



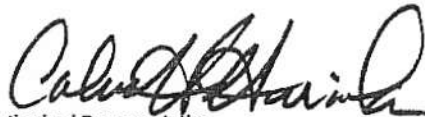
**FIRST INSURANCE
COMPANY OF HAWAII, LTD.**
P.O. BOX 2866 • HONOLULU, HAWAII 96803

LIC 603

CGL 5471940 07

CERTIFICATE OF INSURANCE

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Insured HAWAIIAN COMMUNITY DEVELOPMENT BOARD 1188 BISHOP ST STE 907 HONOLULU HI 96813		Producer CAVANAH ASSOCIATES INC 1100 ALAKEA ST STE 2600 HONOLULU HI 96813			
Companies Affording Coverages FIRST FIRE & CASUALTY INSURANCE					
COVERAGES					
This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated, notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies. Limits shown may have been reduced by paid claims.					
Type of Insurance	Policy Number	Policy Effective Date (MM/DD/YY)	Policy Expiration Date (MM/DD/YY)	Limits	
General Liability <input checked="" type="checkbox"/> Commercial General Liability <input type="checkbox"/> Claims Made <input checked="" type="checkbox"/> Occur <input type="checkbox"/> Owner's & Cont Prot	CGL 5471940	03/29/11	03/29/12	General Aggregate	\$ 2,000,000
				Products Comp/Op Agg	\$ 0
				Personal & Adv Injury	\$ 1,000,000
				Each Occurrence	\$ 1,000,000
				Fire Damage (Any one fire)	\$ 100,000
				Med Exp (Any one person)	\$ 5,000
Automobile Liability <input type="checkbox"/> Any Auto <input type="checkbox"/> All owned Autos <input type="checkbox"/> Scheduled Autos <input type="checkbox"/> Hired Autos <input type="checkbox"/> Non-owned Autos <input type="checkbox"/> Garage Liability				Combined Single Limit	\$
				Bodily Injury (Per person)	\$
				Bodily Injury (Per accident)	\$
				Property Damage	\$
Excess Liability <input type="checkbox"/> Umbrella Form <input type="checkbox"/> Other Than Umbrella Form				Each Occurrence	\$
				Aggregate	\$
Worker's Compensation And Employers' Liability				Statutory Limits	
				Each Accident	\$
				Disease - Policy Limit	\$
				Disease - Each Employee	\$
Other					
Description of Operations/Locations/Vehicles/Special Items 129 ENTERPRIZE AVE EWA BEACH HI 96706. THE CERTIFICATE HOLDER NAMED BELOW IS AN ADDITIONAL INSURED UNDER THE POLICY TO THE EXTENT SET FORTH IN THE POLICY PROVISIONS.					
CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL XX DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED BELOW, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.					
CERTIFICATE HOLDER DEPT OF HAWAIIAN HOMELANDS 1099 ALAKEA ST STE 2000 HONOLULU HI 96813		 Authorized Representative			
		02/23/11 Issue Date			

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To: Kali Watson,
Cc: Derek T Kimura/DHHL/StateHiUS,
Bcc: Craig Y Iha/AG/StateHiUS
Subject: Final draft GL 299

Aloha Kali, attached please find the draft GL 299 for the solar project at Kalaeloa. This draft has not been approved or reviewed by the deputy Attorney General.

Appreciate your copy of letter from NHHCA supporting your benefits package as well as a copy of the meeting agenda for the regular board meeting at Kanehili.

Did you include Kapolei Community Development Corp., residents of Maluohai and Kaupea in your consultation?

Did you have a final draft of this benefit package. Please note that the benefit agreement must be approved by the HHC.



GL 299 to HCDB & Solar CityL.DOC

Me ke aloha,
Linda L. Chinn, Administrator
Land Management Division
Department of Hawaiian Home Lands
91-5420 Kapolei Parkway
Kapolei, Hawaii 96707
Mailing Address: P.O. Box 1879
Honolulu, Hawaii 96805
808-620-9451/808-620-9479(fax)/808-722-4297(cell)
e-mail: linda.l.chinn@hawaii.gov

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Kalaeloa 5 MW PV Project

Kali Watson to: Linda Chinn

Cc: Patti Barbee, Pete Cooper, Lani Go-Keala, Stephen Compagni
Portis

07/27/2012 03:31 PM

1 attachment



Chinn, Linda with Attachments.pdf

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Linda,

Our 5 MW PV in Kalaeloa is moving along at a fast pace. We anticipate a quick approval process because of its size and location. I've attached a letter detailing our activities since the March HHC meeting. Much has happened and we're excited about obtaining the PPA, along with the funding. We need to move forward on completing the general lease in order to complete the process and obtain financing for the project. Please send me a draft of your proposed general lease. We have some sample leases executed by DHHL with other PV developers, so I don't anticipate any changes that could cause a delay or problems. Once I've received your proposed lease, I'd like to arrange a meeting to go over the lease terms. Your assistance is greatly appreciated. Best regards, Kali



Hawaiian Community Development Board

Hawaiian Community Development Board
Century Square, Suite 907
1188 Bishop Street
Honolulu, Hawaii 96813

Phone 808-529-0404
Fax 808-440-7206
E-mail kali.watson@hawaiiantel.net

July 27, 2012

Linda Chinn, Administrator
Land Management Division
Department of Hawaiian Home Lands
P.O. Box 1879
Honolulu, Hawaii 96805

Re: General Lease, Kalaeloa, Oahu

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Dear Ms. Chinn,

This letter is to keep you informed re the status of the development of our 5 MW PV Project in Kalaeloa. As of this week, we completed the two community meetings – one in Kapolei and the other in Nanakuli. Attached are documents verifying the meetings. We presented the details of the project along with the proposed benefits package. The presentations were well received at both meetings.

Pursuant to the Right of Entry Permit issued by the Department, we've completed or are in the process of completing the necessary due diligence studies as required under HRS Chapter 343 compliance and interconnect studies using various professional consultants. The archaeological survey was completed using Keala Pono, Archaeological Consulting, LLC; the endangered plant survey was completed by Isle Botania (Professor Art Whistler). The Pre-Assessment Consultation and Notice of Preparation of an Environmental Assessment letters have gone out, we've received a number of responses and we're preparing responses to the various governmental agencies. Topographical information has been gathered and our engineers have completed the PV Systems layout taking into account the protection and preservation of existing archaeological sites. We've started preliminary discussions with HECO and have obtained a draft PPA agreement. We've also done some preliminary interconnection grid analysis and are in the process of retaining Siemens to conduct the IRS study. We anticipate filing our completed application to offer to sell power to HECO or NUG application today or by next week.

Per your letter of April 3, 2012, please forward us a draft of the general lease document so that we can begin our open dialogue with you. We look forward to completing this discussion and obtaining site control as soon as possible. We are prepared to also make the \$25,000 good faith deposit. Your attention to this matter is appreciated.

Best regards,

Kali Watson
Executive Director



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HAWAII**

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Agenda for Kanehili Community Association Regular Meeting of the Board of Directors

DATE & PLACE: Wednesday July 25, 2012. Hale Pono'i

DIRECTORS: President Paul "Kaipo" Pomaikai, Vice-President Melvin Kalama, Secretary Herbert Kekuawela, Treasurer Eliza Martin, Sergeant at Arms Eddie Akau and Directors Sherry Bing and Anolani Hanohano

BY INVITATION: Account Executive Ikaika Pestana CMCA®

CALL TO ORDER ALOHA/HONI/PULE: 6:00 pm

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GUEST SPEAKERS: Kali Watson, Hawaiian Community Development Board
Shaunalee Riedel, Hawaii Maoli

MEETING RULES: Adoption of Rules Limiting Association Member Discussion

MINUTES: Approve the minutes of the November 16 board meeting.
Approve the minutes of the March 14 annual and organizational meetings.
Approve the minutes of the April 9 board meeting.

FINANCIAL STATEMENTS:

1. Accept October to May Financial Statements Subject to Audit
2. Delinquencies/Reserves:

COMMITTEE REPORTS:

1. Design
2. Newsletter
3. Director Hanohano on DHHL Capacity Building Conference

UNFINISHED BUSINESS:

1. Park
2. DHHL
 - a. New Owners
 - b. Design Applications
 - c. Parking – Kanawai 6.06
 - d. Retaining Wall
3. House Rules
4. Draft policies

NEW BUSINESS:

1. Alberta Vargas – Complaint Letter

OWNERS FORUM:

Web CertifiedHawaii.com

Main Office 3179 KOAPAKA STREET, HONOLULU, HAWAII 96819

Kona 75-169 HUALALAI ROAD, KAILUA-KONA, HAWAII 96740

Kauai 4-1579 KUHIO HIGHWAY, SUITE 102, KAPAA, HAWAII 96746

Maui 375 HUKU LII PLACE, SUITE 207, KIHEI, HAWAII 96753

Phone 808.836.0911

Phone 808.329.6063

Phone 808.821.2122

Phone 808.243.9565

Fax 808.839.9430

Fax 808.326.2486

Fax 808.821.2131

Fax 808.244.7848



Nanakuli Hawaiian Homestead Community Association

89-188 Farrington Highway
Waianae, Hawaii 96792

Phone 808-228-4728
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E-mail kamakihhf@hawaii.rr.com

President
Kamaki Kanahele

Vice-President
Michael Kahikina

Secretary
Midge Eli

Treasurer
Lihilihi Kia

Board Members
Hanalei Aipoalani
Ester Keiki
Kaiawe Makanani
Patty Teruya
Kimo Kelii
Airleen Lucerio

Project Director
Kali Watson

June 20, 2012

Mr. Kali Watson, Executive Director
Hawaiian Community Development Board
1188 Bishop Street, Suite 907
Honolulu, Hawaii 96813

Re: Kalaeloa 5 MW Photo Voltaic Project

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Dear Mr. Watson,

We appreciated your Nanakuli community presentation on your proposed 5 MW Photovoltaic Project located in Kalaeloa, Oahu on approximately 34 acres of Hawaiian Home Lands. This large utility sized alternate energy generating facility makes sense if Hawaii is to wean itself off of fossil fuel produced electricity. With the cost of oil going up and up, projects like these will allow us to take control of the rising cost of energy production and also limit the adverse environmental impact on Hawaii. Our Board unanimously voted to support this project.

Moreover, your benefits package was also well received and fully supported. Providing a Hawaiian Workforce Initiative, an Operations & Maintenance contract for the PV System, creating a Rental Housing Development 5-year Plan, doing Rental Housing Development Projects, hiring staff focused on home replacement housing, and Homestead technology, along with generating grants and scholarships for our homestead beneficiaries are all wonderful objectives and goals anticipated from the revenues generated by your PV Project. With the current social, economic, educational and cultural problems facing our people, we must look to projects that help generate money and jobs for our people and programs. We also like the fact that your project is paying market rent to the Department of Hawaiian Home Lands. This too will benefit our people under existing programs run by the Department.

The Nanakuli Hawaiian Homestead Community Association by its board of directors stand in support and ready to assist in any way necessary to make HCDB's PV Project a reality. Again, thank you for the very informative, educational and exciting presentation. The Department needs more projects like this to make its lands productive in more ways than just generating rent. Your Hawaiian nonprofit organization has taken the lead in the development of alternate energy on our trust lands and has also created a multitude of benefits for our people and the community. If you should need anything else, please do not hesitate in asking.

Yours truly,

Kamaki Kanahele
President


The Nanakuli Hawaiian Homestead Community Association is dedicated to promoting and assisting in the betterment of the Nanakuli community.

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

March 19, 2012

To: Chairman and Members, Hawaiian Homes Commission

From: Linda Chinn, Administrator
Land Management Division 

SUBJECT: Approval to the issuance of a General Lease to Hawaiian
Community Development Board and SolarCity, Kalaeloa, Oahu

RECOMMENDED MOTION/ACTION

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That the Hawaiian Homes Commission ("HHC") grant its approval to the issuance of an exclusive general lease to Hawaiian Community Development Board (HCDB) and SolarCity (jointly to be identified as "LESSEES") to use approximately 34 acres of Hawaiian home lands located in Kalaeloa, Oahu, further identified by TMK: (1) 9-1-013:001 (see Exhibit "A"), for the development, operation, management and maintenance of a solar power production facility and a pilot integrated greenhouse system, subject to the following conditions:

1. Purpose: The site shall be used for constructing approximately a 5MW photovoltaic system and to generate solar power to be fed into the Hawaii Electric Company grid, as well as other facilities to be used in conjunction therewith;
2. Land Area: thirty-four (34) acres, which is a portion of the larger land parcel, which may require subdivision.
3. Term: The term of the lease shall be for twenty (20) years and shall commence on the date the system is placed in service;
4. Upon approval of the HHC, the Chairman shall be authorized to issue a right-of-entry permit which will allow LESSEES to conduct due diligence studies and HRS Chapter 343 compliance. Upon the issuance of the lease, LESSEES may proceed to conduct site preparation and construction, provided LESSEES pays a good faith deposit of \$25,000.00. Said deposit shall be applied to the rent once the system is placed in service and the Lease commences, however the deposit shall be forfeited if the project is not placed in service within a reasonable time (approximately 18 months) after the date the Lease is executed and LESSEES fail to provide DHHL with compelling reasons, beyond LESSEES' control, that justify a full or partial refund;

5. Option to Extend: the Chairman is authorized to grant a one-time extension of the general lease term, up to a period of twenty (20) years, provided LESSEES are not in material default at any time during the term of the general lease, with 180 days written notice prior to the expiration of the initial term of the general lease;

Should an extension be granted beyond the initial 20-year term of the general lease, all of the terms and conditions of the general lease shall be subject to re-negotiation and amendments that are deemed prudent;

6. LESSEES shall complete and provide plans, design, engineer, and necessary environmental studies and interconnect studies at it own cost and expense;

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7. LESSEES shall be required, at its sole cost and expense, to prepare the survey maps and description of the requested land parcel and if necessary subdivide the land from the larger parcel;

8. LESSEES shall have prepared one or more applications to offer to sell power to Hawaii Electric Company under a Power Purchase Agreement;

9. LESSEES shall provide its development budget with a breakdown of the costs of the major components and phasing of the development plan;

10. LESSEES shall provide firm financing plan and commitment from either a lending institution or other funding sources with a breakdown of how the project will be financed;

11. LESSEES shall provide development timeline from the conceptual plan through to construction;

12. LESSEES shall conduct at least two (2) Beneficiary Consultation sessions in the Kapolei area on the proposed use of the parcel and provide evidence of community and other homestead organizations in the same region support for the project;

13. Fees & Commencement: The rent commencement date shall be the date the system is placed in service. The annual rent shall be payable in monthly installment and shall not be less than:

For	Years 1 - 10)	\$355,200.00	(\$29,600.00/month)
For	Years 11 - 15	\$444,000.00	(a 25% increase) and
For	years 16 - 20	\$499,500.00	(a 12.5% increase).

14. Processing Fees: There is a non-refundable processing and documentation fee totaling \$275.00 prior to issuance of the General Lease;

15. "As Is" Status & Residential Prohibition: The Premises shall be rented "as is" and LESSEES understand that there are no existing utility services to the site, and further agrees to pay for all costs of establishing and maintaining utility services to the property and pay for all consumption of utilities on the leased premises, as may be needed;

No residential use shall be permitted on the premises;

16. Insurance: LESSEES shall purchase general comprehensive liability insurance and other required insurance with a minimum coverage to be set at time of negotiation and name the Department of Hawaiian Home Lands as an additional insured;

17. Real Property Taxes: LESSEES shall pay all real property taxes assessed by the City and County of Honolulu for the leased area;

18. Security & Personal Property: LESSEES shall be responsible for the security of the leased premises and all of its personal property thereon. HCDB shall be allowed to install security fencing for public safety and a security system provided the Department has reviewed and approved the type of system to be installed;

19. Homestead Benefits Agreement: LESSEES shall provide a Homestead Benefits Agreement with the input of the community and other homestead organizations in the same region, such agreement shall be subject to negotiation and approval by the Chairman, Hawaiian Homes Commission;

20. Regulations & Requirements: LESSEES shall comply with all federal, state and county regulations or requirements regarding environmental issues and the safe handling and disposal of toxic or hazardous materials and shall be responsible for environmental cleanup of any contamination or hazardous materials found on the site that is caused by its activities on the Premises;

21. Archaeological Sites: LESSEES are aware that there may be sensitive archaeological sites on the Premises and shall exercise caution when undertaking any disturbance of the existing ground surface. If a suspected archaeological site is discovered, LESSEES shall comply with all governmental requirements for properly handling such discovery;

22. Chapter 343 Compliance: The proposed project shall be subject to Chapter 343 compliance;

23. Attorney General Review: The Lease document shall be subject to the review and approval of the Department of the Attorney General;

24. Other Standard Terms and Conditions: Other standard terms and conditions of similar Leases issued by DHHL or other terms and conditions deemed prudent by the Chairman of the Hawaiian Home Land

Commission.

DISCUSSION

The Land parcel

The Department of Hawaiian Home Lands (DHHL) acquired approximately 555.030 acres of land in the Kalaeloa District (former Naval Air Station Barbers Point) under the Hawaiian Home Lands Recovery Act. The parcel that is under this request is a 43-acre parcel, located on the Campbell side of the Kalaeloa District and is accessible from Kalaeloa Parkway. The intended use for this parcel is for light industrial use and photovoltaic development is an allowable use.

There is a documented archaeological site on this parcel and would need to be excluded from any development. Chapter 343 compliance must be prepared to assess the proposed project may have any impact on the property and the environment.

Hawaii Community Development Board (HCDB)

HCDB is a non-profit organization established in 2000 with the express mission of "supporting and promoting housing, community, and economic development projects that benefit low income Native Hawaiians and families living in Hawaiian Home Lands communities throughout the state of Hawaii". It is governed by a 100% Native Hawaiian Board, with community leaders throughout Hawaii and dedicated seats for homestead association officers and/or members (6 of 10 members are DHHL homesteaders).

HCDB's experience in development includes project management for the Nanakuli Village Center development, and another alternative energy project which is located on lands owned by the Hawaii Community Development Authority in Kalaeloa.

HCDB has completed the Land Request Form and is attached hereto as Exhibit "B".

SolarCity

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Nationally, SolarCity has installed over 100MW of PV for 16,000 customers, has raised \$1.4 billion in solar project financing, and has over 1,200 employee-owners in 12 states. Just recently, U.S. Energy Secretary Steven Chu announced the offer of conditional commitment to help secure financing for SolarCity's "SolarStrong" project, which is expected to create more than 371 MW of new solar generation capacity, and may add another \$1 billion to its solar project financing portfolio.

Locally, SolarCity has over 18 MW of solar PV projects currently under contract and under construction (or award) in

Hawaii. Its Hawaii office currently employs 35 employee-owners, and is growing quickly. It recently installed a 463 KW system at the Maui, Arts and Cultural Center, and the first SolarStrong eligible project is already underway at Hickam Communities at Joint Base Pearl Harbor-Hickam in Hawaii. When completed, that project will provide 4 MW of PV.

Manu O Ka La Elua, LLC

For liability and access to the federal and state energy tax credits and New Market Tax Credits, HCDB is anticipated that a limited liability company called Mana O Ka La Elua, LLC will be created for the Project. HCDB will be the substantive owner of this entity and Mana O Ka La Elua will act as the conduit for the transfer of net proceeds for the Hawaiian Homes Homestead Benefits Agreement.

HCDB and SolarCity propose a minimum 20-year lease at market rate based on similar projects in the area to DHHL plus a comprehensive Benefits Plan to support community development projects on Hawaiian Home Lands. HCDB is committed to continuing its efforts to support community development projects on Hawaiian Home Lands.

General Lease

LESSEES are seeking a 20-year general lease in an attempt to meet site control requirements to qualify for federal and state tax incentives, which may be eliminated in the future. Additionally, working with Pacific Growth Associates and Alaska Growth Capital, LESSEES are also pursuing New Market Tax Credits.

About the Solar Project

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LESSEES support the Hawaii Clean Energy Initiative mandate, which requires Hawaiian Electric to convert 40% of its total electricity sources to be renewable energy generation by 2030. Currently, Hawaii is the most oil dependent state in the nation relying on 90% of energy needs on fossil fuels, almost four times more than any other state. Our islands are abundant in sunshine in Hawaii and especially in the Kalaheo area, which makes this project site ideal for producing renewable energy. Mana Elua will help to decrease Hawaii's reliance on fossil fuels and minimize impacts of climate change.

LESSEES propose to develop and operate a 5 Megawatt (MW) solar photovoltaic (PV) energy facility. The proposed Project site requirements are approximately 34 acres with good access to roads and interconnection.

As part of the overall project, LESSEES also propose to construct a pilot scale photovoltaic integrated greenhouse (PVIG) system. This would represent the first PVIG installation in Hawaii. The PVIG system

comprises an array of sloped photovoltaic panels configured as the roof of a framed greenhouse structure, with the purpose of combining two functions: generating electricity and providing a controlled, protected environment for growing crops. The physical dimensions of the structure (e.g., height of the panels above ground, horizontal spacing between adjacent rows of panels, tilt angle of the panels, etc.) are designed to minimize mutual shading between panels and satisfy the requirements for intended farming operations (e.g., sufficient space and ambient sunlight levels for plant growth, access for farm machinery, etc.).

It is very important that efforts be made to expedite the development of this project. As there is a limited grid capacity for these types of developments and significant competing development activities in the alternate energy industries, the present opportunity to generate such dedicated revenues will quickly disappear. HECO has also published a notice indicating that there is limited availability and a queuing list for applicants under its Tier 3 program for projects of this 5MW capacity. Alternatively, LESSEES will be seeking a bilateral power purchase agreement with HECO that is not as restrictive as the Tier 3 program.

Project Financing

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HCDB and SolarCity intend to structure a multi-tiered financing package including; but not limited to, construction, bridge and traditional project financing. Additionally, the Project will qualify for several federal and state tax incentives that will work in conjunction with the financing package to fund the total project costs.

These incentives include the federal business energy investment tax credit of 30%, Hawaii state renewable energy credit program of 24.5%, and approximately 15% from New Market Tax Credits. Combination of these programs provides more than 60% of the total project costs, both hard and soft costs. The balance may be funded by a variety of options such as federally guaranteed CDFI bonds, Qualified Energy Conservation Bonds, US Department of Energy Guarantee or USDA Rural Energy for America Program.

HCDB and SolarCity may also seek a tax equity investor to monetize the remaining available tax benefits associated with the project, specifically, the accelerated depreciation. Ideally, HCDB and SolarCity are seeking a third party that can provide the full financing package to maximize the economic benefits to the Project while minimizing transactional costs. They believe it is reasonable that there is a third party in the market that can provide the full financing package in prevailing rates with market based terms, conditions, and transaction pricing.

HCDB and SolarCity intend to enter into a 20-year power purchase agreement with the Hawaiian Electric Company ("HECO"), a BBB-credit rated entity, as the power off-taker on an as available basis for the full electrical output of the solar farm. The Project will seek

recently PUC approved Tier 3 terms for the proposed power purchase agreement. The power purchase agreement, its terms and conditions, will be the basis for the long term financing package.

Homestead Benefits Agreement

LESSEES have proposed a Homestead Benefits Agreement (see Exhibit "C"). This will be subject to further negotiation and approval.

HHC Authority

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The authority for the Hawaiian Homes Commission to issue general leases is found in Section 204(a)(2), HHCA 1920, as amended. The procedure to implement this or similar type leases is found in Section 10-4-1, DHHL Administrative Rules, as amended. With respect to a lease to an eleemosynary organization (nonprofit, which HCDB is), Hawaii Revised Statute 171-43.1, as amended, authorizes the Commission to lease, at nominal consideration or any rental amount the Commission deems appropriate; by direct negotiation and without recourse to public auction, public lands to an eleemosynary organization which has been certified to be tax exempt under sections 501(c)(1) or 501(c)(3) of the Internal Revenue Code of 1986, as amended; and on such other terms and conditions as the Commission may determine. It is the intent that the lands shall be used by such eleemosynary organizations for the purposes for which their charter was issued and for which they were certified by the Internal Revenue Service.

The same DHHL Rules permit DHHL, subject to the approval of the HHC, to negotiate and consummate the rental rate of a lease, when prudent management does not dictate that the rental rate to be established by appraisal.

Further, the Governor's renewable energy initiative authorizes State Departments to enter into direct negotiations with renewable energy producers pursuant to HRS Chapter 171-95. 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, biofuel...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.

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RECOMMENDATION

Land Management Division recommends approval of the motion as stated.

Request for Trust Lands from the Hawaiian Home Land Trust
Department of Hawaiian Home Lands

This application is completed by an interested party in requesting lands designated as Hawaiian home lands under the Hawaiian Homes Commission Act (HHCA). HHCA lands are to be used for homesteading purposes for beneficiary native Hawaiians (residential, agricultural or pastoral), and when necessary, in the best interest of the trust and its beneficiaries, for public purpose, commercial and multipurpose use.

Section I: Name of Applicant Requesting Trust Lands

Name of Requesting Organization: Hawaiian Community Development Board

Address of Organization: 1188 Bishop Street, Suite 907, Honolulu, HI 96813

Officers and/or Principal Representatives: See attachment

Mission of Organization: The Mission or purpose of this organization is to lessen the burdens of the governments of the State of Hawaii, in particular the Department of Hawaiian Home Lands, by developing or promoting the development, rehabilitation and preservation of quality neighborhood housing, multiservice centers and elderly housing which are affordable. It actively works with DHHL to assist it in its determination of affordable housing, service centers and elderly housing needs and in the development of projects to meet those needs in the Hawaiian communities.

Date Incorporated: March 16, 2000 **State of Incorporation:** Hawaii

Section II: Type of Organization

n Requesting Organization – Non-Profit

Type of Non-Profit: ☒ Private Nonprofit – governed by self appointed board
☐ Member Nonprofit – governed by voting members

n *Homestead Organization – governed by HHCA beneficiary members

*Non-profit is Democratically Elected by and for HHCA Beneficiaries or a Subsidiary thereof

Capacity Assessed by DHHL Kulia Ika Nuu Program: (1 Yes X No)

Current Capacity and Service to HHCA Beneficiary Community: In the approximately 11 years of its existence HCDB has established a strong Board made up of all Hawaiians with the majority being DHHL homesteaders (See attachment). They are successful leaders within the homesteading communities and businessmen in the private sector. HCDB's executives are also Hawaiian and have dedicated their lives to improving the conditions of native Hawaiians. See attachment. All of HCDB projects are designed to serve the various HHCA Beneficiary Communities. See HCDB's website Hawndev.org. The most successful project has been the Nanakuli Village Center, where HCDB has helped develop a low-income housing project called Hale Makana which has raises \$14.2 million. Working with Kamehameha Schools, HCDB has got them to fund and build the Cope Learning Center which will have a preschool and admin offices, along with Waianae Comp, UHWO, and Hookulaiwi teachers program. The Nanakuli Commercial Center has signed Longs and Waianae Comprehensive Health Center as its anchor tenants. It has also successfully, in partnership with DHHL, done several housing projects within the various homestead communities – Kauhalepono Replacement Home Project and the Maui County/Kula new homes housing project.

I Requesting Organization — Individual or Business

1*1 Individual

☐ Sole Proprietorship

ri Partnership

E Corporation

☐ Limited Liability Corporation

ri Other

Is an Individual HHCA Beneficiary/is Owned by an HHCA Beneficiary ☐ Yes E No

Ejj Requesting Organization — Government Agency

☐ Federal

ri State

☐ County

Section III: Land Request Instrument, Terms & Purpose

Applicant requests the following land transaction instrument:

☐ Right of Entry

☐ Revocable Permit

☐ Easement:

X License

X General Lease

☐ Other:

Land Description: Unimproved land in Kalaeloa, Oahu

Island: Oahu **Tax Map Key No.:** 9-1-13:38 (97.538 acres) or 9-1-13:1 (48.021 acres)

Term: 1 yr/30yrs **Payment Amount:** ☐ Undetermined X Market value land rents

☐ Gratis/or Less than Market value land rents ☐ \$ _____

*If Gratis or Less than Market — Explain Why the Trust Should Not be Compensated: _____

Land Use or Purpose: Develop a large utility PV farm and pilot PV Integrated Greenhouse (See
a t t a c h m e n t)

Land Use Benefit to the Trust and/or its Beneficiaries: HCDB will be paying significant lease
rent which helps fund the Trust long-term. In addition, 100% of the net revenue will go to a Community
B e n e f i t s P a c k a g e . S e e a t t a c h m e n t .

If Applicant is Not a Homestead Beneficiary Organization or a Subsidiary Thereof, Describe How the Applicant is Partnered with Such Organizations: Besides being connected to the various
homesteads by representatives from these communities, which make up the majority of HCDB's Board,
(See support letters attached from SCHHA President, Maluohai homesteader, Kewalo homestead
President, Waianae Kai Homestead President) HCDB is working with CNHA, Hawaiian Community
Assets, DHHL, OHA, and Nanakuli Hawaiian Homestead Community Association on various projects.
Moreover, HCDB's executive director is the Chairman of the Economic and Housing Committee for
the Sovereign Councils of Hawaiian Homelands Assembly (SCHHA) which represents 30 various
homestead communities. He is tasked with partnering with these various homestead communities to
assist the development of economic and housing projects within their communities.

Section IV. Relevant HHCA Sections to Non-Homesteading Trust Land Disposition

The HHCA addresses non-homes () ling public purpose licenses, such as () mmunity facilities, commercial or multi-purpose functions, when such purpose supports the overall mission and well-being of the trust and its HHCA beneficiaries.

Section 207(c) – This application relates to which of the following four categories under Section 207(c) of the Hawaiian Homes Commission Act wherein a License may be issued:

- ☐ Section 207(c)(1) – Railroads, Telephone Lines, Electric/Utility Lines, Gas Mains, etc; OR
- X Section 207(c)(1)(A) – Churches, hospitals, public schools, post offices and other improvements for public purposes; (The PV Farm is intended to reduce State dependence on fossil fuel and create a source of electricity for use by the public – which is considered a public purpose) OR
- ☐ Section 207(c)(1)(B) – Theatres, garages, service stations, markets, stores and other mercantile establishments (all of which shall be owned by native Hawaiians or by organizations formed and controlled by native Hawaiians); OR
- ☐ Section 207(c)(2) – Reservations, roads and other right of way, water storage and distribution facilities and practice target ranges of the United States;

ri None of the Above

Section 204(a)(1) – Lands not required for leasing under 207(a) (homesteading), DHHL may issue a general lease for public, commercial or multipurpose use in accordance to Chapter 171, HRS, as amended. This application is for a commercial or multipurpose use:

- ☐ Land use or improvements will generate commercial profit to the applicant
- ☐ Land use or improvements will not generate commercial profit to the applicant

Section 204(a)(2)/220.5– Lands not required for leasing under 207(a) (homesteading), DHHL is expressly authorized to negotiate, prior to negotiations with the general public, the disposition of Hawaiian home lands or any improvements thereon to a native Hawaiian, or organization or association owned or controlled by native Hawaiians, for commercial, industrial or other business purposes in accordance to section 171 HRS.

- ☐ This Land Request IS made by an *HHCA Homestead Beneficiary Organization. (While 1-ICDB is not an HBO because the Board is not elected, it is controlled by III ICA Beneficiaries)
- ☐ This Land Request IS NOT made by an *HHCA Homestead Beneficiary Organization or individual or business owned and controlled by HHCA Beneficiaries.

X This Land Request is made by a 501(0)(3) nonprofit corporation controlled by HHCA Beneficiaries

The authority for the Hawaiian Homes Commission to issue licenses is found in section 207(c)(1). HHCA, 1920, as amended. The procedure to implement this or similar type licenses is found in Sections 10-4-21 and 10-4-22, DHHL Administrative Rules, 1998, as amended.

The authority for the Hawaiian Homes Commission to issue general leases is found in Section 204(a)(2). HHCA 1920. as amended. The procedure to implement this or similar type leases is found in Section 10-4-1, DHHL Administrative Rules. as amended. With respect to a lease to an eleemosynary organization (nonprofit. which HC DLL is) Hawaii Revised Statute 171-43.1, as amended. authorizes the Commission to lease, at nominal consideration or any rental amount the Commission deems appropriate; by direct negotiation and without recourse to public auction. public lands to an eleemosynary organization which has been certified to be tax exempt under sections 501(0)(1) or 501(c)(3) of the Internal Revenue Code of 1986, as amended; and on such other terms and conditions as the

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Commission may determine. The land shall be used by such eleemosynary organizations for the purposes for which their charter was issued and for which they were certified by the Internal Revenue Service.

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Section V. Beneficiary Consultation, Applicant Capacity and Land Use Benefit Analysis

Trust Lands represent a finite amount of land, with thousands of HHCA eligible beneficiaries awaiting an award under the Residential, Agricultural or Pastoral Homesteading program, as well as dozens of Homestead Associations controlled by HHCA Beneficiaries working on homestead based development projects.

As a result, the applicant acknowledges that part of the process of considering applications for trust lands should include the following:

1. Beneficiary Consultation

- a. A Notice of All Land Requests to License/Lease Hawaiian Home Lands for non-homesteading purposes should be sent to all Homestead Associations with an opportunity for beneficiaries of the trust to comment and provide input.
- b. All input received should be provided to the Hawaiian Homes Commission.

2. Applicant Capacity

- a. If a Nonprofit Organization – should be assessed by DHHL Kulia i ka Nuu capacity program to determine financial, programmatic, governance and leadership capacity and determine legal structure. Additional information may be required to be submitted to DHHL.
- b. If an Individual/Business – should be assessed by DHHL to determine financial and leadership capacity and legal structure. Additional information may be required to be submitted to DI-IHL.

3. Land Use Benefit Analysis

- a. The land requested should have a direct or significant indirect benefit to the trust or to the beneficiaries of the trust. Additional information may be required to be submitted to DHHL.
- b. The land requested should comply with the spirit and intent of Section 207(c) and Section 204(a)(2)1220.5 of the Hawaiian Homes Commission Act, as amended, by engaging beneficiary organizations. Additional information may be required to be submitted to DHHL to determine how Beneficiary Organizations are directly connected to the land request use.

The following authorized representative, submits this request for Hawaiian home lands:

Hawaiian Community Development Board
Print Individual or Organization Name

January 27, 2012
Date

Kali Watson, Executive Director
Authorized Representative Name & Title

idedzhi.
Signature

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EXHIBIT "C"

HAWAIIAN COMMUNITY DEVELOPMENT BOARD

Proposed Homestead Benefits Plan

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The primary purpose of this Project is to generate income to support community development programs and projects that impact Hawaiian Home Lands. **One hundred percent of the net profit will go to Hawaiian Community Development Board.**

HCDB has developed a Homestead Benefits Plan to direct the allocation of project-generated income to the following projects and programs:

1. **Hawaiian Workforce Initiative-** The Engineering Procurement Contractor and subcontractors will target to employ a minimum of 20% of the workforce to be residents from the nearby homestead areas. The estimated total value of the labor costs is \$5,000,000. Estimated value of Hawaiian Workforce is \$1,000,000
 - a. Direct Value over Project Life \$1,000,000
 - b. Value with Economic Indicator 3,100,000
2. **Operations & Maintenance-** The operation & maintenance contract will be performed by Mana Elua or its Native Hawaiian affiliates. The estimated operations & maintenance cost is \$220,000 per year.
 - a. Direct Value over Project Life \$4,400,000
 - b. Value with Economic Indicator 13,640,000
3. **Rental Housing Development 5-Year Plan-** HCDB will fund a 5-year master plan for rental housing on Hawaiian Home Lands. It will include the analysis of appropriate housing sites, feasibility studies, schematic drawings, and the identification of resources. Estimated cost of Rental Housing Development Plan is \$100,000.
 - a. Direct Value over Project Life \$100,000
 - b. Value with Economic Indicator 310,000
4. **Rental Housing Development Projects -** HCDB will increase its capacity to develop rental housing by hiring additional staff or consultants. One in house staff plus benefits or consultant estimated at approximately \$95,000 per year.
 - a. Direct Value over Project Life \$1,900,000
 - b. Value with Economic Indicator 5,890,000
5. **Home Replacement Housing Specialist -** HCDB will increase its capacity to provide affordable housing by hiring additional staff or consultants. One in house staff plus benefits or consultant estimated at approximately \$58,500 per year.

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EXHIBIT "C"

- | | |
|-----------------------------------|-------------|
| a. Direct Value over Project Life | \$1,170,000 |
| b. Value with Economic Indicator | 3,627,000 |

6. **Homestead Replacement Grant Program**-This fund will be used by HCDB to award down payment or demolition grants directly to homesteaders that participate in its Home Replacement Program.

- | | |
|-----------------------------------|-----------|
| a. Direct Value over Project Life | \$200,000 |
| b. Value with Economic Indicator | 620,000 |

7. **Homestead Technology Program**- HCDB will create websites for all homestead association to establish Internet presence. HCDB will train and educate homestead associations to update and how to maintain websites. One in house staff plus benefits or consultant estimated at approximately \$79,800 per year.

- | | |
|-----------------------------------|-------------|
| a. Direct Value over Project Life | \$1,596,000 |
| b. Value with Economic Indicator | 4,947,600 |

8. **Scholarships** - HCDB will provide Ke Ali'i Pauahi Foundation funds to administer a scholarship program for homesteaders or their children who are interested in studying in the field of alternative energy. Approximately ten \$2,500 scholarships or \$25,000 will be awarded each year.

- | | |
|-----------------------------------|------------|
| a. Direct Value over Project Life | \$ 500,000 |
| b. Value with Economic Indicator | 1,550,000 |

9. **Internships** - HCDB and its contractors/partners will provide a minimum of 5 summer internships in the alternative energy field that would be available to homestead residents. HCDB will fund approximately \$10,000 in stipends per year.

- | | |
|-----------------------------------|-----------|
| a. Direct Value over Project Life | \$200,000 |
| b. Value with Economic Indicator | 620,000 |

10. **New Market Tax Credits** - Should NMTCs be deployed on the project, the potential subsidy is \$4,500,000. A portion of the proceeds will be dedicated to homestead related housing and economic development projects.

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EXHIBIT "C"

The total direct funding and indirect economic impact estimates are summarized below:

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Direct Funding Estimates

DHHL Funding	8,269,500
Hawaiian Workforce Initiative (Items 1-2)	5,400,000
Rental Housing Development (Items 3-4)	2,000,000
Home Replacement Program (Items 5-6)	1,370,000
Homestead Technology Program	1,596,000
Scholarships	500,000
Internships	200,000
New Market Tax Credits	4,500,000
Total Direct Funding Estimates	\$18,835,500

Economic Impact Estimates

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DHHL Funding	25,635,450
Hawaiian Workforce Initiative (Items 1-2)	16,740,000
Rental Housing Development (Items 3-4)	6,200,000
Home Replacement Program (Items 5-6)	4,247,000
Homestead Technology Program	4,947,600
Scholarships	1,550,000
Internships	620,000
New Market Tax Credits	13,950,000
Total Economic Impact Estimates	\$55,290,050

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March 19, 2012

EXHIBIT "C"



Re: Kalaeloa PV Agenda Item

Michelle K Kauhane to: Kali Watson

03/05/2012 01:03 PM

Cc: Alapaki Nahalea, Linda Chinn, Waialeale Sarsona, Patti Barbee,
Linda L Chinn

From: Michelle K Kauhane/DHHL/StateHiUS

To: Kali Watson <kaliwatson@me.com>

Cc: Alapaki Nahalea <alapaki.nahalea-a@hawaii.gov>, Linda Chinn <linda.l.chinn@hawaii.gov>,
Waialeale Sarsona <m.waialeale.sarsona@hawaii.gov>, Patti Barbee
<pattibarbee@gmail.com>, Linda L Chinn/DHHL/StateHiUS@StateHiUS

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Kali,

Thank you for the email. The concerns we have are for two primary reasons - first, we are in the midst of getting resolution 260 passed by the commission which would affect this land disposition and second, LMD has been working on the global RFP. That being said, here is what we need to discuss:

1) We are absolutely supportive of beneficiary orgs. being an active part of the land dispositions and want to support that. However, the question of whether your non-profit is a "beneficiary organization" is the question. HCDB is not a homestead association although I understand the structure. Essentially, HCDB is a private, non-profit corporation. I know you have homesteaders on the board but that is different. Therefore, the community benefits agreement should specify how the benefits are returned directly to homestead communities. We have to go beyond showing support of a private non-profit. Also, we need to better understand the creation of the LLC for this venture.

2) The proposal you are putting forward would allow us to negotiate with the non-profit. Please understand that we need to embrace this choice because what you have put forward essentially empowers private solar companies to find a private non-profit partner to execute land transactions on Hawaiian Home Lands. I have to ask myself how is this different from Haola, (Hawaii Island) or other private non-profits? Therefore, the proposal to pay the "appraised value" is the merit on which we would be willing to take this to the commission for action and discussion.

3) You are correct that Linda is supportive of the proposal if we can come to an agreement about milestones that have to be met. I believe she laid those out in the submittal that got held off.

4) We also need to talk about other parcels you have through DHHL that are sub leased. This question came up and we should be prepared to answer those questions. I also found it a bit uncomfortable to have HCDB listed on a delinquency list for current land parcels and then asking the commission to grant more land.

The primary reason for removing this agenda item was not because we want to be difficult. It was to be sure Chairman and I are able to stand behind any recommendation and/or approval being submitted to the commission for decision. I believe these questions are valid ones that should be discussed privately vs. publicly. I want to go to commission with a recommendation I can support and stand behind. If this process has been frustrating please understand that is not the intent.

Everyone wants everything to be put on the fast track and the reality is that I am only willing to make well informed decisions. Trusting in blind faith is just not an option.

I am very willing to have this conversation and will meet with you and Waialeale on Friday. I have copied Linda Chin on this message as well.

I look forward to meeting with you folks on Friday.

Malama pono,

Michelle Ka'uhane
Deputy to the Chairman
Department of Hawaiian Home Lands
91-5420 Kapolei Parkway
Kapolei, Hawaii 96707
Telephone: 808-620-9503
Fax: 808-620-9529
DHHL Website: www.state.hi.us/dhhl/

From: Kali Watson <kaliwatson@me.com>
To: Michelle Kauhane <michelle.k.kauhane@hawaii.gov>
Cc: Alapaki Nahalea <alapaki.nahale-a@hawaii.gov>, Waialeale Sarsona <m.waialeale.sarsona@hawaii.gov>, Linda Chinn <linda.l.chinn@hawaii.gov>, Patti Barbee <pattibarbee@gmail.com>
Date: 03/05/2012 04:59 AM
Subject: Kalaeloa PV Agenda Item

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Michelle,

Your last email mentioned that there were some issues re our agenda item. I believe that I addressed them already. I would appreciate moving forward on our agenda item for this month. If there are anymore issues, please let me know what they are in a timely manner. I believe that we should be able to satisfy your concerns. We've been trying to move forward on this since Dec of last year and have our partners in place and the necessary support within the Hawaiian community and leadership, including your HHC ad hoc energy committee. If there are issues that you or the Commission need to address, then put us on the agenda and let's address them. Please give me some guidance before the deadline for being placed on the agenda. Waialeale was kind enough to setup a mtg for this Fri, but that's the deadline for being placed on the agenda (I believe, may be wrong, but not sure) and does not leave sufficient time to address any of "your" or "Alapaki's" concerns. I'm under the impression that Linda is supportive. If wrong, please let me know. Your timely response is appreciated. You can reach me by email or feel free to call me at (808) 282-5991. Best regards, Kali

Sent from my iPad



Kalaeloa PV Agenda Item

Kali Watson to: Michelle Kauhane

03/05/2012 04:59 AM

Cc: Alapaki Nahalea, Waialeale Sarsona, Linda Chinn, Patti Barbee

From: Kali Watson <kaliwatson@me.com>

To: Michelle Kauhane <michelle.k.kauhane@hawaii.gov>

Cc: Alapaki Nahalea <alapaki.nahalea@hawaii.gov>, Waialeale Sarsona
<m.waialeale.sarsona@hawaii.gov>, Linda Chinn <linda.l.chinn@hawaii.gov>, Patti Barbee
<pattibarbee@gmail.com>

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Sent from my iPad