

HAWAIIAN HOMES COMMISSION
Minutes of May 20 and 21, 2013
Meeting Held Kalamaula, Molokai

Pursuant to proper call, the 639th Regular Meeting of the Hawaiian Homes Commission was held at the Kulana Oihi Conference Room, 600 Maunaloa Highway, Kalamaula, Hawaii, beginning at 9:38 a.m.

PRESENT Jobie M. K. Masagatani, Chairman
 Perry O. Artates, Commissioner, Maui (arr: 10:15 a.m.)
 Leimana DaMate, Commissioner, West Hawaii
 Gene Ross K. Davis, Commissioner, Molokai
 J. Kama Hopkins, Commissioner, Oahu
 Michael P. Kahikina, Commissioner, Oahu
 Ian Lee Loy, Commissioner, East Hawaii
 Renwick V. I. Tassill, Commissioner, Oahu

COUNSEL Diane Taira, Deputy Attorney General

STAFF Darrell Young, Deputy to the Chairman
 Linda Chinn, Administrator, Land Management Division
 Francis Apoliona, Compliance Officer
 Darrell Yagodich, Administrator, Planning Office
 Niniau Simmons, NAHASDA Manager
 Sandra Pfund, Administrator, Land Development Division
 Dean Oshiro, Acting Administrator, Homestead Services Division
 Juan Garcia, Homestead District Supervisor, Homestead Services Division
 Kaleo Manuel, Planner, Planning Division
 Julie Cachola, Planner, Planning Division
 Norman Sakamoto, Development Officer, Office of the Chair
 Kahana Albinio, Acting Property Development Supervisor, Land Management
 Division
 Kaipo Duncan, Land Agent, Land Management Division
 Halealoha Ayau, Molokai Acting Homestead District Supervisor
 Elaine Searle, Secretary to the Commission

AMENDED
AGENDA

Commissioner Lee Loy moved, seconded by Commissioner Tassill, to defer Item No. G-2 until later today. Motion carried unanimously.

Commissioner Hopkins moved, seconded by Commissioner Lee Loy, to delay voting on Item No. F-1 until the arrival of Commissioner Artates. Motion carried unanimously.

**STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS**

HAWAIIAN HOMES COMMISSION WORKSHOP/AGENDA
600 Maunaloa Highway, Kulana OIwi Conference Room, Kalamaula, Hawaii
May 20, 2013, 9:30 a.m. and May 21, 2013, 10:30 a.m.

ORDER OF BUSINESS

Roll Call
Approval of Agenda

F – LAND MANAGEMENT DIVISION

- F-1 Conditional Approval for Lease Term Extension, General Lease Nos. S-3831, S-3840, and S-4647, Aloha Beach Resort - Nomura CDO, LLC, Wailua, Kauai

B - PUBLIC TESTIMONY ON AGENDIZED ITEMS

C - OFFICE OF THE CHAIRMAN

- C-1 Adoption of Resolution in Response to the State Auditor's Report, "Management Audit of the Department of Hawaiian Home Lands' Homestead Services Division"
- C-2 Convening of Governor's Task Force to Recommend Program Reforms to the Revocable Permit Program

F – LAND MANAGEMENT DIVISION (cont)

- F-2 Approval of Amendment to License No. 648, American Renaissance Academy, Kalaeloa, Oahu
- F-3 Approval of Amendment to License No. 478, Ka Hale Laa O Ierusalem Hou Church, Kalamaula, Molokai
- F-4 Approval of Issuance of Right-of-Entry to Kamaaha Education Initiative, Keaukaha, Hawaii
- F-5 Status Update, Draft Environmental Assessment, Kiowea Park, Molokai
- F-6 Notices of Defaults/Revocations, Statewide

G - PLANNING OFFICE

- G-1 Approval of Implementation Plan to Remove the Moratorium on Subdivisions and Transfer of Agricultural and Pastoral Leases
- G-2 Beneficiary Consultation Report for the Anahola Renewable Energy Project

H - ADMINISTRATIVE SERVICES OFFICE

- H-1 Approval of Transfer of Moneys Deposited in the Hawaiian Home Trust Fund-Hawaiian Home Receipts Account to the Hawaiian Home General Loan Fund and the Hawaiian Home Operating Fund

J - GENERAL AGENDA

- J-1 Request to Address Commission - **Wayde H. Lee**
J-2 Request to Address Commission - **Harry K. Purdy, III**
J-3 Request to Address Commission - **Henry K. Yasso**
J-4 Request to Address Commission - **Kelson "Mac" Poepoe**
J-5 Request to Address Commission - **James M. Duvauchelle, Sr.**

RECESS:

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

HAWAIIAN HOMES COMMISSION WORKSHOP/AGENDA
600 Maunaloa Highway, Kulana Oihi Conference Room, Kalamaula, Hawaii
May 21, 2013, 10:30 a.m.

RECONVENE:

EXECUTIVE SESSION

The Commission anticipates convening in executive meeting Pursuant to Section 92-5(a)(4), HRS, to consult with its attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities on these matters.

1. Leighton Pang Kee v Masagatani, et al., Civil No. 12-1-2403-09
2. Commission's Authority to Regulate the Sales of Leases of Vacant Lots, Undivided Interest Lots, and Lots with Improvements

D - HOMESTEAD SERVICES DIVISION

D-1 HSD Status Reports

Exhibits:

A - Homestead Lease and Application Totals and Monthly Activity Reports

B - Delinquency Report

C - DHHL Guarantees for FHA Construction Loans

D-2 Ratification of Loan Approvals (see exhibit)

D-3 Approval of Consent to Mortgage (see exhibit)

D-4 Refinance of Loans (see exhibit)

D-5 Schedule of Loan Delinquency Contested Case Hearings (see exhibit)

D-6 Homestead Application Transfers/Cancellations (see exhibit)

D-7 Reinstatement of Deferred Application (see exhibit)

D-8 Cancellation of Deceased Applicant from Waiting List - Public Notice 2009,
Winifred K. Anderson

D-9 Ratification of Designations of Successors to Leasehold Interest and Designation of Persons to Receive Net Proceeds (see exhibit)

D-10 Approval of Assignment of Leasehold Interest (see exhibit)

D-11 Approval of Amendment of Leasehold Interest (see exhibit)


D-12 Request to Set Aside Hawaiian Homes Commission's April 24, 2001 and February 26, 2002 Actions, and Authorize the Amendment of Lease No. 3442, Lot No. 112A, Hoolehua, Molokai, Hawaii, **Skylla Villanueva, Lessee**

J - GENERAL AGENDA

J-6 Request to Address Commission - Jeff Gilbreath, Hawaiian Community Assets

ANNOUNCEMENTS AND ADJOURNMENT

1. Next Meeting – June 17, 2013, Kapolei, Hawaii
2. Other Announcements
3. Adjournment



Jobie M. K. Masagatani, Chairman
Hawaiian Homes Commission

COMMISSION MEMBERS

Imaikalani P. Aiu, Kauai
Perry O. Artates, Maui
Leimana DaMate, West Hawaii
Gene Ross K. Davis, Molokai

J. Kama Hopkins, Oahu
Michael P. Kahikina, Oahu
Ian B. Lee Loy, East Hawaii
Renwick V. I. Tassill, Oahu

Community meeting scheduled June 17, 2013 at Papakolea Community Center,
2150 Tantalus Dr., Honolulu, Hawaii, 6:30 p.m.

Special Accommodations (such as Sign Language Interpreter, large print, taped material) can be provided, if requested, at least five (5) working days before the scheduled meeting on the respective island by calling the Information & Community Relations Office on Oahu, (808)620-9520.

ITEM D-2 EXHIBIT
RATIFICATION OF LOAN APPROVALS

<u>LESSEE</u>	<u>LEASE NO.</u>	<u>AREA</u>
LAI, Angie K.	11272	Kumuhau, Oahu

ITEM D-3 EXHIBIT
APPROVAL OF CONSENT TO MORTGAGE

<u>LESSEE</u>	<u>LEASE NO.</u>	<u>AREA</u>
AEA, Estella M.	9822	Maluohai, Oahu
AIONA, Mark B.	9365	Kaniohale, Hawaii
ALMEIDA, Antoinette K.	6570	Waiakea, Hawaii
ARRINGTON, Eric A.	8317	Princess Kahanu Estates, Oahu
AUWAE, Edmund G., Jr.	9954	Waiehu III, Maui
AUWELOA, Jay H.	5964	Waiehu, Maui
AUWELOA, William H.	5958	Waiehu, Maui
AYAU, Kimo K.	7656	Waiohuli, Maui
BACALSO, Steven M.	11481	Leialii, Maui
BAQUIRO, Libbie K.	8414	Princess Kahanu Estates, Oahu
BARNES, Charlene K.	10236	Waianae, Oahu
BLACKBURN, Florence W. F.	11507	Leialii, Maui
BLACK-SANTIAGO, Rachel K.	9327	Kaniohale, Hawaii
BLAKE, William	7416	Keokea, Maui
CAMPBELL, Chad K.	10969	Lanai City, Lanai
CAMPBELL, George M.	8207	Paukukalo, Maui
CHASE, Radiant K.	8615	Nanakuli, Oahu
COSTALES, Austi S. H.	5307	Waianae, Oahu
CULLEN-SOTELO, Cynthia L.	8654	Nanakuli, Oahu
DUDOIT, Gayle K.	9736	Maluohai, Oahu
ELENEKI, Friday K.	9943	Waiehu III, Maui
ENOKA, Clement P., III	8788	Waimanalo, Oahu
ESKARAN, Lavenda I.	10962	Lanai City, Lanai
FARIAS, Georganne N.	12714	Laiopua, Hawaii
GOMES, Gordon F.	12656	Kanehili, Oahu
HANO HANO, Lawrence D.	8892	Nanakuli, Oahu
HEW LEN, Darrin K. P.	8519	Princess Kahanu Estates, Oahu
HOKOANA, Keola I.	9464	Waiehu II, Maui
HOKOANA, Le Roy L., Jr.	9464	Waiehu II, Maui
HOKOANA, O'ha E.	9464	Waiehu II, Maui
II, Audrey U.	6777	Waianae, Oahu
JARDINE, Allan K.	18653	Kanehili, Oahu
JOHNSON, Gina May K.K.	12590	Kanehili, Oahu

KAHEIKI, George O. K., Sr.	9906	Waiakea, Hawaii
KAIHEWALU-ENRIQUEZ, Nicole	9407	Kaniohale, Hawaii
KALA-HUNT, Melanie K.	9489	Waiehu II, Maui
KAMALU, Calvin K.	8338	Princess Kahanu Estates, Oahu
KAMANU, Aaron M.	12580	Kanehili, Oahu
KAOPUIKI, Starlight H.	8429	Princess Kahanu Estates, Oahu
KAOPUIKI, Wayne H.	8429	Princess Kahanu Estates, Oahu
KEAHI, Joanne	4082	Waimanalo, Oahu
KEALOHA, Kavika	3999	Waimanalo, Oahu
KEPOO, Hanalei K.	8499	Princess Kahanu Estates, Oahu
KIHOI, Sarah P.	12536	Lalamilo, Hawaii
KILA, Daryl A. K.	5682	Nanakuli, Oahu
LEAVER, Novella K.	3958	Waimanalo, Oahu
LEE, Harry L.	9111	Waiakea, Hawaii
MAHUKA, Richard I. M.	3825	Nanakuli, Oahu
MAKAILA, Penny K.	11952	Kaupea, Oahu
MAKEPA, Jeremie K.	11195	Anahola, Kauai
MANOI, Yvette	12071	Kaupea, Oahu
MARTINS, Anna C. W.	12684	Leialii, Maui
MEDINA, Elliott K.	11922	Kaupea, Oahu
MOTOYAMA, Leimomi M.	9581	Kalawahine, Oahu
MURRAY, Derek J.	11541	Leialii, Maui
NAGAOKA, Cynthia N.	11452	Leialii, Maui
NAPIHAA, Nathan K.	11912	Kaupea, Oahu
NELSON, Lorena K.	6288	Keaukaha, Hawaii
NERY, Richard L., Jr.	7159	Kawaihae, Hawaii
NOBRIGA, Lance M.	11126	Anahola, Kauai
OLIVEIRA, Agnes J.	5138	Nanakuli, Oahu
PAIO, Russell K.	9244	Kaniohale, Hawaii
PALEA, Frederick L.	10219	Keaukaha, Hawaii
PARK, John P. L.	7731	Waiohuli, Maui
PEDRINA, Tracy-Ann M.	11235	Kumuhau, Oahu
PELAYO, Alcario	11471	Leialii, Maui
PELAYO, Alvin K.	11486	Leialii, Maui
PEREIRA, Jayson K. K.	11287	Kumuhau, Oahu
PUAOI, William K. D.	5012	Hoolehua, Molokai
PUHA, Willeen L.	10291	Waiohuli, Maui
PUU, Ricky K.	9577	Kalawahine, Oahu
ROMAN, Chance D.	11856	Kanehili, Oahu
SALVADOR-BLAKE, Jeanette M.	7416	Keokea, Maui
SIMEONA, Jackilyn K.	9570	Kalawahine, Oahu
SORIANO, Cornelius K.	9526	Waiehu II, Maui
SULLIVAN, Hedy L.	11331	Kekaha, Kauai

TANCAYO, Michelei A. P. K.	11458	Leialii, Maui
TAYLOR, Shirenett P.	12038	Kaupea, Oahu
TOGLAI, Jane K.	18322	Kanehili, Oahu
WINTERS, Ramona K.	12548	Kanehili, Oahu
YARA, Audrey K.	11855	Kanehili, Oahu

ITEM D-4 EXHIBIT
REFINANCE OF LOANS

<u>LESSEE</u>	<u>LEASE NO.</u>	<u>AREA</u>
AKAU, Jason K. C. S.	7239	Kawaihae, Hawaii
IOKIA, Ioane K. K.	8253	Lualulalei, Oahu
JONES, Charles K.	6783	Waianae, Oahu
REQUILMAN, Alfredo	5284	Waianae, Oahu

ITEM D-5 EXHIBIT
SCHEDULE OF LOAN DELINQUENCY CONTESTED CASE HEARINGS

<u>LESSEE</u>	<u>LEASE NO.</u>	<u>AREA</u>
ADAMS, Alvina K.	4421	Waianae, Oahu
DUNCAN, Lois L. V.	5481	Anahola, Kauai
DUNCAN, Stephen H., Jr.	5481	Anahola, Kauai
GOMES, Raymond T.	4984	Hoolehua, Molokai
HILL, Frances	4819	Hoolehua, Molokai
JACKSON, Kaye L.	9536	Waiehu 2, Maui
KAPU, John, III	2056	Hoolehua, Molokai
KEKUMU, Sundae	11985	Kaupea, Oahu
MCDUGALL, Patricia W.	3822	Nanakuli, Oahu
NAMAHOE, Dwayne K.	8406	Princess Kahanu Estates, Oahu

ITEM D-6 EXHIBIT
HOMESTEAD APPLICATION TRANSFERS / CANCELLATIONS

<u>APPLICANT</u>	<u>AREA</u>
ALAMEDA, Tina M.	Hawaii IW Res
COOK, Byron K.	Hawaii IW Res
DESHA, Godfrey B.	Hawaii IW Res
FAULKNER, Leialoha	Hawaii IW Agr to Maui IW Agr
FAULKNER, Leialoha	Hawaii IW Res to Maui IW Res
IIDA, Elizabeth K.	Oahu IW Res
KAALELE, Lokelani K.	Oahu IW Res
KALAMA, Matthew K.	Hawaii IW Res
KAMEALOHA, Anastasia N.	Oahu IW Res

MERTENS, Jeffrey S.
WILCOX, Dallas K.
WILCOX, Dallas K.

Hawaii IW Res
Oahu IW Res to Kauai IW Res
Hawaii IW Agr to Kauai IW Agr

ITEM D-7 EXHIBIT
REINSTATEMENT OF DEFERRED APPLICATIONS

AKANA, Benjamin
PASCUA, Lucy K.
QUERUBIN, Jane K.

Waimea Area/Hawaii IW Pas
Oahu IW Res
Papakolea Area/Oahu IW Res

* IW = Islandwide

ITEM D-9 EXHIBIT
RATIFICATION OF DESIGNATION OF SUCCESSORS TO LEASEHOLD INTEREST AND
DESIGNATION OF PERSONS TO RECEIVE NET PROCEEDS

<u>LESSEE</u>	<u>LEASE NO.</u>	<u>AREA</u>
AIKALA, Mercer K.	Lease No. 4733	Waianae, Oahu
KAEO, Evangeline K.	Lease No. 2285	Nanakuli, Oahu
KAMAI, Lillian M.	Lease No. 2754	Hoolehua, Molokai
KOTRYS-KELIPI, Melanie L.	Lease No. 562	Nanakuli, Oahu
MARDONADA, Stephen A.	Lease No. 6586	Anahola, Kauai
PESTANA, Tanna M. K.	Lease No. 546	Nanakuli, Oahu
PILIALOHA, Clive N.	Lease No. 4960	Nanakuli, Oahu
WAIAMAU-NUNUHA, Antoinette G.	Lease No. 8742	Nanakuli, Oahu

ITEM D-10 EXHIBIT
APPROVAL OF ASSIGNMENT OF LEASEHOLD INTEREST

<u>LESSEE</u>	<u>LEASE NO.</u>	<u>AREA</u>
CORDEIRO, Fredrick P.	Lease No. 11753	Kapolei, Oahu
KEAWEKANE Jr., Ronny Lee	Lease No. 546	Panaewa, Hawaii
KOHATSU Jr., Eldon	Lease No. 11149	Anahola, Kauai
OCAMPO, Dalvin	Lease No. 3407	Kapaakea, Molokai
PESTANA, Tanna M.K.	Lease No. 546	Nanakuli, Oahu
ROBINSON, Kaloa R.N.	Lease No. 6262	Panaewa, Hawaii
ROY, Corbett O.	Lease No. 6176	Puukapu, Hawaii
SUAPAIA, Richard K.	Lease No. 10357	Waiohuli, Maui
TANCAYO, Irene C.	Lease No. 3882	Kalamaulu, Molokai
VICTOR, Arden M.	Lease No. 6167	Waimea, Hawaii
YASSO, Owen	Lease No. 5015	Hoolehua, Molokai

ITEM D-11 EXHIBIT
APPROVAL OF AMENDMENT OF LEASEHOLD INTEREST

<u>LESSEE</u>	<u>LEASE NO.</u>	<u>AREA</u>
AKI, Suliana F	Lease No. 7813	Hoolehua, Molokai
APOSTOL, Jolene L.	Lease No. 179	Hoolehua, Molokai
BARRETT, Dustin K.	Lease No.1935	Nanakuli, Oahu
BURROWS, Shirley Ann L. & COLIPANO, Richmond I.	Lease No. 6111	Kalamaula, Molokai
BUSH, Florence	Lease No. 5806	Hoolehua, Molokai
CORDEIRO, Frederick	Lease No. 11753	Kanehili, Oahu
DE ANGELO, Carla T.	Lease No. 6071	Kalamaula, Molokai
DONAHUE, Franklyn W. III	Lease No.12485	Kanehili, Oahu
GRAMBERG, KENGY K.	Lease No. 12474	Kanehili, Oahu
HERNANDO, Jandie Lee M. T.	Lease No. 12505	Kanehili, Oahu
KAEO, Nathan N. F.	Lease No. 2285	Nanakuli, Oahu
KAHIKINA, Michael P.	Lease No. 2899	Nanakuli, Oahu
KALEHUAWEHE, Donald M.	Lease No. 3835	Paukukalo, Maui
KALIKO, Myrah K.	Lease No. 11677	Kanehili, Oahu
KAMAKELE, Anuhe A. D.	Lease No. 12407	Kanehili, Oahu
KANOA, Luella K.	Lease No. 3556	Waimanalo, Oahu
KAUHI, James A.	Lease No. 10487	Waiohuli, Maui
KEY, Thomas M. Jr.	Lease No. 4536	Nanakuli, Oahu
LANI, Jerilyn L.	Lease No. 5759	Hoolehua, Molokai
LUCAS, Melanie K.	Lease No. 10800	Laiopua, Hawaii
MANUEL, Franklin W.	Lease No. 12512	Kanehili, Oahu
MONIZ, Steven Jr.	Lease No. 12463	Kanehili, Oahu
PERRY, Jayna K. K.	Lease No. 2257	Waimanalo, Oahu
PESTANA, Tanna M. K. & Searl K.	Lease No. 546	Nanakuli, Oahu
SAKUDA, Charles H. Y.	Lease No. 12500	Kanehili, Oahu
SPENCER, Charlotte P.	Lease No. 1543	Keaukaha, Hawaii
SPENCER, Ellarene K.	Lease No. 12473	Kanehili, Oahu
VICTOR, Arden M.	Lease No. 6167	Waimea, Hawaii
WATSON, Mary L.	Lease No. 12456	Kanehili, Oahu
YARBROUGH-BORDEAUX, Colleen L.	Lease No. 7844	Hoolehua, Molokai

AGENDA Commissioner DaMate moved, seconded by Commissioner Tassill, to approve the amended agenda. Motion carried unanimously.

MOMENT OF SILENCE

Commissioner Lee Loy requested a moment of silence to acknowledge the passing of Willy Kalei, Queen Liliuokalani Trust (QLT) advocate for children, who made tremendous contributions to the Hawaiian community and the Kamoleau project in Panaewa. He also served as a CRC (Community Resource Coordinator) with the Office of Hawaiian Affairs (OHA). In addition, former DHHL employee, Joseph Pomaikelani, was remembered for his contributions to the department.

F - LAND MANAGEMENT DIVISION

ITEM NO: F-1

SUBJECT: Conditional Approval for Lease Term Extension, General Lease Nos. S-3831, S-3840, and S-4647, Aloha Beach Resort-Nomura CDO, LLC, Wailua, Kauai

RECOMMENDATION

Land Management Administrator Linda Chinn requested an approval for extension of leases of General Lease (GL) Nos. S-3831, S-3840, and S-4647 issued to Aloha Beach Resort-Nomura CDO, LLC, for the Aloha Beach Resort Development, Wailua, Kauai, whereby, the general leases shall be extended an additional 55 years and expire on May, 2084. The annual ground rent shall be re-determined in 2019 with proposed rent schedule, Exhibit "B" and annual ground rent will be re-determined in 2050 with a percentage rent provision to be included as a condition of the extension of the lease terms and calculated at 4% of the net adjusted gross revenue. Assignee shall commit to expend no less than \$4.5 million as an initial capital investment, as required under Act 219. Assignee shall demonstrate the means and methods of reinvestment into the resort over the terms of the leases, including the percentage of revenues reserved for future improvements.

MOTION

Moved by Commissioner Lee Loy, seconded by Commissioner Hopkins.

DISCUSSION

Administrator L. Chinn conveyed that three leases were acquired last year in July 2012 from DLNR (Department of Land and Natural Resources) Act 219, passed by the Hawaii State Legislature in 2011, which allows a state agency to extend leases under a resort development for an additional 55-year lease. All three leases began in 1964 and expire in 2029. Total annual income to the department is approximately \$320,000. The resort is located near the Wailua

River, adjacent to the Hikinaakala Heiau. Aloha Beach Resort-Nomura CDO, LLC, a subsidiary of the lender, took ownership of the hotel after a foreclosure. C-III Asset Management (C-III), stewards of the property, is seeking a qualified developer to revitalize the Aloha Beach Hotel. They have spent approximately \$5.5 million to bring the hotel current with back taxes and rent owed to DLNR, noted L. Chinn. Commissioner DaMate conveyed that she would like to see a nearby Charter School benefit from this venture and that the cultural aspects of the community be shared. According to Marc Occuhiuti, C-III senior vice-president, sponsorship and outlays of cash have been difficult. C-III is caring for the heiau on property and is working with the Native Hawaiian Chamber of Commerce. Commissioner Hopkins inquired as to what the market faces for the future attraction of visitors. At one time, it was difficult with economic setbacks and limited cash flow, but now with Act 219 being passed by the legislature, it has created a better premise for buyers, said M. Occuhiuti. He noted that two brokerage firms are marketing the property; one, a local firm called CBRE, and that both Hilton and Hyatt brand names have shown an interest in the property.

Commissioner Hopkins recommended developing a 10 to 20-acre parcel of commercial lands across from the Aloha Beach Hotel property, similar to the Coconut Market Place, hoping to draw locals and visitors alike. In the Kauai Island Plan, Wailua is considered a preferred location for homesteading, voiced Planner Kaleo Manuel. Now that the department has acquired Aloha Beach Hotel, there may be other opportunities to expand commercially to nearby properties. Bringing these lands to a point of development will require a substantial commitment to infrastructure, expressed Chair. Developing the 43 acres along with the existing property may be a logistical challenge due to a beach roadway that separate the two properties, articulated Commissioner Lee Loy.

Chair noted that if a conditional agreement is granted to market the property for a potential buyer, and an agreement is negotiated, at that juncture, the potential buyer would then own the leasehold improvement for the next 70 years. At that time, it would be appropriate to consider beneficiary consultation and community input, as well as the conditions of the owner. DHHL will be a part of the discussion of the development agreement, and lease terms will be folded into the development agreement and amended to the general lease before final approval by the commission, articulated L. Chinn.

M. Occuhiuti deems the Aloha Beach development to be a direct competitor to The Courtyard, another well-appointed hotel chain. He considers Aloha Beach Hotel to be a more leisure-type hotel, instead of a business or luxury-type hotel. Should the lease extension not be granted, M. Occuhiuti believes that C-III would continue to petition for an extension and proceed with a sale that may have a buyer less qualified and less enthusiastic about partnering with the Hawaiian community. The developer would then likely view the investment as an opportunity to lease the property for the remaining term with the intention of returning it back to the department.

Commissioner Artates asked about the employment status once the hotel secures a new developer. Ray Blouin, General Manager of Aloha Beach Resort stated that through his experiences, employees, as a whole, stay together, as demonstrated by previous natural disasters

that affected the island. The hotel's employees are very much attuned to any decisions involving this hotel.

Association of Hawaiians for Homestead Lands (AHHL) President, Blossom Feiteira, supports the conditional approval of this lease to Aloha Beach Resort. She added that any opportunity to lease Hawaiian home lands enhances profitability for all Hawaiian beneficiaries.

ACTION

Motion carried unanimously.

B - PUBLIC TESTIMONY ON AGENDIZED ITEMS

B- 1 Harrie-Ann Aki, Re: J-4, H. Aki spoke against permits being offered to acquire food and sustenance from the land and ocean in Moomomi. She supported asking the DLNR (Department of Land and Natural Resources) to hire additional staff to enforce and regulate the gathering rights at Moomomi. She disagreed with Hui Malama O Moomomi's request to manage the lands in Moomomi. Ms. Aki submitted material to be made a part of these minutes as Exhibit "A" for Item B-1.

B-2 Gavin Pelekane, Re: Items No. J-4, G. Pelekane is a fisherman and spoke against issuing permits to acquire food and sustenance from the land and ocean. He is a product of Lanai and was trained to fish. He conveyed that fishermen have been casting for fish at the west and south shores of Lanai because they lack the right to fish in their own Ahupuaa on Molokai.

B-3 Blossom Feiteira, President, Association of Hawaiians for Homestead Lands, Re: C-2, B. Feiteira concurs with the department's moratorium process of clarifying the practices of the Revocable Permit (RP) rules. She deems the moratorium scheduled for 90 days and an offer by the governor for a task force may be impacted by a timeline issue. Chair noted that the objective is to seek task force recommendations which will assist the department in determining how it plans to move forward. A 60 to 90-day moratorium period will give the department time to assess the current RP's.

Re: Item G-2, B. Feiteira requests removing the moratorium on subdivisions and that transfer of ag and pastoral lands be aggressively resolved, to meet the needs of the beneficiaries to become farmers. She favors a partnership with Green Energy to be solidified in Anahola.

Re: Item H-1, B. Feiteira is encouraged by the proposed transfer of funds to the department's loan fund. She asked the commission to consider transferring 100% of the Trust Funds into the loans fund.

B-4, Colette Machado, Gayla Ann Haliniak, and Kahu Anna Lou Arakaki, Re: Item F-3, Ka Hale Laa O Ierusalem Hou Church (Ka Hale Laa) member Colette Machado conveyed that her church will be celebrating its 64th year in 2014. Kahu Anna Arakaki said she is the third (3rd) generation Kahu for "Ka Hale Laa" which dates back to January 1951. The approval to extend their land on "Church Row" will aid them to expand usage. The founding church

member is Ana Lou's grandfather, Edward (Papa) Ayau, whose desire was to extend church services to those living in rural areas, said C. Machado.

C - OFFICE OF THE CHAIRMAN

ITEM NO: C-1

SUBJECT: Adoption of Resolution in Response to the State Auditor's Report,
Management Audit of the Department of Hawaiian Home Lands'
Homestead Services Division

RECOMMENDATION

Darrell Young, Deputy to the Chair, requested adoption of this resolution in response to the audit report issued by the Legislative Auditor in April 2013. Findings were reviewed and recommendations presented. The commission has expressed its desire to respond to the auditor.

MOTION

Moved by Commissioner Hopkins, seconded by Commissioner DaMate.

DISCUSSION

Commissioner Lee Loy urged fellow commissioners to engage in this resolution, by amending it as they see fit. He proposed deferral until board members have had an opportunity to review it. Commissioner Hopkins noted that the auditor addressed facts and figures while the department looked at the beneficiaries and their situations. Had the state auditor completed her task at the end of this calendar year, she would have likely observed some changes.

AMENDED MOTION

Moved by Commissioner Hopkins, to defer this item until tomorrow's agenda, seconded by Commissioner Kahikina.

DISCUSSION

Commissioner Tassill said that this is important to all beneficiaries and provides the commission an opportunity to move in a forward direction. Commissioner Lee Loy recommended that commissioners expound on the auditor's report and come back with a unified support on the elements of this resolution. Commissioner DaMate suggested addressing this matter immediately following executive session.

2nd AMENDED MOTION/ACTION

Moved by Commissioner DaMate to defer the matter until after Tuesday's executive session, seconded by Commissioner Artates. Motion carried unanimously.

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner DaMate, to adjourn to executive session. Motion carried unanimously.

RECESS 11:34 a.m.

EXECUTIVE SESSION

The Commission convened in executive session pursuant to Section 92-5 (a)(4), HRS, to consult with its attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities and liabilities on the above-stated matter.

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner DaMate to reconvene to regular session. Motion carried unanimously.

RECONVENE 11:45 a.m.

ITEM NO: C-2

SUBJECT: Convening of Governor's Task Force to Recommend Program Reform to the Revocable Permit Program

MOTION/ACTION

None, for information only.

DISCUSSION

Deputy to the Chair Darrell Young said that the Honolulu Star-Advertiser ran a series of investigative articles and an editorial commentary from May 5 to May 10, 2013 on their perspective of the department's use of its Revocable Permit (RP) program. D. Young and Land Management Administrator Linda Chinn met with a reporter over a six-week period, to attempt to clarify and explain the RP program to him, including the differences between homestead leases and non-homestead revenue producing leases, licenses, revocable permits and right-of-entry permits. The tone of the articles viewed the department as plagued by "malpractice" and "mismanagement" over the years, and that the month-to-month RP should be used to address the department's agricultural and pastoral waitlist. The department plans to review its program, and issue a 60 to 90-day moratorium on new RP's. Existing RP's are to be reviewed, to determine whether they should be continued, modified, or terminated. Also, a scrutiny on all general leases, licenses and right-of-entry permits will be addressed. Letters will be sent to 700 of these RP permittees or licensees, to review and ensure that they are in compliance. An update will be

presented once the pertinent information is collected. The department is accepting the assistance of Governor Abercrombie's Assessment Committee, which will include the Attorney General, Director of Finance, and the Chairman of the Department of Land and Natural Resources. The committee's intention is to address the current and anticipated problems, map out procedures and processing, and create a list of options and changes to the program. Prior to implementation, the commission will have an opportunity to approve the matter for action. Dissemination of information and updates will be available on the department's website, said Deputy Young.

Commissioner DaMate inquired whether exceptions would be made for potential RP's. Deputy Young said that the department would need to look at it on a case-by-case matter. Chair explained that the assessment committee is not being created to supplant the authority of this commission. The committee will instead review the department's RP program and suggest reforms. The committee brings together staff resources to aid in the RP's program moving forward.

MOTION/ACTION

Moved by Commissioner Lee Loy, seconded by Commissioner Kahikina, to adjourn to executive session. Motion carried unanimously.

RECESS 11:56 a.m.

EXECUTIVE SESSION

The Commission convened in executive session pursuant to Section 92-5 (a)(4), HRS, to consult with its attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities on the above-stated matter.

MOTION/ACTION

Moved by Commissioner Lee Loy, seconded by Commissioner Hopkins, to reconvene to regular session. Motion carried unanimously.

RECONVENE 1:18 p.m.

DISCUSSION (cont. Item C-2)

Commissioner Lee Loy recommended introducing a resolution but needs further guidance. Deputy Attorney General Diane Taira recommended reconvening to executive session to discuss these options.

MOTION/ACTION

Moved by Commissioner Lee Loy, seconded by Commissioner Hopkins, to adjourn to executive session. Motion carried unanimously.

RECESS 1:18 p.m.

EXECUTIVE SESSION

The Commission convened in executive session pursuant to Section 92-5 (a)(4), HRS, to consult with its attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities on the above-stated matter.

MOTION/ACTION

Moved by Commissioner Lee Loy, seconded by Commissioner Hopkins, to reconvene to regular session. Motion carried unanimously.

RECONVENE 1:49 p.m.

MOTION/ACTION

Moved by Commissioner Lee Loy, seconded by Commissioner Hopkins, to adjourn to executive session. Motion carried unanimously

RECESS 1:50 p.m.

EXECUTIVE SESSION

The Commission convened in executive session pursuant to Section 92-5 (a)(4), HRS, to consult with its attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities on the above-stated matter

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Kahikina, to reconvene to the regular meeting and continue with Item C-2. Motion carried unanimously.

RECONVENE 2:26 p.m.

ITEM NO. C-2 (cont.)

SUBJECT: Convening of Governor's Task Force to Recommend Program Reform to the Revocable Permit Program.

MOTION/ACTION

Moved by Commissioner Lee Loy, seconded by Commissioner Hopkins to schedule a special

meeting on or around June 6, 2013, to address the commission's response to the Revocable Permit matter and to address a strategic plan of priorities. Motion carried unanimously.

ITEM NO: F-2

SUBJECT: Approval of Amendment to License No. 648, American Renaissance Academy, Kalaeloa, Oahu

RECOMMENDATION

Land Management Administrator Linda Chinn recommended subsequent approval of proposed amendment to License No. 648, originally issued to Narcanon Hawaii with subsequent assignment to American Renaissance Academy in 2011, to use the building in Kalaeloa. The proposed amendment is for additional office space and open area to expand the school's operations. American Renaissance Academy is requesting approximately 1,800 sq. ft. of office space, with a 6,000 sq. ft. fenced area, and 20,000 sq. ft. of open area around Building 1. This will add approximately \$4,600 more a month, bringing their monthly fee to \$12,672.

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM NO: F-3

SUBJECT: Approval of Amendment to License No. 478, Ka Hale Laa O Ierusalem Hou Church, Kalamaula, Molokai

Land Management Administrator Linda Chinn requested an amendment to License No. 478 to expand the church grounds by an additional .812 acres for the purpose of church services and other religious related activities for a total of 1.37 acres for Ka Hale Laa O Ierusalem Hou Church, on Molokai.

MOTION

Moved by Commissioner Hopkins, seconded by Commissioner Kahikina.

DISCUSSION

The church has been in existence for 63 years and the additional space will be used to house classrooms and a cottage for visitors to the church, conveyed Colette Machado. Kahu Anna Arakaki expressed that it is a privilege to support the approval of this submittal which is vital to the community. Commissioner DaMate recommended removing the annual rent of \$200, to include waiving the \$75 documentation fee. C. Machado thanked Commissioner DaMate for a gesture of aloha, but declined the idea, as it would not be pono with their ancestors to not to pay

their fare share. The fees are minimal and the church has set aside funds to pay for it. The heavier burden is in construction costs, and the church hopes to attract church members and other skilled people to kokua.

ACTION

Motion carried unanimously.

ITEM NO: F-4

SUBJECT: Approval of Issuance of Right-of-Entry to Kamaaha Educational Initiative, Keaukaha, Hawaii

RECOMMENDATION

Land Management Administrator Linda Chinn recommended issuance of a Right-of-Entry (ROE) permit to Kamaaha Education Initiative (KEI), a 501(c)3 non-profit corporation to conduct a preliminary study on a 20-acre parcel in Keaukaha for the development of a charter school, subject to conditions listed.

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner DaMate.

DISCUSSION

Preliminary approval to issue a license was issued in 2011 to this group to do their due diligence study for this proposed property. Due to the inability to utilize all the 20 acres, KEI sought another parcel in Panaewa; however, objections were heard from the Keaukaha-Panaewa Farmers Association. Thus, KEI decided to continue its study on the original property. KEI Executive Director, Olani Lilly, said that they are a non-profit arm that supports Ka Umeke Kao Charter School. The school is split into two groups; one group at the Keaukaha Elementary School, the other group at the Edith Kanakaole Foundation. She added that next year will produce its first (1st) graduating class. The time to move is now as Keaukaha Elementary has been steadily expanding their school.

ACTION

Motion carried unanimously.

ITEM NO: F-5

SUBJECT: Status Update, Draft Environmental Assessment, Kiowea Park, Molokai

MOTION/ACTION

None, For Information Only.

DISCUSSION

Kalamaula Homestead Association (KHA) President, Gayla Ann Haliniak, indicated that KHA is awaiting a Final Environmental Assessment (EA) for the Kiowea Park Phase II Improvement Project. Funding from a settlement received by DHHL upon the closing of a rubbish dump in Kalamaula will be used to help build the facility. They anticipate this project to be off the ground by September 2013. Even the National Guard is aiding the community to build the facility. Drainage issues have been a problem, as the area is below sea level. Oftentimes, port-a-potty's are utilized for larger gatherings.

June 8, 2013 is the last day to receive comments for the Draft Environmental Assessment (DEA). Hopefully, a Final Environmental Assessment (FEA) will be presented either June or July for a FONSI (Finding of No Significant Impact) determination, said L. Chinn. An SMA (Special Management Area) permit is also being assessed which C. Machado is requesting to have waived. The department has committed \$200,000 for this project, while OHA (Office of Hawaiian Affairs) has afforded \$100,000 for the planning portion of the project. Kalamaula homesteaders and others are assisting with manual and equipment services.

ITEM NO: F-6

SUBJECT: Notices of Defaults/Revocations, Statewide

RECOMMENDATION

Administrator L. Chinn said that the balance of General Lease (GL) No. 178, Hokuloa, Inc. is corrected to \$9,522.72. Gil Uilongo owes \$3,927.36 and is current with his payments. GL 109 Big Island Toyota is current on its payments. Oasis Enterprises is current on its month-to-month payments while working towards clearing up its prior delinquency.

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates. Motion carried unanimously.

AMENDED AGENDA

Moved by Commissioner Hopkins, seconded by Commissioner Artates, to convene with Item No. G-2. Motion carried unanimously.

ITEM NO: G-2

SUBJECT: Beneficiary Consultation Report for the Anahola Renewable Energy Project

RECOMMENDATION

DHHL Planner Kaleo Manuel recommended acceptance of this beneficiary consultation report as the official public record of beneficiary issues and concerns relative to the Anahola Renewable Energy Project.

MOTION

Moved by Commissioner DaMate, seconded by Commissioner Hopkins, to accept the report as presented.

DISCUSSION

Three meetings were held on Kauai; a consultation meeting at Anahola Clubhouse and two additional public hearings. DHHL Planner Julie Cachola provided the project description, the leasing of 2,143 acres of land mauka of Anahola and west of Kealia Road, in order to generate \$55,000 annual lease rent. Terms are being negotiated, and Green Energy would prefer a 30-year lease; however, the department is considering ways to incrementally convert those lands into homestead lots. Another component is the return of 267 acres of albizia-cleared land within the first five (5) years for agricultural homestead use. In-kind improvements to the land under the lease would include the clearing of albizia trees, stumps, drain improvements, and road improvements to agricultural use standards.

Today's consultation report is a presentation of the findings of what was discussed at all of the beneficiary meetings, noted Planner K. Manuel. Neither negotiations nor recommendations were presented at these meetings. The seven steps of beneficiary consultation are covered in this process. Approval of this submittal marks the completion of the final steps in the beneficiary consultation: 1) Proposed action is described; 2) Beneficiaries in Anahola were notified; 3) Informational Packets distributed at consultation meetings held March 8, 14 and 15, 2013; 4) Comments are compiled into meeting reports which were well attended

Two sets of petitions (75 signatures and 696 signatures) were filed with the commission against the Anahola Renewable Energy Project. In addition, written testimony (27) was received over

the month. In summary, all the major issues derived from community consultation comments were:

- 1) community representation – mistrust towards HCDC and AHHA
- 2) Fair market rent/compensation – why is DHHL getting only 2% of gross, not 100%
- 3) Process and Transparency – not pono
- 4) Existing Revocable Permits – displacing existing month-to-month RP ranchers
- 5) Length of Lease – why 20 to 30 years to one entity
- 6) Agricultural homestead lots – plan for 267 acres for ag use
- 7) Impact on Land – tree planting and water use, erosion and sediment to offshore fishing
- 8) Benefit Agreement – How will community benefit agreement be distributed fairly

J. Cachola reiterated that this submittal is not for staff recommendation, but to demonstrate what transpired at the beneficiary consultation.

Eric Knutzen, Green Energy LLC provided testimony in response to the public hearings saying that it was fear that motivated people to go against the project. He provided highlights and an overview of getting the facts to the people in Anahola. Chair noted that the issue at hand is for accepting the report of the beneficiary consultation process and the comments and characterization. E. Knutzen said there are several items that need changes. One is a proposal of 20 years instead of a 30-year lease, and after 5 years, the first 267 acres are to be cleared with no replanting, in order to have ag parcels available in 5 years. Then the Mauka area of 850 arable acres over a period of 15 years would be planted with DLNR (Department of Land and Natural Resources) forestry-approved trees, then cleared and made ready for homesteading. He requested to have the lease-award decision be made by June 30, 2013.

Green Energy LLC contacted AHHA (Anahola Hawaiian Homestead Association)/HCDC (Hawaiian Community Development Corporation) to promote a joint venture after making initial contact with DHHL. AHHA/HCDC held its own informational meetings and after further consultation with the Attorney General's office, it was eventually concluded that HCDC was unable to be on the lease. To not kill the project, AHHA and HCDC pulled back on their request to be on the lease, leaving Green Energy as the only entity seeking a direct lease. The beneficiary consultation meeting held March 8, 2013 contained minimal information and the meetings held March 14-15, 2013 were inaccurate about the information shared, said E. Knutzen. He contended that \$10.2 million was to be paid for the value of the lease which the public was not aware of. There are no GMO trees which some people indicated there was. Thus, a lot of frustration was brought on by a lot of misinformation, said E. Knutzen.

AHHA President, Lorraine Rapoza, read testimony from HCDC President, Kipukai Kualii, who is advocating for the partnering of Green Energy LLC and DHHL. K. Kualii discounted all the rumors and bad mouthing this project took on its first beneficiary consultation meeting in Anahola, and blamed DHHL staff for allowing a few dissenters to display outbursts and spread misinformation so that by the subsequent two meeting dates, there was much discord and dissension among the homesteaders and the public. K. Kualii listed a number of benefits to come out of this project; such as, the availability of 267 acres of the best homestead lands, 850 acres of arable lands after 15 years, improved roads, community jobs, employment training, and

a community picnic area. Ms. Rapoza also expressed her disenchantment with the proceedings of this project and the verbal attacks made by homesteaders against former HCDC President Robin Danner. She expressed the importance of removing the albizia trees. She seeks resolution by the Chair and the department to smooth things out and to make it better for all beneficiaries.

Chair noted that the lease is still undergoing negotiations between DHHL and Green Energy LLC and discussions are confidential. For today's submittal, the only item being considered is the acceptance of the beneficiary consultation report. Commissioner Hopkins requested a copy of the community meeting sign-in sheets of meetings held earlier by Green Energy and HCDC. He inquired if other organizations oppose this project. L. Rapoza named Anahola Farmers, led by Joe Torio, as in opposition to the project, as well as Joe Borden, representing a rancher's group. She discredits the department for not making the plan work. Those testifying for organizations at the beneficiary consultation meetings included Joe Torio for Anahola Farmers and Joe Borden, representing a rancher/farmer organization, conveyed J. Cachola. According to E. Knutzen, the root of the problem was based on the belief that Joe Borden thought this project would affect him and his family economically. E. Knutzen spoke with him to set him straight. Of the five families who ranch in Anahola, only one rancher would be affected. A solution would be to offer this particular rancher a 44.85 acre parcel of suitable ranch land.

Commissioner Lee Loy recommended a motion to have the reports from E. Knutzen, and the letter from Kipukai Kualii and Lorraine Rapoza to be submitted as part of the public hearings record on the Green Energy project. Chair clarified that today's report was intended to be a report, of a point in time, to report to the commission on the beneficiary consultation and two hearings. The information provided by Eric Knutzen and Lorraine Rapoza will become part of the commission record, in response to this report. If the commission amends to include that information presented today as part of the public hearings, it would be an inaccurate statement. Commissioner Lee Loy said he understood the process, but wanted it to be fair with all the additional information being presented. Commissioner Lee Loy subsequently withdrew his motion. A copy of the comments made by E. Knutzen will be made a part of these minutes, excluding the lease agreement, which is currently in negotiations. Commission members thanked E. Knutzen for providing updated information. The "deadline does not escape this commission and progress needs to be made as it has taken almost a year", said Commissioner Lee Loy. If there should be an agreement reached, the department did make a commitment to the community to return for another informational briefing for the beneficiaries, said Chair. Commissioner Hopkins thanked staff for its participation in these vital community meetings and those who shared their ideas for/against the project. He said that the message from both the department and Green Energy were the same, however, outside information discolored what was being said.

The department has an opportunity to come to some conclusion. If commissioners are interested in viewing a video of the meetings, one may be available. Commissioner Davis said that it is hard to move forward when you have a lot of people holding you back, and the only way to move forward is to work together. L. Rapoza conveyed that the Anahola ranchers, who have RP (Revocable Permit) lands, are not Hawaiian.

ACTION

Motion carried unanimously.

ITEM NO: G-1

SUBJECT: Approval of Implementation Plan to Remove the Moratorium on Subdivisions and Transfer of Agricultural and Pastoral Leases

RECOMMENDATION

DHHL Planner Kaleo Manuel recommended approval of criteria, process, and next steps, to remove the moratorium on subdivisions and the transfer of agriculture and pastoral leases. That the commission:

1. Approve criteria to allow subdivisions and transfer of agriculture and pastoral leases, pursuant to HAR 10-3-26(f);
2. Accept beneficiary consultation report;
3. Approve next steps to implement HAR 10-3-26(f).

MOTION

Moved by Commissioner Lee Loy, seconded by Commissioner Hopkins.

DISCUSSION

DHHL Planner Bob Freitas said that the commission required the department to conduct a consultation with farming and ranching homesteaders, to attain ideas on whether a moratorium that was established in 1999 should be lifted with no additional rules to be considered for adoption. A legal survey was taken to determine whether to grant subdivisions on ag or pastoral lands. Hawaii Administrative Rules determined it allowable under HAR 10-3-26. Criteria one to be considered was the availability of water resources and those wishing to divide their properties. Once density is increased, additional water must be considered. Criteria two is about meeting DHHL's land use requirements which is important for those areas that do not have sufficient infrastructure to support additional subdivision development. These are areas that could be "blackened out." Criteria three is the assurance that all farmers and ranchers are utilizing at least two-thirds (2/3) of their lands, in order to be considered for subdivision application. Criteria four is for good standing. Paying delinquent taxes, paying mortgages and maintaining the lease are required. Criteria five is having sufficient financial capacity. Homesteaders need to ensure that they have sufficient funds to pay for development reports, engineering studies, and surveys. Criteria six is avoidance of nuisance. When additional homes are built, it must be understood that farming is priority. Criteria seven is the identification of the eligible family member receiving the land. Section 209 identifies all the relatives eligible to receive portions of the lease. Criteria eight relates to farm and ranch plans. Those who wish to subdivide need to provide an active farm or ranch plan, which includes a new homesteader. Criteria nine refers to

the acknowledgement of environmental requirements. Based on EIS exemptions, certain classes of action are exempt. A preliminary approval is to have the homesteader hire a surveyor to put together the subdivision request. The county may grant its final approval for the subdivision. It then comes back to the department for preparation of documents and final approval by the commission, conveyed B. Freitas. An outreach process is necessary to educate the homesteader, and the department needs to provide a map on the eligible lands.

Commissioner Hopkins queried as to how many ag lots lack sufficient water infrastructure. The agricultural lots and programs established have gone through growing pains, and this is one of the purposes of why the moratorium was put in place. Funding for water is a tremendous expense. Even running the Molokai potable systems is difficult for the department. The department does not wish to penalize the homesteader, by saying it is alright to subdivide, yet, water is nil. The department is working towards obtaining water which is a key factor in securing approval from all of the counties. No approvals are granted to subdivide, if water is not available.

Chair inquired as to whether the cultivation of a 2/3 portion of the ag/farm lot will be apparent at all times. The department has relied on the farm plans. If the farm plan calls for certain crop development, it is compliant that 2/3 be under development or cultivated, said K. Manuel. Chair asked for clarification on Item No. 6 that "an addendum to a new lease is required to insure that future lessees understand that the newly subdivided homestead is located in an agricultural area and they fully understand that agricultural activities have priority." A ag homesteader must realize that agricultural activities have priority which is intended to mean that there may be dust, pesticides, smells, etc. A new lessee needs to understand what to expect in these types of situations. Full disclosure at the signing of the lease document is part of the outreach component.

Counties are beginning to adopt "Ohana" housing, but in the Hawaiian Homes Commission Act it talks about one house, one residence per lot. There would need to be rule changes to allow for more than one residence on a lease. Chair has asked Dre Kalili, Policy and Program Analyst, to look into this issue. Discussion covered types of homes built to accommodate multi-generational living. Some beneficiaries discovered ways to use existing building codes and through ingenuity, ways to build-out heir homes by creating breezeways, said Chair. Commissioner Lee Loy inquired whether the department had rules on animals on ag lands. He described that animals are a productive part of ag lands. As the ag program begins to build and the department forges partnerships with the Department of Agriculture and other agricultural lessees, incorporating rule changes and actual farming practices will need to be addressed. Commissioner Lee Loy wants assurance that lessees have room to succeed. K. Manuel said he will attain the correct interpretation for these requirements.

ACTION

Motion carried. Commissioner DaMate was excused when the vote was taken.

H - ADMINISTRATION SERVICES DIVISION

ITEM NO.: H-1

SUBJECT: Approval of Transfer of Moneys Deposited in the Hawaiian Home Trust Fund-Hawaiian Home Receipts Account to the Hawaiian Home General Loan Fund and the Hawaiian Home Operating Fund

RECOMMENDATION

Deputy to the Chair Darrell Young recommended the approval to transfer the entire receipts deposited in the Hawaiian Home Trust Fund-Hawaiian Home Receipts Account to be equally deposited into the Hawaiian Home General Loan Fund (Loan Fund) of 50% and the Hawaiian Home Operating Fund (Operating Fund) of 50%. As of April 29, 2013, the balance in the Hawaiian Home Trust Fund-Hawaiian Home Receipts Account is approximately \$2,223,150. This proposal will address the loan financing and operating needs of the department for FY 2014.

MOTION

Moved by Commissioner Artates, seconded by Commissioner Hopkins.

DISCUSSION

The Hawaiian Home Trust Fund and the Hawaiian Home Operating Fund (Operating Fund) are Trust Funds. Commissioner Lee Loy inquired as to where moneys are receipted from interest paying loans. Chair explained that the interest payments from the department's direct loan fund are placed into a receipts fund. When the repayment of interest payments are not placed in the general home loan fund, it reduces the amount of money the department has to lend out. The interest payments have been deposited into the Operating Fund which pays for operating water expenses, salaries, contracts, etc. The General Loan Fund has a balance of \$10 million available to lend out, however, this is utilized for loans of last resort.

Chair articulated that if the commission does not take action, the "Act" (Hawaiian Homes Commission Act) dictates where the money goes; 91% is transferred into the General Loan Fund and 9% into the Operating Fund. The discretion as to how the monies in the Operating Fund and General Loan Fund are to be allocated will be determined by the commission in June as part of the budget approval.

RECESS 10 minutes

AMENDED MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner DaMate, to defer this item until Tuesday's agenda, after Item C-1 when counsel is present. Motion carried unanimously.

J - GENERAL AGENDA

ITEM NO: J-1

SUBJECT: Request to Address the Commission – Wade H. Lee

MOTION/ACTION

None, for information only.

DISCUSSION

Hoolehua homesteader Wade Lee said that he and other homestead farmers have formed a business called Kaleinaulu, Molokai's answer to renewable energy sustainability. His brother Wescott Lee explained further of a plan to build a biodiesel plant on Molokai where residents can obtain virgin feed stock, from its own biodiesel plant. According to Wescott Lee, Molokai brings in 2.5 million gallons of fuel to the island. It costs approximately \$9 to 10 million a year to sustain the island. The plan is to partner with the University of Hawaii (UH) and Pacific Biodiesel Technologies (PBT) by utilizing kukui nut or any other biodegradable crop as fuel. He estimated that 81 trees planted on one acre times 3,000 acres (86 lots) will yield 1.92 million gallons of biodiesel fuel. The resources are obtained through grants, as well as \$7.5 million in investments from private, local community and beneficiaries. Other resources include US Department of Agriculture, Hawaii Department of Agriculture, Air Force Research and Laboratory, Sustainable Agricultural Research and Education (nationwide), OHA (Office of Hawaiian Affairs) and Bishop Estate. They are seeking additional investors for the project. Benson Lee recommended converting 3 parcels of land, near a water pump owned by Kaluakoi, to be utilized for this purpose. He indicated that this project is part of the Molokai Island Plan. The area is hilly and barren containing 600 suitable acres from a total of 985 acres. Chair urged the Lees to continue to work with DHHL Land Agent Carolyn Darr and to provide additional details for further discussion and decision making. Material was provided to be made a part of these minutes as Exhibits A – F for Item No. J-1.

ITEM NO: J-2

SUBJECT: Request to Address the Commission – Harry K. Purdy, III

MOTION/ACTION

None, for information only.

Harry Purdy and his moopuna (grandkids) welcomed commission members and announced their genealogy of family members. H. Purdy, III said he is a third generation homesteaders and resides on Agriculture Lot 4-A in Hoolehua. His grandmother, Kalei Lindsey Purdy, acquired 40 acres (Lot 6) of agriculture lands in Hoolehua, Molokai in 1924. H. Purdy acquired his 5-acre lot in 1979 from Gladys and Frank Kupau, who sold it to him. G. Kupau received an award of 40

acres where 35 acres was utilized by Libby McNeil for pineapple production. When pineapple farming exited Molokai, she returned the 35 acres to DHHL. H. Purdy acquired the 35-acre parcel in 2000 as a Revocable Permit, as he was unable to supersede others on the waitlist. The 35 acres is land-locked and is situated at the rear of H. Purdy's homestead, creating no access to the property. He is unwilling to extend an easement through his property as he has established a working farm which is fully built-out. He has planted numerous macadamia, mango and other fruit trees and flowering plants and makes his living selling to locals and visitors alike. H. Purdy is requesting that the 35 acres be awarded to him as part of the original lease, as he would like to one day pass his homestead down to his Ohana.

The files will need to be reviewed by staff to see what options are available and to confer with legal counsel, explained Chair. Administrator L. Chinn pointed out that H. Purdy has requested for reconsideration from as far back as the 1990's, and the response has always been to wait until the island's waitlist has been addressed. This parcel was idle from 1968 to 2000 and H. Purdy has utilizing it as an RP for the past 13 years. Although he enjoys the usage of the property, his desire is for it to become part of his lease. H. Purdy submitted material to be made a part of these minutes as Exhibit "A" for Item No. J-2.

ITEM NO: J-3

SUBJECT: Request to Address the Commission – Henry K. Yasso

MOTION/ACTION

Mr. Yasso was unavailable to address the commission.

ITEM NO: J-4

SUBJECT: Request to Address the Commission – Kelson "Mac" Poepoe

MOTION/ACTION

None, for information only.

Mac Poepoe a 4th generation homesteader from Hoolehua, presented a power point and proposed to designate Moomomi as a Community Based Subsistence Fishing Area (CBSFA) which will be designed to gather food for personal and family consumption. According to M. Poepoe, the community will have a say in the management of this partnership. The landowners along the southwest coastline include Molokai Land Trust, The Nature Conservancy, Molokai Properties, Ltd, DHHL (Moomomi and Kalaupapa), Kalaupapa Ohana (USNPS), and Joyce Kainoa Ohana. Molokai people depend on the ocean for sustenance, expressed M. Poepoe, and there has been a trend where fishing resources have been steadily depleting over the years. The project will extend from Ilio Point to the west and Kaholaiki to the east, and ½ mile out from shore. He maintains that partnering with the government helps for the betterment of the whole community. Attorney Dennis Sakoda, DLNR (Department of Land and Natural Resources) has provided him

guidance and Russell Sparks with DLNR's DAR (Department of Aquatics Resources Division) has offered much support in moving this project forward. Today's presentation is deemed a draft of what is to come. M. Poepoe said he has been working on this type of sustainability for 20 years with limited resources. He is hopeful that the commission will recognize the importance of this life-sustaining plan for the people of Molokai. Times have changed where raw foods were expected at a baby luau, conveyed Kamalu Poepoe. Nowadays, people don't expect raw foods. This in itself is the number one indicator that the ocean and its resources are being threatened. She expressed that Hawaiians should take on the kuleana (responsibility) and demand for a better and healthier lifestyle. She asks for the commission's support for her husband and his project.

Commissioner DaMate pointed out that Mac Poepoe is a well respected lawai'a (fisherman) in the State of Hawaii and his fishery program at Moomomi has set the standard for every single island in sustainability and subsistence fishing. Knowing how to take care and the raising of fish is a critical component in the Hawaiian Homes Commission Act (HHCA) and its aquaculture program of sustainability. In order to sustain and protect such areas, one needs to know the area. Mac as a Konohiki (headman) of Moomomi, understands what is there and how to care for it and how not to come from another place and rape it, expressed Commissioner DaMate.

As this project comes to fruition, Chair anticipates that DLNR Chairman Aila would likely submit some type of Memorandum of Understanding of the proposed DLNR rules regarding jurisdiction on DHHL lands. M. Poepoe conveyed that Moomomi is the only public access to the coastline area. Commissioner Artates inquired whether seals are moving closer to shore to eat. It appears to be part of the problem, as seals tend to chase fish from its nesting hole, said M. Poepoe. Commissioner Davis thanked M. Poepoe for being conservation wise as this is an area with which he is most familiar.

Material was submitted to be made a part of these minutes as Exhibit "A." for Item No. J-4.

ITEM NO: J-5

SUBJECT: Request to Address the Commission – James M. Duvauchelle, Sr.

MOTION/ACTION

None, for information only.

DISCUSSION

James Duvauchelle said he was employed at Molokai Ranch for 42 years as a cowboy and later as a livestock manager. He then became an independent rancher in Maunaloa and is now looking towards relocating to his homestead lot in Moomomi. His problem is viable water for his lot which lacks infrastructure. He is seeking to exchange Lot No. P-19 to either Lot No. P-14 or Lot No. P-8. He is prepared to begin fencing and constructing a home for him and his wife, and for the abused children who reside with them. Raising various animals would prove therapeutic resources for the children and aid in their progress. Chair expressed that the

department would need to review the legal options, to determine whether J. Duvauchelle meets those conditions. By his testimony, Chair pointed out that J. Duvauchelle has demonstrated his capability as a skilled rancher, and his pursuit to continue are aspects that need to be evaluated. A response should be forthcoming within the month, said Chair.

MOTION/ACTION

Moved by Commissioner Hopkins to recess the meeting, seconded by Commissioner Artates. Motion carried unanimously.

RECESS 6:38 p.m.

HAWAIIAN HOMES COMMISSION
Minutes of May 21, 2013
Meeting Held in Kalamaula, Molokai

RECONVENE 10:40 a.m.

The Regular Meeting of the Hawaiian Homes Commission was reconvened on Tuesday, May 21, 2013, at the Kulana Oihi Conference Room, 600 Maunaloa Highway, Kalamaula, Molokai, Hawaii.

PRESENT Jobie M. K. Masagatani, Chairman
Perry O. Artates, Commissioner, Maui
Leimana DaMate, Commissioner, West Hawaii
Gene Ross K. Davis, Commissioner, Molokai
J. Kama Hopkins, Commissioner, Oahu
Michael P. Kahikina, Commissioner, Oahu
Ian Lee Loy, Commissioner, East Hawaii
Renwick V. I. Tassill, Commissioner, Oahu

COUNSEL Matt Dvonch, Deputy Attorney General

STAFF Darrell Young, Deputy to the Chairman
Francis Apoliona, Compliance Officer
Darrell Yagodich, Administrator, Planning Office
Linda Chinn, Administrator, Land Management Division
Juan Garcia, Homestead District Supervisor, Homestead Services Division
Kanai Kapeliela, Applications Officer, Homestead Services Division
Renee Kondo, Legal Assistant, Homestead Services Division
Halealoha Ayau, Molokai Acting Homestead District Supervisor
Elaine Searle Secretary to the Commission

AMENDED

AGENDA Moved by Commissioner Hopkins, seconded by Commissioner Lee Loy, to commence with Public Testimony on Agendized Items. Motion carried unanimously.

B - PUBLIC TESTIMONY ON AGENDIZED ITEMS

B-7 – Leilani Wallace, President, Kapaakea Homestead Association,

Kapaakea Homestead Association initially had planned for a community park, but nixed the idea so that Lot 27 could be offered as a homestead lot for a family. The community will make another attempt to acquire a park when the opportunity avails itself, noted President Leilani Wallace.

B-8 – Blossom Feiteira, President, Association of Hawaiians for Homestead Lands,

Re: Executive Session Item 2, B. Feiteira is not in support of the sale of leases, especially for the second time lease holders who again sell their leases.

Re: D-5, B. Feiteira requested that assistance be available to delinquent lessees who have serious lease-payment issues. B. Feiteira then introduced Judy Caparida as the new Molokai island representative for Hui Kakoo Aina Hoopulapula.

SERVICE AWARD

For his contribution and service to the Department of Hawaiian Home Lands, Larry Sagario, Molokai District Office employee, was presented a 25-year service award.

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates, to adjourn to executive session. Motion carried unanimously.

RECESS 11:00 a.m.

EXECUTIVE SESSION

The Commission convened in executive session pursuant to Section 92-5 (a)(4), HRS, to consult with its attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities to address the following matters.

1. Leighton Pang Kee v Masagatani, et al., Civil No. 12-1-2403-09
2. Commission's Authority to Regulate the Sales of Leases of Vacant Lots, Undivided Interest Lots, and Lots with Improvements

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates, to reconvene to regular session. Motion carried unanimously.

RECONVENE 12:17 p.m.

RECESS 10 minutes

RECONVENE 12:29 p.m.

ITEM NO. C-1 (cont.)

SUBJECT: Adoption of Resolution in Response to the State Auditor's Report,
"Management Audit of the Department of Hawaiian Home Lands'
Homestead Services Division"

DISCUSSION

Chair inquired whether commissioners had any amendments to the resolution. Commissioner Hopkins does not agree with the auditor's report that rules and responsibilities are not there. He believes that roles and responsibilities are there, except, on occasion, when there is an imbalance of authority. Chair welcomed Commissioner Hopkins' honesty but recommends acknowledging that there are areas for improvement and leave it at that. Commissioner DaMate suggested adding the mission of the Hawaiian Homes Commission Act which is to rehabilitate Hawaiians and get them on the lands, and in finding ways to keep them there and would clarify why the department is loath to cancelling leases.

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates, to adjourn to executive session to consult with counsel on this matter. Motion carried unanimously.

RECESS 12:48 p.m.

EXECUTIVE SESSION

The Commission convened in executive session pursuant to Section 92-5 (a)(4), HRS, to consult with its attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities, regarding the above-stated matter.

MOTION/ACTION

Moved by Commission Hopkins, seconded by Commissioner Davis to reconvene to regular session. Motion carried unanimously.

RECONVENE 12:52 p.m.

AMENDED MOTION/ACTION

Moved by Commissioner Hopkins seconded by Commissioner Artates, to eliminate the last whereas clause. Motion carried unanimously.

ACTION ON ORIGINAL MOTION

Motion carried unanimously.

AMENDED AGENDA

Moved by Commissioner Hopkins, seconded by Commissioner Artates to commence with Item No. D-12. Motion carried unanimously.

ITEM NO: D-12

SUBJECT: Request to Set Aside Hawaiian Homes Commission's April 24, 2001 and February 26, 2002 Actions, and Authorize the Amendment of Lease No. 3442, Lot No. 112A, Hoolehua, Molokai, Hawaii, Skylla Villanueva, Lessee

Deputy AG Matt Dvorch recommended that Item D-12 be deferred until next month's agenda.

MOTION/ACTION

Commissioner Hopkins moved, seconded by Commissioner Kahikina, to defer Item D-12 until the next regular monthly meeting, and that counsel, affiliated with the Nelson lawsuit, be present.

D - HOMESTEAD SERVICES DIVISION

ITEM NO: D-1

SUBJECT: HSD Status Reports

MOTION/ACTION

None, for information only.

COMMENT

Despite the negativity of the auditor's report in relation to loan delinquencies, Commissioner Hopkins congratulated staff for maintaining a lower delinquency rate from the 30% it was years ago.

ITEM NO: D-2

SUBJECT: Ratification of Loan Approvals (see exhibit)

MOTION

Moved by Commissioner Hopkins, seconded by Commissioner Kahikina.

DISCUSSION

This is the fifth loan approval for a self-help home being constructed by Honolulu Habitat for Humanity, and four others were already approved, noted Homestead District Supervisor Juan Garcia. Chair expressed her concerns with the size of the loans. Commissioner Hopkins implored further discussions between NAHASDA Manager N. Simmons and Honolulu Habitat for Humanity on funding expectations from NAHASDA. He concurred that these homes need to be at a more affordable price range. Limiting funds may be a way to address this, added Chair.

ACTION

Motion carried unanimously.

ITEM NO: D-3

SUBJECT: Approval of Consent to Mortgage (see exhibit)

MOTION

Moved by Commissioner Artates, seconded by Commissioner Hopkins.

DISCUSSION

Commissioner Hopkins requested to continue discussions on the management of the Trust's funds, and to attain a less costly mortgage product. He also recommended that the department emphasize to lessees the importance of managing their loans, as this is vital to the survival of the Trust. J. Garcia said that replenishing these Trust funds can be addressed in a contested case hearing; whereby, a lease is may be cancelled and re-awarded, creating a new loan to payoff the delinquent loan. The department has requested but never received capital loan funds. Having these discussions will afford the commission to make better decisions with a better analysis.

Without safety measures built into the Trust, it can be challenging, noted B. Feiteira. Preparing a beneficiary ahead of the award lowers the risk factor, as lenders look favorably on the ability to repay a loan. As an advocate for the lessee, B. Feiteira seeks ways to massage the system, to keep the lessee on the land. By failing to meet the agreement of the loan, it places this Trust at risk. Working closely with Homestead Services Division (HSD) will help in mitigating some of these issues. Chair concurs that better communication with HCA (Hawaii Community Assets) will aid in servicing the lessees.

ACTION

Motion carried unanimously.

ITEM NO: D-4

SUBJECT: Refinance of Loans (see exhibit)

MOTION/ACTION

Moved by Commissioner Artates, seconded by Commissioner Hopkins. Motion carried unanimously

ITEM NO: D-5

SUBJECT: Schedule of Loan Delinquency Contested Case Hearings (see exhibit)

MOTION/ACTION

Moved by Commissioner Artates, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM NO: D-6

SUBJECT: Homestead Application Transfers/Cancellations (see exhibit)

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates. Motion carried unanimously.

ITEM NO: D-7

SUBJECT: Reinstatement of Deferred Application (see exhibit)

MOTION/ACTION

Moved by Commissioner Artates, seconded by Commissioner Hopkins. Motion carried unanimously.

ITEM NO: D-8

SUBJECT: Cancellation of Deceased Applicant from Waiting List – Public Notice 2009, Winifred K. Anderson

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates. Motion carried unanimously.

ITEM NO: D-9

SUBJECT: Ratification of Designations of Successors to Leasehold Interest and Designation of Persons to Receive Net Proceeds (see exhibit)

MOTION/ACTION

Moved by Commissioner Artates, seconded by Commissioner Hopkins. Motion carried unanimously.

ITEM NO: D-10

SUBJECT: Approval of Assignment of Leasehold Interest (see exhibit)

COMMENT

Homestead Services Oahu District Supervisor J. Garcia indicated that Corbett O. Roy (Item No. 7) has finally consented to transfer his lot to his son Corbett O. Roy, Jr. Mr. Roy, Sr. was troubled by the course this matter has taken, and has finally reached an agreement with his son. According to J. Garcia, the execution of this matter is nearing completion.

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM NO: D-11

SUBJECT: Approval of Amendment of Leasehold Interest (see exhibit)

MOTION/ACTION

Moved by Commissioner Artates, seconded by Commissioner Hopkins. Commissioner Kahikina recused himself from voting. Motion carried unanimously.

Note: Commissioners Lee Loy and DaMate were excused from the meeting.

RECESS 1:25 p.m.

RECONVENE 1:45 p.m.

ITEM NO: J-6

SUBJECT: Request to Address Commission – Jeff Gilbreath, Hawaiian Community Assets

MOTION/ACTION

None, for information only.

DISCUSSION

Jeff Gilbreath presented various scenarios available for debt assistance for lessees who have limited resources. Hawaiian Community Assets (HCA) wants the opportunity to expand its efforts to offer assistance to all lessees in need. J. Gilbreath presented financial options available for debt assistance to lessees who have limited resources. Jeff Gilbreath provided substantive material to be made a part of these minutes as Exhibits A through F for Item J-6.

MOTION/ACTION

Moved by Commissioner Hopkins, seconded by Commissioner Artates, to adjourn the regular meeting. Motion carried.

ADJOURNMENT 3:20 p.m.

ANNOUNCEMENTS AND ADJOURNMENT

NEXT MEETING

The next meeting will be held on June 17, 2013, in Kapolei, Oahu.

ANNOUNCEMENTS

The next community meeting will be held on June 17, 2013 at Papakolea Community Center, Honolulu, Oahu at 6:00 p.m.

ADJOURNMENT

3:25 p.m.

Respectfully submitted:



Jobie M. K. Masagatani, Chairman
Hawaiian Homes Commission

Prepared by:



Elaine Searle, Secretary
Hawaiian Homes Commission

APPROVED BY:
The Hawaiian Homes Commission
At Its Regular Monthly Meeting Of
June 22, 2014



Jobie M. K. Masagatani, Chairman
Hawaiian Homes Commission

HAWAIIAN HOMES COMMISSION

SIGN IN SHEET TESTIMONY

Date & Time: MAY 20 2013

Re: HHC MtG

Location: Kūlana O'iwī Conferm, Molokai

FULL NAME (PLEASE SIGN)	ADDRESS (STREET, CITY, ZIP)	Reference ITEM NO.	TELEPHONE
1. Harrie Ann Aki	Kūkal, HI 96748	T-1-5	300-5413
2. Gavin Pelekane	Kūkal, HI 96748	T-1-5	300-5413
3. Geo			
4. Milton J. Place	Kūka, HI 96748		808-5588182
5. Blossom Fuitua	PO Box 2963 Wailuku	G-2, G-2, H-1, F-1	
6. Colette Machado		F-3	
7. Gayla Ann Haliniak		F-3	
8. Kahy Anna Lory Arakaki		F-3	
9.			
10.			
11.			
12.			

HAWAIIAN HOMES COMMISSION

SIGN IN SHEET TESTIMONY

Date & Time: MAY 21 2013

Re: HHC PTHg

Location: Kulana O'iki Conf Rm- Molo Kai

FULL NAME (PLEASE SIGN)	ADDRESS (STREET, CITY, ZIP)	Reference ITEM NO.	TELEPHONE
1. Blossom Feiteira	At HHC	Exec. Sess # 2, D, S	446-5572
2. Leilani Wallace, Pres	Kapukue Trust Assn		
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			

Harrie.txt

To Whom It May Concern,

My name is Harrie-Ann Aki, and I'm a descendent from this beautiful island of Molokai, and I'm going to share my mana'o with you all.

I come today to say please make the right decision on this proposal, this kind of proposal has a very negative impact on this whole island towards our gathering rights. After this proposal pass, they will teach the moku's on this island to make proposal's like this one.

Then on this island we are going to have alot of animosity, were our island people will be grumbling & fitting over resources from the ocean.

It seem like to make things better, state should hire more official DLNR(Department of Land And Natural Resource) to manage the Northshore, and enforce their rules and regulations we have today, we have good rules and regulations already.

My opinion, I don't think we should be having Title 13, to do with permits or any other suggestions on permits, just to go and get food from the ocean, I have learned how to go to the ocean and just get enough for eat. Its really a negative impact on me and my families gathering rights.

So, I hope you all can make a right decision on this proposal, their is alot of people who feels the same way as me that is on my petition, and we oppose this Hui Malama O Mo'omomi's proposal.

Thank-you very much for taking the time to listen to my mana'o.

Harrie-Ann Aki

WE ARE DISAGREEING WITH BULO MUMORI
"PROPOSAL" Malama

Harry J. Aki or Joseph P. Aki
Harriet Ann Aki Billy J. Aki

Donald Covarrugh

Hal Covarrugh

JARREN LABRADO

T. D.

Pat Tamachin

- Shaun Kong manintin

George manintin

Fred N. Aki

Jim Nelson Tamastina

Kanani L. Adolpho

Kaleiwa Adolpho

Nana Adolpho

Ami Mahe

Kyle Adolpho

Shauna Manosa

Louise Delakore
Charles Adolpho

~~Shaden H. Man~~

Kawakani Hekino

Philly Pelekane

George Pelekane

Kaipani Pelekane

Melissa Turrieta

Charles Pelekane

Ehiku Pelekane-Manosa

Kawita Pelekane-Manosa

Elizabeth Pelekane-Manosa

Shaelaree Pelekane-Manosa

Luika Pelekane

I sign for my kids

Shaelaree Manosa

Kulu Ben

Harry K. Aki IV

Loce Kaku

Jamie Lynn Aki

Maik Maniotin

Take Donny

Mulakapfeld Aorta

Kalvin Sh

Alan Stevens

Haylen Chang

Alce

Hudor

Shu
Shi Ku

Richard Kalani Aki

Winifred Jnlo

Hel - I (kita

INDIAN PEOPLE

Jane Phillips

Freddie

Paul Anike

Michael Moko

David L. Moko

Sheldon Puroi Navas

Mililani Hanapi

Alapai Hanapi

IKAIKA Pelekan

Alfred

Walter Palk

John I. I. I.

Andy I. I.

Jason Paleka

Opaleka

Kalapaia Paleka

Lori Lynn Pedro-Kalua

John M. Kalua

M. Kalua

Keri-Tony Kahana Kalua

Uani I. Kahalewa

Reka P. Kahalewa Jr

Dan Marcellino Wayard

Harrie-Ann's file.txt

In the Newspaper it says April 27, 2013 suppose to have a workshop for Hui Malama O Mo'omomi Proposal 8:00am to 12:00pm, to teach all the moku's on this island how to run a proposal to manager their moku, at Kulana O'iwi says "Walter Ritte". In the same letter in the newspaper Mac Poepoe says everyone will have their chance to share and say a testimony on their mana'o about this proposal.

I went to the meeting at Kulana O'iwi, and there were nothing meetings to do with Hui Malama O'mo'omomi's proposal, no one was there, so I thought it would have moved to another area.

So I called Mac Poepoe about 8:30am and asked if they had moved the meeting somewhere else, and he tells me Walter Ritte made this meeting and he didn't feel like being at this meeting, so they canceled. I said, did you guys let the public know about cancelling this meeting, because I have let a lot of people know about this meeting to come and share their mana'o(mind) on this day at Kulana O'iwi, and just to let you know, I'm against this proposal and he says no it was kind of too late to put it in the newspaper,

So I asked if they had put up a sign to say meeting has been canceled up by the Kulana O'iwi, then I told him while I didn't see any signs up when I was up there, he said his meeting will be on May 20th and I should call Hawaiian homes and ask them what time the meeting will be held on this day. So I said okay thanks and goodbye.(April 27, 2013 8:30am)

He called me back right away and he said he has a question for me, why I'm against his proposal and I told him, they should hire more Department Land and Natural Resources(DLNR) to manage the northshore, because we have good rules and regulations already. I also said if Hawaiian's running our people on this island then we will have a lot of animosity on this island. Then he was explaining to me he has volunteered for working with the DLNR department for many

Harrie-Ann's file.txt

years now and the good things he has been doing for managing

mo'omomi, and then he asked what is this proposal protaining to me, it is not my ahapuwa'a and were is my ahapuwa'a, I said this if this proposal pass, then this is the step to teach other moku's around this island to make a proposal like this so they can manage the moku's.(Animosity), and my ahapuwa'a is eastend. He said maybe your ahapuwa'a, your moku don't want to have a proposal like this

manage down eastend, I said I don't know who's my moku and he might look at this proposal and say he likes it, so I need to stop this proposal now, before it effects me and my family's future.

He said so what am I disagreeing with, I let him know 2 issues of mine already, and I said another one, O yeah the rules and regulations permit for everything on our subsistence rights, is a negative impact on our subsistence rights. He said he will erase all the permits, and I said so you saying the next meeting on May 20th, your proposal will not have any rules and regulations and he says yeah I just going take them all off, so I said okay I want to see it in black and white in writing on paper. Then, I said goodbye, he said if I have any questions then just give him a call. We hanged up. (April 27, 2013-8:45am)

I went to Hawaiian homes(office in Kulana O'iwi) to get some info. about meeting Hui Malama O mo'omomi meeting on May 20th and what time it is, I ended up talking to Julie Ramos, and she told me when was the meeting May 20th @ 6:00pm and it

is a public meeting, and I asked her if this meeting everyone can say their mana'o on this meeting, then she said yes, they can say their opinion if their for proposal or against proposal. So she came out with, but they had a

meeting lastnight over here in Kulana O'iwi, one in this building and the other one in the bigger building outside I thought those meetings was for the proposal, I said no, they had cancel it. It was suppose to be 8:00am-12:00pm, and had

no body at the meeting, and I told her I called Mac, and he said meeting was cancelled. So she said o'maybe not it was maybe their own meeting. I said I hope so, and they never just make the meeting with out having the public say their testimonies.

Harrie-Ann's file.txt
(April 27, 2013 @ 2:00PM)

May 19, 2013

Hui Malama O Mo'omomi didn't have the whole island of Molokai give them their input on their mana'o on their proposal, instead they going to take it straight to the commission. Everyone got to make a testimony their on May 20, 2013 @ 9:30a.m.

This is a pilot for what the rest of our moku can do, said Walter Rittie, who will host a workshop about developing a CBSFA plan through the Aha Kiole o Molokai, a traditional resource management group.

The workshop will be April 27 at Kulana Ooni from 8 a.m. until noon. The entire CBSFA proposal is available at TheMolokaiDispatch.com. Popoee is available for questions and comments at 646-0543.

Kaunakakai, HI

April 12, 2013, 6:04 pm



CLOUDY
73°F

humidity: 84%
wind speed: 7 mph S
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More forecast...

Submission Deadline

FRIDAY

April 12, 2013

To print on:

WEDNESDAY

April 17, 2013



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AGRICULTURE, ANNOUNCEMENTS, COMMUNITY, COMMUNIT

Sunday, April 7th, 2013

By Emily Sumners

Managing the North Shore

Traditional fishing practices along Molokai's north shore could soon be supported by law if a new proposal is approved by the state.

The Mo'omomi area, which provides food for Ho'olehua homesteaders through its ocean resources, is closer to receiving official state designation as a community-based subsistence fishing area (CBSFA). Conservation group Hui Malama O Mo'omomi organized the official proposal for the Hawaii Department of Land and Natural Resources (DLNR) and has presented it at a series of meetings with fishermen, homesteaders and the public. After the group has allowed time to receive public comments and questions, they will present it to the DLNR at a public hearing.

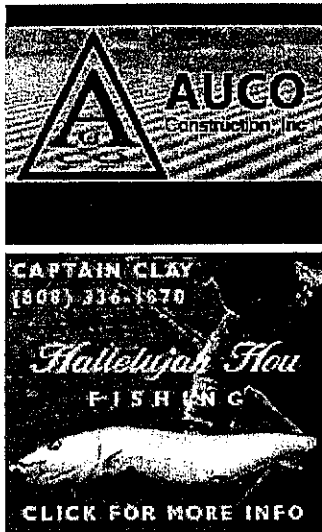
Hui leader Mac Poepoe has worked to preserve resources around Mo'omomi for nearly 20 years, educating youth and encouraging sustainable fishing practices. Poepoe's efforts have become a statewide example of the success of traditional management practices. The data he collected was organized into the Pono Fishing Calendar, a localized guide to fishing based on the lifecycles of fish. The calendar has inspired other communities around Hawaii to adopt a similar approach.

Poepoe said if the hui's official proposal is approved, the traditional practices he encourages would be legally enforceable in the designated area, which encompasses the majority of Molokai's north shore. And though the hui and community volunteers will not have authority to arrest offenders, he said they will be able to turn in violators as they oversee the area.

He also said most fishermen already abide by traditional fishing practices, but the official designation will mean those who do not will be in violation of the law, not just community standards.

<http://themolokaidispatch.com/managing-the-north-shore/>

4/22/2013



"This way it's not just me telling people what to do," Poepoe said, adding that currently fishermen have no legal obligation to follow the suggested practices.

The formal proposal brings the area closer to having traditional fishing practices as law. Poepoe said the hui would be able to make regulations that don't already exist, ones that are specific to the area.

One example addressed in the proposal is lobster, which has declined steadily in the area since the group began tracking resources. If their proposal is accepted, the hui could have an enforceable ban on lobster harvesting until there is a return to a sustainable level. Once that level is achieved, lobster harvesting will only be allowed by hand, trap or hook – no netting, according to the proposal.

Many of the rules under the proposal involve fishing only for subsistence, meaning for direct personal consumption or sharing. There will also be a permit system to ensure catch reporting for residents and nonresidents alike, according to the proposal document.

Volunteers from the community will be trained to monitor activities, catches and resources in the CBSFA.

"Community-based resource management in partnership with state government can promote the sustainable use of fisheries more effectively and efficiently than government rule enforcement alone," the proposal states.

Other organizations responsible for land along Molokai's north coast are included in the proposal as well. Mo'omomi has been an unofficial CBSFA for years, but official designation will reach from 'Ilio Point on the west to Kaholaiki Bay at Pelekunu Valley, to the east. This means management responsibilities will be shared by the groups owning land within this area, including The Nature Conservancy, the Kalaupapa community, Molokai Properties, Ltd. and the Joyce Kainoa 'ohana.

"This thing is pretty powerful as far as support goes," Poepoe said. "The community sees where this is beneficial to taking care and protecting their fishing place."

Poepoe said he wants to make sure everyone has a chance to respond to the proposal before it goes before the DLNR for the official public hearing.

"We're doing this in our community so when the DLNR comes for a public hearing, we already have our minds made up and we know what to expect," he said.

The DLNR will review the proposal, and eventually it must be approved by the attorney general and the governor before Molokai's north shore receives its CBSFA designation.

Until then, the hui is working to educate residents of other areas about how to make a similar plan.

"This is a pilot for what the rest of our moku can do," said Walter Ritte, who will host a workshop about developing a CBSFA plan through the Aha Kiole o Molokai, a traditional resource management group.

The workshop will be featured in The Dispatch's community calendar when a date is set.

Poepoe is available for questions and comments at 646-0548. View the entire proposal: [Molokai.CBSFA.3.11.13 \(1\)](#)

HAWAII ADMINISTRATIVE RULES
TITLE 13
DEPARTMENT OF LAND AND NATURAL REOSURCES
SUBTITLE 4 FISHERIES
CHAPTER 59
COMMUNITY-BASED SUBSISTENCE FISHING AREA,
NORTHWEST COAST OF MOLOKA 'I
FROM 'ILIO POINT TO KAHOLAIKI

13-1 Definitions (location, boundary of management area, map)

"Northwest Coast of Moloka'i Community-based Subsistence Fishing Management Area" means the marine waters and submerged lands, extending one nautical mile seaward from the high water shoreline, bounded by Kaholaiki and 'Ilio Point, northwestern Moloka'i, County of Maui, Hawai'i.

"Subsistence" means the customary and traditional native Hawaiian uses of renewable ocean resources for direct personal or family consumption or sharing

"Daytime" means between 6 a.m. and 6 p.m.

"Nighttime" means between 6 p.m. and 6 a.m.

"Marine life" means any type or species of saltwater fish, shellfish, mollusk, crustacean, coral or marine animal, including any part, product, egg or offspring thereof; or seaweeds or other marine plants, including any part, product, seed, or root or salt; thereof.

"Volunteer" and the associated terms "Occasional-Service Volunteer," "Regular-Service Volunteer," and "Stipend Volunteer" have the same meaning as in HRS §90-1.

13-2 Prohibited Activities (closed to all fishing activities - except in next section)

(a) No person shall engage in any fishing activity or use of marine life within the management area except as permitted under section 13-3.

(b) No diving of any kind, for any species, shall be permitted at night within the CBSFA

(c) No competitive fishing events shall be allowed within the CBSFA.

(d) All existing regulatory measures contained in title 12, Hawaii Revised Statutes (HRS) and title 13, Hawaii Administrative Rules (HAR), relating to fishing or marine life shall apply in the CBSFA.

(e) No commercial activities of any kind, either extractive or non-extractive shall be permitted within the CBSFA (this includes cruise/tour operations, charter boats, and kayaking).

(f) No netting of lobster within the CBSFA shall be allowed until assessments determine the population has returned to a sustainable level.

(g) From Nihoa to 'Ilio Point, no take of male uhu (uliuli, *Chlorurus spiluris*) and no take of more than two (2) females (ahu'ula, *C.*

spiluris) per party, per trip during the months of July through March with a complete kapu (prohibition) on the harvest of these uhu species during annual spawning periods (April-June).
(h) No surfing or bodysurfing allowed outside of designated area
(i) No kite surfing, sailboard/windsurfing, or jet skis in project area except for MFD training and rescue operations.

13-3 Permitted Activities (activities to be allowed)

- For rescue, monitoring and research purposes only, use of equipment otherwise prohibited in this section.
- Transit by boats not engaged in fishing unless otherwise noted in 13-2.
- Hook and line fishing for pelagic species (subject to State statutes and administrative rules in force)
- Hook and line fishing for deep sea bottomfish species (subject to State statutes and administrative rules in force)
- Hook and line, net fishing for akule (subject to State statutes and administrative rules in force)
- Net fishing for ta'ape (subject to State statutes and administrative rules in force)
- Fishing with SCUBA gear permitted only for akule and ta'ape or for research (subject to State statutes and administrative rules in force)
- Trap fishing for deep-sea shrimp (subject to State statute and administrative rules in force)
- Trap and net fishing for kona crab and kuhonu crab (subject to State statutes and administrative rules in force)
- Throw netting permitted only for subsistence
- Hook and line fishing from shore permitted only for subsistence (no competitions are permitted)
- Hand harvesting from shore permitted only for subsistence
- Diving with spears permitted only in the daytime and only for subsistence (no spearing competitions are permitted)
- Diving for hand harvesting permitted only in the daytime and only for subsistence
- Hand harvesting of 'a'ama crab is permitted at night and only for subsistence
- 'Opihi collecting permitted from shore only (no diving) and only for subsistence (subject to State statutes and administrative rules in force)
- Harvesting of spiny lobster permitted by hand, hook or trap (no netting, no spearing) and only for subsistence (subject to State statutes and administrative rules in force)

13-4 Procedures for Access (check-in, reporting)

Permit system for CBSFA Access:

- The issuance of a permit will be accompanied by material containing all current CBSFA rules and regulations, including a set of recommended pono fishing practices.

- The permit will serve as means to ensure catch-reporting is consistent and inclusive of all fishers, either by boat or from land, and resident and non-resident alike.
- It is anticipated that the permits would be issued by a local check-in station on Moloka'i to be determined.

Non-resident Permitting:

- To enter the management area by boat for any permitted fishing activity by a non-resident which involves vessel anchoring, off-island fishermen must apply for a permit per visit.
- To fish within the management area by land for any permitted activity by a non-resident, off-island fishermen will likewise be required to apply for a permit in addition to securing permission for access by the appropriate landowner per visit.
- The off-island vessel will also require a resident 'sponsor' present on board while fishing within the CBSFA is actively taking place.

Resident Permitting NOT from any ahupua'a within CBSFA:

- Resident fishermen will also be required to have a fishing permit that shall be free of charge, and provide access to the CBSFA for one (1) year at a time to ensure consistent and accurate catch reporting.

13-5 Submission of Fishing Reports and Confidentiality of Information

- Catch reports shall be submitted by users of the Northwest Coast of Moloka'i Community-based Subsistence Fishing Management Area.

13-6 Denial of Access Privileges

- Access privileges may be revoked for any violation.

13-7 Penalty

- For first violation, loss of access privileges may be revoked

13-8 Kapu Protected Area

- Throw net, gathering of crab and limu, hand polling and dunking will be allowed at Kawa'aloa from October 1 through March 31. No harvesting of shore and marine resources at Kawa'aloa will be permitted from April 1 thru Sept 30. Nighttime activities at Kawa'aloa unrelated to rescue, monitoring and research will be strictly limited to the gathering of 'a'ama crab on designated evenings.

alohi.txt

May 13 (8 days ago)

to lauren.e.goodm.(DLNR)-Title 13

Aloha, I was concerned if 13-124-3, on indigenous wildlife, no person shall or attempt to catch, posses, injure, kill, destroy, sell, offer for sale, or transport any such species or dead body or young egg from the state, would have a negative impact on our gathering rights.

In the back of this title 13 didn't have a list on indigenous wildlife, but it had introduced wildlife and injurious wildlife, so it would

be greatly appreciated if you can send me a list on indigenous wildlife. To me indigenous wildlife is everything native, for example we eat from the ocean moi, akule, squid, and so on and I wondering if this amendment is saying we can't get our food from the ocean anymore, I need you to be specific and clear on catch, posses, injure, kill, destroy, sell, offer for sale or transport any such species or dead body or young egg on indigenous wildlife. So I can understand what this amendment is trying to tell us people here on this island. Thank-you very much Lauren.

Aloha Lauren, just wondering if you had consult with your staff on my questions? Also, I took a look at the change, and it was permits, so are you telling me permits on Exhibit 1, or for example, catch need a permit for throwing net, hand harvesting, using a spear and etc. Please get back to me on all my question's? I really want to know if this will be a negative impact on our gathering rights. Thanks again.

Harrie-Ann, (DLNR)

Thank you for following up on your inquiry regarding Hawaii Administrative Rules (HAR) 13-124 and traditional and customary rights.

HAR 13-124 is administered by the Division of Forestry and Wildlife (DOFAW), and the chapter regulates wildlife resources in the State.

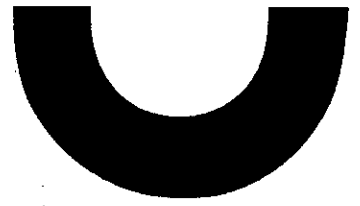
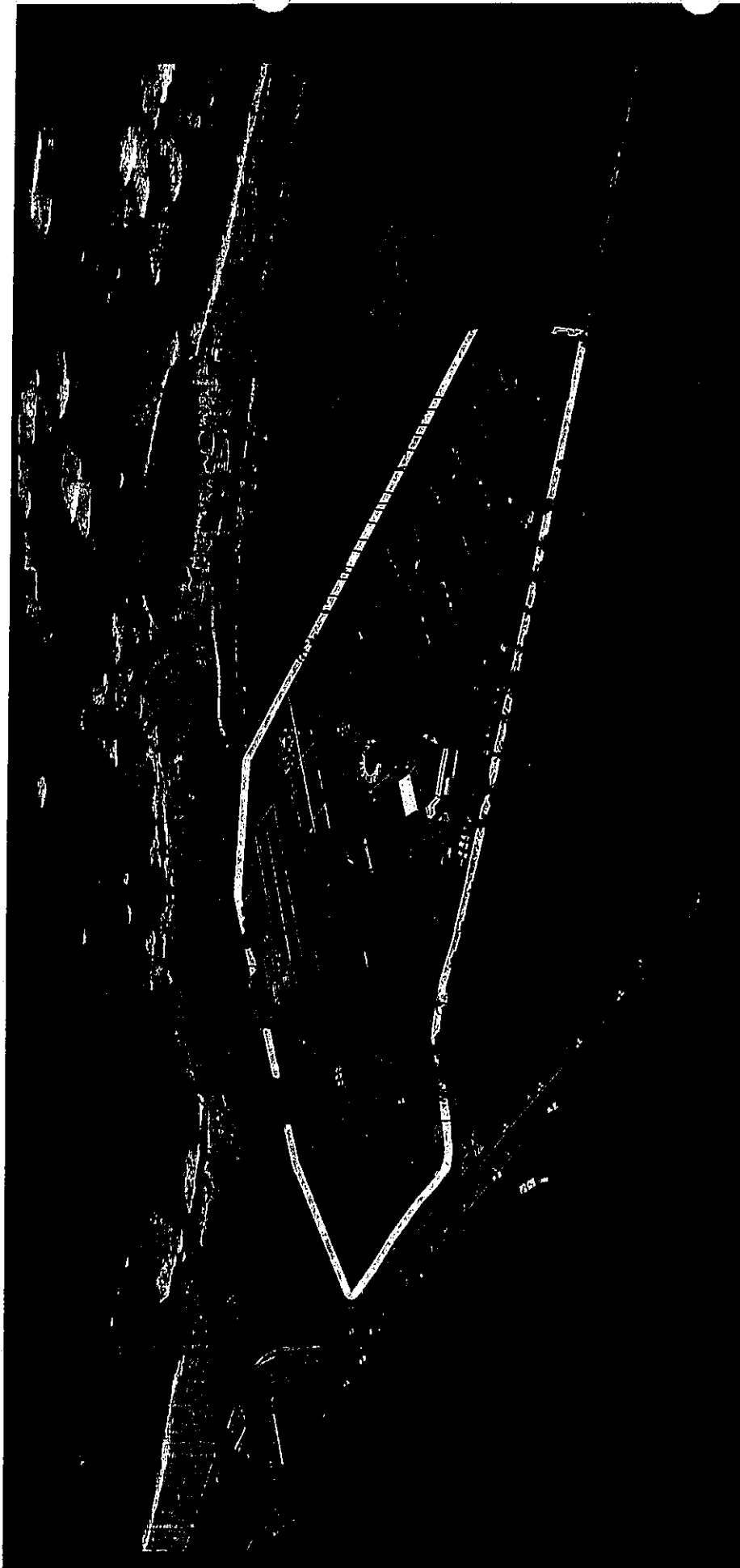
The proposed amendments to HAR 13-124 include a prohibition on the release of introduced wildlife from a confined area. Generally, even

alohi.txt

when exercising traditional and customary rights,
permits may be required when an action is prohibited
unless permitted
(Hawaii Constitution Art. XII, § 7; State v. Pratt).
HAR 13-124, and other DLNR rules identify many options
for applying for
permits for otherwise prohibited actions. Regarding
your questions related to marine animal resources, most
of those resources
are regulated by the Division of Aquatic Resources
(DAR) and more information can be found on their
website: <http://hawaii.gov/dlnr/dar/>
The DOFAW Administrator, DOFAW Maui Nui District
Manager, and DAR staff are copied on this email. Please
let us know if you have specific questions.

Thank you,
Lauren

Lauren E. Goodmiller



Aloha Beach Hotel

3-5920 KUHIO HIGHWAY
KAPA'A, KAUAI, HI

HHC Item No. F-1
Exhibit A
Date MAY 20 2013

Aloha Beach Hotel

Kapa'a Hawaii Kauai

Proposal for Ground Lease Extension
May 20, 2013



HAWAIIAN HOME LANDS
HAWAIIAN HOMES COMMISSION • DEPARTMENT OF HAWAIIAN HOME LANDS

CH ASSET MANAGEMENT

Background

Located at 3-5920 Kuhio Highway Kapaa, Hawaii on the "Garden Isle" of Kauai, the Aloha Beach Hotel ("Resort") is a 216 guestroom resort situated on 10 acres of land leased from DHHL. The Resort is adjacent to the Hikinaakala Heiau and Lydgate Beach Park providing guest access to Hawaiian cultural and natural attractions.

On June 29, 2009 the ownership of the Resort was transferred via foreclosure to Owner. The Owner assumed the responsibilities of the "Lessee" under the General Lease. Upon taking possession of the Hotel, Owner satisfied ~\$450,000 in unpaid payables to State and County agencies and initiated repairs at the property.

The Resort was listed for sale shortly thereafter subject to the Ground Lease, including the reopening of the annual rent provision that was pending for 2009. The sale process produced a bidder at an acceptable price.

The 2009 adjustment of ground rent from \$203,540 to \$320,902 caused the bidder to reduce its offer to a price that Owner could not accept. Since that marketing effort, Owner has been unable to find a suitable replacement bid.

Since 2009, the Owner has maintained the operation of the Resort including funding operating expenses, property taxes, capital expenditures, ground lease payments, and bond payments. In total, the Owner has accumulated more than \$5.5MM in advances (losses) since taking title and reserve funds have been depleted. There are no more funds reserved to invest in the property or offset future shortfalls.

The known issue impeding our ability to find a suitable bidder and new owner has been the limited remaining term and uncertainty regarding an extension/assumption of the Ground Lease.

Through the accessibility and cooperation of LMD, Owner was able to derive a proposal for an extension that maintains the Resort commitment to the Native Hawaiian Community in a manner that conforms to Act 219 and adequate compensates DHHL for the continued use of its lands.



HAWAIIAN HOME LANDS
HAWAIIAN HOMES COMMISSION • DEPARTMENT OF HAWAIIAN HOME LANDS

CH ASSET MANAGEMENT

Aloha Beach Hotel

Developed between 1969 and 1979, the Aloha Beach Hotel has long been a favorite destination for tourist seeking the best of the "Garden Isle" of Kauai - beachfront accommodations, protected swimming and snorkeling, and access to Native Hawaiian cultural attractions.

Centrally located on Kauai, the Resort is an ideal launch point for the adventurous tourist to explore the Coconut Coast including Wailua River, downtown Kapaa, and Poipu Park to the south.



The Coconut Coast's central location along Kuhio Highway allows for relatively easy access to all of Kauai's attractions and natural wonders compared to the locations on the other sides of the island. As such, the East Side of the Island is perfectly suited for the active visitor looking to explore the vast attractions of Hawaii's most lush and tropical Isle.

The Resort is adjacent to the Hikinaakala Heiau and is the primary host site for the Native Hawaiian Community.



HAWAIIAN HOME LANDS
HAWAIIAN HOMES COMMISSION • DEPARTMENT OF HAWAIIAN HOME LANDS

CH ASSET MANAGEMENT

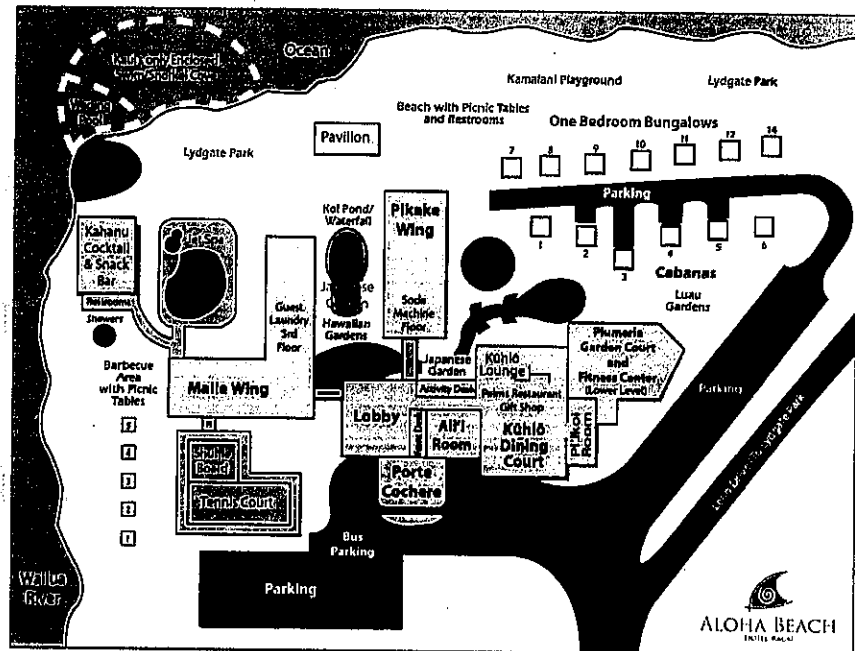
Aloha Beach Hotel

Situated on an elevated site overlooking the Pacific Ocean, the 216 room property includes ocean and garden view rooms along suites and bungalows. The Resort offers guests two outdoor swimming pools, spa, poolside cocktail and snack bar, outdoor tennis court, shuffle board, two restaurants, lounge, an exercise room, an entertainment pavilion and meeting space totaling approximately 4,200 square feet

There are three water features surrounded by Japanese and Hawaiian gardens. The landscaped grounds are one the largest and most diverse containing a variety of flora and fauna including bougainvillea, plumeria, lavender, Manila Palms, India Palms and Bermuda grass, among many others.

With its location adjacent to Lydgate Park, guests have unparalleled access to the Pacific Ocean and Kauai's only enclosed Swim/ Snorkel Cove.

ROOM TYPE BREAKDOWN	
Garden Room	96
Ocean Room	81
Junior Suite	19
One-Bedroom Suite	12
On-Bedroom Bungalow	26



HAWAIIAN HOME LANDS
HAWAIIAN HOMES COMMISSION • DEPARTMENT OF HAWAIIAN HOME LANDS

CH ASSET MANAGEMENT

Native Hawaiian Community Involvement

The Aloha Beach Hotel is the primary host sites for the Native Hawaiian Community. The Resort hosts local board meetings for the DHHL in the Ali'I room. The hotel is known to many Native Hawaiians. The Office of Hawaiian Affairs has hosted several Meet and Greet events for Trustees and the Kamehameha Day Parade Committee has organized workshops at the Resort for Pa'u rider lei making.

Mokihana Festival

For the last four years, the Resort has been an active participant in the Malie Foundation's Mokihana Festival. The signature event of the weeklong festival, Under the Palms at Wailua, is held in the hotel lobby with hula, music, and crafts. The Resort is a proud to host and participant to the programming which educates, promotes, preserves, and perpetuates the Hawaiian culture.



Resort Lobby



Hula Dancer, Under the Palms at Wailua

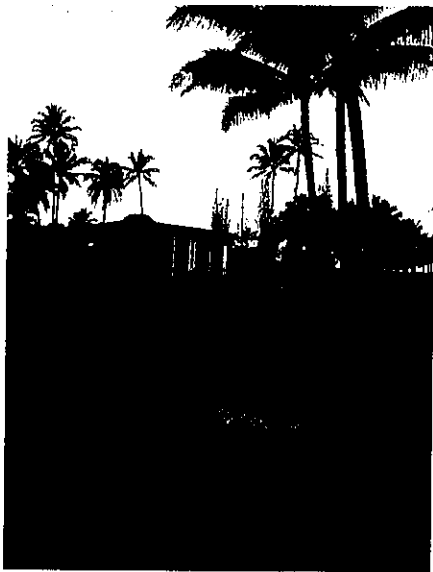


HAWAIIAN HOME LANDS
HAWAIIAN HOMES COMMISSION • DEPARTMENT OF HAWAIIAN HOME LANDS

CH ASSET MANAGEMENT

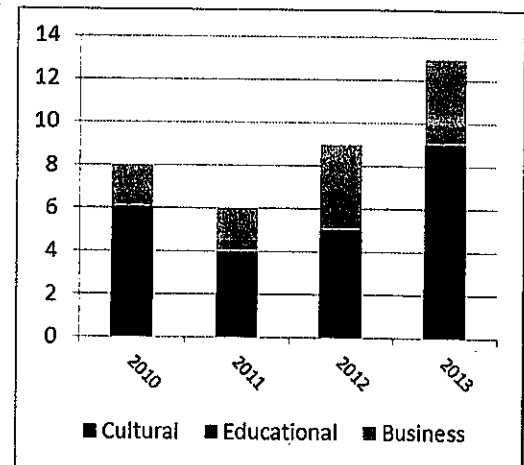
Hikinaakala Heiau

The Resort has taken an active role in the education and preservation of the Hikinaakala Heiau. Located at the northern end of Lydgate Beach Park next to the mouth of the Wailua River, the ancient Hawaiian temple encompasses one acre of land. In collaboration and support of the Native Hawaiian Kupuna (elders), the Resort has organized and hosted multiple events centered on site clean-up, landscaping, and educational events.



Native Hawaiian Events

Since 2010, the Hotel has hosted an average of 9 ½ Native Hawaiian Community Events Annually. In 2013, the Resort is scheduled to host even more Native Hawaiian Business, Educational, and Cultural Events.



HAWAIIAN HOME LANDS
HAWAIIAN HOMES COMMISSION • DEPARTMENT OF HAWAIIAN HOME LANDS

CH ASSET MANAGEMENT

Participant Biography

Marc W. Occhiuti, Senior Vice President C-III Asset Management LLC

Marc is a REO Asset Manager and Servicing Officer within the Special Servicing area of C-III Asset Management LLC. He is responsible for asset management of a portfolio of REO hotel properties that are the collateral for commercial real estate loans. As Servicing Officer, Marc is duly authorized to act on behalf of the Trust(s) in interactions with managers, franchisors, vendors, and all other groups as would be required of a representative of Owner, while adhering to reporting and servicing duties prescribed in the loan documents.

C-III Asset Management LLC, a wholly owned subsidiary of C-III Capital Partners, is a highly rated loan servicer (primary and special) of commercial real estate loans. C-III is the primary servicer for approximately \$15 billion and the named special servicer for approximately \$146 billion of commercial real estate loans.

Prior to joining C-III, Marc worked in Loan Acquisitions and Commercial Default at Beal Bank, a wholesale bank, active in the secondary market, purchasing loans and loan portfolios from other financial institutions and the FDIC. He has a varied hotel background having held development, acquisitions, and underwriting positions with Keen Partners, Starwood Hotels & Resorts, and Omni Hotels.

In the years preceding his transition into hospitality, Marc held several jobs with American Airlines including positions in Food & Beverage, Inflight Products (aircraft reconfigurations) and operational, tactical and strategic positions in Revenue Management.

Marc attended Tulane University, where he earned a Bachelors of Science in Management from the A. B. Freeman School of Business. He also studied briefly at the Tulane School of Architecture. Marc resides in the Dallas area.



HAWAIIAN HOME LANDS
HAWAIIAN HOMES COMMISSION • DEPARTMENT OF HAWAIIAN HOME LANDS





HOUSE OF REPRESENTATIVES

STATE OF HAWAII
STATE CAPITOL
HONOLULU, HAWAII 96813

May 16, 2013

Jobie Masagatani, Chair
Hawaiian Homes Commission
P.O. Box 1879
Honolulu, HI 96805

Chair Masagatani and Members of the Hawaiian Homes Commission:

RE: Aloha Beach Resort, Nomura CDO, LLC, Wailua, Kaua'i- Lease Nos. S-3831,
S-3840, S-4647

I have been informed that the Aloha Beach Hotel has submitted a request to the Hawaiian Homes Commission for an extension on their lease property from the Department of Hawaiian Home Lands located in Wailua, Kaua'i.

As the State Representative for District 14, East and North Kaua'i, I am in full support of their request for a lease extension in order to commit the long term investments for renovations and upgrades necessary to sustain a critical visitor destination. For decades, this property has served as a "sister" resort to the iconic Coco Palms Hotel; with similar graces of the respect and honor of the host culture. Although through the years, there have been change of ownerships and resort management as is natural in the hotel industry, this property provided an employment base for generations of our Kaua'i families. So much so, that many in our community shares how the Aloha Beach Hotel is part of their ohana because of its extraordinary support for family celebrations and entertainment through the years.

The Aloha Beach Hotel's corporate stewardship for our community comes from the leadership of the management teams and their commitment to ensure that all of their guests, whether kamaaina or malahini are treated with the utmost aloha. Beyond the property, the general managers go to great lengths to give back to the community by sponsorship of non-profits and organizations that otherwise would not have the luxury for annual and special events at a resort property. The value of their community gifting cannot be quantified; it is priceless.

As the DHHL has a fiduciary responsibility to ensure the homestead opportunities for Native Hawaiians, a strong and prudent lessee, such as the Aloha Beach Hotel, can provide the necessary rental income revenue to meet this mission. The added benefit is a lessee that is very much appreciated in the local community and backed up with strong support.

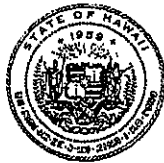
Thank you for allowing me to share my thoughts.

With Warm Aloha,

Representative Derek S.K. Kawakami

District 14, East and North Kaua'i
Vice Chair, Consumer Protection & Commerce Committee
State Capitol Building, Room 314, Honolulu, Hawaii 96813
Phone (808) 586-8435 • Email: repkawakami@capitol.hawaii.gov

HHC Item No. F-1
Exhibit B
Date MAY 20 2013



HOUSE OF REPRESENTATIVES

STATE OF HAWAII
STATE CAPITOL
HONOLULU, HAWAII 96813

May 16, 2013

Jobie Masagatani, Chair
Hawaiian Homes Commission
P.O. Box 1879
Honolulu, Hawaii 96805

RE: Conditional Approval for Lease Term Extension, General Lease Nos. S-3831, S3840, and S4647;
Aloha Beach Resort – Nomura CDO, LLC, Wailua, Kaua'i

Aloha Chair Masagatani and Board Members of the Hawaiian Homes Commission,

Mahalo for the opportunity to submit testimony on behalf of Aloha Beach Resort – Nomura CDO, LLC regarding the Conditional Approval for Lease Term Extension at your upcoming Commission Workshop of May 20th & 21st, 2013.

Growing up on the east side of Kaua'i, this property has always been a special place for me and many other Kaua'i residents as well as for the innumerable visitors who have stayed and enjoyed the resort over its illustrious history. As it is located seconds away from the famed Coco Palms, needless to say, this resort has played host to many world-renowned and local entertainers alike. For us local residents, this property has been a fundamental part of the entertainment capitol of Kaua'i for years.

When one compares the essences of what sets a true kama'aina resort destination apart from being just another "hotel", in my opinion, it is its history, its staff, its management and its ownership, and their collective ability to recognize, capture and convey the authentic meaning of Aloha. It also encompasses a sense of community awareness, community involvement and volunteerism. The Aloha Beach Resort embodies all of these attributes.

This however, does not happen by chance or by coincidence, but rather by the true leadership. Through the leadership of General Manager Ray Blouin in conjunction with the support of the ownership team of the Aloha Beach Resort – Nomura CDO, LLC, Mr. Blouin has been and continues to be a leader in the community, extending his history of successes throughout his professional career where he as a proven track record of excellence at every resort destination on Kaua'i where he has served.

Since June of 2009, the resort has hosted numerous and world-class events such as the Kūpuna Honoring Tea, which honors the Kūpuna of Kaua'i. The Ho'oulu Hawaiian Lecture Series, which helped to educate and support the health and regeneration of Native Hawaiian life-ways, promote the nurturing of land wisdom and increase environmental kinship. Most recently and for the past six years, the resort has hosted the Kapa'a Business Associations annual conference where members and private citizens come together to discuss and actively seek solutions to various community issues as well as to discuss ways in which they can improve existing programs and activities.

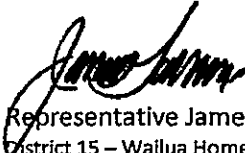
HHC Item No. 7-1
Exhibit C
Date MAY 20 2013

In recent years and throughout the economic downturn, Mr. Blouin and the ownership team courageously increased capital by infusing financial resources into the resort in spite of not knowing the whether their lease would be extended. That, to me, is a clear commitment to the resort's visitors, to its employees, to the people of Kaua'i, the tourism industry and Hawaii's economy as a whole. In my opinion, these are the types of entities that we would want to extend state leases to.

It is for these reasons, as stated above, that I humbly and respectfully request that the Commission grant Conditional Approval for Lease Term Extension, General Lease Nos. S-3831, S3840, and S4647, Aloha Beach Resort – Nomura CDO, LLC, Wailua, Kaua'i.

Aloha and mahalo for your time and consideration in this matter. Should you have any questions or concerns, please feel free to contact me at (808) 586-6270 or via email at reptokioka@capitol.hawaii.gov.

Respectfully yours,



Representative James Kunane Tokioka
District 15 – Wailua Homesteads, Hanamaulu,
Lihue, Puhī, Omao and Portions of Old Koloa Town

Bernard P. Carvalho, Jr.
Mayor



Gary K. Heu
Managing Director

OFFICE OF THE MAYOR
County of Kaua'i, State of Hawai'i
4444 Rice Street, Suite 235, Lihu'e, Hawai'i 96766
TEL (808) 241-4900 FAX (808) 241-6877

May 20, 2013

Jobie Masagatani, Chair
Hawaiian Homes Commission
P.O. Box 1879
Honolulu, HI 96805

Chair Masagatani and Members of the Hawaiian Homes Commission:

RE: Aloha Beach Resort-Nomura CDO, LLC, Wailua, Kaua'i – Approval for Lease Nos.
S-3831, S-3840, AND S-4647

I have been informed that the Aloha Beach Resort has submitted a request to the Hawaiian Homes Commission for an extension on their lease property from the Department of Hawaiian Homes.

The Aloha Beach Resort is well known in the community, shares as a vital part of the visitor industry and is part of the treasured gateway of the Wailua ahupapa. The Aloha Beach Resort has been a good neighbor and business partner with many non-profit organizations and supportive of our schools in hosting events that otherwise would not have been possible.

The resort has contributed a host of benefits to the economy by creating jobs, showcasing live entertainers, parties and weddings and has shown deep respect for the cultural traditions of the Hawaiian lands it rests upon. Due to their commitment and contributions to the island, I strongly support their application to extend their leases.

Kaua'i has been thankful for the leadership and stewardship of the Aloha Beach Resort and values the continuation of their presence in the community.

We humbly ask you to approve his application for their land lease extension, and thank you for the opportunity to submit testimony on this matter.

Aloha nui loa,

A handwritten signature in black ink, appearing to read "Bernard P. Carvalho".

Bernard P. Carvalho
Mayor

An Equal Opportunity Employer

HHC Item No. F-1
Exhibit D
Date MAY 20 2013

New Pavilion for Coconut Grove

By Emily Sumners | Staff Writer

Each weekend, community members and organizations host gatherings at the pavilion of Kiowea Park, causing a strain on the building built half a century ago. Kalama'ula homesteaders are trying to ease that strain by building a second, larger pavilion with updated facilities in the park, which is located in the Kapuaiwa Coconut Grove area.

County councilmember Stacy Crivello presented the plan for the new pavilion to the Molokai Planning Commission for comments May 8. As a Kalama'ula homesteader, she is acting as a project coordinator for the new facility.

"It's been well used, and it's continually overused at this state," she said about the existing pavilion, which was built in the 1960s and renovated in the 1990s. The 700 square-foot existing pavilion will remain, but a new, 4,000-square-foot facility will run adjacent to it, the two buildings cornering the parking lot, according to the Draft Environmental assessment prepared by Gayla Haliniak-Lloyd, Kalama'ula Homesteaders Association president.

"The park's amenities currently include outmoded restrooms, aging barbecue grills and an undersized sheltered pavilion," the assessment states. "The park facilities are in demand due in part to their central and shoreline location, and also due to relatively low rental rates as well as the

limited nature of facilities elsewhere on the island."

The new facility will include a pavilion, certified kitchen, restroom facilities, individual wastewater system and parking, drainage and landscaping improvements. The new facility is the second phase of a 1998 improvement plan that the Kalama'ula homesteaders are reviving. Crivello said she hopes they can begin construction this year.

"We've been waiting a long time, and we're anxious to get this done," she said. After Crivello and Haliniak-Lloyd presented the plan, the commission had the opportunity to comment on the project. There was unanimous support.

"I can see nothing but good things coming out of this," said commission Vice Chair Michael Jennings.

The Department of Hawaiian Homelands (DHHL) authorized the Kalama'ula Homesteaders Association (KHA) to manage Kiowea Park in 2010. The KHA partnered with the State of Hawaii, DHHL, Hawaii National Guard and Maui County Public Works for the project.

"This is really community-based planning," said Crivello.

Construction of the pavilion will not involve loss or destruction of any natural or cultural resources, harm to public health or require substantial energy consumption, according to the assessment.

No impacts seen for Kiowea Park project

The Kalama'ula Home-
steads Association is antici-
pating a finding of no signifi-
cant environmental impact for
a project to build a new pavil-
ion and restrooms at Kiowea
Park, next to Molokai's his-
toric Kapuawai Coconut Grove
and about a mile west of Kau-
nakakai.

The 4,000-square-foot
pavilion will be 40 feet wide,
100 feet long and 20 feet tall,
according to the association's
draft environmental assess-

The improvements will up-
grade facilities at a community
park, located on more than half
of a 5.15-acre parcel on
Hawaiian Home Lands proper-
ty. Existing facilities include a
700-square-foot pavilion, a
restroom and shower, barbecue
grills, a cesspool and a parking
lot. Utilities include water,
electricity and telephone serv-
ice.

The state Department of
Health has approved the asso-
ciation's proposed wastewater

system, and the association is
awaiting the processing of
building, electrical and plumb-
ing permits.

In the late 1990s, a first
phase of park improvements
included grading and filling ar-
eas, installation of irrigation
and landscaping and upgrading
of a cesspool to a septic sys-
tem.

The Kalama'ula Home-
steads Association was
granted a license in 2010 to
manage the area and reinitiated

a second phase of park im-
provements because facilities
were no longer adequate to
serve the needs of park users.

The park is used regularly by
large groups for family re-
unions, graduation and baby
parties and other gatherings,
according to the draft environ-
mental assessment.

June 7 is the deadline for
public comments.
Written comments may be
submitted to:

• The Kalama'ula Home-

steads Association, P.O. Box
1025, Kaunakakai 96748; At-
tention: Gayla Halim-Lloyd,
(808) 553-5393.

• The state Department of
Hawaiian Home Lands, Land
Management Division, P.O.
Box 1879, Honolulu 96707;
Attention: Linda Chinn, ad-
ministrator, (808) 620-9500.

• Architectural Drafting
Service, P.O. Box 1718, Kau-
nakakai 96748; Attention:
Luigi Manera, (808) 553-
9045.

May 20, 2013

Dear Chair and Commissioners,

Please find attached our communication to you with respect to the proposed Anahola lease.

Consultation Concerns Heard, Mitigation

We would like to thank DHHL and especially Director Norman Sakamoto for working so diligently and methodically with this, while we both ensure significant adjustments to mitigate concerns such as:

- 1) Reducing the duration from 30 years to 5 years for Homestead Ag Lot Prep (only clearing and stump removal of 267 acres, no replanting) +
- 2) 15 additional years for clearing, plantation leasing income and final Homestead Ag Lot Prep on 850 acres for a total of 20 years
- 3) Addition of an annual audit of the HBA, with specific criteria for performance, ensuring accountability

Addressing Misinformation

Otherwise, the answers to the FAQ's appear to address the misinformation or lack thereof of info driving the majority of the concerns heard, as attached.

Homestead Ag Lots

Keeping the ultimate mission of the Trust in mind of facilitating homesteading, we remain focused on finding mutually acceptable and reasonable immediate and comprehensive solutions to that end.

Mahalo nui loa,

Eric

--

Eric Knutzen
Green Energy Team LLC
PO Box 340
Anahola, HI 96703

HHC Item No. G-2
Exhibit A
Date 5-20-13

Dear Chair and Commissioners,

May 19, 2013

As you are aware, Green Energy Team, LLC ("Green Energy") is in direct negotiations with the Department of Hawaiian Home Lands ("DHHL") for an agricultural lease on 850 net usable acres minimum (2,134 gross acres), of Hawaiian Home Lands located in Anahola-Kamalomalo (Island of Kaua'i, HI) to establish tree plantations to supply fuel to its biomass to energy facility located in the Koloa district (Island of Kaua'i, HI) ("the project"). The goal is that essentially all arable acreage is to be cleared of trees available for Ag Homesteading, effectively and economically fulfilling one of the Trust's primary missions on behalf of its beneficiaries.

Purpose of this Letter

The purpose of this letter is to humbly request that the lease award decision meeting on Kaua'i is held no later than June 30, 2013. After many years of working towards this end of finding a win/win/win solution between the community in Anahola, DHHL and Green Energy, our biomass facility is quickly reaching its start of operations, and, as such, we would much appreciate your final decision by June 30th this year.

We understand that Green Energy has provided all the required information to the commissioners and DHHL, that the legal procedure of HRS 171-95(.3) has been followed entirely (except for the remaining decision meeting), and that Green Energy has truly done everything possible to achieve the best possible solution for all parties involved.

As such, we respectfully submit and request that the Hawaiian Homes Commission deliberate in the best interest of the trust and beneficiaries on the proposed lease.

History

The correct historic facts about the project need to be considered:

First contact was in September of 2010, when Green Energy proactively contacted the Department of Hawaiian Home Lands, in an interest to offer clearing and leasing of the project lands. At that time and in subsequent contact of January 2011, the DHHL was busy with priority projects and other work already in the pipeline as we were told, and DHHL would get back to us. No real progress was made at that time.

Since October 2011, Green Energy has been working with the Anahola Hawaiian Homes Association (AHHA) and its non-profit branch Homestead Community Development Corporation (HCDC). Both organizations are long standing beneficiary controlled, DHHL approved entities. After initial negotiations and 6 public outreach meetings, Green Energy and AHHA/HCDC decided to have a joint project (beneficiaries and renewable energy company hand in hand) with a Homestead Benefit Agreement (HBA). As such, the project would be in the best interest of the beneficiaries - without disregard of the financing limitations imposed by Green Energy's lenders.

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A formal land use request was submitted to the DHHL on April 30, 2012. The legal land use disposition was section 204(a)2 or 207 of the Hawaiian Homes Commission Act. It was posted for a 30 day comment on June 6, 2012 and placed on the June 2012 HHC agenda for information only by the DHHL, thus preventing the Hawaiian Homes Commission to take action. The Commission did require the DHHL, in the June 2012 meeting, to include HCDC in the negotiations. The lease terms had at that time all been agreed upon except for the land use disposition and the rent price.

Subsequently, the Attorney General and the DHHL have come to the conclusion that HCDC, a tax exempt nonprofit and beneficiary controlled organization, is not eligible to be on the lease at all. In the light of numerous similar leases that have been issued in the past, this raises questions. Nevertheless, only in order not to kill the project, AHHA and HCDC offered to step back from the negotiations on January 18, 2013 leaving the possibility to Green Energy to apply for a direct lease under HRS 171-95(.3), applying a land disposition instrument that was acceptable to the Attorney General and the DHHL.

The rent price discussion was brought before the HHC in the February 2013 meeting and the decision was made to pay 100% of the fair market rate (as per the independent appraiser report) to the DHHL.

HRS 171-95(.3) requires that two public meetings be held. An information meeting was first held April 8, 2013 in Anahola and two public meetings were held with the HHC on March 14 and 15, 2013.

March 14 and 15 Public Hearings

Beneficiaries of the Hawaiian Homelands Trust, residents of Anahola and the general public expressed several concerns regarding the project during the public hearings.

Below is an overview of the important topics that came up during those meetings, and Green Energy's related comments for your consideration.

Who is Green Energy Team LLC?

Green Energy is a Kaua'i based renewable energy company currently building a state-of-the art 6.7-megawatt biomass to energy facility in the Koloa district (Island of Kaua'i, HI). In May 2011, Green Energy signed a 20 year power purchase agreement with KIUC, the local member-owned utility company. In October 2012, Green Energy closed financing after having obtained all necessary entitlements and a loan-guarantee from the federal USDA Rural Utility Service. Construction debt is provided by Deutsche Bank New York.

Green Energy is owned by Kauaians as well as an affiliate of Standardkessel Baumgarte GmbH (SK) from Germany (standardkessel.de). SK is a renowned power plant engineering company that will build the Green Energy facility.

Current status of the project lands

The lands have been abandoned in 1996 when AMFAC, the former lessee and sugar cane company, left Kaua'i. The lands have been left idle since then and have been gradually covered by Albizia trees. Albizia is considered a highly invasive weed in Hawaii and its eradication is pursued by all state agencies.

Except for some ranchers, some of which have RP's, letting cattle graze in the Albizia forest and one small taro farmer, there is currently no use being made of the land.

Procedure and information

A series of concerns was related to the alleged insufficient information and insufficient outreach to the local community.

Green Energy conducted, with the help of HCDC and the AHHA, six community consultation meetings in between November 2011 and January 2012. The consultation meetings were posted in public places, with strong attendance in the first few consultation meeting. During the meetings a comprehensive and clear project fact sheet was submitted to all attendants¹. All were given the right to testify and comment on the project both verbally at the meeting and in writing after the meetings. Minutes of the meetings are available at the AHHA office. The concerns expressed during those meetings were not different than those expressed during the March 14 and 15 public hearings. Green Energy and AHHA/HCDC developed mitigation measures pursuant to the concerns expressed during these meetings.

The information provided by the DHHL before the information meeting on March 8 was very limited and led to misinterpretations (cfr. invitation letter from the DHHL²), with several groups (some, knowingly) starting a joint petition based on pertinently false information³. The information meeting on March 8 was chaotic and uncivil and didn't help to clarify the real content of the Green Energy proposal. Further information that was provided led to more misinterpretations and Green Energy had no fair chance to present the true facts of the project⁴.

Use of Hawaiian Home Lands by non-beneficiaries

A major concern expressed by the trust beneficiaries was that Hawaiian Home Lands should not be made available to non-beneficiaries. Justified frustration was expressed that more than 2,800 beneficiaries are waiting for an agricultural lot, that the last time Anahola received agricultural lot awards was in 1984 and that it is unfair that non-beneficiary companies receive 30 year leases while ranchers and farmers only have month-to-month revocable permits. Please note that an additional mitigation measure has been made in the lease by removing the 10 year optional extension time period, capping the lease to 20 years.

While Green Energy cannot interfere in the management of the trust lands, it expresses its deepest sympathy with all the beneficiaries on the waiting list. The truth about the project is that Green Energy will restore the Anahola-Kamalomalo Hawaiian Home Lands so that they may become available for homesteading agriculture lots.

In their current condition, the lands are unusable for homesteading. Green Energy will clear the entire 1,175 arable acres of Albizia, an investment worth more than \$6 million. Within five years, the 267 acre area zoned for subsistence agriculture holding the best soil grade lands will be returned to the DHHL to establish approximately 130 two acre homestead agriculture lots.

Without the Green Energy project, it is very likely that the lands will remain unusable for several more decades, especially now that the DHHL isn't able to fund such operations.

The remaining minimum of 850 acres will be used as plantations and will enable Green Energy to recover its \$6 million investment over a 20 year period. At lease end the land will be returned to the DHHL to establish more agricultural and homestead lots.

The role of HCDC in the Green Energy proposal

Several people expressed concerns regarding the cooperation of Green Energy with HCDC/AHHA. The concerns are related to potential leverage HCDC/AHHA could gain with the project to allocate benefits to its own members, control Hawaiian Home Lands, control access and retain moneys that are intended for community benefits. For the sake of clarity, Green Energy repeats that neither HCDC, nor AHHA, nor any members of these organizations have any stake in the lease or in Green Energy and that the only involvement of AHHA/HCDC in the project is through the HBA.

First of all it is important to make a distinction in between Homestead Benefits that will be administered by the DHHL and Homestead Benefits that will be administered by HCDC/AHHA.

The homestead benefits that will be administered by the DHHL and HHC are the ones with major community impact and highest direct value. The preparation of 267 acres for Homestead Ag Lots, cleared from Albizia and ready for development in homestead and agricultural lots, within 5 years is the major direct community benefit, followed by a much larger community benefit at lease end: the return of another 850 acres of cleared land available for Homestead Ag Lots at lease end. The removal of Albizia and related activities are worth over \$6m. The lands will also be opened up using a standardized access procedure, the HHC and DHHL will have a say over access procedures to the lands and the installation of the picnic area when these topics will be placed on the HHC agenda for approval.

HCDC and AHHA have teamed up with Green Energy to provide a series of specific community benefits to all beneficiaries. The benefits that are considered, and the role of HCDC/AHHA in each one is as follows:

- Community and cultural input through an advisory board. HCDC/AHHA will set up the Advisory Committee to counsel Green Energy on all local and cultural aspects of the project. Meetings will be held at least once a year. The Committee has only advisory capacity, and all decisions are made solely by Green Energy. The board will

be constituted of members of HCDC, AHHA and Green Energy. Any homestead lessee (residential, agricultural, pastoral), waitlist beneficiary or resident of the Anahola homestead are welcome to be a member of AHHA and participate in the Advisory Committee.

- Access for hunting and leisure on the project lands, picnic area. HCDC/AHHA will conduct community outreach to receive input of the local community regarding access procedures. The decision on the access procedure will be taken jointly by HCDC/AHHA and Green Energy and must be accepted by the DHHL and HHC.
- Local jobs and contracting opportunities. HCDC/AHHA will set up and staff an employment cell that will publish employment and contracting opportunities for the project, receive applications, conduct initial interviews and pass this information to Green Energy. It is crucial to know that HCDC/AHHA have a working job cell. Decisions on employment and contracting will be taken solely by Green Energy.
- School curriculum: Green Energy staff will volunteer time to participate in a school curriculum organized by HCDC/AHHA regarding renewable energy.

For the duration of the project life HCDC/AHHA will receive 2% on the gross value of the thermal energy harvested from plantations. For the sake of clarity this 2% on gross value has been defined as a fixed price per bone dry ton of wood harvested from the plantations on the project lands. This amount is expected to be somewhere in between \$22,000 and \$39,000 per year. The first payment will be made after 2019, when the first plantations will be mature and can be harvested. These payments are made by Green Energy to fund the workforce development program and ensure that the above mentioned benefits are distributed, except for the installation of the picnic area and access infrastructure that will be funded by Green Energy directly.

Green Energy accepted, to be totally transparent, to annually report to the DHHL on the HBA including an overview of any and all moneys paid, the organization of the benefits and the use of the funds. In case of non-performance by HCDC, the payment by Green Energy of 2% on gross value for the Benefits Agreement is to be paid to the DHHL, for DHHL to allocate it to another entity to organize the same benefits.

If one would compare the value of both the lease, including the homestead benefits, and the HBA in between Green Energy and AHHA/HCDC, the total value of the lease over the project lifetime is \$10.2 million compared to on average \$582,000 for the HBA with HCDC/AHHA. For this calculation the \$6M has been calculated as a payback over 20 years at an interest rate of 5%, the income for HCDC/AHHA has been calculated as the average in between \$22k and \$39k per year, starting at the first plantation harvest.

It is Green Energy's position that any mistrust in AHHA/HCDC is misplaced. Any task in the HBA given to HCDC/AHHA is purely informational and does not impede anyone to directly address a job offer, quote or concern to Green Energy.

Land use

Concerns were expressed regarding the proposed land use. Many believe the land should be used for food production; some had concerns regarding the use of eucalyptus. Green Energy advocates food autonomy and subsistence agriculture. The project lands are in their current condition not usable for agriculture. Green Energy will clear 267 acres containing the best grade soils (B grade) and return them to the DHHL, for DHHL to allocate approximately 130 subsistence agricultural and homesteading lots to beneficiaries. As such the project will greatly improve food autonomy for Anahola Homesteaders. The lands Green Energy intends to use for tree plantations are classified as C and D grade soils, which are less productive.

No GMO. Green Energy will not use genetically modified organisms. Green Energy has no link to any company involved in genetic engineering of trees. Green Energy will use cultivars, natural breeds of eucalyptus or other tropical non-invasive hardwood trees. Green Energy voluntarily committed to obtain State department of Forestry (DLNR/DOFAW) and Federal Natural Resources Conservation Service (USDA/NRCS) approval for every cultivar it intends to use.

In several countries eucalyptus had an impact on the environment. Although the impact mostly occur in large scale plantations, which is not the case in this project, Green Energy did consider the potential impact and developed mitigation measures:

- Water use: the trees will be planted in areas with sufficient rainfall. Rainfall data were obtained from the state and Amfac records.
- Soil erosion: Green Energy worked with the NRCS to implement best management practices to avoid erosion and improve water quality. By contour ripping, cover crops, grass filter strips etc erosion is avoided or controlled. Fortunately, the intended plantation lands are relatively flat and do not present a substantial risk of erosion.
- Nutrition: actually the soils are almost entirely depleted; fertilization will be required to successfully grow a crop. This will be done based on soil tests, first with organic and mineral fertilizers and later mostly organic by returning leaves and wood ashes to the fields.
- Forest fires: due to high rainfall in the area the chance of fires is reduced, plantations are organized in small blocks with fire corridors allowing immediate access for fire control in case this would be needed.

Most importantly, Green Energy conducted two levels of environmental assessment (EA). One at the federal national level (NEPA) and another at the State Hawaiian level (HEPA) and received a finding of no significant impact (FONSI).

Current Revocable Permit holders

The project should not directly impact any of the five people currently having a Revocable Permit (RP) on portions of the land. Green Energy expressed to the DHHL its will to co-exist with the current RP holders presenting detailed solutions for the ones directly concerned by the plantations. The decision on land use is with the DHHL and cannot be influenced by Green Energy.

Further steps, finish of the HRS 171-95(.3) allocation procedure

Green Energy has worked closely with the DHHL after the public hearings by answering all the questions raised during the hearings, and analyzing where the lease could be improved to address legitimate concerns.

Green Energy believes that the proposed lease addresses all of the concerns and is a fair deal for all parties involved: the Trust, the Beneficiaries and Green Energy. Nevertheless Green Energy accepted to take back the 10 year extension option that was in the initial proposal and to accept a lease term of 20 years, which is the absolute minimum for Green Energy to pay back its investments.

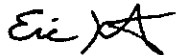
It appears that the DHHL believes more has to change, like removing HCDC/AHHA completely from project and to give the HBA to another entity, or to reopen accepted terms like those on withdrawal of land or rent.

Green Energy cannot accept reopening accepted terms nor will Green Energy act unfaithfully towards its partner HCDC/AHHA (whom the HHC included in the negotiations).

Given the time pressure, Green Energy humbly requests that the decision meeting by the Commission be held no later than June 30, 2013.

Green Energy, in partnership with DHHL - will be happy to actively provide all factual and accurate information to the Anahola community and the beneficiaries before the decision meeting, and to ask all to express their mana'o at the meeting.

Sincerely,



Eric Knutzen
Manager

¹ See exhibit 1, consultation documents distributed by AHHA/HCDC during the 6 public hearings held in Anahola in between November 2011 and January 2012

² See exhibit 2, information meeting invitation letter of DHHL

³ See exhibit 3, petition and response from AHHA/HCDC

⁴ See exhibit 4, information provided at the public hearings

⁵ See exhibit 5, Final lease draft with term reduced to 20 years and HBA annual audit

Aloha Chair Masagatani & Hawaiian Homelands Commissioners!

I'm KipuKai Kualii, a residential homesteader in the Pi'lani Mai Ke Kai neighborhood in Anahola. I continue to wear many hats as a community organizer in our Native Hawaiian community. For over ten years now, I've dedicated myself to advocating for our trust beneficiary homesteaders and waitlistees including as a boardmember of Hui Kako'o 'Aina Ho'opulapula.

I just learned that you would be considering the Green Energy Renewable Energy project in Anahola. Since I'm unable to come to Moloka'i to testify in person, I'd like to share this with you in writing. The primary thing I wanted you to know is that **support is growing as folks learn the truth about this project.**

Prior to the recent public hearings, misinformation was purposefully spread around by a handful of folks who have direct interests in the lands under consideration. They stated things like Green Energy would be growing GMO trees and would deny access to homesteaders. They bad-mouthed AHHA & HCDC and discounted community outreach efforts and beneficiary consultation meetings. They bad-mouthed Green Energy and Eric Knutzen & helped stoke anger over the myth of "a rich, greedy haole corporation coming in to steal Hawaiians' lands".

The Friday night Anahola beneficiary consultation meeting was poorly managed and did not provide the factual informational that it should have. DHHL didn't manage the animosity and yelling by a handful of folks who were fanning the flames and spreading further misinformation. DHHL staff also allowed these folks to exhibit inappropriate and disrespectful behavior.

So, it's no wonder that there was opposition expressed during the following two public hearings.

As many others are beginning to see, I hope you can see the benefits of this project; benefits our trust beneficiaries sorely need. Here's a list of the most important benefits for your consideration...

- 1) Beneficiary Homestead lots - 267 acres of the best agricultural lands cleared and available to DHHL within 5 years for **103 two-acre Subsistence Agriculture lease awards** as called for in the Regional Plan. An additional 850 acres of arable lands cleared and available to DHHL for homestead awards after an additional fifteen years for at least the **14 ten-acre pastoral lease awards** as called for in the Regional Plan.
- 2) Ag Standard Roads - Up to 11 miles of improved, accessible agricultural standard roads.
- 3) Community Jobs & Contracts - Training, employment & contracting opportunities will be provided to homesteaders
- 4) Community Access - Access will be provided to homesteaders for legal hunting and recreation including a new mauka picnic area.
- 5) Community involvement - Continued community involvement throughout (Community Advisory Group) and support for curriculum on renewable energy and biomass forestry.

In closing, I simply ask you to consider your obligation to our trust beneficiaries on the waitlists. It's a shame that Kaua'i has only seen one award of ag lots 30 years ago. Also, be mindful of what an important decision this is for the future of Anahola. Please don't be swayed by a loud, vocal minority who while clearly stating their objection to the project have not been forthright about the "conflicts of interest" they have as current RP-holders or other users of the lands under consideration. They are objecting the loudest because they want the lands under consideration for themselves. However, unlike Green Energy they're not offering to clear over 1,000 acres of Albizia-infested lands to provide the greatest long-term benefit to our trust beneficiaries on the waitlists.

If you have any questions, please feel free to contact me at 652-3684 or kipukai@kualii.com.

Mahalo nui loa,
KipuKai Kualii

Petition Against

We the undersigned are unified against the intended use of 2,143 acres Kamalomalo highlands by the partners comprise of Homestead Community Development Corp. (HCDC) and Green Energy LLC as proposed.

HCDC and partner Green Energy LLC is currently in negotiation with the State Department of Hawaiian Home Lands for a 30-year general lease to grow primarily albizia trees for biomass production under the State of Hawaii green energy initiative.

We believe that HCDC and partner failed to allow a full and complete community informational outreach campaign whereby restricting comments (whether for or against) by native Hawaiians and the community at large on this matter.

Whereas: we the undersign desire full disclosure of the following before final decision by the DHHL is put forward. They are:

- A. Who is HCDC (i.e. governance board, members, etc.)?
- B. Who is Green Energy LLC (i.e. governance board)?
- C. What are the mission statement of the applicant?
- D. What (if any) are community benefits?
- E. How will the current lessee's be impacted?
- F. How will this lease affect recreation users (i.e. hunters, motorize bikers, backpackers, environmentalist)?
- G. How will the spread of albizia seeds be limited from spreading into backlands affecting native floral?

Respectfully Submitted:

Anahola's O Kamalomalo

Anahola Farmers Association

Kalalea Farmers Association

Anahola Homesteaders Council

HCDC Item No.

Exhibit

MAY 20 2013



PO Box 646
Anahola, Hawaii 96703
Tel: 808.855.2105
info@ahha96703.org
www.ahha96703.org

Date: March 8, 2013

To: Na Paniolos O Kamalomalo
Kalalea Farmers Association

Anahola Farmers Association
Anahola Homesteaders Council

Fr: Anahola Hawaiian Homes Association & Homestead Community Development Corporation

Re: Petition

Petition Inaccuracies

We received a copy of your petition of opposition to the Green Energy Team LLC Albizia Removal project in Anahola. There are serious inaccuracies in your petition, the biggest of which is your statement that the project is to "grow albizia". The project is to REMOVE the invasive albizia forest, allowed to grow over the last 20 years by the state Department of Hawaiian Home Lands. Your petition claim is patently false.

The second inaccuracy is that AHHA/HCDC or Green Energy Team LLC failed to conduct outreach and an informational campaign, and restricted comments by native Hawaiians and the larger community – completely false. First and foremost, AHHA and HCDC are native Hawaiian controlled and governed organizations. We are Anahola lessees, beneficiaries either on the land or waiting for land, or family residents that live in the Anahola homestead. Moreover, we are very much a part of the larger community of Anahola and Kauai. Our families, our members, and our leadership are no more or less important than any other lessee or resident.

A year ago, over a 3 month period in November 2011, December 2011 and January 2012, six beneficiary consultation sessions were organized, coordinated and conducted IN Anahola. They were well attended by AHHA members, as well as non-members, and publicly advertised and open to the general public. These six sessions focused on the topic of removing the invasive Albizia forest located on 1200 acres of our trust lands, as well as the potential of developing a commercial grade solar facility on 55 acres in Anahola. We definitely conducted outreach, and definitely held consultation sessions for our community. Your petition claim is patently false.

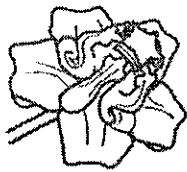
About AHHA and its Nonprofit HCDC

AHHA is and has been a homestead association in the Anahola region for more than 30 years. Any homestead lessee (residential, agricultural, pastoral), waitlist beneficiary or resident of the Anahola homestead is welcome to be a member of AHHA. Our membership applications are available at our nonprofit offices at the corner of the highway and loane road.

HCDC is the AHHA 501c3 tax exempt nonprofit dedicated to projects on Hawaiian Home Lands serving beneficiaries of the Hawaiian Homes Commission Act and homestead associations. Founded in 2009, HCDC has managed our grants and projects including the Anahola Marketplace, the Anahola Café & Saimin Stand, and the Kumu Campground project.

Our Place for Home, Family, Future

HHC Item No. B-2
Exhibit C
Date MAY 20 2013



Other projects include workforce development, employment outreach and homestead-owned business support services on the Anahola Solar Facility with KIUC, and will include agricultural training, internships, employment outreach and homestead-owned business support services on the Albizia Removal Project with Green Energy Team LLC.

Our Board Members are as follows:

Lorraine Rapozo – President
P.O. Box 180
Anahola, Hawaii 96703
808.651.2766
lorraine_rapozo@yahoo.com
Class A Member
Expires: 2014

Vacant as of January 2013
To be filled by board in April
Class A Member
Expires: 2014

Robin Danner – Secretary
PO Box 315
Anahola, Hawaii 96703
808.652.0140
robin@hawaiiancouncil.org
Class A Member
Expires: 2015

Kawehi Mahi – Treasurer
P.O. Box 496
Anahola, Hawaii 96703
808.635.1228
kawem@hotmail.com
Class A Member
Expires: 2013

Kawika Cutcher – Director
P.O. Box 674
Anahola, Hawaii 96703
808.431.4581
kawika7@gte.net
Class A Member
Expires: 2013

Darlene (Kau'i) Aki
P.O. Box 424
Anahola, Hawaii 96703
808.645.1666
darleneaki@aol.com
Class A/B Member*
Expires: 2015

***Faisha Solomon**
P.O. Box 669
Anahola, Hawaii 96703
808.651.1488
faisha@hawaiiancouncil.org
Class A/B Member– Youth Seat
Expires: 2014

***Kamahalo Kauhane**
P.O. Box 250
Anahola, Hawaii 96703
808.645.1584
kamahalo@yahoo.com
Class A/B Member
Expires: 2015

Sherri Cummings-Yokotake
P.O. Box 441
Hanalei, Hawaii 96714
808.651.0640
sherriyokotake@gmail.com
Class A/B Member
Expires: 2016

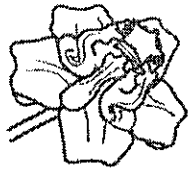
***Kipukai Kualii**
P.O. Box 662061
Lihue, Hawaii 96766
808.652.3684
kipukai.kualii@gmail.com
Class A Member
Expires: 2013

Frank Cummings
P.O. Box 3242
Lihue, HI 96766
808.635.5080
gcummingsjr@hawaii.rr.com
Class A Member
Expires: 2016

Pastor Alex Young
PO Box 1752
Kapaa, HI 96746
808.651.2081
Alexander.d63@gmail.com
Class B
Expires: 2016

8 Seats Elected by Class A Members (2 per year at annual meeting)
*4 Seats Appointed by AHHA Board of Directors (Diversity/Expertise – 1 per year)
Board Elections Take Place Annually – Next Election is March 2013

The members highlighted in BLUE are on the HCDC tax exempt nonprofit board, along with Liberta Albao, Tano Castaneda, Myrna Bucasas, Blossom Feteira, Michelle Kauhane and Mike Hodson.



Petition Questions

Your petition asked several questions as follows:

A. Who Is HCDC?

HCDC is the 501c3 tax exempt nonprofit of AHHA and other homestead associations, founded in 2009 to develop projects on Hawaiian Home Lands. It is governed by a 100% board of Hawaiian Homes Commission Act lessees and beneficiaries on the waitlist. HCDC is the tax exempt development nonprofit of AHHA, the West Kauai Homestead Association, the Waimea Hawaiian Homesteaders Association, the Kaupea Hawaiian Homes Association and the Association of Hawaiians for Homestead Lands (waitlist advocacy organization). Members of the nonprofit board of directors were identified on the previous page.

B. Who is Green Energy Team LLC?

GET is a Kauai based energy developer that is building a Biomass Facility in the Koloa district of Kauai. GET has over thousands of acres on Kauai to devote to agriculture and the harvesting of trees to generate renewable energy for the Kauai island wide grid at KIUC. Its principal is Eric Knutzen of Anahola.

C. What is the Mission Statement?

AHHA's mission is to protect and defend the Hawaiian Homes Commission Act for the beneficiaries of the Act, and to promote the well-being of homesteaders in the Anahola region.

HCDC's mission is to *Support the self determination and capacity of beneficiary controlled homestead associations through projects located on Hawaiian Home Lands that promote economic and community development, and the perpetuation of Hawaiian culture.*

D. What Are Community Benefits?

This project seeks to rejuvenate 1200 acres of trust lands that have been rendered unusable for residential, farming or ranching homesteading due to the presence of a huge invasive Albizia forest. The project will fund the removal of the forest, implement soil restoration over a number of years, replant more suitable plant stock for harvesting and replanting over the term of the project, resulting in the lands being rehabilitated for distribution to beneficiaries on the waitlist – all while providing market value rents to our Hawaiian Home Land trust, and not requiring any expenditure of our Hawaiian Home Land trust funds to complete the restoration of the lands.

Community Benefits are additional priorities identified by community members that can be incorporated into the development of a project. Over a year ago, AHHA/HCDC convened multiple sessions to identify the priorities of Anahola residents and HHCA beneficiaries. GET agreed to incorporate the following benefits:



1. **Collaborative Process.** HCDC and GET will provide input, counsel, and advice in a collaborative relationship to ensure that, where feasible, the Anahola Agricultural Project is constructed and operated in a manner that preserves the cultural, aesthetic, environmental, and practical considerations unique to Hawaiian Home Lands, including the perpetuation of Native Hawaiian plants, language, and ways of life representing the Ahupuaa of the Anahola region.
2. **Trust Land Disposition.** HCDC and GET embrace the most significant aspect of pursuing a successful Anahola Agricultural Project, which is the inclusion of a beneficiary controlled organization as emphasized in the Hawaiian Homes Commission Act in Section 204 and in Section 207. The parties recognize the goals of the HHCA to empower beneficiaries through homesteading lands, and mercantile and commerce lands.

The parties also recognize the talents and knowledge of beneficiaries and stakeholders in agriculture, in cultural considerations, in organizing homestead and Kauai labor and business resources, in actively implementing components of this Homestead Benefits Agreement, in being responsive to homestead inquiries, in the day-to-day compliance of Hawaii Administrative Rules and the HHCA, and in the collective expertise, past and present, about every acre of the trust lands engaged in the Anahola Agricultural Project.

3. **Leadership Partnership & AAPAC.** To assist in this collaborative effort, HCDC and GET will form the Anahola Agricultural Project Advisory Committee ("AAPAC") for the life of the project, comprised of AHHA members of the homestead community and GET leaders to coordinate and share information, studies, and plans, and conduct community outreach. At a minimum, the AAPAC will host annually, an executive briefing for GET managers on the HHCA and Native Hawaiian issues.

The AAPAC will meet at least annually, to review the Anahola Agricultural Project activities and performance, to conduct briefings on the status of the goals and objectives of this Agreement, and to discuss additional potential opportunities in furtherance of the goals of the HHCA.

4. **Land Restoration & Land Improvements** – At GET's sole expense, 1,175 acres currently covered in Albizia trees will be removed, stumps removed, roads and drainage restored, soil and water conservation measures implemented to avoid erosion and restoration of soil structure and fertility. This includes 11 miles of roads and 8 miles of ditch systems.
5. **Homestead Access and Community Picnic Area** – GET and HCDC will develop and publish homestead accessibility procedures to the lands, including a community picnic area on 2 acres, and other purposes at GET's sole expense.
6. **Responsibility for Project Costs.** GET shall be responsible for, without recourse to HCDC or AHHA, the direct payments for all construction costs of the Anahola Agricultural



Project, the Environmental Assessment necessary for compliance with the requirements of Hawaii Revised Statutes ("HRS") Chapter 343 if required, and the National Environmental Policy Act for the Site, and the reasonable legal cost of negotiating and documenting the License and General Lease from DHHL.

7. **Project Signage.** GET will reimburse HCDC for the cost of erecting signage at the Site during the pre-construction period and during the project life of the Anahola Agricultural Project, in consultation with the AAPAC that denotes the collaborative development and use of Hawaiian Home Lands for the Anahola Agricultural Project.
8. **Subject Matter Experts.** GET, working in conjunction with HCDC, will direct its employees, representatives, consultants and contractors, to maximize local participation in employment and contractor opportunities, job fair coordination, maintenance and outreach of a local employment database, political and logistical coordination, and press announcements from a Native Hawaiian homestead perspective.

When feasible, GET will seek consultants and contractors that have specific knowledge and expertise of Native Hawaiian culture, community, governance systems, and agencies, as well as the federal Hawaiian Homes Commission Act which governs the lands where the Anahola Agricultural Project is to be located.

9. **Worker Qualification & Local Hire.** The Parties will jointly use their commercially reasonable best efforts to conduct outreach, job fairs, local contractor briefings, and referrals of Anahola homestead and/or Kaua'i residents to be considered for employment by contractors, and to encourage the use of Anahola and/or Kaua'i business vendors for products and services, involved in the Anahola Agricultural Project.
10. **Operations and Maintenance Contract Qualification.** The Parties will jointly use their commercially reasonable best efforts to qualify HCDC, its designated affiliates, and/or other Anahola homestead and/or Kaua'i residents for business contracts or employment to perform services including, security, landscaping and grounds maintenance, vegetation control, farming and harvesting, facilities maintenance, or other services at the Anahola Agricultural Project.
11. **Internships, Fellowships & Employment Training.** The Parties will use their commercially reasonable best efforts to develop and make entry level opportunities available for management internships and fellowships targeted for homestead residents, regardless of homestead location or island of residence, to broaden experience and achieve workforce training goals in the general agricultural field.

The Parties will strive to develop and implement such programs to achieve the widest reasonable reach consistent with the positions, needs, functions, and qualifications of GET's and HCDC's operations, including the potential of accounting positions and other non-traditional agricultural positions. GET will seek input from the AAPAC to provide the



appropriate stipend and/or salary and benefits commensurate with a competitive apprenticeship program for all such internships, fellowships and employment training opportunities.

- 12. School Curriculum Development.** GET will provide reasonable access to its staff and use its reasonable best efforts to assist HCDC in developing meaningful opportunities for junior and senior high school students to participate in a curriculum on agricultural technologies and techniques, renewable energy technologies, including engineering, project design, operations, maintenance, and financing. To accomplish this, GET and HCDC will reasonably make available staff to lead tours of the project and to provide input on the development and teaching of the curriculum at such times and in such formats as may be mutually acceptable to the Parties and schools with high Native Hawaiian enrollment.
- 13. Non-Proprietary Information Regarding Agricultural Operation & Renewable Project Developer Capacity Building.** GET will assist and share non-proprietary information with HCDC as part of a collaborative effort to build HCDC's knowledge and capacity in aspects of financing, agriculture and operating a bio-mass facility. GET will provide to HCDC, subject to the terms of nondisclosure agreements to be executed, the annual financial data on the Anahola Agricultural Project to ascertain budget as compared to actual development costs, annual operating costs, and energy production success. GET will make reasonable efforts to include HCDC in coordination meetings with its project team and contractors and/or to otherwise keep HCDC apprised of the status of the Anahola Agricultural Project.
- 14. Decommissioning and Reclamation.** GET shall submit to the AAPAC for approval a plan for decommissioning the Site upon conclusion of the life of the Anahola Agricultural Project to include removal of all equipment, fixtures, facilities, and underground components that may interfere with re-vegetation of the Site. The plan shall address financial reserves to be established for decommissioning and to mitigate potential issues such as soil erosion, habitat fragmentation, and visual impacts, if the Site is not agricultural ready at the conclusion of the project.
- 15. Benefit Agreement Funding Support.** GET will reimburse HCDC/AHHA on predevelopment costs, remit a one-time development fee dedicated to establishing the HCDC/AHHA Workforce Development program office, and an annual 2% dedicated to internships, agricultural training, employment outreach, high school education sessions, the administration of the Anahola Agricultural Project Advisory Committee and other activities of the benefits agreement. HCDC is required to leverage the GET funding.



E. How Will Current Lessees Be Impacted?

No impact. There are no current lessees on any of the proposed lands for the Albizia Removal Project. However, there is a month-to-month Revocable Permits issued to at least 1 individual that may be impacted, but not significantly.

Regardless, the priority of the Hawaiian Homes Commission Act is the disposition of lands to beneficiaries on the waiting list for residential, farming or ranching homesteading purposes. A secondary priority is the disposition of lands to beneficiaries or the general public for mercantile, commercial and community development that improves the cultural, economic, political, health and education of beneficiaries of the HHCA. Any current revocable permits on the proposed lands are temporary in nature because they do not promote these priorities with the largest impact to the most beneficiaries possible. Many times, these RPs serve only the interests of a single person, that may or may not be a beneficiary of the HHCA.

F. How Will This Lease Affect Recreational Users (hunters, motorized bikers, backpackers, environmentalists)?

There will be an impact, in order to restore 1200 acres of invasive trees that have rendered our trust lands useless for the HHCA mission. Our trust lands were not designated by Congress in 1920 for hunters, motorized bikers, backpackers or environmentalists. It was designated for homesteading (residential, farming and ranching), and this project will advance that priority far better than any other use given the current condition of these lands. As an aside, beneficiaries of the HHCA are the original peoples to these islands, and are the original environmentalists. The project is one of the largest environmental restorations to be coordinated in Anahola.

In addition, it should be understood that the project will immediately prepare and restore over 267 acres for return to DHHL for subsistence agricultural use.

Our goal is straightforward – to implement the most cost effective method of restoring 1200 acres of trust lands, for use by beneficiaries on the waiting list for homesteading.

G. How Will the Spread of Albizia Seeds be Limited from Spreading into Backlands & Native Flora?

The project is NOT to grow Albizia. The project will remove the 1200 acre Albizia forest that has choked out Native Flora and rendered the land unusable for homesteading. The project includes the removal of stumps to ensure re-growth is not possible. Green waste hauling will be conducted under strict protocols.

Green Energy Team LLC (Green Energy) Frequently Asked Questions
From meetings held on 8, 14, and 15 March 2013

FARM PLAN

Why is Mr Knutzen coming to Hawaiian Home Lands?

Eric Knutzen is a principal of Green Energy and owns no agricultural land. The Eric Knudsen trust from Koloa is a major landowner on Kauai but has no link with the project, except the fact that Green Energy bought the plant site parcel of 64.2 acres from the Eric Knudsen Trust in 2007, and rents 570 acres of land from the Trust for the same purpose.

Why do you have to do this in Anahola? Who approached you? Will you be making money off this land and how much?

The Anahola mauka lands are one of the few lands in the area that is considered suitable for biomass production. Green Energy has been looking at these lands since 2010 - and started this initiative on their own volition. The fact that the Anahola mauka lands are unusable due to infestation of the invasive Albizia tree raises the initial potential investment cost by Green Energy then cleared lands.

This investment in clearing of the invasive Albizia and expensive removal of the stumps throughout the Anahola mauka lands greatly benefits the beneficiaries of the Trust – and Green Energy offered to discuss establishing a project which benefits the local Anahola community while supplying biomass as well. It must be made clear that merely the projected cost of the clearing, stump removal, road infrastructure repairs, planting and harvesting is included in Green Energy's plantation budgets. The only source of income for Green Energy is from the power production only. The Power Purchase Agreement (PPA) – is the only source of revenue, and has been carefully registered and reviewed by the Hawai'i Public Utilities Commission (PUC) chaired by Mina Morita and approved on October 31, 2011. More importantly, the independent Consumer Advocate conducted their review of the proposed pricing and costs for both debt and equity, submitting their independent report to the PUC finding no exaggerated profit, and significantly lower costs than current fossil fuel production by KIUC.

What is the objective of the parties?

To grow trees to provide fuel to the biomass facility and restore the Anahola-Kamalomalo mauka lands to make it available again for homesteads and agriculture.

We have lost the right to burn our own rubbish. Why should we let you burn trees? Burning trees is not an efficient way to produce energy.

Burning wood in a biomass facility is not the same as burning rubbish. The biomass wood is untreated natural wood, and the exhaust is treated. As KIUC dials down their Port Allen diesel production to bring online the Green Energy plant, per kW - the Green Energy air emissions are much cleaner. The result is cleaning up our Kaua'i air. The air emissions of the biomass according to the Air Permit registered with the Department of Health are approximately 1/5 of the NOx, 1/3 of the SOx and significantly less Particulate Matter than the current KIUC Port Allen emissions.

Green Energy uses a state of the art, highly efficient technology that is proven, and thus financeable.

HHC Item No. 62
Exhibit D
Date MAY 20 2013

Anahola should not have to bear the load for renewable energy. We're better off with solar. Solar only produces energy 22% to 26% of the time. As of today there is no reliable or affordable way to store the energy for distribution when needed. That's why solar is called intermittent technology, and requires expensive, idle back up firm production which is today fossil fuel produced to be turned on when the sun's not shining, making the total cost of solar much more.

Biomass provides a base load of energy 24/7. A mix of biomass, hydro, solar, wind and gas fired power plants gives a reliable supply to KIUC.

What will be grown?

Tropical hardwoods approved by the State of Hawai'i Department of Forestry and Wildlife (DOFAW) and USDA Natural Resources Conservation Service (NRCS).

There have been reports regarding eucalyptus causing problems with the land and water where they were grown. What will prevent that from happening here?

Water: the eucalyptus species Green Energy will use needs rainfall above 60 inches per year to grow at full potential. The Anahola mauka lands Green Energy is looking at have an average rainfall that is higher than 60 inches per year (data from Amfac/McBryde from 1969 till 1995, confirmed by state data). The rainfall is sufficient for the trees to grow. Above and beyond this the plantations will cover less than half of the gross acreage (850 acres on a 2,134 acre parcel) with gullies, streams etc in between. Also, eucalyptus needs less water than sugar cane to grow, and it's generally the same areas to be planted as where the sugar cane was grown during our plantation days.

Soil Erosion Control: we are partnered with NRCS and committed to best management practices to avoid erosion and improve water quality. By contour management, cover crops, grass filter strips etc we avoid erosion. Fortunately, the lands we will work on are relatively flat lands and do not present a real erosion challenge.

Soil: the soils are in really bad shape. Very depleted. Fortunately, we have a comprehensive program including both organic (compost and especially ash from Albizia) and mineral fertilizers for startup and on an ongoing basis. Most of our needs are met sustainably in our closed loop system with minimal outside fertilization by bringing back leaves and ashes to the soils. The leaves that are left represent an estimated 66% of the nutrients a tree has taken during growth, and the ash we bring back to the soils contains most of the remaining nutrients the tree did take. The loop is almost closed and we will actively monitor the balance using best soil management practices.

Cost: The positive part is that it's the most sustainable methods practically applicable on a large scale today, where it's not only environmentally and culturally the optimum, but it also makes sense economically and simply saves money. The cost of off island chemicals being shipped here often from foreign countries is expensive. Even without our own internal leaders' policies and strategies of local, organic material to be our prime directive – this method of sustainable approaches and following strict environmentally sound protocols is economically the most viable. From a holistic view - it comes together environmentally, culturally and economically - directly respecting Malama 'aina.

End results: Removal of the invasive mono crop Albizia along with the stumps, restore the soils, and return the soils as such at lease end as committed for ag and homesteading. In this

way, not only are we removing the invasive trees and stumps, bringing up the road infrastructure standard for better access, improving the soils but also providing all of the arable acreage in cleared and Homestead Ag ready parcels – exactly what the Trust's mission is

Furthermore, timing is such that the goal is that homesteading will be made available on the first 267 acres after being cleared in 5 years, and in an additional 15 years the remaining 850 acres will be cleared and prepped for homesteading

Biodiversity: No native forest trees will be removed. This is our directive and commitment. We do not use invasive species or anything that could invade native ecosystems

We are studying the potential of multi-species biomass plantations. We are finding existing examples in Hawaii (Hamakua on Big Island for example) where one can see that the monoculture isn't completely undiversified (other trees, bushes, grasses growing there and animals living there)

Forest fires: Our tree plantations are organized in small blocks with fire corridors allowing immediate access for fire control in case it would be needed. As such, our plantation system with corridors and access will greatly decrease fire risks, and is much better than the current situation with dense invasive Albizia and restricted and limited access. Further, one of the natural benefits of the high rainfall in these mauka lands are that fire risks are naturally lower than comparatives with less rainfall.

Eucalyptus trees? Are they GMO trees?

No

Why Eucalyptus? Nothing grows under eucalyptus. Our O'opu won't go through eucalyptus water. We have forest lands that have been eradication invasive species, why would we want to plant more?

Green Energy does not only look at Eucalyptus. The potential invasiveness and impact on water is studied on beforehand with DOFAW and NRCS. Both of the institutions do approve each species before Green Energy plants it

Also...all the poison used on the lands. When the water drains down the poison will come down too.

The use of herbicides is very limited in our forestry plantations as compared with common diversified ag Integrated Pest Management (IPM) across Kaua'i. Only in the first 6 months are approved herbicides potentially used – and only when needed and strictly requisite volumes. Once the tree canopy is closed - there are no more needs to use herbicides, which is very unique.

How tall are the trees? How many per acre? What happens if there is a fire?

The trees will be 30 to 40 feet high like very large bushes, easily harvested, and in between 675 and 850 per acre.

Forest fires: due to high rainfall in the area the chance of fires is reduced, and our plantations are organized in small blocks with fire corridors allowing immediate access for fire control in case it would be needed.

What is the plant to harvest timeframe?

Average rotation is expected to be in between 4 and 5 years.

What about the environmental assessment?

Green Energy has conducted two environmental assessments (EA's) - one at the state of Hawai'i HEPA level, as well as one on a national NEPA level. Green Energy received a Finding of No Significant Impact on each of them. In fact, the biologist stated in the biological assessment given our removal of invasive tree species etc., that it's the first project he's seen with net positive impact. A specific EA will be made for the Anahola-Kamalomalo lands as well.

I hope the EA will take the time to map our historic sites. It's very important to all of us...historic sites, arch sites

Yes, the historic sites are part of the EA. There will be no planting in gullies or wastelands, only on former sugarcane lands where historic remains are generally non-existing

If you are not doing the EA? Who is doing the work? Putting concrete in streams, in the roads... there are two bridges and cement... what about the permit because it is literally in the river?

Green Energy does not work on the Anahola-Kamalomalo lands now and is not related to these questions. DHHL can answer this question.

Where is Anahola getting water?

DHHL question

Without water you are setting people up for failure

DHHL question

Road improvement- to what standard?

Dirt road standards of the State of Hawai'i Department of Forestry and Wildlife (DOFAW).

What happens after? When you leave?

The invasive Albizia trees will have been removed along with their stumps. Homestead Ag Parcels will then be available, as is the Trust's mission.

Are you going to put in water? Electricity?

No

Can you imagine the trucks between Anahola and Koloa?

The State of Hawai'i Department of Transportation (DOT) has approved Green Energy's transportation plan. On an average week day (no transportation foreseen in the weekends) there will be 6 trucks per day, as Green Energy also sources wood from other areas.

When is the 267 acres coming back? Will that be in the lease?

Within 5 years. It is in the lease as a required condition

Where are the access points?

Kealia Road.

WHO

Who is Green Energy? Isn't Green Energy owned by SPC of Germany?

Green Energy is a Kaua'i based renewable energy company currently building a state-of-the art 6.7-megawatt biomass to energy facility in the Koloa district (Island of Kaua'i, HI). In May 2011, Green Energy signed a 20 year power purchase agreement with KIUC, the local member-owned utility company. In October 2012, Green Energy closed financing after having obtained all necessary entitlements and a loan-guarantee from the federal Rural Utility Service. Debt is provided by Deutsche Bank New York and the owners provide equity.

Green Energy has Kaua'i ownership equity partnered with an affiliate of Standardkessel Baumgarte GmbH (SK) from Germany (standardkessel.de). SK is a renowned power plant engineering company that will build the Green Energy facility and invested equity in the project. SK is owned by private European shareholders.

Mr Knutzen, are you currently involved with a lawsuit?

No. Furthermore, Green Energy is not either. The lawsuit referred to at the hearing involved non-performance by a services vendor and Green Energy prevailed, and the case has since been closed.

What is between Green Energy and HCDC?

Green Energy and AHHA/HCDC have an agreement to provide workforce development services for the life of the project in the Anahola community to promote local hire and local contracting, and to achieve other priorities such as installing proper signage showing the lands as part of the Hawaiian Home Land trust, conducting an annual high school class on renewable energy technologies and financing.

Who owns the lease? Green Energy or HCDC?

Green Energy

What does CNHA have to do with the project?

CNHA is not a party to the project.

Who is HCDC/AHHA?

AHHA is a Hawaiian Homes Commission certified and approved regional homestead association for Anahola, with a membership of lessees, lessee families and beneficiaries of the Hawaiian Homes Commission Act. AHHA was founded in 1982. HCDC is a tax exempt nonprofit founded in 2009 by AHHA to implement its nonprofit programs and projects. Both organizations are beneficiary controlled organizations.

Should talk to people, not HCDC

HCDC and AHHA are organizations of people, all of whom are either residents of Anahola, or beneficiaries of the federal Hawaiian Homes Commission Act.

Could you go directly with DHHL? Why did you have to go through HCDC?

Green Energy agreed with AHHA/HCDC to deliver workforce development services in the Anahola homestead under the HCDC existing nonprofit workforce development program. Green Energy has the discretion to partner with nonprofits or businesses, to enter into agreements with contractors or organizations to achieve its project goals.

Green Energy stated that the 2% has nothing to do with the department and lessees. Goes directly to HCDC. Who represents HCDC? All of the Anahola community?

Correct, Green Energy is paying DHHL market value land rents. The 2% is funding from Green Energy to HCDC to provide a workforce development program that benefits the project and the Anahola community. HCDC is 100% governed by beneficiaries of the HHCA. Its role is not to "represent" the Anahola community, but rather to deliver benefits that serve the Anahola community.

PREVIOUS MEETINGS

We have heard about the meetings that have been held. Where are the minutes?

AHHA/HCDC are not state agencies, and like any other nonprofit such as ALULIKE, QLCC or the Anahola Farmers and Ranchers Association, any requests for minutes for meetings of AHHA or HCDC, must be requested from AHHA/HCDC, not DHHL.

The agreement discussed between Green Energy and AHHA. Input?

Yes, AHHA and Green Energy held 6 beneficiary consultation sessions with and open to Anahola lessees and residents from November 2011 to January 2012.

TIME

Why do they have a 20 year lease?

In order for Green Energy to be able to invest its private capital of \$6m to clear away the invasive Albizia monoculture forest, the stumps and upgrade the road infrastructure etc, Green Energy needs to have enough time to recoup its investment of that cost. Otherwise, DHHL would have to spend its own capital of \$6m to clear the lands.

Waiting too long already for homestead lands- not tie up lands for 20 years

These lands have been unavailable for homesteading due to the invasive forest of Albizia trees for the last 18 years. Simply put, this project enables DHHL to get the forest removed, in order to get the lands in a position to be distributed for homesteads, and not wait another 18 years.

Ag lots should be awarded. Why lock up the land for 20 years?

Please see above.

COMMUNITY BENEFITS FROM CLEARING COST OF \$6M, LEASE RENT AND 2%

Who appraised the lands? Who paid for the appraisal?

An independent appraiser used by the State in similar dossiers has appraised the lands. Green Energy paid for the costs. DHHL reviewed the appraisal internally.

Different amounts of money were talked about previously and now these are changed. What changed? Now it seems less....

Rumors and incorrect information might give this impression but the numbers now provided are the ones all parties agreed on.

How much is the 2% and who does that go to?

Estimated at \$22,000 to \$39,000 a year from plantation harvesting, which Green Energy is paying to HCDC to operate a Workforce Development Program for the project.

Who is benefitting from this agreement?

Everyone. DHHL and all Beneficiaries receive the benefit of the land lease rents at market values. DHHL and waitlist beneficiaries benefit from the no-cost removal of 1200 acres of Albizia worth \$6m, in order to get the land back into active farming and soil repair, with a primary objective of issuing homesteads. This is the quickest and most economical means to get to homesteading – now. Green Energy benefits from paying to lease the land to grow stock for harvest in the 850 acres of mauka lands targeted for homesteading after the first 267 acres are homesteaded. Anahola will benefit from a farming project that will create jobs, clear lands for community use and homesteading, and be served with a dedicated workforce development program.

What is the actual benefit to the community? Not HCDC.
See above.

Questions regarding the HBA- if you have a proposed budget, who came up with it? What are the numbers for items like education and scholarships?

Green Energy and HCDC collectively are budgeting and funding a workforce development program to conduct job fairs, job training, internships, and to conduct a course on renewable energy for high school age students.

What is the proposed budget and who came up with it?
See above

What can be done with \$22-39k? If 1% would be used to employ HCDC and 0.5% goes to the picnic area, etc, what is left for education?

The HBA establishes a requirement to educate high school kids on renewable energy technologies and renewable energy finance. This is in-kind contribution from Green Energy. The funding of \$22k-\$39k pays for the workforce development program, and the high school education program. The picnic area is funded by Green Energy separately.

We don't need a picnic area; we need things to help develop our community, like a gym or community center that can really build capacity.

Green Energy listened to the concerns expressed in the initial 6 consultation meetings and developed a benefit package based on that input that was in line with its budgets.

What is the 2% based on? What is going to Hawaiians? About how much money is that?
See above

She negotiated 2% for us?

No. The 2% is negotiated between Green Energy and HCDC, to fund a Workforce Development program for the life of the project.

Who gets the profits?

Under the HBA, there are no profits. Funding is paid by Green Energy, HCDC delivers workforce development services and other deliverables in the HBA.

Wants a pie chart to show what is being given to the Hawaiians. Want the whole pie- profit, rent to the department, cost to clear the land, 2% to HCDC- what would that look like?

The biggest benefit goes to DHHL, which is also all of the beneficiaries: land clearing and 267 acres for homesteads, worth \$6M. Jobs and road infrastructure improvements also are contributed. HCDC distributes the homestead benefits and gets its costs covered with \$22,000 to \$39,000 per year from plantation harvesting. Regarding Green Energy benefits, see above. It is not possible to make a pie chart because there is no cake.

Seventy percent of the pie will go to Green Energy and investors...

100% of the investment is coming from Green Energy, and 100% of the land lease rents are coming from Green Energy to DHHL.

Want an estimate of the portion to the department.

100% of the value of the land rents for the acreage and land restoration worth \$6M.

Did DHHL review the financial plan? Is so, why didn't we receive it?

DHHL TO ANSWER (suggested answer – DHHL has diligently reviewed the entire financial plan for the Anahola project, which is the clearing and road infrastructure costs of \$6m, lease revenue and benefits package)

If this agreement goes, can the revenue be used to pay all real property taxes due to the county?

The revenue for lease rents that DHHL receives is under the authority of the Hawaiian Homes Commission.

REVOCABLE PERMITS

Why did it take so long for you to talk to the ranchers?

Green Energy received the information that on the lands considered for planting (the 850 acres) - there were no ranchers. It turned out that only one rancher was there and Green Energy immediately told the DHHL they wanted to accommodate him. Green Energy apologizes for not reaching out earlier to its potential future neighbor.

The decision on RP's and leases is DHHL's Kuleana, not Green Energy's.

What happens to the cowboys who live there now? Will they have to leave or stay?

Green Energy has expressed to DHHL its willingness to coexist with the one rancher directly affected by the plantations on the 850 acres. DHHL decides on RP's.

What will be done with the Revocable Permittees?

DHHL to respond

COMMUNICATION

My biggest concern is communication.

Green Energy conducted, with the help of the Homestead Community Development Corporation (HCDC) and the Anahola Hawaiian Homes Association (AHHA), six community consultation meetings in between November 2011 and January 2012. The consultation meetings were posted in public places, with strong attendance in the first few consultation meetings. During the meetings a comprehensive and clear project fact sheet was submitted to all attendants. Time and opportunity was given to all attendees to testify and comment on the project both verbally at

the meeting and in writing after the meetings. Minutes of the meetings are available at the AHHA office. The concerns expressed during those meetings were not different than those expressed during the March 14 and 15 public hearings. Mitigation measures were developed pursuant to the concerns expressed during these meetings.

The information provided by DHHL before the information meeting on March 8 was limited and obviously led to misinterpretations, with several groups starting a joint petition based on pertinently false information that Green Energy was to "plant Albizia" etc rather than remove Albizia. The information meeting on March 8 was chaotic and didn't help to clarify the real content of the Green Energy proposal. The DHHL is now rectifying this by addressing the questions in this format with additional information found herein

Communication is also the biggest concern shared by Green Energy.

Why is this information not being made public?

DHHL to please answer

Can all of this information you are providing, be provided to the local people? We are getting piece meal information.

DHHL

Aloha Chair Masagatani & Hawaiian Homelands Commissioners!

I'm **KipuKai Kualii**, a residential homesteader in the **Pi'lani Mai Ke Kai** neighborhood in Anahola. I continue to wear many hats as a community organizer in our Native Hawaiian community. For over ten years now, I've dedicated myself to advocating for our trust beneficiary homesteaders and waitlistees including as a boardmember of Hui Kako'o 'Aina Ho'opulapula.

I just learned that you would be considering the Green Energy Renewable Energy project in Anahola. Since I'm unable to come to Moloka'i to testify in person, I'd like to share this with you in writing. The primary thing I wanted you to know is that **support is growing as folks learn the truth about this project.**

Prior to the recent public hearings, misinformation was purposefully spread around by a handful of folks who have direct interests in the lands under consideration. They stated things like Green Energy would be growing GMO trees and would deny access to homesteaders. They bad-mouthed AHHA & HCDC and discounted community outreach efforts and beneficiary consultation meetings. They bad-mouthed Green Energy and Eric Knutzen & helped stoke anger over the myth of "a rich, greedy haole corporation coming in to steal Hawaiians' lands".

The Friday night Anahola beneficiary consultation meeting was poorly managed and did not provide the factual informational that it should have. DHHL didn't manage the animosity and yelling by a handful of folks who were fanning the flames and spreading further misinformation. DHHL staff also allowed these folks to exhibit inappropriate and disrespectful behavior.

So, it's no wonder that there was opposition expressed during the following two public hearings.

As many others are beginning to see, I hope you can see the benefits of this project; benefits our trust beneficiaries sorely need. Here's a list of the most important benefits for your consideration...

- 1) Beneficiary Homestead lots - 267 acres of the best agricultural lands cleared and available to DHHL within 5 years for **103 two-acre Subsistence Agriculture lease awards** as called for in the Regional Plan. An additional 850 acres of arable lands cleared and available to DHHL for homestead awards after an additional fifteen years for at least the **14 ten-acre pastoral lease awards** as called for in the Regional Plan.
- 2) Ag Standard Roads - Up to 11 miles of improved, accessible agricultural standard roads.
- 3) Community Jobs & Contracts - Training, employment & contracting opportunities will be provided to homesteaders
- 4) Community Access - Access will be provided to homesteaders for legal hunting and recreation including a new mauka picnic area.
- 5) Community involvement - Continued community involvement throughout (Community Advisory Group) and support for curriculum on renewable energy and biomass forestry.

In closing, I simply ask you to consider your obligation to our trust beneficiaries on the waitlists. It's a shame that Kaua'i has only seen one award of ag lots 30 years ago. Also, be mindful of what an important decision this is for the future of Anahola. Please don't be swayed by a loud, vocal minority who while clearly stating their objection to the project have not been forthright about the "conflicts of interest" they have as current RP-holders or other users of the lands under consideration. They are objecting the loudest because they want the lands under consideration for themselves. However, unlike Green Energy they're not offering to clear over 1,000 acres of Albizia-infested lands to provide the greatest long-term benefit to our trust beneficiaries on the waitlists.

If you have any questions, please feel free to contact me at 652-3684 or kipukai@kualii.com.

Mahalo nui loa,
KipuKai Kualii

HHC Item No. G-2
Exhibit E
Date MAY 20 2013

HCDC

Homestead • Community
Development • Corporation

PO Box 646 Anahola. Kauai. Hawaii 96703



Beneficiary Consultation Briefing & Survey

on the

Anahola Solar Project

and the

Anahola Biomass & Land Restoration Project

This Beneficiary Consultation Briefing & Survey is made available by the Homestead Community Development Corporation and the Anahola Hawaiian Homes Association. If you are a beneficiary of the Hawaiian Homes Commission Act, either as a lessee or on the waitlist, or an interested resident of homesteads, we welcome your manao on two projects we are pursuing to benefit the Hawaiian Home Land Trust and the Anahola homestead community. Please take a moment to be briefed on our projects, and to share your thoughts about our plans so far and the potential benefits to Anahola.

HHC Item No. G-2
Exhibit F
Date MAY 20 2013

**Anahola Solar Project – Anahola Biomass & Land Restoration Project
Beneficiary Consultation Briefing & Survey**

About HCDC and AHHA

The Homestead Community Development Corporation (HCDC) is the 501c3 tax exempt nonprofit arm of the Anahola Hawaiian Homes Association (AHHA) operating and developing several projects in the Anahola Homestead. AHHA was founded in 1982 as a democratically-elected homestead association, recognized by the Hawaiian Homes Commission, with a stage 4 capacity rating under the Department of Hawaiian Home Lands Kulia I Ka Nu'u capacity assessment program.

AHHA is governed by lessees, lessee families and residents of the Anahola homesteads whether residential, agricultural or pastoral homestead. The AHHA offices are located at the Anahola Marketplace, where membership applications and a copy of the AHHA community and board meeting schedule can be obtained.

The AHHA Board of Directors are as follows:

Lorraine Rapozo (President)	Amanda Kaleiohi (Vice President)
Robin Danner (Secretary)	Kawehi Mahi (Treasurer)
Darlene Aki	Frank Cummings
Sherri Cummings-Yokotake	Kawika Cutcher
Kamahalo Kauhane	Kipukai Kualii
Faisha Solomon	

About the Anahola Soar Project

HCDC will be co-developing a minimum 10 and up to 14 MW ground mount solar project on 55 acres of trust lands in the Anahola homestead, with our Kauai Island Utility Cooperative (KIUC). The primary purpose of the solar project is to reduce the cost of energy delivered to every household and business entity, including homestead households, as members of KIUC on all of Kauai. By developing a solar project, we will reduce overall island reliance on fossil fuel, reduce the cost of energy tied to the price of oil, and reduce KIUC's cost of energy purchased under power purchase agreements from private developers. By developing a solar project in Anahola, HCDC will increase revenues to the Hawaiian Home Land Trust to promote homesteading, and HCDC will coordinate local employment and contracting outreach related to the project. HCDC will also coordinate a comprehensive Homestead Benefits Agreement that advances Anahola homestead goals.

Hawaiian Homes Commission Action. The HHC took action on October 17, 2011 to authorize the Chairman to negotiate a license for up to 60 acres of land in Anahola to HCDC, with lease payments paid to Hawaiian Home Land Trust purposes, at fair market value estimated at \$3.2 million over a 25 year term.

Project Location. The project will be located on 55 acres at the entrance of our Anahola homestead, Mauka of the highway. The remaining 5 acres is under review to construct a Service Center and Training Facility adjacent to the solar project. These lands have not been in use, or improved since being returned to the trust. A map of the project site is located at the AHHA offices.

Project Costs. The project is estimated to cost \$70 million dollars in capital costs, an estimated \$5.4 million in annual Operations & Maintenance costs, and a construction payroll cost over 1 year

estimated at \$5.6 million. The economic impact of this project to Kauai, but more specifically to the Anahola region, is tremendous.

Project Financing. \$21 million of the total \$70 million may be funded under state and federal energy tax incentives, most of which have a qualifying deadline of December 30, 2011. Hence, there was urgency and need for decisiveness on this project which required the approval by the Hawaiian Homes Commission to authorize the use of the lands for a solar project at the October 17, 2011 monthly meeting.

Homestead Benefits Agreement. HCDC is compiling priorities for our Anahola homestead, which will be embodied in a Homestead Benefits Agreement (HBA) between HCDC and KIUC. The following benefits have been identified by the AHHA board of directors to date:

1. Substation & Switch Station – The project will include a substation, which will benefit the North Shore and Anahola by strengthening grid stability while also providing a necessary on-ramp for the solar generation at KIUC's grid transmission voltage;
2. O & M Contracts – Opportunity on O & M Contracts to perform security, fencing and other functions at the project;
3. Signage – Mandatory signage at the project site, identifying Hawaiian Home Lands, a land trust of the Native Hawaiian people;
4. Employment – HCDC Internship and fellowship opportunities at KIUC, as well as employment outreach and referral of workers from the homestead.
5. Junior/Senior High School Adjunct Teacher – KIUC will deliver annual 2 week course and/or lectures on renewable energy development and financing.
6. Leadership Relations – For the project life, KIUC and HCDC will coordinate a leadership session annually to share project status and related information. In addition, HCDC will conduct an orientation to KIUC managers on the HHCA and other Native Hawaiian issues.
7. Renewable Energy and Utility Operation Capacity Building – KIUC will mentor HCDC in renewable energy and utility operations.
8. Land Revenues to Trust – Market value land revenues of \$3.2 million over the life of the project;
9. Pre-Development and Development Fees – Co-Developer fees and reimbursements for one-time costs to bring project on-line.
10. Development Revenue Sharing – 1% of value of energy produced, to staff a homestead project steward for the life of the project, and to support Anahola homestead projects and programs.
11. New Market Tax Credits – If NMTC are eligible on the project brought by HCDC, a potential subsidy of \$7 million dollars may be available, which will be dedicated to affordable housing and economic development projects.

About the Anahola Biomass & Land Restoration Project

HCDC is seeking to clear the invasive species of Albizia Trees from approximately 2000 acres of our trust lands in the Anahola homestead to restore the lands and produce feedstock over a 22-year period to the proposed Green Energy Biomass Facility located near Knudsen Gap. This project will enable HCDC to increase revenues to the Hawaiian Home Lands Trust and to restore a significant portion of lands to promote homesteading, as well as to promote economic development, employment and agricultural training.

Due to the severity of the invasive species located on these lands, the acreage is essentially rendered unusable for any homesteading or economic development purposes. HCDC therefore seeks to implement a project that will require no financial investment to clear the invasive species, to restore the lands to productive agricultural use, and potentially put into homesteading at the conclusion of the project, while generating revenues to the trust purpose.

Hawaiian Homes Commission Action. HCDC and AHHA intend to request HHC review and action at the December 2011 commission meeting, to authorize the Chairman to negotiate a license for up to 2000 acres of land in Anahola to HCDC, with payments paid to Hawaiian Home Land Trust purposes, at fair market value over a 22-year term. Estimated revenue value is subject to appraisal.

Project Location. The project will be located on 2,000 acres of Mauka lands at the back of the Mauka subdivision. These lands have not been in use, or improved since being returned to the trust. A map of the project site is available at the AHHA offices.

Project Costs. The total project acreage is 2,009 acres, of which an estimated 770 acres are former sugarcane lands. Estimates to clear the 770 acres of Albizia Trees are approximately \$4,400 per acre, which is \$3.4 million in total costs. Additional clearing of the invasive Albizia will be done wherever economically feasible, roads will be restored and stumps removed which leads to an estimated total cost of \$6 million. HCDC will negotiate with Green Energy to clear the invasive species at no cost as an overall component of the land restoration and biomass project. Annual O & M costs are not yet projected; however, they will include the building of road improvements and employment opportunities in the agricultural trades.

Project Financing. This project is subject to the financing and successful completion of a Biomass Facility by Green Energy at Knudsen Gap. While Green Energy has secured sufficient agricultural lands for feedstock to the facility, our Anahola lands provide an additional source to further the goals of producing alternative energy for Kauai. Green Energy is targeted to close on financing by December 30, 2011.

Homestead Benefits Agreement. HCDC is compiling priorities for our Anahola homestead, which will be embodied in a Homestead Benefits Agreement (HBA) between HCDC and Green Energy. The following benefits have been identified by the AHHA board of directors to date:

1. Land Clearing & Restoration – Green Energy to clear all former sugarcane lands and more when economically feasible, to repair existing roads within the premises to operable condition, and to remove all tree stumps by the end of the land license without cost to HCDC or DHHL. Estimated value is \$6 million.
2. O & M Contracts – Opportunity on O & M Contracts to perform security and other functions at the project;
3. Signage – Mandatory signage at the project site, identifying Hawaiian Home Lands, a land trust of the Native Hawaiian people;
4. Employment – HCDC Internship and fellowship opportunities at Green Energy, as well as employment outreach and referral of workers from the homestead.
5. Junior/Senior High School Adjunct Teacher – Green Energy will develop curriculum and deliver annual 2 week course on agriculture, biomass energy and financing structures.
6. Leadership Relations – For the project life, Green Energy and HCDC will coordinate a leadership session annually to share project status and related information. In addition, HCDC

will conduct an orientation to Green Energy managers on the HHCA and other Native Hawaiian issues.

7. Land Revenues to Trust – Market value land revenues over the life of the project to be determined by an appraisal will be paid to the Hawaiian Home Lands Trust to promote homesteading.
8. Pre-Development and Development Fees – Revenues and reimbursement for one-time costs to bring project on-line yet to be negotiated.
9. Agricultural Product Revenue Sharing – A percentage of the value of feedstock generated by the lands, which will staff a homestead project steward to coordinate Homestead Benefit Agreement terms and programs. Estimates available proforma's developed.
10. New Market Tax Credits – If NMTC are eligible on the project brought by HCDC, any subsidies will be dedicated to agricultural and pastoral homesteading programs, and to affordable housing.

Beneficiary Consultation & Input

HCDC is a beneficiary organization dedicated to the Hawaiian Homes Commission Act. We support and believe in beneficiary consultation and notification on projects where our trust lands will be put into service for any reason other than residential, agricultural or pastoral homesteading. As such, HCDC and AHHA are coordinating different methods of receiving your mana'o, ideas, suggestions and feedback on our *Anahola Solar Project* and the potential *Anahola Biomass & Land Restoration Project*.

You may answer our survey questions and mail them to our offices at PO Box 646, Anahola, Hawaii 96703, OR you may attend one of the six Consultation Sessions we are hosting over the next 3 months.

Consultation Schedule. Consultation sessions on the *Anahola Solar Project* and the potential *Anahola Biomass & Land Restoration Project* will be held:

November 2011

Wednesday, November 9, 2011
6:00 pm – 8:00 pm
Anahola Resource Center (green house)
4523 Ioane Road Anahola, HI 96703

Wednesday, November 30, 2011
6:00 pm – 8:00 pm
Anahola Resource Center (green house)
4523 Ioane Road Anahola, HI 96703

December 2011

Wednesday, December 21, 2011
6:00 pm – 8:00 pm
Kanuikapono Public Charter School
4333 Kukuihale Road Anahola, HI 96703

Wednesday, December 28, 2011
6:00 pm – 8:00 pm
Anahola Resource Center (green house)
4523 Ioane Road Anahola, HI 96703

January 2012

Wednesday, January 11, 2012
6:00 pm – 8:00 pm
Anahola Resource Center (green house)
4523 Ioane Road Anahola, HI 96703

Wednesday, January 25, 2012
6:00 pm – 8:00 pm
Anahola Resource Center (green house)
4523 Ioane Road Anahola, HI 96703

Survey Questions. If you are unable to attend a consultation session and prefer to provide your input via our HCDC survey, please respond to the following questions:

- 1) Anahola has approximately 3,000 acres of undeveloped lands, requiring infrastructure funding to create opportunities for homesteading. Should 60 acres of our lands be dedicated to a renewable energy project to create income to the Hawaiian Home Land Trust and to help Kauai reduce its dependency on fossil fuel and reduce the cost of energy to Kauai rate payers?

☐ Yes ☐ No

Please Explain:

Should 2000 acres of our lands be restored by clearing the Albizia invasive species from the lands under our proposed Anahola Biomass & Land Restoration Project and put into agricultural use?

☐ Yes ☐ No

Please Explain:

- 2) Are there other Homestead Benefits that you'd like to see in the Homestead Benefits Agreement of either project?

- 3) What additional information would you like to know about either project?

- 4) Would you like to register with HCDC to be notified about employment opportunities at the project or with KIUC or Green Energy?

☐ Yes – Please send me an employment opportunity registration form.

☐ No – I do not want to receive a registration form.

5) Do you own a business and would you like to register with HCDC to be notified about contract opportunities at either project?

☐ Yes – Please send me a contract opportunity registration form.

☐ No – I do not want to receive a registration form.

6) Any general comments or other input you would like to provide?

Optional to Complete. The following section is not required to be completed. However, if you would like to receive a registration form on employment or contract opportunities, please complete.

Name: _____

Mailing Address: _____

Home Phone: _____ Cell Phone: _____

Email: _____

☐ Check this box if you would like to be added to our HCDC/AHHA Information List to be updated on these projects and other Anahola projects and programs.

If you have chosen to complete the survey questions, please return this briefing to HCDC and AHHA via mail at PO Box 646, Anahola, Hawaii 96703 OR by dropping it off at the HCDC/AHHA offices at the Anahola Marketplace, or by emailing it to info@ahha96703.org.

For more information, please contact Karen Palting, Community Initiatives Manager, at 808.855.2108 or email info@hawaiiancouncil.org.

Mahalo!

Robin Puanani Danner
HCDC President

Aunty Lorraine Rapozo
AHHA President

cc: Department of Hawaiian Home Lands
Council for Native Hawaiian Advancement – Policy Center Homestead Working Group
Sovereign Councils of the Hawaiian Homeland Assembly
Homestead Associations Statewide

NEIL ABERCROMBIE
GOVERNOR
STATE OF HAWAII



JOBIE M. K. MASAGATANI
CHAIRMAN DESIGNATE
HAWAIIAN HOMES COMMISSION

MICHELLE K. KAUFMAN
DEPUTY TO THE CHAIRMAN

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

P. O. BOX 1879
HONOLULU, HAWAII 96805

February 22, 2013

Dear Anahola Beneficiaries:

This letter is an invitation to you to attend an upcoming Beneficiary Consultation meeting. This is a meeting to discuss a proposed 30-year general lease of approximately 2,143 acres of Anahola lands for the purpose of clearing existing Albizia trees from the lands, replanting and harvesting biomass feedstock, and delivering that feedstock to the biomass energy production facility located in Koloa, Kauai.

The proposed Lessee is Green Energy Team LLC (Green Energy Team). Green Energy Team has worked with the Homestead Community Development Corporation (HCDC) to develop a homestead benefits agreement and the Department of Hawaiian Home Lands (DHHL) is in the process of negotiating the terms of the lease with Green Energy Team. In addition to this Consultation meeting, DHHL will also hold two (2) Public Hearings on the proposed general lease, as required by law; the hearings are tentatively scheduled for the middle of March and more information will be forthcoming.

We are holding a Beneficiary Consultation meeting before the Public Hearings in order to provide information to you and to give you an opportunity to provide your feedback and input either at the meeting or during one of the Public Hearings.

The Beneficiary Consultation will be held at:

Place: ANAHOLA CLUBHOUSE
Date: FRIDAY, MARCH 8, 2013
Time: 6:00 p.m. to 8:00 p.m.

I look forward to hearing your mana'o and I hope that you will make time to attend.

Aloha,

A handwritten signature in black ink, appearing to read "Jobie M. K. Masagatani".

Jobie M. K. Masagatani
Chairman Designate
Hawaiian Homes Commission

Anahola Renewable Energy Project

Public Hearings

March 14 & 15, 2013

AGENDA

1. Introduction/Background
2. Why the Department works with Renewable Energy Projects
3. Discussion on Identified Parcels
4. Green Energy Team LLC
5. Proposed terms of the Lease Agreement
6. Proposed Community Benefits Agreement
7. Authorization and Timetable
8. Energy Policy Update –Heads-up

1. INTRODUCTION/BACKGROUND

- In April 2012, Homestead Community Development Corporation (HCDC) and Anahola Hawaiian Homes Association (AHHA) submitted a proposal to the department on a land restoration project.
- Proposed Project is to clear 2,137 acres of lands in Anahola and Kamalomalo of albizia trees and restore the land for agricultural purpose at the end of the term of the project.
- HCDC/AHHA will partner with Green Energy Team LLC on this Proposed Project.
- In addition to the clearing of invasive species at no cost to the Trust and providing annual lease revenue to the Trust, the proposed project will also include a Community Benefit Agreement to maximize value to the impacted community and its beneficiaries.
- On August 21, 2012, the Hawaiian Homes Commission authorized the department to negotiate the lease with GET and work with HCDC.
- On February 19, 2013, the Hawaiian Homes Commission authorized the department to get input on the Proposed Project from the community and the general public, pursuant to Chapter 171-95.3, Hawaii Revised Statutes, as amended.

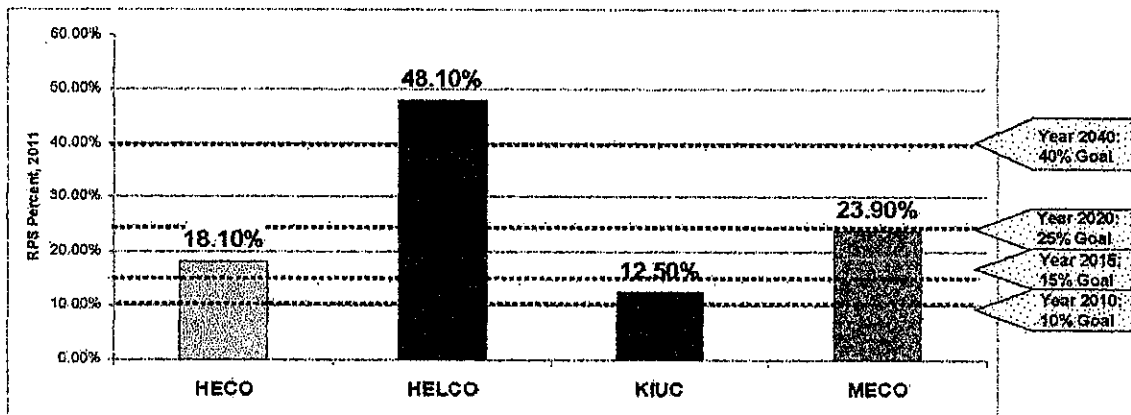
2. WHY IS THE DEPARTMENT WORKING WITH RENEWABLE ENERGY PROJECTS?

- The Department is pursuing opportunities for renewable energy development because the Trust needs the revenue to continue to fulfill the goals of the trust.

HHC Item No. B-2
Exhibit G
Date MAY 20 2013

- Electric Companies are required by law to meet specific renewable energy standards by 2015, 2020, 2030 and 2040. All companies have met the 2015 requirements; HELCO has already met the 2040 standard.

Renewable Portfolio Standards (2011)



- In order to meet these standards, the Electric Companies are buying renewable energy through Requests for Proposals, the Feed-in-Tariff (FIT) program and Net-Metering.
- KIUC became an electric cooperative on 11/1/2002. It is a not for profit, member owned cooperative.
- DHHL and KIUC have signed an Energy Partnership Charter in 2009 recognizing the need to work together in leading Hawaii's effort to achieve energy self-sufficiency and sustainability.
- KIUC has an aggressive renewable energy program to include solar, biomass, hydro etc.
- KIUC's goal is to increase renewable generation to 50% by 2023. Biomass would be approximately 10.3% of their generating capacity.
- Currently DHHL has a license and general lease agreement with KIUC/HCDC on a 55-acre solar project in Anahola.
- KIUC has a 20 year power purchase agreement with Green Energy Team LLC on the renewable energy produced by Green Energy Team LLC.
- Renewable energy use of lands is an approved use under the Anahola Regional Plan intensely developed and reviewed by the homestead community, and adopted by the Hawaiian Homes Commission.

3. DISCUSSION ON IDENTIFIED PARCELS

- Four parcels identified (See attached map). The lands are located mauka from Kealia Road, and are bordered by Kealia ditch on the West, Kealia ridge on the East, and the Forest Reserve on the North.
- Currently lands are not usable for agriculture or ranching due to the fact that Albizia trees have invaded most the acreage.
- The absence of decent roads and a working water system precludes homesteading, agricultural, and economic development
- Of the 2,137 acres, approximately 1,175 acres are arable and adequate for crop growth to support the proposed biomass project

4. GREEN ENERGY TEAM LLC

- Green Energy Team LLC (GET) is building a 6.7 megawatt biomass to electricity facility on the island of Kauai.
- GET has a 20-year power purchase agreement with KIUC.
- The facility is under construction in the Koloa district and will convert wood chips into electricity.
- The facility will produce approximately 11.6% of Kauai's base load need from energy from renewable biomass.
- Hawaiian home lands at Anahola and Kamalomalo will be used to grow short rotation tree crops for wood chips for its fuel.

5. PROPOSED TERMS OF THE LEASE AGREEMENT

- Term of proposed lease is 30 years
- Fair market rent based on independent appraisal for agricultural use
- Apart from paying fair market rent, GET will clear all the Albizia from the arable (usable) land
- GET shall plant over the lifetime of the lease tree plantation crops on the arable lands
- GET shall clear and return 267 acres of ag lands for subsistence agricultural use; land is located on the west side between Kealia Road and the airstrip
- GET shall establish a 2-acre community picnic area near the Kanehu Reservoir
- GET shall allow for access to the DLNR forest reserve through the project site
- GET shall restore the roads and install road drainage according to NRCS (National Resource Conservation Service) and DOFAW (Division of Forestry and Wildlife) approved dirt road standards
- GET shall provide a phase-out plan three years prior to end of lease to allow for optimal conversion to homestead and other uses

6. PROPOSED HOMESTEAD BENEFIT AGREEMENT

- a. "Homestead Benefits Agreement" emerged in the late 1990s as a way for development projects to:

- a. Mitigate negative impacts or add value to communities (environmental, social, cultural, economic) associated with the project
 - b. Be a good corporate neighbor
 - c. Include local community input on the project
 - d. Ensure that the community most affected by the project, benefit from the project
 - e. Ensure that the economic development projects bring measurable and permanent improvement in the lives of those most affected, especially low-income, economically depressed communities.
- b. Project-Specific Benefits: The Department and/or homestead associations have negotiated homestead benefits as conditions of General Lease agreements in the past, but these project-specific negotiations have not been consistent. There have been different types of benefits (in-kind, monetary), distributed through different means, distributed over different times (one-time, recurring). Outcomes are different due to the project-specific negotiations.
- a. Hilo, Waiakea Center--\$100,000 annual donation
 - b. Kahikinui--\$1 million road
 - c. Anahola Solar—20% rent; 2% of gross revenues
 - d. Kalaeloa—1% of net revenues to education scholarship fund
- c. Benefits from this Specific Proposed Project: The Anahola Hawaiian Homes Association, a 30-year homestead association, and certified by the Hawaiian Homes Commission, has a membership of homestead lessees and residents. The AHHA 501c3 tax exempt nonprofit established in 2009 is HCDC, to promote economic development on Hawaiian Home Lands for homestead associations, beneficiaries, and homestead residents. HCDC has negotiated a Homestead Benefit Agreement with GET based on priorities expressed by beneficiaries from beneficiary consultation sessions held between November 2011 to January 2012. Some of the proposed terms are:
- Predevelopment Costs –reimbursement of time to coordinate community outreach, beneficiary consultation, including the establishment of a Project Advisory Committee.
 - Development Fee – a one-time payment of development fee upon the execution of the lease to establish Agriculture Workforce Development Program in Anahola, which includes a set office location and standard operating hours.
 - Homestead Participation Revenue – 2% of gross equivalent value of thermal power harvested from the lands and such funds will be used for funding the items identified in the benefits agreement including junior & high school curriculum, employment training, internships, fellowships and outreach by HCDC to homestead residents.
 - O&M Contract Revenue + Albizia Removal Labor – Operations and Maintenance services, where possible will utilize HCDC or other local firms to perform services such as labor, security or others.

- Project Signage – all lands leased to GET must have signage indicating trust land status.
- Internships, Fellowships & Training – GET & HCDC will develop and operate an Internship, Fellowship and Training program for homestead residents.
- Junior/Senior High School Curriculum Development – GET & HCDC will conduct educational classes on the components of the project, including financing and agricultural techniques.
- Agricultural Operation Capacity Building – GET will promote community capacity building through sharing of project data on an annual basis.
- Project Advisory Committee – HCDC and AHHA will establish a Project Advisory Committee for the life of the project, to meet with GET leadership on a regular basis, and to engage in a collaborative approach to restoring the lands
- Homestead Access and Community Picnic Area – GET & HCDC will consult and develop comprehensive processes to open and access available lands.

7. AUTHORIZATION AND TIMETABLE

Authorization:

Section 204(a)(2) of the Hawaiian Homes Commission Act, 1920, as amended, reads in part... "In the management of any retained available lands not required for leasing under Section 207(a), the department may dispose of such lands to the public, including native Hawaiians, on the same terms, conditions, restrictions and uses applicable to the disposition of public lands as provided in Chapter 171, Hawaii Revised Statutes, provided that the Department may not sell or dispose of such land in fee simple..."

Section 171-95, Hawaii Revised Statutes, as amended, authorizes disposition to public utilities and renewable energy producers public lands for terms up to, but not in excess of, sixty-five years at such rental and on such other terms and conditions as the board may determine. For the purpose of this section, "renewable energy producer" means "any producer of electrical or thermal energy produced by wind, solar energy, hydropower, landfill gas, waste-to-energy, ocean thermal energy conversion, cold seawater, wave energy. Biomass, including municipal solid waste, biofuels...that sells all of the net power produced from the demised premise to an electric utility company regulated under Chapter 269...."

Section 171-95.3, Hawaii Revised Statutes, as amended, authorizes in part that issuance of any lease or renewal of a lease of public lands to renewable energy producers, as defined in Section 171-95, without public auction, is allowed only pursuant to a public process that includes public notice under Section 1-28.5 providing other interested renewable energy producers opportunity to participate in the process, provided further that the renewable energy producer shall be required to submit as part of the proposal for the board's evaluation the following: (1) time line; (2) description of financial plan; (3) description of conceptual design; (4) description of business concept; and (5) description of landscape and acreage requirements.

KAUAI Renewable Energy Project

Timetable:

- | | |
|---------------------|---|
| • February 2013 | Finalize the direct negotiation process |
| • March 8, 2013 | Beneficiary Consultation process with 30-day comment period |
| • March 14-15, 2013 | Two public hearings on Kauai |
| • April 9, 2013 | Potential HHC approval of project on Kauai |
| • May 2013 | Execution of General Lease |
| • June 2013 | Expected start of operation |

8. ENERGY POLICY UPDATE – HEADS-UP



**PACIFIC
BIODIESEL**



Molokai Kaleinaulu Project

The Molokai Kaleinaulu* project proposes a collaborative effort between Pacific Biodiesel Technologies (PBT) and the Molokai Sustainment Farming project (MSFp), with cooperation from the Department of Hawaiian Homelands (DHHL), the County of Maui, Maui Electric Company and feedstock contributors from within the local community. Utilizing PBT's expertise in the biodiesel industry and MSFp's knowledge of Molokai farming issues we will design and implement a biofuel crop demonstration project and develop a business plan for a sustainable system wherein Molokai residents can grow renewable fuel on their own lands for use in their own community. This demonstration project will help enable the island of Molokai to move into significant renewable fuel production and usage and will provide an energy security plan for an island that currently imports almost 100% of its energy.

In 2010, DHHL published the Island of Molokai Regional Plan** which included a section on alternative energy. The plan states, "Exploring other renewable energy options like biodiesel also has the potential to bring farmlands that have been fallow back into production and improve the state of the local watershed." It also identifies biodiesel production to supply island energy requirements as an important initiative. This paper details the project, renamed Molokai Kaleinaulu for the Molokai rainclouds Kauakululunuiahina and Keoholauehu (Opulani Albino, 2012) it hopes to restore.

Phase I of the project will tap into the biofuel crop expertise that PBT has developed over the past decade and the specific knowledge it has obtained with the Hawaii Military Biofuel Crop project sponsored by the U.S. Army Corps of Engineers. Focusing on 2-3 different short-term crops, MSFp's signature crop of Kukui trees and other indigenous species, we will design a biofuel crop scenario with value-added co-product potential. We will consult with local farmers and mainland agricultural equipment manufacturers (with whom we have already been working) to identify the best equipment for the Molokai terrain and climate. Crop selection and planting will take place with short- and long-term crops. The short-term crops will be harvested, crushed, and converted to biodiesel. Planting of long-term crops will provide an opportunity to test various farming methods, including inter-cropping, as well as reaction to Molokai soil, pest and disease issues, and rainfall. Additional research will be done on Kukui and other indigenous species to determine the best varieties for oil yield, ease of harvest, optimum maturity for maximum yield and co-product potential.

HHC Item No. J-1
Exhibit A
Date MAY 20 2013

DHHL and feedstock contributors within the local community will provide access to available land and water from which to choose several locations for initial plantings. The initial plantings will provide relevant farm-scale data to correctly plan a crop scenario for multiple larger scale plantings. The equipment purchased to plant, harvest and process the initial demonstration crops will be adequately sized for future plantings. With the equipment and other capital investments funded through this stimulus, the Molokai Kaleinaulu project will address the triple bottom line – environmental, economic and social benefits – as well as energy security for our islands where it is arguably most expensive. To that end, the study is focused on identifying the optimum solution, not just that which produces the highest oil yield per acre. It may well be determined that some crops with lower oil yield are more advantageous because of lower production costs, better co-products, and their ability to support family wage jobs for the future.

Most of the crop design, agricultural equipment and initial crushing mill equipment will need to be funded within the first 2 years. We anticipate needing a minimum of \$2.5 million over 2-3 years which will enable the partners to gather the data, develop the complete business plan and acquire an inventory of scalable ag processing equipment which will remain on Molokai. The project is expected to employ up to 10 people initially and the potential for long-term jobs could be in the hundreds (farming, ag processing, fuel production, sales and distribution). All parties are fully committed to a plan that provides sustainable biofuel produced on the island of Molokai for use on Molokai. The resultant biodiesel could potentially displace all petroleum diesel currently being shipped to Molokai, bringing economic relief and significantly lowering the cost of energy for utility power and transportation.

** Kaleinaulu*

In the darkness of Hakioawa, a whisper in the distance recalled times of old when her grandfather sailed his canoe home from Kahoolawe loaded with dried fish. She told the story of the Kaleinaulu which embraced the islands of Maui, Molokai, Lanai and Kahoolawe. Prevailing winds carried Kaleinaulu between the forest canopies of Maui's Ulupalakua to Kahoolawe's Lua Makika and Molokai's Kamakou & Kaana to Lanai's Maunalei appearing as a lei of naulu, nourishing the region with plentiful rains. (Mary Lee, 1979)

Groundwater levels (ocean spring, waterfalls, aquifer), have declined significantly due to deforestation. A century-long decline in rainfall is accelerating, with 12 percent less falling over the last 20 years. With limiting aquifer recharge and half of Hawaii's primal forests gone, feral pigs and goats damaging vegetation and invasive plants consuming more water, MSFp's plans are critical to restore Kaleinaulu through a reforestation

canopy of the signature kukui, replacing the invasive Christmas Berries
(*schinus terebinthifolius raddi*) and Formosa Koa (*acacia confusa*).

~ Mary K. Lee. Protect Kahoolawe Ohana, Kupuna.

Personal communication, June 18, 1979

~Opulani Albino, Molokai Kukakuka session

Personal communication, Sep 5, 2012

**<http://www.hawaiianhomelands.org/wp-content/uploads/2011/06/Molokai-Regional-Plan.pdf>



**PACIFIC
BIODIESEL**



KALEINAULU DELIVERABLES

Task 1 Propose a cropping plan and select Kukui and intercropping species.

DELIVERABLE:

- A. Evaluate and select between 2-3 Kukui and 100-day crop species to be considered for bio-fuel on Molokai
- B. Assess the necessary conditions for successful production of these crops to support the Department of Hawaiian Home Lands (DHHL) Molokai Regional Plan for island sustainability.

INITIAL PLANNING:

- 1) Hire a project manager and field manager.
- 2) Enter into consulting contracts.
- 3) Site assessment and selection.
- 4) Crop analyses and selections.

Task 2 Execute agreements for land use and crop production.

DELIVERABLE:

- A. Work with local farmers to develop appropriate techniques to grow bio-fuel crops on Molokai agricultural lands.
- B. Build capacity in the agricultural industry to assist in crop selection, soil analysis, planting and harvesting methods, and equipment design.

IMPLEMENT CROP TRIALS AND PERFORM DATA ANALYSIS:

- 1) Execute leases for agricultural land on Molokai on which to conduct field trials.
- 2) Design a bio-fuel crop production plan.
- 3) Soliciting and negotiating bids with local agricultural entities that demonstrate the capabilities needed to conduct the field trials as designed.
- 4) Arrange for the lease and/or purchase of equipment necessary to complete field trials.
- 5) Designing necessary modifications to equipment to implement the designed production models.

HHC Item No. J-1
Exhibit B
Date MAY 20 2013



**PACIFIC
BIODIESEL**



Task 3 Install a first phase post-harvest processing system (Crushing Mill).

DELIVERABLE:

- A. Develop Molokai's capability to post-harvest handle bio-fuel crops to provide feedstock for conversion to biodiesel.**
- B. Design, purchase and install a commercial-scale crushing mill.**

EXECUTE CRUSHING MILL

- 1) Select and develop agreements for a site to install the equipment.
- 2) Develop a Hui to conduct the post-harvest processing step.

Task 4 Complete crop production studies that provide models for future bio-fuel crop production on Molokai.

DELIVERABLE:

- A. Collect, compile and evaluate data from the commercial scale field trials to develop crop production systems.**
- B. Disseminate information to Molokai's agricultural community.**

LAUNCH CROP PRODUCTION MODELS AND DISSEMINATE TO FARMERS

- 1) Investigate the viability of utilizing co-products of virgin crop oil production to develop value-added products to enhance economic feasibility of bio-fuel crop production.
- 2) Analyze and collate data from crop trials to advance a working crop production model for specific locations.
- 3) Utilize information available in the industry on Kukui species to estimate production costs and develop a working crop production model for Molokai.
- 4) Develop a presentation to be shared with interested groups.
- 5) Disseminate the information to local farmers.

Task 5 Produce biodiesel from crop trials for use on Molokai.

DELIVERABLE:

- A. Expand the use of biodiesel on Molokai through actual production of ASTM D6751 biodiesel from bio-fuel crop trials.**
- B. Demonstrate its use in vehicles, marine transport and on island utility (Maui Electric Company).**

IDENTIFY FUTURE APPLICATION/EXPANSION

- 1) Produce biodiesel from the feedstock generated from field trials.
- 2) Utilize the resultant biodiesel in vehicles and/or marine transport.
- 3) Demonstrate biodiesel use at the local utility.

MSFP

Molokai Farmers:
The Economic answer to Sustainability through
Renewable Energy

2009-2020



Molokai Sustainment Farming project

Contacts:

Molokai: Wayde Lee (808) 567-6368

Wanette Lee (808) 553-3093

Oahu: Benson Lee (808) 455-4387

Wescott Lee (808) 448-8445

Dan Kiyohiro (808) 448-7388

Consultants:

William Lee, Wilford Lee Sr,

Wendell Lee, Benson Lee Sr.

An Economic Recovery Partnership stimulating farming revitalization and employment opportunity.

Nurturing Molokai's natural environmentally consciousness.

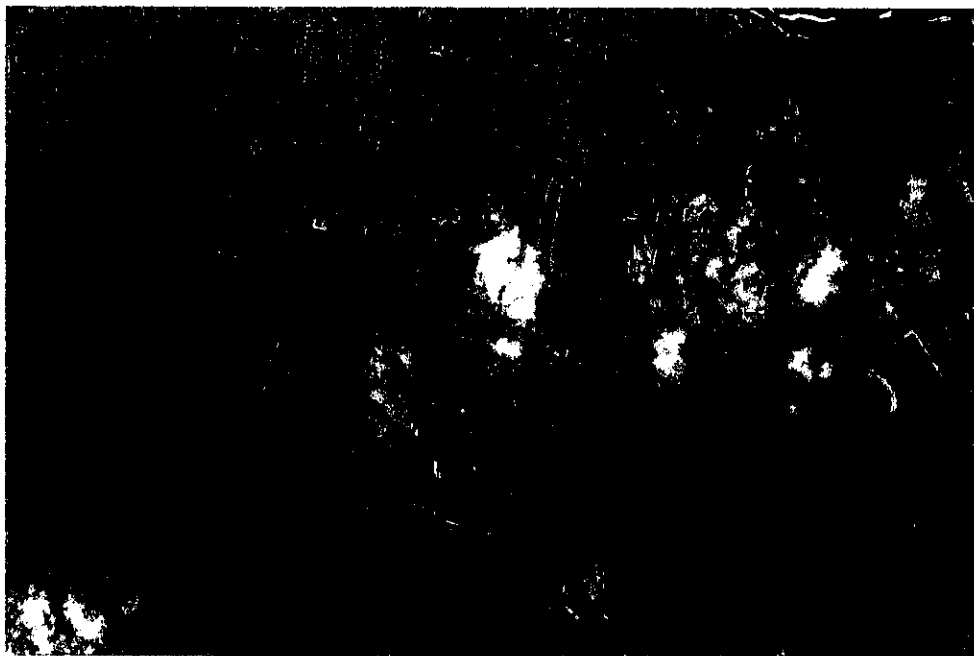
Serving her fate to be energy self reliant by the year 2020.

HHC Item No. J-1
Exhibit 8
Date MAY 20 2013

9/10/2012



The MSFp will accept a variety of oil producing plants such as sunflowers, peanuts, and soybeans and is not affected by A1 grading criteria. The MSFp strategy is to use the indigenous light energy producing kukui nut as its signature feedstock however will remain diverse in accepting other oil producing agricultural products to allow farmers the maximum amount of flexibility. Byproducts from the manufacturing process of biodiesel on Molokai will have marketable properties such as vegetable oils, kukui nut oils, glycerin and livestock feed.



Molokai has a long history of farming. The MSFp intends to provide a positive economic and agriculture community impact through its life cycle infrastructure of renewable energy production.

9/10/2012



Acid Esterification. Oil feedstocks containing more than 4% free fatty acids go through an acid esterification process to increase the yield of biodiesel. These feedstocks are filtered and preprocessed to remove water and contaminants, and then fed to the acid esterification process. The catalyst, sulfuric acid, is dissolved in methanol and then mixed with the pretreated oil. The mixture is heated and stirred, and the free fatty acids are converted to biodiesel. Once the reaction is complete, it is dewatered and then fed to the transesterification process.

Transesterification. Oil feedstocks containing less than 4% free fatty acids are filtered and preprocessed to remove water and contaminants and then fed directly to the transesterification process along with any products of the acid esterification process. The catalyst, potassium hydroxide, is dissolved in methanol and then mixed with the pretreated oil. If an acid esterification process is used, then extra base catalyst must be added to neutralize the acid added in that step. Once the reaction is complete, the major co-products, biodiesel and glycerin, are separated into two layers.

Methanol recovery. The methanol is typically removed after the biodiesel and glycerin have been separated, to prevent the reaction from reversing itself. The methanol is cleaned and recycled back to the beginning of the process.

Biodiesel refining. Once separated from the glycerin, the biodiesel goes through a clean-up or purification process to remove excess alcohol, residual catalyst and soaps. This consists of one or more washings with clean water. It is then dried and sent to storage. Sometimes the biodiesel goes through an additional distillation step to produce a colorless, odorless, zero-sulfur biodiesel.

Glycerin refining. The glycerin by-product contains unreacted catalyst and soaps that are neutralized with an acid. Water and alcohol are removed to produce 50%-80% crude glycerin. The remaining contaminants include unreacted fats and oils. In large biodiesel plants, the glycerin can be further purified, to 99% or higher purity, for sale to the pharmaceutical and cosmetic industries.



EMPLOYMENT:

Step one in this process is Molokai buy in. Earn the trust and support from Molokai farmers and community foremost. The MSFp desires to invest in Molokai's resilience. Farmers with the land and infrastructure to cultivate and gather are the key to the overall accomplishment of the MSFp goal.

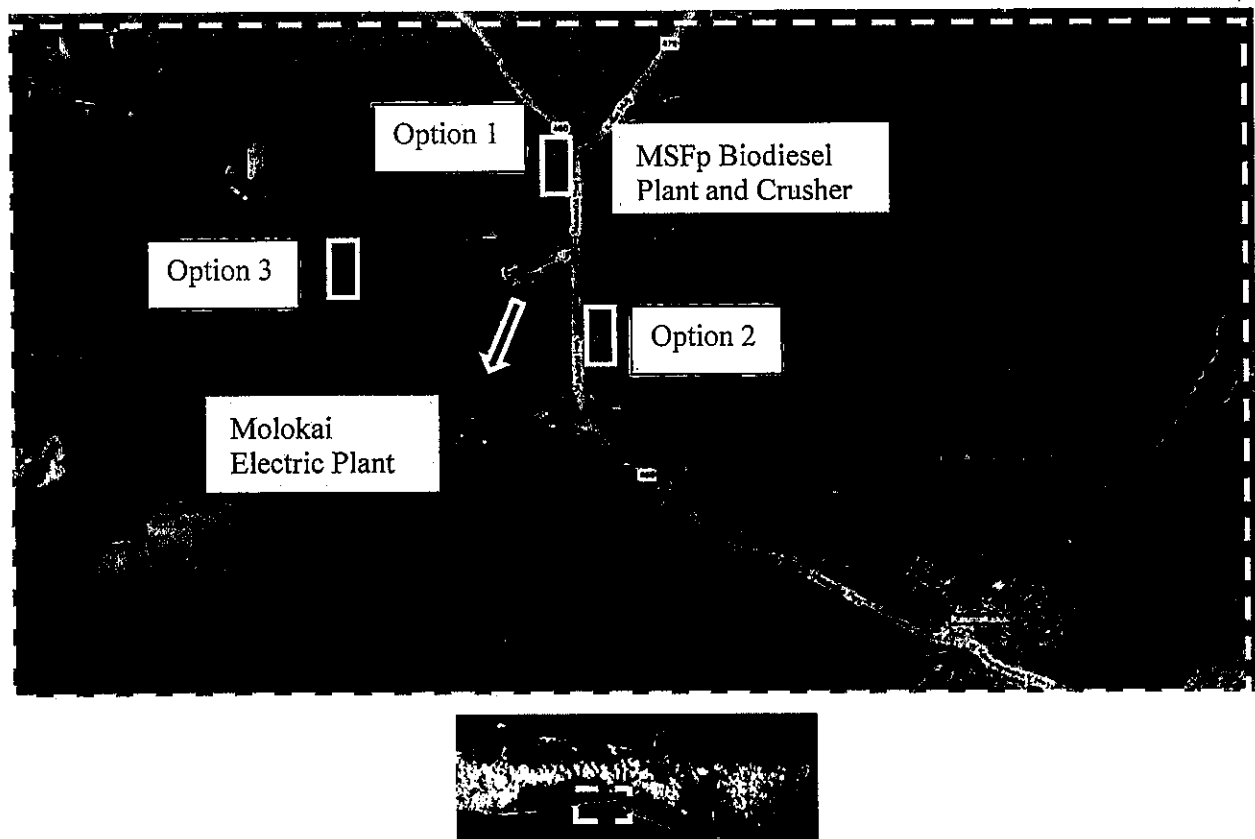
A positive Molokai consensus will allow MSFp to move forward with the following actions:

- Assist the community in the development of the agricultural infrastructure to ensure it is well on its way with the participant farmers.
- Establish the crushing infrastructure required for the MSFp. Ensure a stable and consistent feedstock capable of sustaining Molokai's needs is met. Oil extracted during this phase will be sold to a local biodiesel manufacturer as revenue.
- Initiate the biodiesel manufacturing process based on observed yield from the local farming infrastructure.

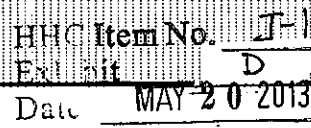
RECOMMENDATIONS:

Execute the Molokai Sustainment Farming project. Continue to incorporate processes that consider the economic support infrastructure of Molokai with renewable energy sustainment.

Potential Site Plan



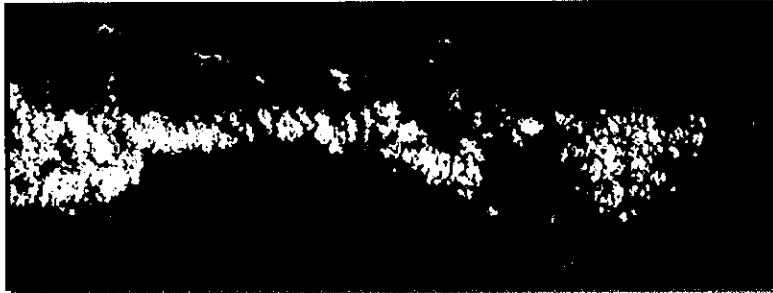
Hoo|ehua Molokai



Kaleinaulu



PACIFIC
BIODIESEL



BACKUP SLIDES

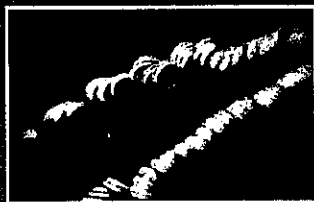


PACIFIC
BIODIESEL



ISLAND OF MOLOKA'I

HO'OLEHUA • KALAMA'ULA • KALAUPAPA • KAPA'AKEA • 'UALAPU'E



REGIONAL PLAN

APRIL 2010

FHCC  n No. J-1
Faint text: Hawaiian Home Lands
Date MAY 20 2013



PACIFIC BIODIESEL



HOMESTEAD PRIORITIES

Support Moloka'i Sustainment Farming Project, Ho'olehua Homestead Agriculture Association and Kukui Helepo

Description

This is an energy production project being developed by Moloka'i residents as part of the Moloka'i Sustainment Farming Project supported by Ho'olehua Homestead Agriculture Association and their Kukui Helepo Initiative. The goals are as follows:

- Provide sustainable employment infrastructure through cultivation of bio-competitive products, biodiesel manufacturing, distributing, and byproduct utilization.
- Provide a renewable, green, alternative to imported diesel to the island of Moloka'i.
- Reduce imported diesel by 55% by the year 2020.

Moloka'i uses over 2 million gallons of diesel a year at a cost average of over \$6.6M, with a high of over \$9.1M in FY06. The project team proposes to accommodate this market through producing environmentally green biodiesel on island. Biodiesel is a clean burning alternative fuel, produced from domestic renewable resources. The project intends to use the indigenous light energy, producing kukui nut as its signature feedstock to produce biodiesel, however will accept other oil producing agriculture products like sunflowers, peanuts and soybeans. The byproduct of manufacturing biodiesel will then go to produce vegetable oils, kukui nut oil and livestock feed. To avoid the penalization of interisland taxation and transportation fees, the project proposes to establish a local market for its products.

The Moloka'i farmers are critical to the project, as they provide the foundation upon which this project will be built upon. Approximately 5,000 acres of kukui nut cultivation is required, which gives existing farmers a sustainable crop to grow, harvest and utilize on island making Moloka'i truly sustainable.

The group also hopes that cultivating kukui across the island, will improve watershed conditions over the long term in addition to reducing biofuels. Achieving these goals will require people with farmlands to cultivate the signature feedstock. It will also require acquisition of a site to locate a crushing and biodiesel plant.



While these are the ultimate goals, the program is just getting underway and is undergoing initial testing and evaluation. The leadership team is working on getting land under cultivation. They are assisting beneficiaries on fallow or underutilized agriculture plots in getting kukui under cultivation by providing seedlings and technical assistance.

With the support of the Moloka'i Homestead Communities, and the commission, this cooperative of farmers and energy producers will continue to move forward in meeting its objectives of reducing oil imports and creating new economic opportunities and revenues for residents of Moloka'i.

40



ISLAND OF MOLOKA'I

HO'OLEHUA HOMESTEAD AGRICULTURE ASSOCIATION



PACIFIC BIODIESEL



PRIORITY PROJECT - SUPPORT MOLOKA'I SUSTAINMENT FARMING PROJECT, HO'OLEHUA HOMESTEAD AGRICULTURE ASSOCIATION AND KUKUI HELEPO



Location

Various

Status

A few acres of land on homestead lots are currently being cultivated with kukui. Kukui seedling propagation has begun to supply farmers with starters.

Potential Partners

Ho'olehua Agriculture Association, DHHL, DOA, Moloka'i Sustainment Farming Project, Biodiesel companies, MECO, Department of Energy

Phasing

- Phase 1: Planting kukui, get support to get additional acres under cultivation
- Phase 2: Conduct Exploratory Research and Development, Develop Business Plan, Create Farm Infrastructure, Prepare Endowment documents
- Phase 3: Purchase/construct Crushing Plant, Evaluate feedstock production and diesel quality
- Phase 4: Purchase/construct Biodiesel plant

Cost

Total cost over all phases is approximately \$25 million.

BIO FUEL SUPPLY CHAIN



Feedstock
Production



Feedstock
Logistics



Biofuels
Production



Biofuels
Distribution



Biofuel
End Use

ISLAND OF MOLOKA'I

HO'OLEHUA HOMESTEAD AGRICULTURE ASSOCIATION

41

Kaleinaulu Deliverables



- 1. Establish cropping plan and select Kukui and intercropping species.**
 - 2. Execute agreements for land use and crop production.**
 - 3. Install a first phase post-harvest processing system.
(Crushing Mill)**
 - 4. Complete crop production studies that provide models for future bio-fuel crop production on Molokai.**
 - 5. Produce biodiesel from crop trials for use on Molokai.**
-

Kaleinaulu Deliverables



- 1. Establish cropping plan and select Kukui and intercropping species.**

Deliverables:

- a. Evaluate and select between 2-3 Kukui and 100-day crop species to be considered for bio-fuel on Molokai.**
- b. Assess the necessary conditions for successful production of these crops to support the Department of Hawaiian Home Lands (DHHL) Molokai Regional Plan for island sustainability.**

Initial Planning:

- 1. Hire a project manager and field manager.**
 - 2. Enter into consulting contracts.**
 - 3. Site assessment and selection.**
 - 4. Crop analyses and selections.**
-

Kaleinaulu Deliverables



2. Execute agreements for land use and crop production.

Deliverables:

- a. Execute agreements for land use and crop production.**
- b. Work with local farmers to develop appropriate techniques to grow bio-fuel crops on Molokai agricultural lands.**
- c. Build capacity in the agricultural industry to assist in crop selection, soil analysis, planting and harvesting methods, and equipment design.**

Implement Crop Trials and Perform Data Analysis:

- 1. Execute leases for ag land on Molokai on which to conduct field trials.**
 - 2. Design a bio-fuel crop production plan.**
 - 3. Solicit bids with local agricultural entities that demonstrate the capabilities needed to conduct the field trials as designed.**
 - 4. Arrange for the lease and/or purchase of equipment.**
 - 5. Design modifications to equipment to implement production models.**
-

1. Program & Field Manager

KALEINAULU PROJECT MANAGER



The Kaleinaulu Project Manager (PM) is responsible for coordinating all tasks, budgeting, invoicing and data collection for the Kaleinaulu demonstration project.

The PM will help develop crop scenarios and a scalable oilseed processing /storage/ extraction operation. The PM will network with public officials, DOD staff, media, DOE, and the community to encourage the expansion of the agricultural feedstock sector in the state of Hawaii.

This position may transition to a permanent position with Kaleinaulu.

1. Program & Field Manager

KALEINAULU FIELD MANAGER



The Kaleinaulu Field Manager (FM) is responsible for the management, planning and control of Kaleinaulu's farming operations from land prep through quality harvest.

Requires experience directly related in managing all farm operations to include field crop production, land preparation, pest management, and harvesting. Possess a B.S. or M.S. in Agronomy, Plant Science or Horticulture with at least 5 years of direct experience managing a farm with mechanical knowledge and agricultural expertise.

1. Program & Field Manager

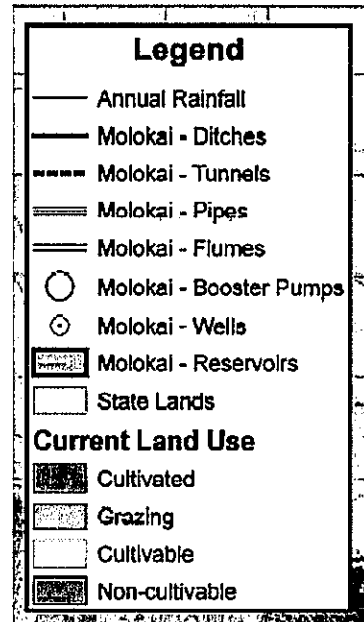
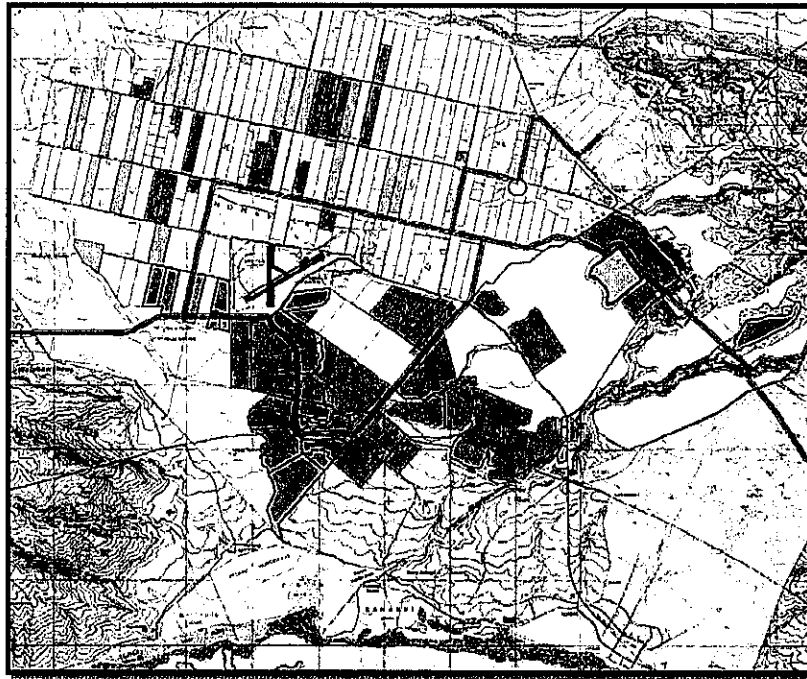


Summary:

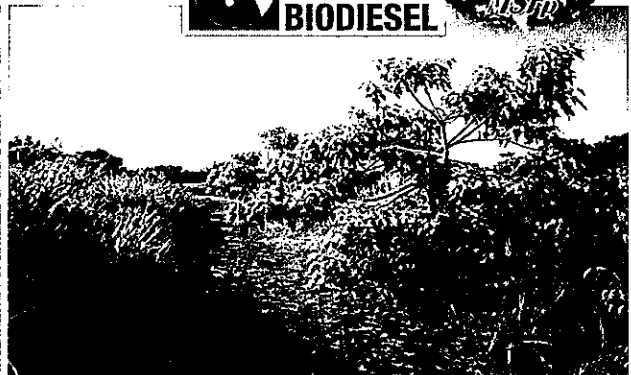
- ❖ Advertising soon.
- ❖ Two Year with options for permanent.
- ❖ Internship with Community College



2. Crop Production & Land Use

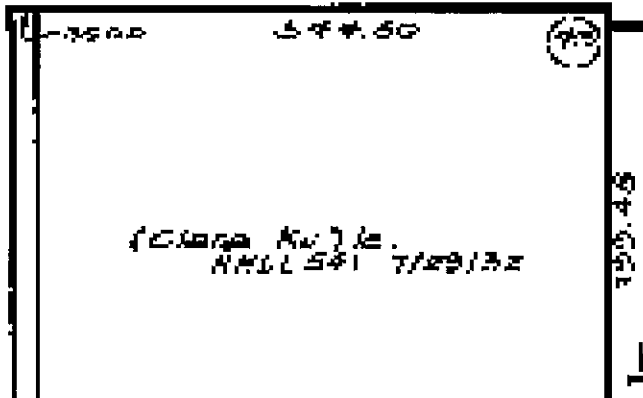


2. Crop Production & Land Use



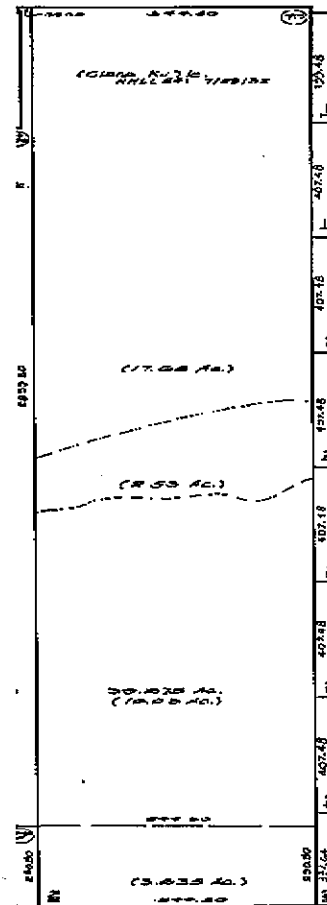


**PACIFIC
BIODIESEL**



(Used for Example only)

MFSP
26 Nov 2012
Kukui Homestead Planting Test Plot



KUKUI TREE

Size Typically reaches 33–50 ft, with similar crown diameter.

Habitat Subtropical dry to wet and tropical very dry to wet forest climates. Typically 0–2300 ft with rainfall of 25–170 in.

Soils Prefers light and medium textured soils; grows even on basalt, red loams, stony clay ground, sand, and limestone.

Growth rate Moderately fast growing in favorable conditions, Growing 1.6–5 ft per year.

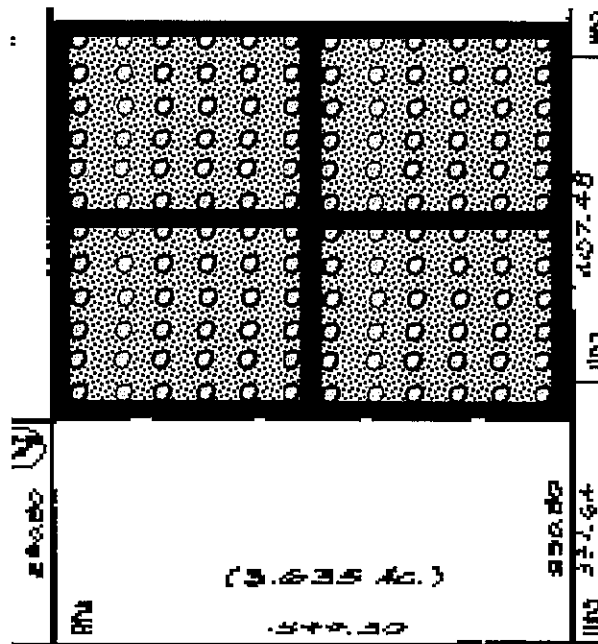
Main agro forestry uses Windbreak, screen/hedge, soil stabilization, home gardens.

Main products Oil from seed, nut shells for leis.

Yields 176 lb seeds per tree/year in cultivation.



**PACIFIC
BIODIESEL**



544.50 FT Wide
544.50 FT Long

12 trees x 12 trees
144 trees total (25,344 lbs feedstock)

3.15 acres per 6 x 6 trees
8 acre test lot (6.7 acres 12 x 12 planted)



KUKUI TREE

Size Typically reaches 33–50 ft, with similar crown diameter.

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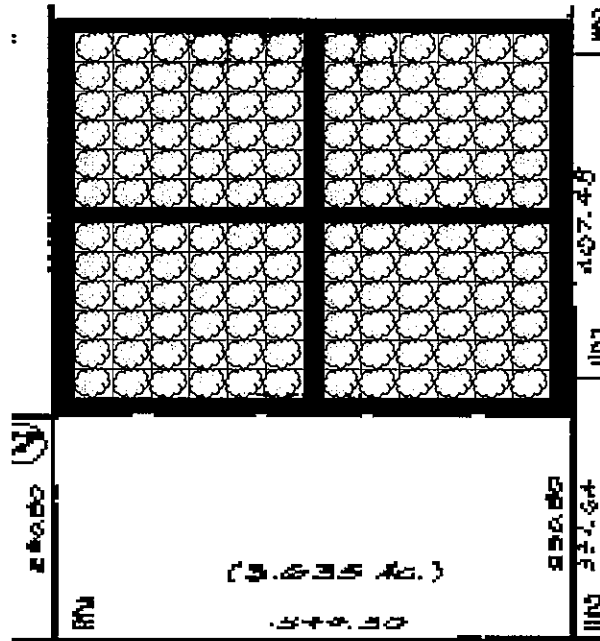
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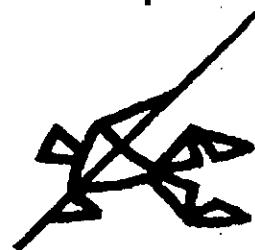


Participative Interest



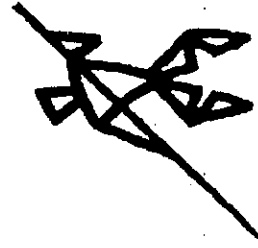
KALEINAILU FEEDSTOCK TEST PLOTS						
#	Summary:	LOCATION	LAND	LEASE	INFRASTRUCTURE	DESIRED FEEDSTOCK
	Last, First, Middle Initial	Address / Phone #	Available Acres	Farm and Lease / Lease Only	Metered, Irrigation, Access, etc...	Kukui, Palm, Moringa oleifera (Kalamungay), Sunflower, etc...
1	1. Request For Information (RFI)					
2	❖ Sample interested participants.					
3	❖ Feedback on feedstock.					
4						
5						
6						
7						
8						
9						
10						
11						
12	2. Lease and Options					
13						
14						
15	❖ Basic Lease*					
16						
17	❖ Lease* with Infrastructure.					
18						
19	❖ Lease*, Infrastructure, Farm.					
20						
21	❖ Feed Stock Contributor.					
22						
23						
24						
25						

Kaleimaulu



Molokai Farmers:

The Economic Answer to Sustainability
through Renewable Energy



HHC Item No. J-1
Exhibit F
Date MAY 20 2013

Concept Kaleinaulu



- “\$10M Sustainable Employment Infrastructure”
 - Through cultivation of bio compatible produce, biodiesel manufacturing, distributing, and byproduct utilization.
- Provide a renewable “green” alternative to imported diesel to the island of Molokai.
- Reduce imported diesel (2.5MG) by 95% by year 2020.



Program Execution



1	7.1 tons of feedstock	~719 gallons of oil	~640 gallons of biodiesel	0.03%	35 acre lots of cultivated kukui per homestead
600 (18 lots)	4.3K tons of feedstock	431.4K gallons of oil	384K gallons of biodiesel	19.1%	Initial Test and Evaluation CY2012
1500 (43 lots)	10.6K tons of feedstock	1.07M gallons of oil	960K gallons of biodiesel	47.6%	Phase 1 Robust CY2016
3000 (86 lots)	21.3K tons of feedstock	2.2M gallons of oil	1.92M gallons of biodiesel	95.3%	Phase 2 Sustainment CY2020

Kaleinaulu will accept a variety of oil producing plants such as sunflowers, peanuts, and soybeans and is not affected by A1 grading criteria. Kaleinaulu's strategy is to use the indigenous light energy producing kukui nut as its signature feedstock **and** will remain diverse in accepting other oil producing agricultural products to allow farmers the maximum amount of flexibility.

Financial Execution

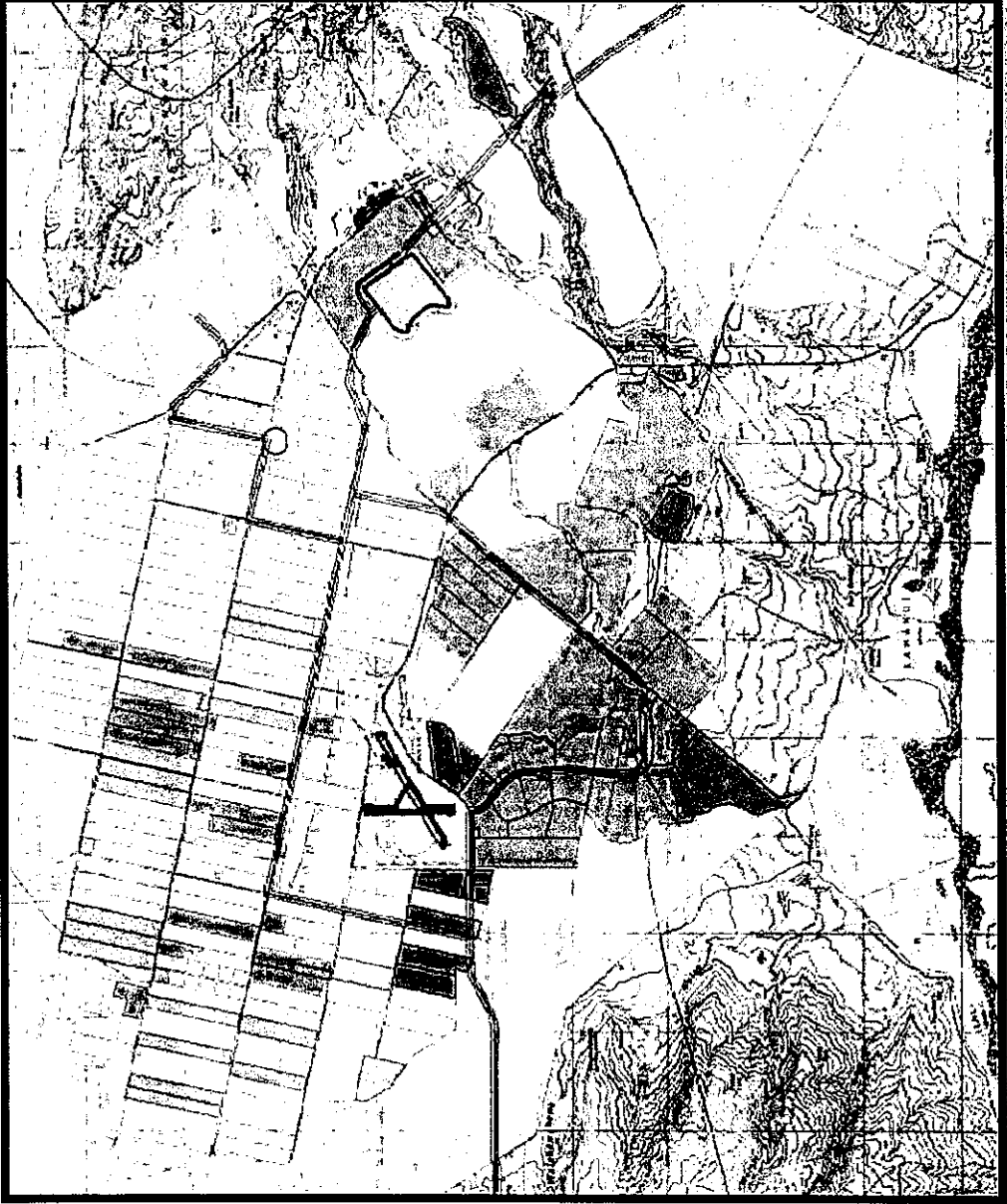


FY12	R&D	\$2M	Exploratory Research and Development, Farm Infrastructure, EIS, Business Plan Development
FY14	Phase 1 Virgin Oil Cake	\$10M	Establish, Site, and Operate Crushing Plant. Test and Evaluate, Feedstock Production, Cake utilization, Biodiesel Quality
FY16	Phase 2 Biodiesel	\$13M	Establish, Site, and Operate Biodiesel Plant. Sustain operations for return in investment
TOTAL	Operational	\$25M	3000 acres farmed, 86 farming families employed, 1.92M gal of diesel produced, \$9.1M economic boost to 's economy per year

FINANCING

\$10M Grant/Support/RD: USDA, HDOA, SARE, AFRL, OHA, BE, DHHL
 \$7.5M Investment: Private, Local Community and Beneficiaries
 \$7.5M Debt: Pacific Biodiesel, Molokai Sustainment Farming
 \$25M Execution: 75% owned by the Community and Beneficiaries

Feedstock Beneficiaries



Legend	
—	Annual Rainfall
—	Molokai - Ditches
—	Molokai - Tunnels
—	Molokai - Pipes
—	Molokai - Flumes
○	Molokai - Booster Pumps
●	Molokai - Wells
□	Molokai - Reservoirs
□	State Lands
Current Land Use	
■	Cultivated
■	Grazing
■	Cultivable
■	Non-cultivable

BIODIESEL
Public



Recherches sur la culture du tabac en Indes

Kaleimantle

DHHL Commissioners Meeting: Moloka'i
May 20, 2013

My name is Harry Kanekawaiola Purdy III. I come to the Commissioners today to request and to acquire additional agricultural homestead lands, 35 acres.

In the Hawaiian Homes Commission Act, Section 207, Leases to Hawaiians:

"The Department is authorized to lease to Native Hawaiians the right to the use and occupancy of a tract or tracts of Hawaiian home lands within the following acreage limits per each lessee (1) not more than forty acres of agriculture lands..."

Under the Administration Rules and Procedures Section 10-3-25, Award of Additional Acreage:

"A lessee of an agricultural or pastoral lot, may request for additional acreage of the same class."

"A lessee shall be eligible for lot selection provided the lessee has actively cultivated and used the agricultural and pastoral lot and is in compliance with all terms and conditions of existing leases."

The next section is a timeline to show how I am actively cultivating and using the agricultural land on Lot #4-A (5-acre) and Lot #4-B (35-acre; RP0233).

I am a 3rd generation Hawaiian Homesteader born and raised in Ho'olehua, Moloka'i at Lot #6, Lihi Pali Avenue.

1924 My grandmother, Kalei Lindsey Purdy, acquired Homestead Lot #6, Ho'olehua, Moloka'i. She and my grandfather, Harry Kanekawaiola Purdy, Sr. moved from Waimea, Hawai'i; one of the first waves of Hawaiians to settle in Ho'olehua, Moloka'i receiving 40 acres of agricultural homestead lands.

My grandmother died before I was born, but I was able to grow up with my grandfather's appreciation of this land and this makana that was given to Native Hawaiians. Little did I know my grandfather planted the seed to live the intent of the Hawaiian Homes Commission Act: to rehabilitate and to be self-sufficient on these lands.

1969 Graduated from Kamehameha School for Boys; went to college in Alaska for a year; returned for the summer.

1970 Worked for Aloha Airlines at Honolulu station.

1977 Transferred to Moloka'i as a ticket agent.

HHC Item No. J-2
Exhibit A
Date MAY 20 2013

- 1980 Acquired Lot #4-A as a successor from Frank Kupau (5-acres), residential/agricultural lot.

His mother, Gladys Kupau, was the original lessee of Lot #4 on Lihi Pali Avenue, which consisted of 40-acres. At the time of her original lease, she and other homesteaders subleased 35-acres to pineapple companies, Del Monte Corporation or Libby McNeil and Libby, receiving \$90 per month.

1968 – Del Monte Corp. gave back the 35-acres to Aunty Gladys. Assuming that her family was not able to farm that amount of land, she returned the 35-acres back to the Department, creating two lots, 4-A (5-acres) and 4-B (35-acres).

Over time the Department had given out 4-B to another homesteader for usage. Because water was unavailable and people used the area as a rubbish dump, Frank Kupau blocked the only access road leading to Lot #4-B, the 35-acres, and it sat idle for years until I received the revocable lease.

- 1981 Aloha Airlines stops operations on Moloka'i. I decide to stay and create my own employment.
- 1982 Purdy's Natural Macadamia Farm is born. I make use of the original 50 macadamia nut trees planted by Aunty Gladys' father in the 1920s.

I establish a working farm and retail outlet for the visitor industry: ecotourism.

- 1990s Planted 100 plus Mac nut trees, 15 hybrid Mango trees, 20 Coconut trees, and other fruit and flower producing plants.

Requested to the Department and the Commissioners at least three times in this decade to acquire under my lease Lot #4-B, to no avail. Auwē!

I have a home, business, storage, pasture, etc. all on Lot #4-A. It's filled to capacity! I NEED more land!

- 2000 Confronted again the Department and Commissioners to acquire Lot #4-B, this time, a Revocable Lease was approved, #RP0233, costing \$444 a year.

Started to expand tree productions, 50 Mac nuts, 50 Kukui nuts using M.I.S (Moloka'i Irrigation System) ag water. The pressure of this system is limited as elevation increases.

- 2009 Requested to the Department a need for water to irrigate higher elevations. In June, a water meter is connected to DHHL water tanks (7,000,000 gal.) right above Lot #4-B.

- 2009 Cleared 4.8 acres at a cost of \$3,500

Put in about a mile of 1-½" water lines mauka to makai; 2,000' of ¾" poly-tubing lines and pipe fixtures.

2010 Jan. 13th, water is flowing

Feb. 7th, my 59th birthday, planted 59 Kukui nut trees; set up staging area with trailer and farming materials; landscaping

Sept. planted 72 Mac nut trees

2013 To date, I have on RP0233, Lot #4-B:

- 1) water meter
- 2) thousands of feet of irrigation lines
- 3) hundreds of plants
 - 109 Kukui trees Kalo
 - 122 Mac nut trees 'Uala (Sweet Potato)
 - 12 Pine trees Lemuwai (variety of liliko'i)
 - 2 'Ulu trees Heliconia
 - 8 Coconut trees Papaya
 - 20 Guava trees Banana
 - Plant Nursery Ti-leaf

The cost to the Department would be in the thousands of dollars for Ag improvements, if RP0233 is revoked. My 13-year lease at \$444 per year, up to May 1, 2013 totals \$5,772. Under the Hawaiian Homes Commission Act, I should have paid \$1 per year, for a total of \$13.

Nā Hua 'o Ka 'Āina d.b.a Purdy's Natural Macadamia Nut Farm has generated on average \$90,000 per year for the last five years. However, I purchase \$22,000 of Mac nuts per year from the Big Island to keep up with the demand of my products.

I employ 2 Kanaka Maoli, part-time, and my granddaughter, who is e-schooled, works two hours per day, four days a week, for hands-on learning in accounting, science, farming, public relations, as well as for a steady income.

A mau a mau! (on and on...) for me, my 'ohana, and generations of Purdy's. We need to continue to rehabilitate, to strengthen economic security, and to live a sustainable lifestyle, all the visions of why Prince Kuhio created the Hawaiian Homestead Act.

The urgency, the time, the place is now! I need your votes to continue this legacy!

Maalo nui loa

Harry K. Purdy III



LOT# 4-A



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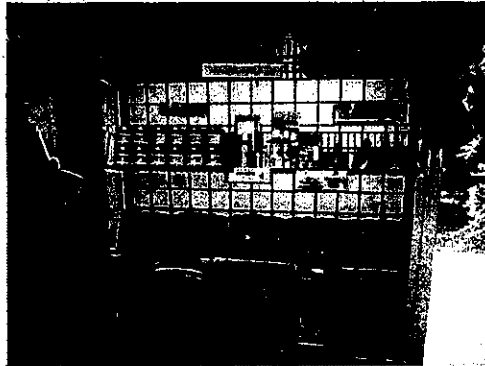
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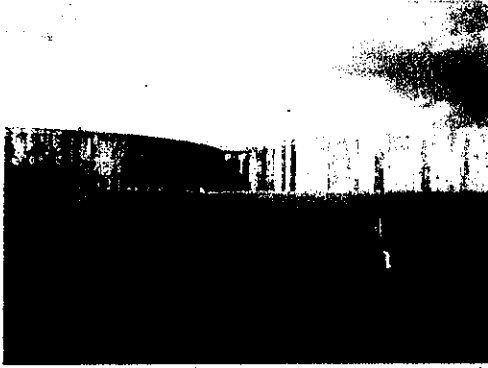


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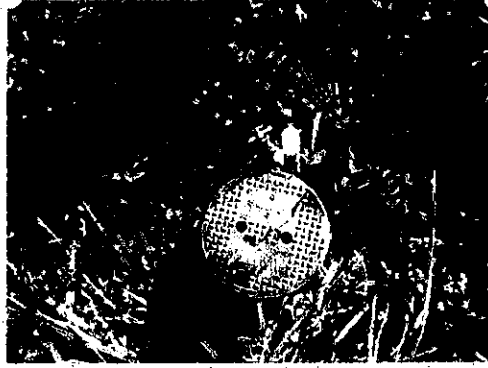


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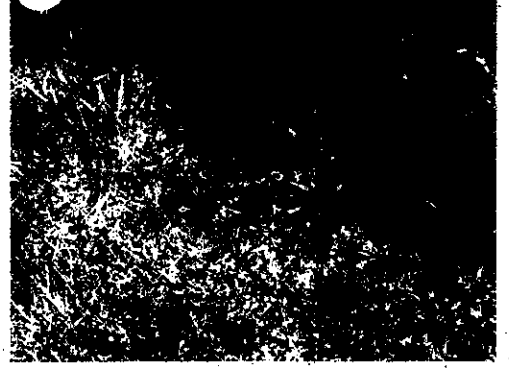
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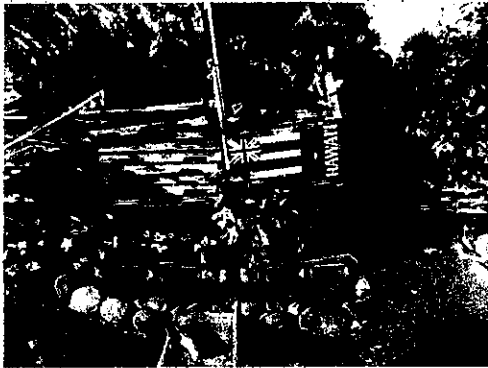
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Community Based Subsistence Fishing Area- Mo'omomi

Definition of Community-Based Subsistence Fishing Area

What: What we are proposing is a designation for Mo'omomi to be a CBFSa, with a focus on Resource Management.

Who: All landowners along the entire stretch of coastline to include:

Molokai Land Trust
The Nature Conservancy
Molokai Properties, Ltd.
Department of Hawaiian Homelands (Mo'omomi and Kalaupapa)
Kalaupapa 'Ohana- US National Parks
Joyce Kainoa 'Ohana

Why:

1. Molokai's dependency on fishing for sustenance.
2. Preserving traditional practices, lifestyle and culture.
3. To establish a community management system where the people are part of the decision-making process.
4. Our resources have been on a downward flow and there seems to be no reversing this trend unless we start to care for our own place.

How:

1. Collaboration with stakeholders to develop a plan.
2. Gather practioners' input.
3. Community input.
4. Conduct educational workshops.
5. Organize a monitoring team consisting of local resource managers and marine biologist.
6. Go through the administrative process (Government)

Where: Designated area will start from 'Ilio Point to the west, Kaholaiki to the east, and ½ mile out from shore.

HHC Item No. I-4
Exhibit A
Date MAY 20 2013

EXHIBIT A
Ramseyer Draft
(Date)

RAMSEYER FORMAT

DEPARTMENT OF LAND AND NATURAL RESOURCES

Adoption of Chapter 13-~~XX~~, Mo'omomi Community Based
Subsistence Fishing Area,
Hawaii Administrative Rules

(Date)

David Sakoda 5/16/13 10:23 AM
Comment [1]: Need to designate a chapter
number. 59?

1. Chapter XX of Title 13, Hawaii Administrative
Rules, is adopted to read as follows:

HHC Item No. J-4
Exhibit B
Date MAY 20 2013

"HAWAII ADMINISTRATIVE RULES

TITLE 13

SUBTITLE 4

FISHERIES

PART II MARINE FISHERIES MANAGEMENT AREAS

CHAPTER XX

MO'OMOMI COMMUNITY BASED SUBSISTENCE FISHING AREA

\$13-XX-1	Purpose
\$13-XX-2	Definitions
\$13-XX-3	Boundaries
\$13-XX-4	Permitted and prohibited activities
\$13-XX-5	Prohibited activities, Kawa'aloa Bay Protected Area
\$13-XX-6	Registration of fishing vessels
\$13-XX-7	Penalties
\$13-XX-8	Asset forfeiture
\$13-XX-9	Severability

\$13-XX-1 Purpose. The purpose of this chapter regarding the Mo'omomi Community Based Subsistence Fishing Area ("CBSFA") is to:

- (1) Sustainably support the consumptive needs of the Mo'omomi community through culturally-rooted community-based management;
- (2) Ensure the sustainability of nearshore ocean resources in the Mo'omomi CBSFA through effective management practices, including the establishment of limits on the harvest of aquatic life;
- (3) Recognize and protect customary and traditional native Hawaiian fishing practices that are exercised for

David Sakoda 5/17/13 2:15 PM

Comment [2]: I read Eric's suggestion about adding:

"(5) Integrating traditional management with western science; and
(6) Scientific validation of management and conservation using this integrated approach for assessing fish stocks. Community and State working together to manage and monitor fish stocks."

Those are good points, but they seem more like *mechanisms* to fulfill the purposes of this chapter.

- subsistence, cultural, and religious purposes in the Mo'omomi CBSFA; and
- (4) Facilitate the substantive involvement of the community in resource management decisions for the Mo'omomi CBSFA through dialogue with community residents and resource users. [Eff:]
(Auth: HRS §§188-22.6, 188-53, 190-3, Haw. Const. art. XI, §6) (Imp: HRS §§188-22.6, 188-53, 190-1, 190-3)

§13-XX-2 Definitions. As used in this chapter:

"A'ama crab" means any crab known as *Graspus tenuicrustatus* or any recognized synonym.

"Akule" means any fish known as big-eye scad, *Selar crumenophthalmus*, or any recognized synonym. Akule may also be known as pa'a'a, halalu, hahalalu, or mau.

"Area" means the Mo'omomi Community Based Subsistence Fishing Area, as encompassed within the boundaries described in section 13-XX-3 of this chapter.

"Bag net" means a type of fishing net made into the shape of a pocket or pouch with an open end held open in the water with the aid of a net float line that supports the top edge of the net up towards the ocean surface and parallel to a net lead line that keeps the lower edge of the net down on the ocean bottom. The bag net is usually made of heavy gauge line to make the net very visible and made of small mesh to prevent the fish from passing through the mesh.

"Bag net fishing method" means a technique of fishing where a person or persons engage or attempt to engage in the act of deploying a fence net in the water in such a manner as to completely encircle the aquatic life. The fence net primarily acts like a barrier to hold or concentrate the aquatic life within the net. The mesh is smaller than the target species so as to prevent the smaller aquatic life from

swimming through or entangling in the mesh. The aquatic life is then moved into the bag net for removal from the water. The main characteristics of the bag net fishing method are the closed net configuration, the moving net, person or persons do not chase the aquatic life into the net, and most, if not all, of the aquatic life within the net are captured.

"CBSFA fishing vessel" means any vessel used to take or possess marine life within the Mo'omomi CBSFA.

"Day" means a twenty-four hour period.

"Daytime" means between 6 a.m. and 6 p.m.

"Department" means the department of land and natural resources.

"Finfish" means any species of marine life with a backbone, gills, and with limbs that are fins, if any.

"Hand-harvest" means to gather directly with the hands only, and without the use of any net, spear, rake, or any other tool or implement.

"Hook-and-line" means a fishing line to which one or more hooks and other tackle are attached. A hook-and-line may include a fishing rod or reel or both to cast and retrieve the line.

"Kawa'aloa Bay Protected Area" is a marine protected area established under HRS §188-53, whose boundaries are described in section 13-XX-3(b) of this chapter.

"Kona crab" means any crab known as *Ranina ranina* or any recognized synonym.

"Kuahonu crab" means any crab known as white crab, haole crab, kuhonu crab, *Portunus sanguinolentus*, or any recognized synonym.

"Limu" means any marine algae, including algae in the intertidal zone.

"Marine life" means any type or species of saltwater fish, shellfish, mollusks, crustaceans, coral, algae, or other marine animals, including any part, product, egg, or offspring thereof; or any type or species of seaweeds or other marine plants or algae, including any part, product, seed, holdfast, or root thereof.

"Nighttime" means between 6 p.m. and 6 a.m.

"'Ōpihi" means any mollusk of the genus *Cellana* or any recognized synonym. 'Ōpihi may also be known as kō'ele, 'ālinalina, makaiauli, or limpets.

"Pālupaluka" means any fish known as redlip parrotfish, *Scarus rubroviolaceus*, or any recognized synonym. The terminal phase of these fish are also known as "uhu 'ele'ele."

"Snorkel" means an underwater breathing apparatus consisting of a tube no more than two feet in length, which extends from a person's mouth to the surface of the water, through which a person is able to breathe air using only the lungs and without the aid of a compressor.

"Spear" means any device or implement that is designed or used for impaling marine life, whether propelled by hand or with the use of elastic bands or other means. Spears may include, but are not limited to, spear gun shafts, arbalettes, arrows, Hawaiian slings, or three-prong spears.

"Spiny lobster" means any crustacean in the family Palinuridae. These animals are also known as lobster, Hawaiian spiny lobster, red lobster, green lobster, or ula.

"Subsistence purposes" means for direct personal or family consumption or sharing, and not for commercial or competitive purposes.

"Surround gill net" means a gill net that is used in surround gill net fishing.

"Surround gill net fishing" means a technique of fishing where a person or persons engage in or attempt to engage in the act of deploying a gill net in the water in such a manner as to completely encircle the aquatic life. The gill net primarily entangles aquatic life within the mesh of the net as the aquatic life swim or move into the surround gill net. The main characteristics of surround gill net fishing are the closed net configuration, the moving net, person or persons chase the aquatic life into the net, and only the aquatic life that entangles in the net mesh are captured.

"Ta'ape" means any fish known as bluestripe snapper, *Lutjanus kasmira*, or any recognized synonym.

"Take" means to fish for, catch, injure, kill, remove, capture, confine, or harvest, or to attempt to fish for, catch, injure, kill, remove, capture, confine, or harvest.

"Throw net" means a circular net with a weighted outer perimeter that is designed to be deployed by manually casting or throwing the net over finfish or other marine life.

"Uhu 'ahu'ula" means any fish known as spectacled parrotfish, *Chlorurus perspicillatus*, or any recognized synonyms. The terminal phase of these fish is also known as "uhu 'uli'uli".

"Uhu 'ele'ele" is any redlip parrotfish, *Scarus rubroviolaceus*, which has reached its terminal phase, indicated by a change in coloration from brownish-red and yellowish-grey, to green and blue. A predominantly green or blue-green body color and a green beak on a specimen of *Scarus rubroviolaceus* is prima facie evidence that the specimen is an uhu 'ele'ele.

"Uhu 'uli'uli" is any spectacled parrotfish, *Chlorurus perspicillatus*, which has reached its terminal phase, indicated by a change in coloration from a grayish brown body with a broad white band at the base of the tail, to a blue green body with a dark band across the top of the snout. A predominantly blue-green body color and the lack of a white tail band on a specimen of *Chlorurus perspicillatus* is prima facie evidence that the specimen is an uhu 'uli'uli.

"Underwater breathing apparatus" means any apparatus that allows a person to breathe while his or her face is below the surface of the water.

"Vessel" means any craft used or capable of being used as a means of transportation on or in the water. [Eff:] (Auth: HRS §§187A-5, 188-22.6, 190-3) (Imp: HRS §187A-1, 187A-5, 188-22.6, 190-1, 190-3)

§13-XX-3 Boundaries. (a) The Mo'omomi Community Based Subsistence Fishing Area shall include that portion of the northwestern coast of Moloka'i consisting of all State waters and submerged lands bounded by a line drawn along the shoreline; a straight line that extends seaward from the shoreline at the eastern boundary of Kaholaiki Bay, as drawn through the points 21°10'0.80"N, 156°52'26.52"W and 21°10'53.04"N, 156°52'26.52"W; a line that follows the contours of the shoreline at a distance of one-half (1/2) mile seaward from the shoreline; and a straight line that extends seaward from the shoreline at 'Ilio Point, as drawn through the points 21°13'3.00"N, 157°15'36.64"W and 21°13'30.95"N, 157°16'23.41"W; as identified in the map shown in Exhibit A at the end of this chapter entitled "~~Map of the Mo'omomi Community Based Subsistence Fishing Area, Moloka'i~~" dated April 10, 2013.

David Sakoda 5/16/13 10:23 AM

Comment [3]: Need to check with Uncle Mac to see if this is the boundary he intended. The proposed boundary merely states "Kaholaiki."

David Sakoda 5/16/13 10:23 AM

Comment [4]: Need to check with Uncle Mac to make sure these boundaries are what he had in mind.

(b) The Kawa'aloa Bay Protected Area is established as a subzone within the Mo'omomi CBSFA, and includes all State waters and submerged lands bounded by [need to insert boundaries]; as identified in the map shown in Exhibit B at the end of this chapter entitled "~~Map of the Kawa'aloa Bay Protected Area~~" dated [insert date].

(c) For the purposes of this chapter, the shoreline shall be determined by the upper reaches of the wash of the waves on shore. Should there be a stream or river flowing into the ocean, the shoreline shall be determined by an imaginary straight line drawn between the upper reaches of the wash of the waves on either side of the stream or river. [Eff:] (Auth: HRS §§187A-1.5, 188-22.6, 190-3) (Imp: HRS §§188-22.6, 190-1, 190-3)

§13-XX-4 Permitted and prohibited activities.

(a) Unless otherwise allowed in subsection (b) of this section, it is unlawful for any person to engage in or attempt to engage in the following activities

within the Mo'omomi Community Based Subsistence Fishing Area:

- (1) Fish for, catch, take, injure, kill, possess, or remove any marine life;
 - (2) Possess, deploy, or use any fishing gear or device that is designed or may be used for the taking, injuring, or killing of marine life; or
 - (3) Deliberately introduce into the water any food material, substance, or device used as an attractant for marine life, for any purpose other than the taking of marine life as may be allowed under subsection (b) of this section.
- (b) Except while within the Kawa'aloa Bay Protected Area, a person within the Mo'omomi CBSFA may:
- (1) For subsistence purposes only, take and possess any finfish or invertebrate species using hook-and-line;
 - (2) For subsistence purposes only, take and possess any finfish or invertebrate species using a spear, provided that a spear may not be possessed or used at any time while using any underwater breathing apparatus other than a snorkel, and provided that possession or use of a spear is prohibited at nighttime;
 - (3) For subsistence purposes only, take and possess any species of marine life by hand-harvest, provided that diving for hand-harvest is prohibited at nighttime;
 - (4) For subsistence purposes only, take and possess any finfish species using a thrownet;
 - (5) For subsistence purposes only, take and possess kona crab and kuahonu crab using a crab trap or crab net;
 - (6) For subsistence purposes only, take and possess spiny lobster by hand-harvest, hook, or trap, provided that the take or possession of spiny lobster by net or spear is prohibited;

David Sakoda 5/16/13 10:23 AM

Comment [5]: This provision allows for the hand harvest of 'a'ama crab from shore at night, so there is no need for a separate provision for 'a'ama crab

David Sakoda 5/17/13 8:05 AM

Comment [6]: This provision prohibits the use of lobster nets. We could just leave it at that, without including language about monitoring the resource or reviewing the net moratorium. When the community feels that the lobster fishery has recovered enough to reopen to netting, they can petition DLNR to amend the rules. That way, the responsibility is on the community.

. In the alternative, we can write the rule to require a review of the lobster net moratorium (say after 10 years?) to determine the health of lobster stocks.

- (7) For subsistence purposes only, take and possess 'opihi from shore, provided that 'opihi may not be taken or possessed while diving;
- (8) For commercial purposes, take and possess akule using the surround gill net fishing method or bag net fishing method;
- (9) For any purpose, take and possess ta'ape using the surround gill net fishing method or bag net fishing method;
- (c) Subsection (b) notwithstanding, the following restrictions apply within the Mo'omomi Community Based Subsistence Fishing Area:
- (1) No person may take or possess any pūhu 'ele'ele or uhu 'uli'uli at any time.
- (2) During the months of April, May, and June, the take or possession of pālūkāluka or uhu ahu'ula is prohibited.
- (3) During the months of July through March, no person may take more than two pālūkāluka or uhu ahu'ula per day, or possess more than two pālūkāluka or uhu ahu'ula at any one time.
- (d) Nothing in this chapter shall be construed as allowing within the Mo'omomi CBSFA any activity otherwise prohibited by law or rules adopted by the department of land and natural resources or any other department of the State.
- (e) Nothing in this chapter shall prohibit the exercise of traditional and customary native Hawaiian rights or practices, including, but not limited to, access for spiritual, religious, cultural, and subsistence purposes. [Eff:] (Auth: HRS §§188-22.6, 188-53, 190-3) (Imp: HRS §§188-22.6, 188-53, 190-1, 190-3)

David Sakoda 5/16/13 10:23 AM

Comment [7]: This is what Uncle Mac wanted, but might need to clarify what this means. What about snorkeling? Shall we say "'opihi may not be taken or possessed while using a mask and snorkel or goggles?"

David Sakoda 5/16/13 10:23 AM

Comment [8]: HAR §13-75-12.2 states: "It is unlawful for any person without a valid commercial marine license to take akule while using the surround gill net fishing method or the bag net fishing method."

David Sakoda 5/16/13 10:26 AM

Comment [9]: Defined in "Definitions" section

David Sakoda 5/16/13 10:26 AM

Comment [10]: Defined in "Definitions" section

§13-XX-5 Prohibited activities, Kawa'aloa Bay Protected Area. (a) From April 1 through September 30 of each year, the Kawa'aloa Bay Protected Area shall be closed to all harvest of marine resources.

David Sakoda 5/17/13 10:31 AM

Comment [11]: FYI: DAR lacks the authority to regulate non-extractive activities such as cruise tour operations, charter boats, kayaking, surfing, bodysurfing, kite surfing, sailboard/windsurfing, and jet skis. That falls under DOBOR jurisdiction.

(b) From October 1 through March 31 of each year, a person within the Kawa'aloa Bay Protected Area may, subject to any other law or rules adopted by the department of land and natural resources or any other department of the state, and for subsistence purposes only:

- (1) Take and possess any finfish species using a thrownet during the daytime;
- (2) Take and possess 'a'ama crab by hand-harvest;
- (3) Take and possess limu by hand-harvest during the daytime, provided that no person shall take limu with the holdfast or roots attached; and
- (4) Take and possess any finfish with hook-and-line during the daytime.

§13-XX-6 Registration of fishing vessels. (a)

The department may require any vessel used to fish within the Mo'omomi CBSFA to be registered with the department as a CBSFA fishing vessel. The registration shall be valid for a one year period from the date registered, and must be annually renewed.

(b) The department may require owners of registered CBSFA fishing vessels to submit monthly reports of fishing activity within the Mo'omomi CBSFA. The monthly reports shall be rendered to the department as a true and correct statement of such information the department may require, on or before the tenth day of the following month in which the fishing activity occurred. The report includes such information, but is not limited to: days fished; fishing methods; hours spent fishing with each method; and numbers, kinds, and weight of marine life caught, released, or lost to predators.

(c) It is unlawful for any person to take or possess marine life within the Mo'omomi CBSFA using a vessel, unless the vessel is registered with the department as a CBSFA fishing vessel pursuant to subsection (a) of this section.

David Sakoda 5/17/13 8:39 AM

Comment [12]: Right now, DLNR's authority to collect registration fees is questionable, so we're not going to have a fee. If we did have a fee, it would have to be applicable to residents and non-residents alike.

Unfortunately, DLNR cannot delegate the registration of vessels to someone on Molokai. It is a state function/duty, and we don't have an office on Moloka'i.

The registration process is not really "access control," although it may function like it. It is more of a way to gather information about who's fishing in the area and what's being caught.

An information booklet/brochure explaining the rules of the CBSFA is a great idea.

(d) Any information submitted to the department as required under this section shall be confidential and shall not be disclosed except when required under court order or by the state attorney general's office subpoena, or with the prior written consent of the person submitting the information, or under cooperative agreements with United States government agencies for the exchange and use of the information specifically to manage aquatic resources. The department may establish procedures to preserve the confidentiality of submitted information, except that the department may release or make public information in the aggregate or summary form that does not directly or indirectly disclose the identity of any person who submits information. [Eff:]
(Auth: HRS §§188.22-6, 188-53) (Imp: HRS §§188.22-6, 188-53)

§13-XX-7 Penalties. Any person violating the provisions of this chapter, shall be subject to administrative penalties as provided by section 187A-12.5, HRS, in addition to any other penalty as provided by law. [Eff:] (Auth: HRS §§187A-12.5, 188-22.6, 188-70, 190-3, 190-5) (Imp: HRS §§187A-12.5, 188-22.6, 188-70, 190-1, 190-5)

§13-XX-8 Asset forfeiture. Any equipment, article, instrument, aircraft, vehicle, vessel, business record, or natural resource used or taken in violation of this chapter, or the proceeds resulting from any violation of this chapter, may be seized and subject to forfeiture as provided by HRS section 199-7 and chapter 712A. [Eff:] (Auth: HRS §§188-22.6, 199-7, 712A) (Imp: HRS §§188-22.6, 199-7, 712A)

David Sakoda 5/16/13 10:23 AM

Comment [13]: Not sure if we have the statutory authority to implement this provision. AG's might not allow it.

§13-XX-9 Severability. If any provision of this chapter, or the application thereof, to any person or circumstance is held invalid, the invalidity shall not

affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable." [Eff:] (Auth: HRS §§1-23, 188-22.6, 190-1, 190-3) (Imp: HRS §§1-23, 188-22.6, 190-1, 190-3)

2. The following exhibits are made a part of this chapter:

- (1) Exhibit A entitled "Map of the Mo'omomi Community Based Subsistence Fishing Area, Mo'lokai" dated []; and
- (2) Exhibit B entitled "Map of the Kawa'aloa Bay Protected Area" dated [].

3. The adoption of chapter 13-XX, Hawaii Administrative Rules, shall take effect ten days after filing with the Office of the Lieutenant Governor.

I certify that the foregoing are copies of the rules, drafted in the Ramseyer format pursuant to the requirements of section 91-4.1, Hawaii Revised Statutes, which were adopted on _____ and filed with the Office of the Lieutenant Governor.

William J. Aila, Jr., Chairperson
Board of Land and Natural Resources

APPROVED AS TO FORM:

Deputy Attorney General

Jeff Gilbreath

From: Robin Danner, President & CEO [mailinglist@hawaiiancouncil.ccsend.com] on behalf of Robin Danner, President & CEO [mailinglist@hawaiiancouncil.org]
Sent: Wednesday, May 15, 2013 9:16 PM
To: jeff@hawaiiancommunity.net
Subject: CNHA's Native NewsClips - May 15, 2013



Press Release
 FOR IMMEDIATE RELEASE

Beneficiary Advocates Assist 5 Families Prevent Lease Cancellation on Hawaiian Home Lands

HAWAII - HUD-approved housing counseling agency and Native community lending institution, Hawaiian Community Assets (HCA) reported its Beneficiary Advocates, Blossom Feiteira and Kahaunani Mahoe-Thoene, have assisted 5 families prevent lease cancellation on Hawaiian Home Lands since October 1, 2012.

Resolution	Definition
Reinstatement	Repayment of past due owed in lump sum payments by a specific date
Repayment Plan	Repayment of past due owed by paying a higher monthly mortgage payment
Assumption	Family member financially qualifies to become the homeowner
Release of Lease Award	Voluntary release of lease award by homeowner due to inability to resume payments

With assistance from Feiteira and Mahoe-Thoene, 3 Beneficiary families secured Reinstatements and 1 a Repayment Plan, while 1 elder homeowner passed her home onto her grandniece in a process called Assumption (see resolution definitions right). In only one instance has a Beneficiary family served by the Advocates voluntarily chosen to release their lease award due to having no income to resume mortgage payments. HCA continues to provide this family with post-foreclosure counseling with the goal of helping them secure emergency housing to prevent homelessness.

"The successes [of the Beneficiaries] have to do with education and legacy. [The Beneficiaries] were 3rd, 4th generation on the land and it was important to them to become educated so they could carry on their family's legacy of homeownership," said Mahoe-Thoene. "As Beneficiary Advocates we support our families with education about the steps and resources available to them to address their mortgage situation. In the end, it is up to them to take action."

In partnership with the Association of Hawaiians for Homestead Lands and with funding support through the National Mortgage Settlement, Feiteira and Mahoe-Thoene have assisted 27 Beneficiary families by offering free representation during monthly Hawaiian Homes Commission's Contested Case Hearings to secure resolutions, directing families to financial resources, and enrolling Beneficiaries into HCA's HUD-approved foreclosure prevention counseling program. The following table provides an overview of the 27 Beneficiary families assisted between October 1, 2012 through March 31, 2013. Families enrolled in HUD housing counseling with HCA are still in process of securing resolutions on their mortgage situations.

Case Status	Amount
Secured Resolutions	6
Enrolled in HUD Counseling for Foreclosure Prevention	14
Receiving HUD Counseling for Refinance	4
Withdrew from Counseling	3

"While these results show progress on addressing mortgage delinquencies on Hawaiian Home Lands, we could significantly increase the number of resolutions for Beneficiary families by expanding their access to loss mitigation options currently available in the mainstream marketplace," said HCA Executive Director, Jeff Gilbreath.

According to Gilbreath, HUD housing counseling agencies across the nation are trained to utilize loss mitigation options including interest rate reductions, capitalization of debt, loan term extensions, and partial principal loan forgiveness to assist homeowners prevent foreclosure. Since October 1, 2012 HCA has utilized these types of loss mitigation options in partnership with

HHC Item No. J-6
 Exhibit A
 Date MAY 21 2013

5/21/2013

Affordable DTI Level

- 1) DTI = debt-to-income ratio; based on housing debt/gross monthly income
- 2) Affordable DTI defined by HUD as "at or below 31% of gross monthly income"
 - a. Modified payment = to reflect this standard
 - b. Interest rate at 30-year term = interest rate to maintain modified payment based on unpaid principal balance adjusted with outstanding debt
 - c. Interest rate at 40-year term = interest rate to maintain modified payment based on unpaid principal balance adjusted with outstanding debt

Modified Loan Terms Required to Achieve Modified Payment

- 1) Unpaid Principal Balance Adjusted for Accrued Interest, Arrears, Fees = capitalization of debt
- 2) Modified Interest Rate = interest rate reduction
- 3) Modified Payment = monthly mortgage payment equal to affordable DTI standard
- 4) Modified Loan Term = extension of loan term based on calculations to achieve affordable DTI
- 5) Modified Full Amortization Payment = monthly mortgage payment due as a result of capitalization of debt, interest rate reduction, and extension of loan term
- 6) Difference from Affordable Payment = difference from modified full am payment and affordable monthly mortgage payment; required to calculate principal forbearance
- 7) Principal Forbearance = principal loan reduction
- 8) Reduced Cash Flow Due to Forbearance = amount of interest earned by DHHL on loan as a result of forbearance

Valuation Given Redefault After Modification

- 1) Redefault Rate = FDIC program reports 12.9% after 6 month mark; conservative estimate of 15% used by HCA due to economic instability of Hawaiian community as a result of decades-long financial inequality
- 2) Months to Redefault = estimated at 12 months
- 3) Home Price Appreciation = loss of 1% annually; HCA to work with client to build savings necessary for maintenance to make this appreciation at 0%
- 4) Future Interest and Escrow = amount of interest and escrow owed on a loan that redefaults at the 12-month mark
- 5) Re-Sale Value = calculated using factors for redefault and resale

Value of Modification

- 1) Modification Value = cost of modification to the Trust
- 2) Benefit from Modification = amount of funds recouped as a result of modification
- 3) Net Present Value = does it pass the test of modifying the loan versus foreclosure; if pass, then "yes" it's a sound investment in our Beneficiary

Loan Modification Calculator Guide

Program Interest Rate Floor

- 1) Based on interest rate adopted by the Commission and currently be used for purchase loans by the Department; not on refinances
- 2) Set at 1% over USDA RD rate to ensure incentive not provided to borrowers for placing loan with DHHL

Loan Original Information and Current Status

- 1) Provides original loan information – principal balance, interest rate, and term
- 2) Provides current loan information – unpaid principal balance, interest rate, remaining term
 - a. In green – monthly mortgage payment with break outs for principal and interest
 - b. Including past due arrears, fees, interest
- 3) Unpaid Principal Balance Adjusted for Account Interest and Escrow = unpaid principal balance with capitalized debt

Borrower Status

- 1) Gross monthly income
- 2) Monthly taxes and insurance; monthly mortgage payment made up of "PI" principal and interest and "TI" taxes and insurance

Foreclosure Scenario

- 1) Current Value of the Loan
 - a. Minus – 1% depreciation; based on HUD standard for education that family should save 1% of mortgage loan value annually to necessary maintenance. Based on assumption this is not happening.
 - b. X number of months to lease cancellation as determined by scheduled for contested case hearings
 - c. X months to resale; the amount of time required from lease cancellation to having home available for resale
 - d. Minus – cost of DHHL staff to process lease cancellation and resale
 - i. Total = hourly rate x hours worked
 - e. Future Interest and Advanced Escrow = amount accumulated over the period of lease cancellation through resale
- 2) Re-Sale Value based on amount decrease from factors of depreciation, future interest and advanced escrow, costs of resale, months to lease cancellation and resale
- 3) Loss Due to Zero Cure = estimated loss to DHHL as a result of no loan modification
- 4) Cure Rate – based on estimated interest rate for loan assumption
- 5) Loss After Assumption – loss after loan if property re-sold based on factors included in foreclosure scenario and set at specific cure rate

Modification Terms

- 1) % of Difference from Original Payment = how much monthly mortgage payment reduced from original to modified
- 2) Borrower Payments After Months = balloon payments, adjusted interest rates

Amortization Schedule

- 1) Provides breakdown of payments through life of the loan

Calculator Overall

- 1) Uses FDIC calculator to provide Commissioners with necessary information to make an informed, financially responsible decision on whether to grant loan modification
- 2) Provides DHHL necessary information to draft loan documents based on approved loan modification terms
- 3) Provides HUD housing counselors with tool to educate Commissioners, DHHL, and Beneficiaries about benefits and costs of loan modification on the Trust

Principal forbearance - reduce UPB by forbear amount

month	rate		term		NPV
	cashflow	UPB adjusted for principal forbearance	4.2500%	Rate	
0	(\$161,022.66)	\$161,022.66			0.35%
1	\$745.17	\$	160,847.78		0.35%
2	\$745.17	\$	160,672.28		0.35%
3	\$745.17	\$	160,496.16		0.35%
4	\$745.17	\$	160,319.42		0.35%
5	\$745.17	\$	160,142.05		0.35%
6	\$745.17	\$	159,964.06		0.35%
7	\$745.17	\$	159,785.43		0.35%
8	\$745.17	\$	159,606.17		0.35%
9	\$745.17	\$	159,426.27		0.35%
10	\$745.17	\$	159,245.74		0.35%
11	\$745.17	\$	159,064.57		0.35%
12	\$745.17	\$	158,882.76		0.35%
13	\$745.17	\$	158,700.30		0.35%
14	\$745.17	\$	158,517.20		0.35%
15	\$745.17	\$	158,333.44		0.35%
16	\$745.17	\$	158,149.04		0.35%
17	\$745.17	\$	157,963.99		0.35%
18	\$745.17	\$	157,778.27		0.35%
19	\$745.17	\$	157,591.91		0.35%
20	\$745.17	\$	157,404.88		0.35%
21	\$745.17	\$	157,217.19		0.35%
22	\$745.17	\$	157,028.83		0.35%
23	\$745.17	\$	156,839.81		0.35%
24	\$745.17	\$	156,650.11		0.35%
25	\$745.17	\$	156,459.75		0.35%
26	\$745.17	\$	156,268.71		0.35%
27	\$745.17	\$	156,077.00		0.35%
28	\$745.17	\$	155,884.60		0.35%
29	\$745.17	\$	155,691.53		0.35%

30	\$745.17	\$	155,497.77	0.35%
31	\$745.17	\$	155,303.32	0.35%
32	\$745.17	\$	155,108.19	0.35%
33	\$745.17	\$	154,912.36	0.35%
34	\$745.17	\$	154,715.84	0.35%
35	\$745.17	\$	154,518.63	0.35%
36	\$745.17	\$	154,320.71	0.35%
37	\$745.17	\$	154,122.10	0.35%
38	\$745.17	\$	153,922.78	0.35%
39	\$745.17	\$	153,722.76	0.35%
40	\$745.17	\$	153,522.03	0.35%
41	\$745.17	\$	153,320.58	0.35%
42	\$745.17	\$	153,118.43	0.35%
43	\$745.17	\$	152,915.55	0.35%
44	\$745.17	\$	152,711.96	0.35%
45	\$745.17	\$	152,507.65	0.35%
46	\$745.17	\$	152,302.62	0.35%
47	\$745.17	\$	152,096.85	0.35%
48	\$745.17	\$	151,890.36	0.35%
49	\$745.17	\$	151,683.14	0.35%
50	\$745.17	\$	151,475.19	0.35%
51	\$745.17	\$	151,266.49	0.35%
52	\$745.17	\$	151,057.06	0.35%
53	\$745.17	\$	150,846.89	0.35%
54	\$745.17	\$	150,635.97	0.35%
55	\$745.17	\$	150,424.31	0.35%
56	\$745.17	\$	150,211.89	0.35%
57	\$745.17	\$	149,998.73	0.35%
58	\$745.17	\$	149,784.81	0.35%
59	\$745.17	\$	149,570.13	0.35%
60	\$745.17	\$	149,354.69	0.35%
61	\$745.17	\$	149,138.49	0.0%
62	\$745.17	\$	148,921.52	0.35%
63	\$745.17	\$	148,703.78	0.35%
64	\$745.17	\$	148,485.27	0.35%
65	\$745.17	\$	148,265.99	0.35%
66	\$745.17	\$	148,045.93	0.35%

67	\$745.17	\$	147,825.10	0.35%
68	\$745.17	\$	147,603.48	0.35%
69	\$745.17	\$	147,381.07	0.35%
70	\$745.17	\$	147,157.88	0.35%
71	\$745.17	\$	146,933.90	0.35%
72	\$745.17	\$	146,709.12	0.35%
73	\$745.17	\$	146,483.55	0.0%
74	\$745.17	\$	146,257.18	0.35%
75	\$745.17	\$	146,030.00	0.35%
76	\$745.17	\$	145,802.03	0.35%
77	\$745.17	\$	145,573.24	0.35%
78	\$745.17	\$	145,343.65	0.35%
79	\$745.17	\$	145,113.24	0.35%
80	\$745.17	\$	144,882.02	0.35%
81	\$745.17	\$	144,649.97	0.35%
82	\$745.17	\$	144,417.11	0.35%
83	\$745.17	\$	144,183.42	0.35%
84	\$745.17	\$	143,948.90	0.35%
85	\$745.17	\$	143,713.55	0.0%
86	\$745.17	\$	143,477.37	0.35%
87	\$745.17	\$	143,240.35	0.35%
88	\$745.17	\$	143,002.50	0.35%
89	\$745.17	\$	142,763.80	0.35%
90	\$745.17	\$	142,524.25	0.35%
91	\$745.17	\$	142,283.86	0.35%
92	\$745.17	\$	142,042.61	0.35%
93	\$745.17	\$	141,800.51	0.35%
94	\$745.17	\$	141,557.56	0.35%
95	\$745.17	\$	141,313.74	0.35%
96	\$745.17	\$	141,069.06	0.35%
97	\$745.17	\$	140,823.51	0.0%
98	\$745.17	\$	140,577.10	0.35%
99	\$745.17	\$	140,329.81	0.35%
100	\$745.17	\$	140,081.64	0.35%
101	\$745.17	\$	139,832.60	0.35%
102	\$745.17	\$	139,582.67	0.35%
103	\$745.17	\$	139,331.86	0.35%

104	\$	745.17	\$	139,080.16	0.35%
105	\$	745.17	\$	138,827.57	0.35%
106	\$	745.17	\$	138,574.08	0.35%
107	\$	745.17	\$	138,319.70	0.35%
108	\$	745.17	\$	138,064.41	0.35%
109	\$	745.17	\$	137,808.22	0.0%
110	\$	745.17	\$	137,551.13	0.35%
111	\$	745.17	\$	137,293.12	0.35%
112	\$	745.17	\$	137,034.20	0.35%
113	\$	745.17	\$	136,774.36	0.35%
114	\$	745.17	\$	136,513.61	0.35%
115	\$	745.17	\$	136,251.92	0.35%
116	\$	745.17	\$	135,989.32	0.35%
117	\$	745.17	\$	135,725.78	0.35%
118	\$	745.17	\$	135,461.31	0.35%
119	\$	745.17	\$	135,195.90	0.35%
120	\$	745.17	\$	134,929.55	0.35%
121	\$	745.17	\$	134,662.26	0.0%
122	\$	745.17	\$	134,394.02	0.35%
123	\$	745.17	\$	134,124.83	0.35%
124	\$	745.17	\$	133,854.69	0.35%
125	\$	745.17	\$	133,583.59	0.35%
126	\$	745.17	\$	133,311.54	0.35%
127	\$	745.17	\$	133,038.51	0.35%
128	\$	745.17	\$	132,764.52	0.35%
129	\$	745.17	\$	132,489.57	0.35%
130	\$	745.17	\$	132,213.63	0.35%
131	\$	745.17	\$	131,936.72	0.35%
132	\$	745.17	\$	131,658.83	0.35%
133	\$	745.17	\$	131,379.96	0.35%
134	\$	745.17	\$	131,100.09	0.35%
135	\$	745.17	\$	130,819.24	0.35%
136	\$	745.17	\$	130,537.39	0.35%
137	\$	745.17	\$	130,254.54	0.35%
138	\$	745.17	\$	129,970.70	0.35%
139	\$	745.17	\$	129,685.84	0.35%
140	\$	745.17	\$	129,399.98	0.35%

141	\$	745.17	\$	129,113.10	0.35%
142	\$	745.17	\$	128,825.21	0.35%
143	\$	745.17	\$	128,536.30	0.35%
144	\$	745.17	\$	128,246.37	0.35%
145	\$	745.17	\$	127,955.41	0.35%
146	\$	745.17	\$	127,663.41	0.35%
147	\$	745.17	\$	127,370.39	0.35%
148	\$	745.17	\$	127,076.33	0.35%
149	\$	745.17	\$	126,781.22	0.35%
150	\$	745.17	\$	126,485.07	0.35%
151	\$	745.17	\$	126,187.87	0.35%
152	\$	745.17	\$	125,889.62	0.35%
153	\$	745.17	\$	125,590.31	0.35%
154	\$	745.17	\$	125,289.94	0.35%
155	\$	745.17	\$	124,988.51	0.35%
156	\$	745.17	\$	124,686.01	0.35%
157	\$	745.17	\$	124,382.44	0.35%
158	\$	745.17	\$	124,077.80	0.35%
159	\$	745.17	\$	123,772.07	0.35%
160	\$	745.17	\$	123,465.26	0.35%
161	\$	745.17	\$	123,157.37	0.35%
162	\$	745.17	\$	122,848.39	0.35%
163	\$	745.17	\$	122,538.31	0.35%
164	\$	745.17	\$	122,227.13	0.35%
165	\$	745.17	\$	121,914.85	0.35%
166	\$	745.17	\$	121,601.47	0.35%
167	\$	745.17	\$	121,286.97	0.35%
168	\$	745.17	\$	120,971.36	0.35%
169	\$	745.17	\$	120,654.64	0.35%
170	\$	745.17	\$	120,336.79	0.35%
171	\$	745.17	\$	120,017.81	0.35%
172	\$	745.17	\$	119,697.71	0.35%
173	\$	745.17	\$	119,376.47	0.35%
174	\$	745.17	\$	119,054.10	0.35%
175	\$	745.17	\$	118,730.58	0.35%
176	\$	745.17	\$	118,405.92	0.35%
177	\$	745.17	\$	118,080.10	0.35%

178	\$	745.17	\$	117,753.14	0.35%
179	\$	745.17	\$	117,425.01	0.35%
180	\$	745.17	\$	117,095.73	0.35%
181	\$	745.17	\$	116,765.27	0.35%
182	\$	745.17	\$	116,433.65	0.35%
183	\$	745.17	\$	116,100.85	0.35%
184	\$	745.17	\$	115,766.88	0.35%
185	\$	745.17	\$	115,431.72	0.35%
186	\$	745.17	\$	115,095.37	0.35%
187	\$	745.17	\$	114,757.83	0.35%
188	\$	745.17	\$	114,419.10	0.35%
189	\$	745.17	\$	114,079.17	0.35%
190	\$	745.17	\$	113,738.03	0.35%
191	\$	745.17	\$	113,395.69	0.35%
192	\$	745.17	\$	113,052.13	0.35%
193	\$	745.17	\$	112,707.36	0.35%
194	\$	745.17	\$	112,361.36	0.35%
195	\$	745.17	\$	112,014.14	0.35%
196	\$	745.17	\$	111,665.69	0.35%
197	\$	745.17	\$	111,316.01	0.35%
198	\$	745.17	\$	110,965.08	0.35%
199	\$	745.17	\$	110,612.92	0.35%
200	\$	745.17	\$	110,259.51	0.35%
201	\$	745.17	\$	109,904.84	0.35%
202	\$	745.17	\$	109,548.92	0.35%
203	\$	745.17	\$	109,191.74	0.35%
204	\$	745.17	\$	108,833.29	0.35%
205	\$	745.17	\$	108,473.58	0.35%
206	\$	745.17	\$	108,112.59	0.35%
207	\$	745.17	\$	107,750.32	0.35%
208	\$	745.17	\$	107,386.77	0.35%
209	\$	745.17	\$	107,021.93	0.35%
210	\$	745.17	\$	106,655.80	0.35%
211	\$	745.17	\$	106,288.37	0.35%
212	\$	745.17	\$	105,919.64	0.35%
213	\$	745.17	\$	105,549.61	0.35%
214	\$	745.17	\$	105,178.26	0.35%

215	\$	745.17	\$	104,805.60	0.35%
216	\$	745.17	\$	104,431.62	0.35%
217	\$	745.17	\$	104,056.32	0.35%
218	\$	745.17	\$	103,679.68	0.35%
219	\$	745.17	\$	103,301.72	0.35%
220	\$	745.17	\$	102,922.41	0.35%
221	\$	745.17	\$	102,541.76	0.35%
222	\$	745.17	\$	102,159.76	0.35%
223	\$	745.17	\$	101,776.41	0.35%
224	\$	745.17	\$	101,391.70	0.35%
225	\$	745.17	\$	101,005.63	0.35%
226	\$	745.17	\$	100,618.19	0.35%
227	\$	745.17	\$	100,229.38	0.35%
228	\$	745.17	\$	99,839.19	0.35%
229	\$	745.17	\$	99,447.62	0.35%
230	\$	745.17	\$	99,054.67	0.35%
231	\$	745.17	\$	98,660.32	0.35%
232	\$	745.17	\$	98,264.57	0.35%
233	\$	745.17	\$	97,867.43	0.35%
234	\$	745.17	\$	97,468.87	0.35%
235	\$	745.17	\$	97,068.91	0.35%
236	\$	745.17	\$	96,667.53	0.35%
237	\$	745.17	\$	96,264.72	0.35%
238	\$	745.17	\$	95,860.50	0.35%
239	\$	745.17	\$	95,454.83	0.35%
240	\$	745.17	\$	95,047.74	0.35%
241	\$	745.17	\$	94,639.20	0.35%
242	\$	745.17	\$	94,229.21	0.35%
243	\$	745.17	\$	93,817.77	0.35%
244	\$	745.17	\$	93,404.88	0.35%
245	\$	745.17	\$	92,990.52	0.35%
246	\$	745.17	\$	92,574.69	0.35%
247	\$	745.17	\$	92,157.40	0.35%
248	\$	745.17	\$	91,738.62	0.35%
249	\$	745.17	\$	91,318.36	0.35%
250	\$	745.17	\$	90,896.61	0.35%
251	\$	745.17	\$	90,473.37	0.35%

252	\$	745.17	\$	90,048.63	0.35%
253	\$	745.17	\$	89,622.39	0.35%
254	\$	745.17	\$	89,194.63	0.35%
255	\$	745.17	\$	88,765.36	0.35%
256	\$	745.17	\$	88,334.57	0.35%
257	\$	745.17	\$	87,902.26	0.35%
258	\$	745.17	\$	87,468.41	0.35%
259	\$	745.17	\$	87,033.03	0.35%
260	\$	745.17	\$	86,596.10	0.35%
261	\$	745.17	\$	86,157.63	0.35%
262	\$	745.17	\$	85,717.61	0.35%
263	\$	745.17	\$	85,276.02	0.35%
264	\$	745.17	\$	84,832.87	0.35%
265	\$	745.17	\$	84,388.16	0.35%
266	\$	745.17	\$	83,941.87	0.35%
267	\$	745.17	\$	83,493.99	0.35%
268	\$	745.17	\$	83,044.53	0.35%
269	\$	745.17	\$	82,593.48	0.35%
270	\$	745.17	\$	82,140.83	0.35%
271	\$	745.17	\$	81,686.58	0.35%
272	\$	745.17	\$	81,230.72	0.35%
273	\$	745.17	\$	80,773.25	0.35%
274	\$	745.17	\$	80,314.15	0.35%
275	\$	745.17	\$	79,853.43	0.35%
276	\$	745.17	\$	79,391.08	0.35%
277	\$	745.17	\$	78,927.09	0.35%
278	\$	745.17	\$	78,461.46	0.35%
279	\$	745.17	\$	77,994.17	0.35%
280	\$	745.17	\$	77,525.24	0.35%
281	\$	745.17	\$	77,054.64	0.35%
282	\$	745.17	\$	76,582.37	0.35%
283	\$	745.17	\$	76,108.44	0.35%
284	\$	745.17	\$	75,632.82	0.35%
285	\$	745.17	\$	75,155.52	0.35%
286	\$	745.17	\$	74,676.53	0.35%
287	\$	745.17	\$	74,195.84	0.35%
288	\$	745.17	\$	73,713.45	0.35%

289	\$	745.17	\$	73,229.35	0.35%
290	\$	745.17	\$	72,743.54	0.35%
291	\$	745.17	\$	72,256.01	0.35%
292	\$	745.17	\$	71,766.74	0.35%
293	\$	745.17	\$	71,275.75	0.35%
294	\$	745.17	\$	70,783.02	0.35%
295	\$	745.17	\$	70,288.54	0.35%
296	\$	745.17	\$	69,792.31	0.35%
297	\$	745.17	\$	69,294.33	0.35%
298	\$	745.17	\$	68,794.58	0.35%
299	\$	745.17	\$	68,293.06	0.35%
300	\$	745.17	\$	67,789.76	0.35%
301	\$	745.17	\$	67,284.69	0.35%
302	\$	745.17	\$	66,777.82	0.35%
303	\$	745.17	\$	66,269.16	0.35%
304	\$	745.17	\$	65,758.69	0.35%
305	\$	745.17	\$	65,246.42	0.35%
306	\$	745.17	\$	64,732.34	0.35%
307	\$	745.17	\$	64,216.43	0.35%
308	\$	745.17	\$	63,698.70	0.35%
309	\$	745.17	\$	63,179.13	0.35%
310	\$	745.17	\$	62,657.72	0.35%
311	\$	745.17	\$	62,134.47	0.35%
312	\$	745.17	\$	61,609.36	0.35%
313	\$	745.17	\$	61,082.39	0.35%
314	\$	745.17	\$	60,553.56	0.35%
315	\$	745.17	\$	60,022.85	0.35%
316	\$	745.17	\$	59,490.27	0.35%
317	\$	745.17	\$	58,955.80	0.35%
318	\$	745.17	\$	58,419.43	0.35%
319	\$	745.17	\$	57,881.17	0.35%
320	\$	745.17	\$	57,340.99	0.35%
321	\$	745.17	\$	56,798.91	0.35%
322	\$	745.17	\$	56,254.91	0.35%
323	\$	745.17	\$	55,708.98	0.35%
324	\$	745.17	\$	55,161.11	0.35%
325	\$	745.17	\$	54,611.31	0.35%

326	\$	745.17	\$	54,059.55	0.35%
327	\$	745.17	\$	53,505.85	0.35%
328	\$	745.17	\$	52,950.18	0.35%
329	\$	745.17	\$	52,392.55	0.35%
330	\$	745.17	\$	51,832.94	0.35%
331	\$	745.17	\$	51,271.35	0.35%
332	\$	745.17	\$	50,707.76	0.35%
333	\$	745.17	\$	50,142.19	0.35%
334	\$	745.17	\$	49,574.61	0.35%
335	\$	745.17	\$	49,005.02	0.35%
336	\$	745.17	\$	48,433.41	0.35%
337	\$	745.17	\$	47,859.78	0.35%
338	\$	745.17	\$	47,284.11	0.35%
339	\$	745.17	\$	46,706.41	0.35%
340	\$	745.17	\$	46,126.66	0.35%
341	\$	745.17	\$	45,544.86	0.35%
342	\$	745.17	\$	44,961.00	0.35%
343	\$	745.17	\$	44,375.07	0.35%
344	\$	745.17	\$	43,787.06	0.35%
345	\$	745.17	\$	43,196.98	0.35%
346	\$	745.17	\$	42,604.80	0.35%
347	\$	745.17	\$	42,010.52	0.35%
348	\$	745.17	\$	41,414.15	0.35%
349	\$	745.17	\$	40,815.65	0.35%
350	\$	745.17	\$	40,215.04	0.35%
351	\$	745.17	\$	39,612.30	0.35%
352	\$	745.17	\$	39,007.43	0.35%
353	\$	745.17	\$	38,400.41	0.35%
354	\$	745.17	\$	37,791.25	0.35%
355	\$	745.17	\$	37,179.93	0.35%
356	\$	745.17	\$	36,566.44	0.35%
357	\$	745.17	\$	35,950.78	0.35%
358	\$	745.17	\$	35,332.94	0.35%
359	\$	745.17	\$	34,712.91	0.35%
360	\$	745.17	\$	34,090.68	0.35%
361	\$	745.17	\$	33,466.25	0.35%
362	\$	745.17	\$	32,839.61	0.35%

363	\$	745.17	\$	32,210.75	0.35%
364	\$	745.17	\$	31,579.67	0.35%
365	\$	745.17	\$	30,946.34	0.35%
366	\$	745.17	\$	30,310.78	0.35%
367	\$	745.17	\$	29,672.96	0.35%
368	\$	745.17	\$	29,032.89	0.35%
369	\$	745.17	\$	28,390.54	0.35%
370	\$	745.17	\$	27,745.93	0.35%
371	\$	745.17	\$	27,099.03	0.35%
372	\$	745.17	\$	26,449.84	0.35%
373	\$	745.17	\$	25,798.35	0.35%
374	\$	745.17	\$	25,144.55	0.35%
375	\$	745.17	\$	24,488.43	0.35%
376	\$	745.17	\$	23,830.00	0.35%
377	\$	745.17	\$	23,169.23	0.35%
378	\$	745.17	\$	22,506.12	0.35%
379	\$	745.17	\$	21,840.66	0.35%
380	\$	745.17	\$	21,172.85	0.35%
381	\$	745.17	\$	20,502.67	0.35%
382	\$	745.17	\$	19,830.11	0.35%
383	\$	745.17	\$	19,155.18	0.35%
384	\$	745.17	\$	18,477.85	0.35%
385	\$	745.17	\$	17,798.13	0.35%
386	\$	745.17	\$	17,116.00	0.35%
387	\$	745.17	\$	16,431.45	0.35%
388	\$	745.17	\$	15,744.48	0.35%
389	\$	745.17	\$	15,055.07	0.35%
390	\$	745.17	\$	14,363.23	0.35%
391	\$	745.17	\$	13,668.93	0.35%
392	\$	745.17	\$	12,972.17	0.35%
393	\$	745.17	\$	12,272.95	0.35%
394	\$	745.17	\$	11,571.25	0.35%
395	\$	745.17	\$	10,867.06	0.35%
396	\$	745.17	\$	10,160.38	0.35%
397	\$	745.17	\$	9,451.20	0.35%
398	\$	745.17	\$	8,739.51	0.35%
399	\$	745.17	\$	8,025.29	0.35%

400	\$	745.17	\$	7,308.55	0.35%
401	\$	745.17	\$	6,589.27	0.35%
402	\$	745.17	\$	5,867.44	0.35%
403	\$	745.17	\$	5,143.05	0.35%
404	\$	745.17	\$	4,416.10	0.35%
405	\$	745.17	\$	3,686.57	0.35%
406	\$	745.17	\$	2,954.46	0.35%
407	\$	745.17	\$	2,219.76	0.35%
408	\$	745.17	\$	1,482.45	0.35%
409	\$	745.17	\$	742.54	0.35%
410	\$	745.17	\$	-	0.35%

Client Story

Client #: 2180978

Lender: DHHL

Hardship: Loss of income/reduced hours

- Family of 2
- Furloughed by government position, reduced hours
- 2 auto loans – need transportation to get to work. Auto loans complete
- Enrolled in HUD approved housing counseling with Hawaiian Community Assets (HCA)
- Implementing emergency household budget
- Cut monthly expenses significantly
- Continues with HCA completing homeowner action plan

HHC Item No. J-6
Exhibit B
Date MAY 21 2013

Loss Mitigation Proposal Worksheet**Client #: 2180978****Lender: DHHL****Hardship: Loss of income, reduction in income**

	Scenario A	Scenario B	Scenario C
Loss-Mitigation Option	Debt and interest rate reduction	Debt and interest rate reduction, extend loan term	Capitalize arrears, reduce interest rate, extend loan term
Proposal Specifics	<ol style="list-style-type: none">1. Use debt reduction grant to pay down arrears2. Reduce interest rate to 4.25%	<ol style="list-style-type: none">1. Use debt reduction grant to pay down arrears2. Reduce interest rate to 4.25%3. Re-ammortize loan at 410 months	<ol style="list-style-type: none">1. Capitalize arrears to back end of loan2. Reduce interest rate to 4.25%3. Re-ammortize loan at 410 months
Initial Monthly Mortgage Payment	\$1037.22	\$1037.22	\$1037.22
Adjusted Monthly Mortgage Payment	\$889.27	\$745.17	\$775.06
Beneficiary Action Plan	<ol style="list-style-type: none">1. Implement household crisis budget2. Call credit union to request information on auto loan refinancing options3. Meet counselor in 2 weeks	<ol style="list-style-type: none">1. Implement household crisis budget2. Call credit union to request information on auto loan refinancing options3. Meet counselor in 2 weeks	<ol style="list-style-type: none">1. Implement household crisis budget2. Call credit union to request information on auto loan refinancing options3. Meet counselor in 2 weeks
Counselor Action Plan	<ol style="list-style-type: none">1. Enroll client in debt reduction grant2. Identify local service provider disbursing rapid re-housing funds for monthly utility financial assistance3. Update resume to secure additional employment	<ol style="list-style-type: none">1. Enroll client in debt reduction grant2. Identify local service provider disbursing rapid re-housing funds for monthly utility financial assistance3. Update resume to secure additional employment	<ol style="list-style-type: none">1. Identify local service provider disbursing rapid re-housing funds for monthly utility financial assistance2. Update resume to secure additional employment

Scenario A

Interest Rate Reduction

Alter Highlighted Terms for Interactive Analysis

Program Parameters

At 1% above current USDA RD interest rate

Program interest rate floor	4.250%
Program interest rate floor	4.250%

Loan origination information and current status

Original Loan Amount	
Original Amortization Term	
Original Interest Rate	
Interest only loan (Y/N)	N
Current Unpaid Principal Balance	
Current Rate	
Remaining Term	
Months past due	
Property state	HI
Advances/Escrow	
Current Monthly Mortgage Payment	
Current Interest Payment	
Current Principal Payment	
Past Due Arrears, Interest, Fees	
Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$167,483

Borrower and loan information

Calculates P&I or IO payment based on original loan terms, user may adjust this field.

Borrower status

Monthly Income	
Monthly Taxes and Insurance	

Foreclosure Scenario

Unpaid Principal Balance Adjusted for Accrued Interest and Escrow	\$167,483
Current Value	\$161,023
Home Price Appreciation Forecast	-1%
Months to Lease Cancellation	3
Months to re-sale	3
Disposition Costs	\$2,625
Future Interest and Advanced Escrow	\$2,847
Re-Sale Value	\$153,940
Loss Due to No Loan Modification	(\$13,258)
Cure Rate	6%
Estimated Loss After Re-Sale	(\$12,463)

Assumptions specific to the property location. User must supply these inputs.

Assumption specific to the loan and borrower. User must supply this input.

Adjusted loan information

Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$167,483

Adjusted Unpaid Principal Balance	
Adjusted Rate	
Remaining Term	
Months past due	
Property state	HI
Advances/Escrow	
Adjusted Monthly Mortgage Payment	
Adjusted Interest Payment	\$805.11
Adjusted Principal Payment	\$84.16
Adjusted Past Due Arrears, Interest, Fees	\$0

Scenario B

Net Present Value Analysis
After Highlighted Terms for Interactive Analysis

Program Parameters

At 1% above current USDA RD interest rate	
Program interest rate floor	4.250%
Program interest rate floor	4.250%

Loan origination information and current status

Original Loan Amount	
Original Amortization Term	
Original Interest Rate	
Interest only loan (Y/N)	N
Current Unpaid Principal Balance	
Current Rate	
Remaining Term	
Months past due	
Property state	HI
Advances/Escrow	
Current Monthly Mortgage Payment	
Current Interest Payment	
Current Principal Payment	
Past Due Arrears, Interest, Fees	
Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$161,023

Borrower and loan information

Calculates P&I or IO payment based on original loan terms, user may adjust this field.

Borrower status

Monthly Income	
Monthly Taxes and Insurance	

Foreclosure Scenario

Accrued Interest and Escrow	\$161,023
Current Value	\$161,023
Home Price Appreciation Forecast	-1%
Months to Lease Cancellation	3
Months to re-sale	3
Disposition Costs	\$2,625
Future Interest and Advanced Escrow	\$2,847
Re-Sale Value	\$153,940
Loss Due to No Loan Modification	(\$6,934)
Cure Rate	6%
Estimated Loss After Re-Sale	(\$6,518)

Assumptions specific to the property location. User must supply these inputs.

Assumption specific to the loan and borrower. User must supply this input.

Present Value of Modification

Affordable DTI level	31%
Modified Payment	\$878.15
Interest Rate at 30 Year Term	4.1%
Interest Rate with 40 Year Term	4.3%

Interest rate less than program floor, extend amortization term

Modified Loan Terms Required to Achieve Modified Payment

Unpaid Principal Balance Adjusted for Accrued Interest and Escrow	\$161,023	Equal to Cell B30 Maximum of the required interest rate at a 30 or 40 year term or program floor.
Modified Rate	4.250%	
Modified Payment Modified Loan Term	\$878.15 410	
Modified Full Amortization Payment	\$745.17	Calculations required to determine amount of principal forbearance
Difference from Affordable Payment	\$0.00	
Principal Forbearance	\$0.00	
Reduced Cash Flow Due to Forbearance	(\$0.00)	

Valuation Given Redefault After Modification

Redefault Rate	15%	Assumptions specific to the property location and borrower/loan characteristics. User must supply these inputs.
Months to Redefault	12	
Home Price Appreciation Forecast (from current date)	-1%	
Future Interest and Advanced Escrow	\$ 7,617	
Re-Sale Value	\$ 149,171	
Loss Due to Redefault	(\$9,113)	

Value of Modification

Modification Value	(\$1,367)
Benefit from Modification	\$5,150.65
Net Present Value Test (Pass/Fail)	Pass - approve loan modification

Modification Terms

% Difference from Original Payment	-15.3%
Borrower Payment after months:	
1	\$745.17
60	\$745.17
72	\$745.17
84	\$745.17
96	\$745.17
108	\$745.17

0.0%

0.0%

0.0%

0.0%

0.0%

Scenario C

Net Present Value Analysis
Alter Highlighted Terms for Interactive Analysis

Program Parameters

At 1% above current USDA RD interest rate	
Program interest rate floor	4.250%
Program interest rate floor	4.250%

Loan origination information and current status

Original Loan Amount	
Original Amortization Term	
Original Interest Rate	
Interest only loan (Y/N)	N
Current Unpaid Principal Balance	
Current Rate	
Remaining term	
Months past due	
Property state	HI
Advances/Escrow	
Current Monthly Mortgage Payment	
Current Interest Payment	
Current Principal Payment	
Past Due Arrears, Interest, Fees	
Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$167,483

Borrower and loan information

Calculates P&I or IO payment based on original loan terms, user may adjust this field.

Borrower status

Monthly Income
Monthly Taxes and Insurance

Foreclosure Scenario

Accrued Interest and Escrow	\$167,483
Current Value	\$161,023
Home Price Appreciation Forecast	-1%
Months to Lease Cancellation	3
Months to re-sale	3
Disposition Costs	\$2,625
Future Interest and Advanced Escrow	\$2,847
Re-Sale Value	\$153,940
Loss Due to No Loan Modification	(\$13,258)
Cure Rate	6%
Estimated Loss After Re-Sale	(\$12,463)

Assumptions specific to the property location. User must supply these inputs.

Assumption specific to the loan and borrower. User must supply this input.

Present Value of Modification

Affordable DTI level	31%
Modified Payment	\$878.15
Interest Rate at 30 Year Term	3.7%
Interest Rate with 40 Year Term	4.3%

Interest rate less than program floor, extend amortization term

Modified Loan Terms Required to Achieve Modified Payment

Unpaid Principal Balance Adjusted for Accrued Interest and Escrow	\$167,483	Equal to Cell B30
Modified Rate	4.250%	Maximum of the required interest rate at a 30 or 40 year term or program floor.
Modified Payment	\$878.15	
Modified Loan Term	410	
Modified Full Amortization Payment	\$775.06	Calculations required to determine amount of principal forbearance
Difference from Affordable Payment	\$0.00	
Principal Forbearance	\$0.00	
Reduced Cash Flow Due to Forbearance	(\$0.00)	

Valuation Given Redefault After Modification

Redefault Rate	15%	Assumptions specific to the property location and borrower/loan characteristics. User must supply these inputs.
Months to Redefault	12	
Home Price Appreciation Forecast (from current date)	-1%	
Future Interest and Advanced Escrow	\$ 7,887	
Re-Sale Value	\$ 148,900	
Loss Due to Redefault	(\$15,348)	

Value of Modification

Modification Value	(\$2,302)
Benefit from Modification	\$10,160.30
Net Present Value Test (Pass/Fail)	Pass - approve loan modification

Modification Terms

% Difference from Original Payment	-15.3%
Borrower Payment after months:	
1	\$775.06
60	\$775.06
72	\$775.06
84	\$775.06
96	\$775.06
108	\$775.06

0.0%
0.0%
0.0%
0.0%
0.0%

Client Story

Client #: 2092061

Lender: Wells Fargo

Hardship: Divorce, loss of income/reduced hours

- Family of 2
- Struggled emotionally with divorce, while furloughed by government position
- Enrolled in HUD approved housing counseling with Hawaiian Community Assets (HCA)
- Implementing emergency household budget
- No more eating out
- Paid outstanding tax liens and insurance
- Working on paying mortgage arrears for reinstatement
- Committed to making good on 2nd chance
- Continues with HCA completing homeowner action plan

HHC Item No. J-6
Exhibit C
Date MAY 21 2013

Loss Mitigation Proposal Worksheet**Client #: 2092061****Lender: Wells Fargo****Hardship: Divorce, loss of income/reduced hours**

	Scenario A	Scenario B	Scenario C
Loss-Mitigation Option	Debt reduction grant to reinstate loan	Capitalize debt and repayment plan with lender/servicer	
Proposal Specifics	<ol style="list-style-type: none">1. Issue debt reduction grant to reinstate loan2. Provide ongoing counseling	<ol style="list-style-type: none">1. Capitalize past due arrears to back end of loan2. Establish repayment plan at 31% of borrower income	
Initial Monthly Mortgage Payment	\$497.27	\$497.27	
Adjusted Monthly Mortgage Payment	\$497.27	\$721.37	
Beneficiary Action Plan	<ol style="list-style-type: none">1. Implement household crisis budget2. Pay mortgage every other week	<ol style="list-style-type: none">1. Implement household crisis budget2. Pay mortgage every other week	
Counselor Action Plan	<ol style="list-style-type: none">1. Enroll in debt reduction grant2. Follow up with client in 2 weeks	<ol style="list-style-type: none">1. Negotiate plan with lender/servicer2. Follow up with client in 2 weeks	

Scenario A

Debt Reduction

Alter Highlighted Terms for Interactive Analysis

Program Parameters

At 1% above current USDA RD interest rate

Program interest rate floor	4.250%
Program interest rate floor	4.250%

Loan origination information and current status

Original Loan Amount	
Original Amortization Term	
Original Interest Rate	
Interest only loan (Y/N)	N
Current Unpaid Principal Balance	
Current Rate	
Remaining Term	
Months past due	
Property state	HI
Advances/Escrow	
Current Monthly Mortgage Payment	
Current Interest Payment	
Current Principal Payment	
Past Due Arrears, Interest, Fees	
Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$44,054

Borrower and loan information

Calculates P&I or IO payment based on original loan terms, user may adjust this field.

Borrower status

Monthly Income	
Monthly Taxes and Insurance	

Foreclosure Scenario

Unpaid Principal Balance Adjusted for Accrued Interest and Escrow	\$44,054
Current Value	\$44,054
Home Price Appreciation Forecast	-1%
Months to Lease Cancellation	3
Months to re-sale	3
Disposition Costs	\$2,625
Future Interest and Advanced Escrow	\$1,926
Re-Sale Value	\$39,062
Loss Due to No Loan Modification	(\$4,886)
Cure Rate	6%
Estimated Loss After Re-Sale	(\$4,593)

Assumptions specific to the property location. User must supply these inputs.

Assumption specific to the loan and borrower. User must supply this input.

Adjusted loan information

Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$44,054
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Adjusted Unpaid Principal Balance	
Adjusted Rate	
Remaining Term	
Months past due	
Property state	HI
Advances/Escrow	
Adjusted Monthly Mortgage Payment	
Adjusted Interest Payment	
Adjusted Principal Payment	
Adjusted Past Due Arrears, Interest, Fees	\$0

Scenario B

Repayment Plan

Alter Highlighted Terms for Interactive Analysis

Program Parameters

At 1% above current USDA RD interest rate

Program interest rate floor	4.250%
Program interest rate floor	4.250%

Loan origination information and current status

Original Loan Amount	
Original Amortization Term	
Original Interest Rate	
Interest only loan (Y/N)	N
Current Unpaid Principal Balance	
Current Rate	
Remaining Term	
Months past due	
Property state	HI
Advances/Escrow	
Current Monthly Mortgage Payment	
Current Interest Payment	
Current Principal Payment	
Past Due Arrears, Interest, Fees	
Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$44,054

Borrower and loan information

Calculates P&I or IO payment based on original loan terms, user may adjust this field.

Borrower status

Monthly Income	
Monthly Taxes and Insurance	

Foreclosure Scenario

Unpaid Principal Balance Adjusted for Accrued Interest and Escrow	\$44,054
Current Value	\$193,648
Home Price Appreciation Forecast	-1%
Months to Lease Cancellation	3
Months to re-sale	3
Disposition Costs	\$2,625
Future Interest and Advanced Escrow	\$1,926
Re-Sale Value	\$187,160
Loss Due to No Loan Modification	\$140,103
Cure Rate	6%
Estimated Loss After Re-Sale	\$131,697

Assumptions specific to the property location. User must supply these inputs.

Assumption specific to the loan and borrower. User must supply this input.

Adjusted loan information

Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$39,054
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Adjusted Unpaid Principal Balance	
Adjusted Rate	
Remaining Term	
Months past due	
Property state	HI
Advances/Escrow	
Adjusted Monthly Mortgage Payment	
Adjusted Interest Payment	
Adjusted Principal Payment	
Adjusted Past Due Arrears, Interest, Fees	\$5,000

Client Story

Client #: 2180205

Lender: None

Hardship: Home Falling Apart

- Family of 5
- Earning \$55,000 annually
- Own home, but it is falling apart
- Interested in rebuilding
- Employer wrongfully terminated Temporary Disability
- Family won lawsuit. 2 claims checks to be coming to the family
 - 1st installment = \$14,000
 - 2nd installment = \$66,000
- Existing tax liens and collections paid for with 1st installment. Savings for down payment with 2nd installment
- Enrolled in HUD approved housing counseling with Hawaiian Community Assets
- Attended Honolulu Habitat for Humanity information session
- Financial Assessment shows family to qualify for \$79,471 with current income and existing debt and \$154,076 with current income and no debt

HHC Item No. J-6
Exhibit D
Date MAY 21 2013

Loss Mitigation Proposal Worksheet**Client #: 2180205****Lender: None****Hardship: Home falling apart**

	Scenario A	Scenario B	Scenario C
Loss-Mitigation Option	Rebuild	Assumption	
Proposal Specifics	<ol style="list-style-type: none">1. Get family financially qualified for USDA financing2. Appraisal3. Habitat for Humanity to rebuild	<ol style="list-style-type: none">1. Identify successor who can become financially qualified to assume the lease2. Appraisal	
Initial Monthly Mortgage Payment	\$0	\$0	
Adjusted Monthly Mortgage Payment	\$0	\$0	
Beneficiary Action Plan	<ol style="list-style-type: none">1. Implement household crisis budget2. Savings from TDI lawsuit to repay tax liens, collections, and build savings for down payment3. Attend Habitat for Humanity information session	<ol style="list-style-type: none">1. Discussion with family about future of the house2. Successor - complete homebuyer education program3. Attend Habitat for Humanity information session	
Counselor Action Plan	<ol style="list-style-type: none">1. Submit letters of dispute for duplicate credit information2. Conduct financial assessment3. Follow up with client in 2 weeks	<ol style="list-style-type: none">1. Follow up with client in 2 weeks	

Prequalifying Worksheet

Borrower _____

Co-borrower _____

Lowest Mid Credit Score: 609

Ratios			
(1)	Gross Monthly Income	\$2145	
(2)	Total Gross Monthly Income x <u>31</u> %	\$664.95	
(3)	Total Gross Monthly Income x <u>43</u> % (debt-to-income ratio)	\$1038.45	
(4)	Total Monthly Debt Payment (installment debts with 10+ months remaining)	\$505	
(5)	Subtract Line (4) from Line (3)	\$533.45	
Maximum Mortgage Loan Payment Allowed			
(6)	Enter whichever is less, Line (2) or Line (5)	\$533.45	
	Enter Line (3)		\$1038.45
Escrows			
(7)	Multiply Line (6) by 20% (estimated taxes, insurance)	\$106.69	\$207.69
(8)	Subtract Line (7) from Line (6) (maximum principal and interest payment allowed)	\$426.76	\$830.76
(9)	Divide Line (8) by <u>5.37</u> factor from sample factor table	79.471	154.704
Maximum Mortgage Loan Amount			
		Current Income & Existing Debt	Current Income & No Existing Debt
(10)	Multiply Line (9) by \$1,000	\$79,471	\$154,704
Down Payment			
(11)	Cash available for down payment	\$0	\$0
Maximum Purchase Price			
(12)	Add Line (10) to Line (11)	\$79,471	\$154,704

5%

Client Story

Client #: 2092017

Lender: DHHL

Hardship: Loss of income/reduced hours, victim of loan rescue scam

- Family of 2
- Furloughed by government position, reduced hours
- Income back to normal
- Became victim of loan rescue scam while loan delinquent with Wells Fargo
- Then paying lawyer before enrolled in HUD approved housing counseling with Hawaiian Community Assets (HCA)
- Implementing emergency household budget
- No more car expenses, no more eating out
- Continues with HCA completing homeowner action plan

HHC Item No. J-6
Exhibit E
Date MAY 21 2013

Loss Mitigation Proposal Worksheet**Client #: 2092017****Lender: DHHL****Hardship: Loss of income, reduction in hours, victim of loan rescue scam**

	Scenario A	Scenario B	Scenario C
Loss-Mitigation Option	Capitalize arrears and extend loan term	Establish repayment plan at 31% of income	
Proposal Specifics	<ol style="list-style-type: none">1. Capitalize arrears to back end of loan2. Re-amortize loan at 360 months	<ol style="list-style-type: none">1. Establish repayment plan to cover past due arrears and fees	
Initial Monthly Mortgage Payment	\$1265.21	\$1265.21	
Adjusted Monthly Mortgage Payment	\$1351.23	\$1406.90	
Beneficiary Action Plan	<ol style="list-style-type: none">1. Implement household crisis budget2. Pay mortgage every other week3. File loan rescue scam complaint to DCCA	<ol style="list-style-type: none">1. Implement household crisis budget2. Pay mortgage every other week3. File loan rescue scam complaint to DCCA	
Counselor Action Plan	<ol style="list-style-type: none">1. Follow up with client in 2 weeks	<ol style="list-style-type: none">1. Follow up with client in 2 weeks	

Scenario A

Capitalize Arrears and Extend Loan Term Alter Highlighted Terms for Interactive Analysis

Program Parameters

At 1% above current USDA RD interest rate

Program interest rate floor	4.250%
Program interest rate floor	4.250%

Loan origination information and current status

Original Loan Amount	
Original Amortization Term	
Original Interest Rate	
Interest only loan (Y/N)	N
Current Unpaid Principal Balance	
Current Rate	
Remaining Term	
Months past due	
Property state	HI
Advances/Escrow	
Current Monthly Mortgage Payment	
Current Interest Payment	
Current Principal Payment	
Past Due Arrears, Interest, Fees	
Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$225,374

Borrower and loan information

Calculates P&I or IO payment based on original loan terms, user may adjust this field.

Borrower status

Monthly Income	
Monthly Taxes and Insurance	

Foreclosure Scenario

Unpaid Principal Balance Adjusted for Accrued Interest and Escrow	\$225,374
Current Value	\$193,648
Home Price Appreciation Forecast	-1%
Months to Lease Cancellation	3
Months to re-sale	3
Disposition Costs	\$2,625
Future Interest and Advanced Escrow	\$4,001
Re-Sale Value	\$185,086
Loss Due to No Loan Modification	(\$39,442)
Cure Rate	6%

Assumptions specific to the property location. User must supply these inputs.

Assumption specific to the loan and borrower. User must supply this input.

Estimated Loss After Re-Sale

(\$37,076)

Adjusted loan information

Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$225,374
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Adjusted Unpaid Principal Balance	
Adjusted Rate	
Remaining Term	
Months past due	
Property state	HI
Advances/Escrow	
Adjusted Monthly Mortgage Payment	
Adjusted Interest Payment	\$805.11
Adjusted Principal Payment	\$546.12
Adjusted Past Due Arrears, Interest, Fees	\$0

Scenario D

Repayment Plan

Alter Highlighted Terms for Interactive Analysis

Program Parameters

At 1% above current USDA RD interest rate

Program interest rate floor	4.250%
Program interest rate floor	4.250%

Loan origination information and current status

Original Loan Amount	
Original Amortization Term	
Original Interest Rate	
Interest only loan (Y/N)	N
Current Unpaid Principal Balance	
Current Rate	
Remaining Term	
Months past due	
Property state	HI
Advances/Escrow	
Current Monthly Mortgage Payment	
Current Interest Payment	
Current Principal Payment	
Past Due Arrears, Interest, Fees	
Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$225,374

Borrower and loan information

Calculates P&I or IO payment based on original loan terms, user

Borrower status

Monthly Income	
Monthly Taxes and Insurance	

Foreclosure Scenario

Unpaid Principal Balance Adjusted for Accrued Interest and Escrow	\$225,374
Current Value	\$193,648
Home Price Appreciation Forecast	-1%
Months to Lease Cancellation	3
Months to re-sale	3
Disposition Costs	\$2,625
Future Interest and Advanced Escrow	\$4,001
Re-Sale Value	\$185,086
Loss Due to No Loan Modification	(\$39,442)

Assumptions specific to the property location. User must supply these inputs.

Cure Rate	6%
Estimated Loss After Re-Sale	(\$37,076)

Assumption specific to
the loan and borrower.
User must supply this
input.

Adjusted loan information

Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$193,648
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Adjusted Unpaid Principal Balance	
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Adjusted Rate	
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Remaining Term	
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Months past due	
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Property state	HI
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Advances/Escrow	
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Adjusted Monthly Mortgage Payment

Adjusted Interest Payment	\$805.11
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Adjusted Principal Payment	\$601.79
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Adjusted Past Due Arrears, Interest, Fees	\$31,726
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Client Story

Client #: 2092017

Lender: DHHL

Hardship: Loss of income/reduced hours, victim of loan rescue scam

- Family of 2
- Furloughed by government position, reduced hours
- Income back to normal
- Became victim of loan rescue scam while loan delinquent with Wells Fargo
- Then paying lawyer before enrolled in HUD approved housing counseling with Hawaiian Community Assets (HCA)
- Implementing emergency household budget
- No more car expenses, no more eating out
- Continues with HCA completing homeowner action plan

HHC Item No. J-6
Exhibit F
Date MAY 21 2013

Loss Mitigation Proposal Worksheet**Client #: 2092017****Lender: DHHL****Hardship: Loss of income, reduction in hours, victim of loan rescue scam**

	Scenario A	Scenario B	Scenario C
Loss-Mitigation Option	Capitalize arrears and extend loan term	Establish repayment plan at 31% of income	
Proposal Specifics	<ol style="list-style-type: none">1. Capitalize arrears to back end of loan2. Re-amortize loan at 360 months	<ol style="list-style-type: none">1. Establish repayment plan to cover past due arrears and fees	
Initial Monthly Mortgage Payment	\$1265.21	\$1265.21	
Adjusted Monthly Mortgage Payment	\$1351.23	\$1406.90	
Beneficiary Action Plan	<ol style="list-style-type: none">1. Implement household crisis budget2. Pay mortgage every other week3. File loan rescue scam complaint to DCCA	<ol style="list-style-type: none">1. Implement household crisis budget2. Pay mortgage every other week3. File loan rescue scam complaint to DCCA	
Counselor Action Plan	<ol style="list-style-type: none">1. Follow up with client in 2 weeks	<ol style="list-style-type: none">1. Follow up with client in 2 weeks	

Scenario A

Capitalize Arrears and Extend Loan Term Alter Highlighted Terms for Interactive Analysis

Program Parameters

At 1% above current USDA RD interest rate

Program interest rate floor	4.250%
Program interest rate floor	4.250%

Loan origination information and current status

Original Loan Amount	
Original Amortization Term	
Original Interest Rate	
Interest only loan (Y/N)	N
Current Unpaid Principal Balance	
Current Rate	
Remaining Term	
Months past due	
Property state	HI
Advances/Escrow	
Current Monthly Mortgage Payment	
Current Interest Payment	
Current Principal Payment	
Past Due Arrears, Interest, Fees	
Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$225,374

Borrower and loan information

Calculates P&I or IO payment based on original loan terms, user may adjust this field.

Borrower status

Monthly Income*	
Monthly Taxes and Insurance	

Foreclosure Scenario

Unpaid Principal Balance Adjusted for Accrued Interest and Escrow	\$225,374
Current Value	\$193,648
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Months to re-sale	3
Disposition Costs	\$2,625
Future Interest and Advanced Escrow	\$4,001
Re-Sale Value	\$185,086
Loss Due to No Loan Modification	(\$39,442)
Cure Rate	6%

Assumptions specific to the property location. User must supply these inputs.

Assumption specific to the loan and borrower. User must supply this input.

Estimated Loss After Re-Sale (\$37,076)

Adjusted loan information

Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$225,374
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Adjusted Unpaid Principal Balance	
Adjusted Rate	
Remaining Term	
Months past due	
Property state	HI
Advances/Escrow	
Adjusted Monthly Mortgage Payment	
Adjusted Interest Payment	\$805.11
Adjusted Principal Payment	\$546.12
Adjusted Past Due Arrears, Interest, Fees	\$0

Scenario D

Repayment Plan

Alter Highlighted Terms for Interactive Analysis

Program Parameters

At 1% above current USDA RD interest rate

Program interest rate floor	4.250%
Program interest rate floor	4.250%

Loan origination information and current status

Original Loan Amount	
Original Amortization Term	
Original Interest Rate	
Interest only loan (Y/N)	N
Current Unpaid Principal Balance	
Current Rate	
Remaining Term	
Months past due	
Property state	HI
Advances/Escrow	
Current Monthly Mortgage Payment	
Current Interest Payment	
Current Principal Payment	
Past Due Arrears, Interest, Fees	
Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$225,374

Borrower and loan information

Calculates P&I or IO payment based on original loan terms, user

Borrower status

Monthly Income	
Monthly Taxes and Insurance	

Foreclosure Scenario

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Assumptions specific to the property location. User must supply these inputs.

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Assumption specific to
the loan and borrower.
User must supply this
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Adjusted loan information

Unpaid Principal Balances Adjusted for Accrued Interest and Escrow	\$193,648
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Adjusted Unpaid Principal Balance	
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Adjusted Rate	
---------------	--

Remaining Term	
----------------	--

Months past due	
-----------------	--

Property state	HI
----------------	----

Advances/Escrow	
-----------------	--

Adjusted Monthly Mortgage Payment

Adjusted Interest Payment	\$805.11
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Adjusted Principal Payment	\$601.79
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Adjusted Past Due Arrears, Interest, Fees	\$31,726
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Affordable DTI Level

- 1) DTI = debt-to-income ratio; based on housing debt/gross monthly income
- 2) Affordable DTI defined by HUD as "at or below 31% of gross monthly income"
 - a. Modified payment = to reflect this standard
 - b. Interest rate at 30-year term = interest rate to maintain modified payment based on unpaid principal balance adjusted with outstanding debt
 - c. Interest rate at 40-year term = interest rate to maintain modified payment based on unpaid principal balance adjusted with outstanding debt

Modified Loan Terms Required to Achieve Modified Payment

- 1) Unpaid Principal Balance Adjusted for Accrued Interest, Arrears, Fees = capitalization of debt
- 2) Modified Interest Rate = interest rate reduction
- 3) Modified Payment = monthly mortgage payment equal to affordable DTI standard
- 4) Modified Loan Term = extension of loan term based on calculations to achieve affordable DTI
- 5) Modified Full Amortization Payment = monthly mortgage payment due as a result of capitalization of debt, interest rate reduction, and extension of loan term
- 6) Difference from Affordable Payment = difference from modified full am payment and affordable monthly mortgage payment; required to calculate principal forbearance
- 7) Principal Forbearance = principal loan reduction
- 8) Reduced Cash Flow Due to Forbearance = amount of interest earned by DHHL on loan as a result of forbearance

Valuation Given Redefault After Modification

- 1) Redefault Rate = FDIC program reports 12.9% after 6 month mark; conservative estimate of 15% used by HCA due to economic instability of Hawaiian community as a result of decades-long financial inequality
- 2) Months to Redefault = estimated at 12 months
- 3) Home Price Appreciation = loss of 1% annually; HCA to work with client to build savings necessary for maintenance to make this appreciation at 0%
- 4) Future Interest and Escrow = amount of interest and escrow owed on a loan that redefaults at the 12-month mark
- 5) Re-Sale Value = calculated using factors for redefault and resale

Value of Modification

- 1) Modification Value = cost of modification to the Trust
- 2) Benefit from Modification = amount of funds recouped as a result of modification
- 3) Net Present Value = does it pass the test of modifying the loan versus foreclosure; if pass, then "yes" it's a sound investment in our Beneficiary

Loan Modification Calculator Guide

Program Interest Rate Floor

- 1) Based on interest rate adopted by the Commission and currently be used for purchase loans by the Department; not on refinances
- 2) Set at 1% over USDA RD rate to ensure incentive not provided to borrowers for placing loan with DHHL

Loan Original Information and Current Status

- 1) Provides original loan information – principal balance, interest rate, and term
- 2) Provides current loan information – unpaid principal balance, interest rate, remaining term
 - a. In green – monthly mortgage payment with break outs for principal and interest
 - b. Including past due arrears, fees, interest
- 3) Unpaid Principal Balance Adjusted for Account Interest and Escrow = unpaid principal balance with capitalized debt

Borrower Status

- 1) Gross monthly income
- 2) Monthly taxes and insurance; monthly mortgage payment made up of "PI" principal and interest and "TI" taxes and insurance

Foreclosure Scenario

- 1) Current Value of the Loan
 - a. Minus – 1% depreciation; based on HUD standard for education that family should save 1% of mortgage loan value annually to necessary maintenance. Based on assumption this is not happening.
 - b. X number of months to lease cancellation as determined by scheduled for contested case hearings
 - c. X months to resale; the amount of time required from lease cancellation to having home available for resale
 - d. Minus – cost of DHHL staff to process lease cancellation and resale
 - i. Total = hourly rate x hours worked
 - e. Future Interest and Advanced Escrow = amount accumulated over the period of lease cancellation through resale
- 2) Re-Sale Value based on amount decrease from factors of depreciation, future interest and advanced escrow, costs of resale, months to lease cancellation and resale
- 3) Loss Due to Zero Cure = estimated loss to DHHL as a result of no loan modification
- 4) Cure Rate – based on estimated interest rate for loan assumption
- 5) Loss After Assumption – loss after loan if property re-sold based on factors included in foreclosure scenario and set at specific cure rate

Modification Terms

- 1) % of Difference from Original Payment = how much monthly mortgage payment reduced from original to modified
- 2) Borrower Payments After Months = balloon payments, adjusted interest rates

Amortization Schedule

- 1) Provides breakdown of payments through life of the loan

Calculator Overall

- 1) Uses FDIC calculator to provide Commissioners with necessary information to make an informed, financially responsible decision on whether to grant loan modification
- 2) Provides DHHL necessary information to draft loan documents based on approved loan modification terms
- 3) Provides HUD housing counselors with tool to educate Commissioners, DHHL, and Beneficiaries about benefits and costs of loan modification on the Trust

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