit. In this case, KKAC's umbrella organization, HKF, will be the lessee under the new direct lease and the new lease will contain its own Phase I ESA requirement. Accordingly, staff is recommending a waiver the of the Phase I ESA requirement in RP S-7865.

RECOMMENDATION: That the Board:

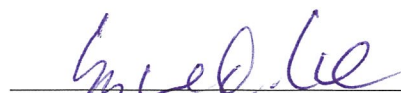
1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
2. Authorize the cancellation of Revocable Permit No. S-7865 (RP S-7865) to Kapaa Ki-Aikido Club, Inc. and Waiver of Phase I Environmental Site Assessment Required under RP S-7865, with the cancellation being effective upon the commencement of the direct lease to the applicant.
3. Subject to the Applicant fulfilling all of the Applicant requirements listed above, authorize the issuance of a direct lease to Hawaii Ki Federation covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - A. The standard terms and conditions of the most current non-profit lease document form, as may be amended from time to time; provided that the lease shall include language to the following effect: "Non warranty. The Lessor does not warrant the conditions of the premises or any improvements thereon, as the same are being leased as is, where is with all faults and defects, whether latent or patent," or such other language as the Department of the Attorney General may determine appropriate and in the best interests of the State;
 - 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,



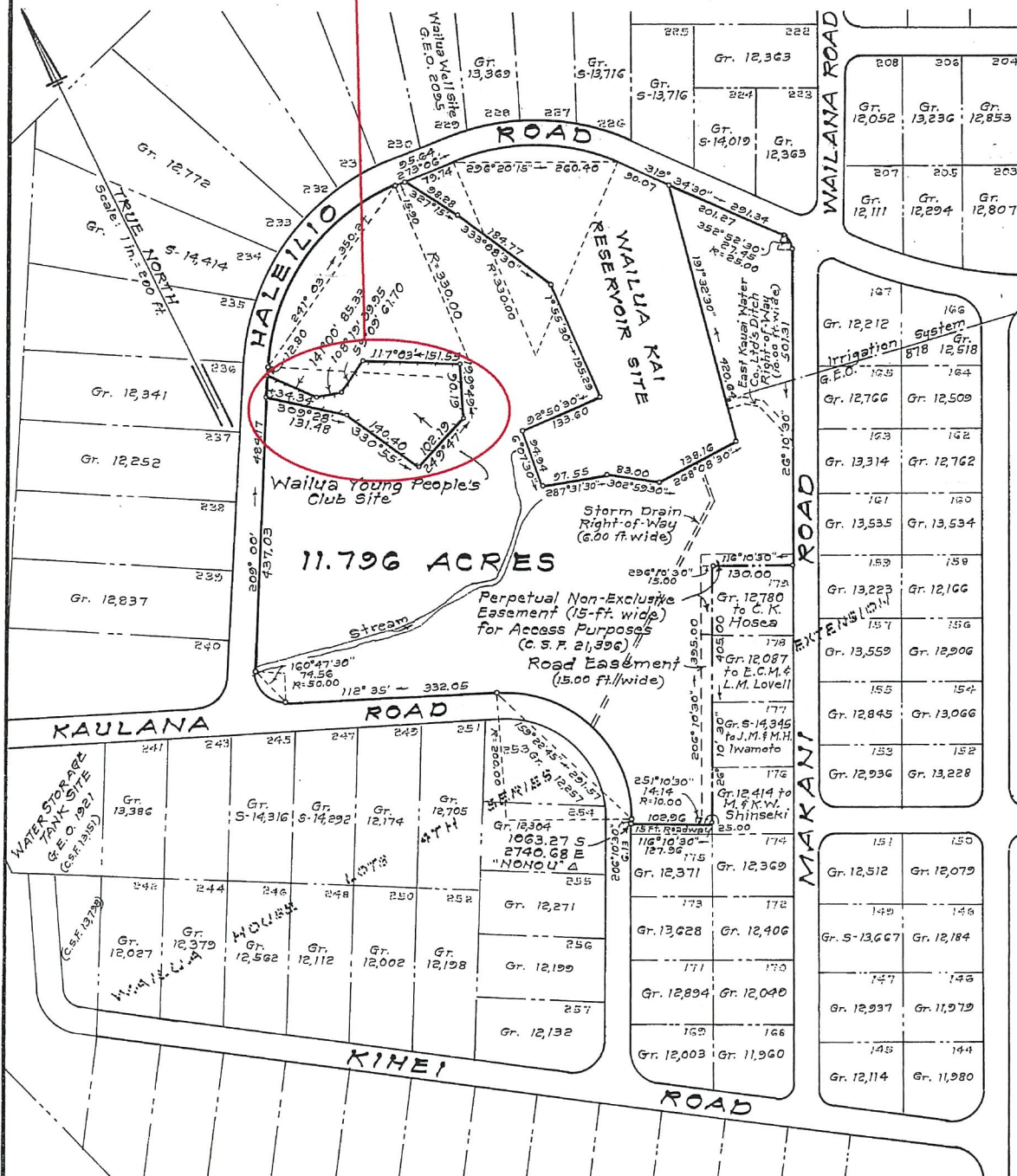
Alison Neustein
Land Agent

APPROVED FOR SUBMITTAL:



Suzanne D. Case, Chairperson

Subject Property



PORTION OF THE
GOVERNMENT (CROWN) LAND OF WAILUA
Situate at the east corner of
Haleilio and Kaulana Roads
Wailua House Lots, 4th Series Extension
PASTURE LEASE
Wailua, Kawaihau (Puna), Kauai, Hawaii
Scale: 1 inch = 200 feet.

JOB K. 348 (91)
K. 349 (80)
C. BK 19 (Hashimoto)

TAX MAP 4-1-09

SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
STATE OF HAWAII

C. S. F. No. 21,607

R.T.H. Oct. 2, 1991

EXHIBIT A

An aerial photograph of a residential neighborhood. A large, irregularly shaped green field is the central focus. Within this field, a small, dark, rectangular structure is circled in red. A red line points from the word 'Subject' to this circled structure. The surrounding area is filled with houses, streets, and trees. The text 'Exhibit A' is in the top left, and 'Resource Mapping' is in the bottom right.

An aerial photograph of a residential neighborhood. A large, irregularly shaped green field is the central focus. Within this field, a small, light-colored rectangular structure is circled in red. A red line points from the word 'Subject' to this circled structure. The surrounding area is filled with houses, streets, and trees. The text 'Exhibit A' is in the top left, and 'Resource Mapping' is in the bottom right.

An aerial photograph of a residential neighborhood. A large, irregularly shaped green field is the central focus. Within this field, a small, light-colored rectangular structure is circled in red. A red line points from the word 'Subject' to this circled structure. The surrounding area is filled with houses, streets, and trees. The text 'Exhibit A' is in the top left, and 'Resource Mapping' is in the bottom right.





STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

3060 Eiwa Street, Room 208
Lihue, Hawaii 96766
PHONE: (808) 274-3491
FAX: (808) 241-3535

August 23, 2019

EXEMPTION NOTIFICATION

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

Project Title:	Cancellation of Revocable Permit No. S-7865 (RP S-7865) to Kapaa Ki-Aikido Club, Inc. and Waiver of Phase I Environmental Site Assessment Required under RP S-7865; Issuance of Direct Lease to Hawaii Ki Federation, Doing Business as Kapaa Ki Aikido, Inc. for Clubhouse Purposes
Project / Reference No.:	PSF No. 19KD-058
Project Location:	Wailua, Kawaihau (Puna), Kauai, Tax Map Key: (4) 4-1-009:018.
Project Description:	Issuance of Direct Lease to the Hawaii Ki Federation for Clubhouse Purposes and Cancellation of RPS-7865.
Chap. 343 Trigger(s):	Use of State land.
Exemption Class No. and Item No.:	In accordance with Section 11-200-8 of the Hawaii Administrative Rules and the Exemption List for the Department of Land and Natural Resources approved by the Environmental Council and dated June 5, 2015, 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 Item 47, which states, "Leases of state land involving negligible or no expansion or change of use beyond that previously existed."

EXHIBIT B

Cumulative Impact of
Planned Successive
Actions in Same Place
Significant?

No, the request is a single occurrence in the area.

Action May Have
Significant Impact on
Particularly Sensitive
Environment?

No, the action proposed will have no significant impact to any particularly sensitive environment.

Analysis:

Since 1982, the subject property has been used as a clubhouse by the Kapaa Ki-Aikido Club, Inc. As such, staff believes that the requests would involve negligible or no expansion or change in use of the subject area beyond that previously existing.

Consulted Parties:

Comments from The State Historic Preservation Division, Office of Hawaiian Affairs, Department of Health, COK Public Works, COK Water Department, COK Fire Department, COK Police Department, and COK Planning were solicited. No agency had any objection to the proposed exemption.

Recommendation:

It is anticipated this activity will probably have minimal or no significant effect on the environment. As a result, it will involve minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.



HAWAII
KI
FEDERATION

Department of Land & Natural Resources
Land Division, ATTN: Marvin Mikasa
State Office Building
3060 Eiwa St.
Lihue, HI 96766

RE: Status of Kapaa Ki-Aikido Dojo

Dear Mr. Mikasa,

I am writing on behalf of my long time student and colleague, Mr. Lloyd Miyashiro, the Head Instructor of the Kapaa Ki-Aikido Dojo.

As the Chief Instructor of Hawaii Ki Federation, I wish to certify that Mr. Miyashiro, the Kapaa Ki-Aikido organization, and all of his children and adult students are members in good standing of the Hawaii Ki Federation, which is the official Hawaii State organization of Ki and Aikido, representing the Shinshin Toitsu Aikido Kai world wide organization, headquartered in Japan.

Hawaii Ki Federation is an IRS approved 501C-3 non-profit organization. I include our letter of certification from the IRS herewith.

Thank you for your support and attention to this matter.

Aloha,

Christopher Curtis
Chief Instructor
Hawaii Ki Federation
February 18, 2014

cc: Lloyd Miyashiro

Christopher Curtis
Chief Instructor

PO Box 724
Wailuku, Hawaii
96793

Exhibit C

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: MAR 23 2005

Employer Identification Number:

DLN:

HAWAII KI FEDERATION
PO BOX 880607
PUKALANI, HI 96768-0000

Contact Person:
THOMAS C KOESTER ID# 31116
Contact Telephone Number:
(877) 829-5500
Public Charity Status:
509(a)(2)

Dear Applicant:

Our letter dated May 2002, stated you would be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, and you would be treated as a public charity, rather than as a private foundation, during an advance ruling period.

Based on the information you submitted, you are classified as a public charity under the Code section listed in the heading of this letter. Since your exempt status was not under consideration, you continue to be classified as an organization exempt from Federal income tax under section 501(c)(3) of the Code.

Publication 557, Tax-Exempt Status for Your Organization, provides detailed information about your rights and responsibilities as an exempt organization. You may request a copy by calling the toll-free number for forms, (800) 829-3676. Information is also available on our Internet Web Site at www.irs.gov.

If you have general questions about exempt organizations, please call our toll-free number shown in the heading between 8:30 a.m. - 5:30 p.m. Eastern time.

Please keep this letter in your permanent records.

Sincerely yours,



Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Letter 1050 (DO/CG)

Exhibit C



Exhibit D



Exhibit D