

Application Submittal Checklist

The following items are required for submittal of the grant application. Please verify and check off that the items have been included in the application packet.

- 1) Hawaii Compliance Express Certificate (If the Applicant is an Organization)
- 2) Declaration Statement
- 3) Verify that grant shall be used for a public purpose
- 4) Background and Summary
- 5) Service Summary and Outcomes
- 6) Budget
 - a) Budget request by source of funds ([Link](#))
 - b) Personnel salaries and wages ([Link](#))
 - c) Equipment and motor vehicles ([Link](#))
 - d) Capital project details ([Link](#))
 - e) Government contracts, grants, and grants in aid ([Link](#))
- 7) Experience and Capability
- 8) Personnel: Project Organization and Staffing


AUTHORIZED SIGNATURE

Phillips Payson, Executive Director
PRINT NAME AND TITLE

1/22/26
DATE



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 (DCCA).

Vendor Name: THE FRIENDS OF THE PALACE THEATER

DBA/Trade Name: THE FRIENDS OF THE PALACE THEATER

Issue Date: 01/07/2026

Status: **Compliant**

Hawaii Tax#:

New Hawaii Tax#:

FEIN/SSN#:

UI#: XXXXXX8350

DCCA FILE#: 119925

Status of Compliance for this Vendor on issue date:

Form	Department(s)	Status
A-6	Hawaii Department of Taxation	Compliant
8821	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 compliance
Pending	A status determination has not yet been made
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

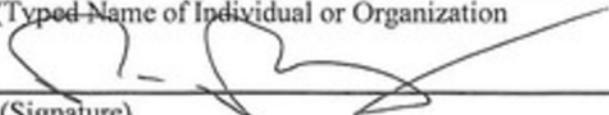
**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS PURSUANT TO
CHAPTER 42F, HAWAII REVISSED STATUTES**

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; and
- 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.
- 4) The use of grant-in-aid funding complies with all provisions of the Constitution of the State of Hawaii (for example, pursuant to Article X, section 1, of the Constitution, the State cannot provide "... public funds ... for the support or benefit of any sectarian or nonsectarian private educational institution...").

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.

The Friends of the Palace Theater
(Typed Name of Individual or Organization)

(Signature) 01/21/2026
(Date)

Phillips Payson Executive Director
(Typed Name) (Title)

Application for Grants

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

I. Certification – Please attach immediately after cover page

1. Hawaii Compliance Express Certificate (If the Applicant is an Organization)

If the applicant is an organization, the applicant shall submit one (1) copy of a Hawaii Compliance Express Certificate from the Comptroller of the Department of Accounting and General Services that is dated no earlier than December 1, 2025.

See attached certificate.

2. Declaration Statement

The applicant shall submit a declaration statement affirming its compliance with Section 42F-103, Hawaii Revised Statutes.

See attached declaration.

3. Public Purpose

The applicant shall specify whether the grant will be used for a public purpose pursuant to [Section 42F-102, Hawaii Revised Statutes](#).

The grant will be used for a public purpose pursuant to Section 42F-102, Hawaii Revised Statutes.

II. 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 Palace Theater has stood as a cornerstone of art and culture in Downtown Hilo for 100 years. Surviving tsunami, ownership changes and sporadic closure, the Palace reopened for good in 1999 with a presentation of the Hawai'i International Film Festival. Since officially forming as a non-profit in 2000, The Friends of the Palace Theater has continuously presented a variety of thoughtfully curated, culturally relevant programming featuring the Hawaiian Music Concert Series, a Cultural Film Series and an annual Fall Musical showcasing talent from a deep pool of local performers. With a well-seasoned, full-time administrative team and a cadre of enthusiastic part-time event staffers – all

expertly led by Executive Director Phillips Payson – the theater is stewarded by a group of passionate and experienced individuals and is a thriving, vibrant gathering place for Hilo and beyond.

2. The goals and objectives related to the request;

The goal of this request is to increase the comfort of ever-growing audiences by expanding the venue’s cooling capabilities through the installation of four large fans in the historic theater auditorium, thereby increasing the total amount of fans to six and effectively cooling the entire theater without incurring any exponential spike in costs.

3. The public purpose and need to be served;

The Palace Theater turned 100 years old in 2025. The Board of Directors has created and implemented a robust long-range plan to strategically restore and preserve the theater for future generations. The Palace Theater was one of the first venues of its type to offer air conditioning, but the original system stopped working many years ago. The loss of air conditioning wreaked havoc for years upon the heat and humidity levels, contributing to uncomfortable audiences, performer discomfort and diminished output.

A monetary commitment was made by the State government for the installation of “Phase 1” of a three-phased air conditioning system –a 12 ton AC/Heat pump that ducts cold air and distributes it through registers in each of three ceiling medallions.

The system functions well for audiences of up to 100 people. However, in 2025, the theater served over 30,000 ticket holders, an increase of 34% since 2023. The Board of Directors expects the high demand to continue and the current cooling system is not sufficient.

Additional air conditioning equipment that would provide cooling for a 250 -300 person house, estimated at a cost in excess of \$300,000 is twice the original estimate when Phase 1 was installed, and is cost prohibitive for the theater. Board members approached the engineer who designed the system to discuss ways to improve conditions in the theater without going to the next phase of the original design. The agreed-upon decision was to add large, silent fans to move the air around and cool the auditorium, thus providing a more comfortable venue for patrons, who include a diverse audience of 30,000 annually, including local community members and visitors from other locales.

Last year, two fans were installed at the back of the auditorium. Post-show audience surveys, staff observations and direct interactions with patrons indicate that the fans are effective, however the comfort they provide does not extend to the middle and lower portions of the auditorium. A State Grant-In-Aid award will support the installation of four more fans in the auditorium, effectively cooling the entire audience at every show, providing adequate comfort for all patrons.

4. Describe the target population to be served

Post show audience surveys indicate Palace patrons are primarily over the age of 55 and reside in zip codes 96720 (Hilo), 96749 (Kea'au) and 96778 (Pāhoa). In addition to patrons that come to enjoy programming, another key target group is the variety of local and international performers that showcase their talent on the Palace stage. From seasoned professionals, to keiki starting out on their performing arts journey, the Palace provides an accessible platform to a wealth of talent, increasing the health and well-being of audiences 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. Primarily serving the 96720 region, around 30% of patrons reside in rural 96749 and 96778. In addition to local patrons, due to its attention to the emerging needs of visitors to the island, the theater's 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.

III. Service Summary and Outcomes

The ServiceSummary 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:

Executive Director will manage Contractor and Electrician through the following tasks:

- a. Review of prior engineering assessment and mechanical design for the installation of the fans
- b. Secure necessary permits
- c. Purchase of four "Big Ass" fans
- d. Electrical work to install the conduits, wiring, circuits of the new fans
- e. Provision of construction materials and labor to install the fans
- f. Execute final inspection

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

- a. Quarter 1: Review engineering assessment and apply for permits
- b. Quarter 2: Purchase equipment and supplies
- c. Quarter 3: Install
- d. Quarter 4: Inspection

3) Describe its quality assurance and evaluation plans for the request.

Specify how the applicant plans to monitor, evaluate, and improve their results; and

Quality Assurance: In 2024, through post-show audience surveys, heat was identified a major issue for audiences. Research began to assess affordable options to augment the recently installed air-conditioner. Low-profile, industrial-sized ceiling fans were identified as the most elegant, cost-effective solution. Gene Hennen and Inouye Electric, a contractor and electrician who have provided services to the Palace Theater previously, were hired to complete the installation. They expertly and efficiently installed two fans at the back of the auditorium and the same quality of work is expected for the addition of four new fans of the same model.

Evaluation: After each event at the Palace Theater, audience members are emailed a post show survey. These surveys indicate that audiences are appreciative of the two new fans installed in early 2025, but sold out shows are still not comfortable enough. After the install, surveys, direct interaction with audience members and Board and Staff observations will be used to evaluate the efficacy of the new fans.

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.

- a. Post show audience surveys ask respondents to describe their experience at the Palace and what could be improved. The resulting qualitative data from 2025 indicates that heat is a major issue for patrons, with several stating they will not return until the theater is cooler.
- b. In 2026, new survey questions will be introduced to gather quantitative data to indicate if audiences are more comfortable as a result of the cooler environment.
- c. Board and staff members will observe conditions and interact with patrons and performers to gain further qualitative insight.

IV. Financial

Budget

- 1) The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.
 - a) Budget request by source of funds ([Link](#))
 - b) Personnel salaries and wages ([Link](#))
 - c) Equipment and motor vehicles ([Link](#))
 - d) Capital project details ([Link](#))
 - e) Government contracts, grants, and grants in aid ([Link](#))

Please find these documents attached to the end of the application.

- 2) The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2027.

Quarter1	Quarter 2	Quarter 3	Quarter 4	Total Grant
36,250	18,125	9,062.5	9,062.5	\$72, 500

3) The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2027.

- a)Hawaii CountyWaiwaiFY27: \$50,000
- b)State Foundation on Culture and the Arts FY27: \$15,000
- c)Palace Production ticket sales: \$200,000
- d)Community donations: \$100,000
- e)Community in-kind donations: \$46,000

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.

a)There are no State and Federal tax credits for previous years, however The Friends of the Palace Theater anticipates applying for the \$35,000 IRS Energy Credit.

5) The applicant shall provide a listing of all federal, state, and county government contracts, grants, and grants in aid it has been granted within the prior three years and will be receiving for fiscal year 2027 for program funding.

a) 2023

- i) State Foundation on Culture and the Arts FY23 : \$15,000
- ii) Hawai’I County Waiwai FY23: \$35,000

b) 2024

- i) Hawai’I County Waiwai FY24: \$20,000
- ii) State Foundation on Culture and the Arts FY24: \$15,00

c)2025

- i) Hawai'i County Waiwai FY25: \$35,000
- ii) State Foundation on Culture and the Arts FY24: \$15,000
- iii) Hawai'i Community Foundation FY25: \$4000
- iv) Empower Energy Grant: \$3,252
- v) Hawaii County Contingency Relief Funds: \$9500

d) 2026

- i) Hawai'i County Waiwai FY26: \$50,000
- ii) Hawai'i Community Foundation FY26: \$4000
- iii) Atherton Family Foundation FY26: \$20,000

e) 2027:

- i) State Foundation of Culture and the Arts FY27: \$15,000 (pending)

6. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2025.

- a)Unrestricted assets as of Dec 31, 2025: \$256, 812

V. Experience and Capability

1. 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 stated previously, The Friends of the Palace and the Executive Director successfully managed the 2025 installation of two fans at the back of the auditorium. The Friends will contract again with the same companies (Inouye Electric and Gene Hennen, 2025) to execute the installation of the four additional fans.

Beyond this work, the Friends of the Palace Theater is no stranger to large capital projects: in 2023, they embarked on a capital campaign to expand their existing solar array and contracted with ProVision Solar (2023) to mount the additional panels.

2. 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.

Built by Native Hawaiian showman Adam Baker, the Palace Theater is a 100-year-old 485-seat venue in downtown Hilo. Although it sat empty for many years, the stewardship of the Board of Directors over the last 20+ years has ensured its structural soundness and renewed its vibrancy as a viable, sustainable and ADA Accessible venue for performing arts. Displaying its importance to the community, in 2025, the Palace Theater hosted over 180 events for 30,000 ticket holders.

VI. Personnel: Project Organization and Staffing

1. 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.

With over 20 years of experience, the Board of Directors is familiar with the work of local vendors, particularly that of Gene Hennen and Inouye Electric, with whom they have worked previously. The Executive Director will oversee the day-to-day management of the fan installation project and the Board of Directors will

2. 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 FTE Executive Director, one FTE Operations Manager, one FTE Development Officer, one FTE Office Manager and one FTE Office Assistant. Front house operations are carried out by 12 part-time hourly employees, including ushers, box office workers, and café staff. Approximately 60 volunteers work year-round to assist with theater operations.

3. Compensation

The applicant shall provide an annual salary range paid by the applicant to the three highest paid officers, directors, or employees of the organization by position title, not employee name.

Executive Director: \$75,000

Development Officer: \$60,320

Operations Manager: \$58, 240

VII.

Other

1. 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.

N/A

2. 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.

Having already installed two fans in the auditorium, The Friends of the Palace Theater, in concert with Gene Hennen and Inouye Electric, will confidently manage this project.

3. 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.

N/A

4. Future Sustainability Plan

The applicant shall provide a plan for sustaining after fiscal year 2027 the activity funded by the grant if the grant of this application is:

- (a) Received by the applicant for fiscal year 2027, but
- (b) Not received by the applicant thereafter.

Aside from general maintenance and upkeep of the fans, there is no plan or need to continue this specific installation project after fiscal year 2027 and so The Friends of the Palace Theater will require no further funding for the project.

BUDGET REQUEST BY SOURCE OF FUNDS

Period: July1,2024toJune30,2025

Applicant: The Friends of the Palace Theater

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 OTHER				
B. CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				40,000
5. Staff Training				
6. Supplies	2,000			
7. Telecommunication				
8. Utilities				
9 Labor - Contractor - Gene R Hennen	20,000			
10 Labor - Electrician - Inouye Electric	30,500			
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES	52,500			40,000
C. EQUIPMENT PURCHASES	20,000			
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	72,500			40,000
SOURCESOFFUNDING		Budget Prepared By:		
(a) Total State Funds Requested	72,500	Erin Chung 808 934 7010		
(b) Total Federal Funds Requested		Name (Please type or print) Phone		
(c) Total County Funds Requested		1/22/2026		
(d) Total Private/Other Funds Requested	40,000	Signature of Authorized Official Date		
TOTAL BUDGET	112,500	Phillips Payson Name and Title (Please type or print)		

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2024 to June 30, 2025

Applicant: The Friends of the Palace Theater

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
Big Ass Fans E Series E12	4.00	\$4,950.00	\$ 19,800.00	19800
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				19,800
JUSTIFICATION/COMMENTS: The fans to be installed in the auditorium; identical to the two that were installed in early 2025.				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS: <div style="text-align: center; font-size: 2em;">N/A</div>				

BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July1,2026toJune30,2027

Applicant: The Friends of the Palace Theater

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: 2024-2025	FY: 2025-2026	FY:2026-2027	FY:2026-2027	FY:2027-2028	FY:2028-2029
PLANS						
LAND ACQUISITION						
DESIGN						
CONSTRUCTION	10342		52500	40000		
EQUIPMENT	20000		20000			
TOTAL:	30342		72,500	40,000		
JUSTIFICATION/COMMENT In 2024, The Friends of the Palace Theater began a campaign to install ceiling fans in the auditorium. Over \$30,000 was raised including \$10,342 in community donations and a \$20,000 grant award from the Atherton Family Foundation. In FY27, we are requesting State funds for construction and equipment for four more fans, and will provide the capital for operating costs and lost rental revenue (\$2500/day) during the four week installation period.						

GOVERNMENT CONTRACTS, GRANTS, AND / OR GRANTS IN AID

App

The Friends of the Palace Theater

Contracts Total: -

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S./State/Hawaii/ Honolulu/ Kauai/ Maui County)	CONTRACT VALUE
1					
2					
3					
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N/A