

Chronology on NHHCA – LI 597/GL281

- December 17, 2002, the Hawaiian Homes Commission (HHC) approved the issuance of a license agreement to the Nanakuli Hawaiian Homestead Community Association (NHHCA) to use a 11.96-acre parcel of Hawaiian home lands in Nanakuli for a multi-phase, multi-use community center and commercial project.
- License Agreement No. 597 (LA 597) was issued February 27, 2004 with an effective date of December 1, 2004. The license was for a term of 30 years and the proposed development plans include a commercial center, kupuna housing and community center with the intent to provide economic opportunities, community services, educational and cultural enhancement and social synergy for the health and welfare of the overall Nanakuli community, of which our beneficiaries represent a large majority.
- At its meeting of April 25, 2006, the Hawaiian Homes Commission accepted the Final Environmental Assessment and Findings of No Significant Impact of this proposed project.
- On March 13, 2007, Michale Kahikina, VP of NHHCA, submitted a request for two amendments to the terms and conditions of LA 597: 1) include the rental project as allowable use, and 2) extend the terms from thirty (30) years to sixty (60) years. The concept of the “The Nanakuli Village Center” will consist primarily of three components: 1) the Nanakuli Commercial Center, 2) the Agnes K. Cope Hawaiian Cultural Center and the International Surfing Hall of Fame, and 3) Hale Makana O Nanakuli Rental Housing, which is an affordable rental housing development.
- Mr. Kali Watson, project manager for this project, requested that the current LA 597 be cancelled and that NHHCA be granted a long-term general lease. The request is primarily due to their needs to finance both the commercial portion of the development by way of a conventional mortgage process and the ability to sublease the commercial spaces to individual tenants, and the affordable rental housing component with financing from various governmental agencies that require a longer-term commitment.
- On November 20, 2007, HHC approved the amendment to LI 597 to allow for cancellation of the license and reissue a 65-year general lease to NHHCA.
- General Lease No. 281 was executed on October 8, 2008 with an effective date retroactive back to January 1, 2008 for a term of 65 years, ending December 31, 2073. The rent provision of General Lease No. 281 states in part that for “Lease years 1 through 25: Net operating income derived from the commercial center shall be committed by NHHCA to fund and support the building and development of the Agnes K Cope Hawaiian Cultural Center. Any excess of net operating income shall be subject to the agreed upon rent structure of 20% due and payable to DHHL....”
- On March 6, 2009, the Chairman of the Hawaiian Homes Commission granted consent to a sublease agreement between NHHCA and the Hawaiian Community Development Board to use a portion of the general leased premises for the development of the Hale Makana o Nanakuli Housing Project. Sublease rent is gratis for the term of the sublease, which terminates on December 31, 2073.
- On October 21, 2011, the Chairman of the Hawaiian Homes Commission granted consent to a sublease agreement between NHHCA and CVS (Longs Drugs). The 25-year sublease agreement

is for 1.433-acre portion of the general leased premises and the sublease rent is \$265,000.00 per annum for the initial period.

- At the February 21, 2012 regular monthly meeting, the Hawaiian Homes Commission approved the execution of a Memorandum of Understanding between NHHCA, Kamehameha Schools, and the Department of Hawaiian Home Lands on the commitment to work cooperatively to pursue the development of a KS educational facility on a portion of the Nanakuli Village Center, further identify as Unit 2 of the proposed CPR.
- At the June 18, 2012 regular monthly meeting, the Hawaiian Homes Commission approved to subject the lands demised under GL 281 with the CPR with 4 separate units and approved to allow withdrawal of Unit 1 and to issue two (2) new leases, first a short term to HCDB just for the construction period, and upon completion of construction, terminate and issue a 65-year lease to NHHCA.
- General Lease No. 297 was issued July 16, 2012 to Hawaiian Community Development Board for a term ending December 31, 2017, or when a certificate of occupancy is issued for the occupancy of the project.
- General Lease No. 298 was issued July 16, 2012 to Nanakuli Hawaiian Homestead Community Association for a term of 65 years beginning January 1, 2018, or when the certificate of occupancy is issued.
- Consent to the ground sublease agreement was executed on July 16, 2012 to the ground sublease between Nanakuli Hawaiian Homestead Community Association and Hawaiian Community Development AND Nanakuli Kauhale Development, L.P.

Declaration of Condominium Property Regime

At the request of NHHCA, the Department of Hawaiian Home Lands will be filing a Declaration of Condominium Property Regime (CPR) with the State to create a four (4)-unit condo on this 11.96-acre parcel. The intent of filing for a CPR is to enable NHHCA to finance each component of its planned development without impacting the rest of the project.

The affordable rental housing component of the project requires a 65-year ground lease from the time the project is put into service, as a condition to receiving State low-income housing tax credits. As a result, Unit 1 will be withdrawn from General Lease No. 281 immediately and the affordable housing developer will be authorized to receive two new leases for Unit 1: (a) a short-term ground lease to cover the construction period; and (b) a 65-year lease during the operation of the project, to be effective upon completion of the project or on date certain to coincide with project completion.

It is agreed that NHHCA will maintain its leasehold interest on the remaining three (3) units under the CPR until such time that Unit 2 is ready to be withdrawn from the leased premises and new general lease to be issued to the appropriate entity for the development.