

**Grant in Aid Application**  
**Friends of the Palace Theater**  
**Enclosures**

- **Cover Sheet**
- **Sections 1-4 Narrative**
- **Page 5, Budget**
- **Exhibit 1 – Schedule of Costs and Revenue**
- **Pages 6, 7, 8, 9**
- **Page 10 Declaration**
- **5- Year Capital Plan**
- **DCCA Certificate of Good Standing**
- **Balance Sheet as of December 31, 2016**
- **P & L as of 2016**
- **Letters of Support**
- **Pictures of the Palace Theater**

House District 1

Senate District 1

THE TWENTY-NINTH LEGISLATURE  
APPLICATION FOR GRANTS  
CHAPTER 42F, HAWAII REVISED STATUTES

Log No:

For Legislature's Use Only

Type of Grant Request:

GRANT REQUEST - OPERATING

GRANT REQUEST - CAPITAL

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Recipient" means any organization or person receiving a grant.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN):

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN):

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual: Friends of the Palace Theater

Dbas: Friends of the Palace Theater

Street Address: 38 Haili Street, Hilo Hawaii, 96720

Mailing Address: 38 Haili Street, Hilo Hawaii, 96720

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name MORGEN BAHURINSKY

Title: Executive Director

Phone # 808-934-7120

Fax # n/a

E-mail morgen.bahurinsky@hilo.palace.com

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION INCORPORATED IN HAWAII
- FOR PROFIT CORPORATION INCORPORATED IN HAWAII
- LIMITED LIABILITY COMPANY
- SOLE PROPRIETORSHIP/INDIVIDUAL
- OTHER

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

PALACE THEATER PRESERVATION: AIR CONDITIONING PROJECT

AS PART OF A 5-YEAR STRATEGIC PLAN TO RESTORE AND PRESERVE THE 90 YEAR OLD PALACE THEATER FOR FUTURE GENERATIONS, THIS REQUEST IS FOR GIA FUNDING TO INSTALL A NEW AIR CONDITIONING SYSTEM, A PROEJCT THAT HAS BEEN DEEMED AS MOST URGENT AND CRITICAL TO KEEPING THE THEATER USEABLE WHILE OTHER IMPROVEMENTS ARE BEING MADE.

A MONETARY COMMITMENT FROM THE STATE GOVERNMENT WILL SIGNIFY THE IMPORTANCE OF THE PALACE THEATER AS AN IMPORTANT ASSET AND ECONOMIC DRIVER FOR THE LOCAL AND STATE ECONOMY, AND WILL ENCOURAGE OTHER LEVELS OF GOVERNMENT AND PRIVATE FUNDERS TO FOLLOW SUIT.

4. FEDERAL TAX ID #:

5. STATE TAX ID #:

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2018: \$ 420,000

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
- EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ 0

FEDERAL \$ 0

COUNTY \$ \$8500.00

PRIVATE/OTHER \$ 36,000

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

WENDY PESKIN, BOD PRESIDENT

1/15/17



RECEIVED

1/19/17

*WPK*

## Application for Grants

*If any item is not applicable to the request, the applicant should enter "not applicable".*

### I. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Please include the following:

1. A brief description of the applicant's background;

*The Friends of the Palace Theater is a community-based non-profit organization established in 2002. Its mission is "to revitalize, restore, and sustain Hilo's historic theater as a venue that will educate, entertain, and inspire our diverse community." The Palace Theater is the largest downtown venue in Hilo, and contributes significantly to the vitality of Hilo's business district. It has served many generations as a cultural gathering place, and as a popular fundraising space for other community non-profits. It is a showcase for Hawaii's performing artists, local and international filmmakers, and for community-based, multi-cultural events. In 1992, the building was placed on both the State and National Historic Registers.*

2. The goals and objectives related to the request;

*The primary purpose of this request is to obtain State Grant in Aid funding to embark on a robust 5-year plan to strategically restore and preserve the Palace Theater for future generations. Projects to achieve this goal have been carefully prioritized over a five-year period. (see attached 5-year Strategic Plan). The local community does not have the resources to support the kinds of major restoration and improvements that are required for the theater to prosper. A monetary commitment from the State government for this most urgent project – air conditioning – will signify the importance of the Palace Theater as an important and valuable asset to the State, and encourage other levels of government and private funders to follow suit.*

*The Palace Theater celebrated its 90th anniversary in 2015. The stunning neoclassical architecture that has remained in its original form for over 90 years inspires awe among visitors, audience members and performers. However, as with all older buildings, it does not conform to the modern day definition of a comfortable and efficient venue.*

*In addition to aging, the building suffers from rot and persistent water damage. Professional restoration of both the interior and exterior of the building is needed to prevent further deterioration and loss. Current seating is not comfortable, additional backstage room is needed for dressing rooms and storage, and the driveway and parking lot are accessible, but access is perilous.*

*Most importantly, and most immediately needed, is an adequate air conditioning system. The Palace Theater's former air conditioning system was 'state of the art' in the mid 20<sup>th</sup> century, but has not functioned for decades. The Palace's competing arts venues have air conditioning; at the Palace, the environment for performers and audiences alike is hardly bearable during warm and humid weather.*

*We are respectfully requesting a Grant in Aid to assist with the installation of a new system to alleviate the current discomfort, and return the theater to its former grandeur.*

3. The public purpose and need to be served;

*Today, the public is looking for places to meet and gather that are as welcoming and comfortable as possible. A vital part of any theater production is the wellbeing of the people in the seats. The audience expects to watch a film, musical, or concert in optimal conditions, to fully enjoy the emotion of this collective ritual, and to want to return to it.*

*The enjoyment of a show comes from a comfortable setting where the right temperature, the correct degree of humidity, and the introduction of fresh outside air make the spectator completely comfortable.*

*The Palace Theater was one of the first venues of its type to offer air conditioning. The original system stopped working many years ago, and is not repairable. The loss of air conditioning has wreaked havoc upon the humidity level, contributing to uncomfortable audiences, performer discomfort and diminished output. Air conditioning will improve airflow, temperature, and humidity, and provide a much-improved environment for audiences and performers alike.*

4. Describe the target population to be served; and

*Palace Theater programs are developed to engage a diverse audience of 25,000 annually from local community members to visitors from other locales. With year-round programming, the theater is active nearly every night with people of all ages, cultures, and walks of life coming to events. Since many of the productions at the theater are presented in collaboration with other local groups, there is a high degree of community integration in each season's programs.*

*Another target population are the long-time performers who support the Palace as well as newer performers who find the Palace a welcoming venue to showcase their talents when they are starting out. Air conditioning has been the most requested improvement among patrons and performers alike.*

5. Describe the geographic coverage.

*The Palace Theater is the largest venue of such historic significance and of its type on the east side of Hawaii Island. In addition, due to its attention to the emerging needs of visitors to the island, its geographic service area now extends to the mainland, as well as parts of Asia and Europe, as visitors come to experience the authentic Hawaiian performances for which the Palace Theater is renowned. Still, the majority served are from Hawaii, and mostly East Hawaii Island.*

## II. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request. The applicant shall:

1. Describe the scope of work, tasks and responsibilities;

*Following the installation of a photovoltaic system in 2016, the Board of Directors approached Engineering Partners – Progressive Solutions LLC (long-time consultants to the Palace Theater) to create an overall design for ventilation and air conditioning, to assess the costs of A/C installation, adjunct electrical upgrades, and finish work.*

*Bids for electrical, mechanical systems, and finish work have been solicited and received from local business known for their experience and the quality of their work on large commercial projects.*

*First, the ductwork from the old air conditioning system will be demolished. Then the electrical upgrades will be completed. A concrete pad and secure area for the exterior mechanical equipment will be completed, and then the mechanical systems (consisting of traditional AC/heat pump units, mini-splits and fan coils) will be installed, with adjunct ductwork out of sight above the theater's ceiling and within the attic. The final stage will be the finishing carpentry and insulation.*

*Each stage of this process will be overseen by vendors specializing in their field, with progress reports to the Board of Directors and with oversight by the two Directors involved in architecture and construction.*

*In addition, all projects in the 5- year plan will include the direct oversight and input of the Architect, Boone Morrison of Volcano, who is the only Historic Preservation Architect on the Big Island. He worked on the Palace Theater more than 20 years ago;*

*he has detailed drawings and documents on the structure, and he is willing to consult on the Air Conditioning project on a pro bono basis. Mr. Morrison will be extensively involved in the restoration of the façade, the marquee, and the interior of the theater.*

2. Provide a projected annual timeline for accomplishing the results or outcomes of the service;

*With adequate funding, the entire project will be complete by the end of 2017. If funding for the entire project is not immediately available, the first stages of implementation will begin while gap funding is being raised through an ongoing capital campaign and grant solicitation. We have found that grantors are more likely to adopt projects that are already well-funded, thus the State's participation early in the project is essential to promote better grant participation.*

*The A/C system has been designed to allow for staged installation of the mechanical components, so that incremental cooling can be achieved for both small audiences and ultimately, a full house.*

3. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and

*Until recently, energy consumption of the theater without air conditioning was costing between \$1000 and \$1500 per month. An 81 panel, 26,487 kw photovoltaic system was installed in 2016, with an eye to providing sufficient electrical power to assist with the cost of air conditioning. Currently, surplus energy is being produced during the summer months, which is the time of highest demand for an air conditioning system.*

*Increased comfort, especially because of the air conditioning, should bring a considerable boost in attendance. We also anticipate maintaining our current pool of performers and increasing that number over time due to reduced heat and humidity during performances. The high heat level is a topic at nearly every live performance as artists try to cope with excessive amounts of perspiration and discomfort while on stage.*

*More subtle measurements include customer satisfaction and return visits. Data is collected at performances to determine how patrons respond to the changes in theater programs and how they heard about specific performances. This data is reviewed at Board meetings.*

*Facebook and Twitter accounts and webmail are monitored noting both the comments and the increase in followers.*

*We also specifically measure attendance, volunteers and donors, as an indication that theater comfort and programming is on track with consumer tastes, and that we are attracting new patrons .*

4. List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

- *The increase in audience attendance due to increased theater comfort: 2018*
- *The increase in the number of performers who chose and return to perform at the theater due to increased theater comfort: 2019*
- *The increase in the number of other organizations choosing to rent the theater for their activities: 2019*
- *The increases in Facebook and Twitter followers: 2018*
- *The increase in donors and volunteers who support the theater as an indication that theater comfort is on track, and that new patrons are being attracted: 2019*

**III. Financial**

**Budget**

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request. *See also Exhibit 1 – schedule of costs and revenue.*
2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2018.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$240,000	\$180,000	0	0	\$420,000

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2018.
  - County of Hawaii - \$30,000*
  - Non-Government Grants – (foundations) \$55,000*
  - Gifts in Kind from vendors (ie labor) \$31,000*
  - Capital Campaign \$30,000*
  - See also Exhibit 1 – schedule of costs and revenue*
4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.
  - Not Applicable*

5. The applicant shall provide a listing of all federal, state, and county government contracts and grants it has been and will be receiving for program funding.  
*Attached*
6. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2016. *See attached Balance Sheet and P & L.*

#### **IV. Experience and Capability**

##### **A. Necessary Skills and Experience**

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

*The Friends of the Palace Theater Board of Directors has demonstrated a decade of stewardship of the 90 year old building, raising and investing over \$800,000 on various physical upgrades to meet ADA requirements, retrofit the building to withstand seismic threats, add a new metal roof, rebuild the performance stage and convert stage lighting to LED for energy conservation. The theater projection system is also fully digital to meet the latest requirements in movie screening. This has improved the theater both internally and externally, while at the same time creating employment within the community and enhancing audience safety and enjoyment.*

*The year-one project in the five-year plan was the installation of the PV panels. Funding and implementation were achieved in less than 18 months and this project paves the way for the far more ambitious A/C project. It also provides the power to defray some of the operational costs of A/C.*

*There is one architect and one contractor on the Board of Directors, and they work closely with Engineering Partners – Progressive Solutions and other companies for the installation to ensure a high quality of work and ongoing sustainability of the system.*

*In addition, the Board members will work with the historic preservation specialist, Boone Morrison to assure that the historic value is preserved and enhanced and that no detail is lost or damaged by the work.*



**B. Facilities**

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities.

*The Palace Theater is a 90- year old building in downtown Hilo. Although it was left empty for many years, the stewardship of the Friends of the Palace Theater Board of Directors over the last 10 years has ensured its structural soundness, and the restoration projects described above will renew its vibrancy as a viable and sustainable venue for performing arts.*

**V. Personnel: Project Organization and Staffing**

**A. Proposed Staffing, Staff Qualifications, Supervision and Training**

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

*There is no proposed increase in theater staffing. Funds will go directly to independent specialized contractors.*

**B. Organization Chart**

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organization chart that illustrates the placement of this request.

*Currently, staff consists of one full-time Executive Director, one full-time office manager, and one part- time administrative assistant. Front house operations are executed by 12 part-time hourly employees.*

**C. Compensation**

The applicant shall provide the annual salaries paid by the applicant to the three highest paid officers, directors, or employees of the organization by position.

<i>Executive Director</i>	<i>\$30,169</i>
<i>Office Manager</i>	<i>\$26,326</i>
<i>Admin Assistant</i>	<i>\$19,250</i>

## VI. Other

### A. Litigation

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgment. If applicable, please explain.

*The Friends of the Palace Theater organization is not party to any litigation*

### B. Licensure or Accreditation

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that the applicant possesses relevant to this request.

*The Palace Theater is a registered non-profit in the State of Hawaii. 501 (c) (3) with a 100% volunteer Board of Directors.*

### C. Private Educational Institutions

The applicant shall specify whether the grant will be used to support or benefit a sectarian or non-sectarian private educational institution. Please see Article X, Section 1, of the State Constitution for the relevance of this question.

*Not applicable.*

### D. Future Sustainability Plan

The applicant shall provide a plan for sustaining after fiscal year 2017-18 the activity funded by the grant if the grant of this application is:

- (1) Received by the applicant for fiscal year 2017-18, but
- (2) Not received by the applicant thereafter.

*The installation of an air conditioning system is a one-time only project. Once the system is installed, it will be maintained as part of the contracts awarded to the vendors chosen to design and install it.*

*The increase in box office proceeds due to an expanded audience will make the system self-sustaining. No further funding for air conditioning is required.*

*Funding requests for the other projects listed as part of the 5-year Strategic Plan will be considered and put forward as necessary, depending on the availability of funds from other sources.*

*(See attached 5-year Strategic Plan)*

**E. Certificate of Good Standing (If the Applicant is an Organization)**

If the applicant is an organization, the applicant shall submit one (1) copy of a certificate of good standing from the Director of Commerce and Consumer Affairs that is dated no earlier than December 1, 2016.

*See attached*

## BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2017 to June 30, 2018

App: Friends of the Palace Theater \*\*\* Refer to Exhibit 1 - Schedule of Costs and Revenue

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
<b>A. PERSONNEL COST</b>				
1. Salaries				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
<b>TOTAL PERSONNEL COST</b>				
<b>B. OTHER CURRENT EXPENSES</b>				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
7. Telecommunication				
8. Utilities				
9				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
<b>TOTAL OTHER CURRENT EXPENSES</b>				
<b>C. EQUIPMENT PURCHASES</b>	<b>292,000</b>			
<b>D. MOTOR VEHICLE PURCHASES</b>				
<b>E. CAPITAL</b>	<b>128,000</b>		<b>30,000</b>	<b>160,500</b>
<b>TOTAL (A+B+C+D+E)</b>	<b>420,000</b>			
<b>SOURCES OF FUNDING</b>		Budget Prepared By:		
(a) Total State Funds Requested	420,000	Isobel Donovan 808-938-1324		
(b) Total Federal Funds Requested	0	Name (Please type or print) Phone		
(c) Total County Funds Requested	30,000	[Redacted] 1/16/17		
(d) Total Private/Other Funds Requested	160,500	Signature of Authorized Official Date		
<b>TOTAL BUDGET</b>	<b>610,500</b>	Wendy Peskin, board President		
		Name and Title (Please type or print)		

## Exhibit 1

### Friends of the Palace Theater

#### Air Conditioning Project

#### Schedule of Costs (Based on Supplier Bids) and Anticipated Revenue

##### Costs:

Air conditioning components (including AC/heat pumps, ducted coils, condensers, and controls and construction labor	\$486,000
Electrical upgrades , incl. labor	\$ 88,500
Carpentry and misc. finishin	\$ 36,000
<b>Total:</b>	<b>\$610,500</b>

##### Revenue:

State Grant-in-Aid	\$420,000
Carry-over from 2016 Capital Campaign (A/C)	\$ 26,000
Pledges (current)	\$ 10,000
Gifts in kind	\$ 31,000
County of Hawaii (current from grant in 2016)	\$ 8,500
County of Hawaii (pending 2017 request)	\$ 30,000
Non-Government Grants	\$ 55,000
Capital campaign 2017	<u>\$ 30,000</u>
<b>Total</b>	<b>\$610,500</b>

**BUDGET JUSTIFICATION - PERSONNEL SALARIES AND WAGES**

Period: July 1, 2017 to June 30, 2018

Friends of the Palace Theater

**NOT APPLICABLE**

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
Not applicable				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
<b>TOTAL:</b>				
<b>JUSTIFICATION/COMMENTS:</b>				

## BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2017 to June 30, 2018

Friends of the Palace Theater

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST
Air conditioning components			\$292,000
(including AC/heat pumps, ducted coils, condensers and controls)			\$ -
			\$ -
			\$ -
			\$ -
<b>TOTAL:</b>			<b>\$ 292,000.00</b>

JUSTIFICATION/COMMENTS:

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
<b>TOTAL:</b>			<b>\$ -</b>

JUSTIFICATION/COMMENTS:

## BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2017 to June 30, 2018

Friends of the PalaceTheater

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OTHER SOURCES OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2015-2016	FY: 2016-2017	FY:2017-2018	FY:2017-2018	FY:2018-2019	FY:2019-2020
PLANS						
LAND ACQUISITION						
DESIGN						
CONSTRUCTION	N/A	N/A	128000	190500	N/A	N/A
EQUIPMENT	N/A	N/A	292000		N/A	N/A
<b>TOTAL:</b>			<b>420,000</b>	<b>190,500</b>	<b>N/A</b>	<b>N/A</b>
<b>JUSTIFICATION/COMMENTS: *****</b> <b>Refer to Exhibit 1 for summary of costs and revenue *****</b>						



**GOVERNMENT CONTRACTS AND / OR GRANTS**

App

Friends of the Palace Theater

Contracts Total:

8,500

	<b>CONTRACT DESCRIPTION</b>	<b>EFFECTIVE DATES</b>	<b>AGENCY</b>	<b>GOVERNMENT ENTITY (U.S. / State / Haw / Hon / Kau / Mau)</b>	<b>CONTRACT VALUE</b>
1	Support for A/C project	7/1/16-6/30/17	Non-profit GIA	Hawaii County	8,500
2					
3					
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**DECLARATION STATEMENT OF  
APPLICANTS FOR GRANTS PURSUANT TO  
CHAPTER 42F, HAWAII REVISED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

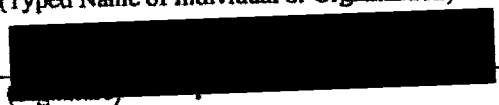
- 1) The applicant meets and will comply with all of the following standards for the award of grants pursuant to Section 42F-103, Hawaii Revised Statutes:
  - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant is awarded;
  - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
  - c) Agrees not to use state funds for entertainment or lobbying activities; and
  - d) Allows the state agency to which funds for the grant were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant.
  
- 2) If the applicant is an organization, the applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
  - a) Is incorporated under the laws of the State; and
  - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant is awarded shall be conducted or provided.
  
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
  - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
  - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

**Friends of the Palace Theater**

\_\_\_\_\_  
(Typed Name of Individual or Organization)



1-11-17  
\_\_\_\_\_  
(Date)

Wendy B. Peskin\_\_

President, Board of Directors

## Five- Year Strategic Plan for Capital Improvements

**The Palace Theater needs to take the following steps to preserve the theater for future generations and to maintain its role as home to diverse cultural activities and as an economic driver in downtown Hilo for both East Hawaii residents and tourists.**

The East Hawaii community has provided significant support for the Palace. Over the last dozen years, we have raised nearly \$800,000 for capital improvements. Our community does not have the resources to support the major restoration and improvements that are necessary for the theater to prosper and continue to serve the local population. At the current fund raising rate, (about \$75,000/year) it would take 30 years to accomplish what **must** be attended to very soon.

The Palace Theater is a Hilo icon and an outstanding historic building statewide. It contributes to the vitality of Hilo's business district and serves a diverse clientele. Our duty is to restore and sustain it for future generations.

**If we do not act soon to preserve this piece of Hawaiian history and architecture it will be too late.**

### **PRIORITIES for a five -year plan to: REVITALIZE, RESTORE AND SUSTAIN THE PALACE THEATER**

#### **Year 1, 2016 (complete)**

Clean and duct fresh air to existing fan system (done)	\$ 7,000
Install 81-panel photo voltaic system (done)	\$138,000
Engineering plans for AC system (done)	<u>\$ 20,000</u>
Total 2016 expenses (all funding has been raised)	<b>\$165,000</b>

#### **Year 2 proposed for 2017**

Fully air condition theater: (HVAC \$486k/Elec \$88.5k/demo and carpentry \$36k)	
Total 2017 expenses	<b>\$610,500</b>

#### **Year 3 proposed for 2018**

Restore the façade (estimated)	\$275,000
Restore the marquee (estimated)	\$250,000
Architectural fees (estimated)	<u>\$ 42,000</u>
Total year 3 expenses	<b>\$567,000</b>

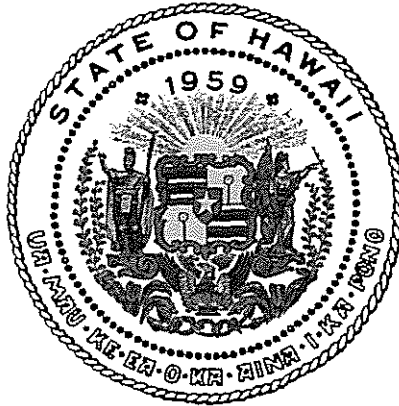
#### **Year 4 proposed for 2019**

New seating (have bid at \$250K for 2017)	\$275,000
Driveway and parking lot (guestimate)	\$ 75,000
Backstage addition and amenities (bathrooms, dressing, storage) (an educated guess)	<u>\$235,000</u>
Total year 4 expenses	<b>\$585,000</b>

#### **Year 5 proposed for 2020**

Restore the interior (estimated)	\$475,000
Architectural fees	\$ 38,000
Total year 5 expenses	<b>\$513,000</b>

**Total funds needed for restoration 2016-2020: \$2,110,500**



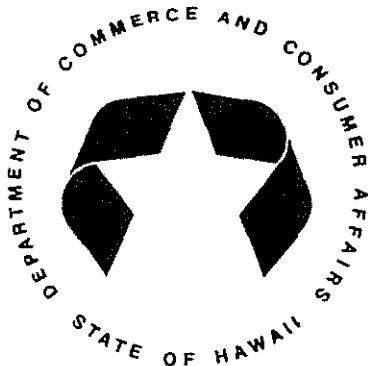
## Department of Commerce and Consumer Affairs

### CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that

**THE FRIENDS OF THE PALACE THEATER**

was incorporated under the laws of Hawaii on 08/29/2000 ; that it is an existing nonprofit corporation; and that, as far as the records of this Department reveal, has complied with all of the provisions of the Hawaii Nonprofit Corporations Act, regulating domestic nonprofit corporations.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Commerce and Consumer Affairs, at Honolulu, Hawaii.

Dated: January 09, 2017

*Catharine P. Owaiki-Cobb*

Director of Commerce and Consumer Affairs

4:37 PM

01/12/17

Accrual Basis

**Friends of the Palace Theater**  
**Balance Sheet**  
As of December 31, 2016

	Dec 31, 16
<b>Equipment</b>	
Body Mics	6,382.10
Donated Equipment	36,336.72
Film Rewind Table	2,154.12
Kiosk Appliances	4,068.77
Lights	3,672.00
Popcorn Machine, Gold Medal	1,150.00
Projector, Christie CP2210	53,581.90
Sound Heads	7,500.00
Technical Equipment	32,195.57
Xenon Consoles	14,381.78
Zoom Lens	3,137.00
<b>Total Equipment</b>	<b>164,559.96</b>
Fire Sprinkler System	3,179.00
Foot Lights	17,075.49
Fresh Air Duct	6,000.00
Furniture and Fixtures	6,454.66
General Renovation	3,903.46
LED Stage Lights & Console	16,022.85
Office Renovation	28,054.77
Photovoltaic System	1,500.00
Software	11,926.70
Spot Light Lycian	800.00
Stage Construction	20,245.73
Theater Seating	1,354.17
<b>Total Fixed Assets</b>	<b>309,927.65</b>
<b>TOTAL ASSETS</b>	<b>342,762.02</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Due to Vendors	10,639.60
<b>Total Accounts Payable</b>	<b>10,639.60</b>
<b>Other Current Liabilities</b>	
Payroll Liabilities	
Federal Withholding	683.00
FICA Payable	1,747.76
State Withholding	472.75
SUTA Payable	279.17
<b>Total Payroll Liabilities</b>	<b>3,182.68</b>
Prepaid Gift Cards	4,122.61
<b>Total Other Current Liabilities</b>	<b>7,305.29</b>
<b>Total Current Liabilities</b>	<b>17,944.89</b>
<b>Total Liabilities</b>	<b>17,944.89</b>
<b>Equity</b>	
Opening Bal Equity	1,574.70
Retained Earnings	293,327.49
Temp Restricted Net Asset	67,705.43
Net Income	-37,790.49
<b>Total Equity</b>	<b>324,817.13</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>342,762.02</b>

4:37 PM  
01/12/17  
Accrual Basis

Friends of the Palace Theater  
Balance Sheet  
As of December 31, 2016

	Dec 31, 16
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
Cash on Hand	
Box Office Cash Drawer	400.00
Cafe Cash Drawers	600.00
Cafe Petty Cash	210.00
Change for Cash Box	200.00
<b>Total Cash on Hand</b>	<u>1,410.00</u>
<b>Checking Account</b>	
Restricted Funds	41,982.76
Unrestricted Funds	-17,521.98
<b>Total Checking Account</b>	<u>24,460.78</u>
<b>Saving Account</b>	
Restricted Funds	1,074.68
<b>Total Saving Account</b>	<u>1,074.68</u>
<b>Total Checking/Savings</b>	26,945.46
<b>Accounts Receivable</b>	
Accounts Receivable	1,298.91
<b>Total Accounts Receivable</b>	<u>1,298.91</u>
<b>Other Current Assets</b>	
<b>Prepaid Expenses</b>	
Prepaid Insurance	
Directors Liability	1,296.00
General Liability	3,294.00
<b>Total Prepaid Insurance</b>	<u>4,590.00</u>
<b>Total Prepaid Expenses</b>	<u>4,590.00</u>
<b>Total Other Current Assets</b>	<u>4,590.00</u>
<b>Total Current Assets</b>	32,834.37
<b>Fixed Assets</b>	
<b>Accumulated Depreciation</b>	
Accum Deprec- Fixt	-45,756.20
Accum Deprec-Renovations	-67,570.90
Accum Deprec-Software	-2,679.21
Accum Deprec - Equipment	-146,644.68
<b>Total Accumulated Depreciation</b>	<u>-262,650.99</u>
<b>ADA Upgrade.</b>	55,533.89
<b>Bathroom, 2nd Floor</b>	1,677.71
<b>Cafe Renovation</b>	67,709.53
<b>Computer Replacements of 2012</b>	12,174.07
<b>Crown Roof Project</b>	127,003.85
<b>Curtain</b>	18,109.87
<b>Curtain-Guillitoine</b>	9,292.93

4:41 PM  
 01/12/17  
 Accrual Basis

**Friends of the Palace Theater**  
**Profit & Loss**  
 January through December 2016

	Jan - Dec 16
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
<b>Box Office Admissions</b>	
CoProduction & Rental Admission	63,278.94
Palace Presentation Admissions	154,723.33
<b>Total Box Office Admissions</b>	218,002.27
<b>Donations</b>	
Donations-Restricted	111,380.92
Donations-Unrestricted	36,068.70
Donations in Kind	19,107.28
Donor Advised	500.00
<b>Total Donations</b>	167,056.90
<b>Grant Income</b>	
Atherton Macinerney Cook Wilcox	10,000.00
AZ Comm Fnd, Dorrance Fund	3,000.00
Co of HI, Chung Discretionary	25,000.00
Co. of Hawaii, Air Conditioning	4,250.00
Co. of Hawaii, Hawaiian Music	1,500.00
Co. of Hawaii, HI Legacy	5,062.50
Co. of Hawaii, HIFF	4,800.00
Co. of Hawaii, Youth & the Arts	2,500.00
HCF, Anderson-Beck Fund	10,000.00
HCF, Clark Realty	2,500.00
HCF, Flex	6,000.00
HI Hotel Industry, Charity Walk	898.00
<b>Total Grant Income</b>	75,510.50
<b>Income from Rentals</b>	
Auditorium Rental	7,132.00
Equipment Rentals	150.00
<b>Total Income from Rentals</b>	7,282.00
<b>Lobby Sales</b>	
Cafe Sales	38,839.75
Food Vendor	100.00
Gift Shop Sales	55.00
<b>Total Lobby Sales</b>	38,994.75
<b>Other Income</b>	
Advertising Income	2,350.00
Interest Income	6.50
<b>Total Other Income</b>	2,356.50
<b>Total Income</b>	509,202.92
<b>Expense</b>	
<b>Cost of Programs</b>	
Advertising of Films/Event	17,830.09
Artists Expenses	2,390.54
Cafe Items	17,100.26
<b>Contract Fees</b>	
Artists Fees	22,475.00
Band Member Fees	9,180.00
CoProduction & Rental Expense	25,975.16
Production Fees, other	200.00
Projection Fees	3,429.00
Royalty & Copyright Fees	7,211.62
Sound System/Technician	10,083.33
Stipends	2,800.00
Technical	3,972.75
<b>Total Contract Fees</b>	85,326.86

4:41 PM  
 01/12/17  
 Accrual Basis

**Friends of the Palace Theater**  
**Profit & Loss**  
 January through December 2016

	Jan - Dec 16
Costumes/Props/Set	1,113.74
Film Rental Fees	25,218.80
Other Program Cost	573.44
Promotional Materials	457.62
Shipping of Films/posters	1,589.49
<b>Total Cost of Programs</b>	<b>151,600.84</b>
<b>In Kind Expense</b>	
Advertising	8,977.16
Capital Improvement	1,000.00
Cost of Programs	1,712.50
Equipment Parts/Repairs	7,417.62
<b>Total In Kind Expense</b>	<b>19,107.28</b>
<b>Operating Costs</b>	
<b>Bank Charges</b>	
Merchant Fees	7,726.14
Reconciliation Discrepancies	2.13
Service Charge	32.00
<b>Total Bank Charges</b>	<b>7,760.27</b>
<b>Computer Technology Expense</b>	
Computer Maintenance	2,684.28
Internet & Telephone	3,477.07
Software	700.85
Software Support	412.20
<b>Total Computer Technology Expense</b>	<b>7,274.40</b>
<b>Dues, Fees, Subscriptions</b>	<b>437.00</b>
<b>Equipment</b>	
Kiosk Equipment Expense	264.30
Office Equip. Rental	4,803.36
Theater Equipment	3,579.90
<b>Total Equipment</b>	<b>8,647.56</b>
<b>Fundraising Expenses</b>	<b>477.74</b>
<b>General Excise Taxes</b>	<b>1,801.88</b>
<b>Insurance</b>	
Directors Liability	1,269.00
General Liability	3,294.00
<b>Total Insurance</b>	<b>4,563.00</b>
<b>Janitorial Supplies</b>	<b>1,625.92</b>
<b>License and Fees</b>	<b>848.06</b>
<b>Miscellaneous Expenses</b>	<b>154.19</b>
<b>Office Supplies</b>	<b>8,238.88</b>
<b>Postage</b>	<b>1,744.92</b>
<b>Repairs/Maintenance</b>	
Building Repairs	688.79
Capitol Improvement PV and AC	148,750.40
Equipment Repairs	1,874.67
Maintenance Supplies	1,765.93
<b>Total Repairs/Maintenance</b>	<b>153,079.79</b>
<b>Security Systems</b>	<b>846.16</b>
<b>Travel Expense</b>	<b>286.14</b>
<b>Utilities</b>	
Electricity	9,574.76
Sewage	272.78
Water	1,023.12
<b>Total Utilities</b>	<b>10,870.66</b>
<b>Total Operating Costs</b>	<b>208,656.57</b>



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01/12/17  
Accrual Basis

**Friends of the Palace Theater**  
**Profit & Loss**  
January through December 2016

	<u>Jan - Dec 16</u>
<b>Payroll</b>	
<b>Employee Salaries</b>	
Administrative Salaries	21,509.76
Fundraising Allocation	29,538.52
Program Allocation	16,879.18
Program Salaries	42,556.91
<b>Total Employee Salaries</b>	<u>110,484.37</u>
<b>Payroll Expenses</b>	
Medical	4,477.26
TDI	801.49
Workmens Comp Insurance	3,077.00
<b>Total Payroll Expenses</b>	<u>8,355.75</u>
<b>Payroll Taxes</b>	
FUTA	0.00
Medicare	1,636.85
Social Security	6,998.94
SUTA	1,314.32
<b>Total Payroll Taxes</b>	<u>9,950.11</u>
<b>Total Payroll</b>	128,790.23
<b>Professional Fees</b>	
Accounting	1,765.61
Bookkeeping	10,872.43
Grant Writing	13,300.00
Marketing	12,000.00
Web/Internet	323.07
<b>Total Professional Fees</b>	<u>38,261.11</u>
<b>Property Taxes</b>	300.00
<b>Uniform Expense</b>	277.38
<b>Total Expense</b>	<u>546,993.41</u>
<b>Net Ordinary Income</b>	<u>-37,790.49</u>
<b>Net Income</b>	<u><u>-37,790.49</u></u>

2114-C Kaiwiki Rd.  
Hilo, HI 96720  
January 14, 2017

To Whom It May Concern:

I am delighted to furnish this fervent letter of support for the Friends of the Palace Theater's air conditioning project.

While serving as President of the Palace's Board of Directors (2002-2014) I felt honored to be a part of the revitalization of this historic theater. The Palace has always been a beloved gathering spot in downtown Hilo, and in the past two decades, it's become somewhat of a phenomenon in East Hawai'i. People in this community all remember watching it rise after a period of abandonment. They saw that the Palace didn't simply survive, but that it flourished and it prevailed.

After twenty years of offering diverse programming and films, along with garnering strong community support, plus the hard work of completing dozens of major upgrades and improvements, the ultimate (unfulfilled) aspiration of the Friends of the Palace has always been one thing— to air condition the theater. This was deemed to be “the dream with the most daunting price tag”. Nonetheless, the current organization has continued doing excellent work, recently adding solar panels to the Palace's new roof-- a smart move that will greatly help with the cost of running the future AC system.

The benefits and comfort of having air conditioning needs little explanation. It is easy to imagine how unpleasant it would be to watch a performance while sitting amidst all the body heat generated by a sold out house of 500 seats during a hot and humid Hilo evening. Seniors feel especially vulnerable in conditions like this, not to mention that the performers on stage can suffer even crueler temperatures under the lights. While serving as the music director for 14 of the Palace's annual community musicals, I saw first hand how dangerous heat can be to musicians, dancers and actors. (Example: There was once a play in which a small child wearing a lion's suit had to have ice packs stuffed into his costume, just as a safety precaution against the sweltering heat.) And having had 30 years of theater experience in New York City working at “Sesame Street” and “Saturday Night Live”, I can confirm that no studio there was ever any warmer than 68 degrees. Air conditioning is a must for any performing arts space; it is a health issue.

Another very important reason for installing air conditioning has to do with the theater's equipment. The technology involved in today's lighting and audio systems, digital film projectors etc., while being far more energy-efficient and sophisticated, is often threatened with breakdowns from overheating and from humidity. (Example: Despite receiving meticulous maintenance, the Palace's digital projector malfunctioned this past

summer due to excessive heat and humidity, resulting in a month's loss of revenue from cancelled movies). Air conditioning helps keep a theater's valuable equipment from deteriorating prematurely, and also lessens the likelihood of untimely crashes and costly repairs.

Thus I wholeheartedly support this extremely worthwhile endeavor— the time to realize this dream is right now. Along with enhancing the theatergoers experience, the success of this long-awaited project will demonstrate to the community that this organization cares for its patrons, respects its historic building, and honors its commitment to sustaining this 92-yr-old venue as a showcase for the considerable talents of all its local performing artists and film makers. Hilo's Historic Palace Theater is a gift to the community and a legacy to its future generations.

Yours truly,

A solid black rectangular box redacting the signature of Cheryl "Quack" Moore.

Cheryl "Quack" Moore

Home: 808-969-6454

I-phone: 808-443-6802

Email: [quackarina@gmail.com](mailto:quackarina@gmail.com)



JS ENTERTAINMENT INC.

January 12, 2017

Jake Shimabukuro  
PO BOX 10821  
Honolulu, HI 96816

To The Members of the State of Hawaii Senate and House of Representatives:

As a yearly performer on the Palace Theater stage, I urge you to support the theater's request for funding for their Air Conditioning Project. The Palace Theater holds nearly 500 people and when the house is full with stage lights on, the heat can be unbearable for their patrons.

I understand the Palace Theater had a state of the art air conditioning system prior to 1950 but it became unusable in recent years. I think this historic theater is such an asset to the Hilo community as it creates many opportunities for our keiki to be exposed to arts, music, and special films. It is imperative that the building not only be preserved but improved. Installing a new air conditioning system would be a huge step toward bringing the Palace back to its original grandeur.

I am honored to have performed many times on the Palace Theater stage and look forward to continuing to support this theater as I've seen first hand the positive impact that it makes on the community.

The County of Hawaii and the members of its community showed incredible support by helping to finance the installation of a photovoltaic system at the Palace Theater - which was the first step in this process.

I hope you will provide support so the Palace Theater can complete the installation of a new air conditioning system in this beautiful historic theater.

Thank you for your consideration.

Sincerely,

A solid black rectangular box redacting the signature area.

Jake Shimabukuro

