

House District 14,15,16

Senate District 7

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):

DLIR-OFFICE OF COMMUNITY SERVICES

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

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:

Kauai Economic Opportunity, Incorporated

Dbas:

Street Address: 2804 Wehe Road, Lihue, HI 96766

Mailing Address: Same

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name LYNN KUA

Title Administrative Officer

Phone # (808)245-4077 ext 225

Fax # (808)245-7476

E-mail keo@keoinc.org

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:

**PURCHASE OF THE LAND
FOR THE
KEO LIHUE EARLY
LEARNING CENTER**

4. FEDERAL TAX ID #: [REDACTED]

5. STATE TAX ID #: [REDACTED]

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2018: \$ 842,400.00

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 \$ 842,400.00

FEDERAL \$ _____

COUNTY \$ _____

PRIVATE/OTHER \$ _____

[REDACTED SIGNATURE]

MABEL FUJIIUCHI, CHIEF EXECUTIVE OFFICER

NAME & TITLE

1/17/17

DATE SIGNED

COPY



RECEIVED

1/20/17 *Ma*

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;

Kauai Economic Opportunity, Incorporated (KEO) is a private non-profit agency, incorporated on March 16, 1965. The agency began as a local community action program created after the passage of the 1964 Economic Opportunity Act by the U.S. Congress. KEO is committed to promoting grassroots participation to create social and economic self-sufficiency among low-income families through an array of proven programs and services. The agency serves as a catalyst in encouraging effective local advocacy among the poor, enabling public officials and the general community to understand their needs and issues, and to mobilize resources to impact on poverty.

KEO is a multi-purpose organization with funding from a variety of sources. Over the past 51 years, the agency has fiscally administered millions of dollars of Federal, State, County, and private funds. The agency is the only human services organization on Kauai, whose purpose is to provide a wide range of services and activities that alleviate the conditions of poverty and allow low-income families and individuals to attain social and economic self-sufficiency.

As a private, non-profit agency, KEO has been able to operate with a reduced overhead and has been able to accomplish tasks that are difficult for government agencies. KEO has been creative in utilizing its resources, is cost conscious and maintains a high level of accountability of funds (stringent reporting requirements, contracts outside audits annually, and is periodically audited by the State of Hawaii).

2. The goals and objectives related to the request;

The main goal of the Early Learning Center is to help pre-school age children make a smooth transition from home to school. In addition, it provides childcare so families can obtain or maintain employment.

The main goal of this request is to acquire the **land** where the Lihue Early Learning Center building is located. KEO acquired the building in May 2001 and KEO currently leases the land thru N a l u A i o , L L C . The monthly lease has been constantly going up every year. KEO would like to maintain the affordability of its preschool services by lowering expenditures and one of the major expenditures of the center right now is for the land lease, a \$3,137 per month when calculates to \$37,644 annually.

We are currently a very affordable childcare program on the Island of Kaua'i. With the proposed acquisition of the Lihue Early Learning Center (LELC) land, we are hoping to ensure the affordability that we are currently able to provide in a secure environment for the children and families in our community that attend our childcare program. With the purchase of this parcel, we could also save that money and to enhance the program for the children and for parental activities, replace old furniture, replace and remodel our kitchen and bathroom to better serve our children.

3. The public purpose and need to be served;

Parents need to work to become self-sufficient and need reliable childcare to satisfy that need.

4. Describe the target population to be served; and

The target population includes working families who need affordable and dependable childcare.

5. Describe the geographic coverage.

The center is centrally located in Lihue and is able to serve the population which includes the entire County of Kaua'i.

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;

Children enrolled in KEO's Early Learning Centers participate in pre-school activities to develop school readiness skills. Graduates are developmentally ready to enter Kindergarten.

KEO is applying to the State of Hawaii for funding in the amount of \$842,400 to be able to acquire the land where the LELC is built and will be able to reduce expenditures and maintain the affordability that we are currently providing to the parents of the children enrolled at our pre-schools. See attached the offer made by Nalu Aio, LLC through Island Business and Commercial Brokerage.

Scope of Work/Task	Responsible Party	Estimated Cost
1) Offer of purchase of the land by Kaua'i Economic Opportunity, Inc	KEO	\$0
2) Acceptance of offer	Nalu Aio, LLC	\$0
3) All acceptable purchase documents to execute the conveyance will be completed.	Escrow Company	\$842,400
TOTAL		\$842,400

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

Projected Annual Timeline
July 2017 – June 2018

Activity Dates	Program Activities & Strategies	Program Outcomes
07/2017 - 08/2017	* Offer of purchase of the land by Kaua'i Economic Opportunity, Inc	Letter of offer submitted to Nalu Aio, LLC
07/2017 - 08/2017	*Acceptance of Offer	KEO receives acceptance of offer.
09/2017 - 10/2017	* Escrow company to complete purchase documents to execute the conveyance.	Purchase completed.

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

KEO's internal reporting procedures require monthly reporting of program

progress towards performance goals and objectives. The report includes statistical and narrative sections. Actual accomplishments can be compared with the performance goals and any deviation or problems could be worked out to ensure quality and timely accomplishments of the project. KEO will also comply with any additional reporting requirements of the funding agency such as quarterly and final program reports. Reports will follow standards and time frame as measure of program management. In house, KEO conducts a weekly management meetings for program evaluation and updates and to share information on accomplishments, upcoming events within KEO and with other community agencies. In addition, the CEO and Fiscal Officer hold monthly financial meetings with program directors to review program operations and its financial status. Private and government audits are also conducted on a yearly basis.

KEO will follow reporting guidelines specially in identifying realistic and achievable goals for the program. The guidelines will serve as an output performance or measurement of progress thereby meeting the need and proper delivery of services.

The purchase will be made via a bonafide escrow company to assure legal and quality conveyance. Evaluation will be the legal title transfer of fee ownership from Nalu Aio, LLC to Kaua'i Economic Opportunity, Inc in fee simple ownership.

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.

Measurable Outcomes - Annual	Projected
Provide a comprehensive child care program for preschool children whose parents are employed, in school or in job training programs.	48
Of 48, participants enrolled in the Early Learning Centers program, 30 will regularly attend and be ready to attend Kindergarten by the end of the program year.	30

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 attached budget forms.

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
	\$842,400			\$842,400

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2018.

At this time we have not applied for funding from other sources for this project.

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.

KEO has not been granted or applied for any state or federal tax credits within the past 3 years.

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.

We have not applied for funding from other sources for this project.

5. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2016.

\$209,138.68

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.

As an agency, KEO has administered a variety of community service programs such as: Emergency Food Pantry, elderly Nutrition Congregate Program, Food Services, Emergency Food and Shelter Program, Transitional Housing, Housing Placement Program, Child Care, Alcohol and Drug Abuse Prevention After School Program, Employment Core Service for Immigrants and for Low-Income, Persons-In-Need Grants, Mediation Program, Group Homes for the Physically Challenged Adults, LIHEAP, WAP and other programs.

For over 51 years Kaua'i Economic Opportunity, Inc has been in operation in most of those years and has successfully provided daily, quality childcare year round for children ages 2 years and 9 months to 8 years old, for low income and working families. There are currently 48 enrolled at our Lihue Early Learning Center (LELC). We provide children the opportunity for social, physical, emotional and cognitive development, individually and in a group. All activities are planned by the center staff. A staff ratio of 1-12 (1 Staff to supervise 12 children) is maintained at our center. (Per State of Hawaii Licensing). We provide childcare Monday through Friday from 7:00 a.m. to 5:00 p.m. for a low monthly fee of \$575. The Lihue Early Learning Center offers healthy meals to all enrolled children as part of our participation in the U.S. Department of Agriculture's (USDA) Child and Adult Care Food Program (CACFP). Each child is provided an a.m. and p.m. snacks at no cost and may purchase a lunch. Children from households with income less than or equal to the reduced price Income Eligibility Guidelines are eligible for free or reduced price lunches.

The Head Teacher/Director has the skills, abilities and knowledge to direct and deliver the requested services. She has 2 years working in a preschool setting and over 10 years in elementary education. There is one (1) Teacher who works under the supervision of the Head Teacher/Director in assisting in managing the classroom operation for the Child Care Program. Two (2) Teacher's Aide also work under the supervision of the Head Teacher in implementing a developmentally appropriate program that includes daily activities in education, such as language arts, music, art, science, manipulative

exercises and outdoor play.

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.

Kaua'i Economic Opportunity, Inc Administration Office is located at 2804 Wehe Road, Lihue, and Kaua'i HI 96766. Located in the office is the central intake where the preliminary process is done for all KEO service program applicants. Lihue is the main town on Kaua'i and it is the central location for other special resources to meet the needs of the community. The building meets Americans with Disabilities Act (ADA) requirements. The office hours are 7:45 a.m. To 4:30 p.m. Monday to Friday except when closed in observance of State and Federal Holidays.

KEO operates the KEO Lihue Early Learning Center (LELC) located at 4360 Payee Street. The LELC was built in 1993 and the building was purchase by KEO back in May 2001. The center is wheelchair accessible and meets ADA requirements.

The Lihue Early Learning Center is the center of which KEO owns the building and leases the land.

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.

At the LELC there is one (1) Head Teacher/Director; one (1) Teacher; and two (2) Teacher's Aide.

The Head Teacher/Director possesses an BA degree in Education. One Teacher's Aide has been waived as a Teacher and is in the process of attaining her CDA certificate and we are currently recruiting for 2 other staff. All are certified as per DHS-State of Hawaii License requirements.

At the LELC, the Head Teacher/Director has over 12 years of teaching experience; the additional staff has a combined experience of over 6 years.

The Early Learning Center is approved by Hawaii Child Nutrition Program to serve USDA, Required Daily Allowance meals. The staff attends USDA trainings to comply with the Hawaii Child Nutrition Programs guidelines. In addition, staff members are certified in CPR and First Aid.

The Chief Executive Officer (CEO) is responsible for the administration of the over-all legal, financial and program operations of the agency. The Fiscal Officer, Administrative Officer, Head Teacher/Director and most of the Program Directors report directly to the CEO.

The Fiscal Officer is responsible for the administration of all financial operations of the agency, providing the fiscal support for all KEO programs and the supervision of the fiscal staff. All financial transactions are approved by the Fiscal officer and the CEO.

The Administrative Officer supervises the human resources operation of the agency and along with the administrative staff, provides administrative support to KEO programs.

Plan for essential staff training for proper program management will include KEO's monthly evaluation, planning, and in-service training. In addition, the staff will attend training for job-related subjects such as Hawaii Association for the Education of Young Children (HAEYC) - Kaua'i Chapter Conference and Hawaii Nutrition Program yearly updates.

In this particular project, the administration staff is familiar in acquisition of property, as well as construction and they are very well qualified to execute the conveyance/transaction as such. If needed, the agency also has accessibility to legal counsel.

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.

See attached KEO Organization chart.

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.

Chief Executive Officer	\$104,448
Fiscal Officer	\$ 80,112
Administrative Officer	\$ 68,484

VI. Other

A. Litigation

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

KEO is not a party in any pending litigation and does not have any outstanding judgments.

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.

Attached is the State of Hawaii Child Care License for the Lihue Early Learning Center.

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.

The grant will not be used to support or benefit a sectarian or non-sectarian private education institution.

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 grant is a one time request to purchase the land for which the Lihue Early Learning Center is located.

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 the Certificate of Good Standing.

BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2017 to June 30, 2018

Applicant: Kauai Economic Opportunity, Incorporated

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
A. PERSONNEL COST				
1. Salaries				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST				
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9. Software Upgrade & Subscription				
10 IT Consultant				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES				
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL	842,400			
TOTAL (A+B+C+D+E)				
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	842,400	Lynn Kua  (808)245-4077		
(b) Total Federal Funds Requested		[REDACTED]		
(c) Total County Funds Requested		[REDACTED]		
(d) Total Private/Other Funds Requested		Signature of Authorized Official: _____ Date: 1/11/17		
TOTAL BUDGET	842,400	MaBel Fujuchi/CEO Name and Title (Please type or print)		

BUDGET JUSTIFICATION - PERSONNEL SALARIES AND WAGES

Period: July 1, 2017 to June 30, 2018

Applicant: KAUAI ECONOMIC OPPORTUNITY, INC

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

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2017 to June 30, 2018

Applicant: KAUAI ECONOMIC OPPORTUNITY, INC.

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
Not Applicable				
JUSTIFICATION/COMMENTS:				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
Not Applicable			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2016 to June 30, 2017

Applicant: KAUAI ECONOMIC OPPORTUNITY, INC

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2014-2015	FY: 2015-2016	FY:2016-2017	FY:2016-2017	FY:2017-2018	FY:2018-2019
PLANS						
LAND ACQUISITION			\$ 842,400.00			
DESIGN						
CONSTRUCTION						
EQUIPMENT						
TOTAL:			\$842,400.00			
JUSTIFICATION/COMMENTS: See attached offer from Nalu Aio, LLC.						

GOVERNMENT CONTRACTS AND / OR GRANTS

Applicant: Kauai Economic Opportunity, Inc

Contracts Total: -

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S. / State / Haw / Hon / Kau / Mau)	CONTRACT VALUE
1	NONE FOR THIS PROJECT/PROGRAM				
2					
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**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS PURSUANT TO
CHAPTER 42F, HAWAII REVISIED 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.

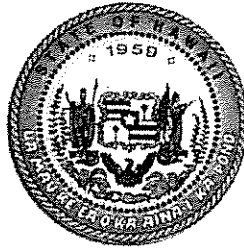
Kauai Economic Opportunity, Incorporated


(Signature)

1/17/17
(Date)

MaBel Fujiuchi
(Typed Name)

Chief Executive Officer
(Title)



STATE OF HAWAII
STATE PROCUREMENT OFFICE

CERTIFICATE OF VENDOR COMPLIANCE

This document presents the compliance status of the vendor identified below on the issue date with respect to certificates required from the Hawaii Department of Taxation (DOTAX), the Internal Revenue Service, the Hawaii Department of Labor and Industrial Relations (DLIR), and the Hawaii Department of Commerce and Consumer Affairs

Vendor Name: **KAUAI ECONOMIC OPPORTUNITY, INCORPORATED**

DBA/Trade Name: **KAUAI ECONOMIC OPPORTUNITY, INCORPORATED**

Issue Date: **01/17/2017**

Status: **Compliant**

Hawaii Tax#: W40397488

New Hawaii Tax#:

FEIN/SSN#: XX-XXX2851

UI#: XXXXXX6940

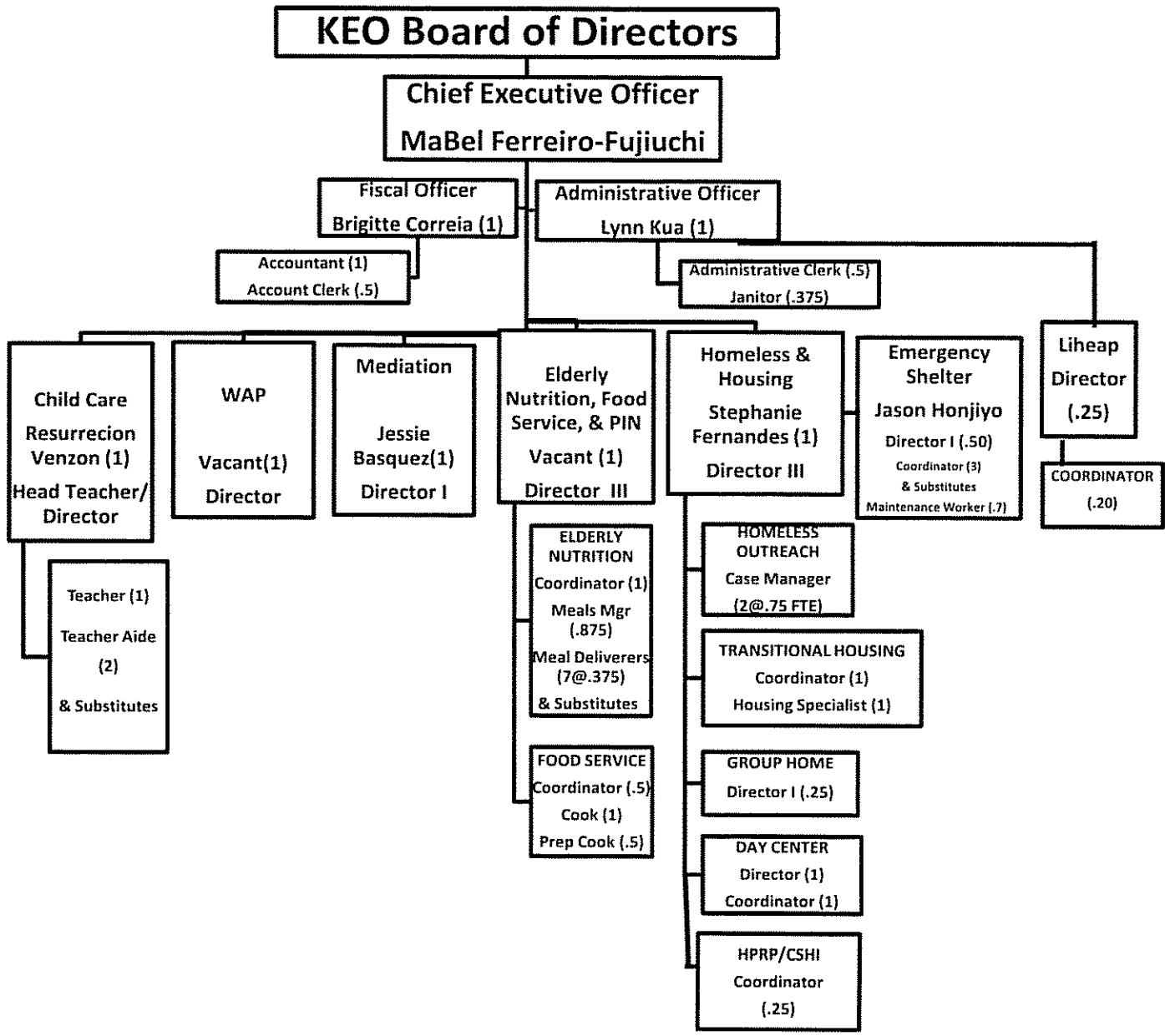
DCCA FILE#: 12814

Status of Compliance for this Vendor on issue date:

Form	Department(s)	Status
A-6	Hawaii Department of Taxation	Compliant
	Internal Revenue Service	Compliant
COGS	Hawaii Department of Commerce & Consumer Affairs	Exempt
LIR27	Hawaii Department of Labor & Industrial Relations	Compliant

Status Legend:

Status	Description
Exempt	The entity is exempt from this requirement
Compliant	The entity is compliant with this requirement or the entity is in agreement with agency and actively working towards
Pending	The entity is compliant with DLIR requirement
Submitted	The entity has applied for the certificate but it is awaiting approval
Not Compliant	The entity is not in compliance with the requirement and should contact the issuing agency for more information



Dear MaBel :

August 19, 2015

Mr. Kurisu, Member of Nalu Aio, LLC (the Seller) has given me a listing agreement to represent him and his company in the sale of the fee interest in real property located in the Kukui Grove area of Lihue. The list of properties includes your pre-school property located at 4360 Pahee St. This letter is to ask if your organization would have an interest in purchasing the entire fee interest in the improved real property located at this address.

The purchase price offered is the appraisal value ordered by American Savings Bank utilized to provide the basis for the purchase price between the former fee interest owner and the Seller plus a margin of 8.0%. As with virtually all bank ordered commercial real estate appraisals, the Seller had no control over the choice of the commercial appraisal company. In this case, the Appraisal firm chosen by the Bank to perform the appraisal was Colliers. As you might know, this is one of Hawaii's very largest commercial appraisal firms, with years of experience in determining fee interest values on properties where the improvements are owned by the lessee. The Appraiser who signed off on the appraisal was Robert Hastings, who has a MAI appraisal designation and approximately 20+ years of commercial appraisal experience. The appraisal is dated May 1, 2014

The fee interest price offered to your AOA is \$842,400. This figure is the sum of the appraisal value of \$780,000 plus the 8.0% margin of \$62,400, totaling the offering price of \$842,400. Should you choose to enter escrow to purchase your organization's fee interest, a copy of that portion of the "master" appraisal related to your property will be provided to you. Please note that there is a strong likelihood that since the master appraisal was done more than a year ago, the fee interest value has probably increased as the maturity date of the individual leases comes closer and given the strong increase in commercial values in Lihue in the past year. For this reason, this fee interest purchase option is available only now and in the very near future. The maturity date of this offer has yet to be established but I will try and provide you with a two week notice of any planned intent to cancel this fee interest sale offer and/or an increase of the selling price. The Seller does, however, reserve the right to terminate this offer or change the listing price without notice. Should the Seller choose to extend the offering period, they retain the right to increase the offering price to compensate them for the increasing value of their fee interest.

Should you choose to move forward but will be seeking conventional bank financing for the purchase, two of Hawaii's largest banks and the escrow company handling this purchase opportunity have indicated that they are willing to provide a "package" of benefits related to the "standard" closing costs associated with commercial real estate mortgage loans in order to minimize the closing expense. There is a strong likelihood that 85%-100% financing for this fee interest purchase will be provided consequently requiring little or no down-payment. With the already approved agreement of the Seller, I am available to assist your organization in the commercial loan process at the bank of your choice without any charge for my services. Another opportunity is to apply through KIUC for a USDA RDLG loan.

This loan features a 10 year loan period/amortization schedule and a 0% interest rate for the life of the loan. I can also put you in touch with the proper party at KIUC to investigate this opportunity.

Please note that this offer is only extended to KEO and is not being made available to any other unrelated parties. Should KEO choose not to pursue this purchase, this purchase opportunity may not be extended to any other unrelated party without approval by the Seller.

Thank you for your consideration. If you would like me to provide you additional information such as a possible mortgage payment for any commercial mortgage loan for this fee purchase, please indicate so by signing in the appropriate area on the attached page. Similarly, if you are sure you have no interest in such purchase, please do me the favor of similarly indicating your decision not to move forward by signing where indicated.

Sincerely,

A solid black rectangular box redacting the signature of Jim Mayfield.

Jim Mayfield

President

Island Business and Commercial Brokerage, MBA, Lic #RB-20313

3175 Elua Street #C

Lihue, Hi. 96766

b. 240-3020

e. jim@islandbusinessbrokers.com

f. 866-652-1992

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
BENEFIT, EMPLOYMENT AND SUPPORT SERVICES DIVISION
LIHUE EARLY LEARNING CENTER

is hereby granted a
Temporary Certificate

014267

to operate a GCC - Preschool Program at
4360 PAHEE ST, LIHUE, HI 96766
for children not to exceed 48 in number. Said children shall be over 2 yrs & 9 mos of age and
under 8 years of age. This certificate is issued in accordance with Section 346-161, Hawaii
Revised Statutes, 1985, for the period beginning December 11, 2016, and ending March 10, 2017,
unless sooner revoked for cause.



PANKAJ BHANOT

Director, Department of Human Services

Scott Nakagome

Administrator