

REPORT OF THE COMMITTEE ON ZONING, PLANNING AND HOUSING

Voting Members:

Ron Menor, Chair; Tommy Waters, Vice-Chair;
Brandon J.C. Elefante, Alan Kekoa Texeira, Joey Manahan

Committee Meeting Held
September 24, 2020

Honorable Ann H. Kobayashi
Chair, City Council
City and County of Honolulu

Ms. Chair:

Your Committee on Zoning, Planning and Housing, which considered Resolution 20-231 entitled:

"RESOLUTION APPROVING AND AUTHORIZING THE MAYOR OR THE MAYOR'S DESIGNEE TO ENTER INTO A DEVELOPMENT AGREEMENT BETWEEN THE CITY AND COUNTY OF HONOLULU AND SAVIO/HAWAII HABITAT VARONA VILLAGE LLC, FOR THE REVITALIZATION OF VARONA VILLAGE, EWA, OAHU, HAWAII, TMK (1) 9-1-017-113,"

transmitted by Departmental Communication 608 (2020), dated September 8, 2020, from the Department of Land Management ("DLM"), and introduced on September 8, 2020, reports as follows:

The purpose of Resolution 20-231 is to authorize the Mayor to execute a development agreement ("Development Agreement") between the City and Savio/Hawaii Habitat Varona Village LLC (the "Developer") to revitalize Varona Village in Honouliuli (the "Project").

In 1990, the City acquired the 26.359-acre parcel on which Varona Village is located, historically known as TMK 9-1-017:113, zoned AG-1 Restricted Agricultural District, and identified as Lot 18280-B on the Land Court map (the "Property").

CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON **OCT 7 2020**

COMMITTEE REPORT NO. **236**

REPORT OF THE COMMITTEE ON ZONING, PLANNING AND HOUSING

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Varona Village is one of eight separate villages (collectively "Ewa Villages") that served as residences for Oahu Sugar Company Ltd. ("Oahu Sugar") plantation workers (the "Tenants"). Oahu Sugar ceased operations in 1995. The City accepted the obligation to provide housing for the Tenants, or allow Tenants to remain in their homes under very low monthly rent payments.

Of the eight villages, Varona Village required the most infrastructure and restoration improvements, but was scheduled as the last phase in the Department of Housing and Community Development ("DHCD") Ewa Villages renovation plans. DHCD was dissolved in 1999, prior to beginning renovation work on Varona Village.

The Department of Community Services ("DCS") assumed responsibility for the City's Ewa Villages obligations. On January 31, 2017, the DCS issued a request for proposals ("RFP") seeking qualified interested parties to purchase the Property and provide affordable housing opportunities for the Tenants.

In the fall of 2017, administration of the RFP was transferred from the DCS to the DLM, and on November 30, 2017, the DLM received two proposals in response to the RFP. On August 19, 2020, the DLM notified the Developer that it was selected as the highest ranked proposer under the RFP.

Under the Development Agreement, the Developer will acquire the Project site and Project Development rights for the principal sum of \$1,840,000 pursuant to an agreement of sale ("Agreement of Sale"), with incremental payments to be made in installments, prorated as each Project dwelling is sold and released to Varona Village purchasers.

The Project involves rehabilitating existing homes and constructing new homes pursuant to a condominium property regime ("CPR"), involving up to 133 dwellings and one community center on CPR units.

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The Project will be developed in two phases. Phase I involves the repair and renovation of existing dwellings. Phase II involves the construction of up to 88 new structures together with onsite infrastructure improvements.

The minimum purchase price for a Phase I CPR unit is between \$100,000 and \$200,000 with priority given to Varona Village tenants. The minimum purchase price for a Phase II CPR unit is \$200,000, restricted to first time homebuyers who have not owned any real property in the last three years.

The Project is subject to Resolution 93-01 and Resolution 94-282, CD1, which grant certain exemptions from zoning laws and LUO development standards pursuant to HRS Chapter 201H, including permitting the development of single-family detached dwellings meeting the R-3.5 District requirements in the AG-1 District.

At your Committee's meeting on September 24, 2020, the DLM Director testified in support of the Resolution.

The Developer (Peter Savio) testified in support of the Resolution. Four individuals offered comments on the Resolution.

Your Committee received written testimony in support of the Resolution from Habitat for Humanity; Ewa Clean and Green Patrol; Filipino-American Historical Society of Hawaii; Filipina Advocacy Network (FAN); Group 70 International (G70); and 22 individuals.

Your Committee amended the Resolution to a CD1 version that makes the following amendments:

- A. Revises the Resolution title to provide that the Resolution authorizes the City's execution of a development agreement and an agreement of sale (instead of only

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a development agreement) for the disposition of City-owned real property identified on the Land Court Map as Lot 18280-B (instead of TMK (1) 9-1-017:113), for the revitalization of Varona Village.

- B. Adds a new second WHEREAS clause, to include a description of the Property.
- C. Combines the next three WHEREAS clauses of the as-introduced Resolution (relating to the history of Varona Village).
- D. Revises the seventh WHEREAS clause to provide that the Department of Customer Services assumed responsibility for the City's Ewa Villages obligations after the Department of Housing and Community Development was dissolved in 1999.
- E. Combines the next two WHEREAS clauses of the as-introduced Resolution (relating to the City's commitment to the Tenants).
- F. Revises the ninth WHEREAS clause to provide that on November 30, 2017, the Department of Land Management ("DLM") received two proposals in response to the RFP.
- G. Moves the next two WHEREAS clauses of the as-introduced Resolution (relating to the proposed number of Project dwellings) to the 15th WHEREAS clause.
- H. Moves the WHEREAS clause provision of the as-introduced Resolution relating to the DLM's written report to the 19th WHEREAS clause.
- I. Moves the WHEREAS clause provision of the as-introduced Resolution relating to the attachment of Exhibits A and B to the last WHEREAS clause.

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- J. Adds a new 15th WHEREAS clause to provide that the Project involves rehabilitating existing homes and constructing new homes pursuant to a condominium property regime ("CPR"), with up to 133 dwellings and one community center on CPR units.
- K. Adds a new 16th WHEREAS clause to describe the two phases of Project development.
- L. Adds a new 17th WHEREAS clause to describe the minimum purchase price for Project CPR units.
- M. Adds a new 18th WHEREAS clause to provide that the Project is subject to Resolution 93-01 and Resolution 94-282, CD1, which grant certain exemptions from zoning laws and LUO development standards pursuant to HRS Chapter 201H.
- N. Adds a new 19th WHEREAS clause to provide that in accordance with Charter Section 6-1803(2), by Departmental Communication 570 (2020), the DLM submitted to the Council a written report dated August 19, 2020, regarding the disposition of the Property, and that a copy of the Report is attached to the Resolution as Attachment 1.
- O. Adds a new 20th WHEREAS clause to provide that Charter Section 6-1803(3) requires Council approval, by resolution, of the execution by the City of any instruments relating to City-owned real property transactions.
- P. Deletes the next two WHEREAS clauses of the as-introduced Resolution (relating to requirements for the disposal of City-owned real property that is not surplus property).

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- Q. Revises the 21st WHEREAS clause to clarify the requirements of ROH Section 37-1.3(c).
- R. Adds a new 22nd WHEREAS clause to provide that pursuant to ROH Section 37-1.2(g), if the City Council adopts a resolution authorizing the disposal of City-owned real property, the property may be disposed of in accordance with the terms of the resolution and ROH Section 37-1.6, Section 37-1.7, or Section 37 1.8, whichever is appropriate.
- S. Adds a last WHEREAS clause to provide that the terms of the disposition of the Property are set forth in the Development Agreement, the form of which is attached to the Resolution as Attachment 2 (instead of Exhibit B); and the Agreement of Sale, the form of which is attached to the Resolution as Attachment 2, Exhibit F.
- T. In the BE IT RESOLVED clause:
1. Provides for a Council finding that the disposition and sale of the Property pursuant to the Development Agreement and the Agreement of Sale is in the interests of the inhabitants of the City;
 2. Provides that the Development Agreement in substantially the form attached to the Resolution as Attachment 2 (instead of Exhibit B), and the Agreement of Sale in substantially the form attached to the Resolution as Attachment 2, Exhibit F, are approved.
 3. Provides authorization for the Mayor (or the Mayor's designee) to dispose of the Property and to execute the Development Agreement in substantially the form attached to the Resolution as Attachment 2 (with any amendments recommended by the Corporation Counsel), and any incidental documents

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relating to the Development Agreement, so long as they do not increase the financial obligation of the City;

4. Adds authorization for the Mayor (or the Mayor's designee) to dispose of the Property and to execute the Agreement of Sale in substantially the form attached to the Resolution as Attachment 2, Exhibit F (with any amendments recommended by the Corporation Counsel), and any incidental documents relating to the Agreement of Sale, so long as they do not increase the financial obligation of the City.
- U. Recaptions Exhibits A and B as Attachments 1 and 2, respectively.
- V. Makes miscellaneous technical and nonsubstantive amendments.

Your Committee on Zoning, Planning and Housing is in accord with the intent and purpose of Resolution 20-231, as amended herein, and recommends its adoption in the form attached hereto as Resolution 20-231, CD1. (Ayes: Elefante, Manahan, Menor, Texeira, Waters – 5; Ayes with reservations: None; Noes: None.)

Respectfully submitted,



Committee Chair

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON OCT 7 2020

COMMITTEE REPORT NO. 236



RESOLUTION

AUTHORIZING THE MAYOR OR THE MAYOR'S DESIGNEE TO ENTER INTO A DEVELOPMENT AGREEMENT AND AN AGREEMENT OF SALE, BETWEEN THE CITY AND COUNTY OF HONOLULU AND SAVIO/HAWAII HABITAT VARONA VILLAGE LLC, FOR THE DISPOSITION OF CITY-OWNED REAL PROPERTY IDENTIFIED ON THE LAND COURT MAP AS LOT 18280-B, FOR THE REVITALIZATION OF VARONA VILLAGE, EWA, OAHU, HAWAII.

WHEREAS, on January 31, 2017, pursuant to Section 37-1.3(b) and Section 31-1.3(c) of the Revised Ordinances of Honolulu 1990 ("ROH"), the Department of Community Services ("DCS") issued a Request for Proposals (RFP-DCS-1039308) ("RFP") to solicit proposals from financially capable and qualified development entities to purchase City-owned land and revitalize Varona Village for purposes of redeveloping affordable for-sale housing for Varona Village tenants-of-record (the "Tenants") and their families (the "Project"); and

WHEREAS, in 1990, the City acquired the 26.359-acre parcel on which Varona Village is located, historically known as TMK 9-1-017:113, zoned AG-1 Restricted Agricultural District, and identified on the Land Court map as Lot 18280-B (the "Property"); and

WHEREAS, Varona Village was one of eight separate villages (collectively "Ewa Villages") that served as residences for plantation workers employed by Oahu Sugar Company, Ltd. ("Oahu Sugar"); and

WHEREAS, when Oahu Sugar ceased operations in 1995, the City accepted the obligation to continue to house the Tenants, and planned to renovate and sell the existing homes in Ewa Villages to the Tenants, or allow the Tenants to remain in their homes under very low monthly rents; and

WHEREAS, the then City Department of Housing and Community Development ("DHCD") was the lead agency responsible for satisfying the City's Ewa Villages obligations, and provided significant capital investment for its renovation; and

WHEREAS, of the eight villages, Varona Village required the most infrastructure and renovation improvements, but was scheduled as the last phase of DHCD's Ewa Villages renovation plans; and

WHEREAS, DHCD was dissolved in 1999, prior to beginning renovation work on Varona Village, and the DCS assumed responsibility for the City's Ewa Villages obligations; and



RESOLUTION

WHEREAS, while the City's commitment to the Tenants continues, the City has not yet renovated Varona Village, and the Tenants are aging and passing away without achieving home ownership; and

WHEREAS, in the fall of 2017, administration of the RFP was transferred from the DCS to the Department of Land Management ("DLM"), and on November 30, 2017, the DLM received two proposals in response to the RFP; and

WHEREAS, DLM's evaluation committee evaluated the proposals, posed additional questions to the proposers, and reviewed the responses; and

WHEREAS, on August 14, 2018, DLM notified Savio/Hawaii Habitat Varona Village LLC (the "Developer") that its proposal was the highest ranked proposal based on the criteria set forth in the RFP; and

WHEREAS, the City and the Developer began negotiating the terms of a development agreement for the Project (the "Development Agreement"), and met several times to review and discuss development regulatory requirements, community goals and objectives, the current status of existing structures, and financial feasibility considerations; and

WHEREAS, the City and the Developer have reached agreement on the terms of the Development Agreement, pursuant to which the City will grant the Developer the right to acquire the Property and develop the Project at the Developer's sole cost and expense, subject to and in accordance with the terms of the Development Agreement; and

WHEREAS, the Development Agreement provides that the Developer will acquire the Property and development rights for the Project for the principal sum of \$1,840,000 pursuant to an agreement of sale (the "Agreement of Sale"), with incremental payments to be made in installments, prorated for each Project dwelling sold and released to Varona Village purchasers; and

WHEREAS, the Project involves rehabilitating existing homes and constructing new homes pursuant to a condominium property regime ("CPR"), with up to 133 dwellings and one community center on CPR units (based on a 1995 engineering study, up to 133 dwellings may be developed on the Project site, subject to obtaining zoning and other entitlements); and



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CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 20-231, CD1

RESOLUTION

WHEREAS, the Project will be developed in two phases – Phase I involves the repair and renovation of existing dwellings (46 dwellings have been identified on the Project site, of which 35 are currently occupied by Tenants or their families); Phase II involves the construction of up to 88 new structures (up to 87 dwellings plus one community center), together with onsite infrastructure improvements (the City is responsible for infrastructure and roadway improvements to Renton Road); and

WHEREAS, the minimum purchase price for each Phase I CPR unit is between \$100,000 and \$200,000, with priority given to Varona Village tenants; the minimum purchase price for each Phase II CPR unit is \$200,000, restricted to first time homebuyers who have not owned any real property in the last three years; prices are subject to increase for dwelling improvements requested by a purchaser, or based on escalation of construction costs; and

WHEREAS, the Project is subject to Resolution 93-01 and Resolution 94-282, CD1, which grant certain exemptions from zoning laws and LUO development standards pursuant to HRS Chapter 201H, including permitting the development of single-family detached dwellings meeting the R-3.5 District requirements in the AG-1 District; and

WHEREAS, in accordance with Section 6-1803(2) of the Revised Charter of the City and County of Honolulu 1974 (2017 Edition) ("Charter"), by Departmental Communication 570 (2020), the DLM submitted to the Council a written report dated August 19, 2020 (the "Report"), which finds that the proposed transaction relating to the Property and Project serves the public interest; a copy of the Report is attached hereto as Attachment 1; and

WHEREAS, Charter Section 6-1803(3) requires City Council approval, by resolution, of the execution by the City of any instruments relating to City-owned real property transactions; and

WHEREAS, ROH Section 37-1.3(c) requires the City Council, by resolution, to find that the disposition and negotiated sale of City-owned real property that is not surplus property is in the interest of the inhabitants of the City, and to authorize the disposal of the real property;

WHEREAS, ROH Section 37-1.2(g) provides that if the City Council adopts a resolution authorizing the disposal of City-owned real property, the property may be disposed of in accordance with the terms of the resolution and ROH Section 37-1.6, Section 37-1.7, or Section 37-1.8, whichever is appropriate;



CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 20-231, CD1

RESOLUTION

WHEREAS, the terms of the disposition of the Property are set forth in the Development Agreement, the form of which is attached hereto as Attachment 2; and the Agreement of Sale, the form of which is attached hereto as Attachment 2, Exhibit F; now therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that:

1. The disposition and sale of the Property pursuant to the terms of the Development Agreement and the Agreement of Sale is in the interests of the inhabitants of the City;
2. The Development Agreement in substantially the form attached hereto as Attachment 2, and the Agreement of Sale in substantially the form attached hereto as Attachment 2, Exhibit F, are hereby approved; and
3. The Mayor or the Mayor's designee is hereby authorized to dispose of the Property and to:
 - a. Execute the Development Agreement in substantially the form attached hereto as Attachment 2, with any amendments recommended by the Corporation Counsel as necessary or desirable;
 - b. Execute any incidental or related agreements or documents necessary to carry out the Development Agreement transaction, so long as such incidental or related documents do not increase either directly or indirectly the financial obligation of the City;
 - c. Execute the Agreement of Sale in substantially the form attached hereto as Attachment 2, Exhibit F, with any amendments recommended by the Corporation Counsel as necessary or desirable; and
 - d. Execute any incidental or related agreements or documents necessary to carry out the Agreement of Sale transaction, so long as such incidental or related documents do not increase either directly or indirectly the financial obligation of the City; and



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 20-231, CD1

RESOLUTION

BE IT FINALLY RESOLVED that copies of this resolution be transmitted to the Mayor; the Director of Budget and Fiscal Services; the Director of Land Management; and Savio/Hawaii Habitat Varona Village LLC, 1451 South King Street, Suite #504, Honolulu, Hawaii 96814.

INTRODUCED BY:

Ikaika Anderson (br)

DATE OF INTRODUCTION:

September 8, 2020
Honolulu, Hawaii

Councilmembers

ATTACHMENT 1

DEPARTMENT OF LAND MANAGEMENT
CITY AND COUNTY OF HONOLULU

558 SOUTH KING STREET • HONOLULU, HAWAII 96813
PHONE: (808) 768-4277 • FAX: (808) 768-4296 • INTERNET: <http://www.honolulu.gov/dlm>



KIRK W. CALDWELL
MAYOR

SANDRA S. PFUND
DIRECTOR

RANDY N. T. CHU
DEPUTY DIRECTOR

August 19, 2020

Mr. Glen Takahashi
City Clerk
Honolulu Hale
530 South King Street, Room 100
Honolulu, Hawaii 96813

Dear Mr. Takahashi:

SUBJECT: Request for Proposals – Public Report
Revitalization of Varona Village, Ewa, Oahu, Hawaii

Pursuant to Chapter 28, Revised Ordinance of Honolulu (ROH), Section 28-3.4(c)(2), please find the Public Report relating to the selection of a developer through a Request for Proposals (RFP) – Revitalization of Varona Village, Ewa, Oahu, Hawaii (RFP-DCS-1039308).

The RFP was posted on the Department of Budget and Fiscal Services, Purchasing Division, procurement website on January 31, 2017.

As stated in the subject RFP and consistent with the ROH, we respectfully request that this report be posted for public inspection at an appropriate location in Honolulu Hale and/or an appropriate City Council website due to the COVID-19 pandemic.

Thank you for your attention to this matter. Should you have any questions regarding this matter, please feel free to contact me at 768-4291.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sandra S. Pfund".

Sandra S. Pfund
Director

Attachment

APPROVED:

A handwritten signature in blue ink, appearing to read "Roy K. Amemiya, Jr.".
Digitally signed by Amemiya, Roy K Jr
Date: 2020.08.19 13:22:51
-10'00'

Roy K. Amemiya, Jr.
Managing Director

**Request for Proposals
Revitalization of Varona Village, Ewa, Oahu, Hawaii
Tax Map Key: (1) 9-1-017:113
Public Report
August 19, 2020**

Project Description:

Selection of a private developer ("Developer") that will acquire the property in fee simple from the City and County of Honolulu ("City") to implement a comprehensive revitalization of Varona Village. The Developer is to develop a program to prioritize house lots for sale along with rehabilitating existing homes, or constructing new homes, for existing Tenants of Record ("TOR") who are former sugar plantation workers that have rented homes at Varona Village since the closure of the Oahu Sugar Company, Ltd. and the subsequent acquisition of the property by the City in 1990. The Developer is further tasked to provide new affordable housing for currently vacant lots which shall be offered on a priority basis to TOR, spouse of TOR, family of TOR, and finally the general public based on a priority order determined by the Varona Village tenants.

Top Two (2) Proposers:

Based on the evaluation of all proposals submitted in response to the Request for Proposals, the highest rated proposer is Savio/Hawaii Habitat Varona Village LLC ("Savio HH"). The second ranked proposer is Varona Village Development LLC.

Selected Proposer:

The selected proposer is Savio HH for the Request for Proposals – Revitalization of Varona Village, Ewa, Oahu, Hawaii. The evaluators determined that the proposal by Savio/HH best met the project goals and objectives based upon the recommendations for revitalization as established by the community based Varona Village Working Group.

Results of Negotiations: Key Terms of the Development Agreement

While negotiations over the details of the project will continue until the Agreement of Sale is recorded, the City and Savio/HH have reached agreement on essential and material terms of the development agreement and form of conveyance. The results of the negotiations thus far are as follows:

The Project

The City is granting to Savio/HH the right to acquire the Property and develop the Project at developers sole cost and expense subject to the terms and conditions of a Development Agreement. Key terms include:

- Property will be acquired by way of an Agreement of Sale and the project will be developed as a condominium property regime ("CPR") containing up to one hundred and thirty three (133) residential units on CPR delineated parcels.
- One unit will contain a community center.

- The project will be constructed in two phases:
 - Phase I – developer intends to repair and/or renovate existing structures, if a structure exists, for health and safety considerations at a minimum (homes for TOR, TOR spouse or family of TOR).
 - Phase II – developer intends to construct up to eighty eight (88) new residential structures and the community center along with infrastructure improvements (sale to the general public must be first time homebuyer and have not owned any real estate in the last 3 years).
- Completed units will be sold and released from the Agreement of Sale for sale to purchasers upon completion.
- Savio/HH will pay the City a total purchase price in the principal sum of \$1,840,000 for the right to develop the Project in incremental payments prorated for each sold and released unit to a purchasers.
 - Sales prices will range between \$100,000 - \$200,000 as minimum purchase prices for basic homes to Phase I priority tenants with additional costs for any improvements requested by purchaser above and beyond a basic home price. Sales prices for Phase II will be a minimum of \$200,000 for a basic home but will be restricted to first time homebuyers and not owned any real estate in the last 3 years.
 - Prices may be subject to increase based on any escalation of construction costs.
- Developer will construct onsite infrastructure improvements under Phase II but excludes offsite infrastructure including improvements to Renton Road.

Community Considerations

The Project is intended to preserve, protect, promote and enhance the history, character and cultural heritage of the area in which the property is located. The Project design, to the extent practicable, shall follow the Varona Village Working Group Report of Findings dated December 31, 2013.

The project is being developed by the City foremost to provide an affordable home in fee simple to the former Varona Village plantation workers and their families in order to fulfill the City's original commitment to these residents back in the 1990s.

Other Development Details

- The Developer may pursue development of the Project pursuant to Section 46.15.1, Hawaii Revised Statutes, as amended ("HRS"), and Chapter 201H, HRS, seeking exemptions pertaining to planning, taxation, construction, and land development.
- The Property is covered under existing Honolulu City Council Resolutions 93-01, CD-1 and 94-282, CD-1 (collectively, the "201H Resolutions"). The 201H Resolutions include a number of exemptions from the land use ordinance and

zoning laws, including but not limited to the development of single family housing meeting R-3.5 zoning requirements in an AG-1 district.

- **The City shall be responsible for infrastructure and roadway improvements to Renton Road to service Varona Village.**
- **Phase I will be developed under the Governor's Emergency Proclamation related to housing and homelessness.**

ATTACHMENT 2

DEVELOPMENT AGREEMENT

THIS AGREEMENT ("Agreement") is made this _____, 20__ (**"Effective Date"**), by and between the **CITY AND COUNTY OF HONOLULU**, a municipal corporation of the State of Hawaii, the principal place of business of which is 530 South King Street, Honolulu, Hawaii 96813 (the **"City"**), and **SAVIO/HAWAII HABITAT VARONA VILLAGE LLC**, a Hawaii limited liability company (**"Developer"**), having an office at 1451 South King Street, Suite 504, Honolulu, Hawaii 96814. The City and Developer shall be referred to collectively as the **"Parties"** and individually as a **"Party"**.

RECITALS

A. The City is the fee simple owner of the real property generally known as Varona Village, located in the Ewa Villages, Honouliuli, Hawaii, identified as Tax Map Key No. (1) 9-1-017:113, as shown on the Land Court map attached hereto as Lot 18280-B and incorporated herein as **Exhibit "A"** and as more fully described in **Exhibit "B"** (**"Varona Village"** or the **"Real Property"**).

B. When the City acquired the Real Property in 1990, Varona Village was one of eight (8) separate villages of agricultural plantation workers that supported Oahu Sugar Company, Limited (**"Oahu Sugar"**) which the City acquired simultaneously and were collectively known as **"Ewa Villages"**.

C. When Oahu Sugar ceased all operations in 1995, the City accepted the obligation to house the displaced workers formerly employed at Oahu Sugar. To meet this obligation, the City planned to renovate and sell existing homes to workers and/or allow workers to remain in their current homes under very low monthly rental payments.

D. The City agency then known as the City Department of Housing and Community Development (**"CDHCD"**) was the lead agency responsible for ensuring that the City met this obligation and provided significant capital investment to renovate the existing homes.

E. Notwithstanding that Varona Village was the most lacking of the Ewa Villages in terms of infrastructure and involved significant development challenges, Varona Village was planned as the last phase of CDHCD's renovations in Ewa Villages.

F. CDHCD was dissolved in 1999, prior to undertaking any renovations to Varona Village.

G. Although the City's commitment to provide renovated, affordable housing to the Varona Village residents continues, Varona Village has not been renovated or improved since the City acquired the Real Property in 1990. As time continues to pass from the date of the City's original commitment, the residents of Varona Village are aging and passing away without being able to realize their dream of homeownership.

H. At maximum population, Varona Village contained up to ninety three (93) residential structures; however, based on a 1995 engineering study done by R.M. Towill

Corporation for the City, up to one hundred thirty-three (133) residential structures may be developed at the Property, subject to obtaining required zoning and other entitlements.

I. As of the date of this Agreement, the City has identified forty-six (46) existing residential structures, which structures are located on the Real Property in the areas marked as Phase I on the map attached hereto as **Exhibit "C"** (each a **"Existing Structure"** and collectively, the **"Existing Structures"**).

J. At least thirty-five (35) of the Existing Structures are currently occupied by original workers formerly employed by Oahu Sugar or their families.

K. The City issued a Request for Proposals dated January 31, 2017, and identified as RFP No. RFP-DCS-1039308 (the **"RFP"**), which sought financially capable, responsible, and qualified parties interested in purchasing Varona Village for the purposes of providing affordable housing opportunities to the tenants of record of Varona Village and their families in order to fulfill the City's original commitment to those residents, as well as to the public at large. The RFP and any and all addenda thereto are incorporated herein by this reference as though fully set forth herein.

L. Developer submitted a proposal dated November 30, 2017 (the **"Proposal"**), attached hereto as **Exhibit "D"**, with Developer's proposed development plan for the Varona Village site.

M. The City and Developer have met several times since Developer submitted the Proposal to refine Developer's proposed development plan.

N. Over the course of those meetings, the City and Developer have concluded that renovating the Existing Structures to comply with current land use standards and building codes would result in house prices that would be unaffordable to such tenants of record and their families. Furthermore, Developer estimates that such renovations would take more than three (3) years to complete, by which time more tenants of record will likely have passed on. Subsequently, the City and Developer have reached certain agreements with respect to the sale and development of the Real Property in addition to the terms of the Proposal, all as is more particularly set forth herein.

O. In response to the Proposal and in consideration of said subsequent meetings with the City, Developer was notified by letter dated August 19, 2020, from the Department of Land Management that it was designated as the Highest Ranked Proposer under the RFP.

P. The City and Developer wish to enter into this Agreement to set forth: (1) the terms and conditions pursuant to which the City will sell and the Developer will purchase from the City the Property; and (2) Developer's obligations and responsibilities to own, manage, develop, and complete the Project.

Q. The Honolulu City Council, by adoption of Resolution _____ dated _____, 20__ approved the sale of the Real Property to Developer, and the execution of this Agreement by the Director of the Department of Budget and Fiscal Services on behalf of the City.

NOW, THEREFORE, for and in consideration of mutual covenants and agreements hereinafter set forth, the Parties herby agree as follows:

**SECTION 1
DEFINITIONS**

- 1.1** "201H Resolutions" shall have the meaning given to it in Section 6.2.3(c).
- 1.2** "ADA" shall have the meaning given to it in Section 7.1.7(c).
- 1.3** "Agreement" shall have the meaning given to in the first paragraph of this Agreement.
- 1.4** "Business Day" shall mean any day on which banks are open for business in Hawaii, excluding weekends and holidays.
- 1.5** "CDHCD" shall have the meaning given to it in Recital D.
- 1.6** "City Parties" shall have the meaning given to it in Section 4.7.
- 1.7** "City" shall have the meaning given to in the first paragraph of this Agreement.
- 1.8** "Closing Date" shall have the meaning given to it in Section 5.1.
- 1.9** "Condominium Documents" shall mean all documentation necessary to establish a CPR in compliance with Hawaii Revised Statutes, Chapter 514B, as amended, at the Property.
- 1.10** "Construction Activity" shall have the meaning given to it in Section 4.4.1.
- 1.11** "Contractors" shall have the meaning given to it in Section 9.1.
- 1.12** "Contracts and Leases" shall mean all assignable contracts, tenant leases, licenses and permits held by the City as of the Effective Date relating to the operation of the Real Property, and all building plans and leases possessed by the City and used in connection with the Real Property. A list of the Contracts and Leases are listed on **Exhibit "E"** attached hereto and incorporated herein.
- 1.13** "Conveyance Tax Certificate" shall have the meaning given to it in Section 8.2.1(a)(iii).
- 1.14** "CPR" shall have the meaning given to it in Section 2.3.
- 1.15** "Deed in Partial Satisfaction" shall have the meaning given to it in Section 8.2.1(a)(i).
- 1.16** "Developer's Agents" shall have the meaning given to it in Section 4.7.
- 1.17** "Developer's Preferred Building Standards" shall have the meaning given to it in Section 4.1.3(h).

1.18 “Developer” shall have the meaning given to in the first paragraph of this Agreement.

1.19 “Development Period” shall mean the period of time commencing as of the Closing Date and comprised of the Phase I Pre-Development Period, the Phase I Construction Period, the Phase II Pre-Development Period, and the Phase II Construction Period, unless sooner terminated in accordance with the terms of this Agreement.

1.20 “Disapproval Notice” shall have the meaning given to it in Section 4.6.1(c).

1.21 “Disapproved Title Matters” shall have the meaning given to it in Section 4.6.1(c).

1.22 “DOH” shall have the meaning given to it in Section 7.18.3.

1.23 “DPP” shall have the meaning given to it in Section 4.1.3(h).

1.24 “Due Diligence Documents” shall have the meaning given to it in Section 4.3.

1.25 “Due Diligence Investigation” shall have the meaning given to in Section 4.1.1.

1.26 “Due Diligence Period” shall have the meaning given to in Section 4.1.

1.27 “Effective Date” shall have the meaning given to in the first paragraph of this Agreement.

1.28 “EPA” shall have the meaning given to it in Section 7.18.3.

1.29 “Escrow Agent” shall mean Old Republic Title & Escrow of Hawaii, Ltd.

1.30 “Existing Structure(s)” shall have the meaning given to in Recital I.

1.31 “Force Majeure” shall have the meaning given to it in Section 18.5.

1.32 “Governmental Authorities” shall mean the City and County of Honolulu, the State of Hawaii, or other federal, state, county, or other governmental or quasi-governmental agency with authority over the Property.

1.33 “Governor’s Proclamation” shall have the meaning given to it in Section 4.2.

1.34 “Habitat for Humanity” shall have the meaning given to it in Section 6.2.3(b).

1.35 “HRS” shall have the meaning given to it in Section 7.1.12(a).

1.36 “Initial Deposit” shall have the meaning given to it in Section 3.1.1.

1.37 “Land Court” shall have the meaning given to it in Section 5.1.

1.38 “Leases” shall have the meaning given to it in Section 2.3.2.

- 1.39 **“Lien(s)”** shall have the meaning given to it in Section 4.4.2(g).
- 1.40 **“LUO”** shall have the meaning given to it in Section 4.1.3(c).
- 1.41 **“Maturity Date”** shall have the meaning given to it in Section 3.1.2(c).
- 1.42 **“Maximum Repair Value”** shall have the meaning given to it in Section 4.1.3(i).
- 1.43 **“Memorandum of Development Agreement”** shall have the meaning given to it in Section 5.2.
- 1.44 **“Monetary Encumbrance”** shall have the meaning given to it in Section 4.6.1(b).
- 1.45 **“Monster Home Bill”** shall have the meaning given to it in Section 4.1.3(c).
- 1.46 **“MOU”** shall have the meaning given to it in Section 4.1.3(j).
- 1.47 **“Net Proceeds”** shall mean the sales price of a Unit less all costs incurred by Developer in renovating and/or constructing the Unit, marketing and transferring the Unit, including, without limitation, all closing costs (recording fees, conveyance taxes, all title and escrow premiums and fees, and Developer’s share of property taxes, maintenance fees and utilities, if applicable), real estate brokerage commissions, real estate marketing and advertising expenses, survey costs, professional inspection costs, and legal and professional fees and costs incurred in the transaction with respect to that Unit.
- 1.48 **“Nonmonetary Default”** shall have the meaning given to it in Section 16.4.2.
- 1.49 **“Notice to Proceed with Phase I Construction”** shall have the meaning given to it in Section 6.2.1(d).
- 1.50 **“Notice to Proceed with Phase II Construction”** shall have the meaning given to it in Section 6.2.3(j).
- 1.51 **“Notice to Proceed”** shall have the meaning given to it in Section 4.11.
- 1.52 **“Oahu Sugar”** shall have the meaning given to it in Recital B.
- 1.53 **“Permitted Exceptions”** shall have the meaning given to it in Section 4.6.1(c).
- 1.54 **“Phase I Construction Period”** shall mean the five hundred forty five (545) day period commencing as of the expiration or earlier termination of the Phase I Pre-Development Period, provided this Agreement has not been terminated.
- 1.55 **“Phase I Improvements”** shall mean the repair and renovation of the Existing Structures in accordance with this Agreement.
- 1.56 **“Phase I Owner”** shall mean any person(s) or entity that owns a Unit in Phase I other than Developer.

1.57 “Phase I Pre-Development Period” shall mean the three hundred sixty five (365) day period commencing as of the Closing Date.

1.58 “Phase II Construction Period” shall mean the period of time commencing as of the expiration or earlier termination of the Phase II Pre-Development Period, which shall be determined by mutual written agreement by the City and Developer provided this Agreement has not been terminated.

1.59 “Phase II Improvements” shall have the meaning given to it in Section 6.2.3.

1.60 “Phase II Lot” shall have the meaning given to it in Section 6.2.3(i)(i).

1.61 “Phase II Pre-Development Period” shall mean the ten (10) year period commencing as of the expiration or earlier termination of the Phase I Construction Period.

1.62 “Pre-Fab House Designs” shall have the meaning given to it in Section 6.2.3(b).

1.63 “Project” shall have the meaning given to it in Section 2.2.

1.64 “Property” shall have the meaning given to it in Section 2.1.

1.65 “Proposal” shall have the meaning given to it in Recital L.

1.66 “Proration Date” shall have the meaning given to it in Section 5.6.8.

1.67 “Purchase Price” shall have the meaning given to in Section 3.1.

1.68 “Real Property” shall mean the real property generally known as Varona Village, located in the Ewa Villages, Honouliuli, Hawaii, identified as Tax Map Key No. (1) 9-1-017:113, as shown on the Land Court map attached hereto as Lot 18280-B and incorporated herein as **Exhibit “A”** and as more fully described in **Exhibit “B”**. The Real Property is also known as **“Varona Village”**.

1.69 “Renton Road Improvements” shall have the meaning given to it in Section 4.1.3(g).

1.70 “RFP” shall have the meaning given to it in Recital K.

1.71 “ROH” shall have the meaning given to it in Section 7.1.7(c).

1.72 “Survey Objections” shall have the meaning given to it in Section 4.6.2.

1.73 “Title Company” shall have the meaning given to it in Section 4.6.1(a).

1.74 “Title Report” shall have the meaning given to it in Section 4.6.1(a).

1.75 “Unit(s)” shall have the meaning given to it in Section 2.3.

1.76 “Varona Floor Plans” shall have the meaning given to it in Section 4.1.3(h).

1.77 **"Varona Village"** shall have the meaning given to it in Recital A.

SECTION 2 PROPERTY AND PROJECT

2.1 The Property. The Real Property, including all easements, rights of way, privileges and other rights and entitlements, if any, attached or appurtenant to said parcel of land, or used in connection therewith, and all buildings and other improvements located on said parcel of land and all fixtures permanently attached to such buildings and improvements located thereon, together with all Contracts and Leases (as those terms are defined above) are collectively referred to as the **"Property"**.

2.2 Development of Property; Project. The City is granting to Developer the right to acquire the Property and develop the Project, as defined below, at Developer's sole cost and expense, subject to and in compliance with the terms, conditions, and time deadlines set forth in this Agreement and substantially in conformance with the Proposal and subsequent meetings with the City, all as more particularly set forth herein. To the extent the requirements and specifications of this Agreement conflict with details in the Proposal, this Agreement shall govern. Any changes to the terms and conditions of this Agreement will be subject to the prior review and written approval of the City. The details of the proposed development set forth herein, together with non-conflicting elements of the Proposal shall constitute the **"Project"**.

2.3 Project Details. Pursuant to the terms and conditions of this Agreement, Developer shall acquire the Property by way of an Agreement of Sale in substantially the same form attached hereto as **Exhibit "F"** and develop the Project as a condominium property regime (the **"CPR"**) containing up to one hundred thirty-three (133) residential units¹ on CPR delineated parcels and one (1) community center unit (each a **"Unit"** and collectively the **"Units"**). The Project will be constructed in two (2) phases, as is more particularly described below.

2.3.1 Acquisition. Payments towards the Purchase Price will be remitted to the City on a Unit-by-Unit basis as set forth in **SECTION 3** below. Once the Agreement of Sale has been recorded, Developer may, in accordance with the terms and conditions of this Agreement and the Agreement of Sale, apply for and secure such permits and approvals from Governmental Authorities (defined below) as may be necessary or convenient to the development or use of the Property and may construct improvements on the Property as more particularly set forth herein.

2.3.2 Assignment of Leases and Contracts. The City currently leases the improvements located on the Property to various tenants, including such tenants of record as is described in the Recitals. Upon Developer's acquisition of the Property, the City shall assign all of its interest in such tenant leases to Developer and Developer shall thereafter have the right to all revenues derived from such leases (collectively, the **"Leases"**). The City shall also assign all of its rights in and to any contracts associated with the Property (collectively, the **"Contracts"**). Such assignments shall be made by way of an Assignment of Leases and Contracts in substantially the form attached hereto as **Exhibit "G"**.

¹ This is consistent with the 1995 Engineering Study R.M. Towill Corporation performed for the City; see Recital H above.

2.3.3 Two-Phased Development. In order to provide affordable homeownership opportunities to the tenants of record of Varona Village and their families in a timely manner, the Project will be constructed in two (2) phases, known as "Phase I" and "Phase II", all in accordance with the provisions of this Agreement. In Phase I, Developer intends to repair and/or renovate each of the Existing Structures, if an Existing Structure exists, for health and safety considerations at the minimum. In Phase II, Developer intends to construct up to eighty-eight (88) new residential structures and a community center, together with such infrastructure improvements as may be required by the City to complete Phase II. A preliminary map showing the approximate locations of Phase I and Phase II relative to the Property is attached hereto as **Exhibit "C"**.²

2.3.4 Sale and Release of Units. In connection with the CPR, Developer will prepare a form of unit deed by which the City can transfer fee simple title to a Unit in the Project to a third party purchaser. Priority as to the order of purchasers for the Units shall be as set forth in Section 8.2 below. Upon Escrow Agent's (defined below) receipt of payment of the purchase price for a Unit, the City shall execute a deed in partial satisfaction of the Agreement of Sale with respect to that Unit as is more particularly set forth in Section 8.2.

SECTION 3 PURCHASE PRICE; ESCROW AGENT

3.1 Total Purchase Price. Developer shall purchase the Property for purchase price in the principal sum of ONE MILLION EIGHT HUNDRED FORTY THOUSAND AND NO/100 DOLLARS (\$1,840,000.00) (the "**Purchase Price**") for the right to develop the Project, which Developer shall pay to the City as follows:

3.1.1 Initial Deposit. Immediately upon execution of this Agreement, the parties shall open an escrow with Escrow Agent (defined below) by depositing with Escrow Agent a fully executed copy of this Agreement. Within two (2) Business Days after the Effective Date of this Agreement, Developer shall deposit with the Escrow Agent by a confirmed wire transfer or other deposit of good and immediately available funds the sum equivalent to ONE THOUSAND DOLLARS AND NO/100 (\$1,000.00) (the "**Initial Deposit**").

3.1.2 Balance, Installment Payments, Interest and Maturity. Commencing as of the date set forth in the Agreement of Sale, the balance of the Purchase Price, with interest thereon or on the unpaid balance at the Federal Funds Rate as of the effective date of the Agreement of Sale, shall be due and payable in accordance with this Section 3.1.2.

(a) Upon the sale of a Unit, Escrow Agent shall cause Fifteen Thousand and No/100 Dollars (\$15,000.00) of the Net Sales Proceeds (as that term is defined in Section 5.6.8) to be remitted to the City, which amounts shall be credited against the Purchase Price. All Units will be sold "as is."

² As noted in Section 4.6.2 below, there is no current survey of the Real Property. The locations of Phase I and Phase II as shown on **Exhibit "C"** are based on the map prepared by the Varona Village Working Group (described below in footnote 3) and are subject to change as Developer proceeds with the development of the Project. The map is being provided solely for convenience and to provide a frame of reference as to the relative locations of Phase I and Phase II.

(b) Sale prices for each Unit are set forth in **Schedule 1** attached hereto. As noted in **Schedule 1**, the prices set forth therein are assuming costs associated with the Project as of March 10, 2020. If such costs increase, Developer may, in Developer's sole discretion, increase prices accordingly; *provided, however*, Developer will use commercially reasonable efforts to: (i) keep prices consistent with **Schedule 1** and (ii) so long as the Agreement of Sale is effective, coordinate with the City to ensure that the Units are available at an affordable price relative to comparable projects.

(c) Provided that this Agreement has not been terminated and all conditions have been satisfied as provided hereunder, including but not limited to the conditions set forth in **Section 4.1.3**, all unpaid principal and accrued interest (if any), shall be due and payable on the date that is fifteen (15) years from the Effective Date (the "**Maturity Date**").

(d) Notwithstanding anything to the contrary in this Agreement, Developer reserves the right to prepay all or a portion of the Purchase Price without prepayment charge or penalty.

3.2 Escrow Instructions. This Agreement shall serve as escrow instructions to Escrow Agent for the consummation of the transactions contemplated hereby, and any supplemental escrow instructions shall be subject to the City's prior written approval.

SECTION 4

DUE DILIGENCE; ACCESS TO PROPERTY

4.1 Due Diligence Period. Developer and the City shall have thirty (30) days from and after the Effective Date of this Agreement (the "**Due Diligence Period**") to complete each parties' respective investigations and obligations as set forth herein.

4.1.1 Developer's Due Diligence Investigation. During the Due Diligence Period, the Developer is hereby provided the right to investigate and evaluate the condition of the Property and conduct such inspections, research and studies as Developer shall deem appropriate, all at Developer's sole expense (the "**Due Diligence Investigation**"). Such investigation and evaluation shall include a Phase 1 environmental site assessment (pursuant to ASTM E 152713) which shall establish the baseline environmental condition of the Property for purposes of defining Developer's environmental obligations shall establish the baseline environmental condition of the Property for purposes of defining Developer's environmental obligations, and may include such studies and reports as to the existence and effect of any liens, encumbrances, encroachments, environmental issues and other matters affecting the Property, the zoning, governmental and regulatory restrictions and requirements applicable to the Property, and other matters deemed important or relevant to Developer's purchase or use of the Property.

4.1.2 During the Due Diligence Period and, unless this Agreement has been terminated as provided herein, thereafter until the Closing Date, Developer and/or Developer's authorized agents may enter on the Real Property, as provided and subject to the terms and conditions set forth in **Section 4.4** below.

4.1.3 Conditions Precedent to Developer's Acquisition. The City, and as appropriate, Developer, hereby covenant to use good faith efforts to complete the following items

to Developer's reasonable satisfaction. Except as otherwise noted, each condition is solely for the benefit of Developer and may be waived in whole or in part by Developer by written notice to the City. If any of the below conditions have not been satisfied by the end of the Due Diligence Period despite good faith efforts, Developer and the City may by mutual agreement elect to make any outstanding condition a condition precedent to Developer's obligation to construct the Phase I Improvements prior to the end of the Phase I Pre-Development Period, as that term is defined below.

(a) Wastewater Improvements. Based on records Developer has obtained from the City, twenty-two (22) of the Existing Structures are serviced by individual wastewater systems (IWSs) design and constructed by the City. The City will obtain final Approval to Operate (ATO) from the State of Hawaii Department of Health for said improvements.

(b) Municipal Refuse Service. The Property is currently serviced by the City's refuse service. The City will provide written confirmation to Developer that it will continue to provide municipal refuse service to the Property after the Closing Date.

(c) Monster Home Bill. In 2019, the City adopted Ordinance No. 19-3 "A Bill For an Ordinance Related to Detached Dwelling" (the "**Monster Home Bill**"), which amended various sections of the Land Use Ordinance of the City and County of Honolulu, Revised Ordinances of Honolulu, 1990, Chapter 21 (the "**LUO**"). The Monster Home Bill contains a number of provisions that limit the scale of development allowed on a single zoning lot and, subsequently, Developer's ability to construct the Project. The City will obtain written confirmation that the Monster Home Bill does not prohibit the construction of the Phase I Improvements or the Phase II Improvements (as those terms are defined below). Upon request by the City, Developer will use commercially reasonable efforts to assist the City in satisfying this condition precedent.

(d) Condominium Letter. Developer shall have received a certification for the Property stating that all structures are in compliance with all zoning and building ordinances and codes applicable to Project at the time it was built in compliance with the provisions of Hawaii Revised Statutes Chapter 514B-84(2)(A).

(e) Phase I – No Environmental Assessment. The City will provide Developer with written confirmation that an environmental assessment is not required to commence construction of the Phase I Improvements.

(f) Phase I – No Obligation for Utilities. With respect to the Phase I Improvements, the City will provide Developer with written confirmation that Developer shall have no obligation to construct or upgrade any existing utilities until commencement of Phase II at the Property except as may be required by the building code for health and safety purposes within an individual Unit.

(g) Renton Road; Boundary of Property. Renton Road is an existing two-way two-lane rural road within an irregular and nonstandard Right-of-Way (ROW). The City plans to improve Renton Road along the south eastern boundary of the Property to provide a two-way two-lane paved roadway with required turn lanes including utility services to the project

including sewer, water, electrical, and drainage infrastructure (collectively, the “**Renton Road Improvements**”). The roadway will remain a rural road without curbs, gutters or sidewalks, and the existing and proposed driveways and intersections along Renton Road to the Project will remain paved with either paved driveway flares or intersection pavement returns. As noted above, there is no current survey of the Property, but based on available maps and satellite images of the Property and surrounding area, the boundaries of the Real Property and the existing ROW for Renton Road appear to overlap. The City and Developer shall use good faith efforts to confirm the boundary lines of the Property relative to Renton Road, as it would be completed with the Renton Road Improvements. If it is determined that Renton Road, as it would be completed with the Renton Road Improvements, will encroach into the Property and Developer determines in its sole discretion that the degree and amount of encroachment is reasonable and does not materially interfere with Developer’s ability to develop the Phase I Improvements, the City and Developer shall use good faith effort to amend the boundary lines of the Property and/or Renton Road, including processing such consolidation and re-subdivision action(s) as may be necessary; provided, however, that any such amendments and actions will be at the City’s sole cost and expense. For avoidance of doubt, in the event that it is determined that Renton Road, as it would be completed with the Renton Road Improvements, will encroach into the Property and such encroachment is determined by Developer to be a reasonable encroachment, Developer shall, at the City’s sole cost and expense, convey such portions of the Property as are necessary to complete the Renton Road Improvements.

(h) Preferred Building Standards. Developer has received from the City the floor plans of the Existing Structures attached hereto as **Exhibit “H”** (the “**Varona Floor Plans**”). Developer intends to repair the Existing Structures in compliance with the plantation-style design standards recommended by the Varona Village Working Group in the Report dated December 31, 2013, which was also provided to Developer by the City, and which design standards are herein incorporated by reference (the Varona Village Working Group design standards and the Varona Floor Plans are collectively the “**Developer’s Preferred Building Standards**”).³ The City will affirmatively support Developer in its efforts to obtain approval from the Department of Planning and Permitting of the City and County of Honolulu (“**DPP**”) and other Governmental Agencies for Developer to build to Developer’s Preferred Building Standards, which obligation shall include but not be limited to providing written support in favor of Developer’s efforts to establish that Developer’s Preferred Building Standards satisfy or supersede any potentially applicable design standards, including but not limited to the Village Rehabilitation and Design Guidelines contained in Appendices A and B of the Ewa Villages Master Plan, and such other support as may be reasonably requested by Developer. The City shall not condition the issuance of any entitlements or land use permits on any further review or comment of the Phase I Improvements except as may be require for health and safety improvements within an individual Unit.

(i) Alternative to Developer’s Preferred Building Standards. If Developer is unable to obtain approval to construct the Phase I Improvements in accordance with Developer’s Preferred Building Standards, Developer and the City will use good faith efforts to

³ The Varona Village Working Group was assembled pursuant to Honolulu City Council Resolution 13-114, adopted on June 6, 2013. The group was formed to address the immediate short and long term needs of residents at the Property.

establish a process for valuing the Existing Structures in order to establish a monetary value for each Existing Structure and Developer's ability to undertake renovations and repairs up to the dollar amount that is equal to ninety percent (90%) of the value of the structure (the "**Maximum Repair Value**"). Developer and the City shall further use good faith efforts to establish and confirm with the applicable Governmental Agencies that only renovations or repairs that are required for life, health, and safety concerns shall be counted towards the Maximum Repair Value; i.e., "cosmetic" repairs and renovations that Developer may elect to perform will not be included when calculating whether the renovations and/or repairs are less or equal to the Maximum Repair Value.

(j) 1995 Memorandum of Understanding Does Not Apply. The Developer and the City agree that the Property is not subject to the terms and conditions of the Memorandum of Understanding Pursuant to Section 106 of the National Historic Preservation Act concerning the Ewa Villages Revitalization Project executed as of July 1995 (the "**MOU**"), including but not limited to the design standards and recommendations contained therein. Developer and the City shall use good faith efforts to take such additional steps as may be necessary to confirm that the MOU does not apply to the Property and that it has no effect on Developer's ability to develop the Project.

(k) Exempt from Fees and Taxes. The City shall have provided Developer with a written list of all fees and costs that Developer and/or the Property is exempt from until Developer delivers the Notice to Proceed with Phase II Construction, which exemptions shall include but are not limited to the Ewa Highway Master Plan Impact Fees. For avoidance of doubt, Developer acknowledges that the exemptions contemplated under this Section 4.1.3(k) are with respect to Phase I of the Project only and that Developer will be responsible for all fees associated with the Phase II Improvements except as may be otherwise specifically set forth in this Agreement. Developer may, in its sole discretion, apply for additional exemptions beyond those enumerated in the list to be delivered to Developer pursuant to the first sentence of this Section 4.1.3(k), and the City shall use good faith efforts to take such steps as are necessary and appropriate to support Developer's application(s) for such additional exemptions.

4.2 Governor's Proclamation. Pursuant to that certain letter from Mr. Scott Morishige to Ms. Sandra Pfund, Director of the City and County of Honolulu Department of Land Management dated November 22, 2019, Phase I of the Project is included under the Governor of the State of Hawai'i's Emergency Proclamation for Homelessness of December 14, 2018, as supplemented by the Supplementary Proclamation dated February 12, 2019, the Third Supplementary Proclamation dated June 7, 2019, the Fourth Supplementary Proclamation dated August 6, 2019, the Fifth Supplementary Proclamation dated August 23, 2019, the Sixth Supplementary Proclamation dated October 21, 2019, and the Seventh Supplementary Proclamation dated December 16, 2019 (as supplemented, and as may be further supplemented, the "**Governor's Proclamation**"). The exemptions being sought for this project under the Governor's Proclamation are attached hereto as **Exhibit "I"**. As set forth therein, the Governor's Proclamation suspends certain statutes and regulations including but not limited to: Chapter 6E, Hawaii Revised Statutes (Historic Preservation), Chapter 46, Hawaii Revised Statutes (county organization and administration as to any county ordinance, rule, regulation, law, or provision in any form applies to any county permitting, licensing, zoning, variance, processes, procedures, fees,

etc.), and Chapter 343, Hawaii Revised Statutes, (Environmental Impact Statements) for various purposes, including establishing long term-housing, temporary shelter and services.

4.3 Access to Documents. Within five (5) days after the Effective Date of this Agreement, the City shall deliver or make available for review by Developer via a secure file share site or at the City's offices (during normal business hours and upon reasonable notice) copies of the documents listed in **Exhibit "J"** attached hereto, to the extent such documents exist and are in the City's possession as an owner and operator of the Property, and not as a governing and regulatory body (collectively, the "**Due Diligence Documents**"). The City makes no representation or warranty related to the accuracy, validity or completeness of the any information or documentation provided to Developer. Developer acknowledges that it must complete its own due diligence and research regarding the Property and the Project. In the event this Agreement should terminate for any reason, Developer agrees that all documents and investigative materials provided by the City regarding the Property shall be promptly returned to the City or destroyed as certified by the Developer.

4.4 Access to Property. The City hereby grants to Developer and its representatives the right of access to the Real Property during normal business hours and upon reasonable advance notice under a separate Right of Entry agreement that will specify conditions for entry onto the Property. Such access shall be coordinated through the City's authorized representative, who shall be identified by the City in writing, and the City may require all such access to be supervised by persons appointed by the City's authorized representative.

4.4.1 Construction Activity. In no event shall Developer be permitted to conduct any clearing, grading, excavation, construction, demolition, or similar work ("**Construction Activity**") prior to the Closing Date. It being the understanding of the parties that Construction Activity shall occur only after the Closing, and then only in accordance with the terms and conditions of this Agreement.

4.4.2 Access Conditions. Developer's right of entry shall be subject to the conditions set forth in this **Section 4.4.2**, and such additional conditions as the City may reasonably determine.

(a) The Due Diligence Investigation shall be conducted in full compliance with all applicable laws, zoning restrictions, ordinances, rules, regulations, and requirements of any Governmental Authorities.

(b) Developer shall not interfere with any tenant's or other occupant's use and enjoyment of the Real Property and shall make every reasonable effort to accommodate the requests of the City and any tenants and occupants regarding the conduct of the Due Diligence Investigation so as to minimize interference with operations at the Real Property including reasonable notice before conducting Due Diligence Investigation activities. With the exception of incidental conversations that may occur during any on-site visits to the Real Property by Developer's directors, officers, partners, members, employees, contractors and agents, Developer shall not conduct any interviews or discussions with the tenants or occupants of the Real Property without giving written notice (including by electronic mail) three (3) Business Days in advance of any such interview or discussions to the City's authorized representative and offering the City the

opportunity to have a representative of the City present. Interviews with the City's employees or contractors shall be limited to specifically designated senior personnel. Notwithstanding the foregoing and for avoidance of doubt, nothing in this Agreement shall be construed to prohibit Hawaiian Community Assets, Inc., a Hawaii corporation whose purpose is to foster the development of economic opportunities for low and middle income persons, from meeting with or interviewing tenants or other occupants of the Real Property for the limited purpose of assisting the tenants and other occupants of the Real Property to review and compile their financial information in order to prepare to purchase a Unit.

(c) Prior to entering the Real Property to perform any of its Due Diligence Investigation, Developer shall provide to the City a certificate of insurance showing that Developer maintains in full force and effect a policy of commercial general liability insurance (A) covering the activities of Developer (including Developer's employees, contractors, agents and invitees) in connection with the Due Diligence Investigation, (B) in an amount of not less than One Million And No/100 Dollars (\$1,000,000.00) combined single limit per occurrence from a carrier reasonably acceptable to the City, (C) naming the City, its officers and directors as additional insureds, and (D) requiring at least thirty (30) days written notice to the City prior to cancellation or reduction in coverage. Any investigation involving soil borings, subsoil, soil vapor, ground water, soil load-bearing tests or other tests involving physical invasion of the surface of the Real Property or physical sampling are to be made by a qualified professional retained by the Developer only after obtaining the express written consent of the City, which may be withheld in the City's reasonable discretion. The City's environmental consultant may attend any test or investigation at the Real Property and shall be entitled, without cost, to duplicates of any samples taken by Developer (or, if duplicates are not reasonably attainable, Developer may elect to deliver the actual samples after testing) and to copies of all written reports and data prepared by or on behalf of Developer. Any request for consent must be delivered to the City and its environmental consultant, together with a reasonably detailed investigation plan sufficient for the City to determine the scope and logistics of the proposed investigation, at least five (5) Business Days before the desired test. Any invasive sampling or testing permitted by the City shall be performed in compliance with all Environmental Laws (as defined below) and other requirements of any Governmental Authorities. The City may require a reasonable increase in the amount of insurance specified above consistent with the nature of such testing or sampling. Developer bears sole liability for any damage caused by such tests.

(d) Notwithstanding any provision herein to the contrary, during the Due Diligence Phase, Developer shall not permit any of Developer's agents to transport any Hazardous Materials (as defined below) on the Real Property, nor cause or permit the spill, escape, disposal, discharge or release of any Hazardous Materials affecting the Real Property. If, during the course of its investigation, Developer encounters Hazardous Materials that are present at the Real Property, Developer shall immediately notify the City.

(e) Promptly after any physical inspection of the Real Property, Developer at its sole cost shall restore the Real Property affected by such inspection(s) to the condition that existed immediately prior to such inspection.

(f) Developer shall give the City (A) copies of all of Developer's written communications to or from Governmental Authorities (including City agencies and

departments acting in their regulating or planning functions), and (B) at least two (2) Business Days prior notice of any meetings with Governmental Authorities regarding any physical inspections of the Real Property, so that the City may participate if it desires. Developer shall not enter into any binding agreements with Governmental Authorities regarding the physical or environmental condition of the Real Property prior to the Closing.

(g) Developer shall not permit any mechanics' or other liens, charges, encumbrances, attachments or judgments (collectively, "**Lien(s)**") to be filed against the Real Property as a result of Developer's Due Diligence Investigation, and Developer, within five (5) Business Days after receiving written notice from the City of the filing of any such Liens, shall, at Developer's sole cost, cause any Liens so filed to be removed by payment, deposit, bond or other reasonably satisfactory alternative approved by the City. If Developer fails to do so, the City may pay the amount necessary to remove such Lien, without being responsible for investigating the validity thereof. The amount so paid shall be reimbursed by Developer to the City within ten (10) Business Days after receipt of written demand therefor, without limiting any other remedies available to the City under this Agreement arising from Developer's breach of this subsection, and any such reimbursement shall not limit remedies available to Developer regarding the validity of any such Lien.

(h) Developer shall provide the City with copies of all reports of any investigations without charge, including studies, surveys, and assessments, as well as grant to the City a non-exclusive irrevocable license to utilize such reports only to the extent permitted by the terms of the Developer's engagement if the author(s) of such reports.

4.5 Confidentiality. Developer shall maintain the confidentiality of all information delivered to Developer by the City or prepared, compiled, or generated by or on behalf of Developer in the course of its Due Diligence Investigation. Developer shall use all such information solely for the purpose of evaluating the Property. Developer shall have the right to disclose any such information only to persons or entities, such as employees, consultants, and lenders, having a reasonable need to know such information in connection with the transaction contemplated by this Agreement, and provided that Developer shall advise all such parties to keep such information confidential. Developer shall be responsible for any breaches of confidentiality by persons to whom Developer discloses information. If Developer is confronted with, or is otherwise subject to, government compulsion, regulatory requirement, or legal action to disclose information received under this Agreement, Developer shall promptly notify the City and shall reasonably assist the City in objecting to the disclosure or obtaining a protective order requiring that any portion of the information required to be disclosed be used only for the purpose for which a court issues an order, or other such purposes as required by law, and provide for redactions of any confidential material not deemed critical to the party seeking disclosure. If this Agreement is terminated prior to Closing, Developer shall promptly return to the City or destroy all information received from, or on behalf of the City, and shall cause all parties to whom Developer disclosed any such confidential information to return the same to Developer or destroy the same, so that such confidential information can be returned by Developer to the City, provided, however, that upon a successful Closing, Developer shall have the right to utilize any and all such confidential or other information in connection with the Project. Notwithstanding the provisions of this Section 4.5, any information delivered to Developer by the City shall not be deemed to be confidential if such information (i) was known to Developer prior to receipt of such information from the City, and

such information was obtained on a non-confidential basis; (ii) is or becomes generally known to the public through means other than disclosure of such information by Developer, or its employees, agents, or other representatives; or (iii) becomes available to Developer on a non-confidential basis from a person, other than the City or its consultants, who was not bound by a confidentiality agreement or otherwise prohibited from transmitting the information to Developer.

4.6 Title and Survey.

4.6.1 Title Report; Title Objections.

(a) Within five (5) Business Days following the Effective Date, the City shall obtain and deliver to Developer a preliminary title report (the **"Title Report"**) for the Real Property issued by Fidelity National Title and Escrow of Hawaii, Inc. (the **"Title Company"**).

(b) The City shall cure all title matters and remove all encumbrances on title that are monetary liens on the Property, including mechanics' liens, mortgages and related financing statements, negative pledges recorded in favor of any lender to the City as owner of the Property, and any other lien on the Property which can be cured purely by the payment of money, but excluding real property taxes not yet due and payable (each a **"Monetary Encumbrance"**).

(c) The City shall have no obligation to cure any title objection which is not a Monetary Encumbrance. If Developer objects to any exception set forth in the Title Report (other than a Monetary Encumbrance), Developer shall, within ten (10) days after the Effective Date, give the City written notice (the **"Disapproval Notice"**) identifying the disapproved title matters that Developer requests to be removed or cured at or prior to closing (the **"Disapproved Title Matters"**). Failure of Developer to give timely notice of any disapproval shall be deemed approval. With respect to any Disapproved Title Matters, unless the City shall notify Developer within ten (10) days after the City's receipt of the Disapproval Notice that the City will cause the Disapproved Title Matters to be removed or cured prior to Closing, the City will be deemed to have elected not to remove or cure all Disapproved Title Matters, in which case Developer shall be deemed to have waived its disapproval of title in the event Developer subsequently approves its Due Diligence Investigation pursuant to Section 4.7, below. Prior to the expiration or earlier termination of the Due Diligence Period, the City shall remove or cure the Disapproved Title Matters that the City notifies Developer that the City shall remove or cure in response to Developer's Disapproval Notice, provided, however, if Developer elects to terminate the Due Diligence Period ahead of the expiration date thereof, Developer will be deemed to have approved any Disapproved Title Matters outstanding as of the date thereof. Exceptions approved or deemed approved or accepted by Developer pursuant to this Section 4.6 or otherwise approved or accepted by Developer in accordance with this Agreement, real estate taxes not yet due and payable are referred to herein as **"Permitted Exceptions."**

4.6.2 Survey; Survey Objections. There is no current survey of the Real Property. Developer may, in its sole discretion, commission an ALTA/NSPS survey of the Real Property prior to the expiration or earlier termination of the Due Diligence Period at its sole cost. If Developer chooses to commission an ALTA/NSPS Survey of the Real Property prior to the expiration or earlier termination of the Due Diligence Period, Developer shall, within five (5) days after receiving the ALTA/NSPS Survey, but in any event, no later than five (5) days prior to the

expiration of the Due Diligence Period, deliver to the City written notice of its objections ("**Survey Objections**"), if any. Within five (5) days after its receipt of the Survey Objections, but no later than the end of the Due Diligence Period, the City shall deliver to Developer written notice of its decision as to whether or not it will cure any or all of Developer's Survey Objections. If the City chooses to not cure an exception (or is unable to do so), Developer shall elect either to accept such defect in the survey without any reduction or abatement of the Purchase Price, or Developer may elect to terminate this Agreement at any time prior to the expiration of the Due Diligence Period. If Developer elects to terminate this Agreement, this Agreement shall be terminated, the Initial Deposit shall be returned to Developer (less Developer's share of any escrow or title fees incurred) and, except with respect to liabilities expressly stated to survive the termination of this Agreement, the parties shall be without further duties or obligations to one another. Developer's failure to deliver to the City its Notice of Termination by the expiration of the Due Diligence Period shall be deemed as Developer electing to accept Survey Objections which the City has decided not to cure and to proceed with the transaction as contemplated in this Agreement without any reduction or abatement of the Purchase Price.

4.7 Indemnity. Unless caused by the gross negligence or willful misconduct of the City, Developer agrees to indemnify, defend and hold the City, its officers, directors, employees, legal counsel, agents, contractors, successors, and assigns (collectively the "**City Parties**") harmless from and against all claims, liens, demands, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, and all costs and expenses incurred in connection therewith (including, without limitation, reasonable attorneys' fees, reasonable costs for defense, and reasonable costs and expenses of all experts and consultants), arising directly or indirectly, in whole or in part, out of Developer's Due Diligence Investigation or Developer's access to or activities on the Real Property during the term of this Agreement, including, but not limited to, (i) any investigative or construction-related activity, storage of equipment or materials, any damage to the Real Property arising out of Developer's activities in connection with this Agreement, any Liens caused or permitted by Developer, or any other act or omission in connection with the Property by or on behalf of Developer or its employees, agents, contractors or consultants (collectively, the "**Developer's Agents**"); (ii) the discharge of any Hazardous Materials or Hazardous Substances on to the Real Property or on to any surrounding property, or the exacerbation of any pre-existing environmental condition on the Real Property, caused by any act or omission of Developer or Developer's Agents, or any contract, agreement, or commitment made or entered into by either of them.

4.8 Further Encumbrances and Contracts; Continued Operations. In the event that the Developer delivers a Notice to Proceed in accordance with Section 4.11 below, the City shall not thereafter encumber the Property, or enter into, amend, or extend any agreement affecting title to, or operation of the Property without the prior written consent of Developer, which consent shall not be unreasonably withheld. The City shall periodically advise Developer of any discussions which may affect title to or operations of the Property, and in any event, promptly notify Developer and provide to Developer a copy of any such agreements.

4.9 Disclosures Regarding Property. Prior to Closing, Developer shall have made a thorough, independent examination of the Property and all matters relevant to Developer's decision to purchase the Property and enter into the Entitlement Phase and Construction Phase. This Agreement is made "**AS IS**" with all faults, and Developer expressly acknowledges and

agrees that, except as provided in this Agreement, the CITY MAKES NO REPRESENTATIONS OR WARRANTIES, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTY WHATSOEVER WITH RESPECT TO THE PROPERTY OR ANY PORTION THEREOF, OR WITH RESPECT TO THE SUITABILITY OF ANY OF THE FOREGOING FOR THE DEVELOPER'S DEVELOPMENT OF THE PROJECT OR THE PROFITABILITY OR INCOME STREAM FROM THE PROPERTY. Developer acknowledges that as of Closing, Developer will have carefully inspected the Property and by Closing, accept the Property on an "AS IS" and "**WHERE IS**" basis, without warranty, guaranty, liability, or representation whatsoever, express or implied, oral or written, on the part of the City, or any person on behalf of the City, regarding the Property or matters affecting the Property, including, without limitation:

4.9.1 Physical Condition. The physical condition of the Real Property, including the quality, nature, adequacy, and physical condition of (i) the Real Property, including any systems, facilities, access, and/or landscaping; (ii) the air, soils, geology, and groundwater, (iii) the compaction, stability or composition, erosion or other condition of the soil or any fill or embankment on the Real Property for building or any other purpose.

4.9.2 Improvements. The quality, nature, adequacy, and physical condition of the existing improvements, including but not limited to, the structural elements, seismic safety, engineering characteristics, foundation, roof, systems, infrastructure, facilities, appliances, appurtenances, access, landscaping, and/or parking facilities.

4.9.3 Title. The nature and extent of any right-of-way, lease, possession, lien, encumbrance, license, reservation, or other title condition affecting the Real Property, including without limitation the existence of any easements, rights-of-ways or other rights across, to or in other properties that might burden or benefit the Real Property and/or affect Developer's Proposal and/or development of the Project.

4.9.4 Zoning and Land Use Entitlements. The current status of the applicable zoning designations or land use entitlements affecting the Real Property, or the suitability of the Real Property for development of the Project.

4.9.5 Compliance. The development potential of the Real Property and/or the zoning, land use, or other legal status of the Real Property, or compliance with any public or private restrictions on the use of the Real Property, as the same are in effect as of the Effective Date or may be hereafter modified, amended, adopted, published, promulgated or supplemented, or the compliance of the Property with any applicable laws.

4.9.6 Hazardous Materials. The presence of hazardous materials on, in, under or about the Real Property or any adjoining or neighboring property. The City discloses to Developer that some of the Real Property may contain asbestos, polychlorinated biphenyls (PCBs) and lead paint or may have been used for many years for agricultural purposes employing pesticides, herbicides, fertilizers, combustible fuels and other chemicals. Developer shall satisfy itself on issues related to the presence or absence of hazardous materials on or under the Real Property.

4.9.7 Historic Artifacts, Burials and/or Archaeological Sites. The presence or absence of historic artifacts, human burials or archaeological sites in, on or under the Real Property.

4.9.8 Economic Feasibility. Economic conditions or projections, development potential, market data, or other aspects of the economic feasibility of the Property in conjunction with Developer's development of the Project.

4.9.9 Utilities and Infrastructure. The availability, existence, quality, nature, adequacy and/or physical condition and/or location of any utilities serving the Real Property and/or on-site and off-site infrastructure which may be required for or may be adversely affected by Developer's development of the Project.

4.9.10 Suitability. The use, habitability, merchantability, fitness, suitability, value or adequacy of the Property for development of the Project or for any particular purpose.

4.9.11 Boundaries. The boundaries of the Real Property, the location of any improvements on the Real Property and/or the existence of any encroachments onto or from any adjacent lands.

4.9.12 Access. Access to the Real Property, including from or through any particular route (provided, however, that the City agrees that the City shall take no action on or after the Closing Date that shall limit complete and total access on a permanent basis to the Real Property from a public street or right-of-way for purposes of both pedestrian and vehicular ingress and egress and utilities and utility services).

4.9.13 Other Matters. Any matter whatsoever not referenced above that pertains to the Property.

The provisions of this Section 4.9 are not intended for the benefit of and shall not confer any rights or remedies on any person or release any person from any claims relating to any of the foregoing matters other than the City and persons acting on behalf of the City with regard to the Property.

4.10 Location of Utilities. Except as otherwise stated herein, Developer assumes all risks associated with the existence and precise location of water, gas, oil, telephone, electric, storm drain, sewer, and other pipes or conduits. All such items which are known to the City and are shown on any plans provided to Developer reflect only the items' approximate locations. The City makes no representation, warranty or guaranty that such plans are complete and show the existence of all water, gas, oil, telephone, electric, storm drain, sewer, and other pipes or conduits.

4.11 Notice to Proceed; Right to Terminate. The obligation of Developer to purchase the Property is contingent upon Developer's approval of the matters discovered, investigated and evaluated on or before the expiration of the Due Diligence Period and all of the Conditions Precedent to Developer's Acquisition set forth in Section 4.1.3 above being satisfied to Developer's reasonable satisfaction, waived, or extended in accordance with this SECTION 4. If Developer, in Developer's sole discretion, satisfactorily completes its due diligence inspection of the Property and determines, in its reasonable discretion, that the Conditions Precedent to

Developer's Acquisition have been satisfied to Developer's reasonable satisfaction prior to or by the expiration of the Due Diligence Period, Developer shall provide the City with a written notice stating substantially that, upon and subject to this Agreement, Developer is prepared to proceed with Closing in accordance with the terms and conditions of this Agreement (the "Notice to Proceed"). Developer may choose to not provide a Notice to Proceed for any reason in Developer's sole discretion. If Developer does not deliver a Notice to Proceed to the City by the end of the Due Diligence Period, Developer will be deemed to have elected to terminate this Agreement, whereupon this Agreement shall terminate and Escrow Agent shall return the Initial Deposit (including all accrued interest but less any escrow or title costs) to Developer and, except as otherwise provided herein, this Agreement shall be null and void and of no further force and effect, and the parties shall have no further rights, obligations or liabilities hereunder. Developer shall not be entitled to any compensation or other payment whatsoever by the City on account of termination pursuant to this Section 4.11 or for any undertakings or due diligence costs made or incurred by Developer under or in connection with this Agreement, or in connection with the preparation of Developer's Proposal.

4.12 No Right to Extend Due Diligence Period. The expiration of the Due Diligence Period shall not be extended except by written consent of both parties.

4.13 Priority of this Agreement. In the event of a conflict between the provisions of this SECTION 4 and any of the provisions of the RFP, the provisions of this subsection shall govern.

SECTION 5 CLOSING

5.1 Closing; Closing Date. The scheduled Closing Date (the "Closing Date") shall be the later of: (i) the date that is thirty (30) days after the end of the Due Diligence Period; or (ii) the date that is ten (10) days after all Conditions Precedent to Developer's Acquisition have been satisfied, waived, or extended in accordance SECTION 4 above, but in no event later than the date that is ninety (90) days after the Effective Date. The term "Closing" or "Closing Date" shall mean the date the Agreement of Sale is filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii (the "Land Court"). The Closing Date shall not be extended without the written consent of both parties.

5.2 Terms of Agreement Continue; Memorandum; Partial Release. To secure the successful completion of the Project following the conveyance of the Real Property and to ensure that the Real Property is used for the purposes mutually intended by the Parties, a short form or memorandum of this Agreement shall be recorded against the Real Property and shall run with the land (the "Memorandum of Development Agreement"); provided, however, upon the closing of a sale of a Unit, the Parties shall execute and file in the Land Court a mutual release of this Agreement and the Memorandum of Development Agreement with respect to such Unit.

5.3 Developer's Conditions Precedent. Developer's obligations under this Agreement are expressly subject to the timely fulfillment of the conditions set forth in this Section 5.3. Except as otherwise noted, each condition is solely for the benefit of Developer and may be waived in whole or in part by Developer by written notice to the City.

5.3.1 Notice to Proceed. Developer shall have delivered a Notice to Proceed pursuant to Section 4.11.

5.3.2 Conditions Precedent to Developer's Acquisition. All Conditions Precedent to Developer's Acquisition shall have been either: (a) satisfied to Developer's reasonable satisfaction; or (b) memorialized in a separate written agreement between Developer and the City as conditions precedent to Developer's obligation to commence the Phase I Construction Period (defined below).

5.3.3 No Litigation. There shall exist no pending or threatened actions, suits, arbitrations, claims, attachments, proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings by or against Developer or the City that would materially and adversely affect the City's or Developer's ability to perform its obligations under this Agreement; provided, however, that, in the event of the pendency or threat of any such matter, the Developer and the City shall work together in good faith to reach agreement on a reasonable extension of the Closing Date in order to allow for the resolution of such matter.

5.3.4 Operation of Property. The City shall manage and operate the Property in the same manner as conducted in the twelve (12) months preceding the Effective Date, including, without limitation, keeping the Real Property and the tangible assets in good condition and repair, ordinary wear and tear excepted; provided however, Developer acknowledges and confirms that the City will terminate the existing maintenance contract for the Property effective as of the Closing Date.

5.4 City's Conditions Precedent. The City's obligations under this Agreement are expressly subject to the timely fulfillment of the conditions set forth in this Section 5.4. Except as otherwise noted, each condition is solely for the benefit of the City and may be waived in whole or in part by the City by written notice to Developer.

5.4.1 Representations and Warranties. Developer's representations and warranties contained herein shall be true and correct as of the Closing Date.

5.4.2 Developer's Performance. Developer shall have performed all of its obligations that are to be performed by Developer under this Agreement and in connection with Closing.

5.4.3 No Litigation. There shall exist no pending or threatened actions, suits, arbitrations, claims, attachments, proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings by or against the City or Developer that would materially and adversely affect the City's or Developer's ability to perform its obligations under this Agreement, and there shall exist no pending or threatened actions, suits, arbitrations, claims, attachments, or proceedings against the City that would prohibit the City from consummating this Agreement, including, but not limited to, bid protests and disputes of awards under the RFP; provided, however, that, in the event of the pendency or threat of any such matter, the Developer and the City shall work together in good faith to reach agreement on a reasonable extension of the Closing Date in order to allow for the resolution of such matter.

5.4.4 City Council Approval. Approval from the Honolulu City Council of this Agreement and any material or substantial amendments to this Agreement.

5.5 City's Deposit of Documents into Escrow. The City shall deposit with Escrow Agent no later than two (2) Business Days before the Closing Date the following documents:

5.5.1 Four (4) duly executed counterparts of the Memorandum of Development Agreement.

5.5.2 Four (4) duly executed counterparts of the Agreement of Sale, in a form substantially similar to **Exhibit "F"**.

5.5.3 Four (4) duly executed counterparts of the Assignment of Leases and Contracts, if any are to be assigned, in a form substantially similar to **Exhibit "G"**.

Such additional documents as may be reasonably necessary to consummate the sale of the Property in accordance with this Agreement, including written escrow instructions consistent with this Agreement, and, to the extent applicable and acceptable to the City and requiring execution by the City, any agreements, instruments, certificates, and other documents relating to Developer's financing for Developer's development of the Real Property.

5.6 Developer's Deposit of Documents into Escrow. Developer shall deposit with Escrow Agent no later than two (2) Business Days before the Closing Date the following documents:

5.6.1 Four (4) duly executed counterparts of the Memorandum of Development Agreement.

5.6.2 Four (4) duly executed counterparts of the Agreement of Sale.

5.6.3 Four (4) duly executed counterparts of the Assignment of Leases and Contracts, if any are to be assigned.

5.6.4 Tax clearance certificates from the State of Hawaii Department of Taxation and the Internal Revenue Service with respect to Developer, issued within thirty (30) days prior to the Closing Date.

5.6.5 Good standing certificate(s) issued within thirty (30) days prior to the applicable Closing Date by the State of Hawaii Department of Commerce and Consumer Affairs evidencing Developer is in good standing under the laws of the State of Hawaii.

5.6.6 Developer's Certificate of Vendor Compliance.

Such additional documents as may be reasonably necessary to consummate the sale of the Property in accordance with this Agreement, including written escrow instructions consistent with this Agreement, and, to the extent applicable and acceptable to the City and requiring execution by the City, any agreements, instruments, certificates, and other documents relating to Developer's financing for Developer's development of the Real Property.

5.6.7 Closing. When the Escrow Agent has received all documents and funds identified in Sections 5.5 and 5.6, and has received written notification from Developer and the City that all conditions to the Closing have been satisfied, waived, or extended, then, and only then, the Title Company and Escrow Agent, as applicable, shall:

(a) Record Memorandum of Development Agreement. Record the Memorandum of Development Agreement.

(b) Record Agreement of Sale. Record the Agreement of Sale conveying equitable title in the Real Property to Developer.

(c) Deliveries to Developer. Deliver to Developer (i) a conformed copy of the Memorandum of Development Agreement; (ii) a conformed copy of the Agreement of Sale; and (iii) fully executed originals of the Assignments of Leases and Contracts.

(d) Deliveries to the City. Deliver to the City (i) a conformed copy of the Memorandum of Development Agreement; (ii) a conformed copy of the Agreement of Sale; and (iii) fully executed originals of the Assignments of Leases and Contracts.

(e) Record and Make Other Deliveries Relating to Developer's Financing. Record and/or deliver such other documents and instruments, including declarations, loan agreements, regulatory agreements, disclosure agreements, promissory notes, mortgages, certificates, security agreements, financing statements, indentures, legal opinions, and other documents and instruments relating to Developer's financing, if any, in accordance with separate escrow instructions that shall be provided to Escrow Agent by Developer's Lenders and Developer in connection with such financing.

5.6.8 Prorations and Closing Costs. Subject to the other provisions of this Section 5.6.8, all receipts and disbursements of the applicable Project will be prorated as of 11:59 p.m. Hawaii Standard Time on the day immediately preceding the Closing Date ("**Proration Date**"). Not less than three (3) Business Days prior to the Closing Date, Escrow Agent shall submit to Developer and the City for their approval a tentative prorations schedule showing the categories and amounts of all prorations proposed. The parties shall agree on a final prorations schedule prior to the Closing. If following the Closing either party discovers an error in the prorations statement, it shall notify the other party and the parties shall promptly make any adjustment required.

(a) The City's Costs. The City acknowledges that pursuant to Section 5.6.8 above, it is a condition to Closing, or if not satisfied by the end of the Due Diligence Period, then it is a condition to Developer's obligation to construct the Phase I Improvements, that all real property taxes and assessments levied, assessed or imposed, if applicable, and other taxes, levied, assessed or imposed with respect to the Real Property, and/or any other costs associated with the Property shall be and remain the City's obligation until the Phase I Construction Period (as defined below) has expired, and thus no such taxes, assessments, or fees shall be prorated or assessed to the Developer upon Closing. Developer may, in its sole discretion, waive this condition in whole or in part.

(b) Closing Costs. Except as provided herein, all closing costs and escrow fees customarily chargeable to a seller of real estate in Hawaii shall be paid by the City.

All closing costs and escrow and recording fees customarily chargeable to a buyer of real estate in Hawaii, together with all documentary transfer taxes, including conveyance taxes, the cost of any updates to any ALTA surveys ordered by Developer (if any), the recordation costs to record all closing documents, all closing costs associated with Developer's financing, and all title policy premiums (if any) and the cost of any and all endorsements shall be paid by Developer. Each party shall pay its own legal and consulting fees.

5.6.9 Equitable Title. Equitable Title to the Real Property shall transfer to Developer at the Closing Date. Subject to the terms of the Agreement of Sale, Developer may enter upon and take possession of the Property and enjoy the use, rents, issues and profits thereof provided that Developer is in compliance with Section 4.4, and so long as Developer is not in default under the terms of this Agreement or the Agreement of Sale. Until any such default occurs, Developer's possession of the Property shall be as the purchaser thereof, and not as a tenant or bailee of the City. The City and/or the City's agent shall, at all reasonable times, have the right to enter upon the Property for the purpose of determining whether Developer is in compliance with the terms, covenants and conditions contained in this Agreement and the Agreement of Sale.

SECTION 6 DEVELOPMENT PERIOD

6.1 Commencement of Development Period. Upon the recordation of the Agreement of Sale, Developer shall proceed with the "Development Period." The Development Period shall consist of four separate periods: (1) a three hundred sixty five (365) days period called the "Phase I Pre-Development Period"; (2) a five hundred eighty five (585) days period called the "Phase I Construction Period"; (3) a ten (10) year period called the "Phase II Pre-Development Period"; and (4) a "Phase II Construction Period", which time period shall be determined by mutual agreement between the City and the Developer, all as more particularly set forth below. Developer shall complete the development and construction of the applicable portions of the Project, free of Liens and within the time deadlines as may be agreed upon by Developer and the City, and subject to the terms, conditions and requirements of this Agreement.

6.2 Phase I – Repair and Renovate Existing Structures. As noted above, Phase I of the Project will consist of repairs and renovations to the Existing Structures, subject to and in compliance with the terms and conditions of this Agreement. If required, the Existing Structures (as repaired and renovated) shall comply with applicable ADA requirements.

6.2.1 Phase I Pre-Development Period. During the Phase I Pre-Development Period, Developer shall be responsible for obtaining all land use entitlements and other approvals necessary to develop and sell the Phase I Improvements, subject, however, to the terms of this Agreement.

(a) **Outstanding Conditions Precedent to Developer's Acquisition; Entitlements.** If Developer and the City have entered into a separate written agreement regarding any outstanding Conditions Precedent to Developer's Acquisition as provided for in Sections 5.3 and 5.4 above, the City and Developer, as appropriate, shall use good faith efforts to satisfy such conditions on or before the expiration of the Phase I Pre-Development Period. Developer's obligation to construct the Phase I Improvements shall be subject to the satisfaction of all

Conditions Precedent to Developer's Acquisition, which Developer may waive in whole or in part, in Developer's sole discretion, and to Developer having obtained all land use entitlements and other approvals necessary to develop and sell the Phase I Improvements.

(b) Right to Terminate. If Developer, in its reasonable estimation, determines at any time that all or any of the outstanding Conditions Precedent to Developer's Acquisition will not be met in a reasonable time or Developer is unable to obtain its necessary entitlements and/or approvals, then Developer shall have the right to terminate this Agreement and the Agreement of Sale, and except with respect to liabilities and/or obligations expressly stated to survive the termination of this Agreement, the parties shall be without further duties or obligations to one another. If the City, in the City's reasonable estimation, determines at any time that an outstanding Condition Precedent to Developer's Acquisition which is the City's obligation to fulfill will not be met in a reasonable time, then the City shall have the right to terminate this Agreement and the Agreement of Sale upon written notice to Developer, and except with respect to liabilities and/or obligations expressly stated to survive the termination of this Agreement, the parties shall be without further duties or obligations to one another; provided, however, upon receipt of such written notice, Developer shall have the option to waive or extend the Condition(s) Precedent to Developer's Acquisition described therein. If Developer elects to waive or extend a Condition(s) Precedent to Developer's Acquisition in accordance with the foregoing sentence, then this Agreement and the Agreement of Sale shall continue in full force and effect in accordance with their respective terms.

(c) Right to Commence Construction. Notwithstanding anything to the contrary in this Agreement, Developer shall have the right to commence construction of the Phase I Improvements at any time after the Pre-Development Phase I period has commenced, subject to all applicable laws and regulations. Any work that Developer may do towards the Phase I Improvements shall not impair or affect Developer's ability to terminate the Agreement of Sale in accordance with the terms thereof.

(d) Notice to Proceed with Phase I Construction. If at the expiration of the Phase I Pre-Development Period, Developer, in Developer's sole discretion, determines to proceed to construct the Phase I Improvements, Developer shall provide the City with a written notice stating substantially that, upon and subject to this Agreement, Developer is prepared to proceed with the Phase I Construction Period (the "**Notice to Proceed with Phase I Construction**"). Developer may choose to not provide a Notice to Proceed with Phase I Construction for any reason in Developer's sole discretion. If Developer does not deliver a Notice to Proceed with Phase I Construction to the City by the end of the Due Diligence Period, Developer will be deemed to have elected to terminate this Agreement and the Agreement of Sale and shall proceed with the termination of this Agreement and the Agreement of Sale in accordance with Section 18.1 below. In such case, except as otherwise provided herein, this Agreement shall be null and void and of no further force and effect, and the parties shall have no further rights, obligations or liabilities hereunder and Escrow Agent shall return the Initial Deposit (including all accrued interest) to Developer.

6.2.2 Phase I Construction Period. To the extent Developer has not commenced construction of the Phase I Improvements prior to delivering the Notice to Proceed

with Phase I Construction, Developer shall promptly start construction following Developer's delivery thereof.

(a) Phase I Improvements. Developer shall proceed and complete all structures and improvements which comprise the Phase I Improvements no later than the expiration of the Phase I Construction Period. Developer's failure to do so shall constitute a default under this Agreement and the Agreement of Sale.

(b) Condominium Documentation.

(i) No later than one hundred eighty (180) days after the commencement of the Phase I Construction Period, Developer shall prepare and deliver to the City forms of the Condominium Documents for the City's review and approval, such approval not to be unreasonably withheld. The City shall provide Developer with the City's written comments, if any, on each Condominium Document within thirty (30) days after receipt thereof. Developer shall incorporate such comments as it deems appropriate and as is commercially reasonable, and shall provide the City with revised Condominium Documents within twenty (20) days of Developer's receipt of the City's comments. The City shall provide Developer with the City's written comments, if any, on each revised Condominium Document within twenty (20) days after receipt thereof. Developer shall incorporate such comments as it deems appropriate and as is commercially reasonable, and shall provide further the City with further revised Condominium Documents within ten (10) days of Developer's receipt of the City's comments.

(ii) If the City does not approve of the form of the further revised Condominium Documents provided by Developer in accordance with the foregoing section (i), the City shall provide Developer with the City's written comments, if any, on each further revised Condominium Document within ten (10) days after receipt thereof. Developer shall incorporate such comments as it deems appropriate and as is commercially reasonable, and shall provide the City with revised Condominium Documents within ten (10) days of Developer's receipt of the City's comments. Thereafter, the procedure set forth in the preceding sentences shall continue until Developer and the City have reached mutual agreement on the form of the Condominium Documents.

(iii) If the City does not provide comments to any Condominium Document within the period stated herein, the City shall be deemed to have approved such Condominium Document(s) in the form last transmitted by Developer. If Developer chooses not to incorporate any or all of the City's comments at any time, Developer shall provide a written explanation with the revised Condominium Documents regarding the same. Developer and the City covenant to confer and negotiate in good faith as may be necessary to discuss and address both parties' comments to the Condominium Documents. For avoidance of doubt, each party shall pay its own attorneys' fees and the other expenses incurred by it in connection with the preparation, review, and approval of the Condominium Documents.

(iv) When Developer and the City have agreed upon the form of the Condominium Documents, the City shall cooperate with and facilitate Developer's exercise of its rights hereunder and under the Agreement of Sale to submit the Property to a CPR and shall

execute and deliver all documents reasonably necessary for Developer to do so, at no cost or liability to Developer.

(c) Final Approval. Developer and the City shall use commercially reasonable efforts to obtain final approval of the CPR prior to the expiration of the Phase I Construction Period.

(d) Sale of Units. Developer and the City shall use commercially reasonable efforts to ensure that all TORs (as that term is used in Schedule 1) have either closed on a Unit or declined to purchase a Unit at or prior to the expiration of the Phase I Construction Period.

6.2.3 Phase II – New Construction. Phase II of the Project consists of the construction of up to eighty-eight (88) new residential structures and a community center, together with all infrastructure as may be required by the City and/or any other Governmental Agency, subject to and in compliance with the terms and conditions of this Agreement (collectively, the “Phase II Improvements”).

(a) Phase II Pre-Development Period. Developer’s obligation to construct the Phase II Improvements shall be subject to the timely fulfillment of each of the conditions set forth below.⁴ Developer may, in Developer’s sole discretion, waive some or all of the following conditions precedent in whole or in part. If Developer or the City, in their reasonable estimation, determines at any time that despite good faith efforts by the City, Developer, or both, as appropriate, any of the following conditions will not be met in a reasonable time, both Developer and the City shall have the right to terminate this Agreement and the Agreement of Sale, and except with respect to liabilities and/or obligations expressly stated to survive the termination of this Agreement, the parties shall be without further duties or obligations to one another. Notwithstanding the foregoing, Developer shall have the right, but not the obligation, to commence Phase II Improvements prior to the satisfaction of the conditions precedent set forth below.

(b) Pre-Approved Houses. Developer is affiliated with Hawaii Habitat for Humanity Association, Incorporated (“Habitat for Humanity”).⁵ Habitat for Humanity has a number of pre-fabricated home designs that are capable of being fully constructed on a short timeframe (the “Pre-Fab House Designs”). Developer shall deliver to the City an assessment of the Pre-Fab House Designs as they relate to the Ewa Villages Master Plan and Developer and the City shall use good faith efforts to obtain such Governmental Approvals as may be required to utilize the Pre-Fab House Designs in the Phase II Improvements so that upon approval of a Pre-Fab House Design, no further review or entitlements are required to commence construction.

⁴ The City and Developer acknowledge that a number of conditions precedent to Developer’s obligation to construct the Phase II Improvements have significantly long lead times. Developer and the City further acknowledge that any developer of the Property will require some if not all of the same conditions precedent. Thus, although Developer’s obligation to construct the Phase II Improvements shall be subject to the above conditions precedent, to the extent a condition precedent below is an obligation of the City, the City shall use commercially reasonable efforts to begin the processes required to satisfy such condition upon Closing, or immediately thereafter.

⁵ Hawaii Habitat for Humanity Association, Incorporated is a global nonprofit housing organization working in local communities to provide individuals with decent and affordable homes.

(c) Zoning. The Property is zoned "AG-1"; i.e., restricted agricultural. However, the Property is covered under existing Honolulu City Council Resolutions 93-01, CD-1 and 94-282, CD-1, copies of which are appended hereto for reference as **Exhibit "K"** (collectively, the **"201H Resolutions"**). The 201H Resolutions set forth a number of exemptions from the land use ordinance and zoning laws, including but not limited to the development of single family housing meeting R-3.5 zoning requirements in an AG-1 district.⁶ Developer is entitled to, at its discretion, utilize any or all of the exemptions set forth in the 201H Resolutions in developing the Project. The City shall use good faith efforts to take such steps as are necessary to confirm and support Developer's right to utilize the exemptions set forth in the 201H Resolutions. Notwithstanding the foregoing, should Developer deem it necessary to process a zone change with respect to all or any portion of the Property from AG-1 to R-3.5 zoning, the City shall also use good faith efforts to assist Developer in such process, including but not limited to submitting written support in favor of Developer's application(s) to obtain R-3.5 zoning, including, as necessary, Developer's application for a Land Use Commission district boundary amendment. The City shall promptly execute all documents as may be necessary or convenient to carry out the intent of this subsection (c).

(d) Renton Road Improvements. Subject to availability of funds, the City shall complete the Renton Road Improvements as set forth above, by or prior to the expiration date of the Phase II Development Period, at no cost to Developer. The City shall coordinate with the Department of Transportation Services on all access points to Renton Road. Developer and the City acknowledge that the foregoing is not included in the RFP.

(e) Off-Site Improvements/Sewer Connections. The City shall, subject to the availability of funds, at no cost to Developer, construct all off-site improvements related to the Renton Road Improvements as set forth above, which improvements shall include utility services required to service the Project including water, sewer and drainage systems, and electrical and telecommunications systems, up to the boundary of the Property, by or prior to the expiration date of the Phase II Development Period.

(f) Developer Has No Obligation for New Ingress/Egress Routes; Traffic Signals. The City and Developer will use good faith efforts to obtain written confirmation from the appropriate Governmental Authorities that Developer is not required to construct any new routes of ingress or egress to or from the Property and that Developer is not required to construct any new traffic signals as part of the Phase II Improvements. If it is determined by the appropriate authorities that a new traffic signal is required as part of the Phase II Improvements, the City shall, at the City's sole cost and expense, be responsible for the installation of said traffic signal.

(g) Chapter 343, Hawaii Revised Statutes. Developer shall have satisfied the requirements of Chapter 343, HRS, and DPP as the accepting authority shall have

⁶ Under AG-1 Zoning, and notwithstanding that there are 46 existing residential structures at the Property, detached residential dwelling units other than farm dwellings are not permitted (*see* LUO Table 21-3 Master Use Table). Thus, under the current zoning, no developer would be able to construct a single new dwelling unit at the Property. Note that even if Developer were to develop a project with farm dwellings (which is not appropriate to the Project), no more than one farm dwelling for five (5) acres of land is permitted in AG-1 (i.e.; a maximum of 5 farm dwellings could be constructed at the Property).

accepted as final any environmental assessment or environmental impact statement, to the extent required by law, and no legal challenges shall have been filed in the time allotted pursuant to Section 343-7, HRS.

(h) Environmental Site Assessment. Developer shall conduct at its own cost, a Hazardous Materials Survey, and, if Developer determines it is necessary in its sole discretion, an updated Phase 1 environmental site assessment (pursuant to ASTM E 152713) and a Phase 2 environmental site assessment if warranted by the Phase 1 environmental assessment. As used herein, "Hazardous Materials Survey" means a hazardous materials survey of asbestos-containing materials, lead-based paint, and other hazardous materials which may be found in an existing building, and which survey may be prepared and submitted as part of a Phase 2 environmental site assessment.

(i) State Historic Preservation Department. Developer shall have satisfied all requirements of Chapter 6E, HRS, and Chapter 13-300, HAR, relating to archeological and historical preservation with respect to the Phase II Improvements.

(j) Notice to Proceed with Phase II Construction. If Developer elects to proceed with construction of the Phase II Improvements, Developer shall provide the City with a written notice stating substantially that, upon and subject to this Agreement, Developer is prepared to proceed with the Phase II Construction Period at or prior to the expiration of the Phase II Pre-Development Period (the "Notice to Proceed with Phase II Construction"). If Developer does not deliver the Notice to Proceed with Phase II Construction by the end of the Phase II Pre-Development Period, Developer will be deemed to have elected to terminate this Agreement and the following provisions shall apply:

(i) Subdivision. Developer shall, at Developer's cost, cooperate to subdivide the Property to create a separate, legal lot for that portion of the Property on which the Phase II Improvements were to be constructed (the "Phase II Lot").

(ii) Developer as Fee Owner of Phase II Lot; Conveyance to the City. If the Agreement of Sale has been paid in full, Developer shall withdraw the Phase II Lot from the CPR, and Developer shall convey all of Developer's right, title, and interest in the Phase II Lot to the City. All closing costs and escrow fees customarily chargeable to a seller of real estate in Hawaii shall be paid by the City. All closing costs and escrow and recording fees customarily chargeable to a buyer of real estate in Hawaii, together with all documentary transfer taxes, including conveyance taxes, the cost of any updates to any ALTA surveys ordered by Developer (if any), the recordation costs to record all closing documents, all closing costs associated with Developer's financing, and all title policy premiums (if any) and the cost of any and all endorsements shall be paid by Developer. Each party shall pay its own legal and consulting fees. After such conveyance, Developer and the City shall terminate this Agreement in accordance with Section 18.1 below.

(iii) Agreement of Sale Still Effective; Title Reverts to City. If the Agreement of Sale has not been paid in full, the City and Developer shall cooperate to withdraw the Phase II Lot from the CPR, and Developer shall terminate this Agreement and the Agreement

of Sale in accordance with Section 18.1 below. For avoidance of doubt, all of Developer's right, title, and interest in the Phase II Lot will revert to the City upon such termination.

(iv) No Further Rights. After termination of this Agreement as provided for in the above section, except as otherwise provided herein, this Agreement shall be null and void and of no further force and effect, and the parties shall have no further rights, obligations or liabilities hereunder.

6.2.4 Phase II Construction Period. If Developer delivers the Notice to Proceed with Phase II Construction, then Developer shall commence the Phase II Construction Phase.

(a) Phase II Improvements. Developer shall construct up to eighty-eight (88) new residential structures and a community center; provided, however, that Developer shall have no obligation to commence work on the community center until all residential structures have been completed.

(b) Required Infrastructure. As between the City and Developer, Developer shall be responsible to build and maintain, at its sole cost, all on-site infrastructure required for the Phase II Improvements during Phase II, including but not limited to, planning, design, entitlement approvals, payment of permit fees and infrastructure such as waterlines, sewers, drainage, and electrical, telephone, gas and cable television lines, conduits, and hookups, and any other utility lines or connections required by the Project, but excluding roadways and other routes of ingress and/or egress provided that any onsite utilities constructed within roadways and other routes of ingress and/or egress shall be constructed as to fully restore the pavement surfaces to current condition or better. In the event Phase II is completed, the Phase I Improvements shall be connected to such infrastructure improvements as are constructed in Phase II; provided, however, nothing in this Agreement shall be construed to require any upgrade or improvement to the infrastructure serving the Phase I Improvements except as may be required by applicable health and safety regulations. For avoidance of doubt, Phase I Owners will not be required to contribute to any infrastructure costs that may be incurred as part of the Phase II Improvements.

6.2.5 Reserve Account. If the Phase II Improvements are not constructed in accordance with this Agreement, Developer shall fund a reserve account for the owners of the Project in an amount equal to approximately Twenty One Thousand and No/100 Dollars (\$21,000) per Unit sold; provided, however, Developer and the City covenant to cooperate in good faith to establish a schedule for said funding; i.e., Developer shall not be required to fund the full amount at once.

6.2.6 Further Agreements. The parties covenant to negotiate in good faith and to execute such amendments to this Agreement as may be necessary to develop the Phase II Improvements.

SECTION 7 GENERAL REQUIREMENTS

7.1 General Development Requirements. For as long as the Agreement of Sale is effective, Developer shall be responsible for complying with the following with respect to all construction.

7.1.1 Funding. Developer is solely responsible for securing all funding necessary for the development, construction, maintenance and operation of the Project. Developer shall be responsible for ensuring that there are no inconsistencies between this Agreement and any proposed financing to be obtained by Developer for the development of the Project. If there are any inconsistencies between the requirements of this Agreement and such other financing, the more restrictive requirement shall control provided that the more restrictive terms do not amend, release or remove obligations required of Developer or impose or increase any obligations on the City.

7.1.2 Plans. Developer shall cause to be prepared all grading plans, construction drawings, specifications, building plans and drawings necessary to construct the Project. All plans for the Project shall be subject to the City's review and approval as conforming to the intent and objectives of this Agreement prior to submittal to the applicable governmental agency for processing, including all of the following:

(a) Requests for changes in land use designations, including land use classifications, zoning, or zoning exemptions or waivers for the Project.

(b) Surveys, grading plans, construction drawings, specifications, building plans and drawings for all on-site and off-site improvements to be constructed as part of the Project.

(c) Development budgets, construction schedules and amendments.

(d) Approval by the City shall not be considered any representation or warranty that the plans are compliant with applicable City, State, or federal laws.

7.1.3 Surveys. All lines, levels and elevations are to be laid out and checked by a surveyor or civil engineer licensed in the State. Developer shall furnish all land surveys and construction stakeout necessary for the completion and acceptance of the Project. All survey work shall be laid out and checked by a surveyor or civil engineer licensed in the State at Developer's own expense. Developer shall furnish a certificate or document signed by the surveyor or civil engineer certifying that the completed lines, levels, and elevations are in conformity with this Agreement. Except as set forth in Section 4.1.3(g), Developer shall be responsible for all costs necessary to address any survey, title or other development issues (including, if necessary, costs for filing any petitions before the Land Court) or to address any boundary issues raised by the City or other government agency, including issues related to development across common property lines.

7.1.4 Developer to Report Errors and Discrepancies. Developer shall notify the City upon discovering any error, omission, or discrepancy:

(a) Between the plans and/or specifications and conditions on the Project;

(b) In the layout identified by stakes; or

(c) In instructions furnished by the City.

Such notice shall be: (1) in writing; (2) made as soon as possible but in no event later than one (1) Business Day after the Developer discovers the error, omission, or discrepancy; and (3) shall be sent to the City. After notifying the City about an error, omission, or discrepancy as described herein, Developer shall proceed with the performance of this Agreement only after receiving written approval or instructions from the City.

7.1.5 Construction in Accordance with Plans. Developer shall cause the Project to be constructed in accordance with the final building plans approved by the City pursuant to Section 7.1.2 above, except as otherwise approved and allowed by the City in writing. All construction shall be in accordance with all applicable City, State, Federal ordinances, statutes or laws.

7.1.6 Control of Dust. Developer shall maintain all excavation, embankment, stockpile, and all other work within or adjoining the Project free from dust that would cause a hazard or nuisance. Sprinkling, chemical treatment, bituminous treatment, or similar methods will be permitted to control dust upon acceptance by the City. Sprinkling must be repeated at such intervals as to keep all pavements and disturbed areas at least damp enough to prevent dust nuisance at all times, and Developer shall have sufficient sprinkling equipment on the job. Wet cutting shall be required for cement masonry blocks, concrete, and asphaltic concrete pavements unless attachments are used with dry cutting equipment to capture the dust created thereby. All grinding work shall be wet. No dry powder brooming will be permitted in unconfined areas. Vacuuming, wet mopping, wet sweeping, or wet power brooming may be used upon written acceptance by the City.

7.1.7 Traffic Control and Access to Project.

(a) Developer shall comply with all traffic and pedestrian access rules and regulations as required by law, and shall obtain all necessary permits from the Department of Transportation Services, City and County of Honolulu, prior to commencing any operations which may impact any City street or block or delay vehicular or pedestrian traffic on or about the Project.

(b) Whenever possible, Developer shall maintain roadways suitable for two lanes of traffic while construction is in progress. Developer shall provide adequate traffic control as required by the approved permit during working hours.

(c) Developer shall employ such methods in the performance of this Agreement and provide such barriers, guards, temporary bridges, detours, notices, lights, warnings, and other safeguards as may be necessary to prevent injury to persons and property, and to provide safe access to the Project and/or Real Property. All passages and accesses shall be in conformance with the Americans with Disabilities Act ("ADA") and related regulations and guidelines unless approved for exemption by the state DCAB due to infeasibility. All traffic controls shall conform to the requirements of the applicable Federal, State and City laws, rules and ordinances, including but not limited to the Hawaii Administration Rules Governing the Use of Traffic Control Devices at Work Sites On or Adjacent to Public Streets and Highways adopted by the City Director of Transportation Services, the Federal Highway Administration's Manual on Uniform Traffic Control Devices for Street and Highways, Part IV - Traffic Controls for Street

and Highway Construction and Maintenance Operations, and the City's traffic code, Chapter 15, Revised Ordinances of Honolulu ("ROH"), as amended.

7.1.8 Dewatering.

(a) Developer shall be responsible for the water and its control and disposal during the construction of all work covered by this Agreement. Dewatering shall be accomplished by suitable means. Developer shall repair any and all damages to property including buildings, retaining walls, etc., resulting from such dewatering operation to the satisfaction of the owners of such property. Dewatering shall be prohibited in areas subject to substantial damages resulting from settlement due to dewatering.

(b) All concrete pours shall be dewatered in accordance with applicable sections of the City's standard specifications.

(c) Developer shall construct and maintain all cofferdams, drains, sumps, temporary diversions, and protective works; and shall furnish, install, maintain and operate all necessary pumping and other equipment for dewatering the various parts of the work, regardless of the source of water. Developer shall maintain a water-free foundation to properly perform the items of work. Developer shall maintain the work free from water for at least six hours following the placement of each unit of concrete, concrete unit masonry, or concrete rubble masonry.

(d) Developer shall make all necessary arrangements with affected property owners for removal of water from the Project to the extent necessary.

(e) Developer shall be responsible for all permits which may be required for removal of water from the site, including but not limited to the National Pollutant Discharge Elimination System (NPDES) permit.

7.1.9 Supervision. Developer, at all times, shall be present in person, or be represented by the Developer's superintendent with authority to act for the Developer in connection with this Agreement during the performance of this Agreement. Prior to the start of work, Developer shall submit to the City the name of the person charged with the responsibility of all work.

7.1.10 Restoration of Property. At or prior to the end of the Phase I Construction Period or the Phase II Construction Period, as appropriate, Developer shall be responsible for the following:

(a) In the event Developer or Developer's agents damaged any property, Developer shall immediately restore such property to the condition it was in prior to the damage.

(b) Developer shall replace, restore, and repair, in accordance with the City's standard specifications, pavement, gutters, and curbs damaged or removed by Developer.

(c) When trenching disturbs lawns, the area over the trench shall be carefully graded and replanted with similar grass spaced over the trench substantially similar to the condition it was in prior to the excavation.

(d) Trees and shrubbery which are disturbed, shall be transplanted under the direction of the owner or lessee of the Property to some other site and, upon completion of the backfill, shall be replanted on the original site, to the satisfaction of the said owner or lessee.

(e) Developer shall reference and replace marks, stakes, pipes, monuments of the Property line, and similar objects that may be disturbed by Developer while performing this Agreement. A surveyor licensed by the State shall certify any such replacements.

(f) When trenches are to be made across concrete sidewalks, patios, driveways, and other like concrete construction, Developer shall make neat cuts in the concrete with pavement saws and shall thoroughly compact the backfill and reconstruct such construction with concrete similar to the existing construction in accordance with the City's standard specifications.

(g) Where private land under cultivation is disturbed, Developer shall place the upper twelve inches of topsoil to one side, which shall not be mixed with the general excavated material. After backfill has been made to within twelve inches of the surface, the topsoil shall be replaced.

(h) Upon completion of the Project, Developer shall remove rubbish, surplus or discarded materials, falsework, forms, temporary structures, field offices, Project signs, signs not a part of the Project, and Developer's equipment and machinery, and shall leave the site and ground occupied by Developer in connection with the performance of this Agreement in an orderly and clean condition. Buildings constructed, altered, or worked in by Developer in the performance of this Agreement shall be left "broom clean", and stains and other blemishes resulting from the Developer's operations, such as dropped or splattered concrete or mortar and paint, shall be removed from floors, walls, ceilings, windows, and all other exposed surfaces.

7.1.11 Dedication to the City. Developer is fully and solely responsible for designing, constructing and completing any improvements within the Project that are intended to be dedicated to the City, including roads, sidewalks, utilities and other public improvements, in full compliance with City standards. Developer shall also be fully and solely responsible for effecting the transfer and dedication of such improvements to the City, at its sole cost and expense.

7.1.12 Conditions to Completion of a Structure. A structure in the Project shall be deemed complete and able to be conveyed to a purchaser when the following requirements have been satisfied for such structure:

(a) A Notice of Completion shall have been filed as provided under Chapter 507, Hawaii Revised Statutes, as amended ("HRS");

(b) The Developer has satisfied all "punch list" items;

(c) The statutory lien period has lapsed and no Liens have been filed or, if any have been filed, the Developer has either resolved said Lien claim or obtained a bond to satisfy the Lien claim; and

(d) A certificate of occupancy has been issued by the City for all structures in the Project which require such a certificate before they can be used for their intended purposes.

7.2 Publicity and Public Presentations. Developer shall not refer to the City, or any office, agency, employee or officer thereof, or the goods, services or construction provided under this Agreement in any of Developer's brochures, advertisements, or other publicity. All inquiries and communications from the media or other members of the public about the subject matter of this Agreement shall be referred to the City. Notwithstanding the foregoing, Developer shall provide presentations and updates of the Project to the public upon reasonable advance request by the City.

7.3 Legal Compliance. Developer shall keep itself fully informed of all laws, ordinances, codes, rules and regulations, governmental general and development plans, setback limitations, rights-of-way, and all changes thereto, that in any manner affect this Agreement and the performance thereof. Developer shall comply with all such laws, ordinances, codes, rules and regulations, governmental general and development plans, setback limitations, rights-of-way, including the giving of all notices necessary and incident to the proper and lawful prosecution of the work, and all changes thereto. If any discrepancy or inconsistency is discovered between this Agreement and any such law, ordinance, code, rule, regulation, design standard, design criterion, governmental general and development plans, setback limitation, or rights-of-way, Developer shall forthwith report the same in writing to the City. Laws, regulations, and ordinances that affect this Agreement and the performance thereof, include but are not limited to:

7.3.1 Chapter 6E, HRS, and Chapter 13-300, HAR, relating to archeological and historical preservation.

7.3.2 Chapter 104, HRS, relating to wages and hours of employees on public works.

7.3.3 Chapter 342D, HRS, and Chapters 11-54 and 11-55, HAR, relating to water pollution control and NPDES requirements.

7.3.4 Chapter 342F, HRS, relating to noise pollution.

7.3.5 Chapter 343, relating to the environmental review process; Chapter 378, HRS, relating to fair employment practices.

7.3.6 Chapter 386, HRS, relating to worker's compensation.

7.3.7 Chapter 396, HRS, relating to occupational safety and health.

7.3.8 Chapter 444, HRS, relating to contractor licensing.

7.4 Preservation of Natural Resources. Land resources shall be preserved in their present condition or be restored to a natural condition that will not detract from the appearance of the surrounding area. Developer shall use commercially reasonable efforts to retain existing mature trees on the Real Property. Except in areas marked on the drawings to be cleared, Developer shall maintain and water trees in the construction area. Except in areas marked on the drawings to be cleared, Developer shall not deface, injure or destroy trees or shrubs nor remove or cut them without approval. Any tree or other landscape features scarred or damaged by Developer's equipment or operations shall be restored to their original condition. Developer shall at all times perform all work in such a manner as to prevent any materially adverse interference with or disturbance to fish and wildlife.

7.5 Historic Preservation. If required by the City, prior to doing any work on the Real Property, Developer shall consult with the State Historic Preservation Division of the Department of Land and Natural Resources and shall observe and comply with all requirements for the identification, protection, and preservation of burial and significant archaeological and historical sites at the Real Property.

7.6 Preservation of Property. During the Development Period, Developer, its officers, agents, assignors, employees, consultants, and Contractor(s), or persons acting for or on Developer's behalf, shall keep the Project, adjacent property and improvements in a safe, clean, sanitary and orderly condition and shall not make, permit or suffer any waste, strip, spoil, nuisance, or unlawful, improper, or offensive use of the Property. If the work on the Project passes or occurs close to or under buildings and other structures, Developer shall protect all such buildings and structures by suitable means from any and all damages. All unusable debris and waste materials shall be hauled away by Developer at its sole cost to an appropriate off-site dump area.

7.7 Fees, Costs, Expenses and Taxes. Except as is otherwise stated herein, Developer shall be responsible for all fees, costs, expenses and taxes for development of the Project, including without limitation, fees and costs incurred for the preparation of this Agreement, appraisals, surveys, metes and bounds descriptions, boundary staking, closing costs, conveyance taxes, and any real property taxes.

7.8 Quality of Work, Equipment and Materials.

7.8.1 Developer shall direct its work in accordance with established principles, practices and standards for such work. Developer shall, if applicable, direct its work to relate appropriately to, and in accordance with, established engineering, planning and/or architectural design principles and practices for good exterior appearance, and the natural and man-made environment.

7.8.2 Developer shall use proper and efficient methods and equipment for the performance of this Agreement. All equipment furnished by Developer and used on the work shall be of such size and of such mechanical condition that the work can be prosecuted in an acceptable manner at a satisfactory rate of progress and the quality of work produced will be satisfactory.

7.8.3 Materials and equipment installed as part of any permanent construction shall be new or "like-new", unless otherwise specified. This Agreement contemplates the use of

first-class materials and equipment throughout performance thereof, and it is agreed that any material for which no particular specification is given shall be of the same quality of its class or kind for properties of similar nature and use. For the purpose of this subsection, "new" shall mean purchased specifically for the Project for which award was made and "like-new" shall mean purchased and not previously installed or used in another project.

7.9 Place of Business. Developer shall maintain, for the duration of this Agreement, a permanent place of business within the State where Developer may be served notice and legal process. Written notice may also be served on the Developer or its superintendent on the Project personally, or via facsimile machine if Developer has one, or via mail to the local post office address or post office box.

7.10 Signage. Developer shall provide the City approved signs under the City's template and specifications to identify the Project. The signs shall be erected at locations approved by the City at the Project upon the Closing Date. Signs shall be properly erected and kept clean and legible. After completion of the work under this Agreement and final acceptance thereof, Developer shall remove the signs.

7.11 Availability of Documents. The City shall have access, at all reasonable times, to all notes, designs, drawings, tracings or other technical data pertaining to the services being performed under this Agreement for the purpose of inspection and making copies of them; provided, however, that all such copies shall be made at the City's sole expense.

Developer shall keep a copy of the most current plans and specifications, Agreement (and exhibits, addenda and amendments thereto), and accepted shop drawings readily accessible for reference at the Project or such other location in Honolulu.

7.12 Right to Inspect. During the performance of this Agreement, Developer shall provide the City with proper and safe facilities so that its representatives may access the Project and the shops of Developer and Contractors, and conduct inspections and testing. Developer and Contractors shall provide without charge all reasonable facilities and assistance for the safety and convenience of the City representative performing the inspection or testing. Such assistance may include but not be limited to installation of hoists and ladders necessary to inspect the Project. The presence or absence of a representative of the City shall not result in the waiver of any requirements of this Agreement, nor shall any act, statement or omission by the City representative constitute or be deemed a modification of this Agreement.

The City may perform inspections at any location relating to the Project, including sites outside of the Real Property, such as the places of business of Developer and Contractors, in order to ensure:

7.12.1 That this Agreement is being performed in accordance with its terms.

7.12.2 That the goods, services and construction on the Project are acceptable.

Any portion of work on the Project which is covered contrary to the City's request or the requirements in this Agreement must, upon written request by the City, be uncovered for

inspection. The cover must then be replaced at Developer's expense and without any enlargement of this Agreement time.

If a portion of the work has been covered which the City has not specifically requested to inspect prior to its being covered or is not expressly required by this Agreement to remain uncovered for inspection, Developer shall uncover the work at the City's request.

7.13 No Discrimination. Developer shall comply with all applicable City, State, and Federal laws and regulations prohibiting the exclusion from participation of, the denial of benefits to, or other discrimination against any person on prohibited grounds, such as on the grounds of race, color, national origin or religion.

7.14 HRS Chapter 103B. Developer is advised of the applicability of Chapter 103B of the Hawaii Revised Statutes. Chapter 103B requires Developer to ensure that Hawaii Residents (as defined in the Act) compose not less than eighty percent of the workforce employed to perform the Contract.

7.15 [RESERVED].

7.16 Sexual Harassment Policy. Developer must comply with the requirements of Chapter 1, Article 18, ROH, regarding sexual harassment. Developer shall have and enforce a policy prohibiting sexual harassment. Developer's sexual harassment policy must set forth the same or greater protection than those contained or required by the ordinance.

7.17 Time Is Of Essence. Developer acknowledges and agrees that time is of the essence with all requirements contained herein and that its failure to meet any of these time deadlines is a basis for termination of this Agreement and the Agreement of Sale.

7.18 Hazardous Materials. Developer shall not cause or permit the escape, disposal, or release (as defined below) of any Hazardous Materials (as defined below).

7.18.1 Developer shall not allow any Hazardous Materials on the Real Property, except as authorized by law and for use in the ordinary course of developing the Project, and then only in accordance with construction industry standards. When the use of Hazardous Materials is necessary to perform work, before doing so, Developer shall notify the City in writing of the nature of the Hazardous Material, its intended use, the intended duration of its presence on the Real Property, and the methods for its handling and maintenance. Developer shall exercise utmost care in handling, maintaining and using Hazardous Material and carry on such activities under supervision of properly qualified personnel and in compliance with all Environmental Laws. If any lender or governmental agency shall ever have a rational basis to suspect Developer's inappropriate use of Hazardous Materials, the City may require testing to ascertain whether or not there has been any escape, disposal or release of Hazardous Materials by Developer, then Developer shall be responsible for all costs. In addition, Developer shall execute affidavits, representations and the like from time to time at the City's reasonable request, concerning Developer's best knowledge and belief regarding the presence, escape, disposal or release of Hazardous Materials on the Real Property.

7.18.2 Developer agrees to defend, indemnify, and hold harmless the City from any actions, claims, damages or injury resulting from the presence, escape, disposal or release of Hazardous Materials caused or contributed to by Developer or persons acting under Developer and not caused or contributed to by the City. This covenant shall survive the expiration or earlier termination of this Agreement.

7.18.3 In the event of a spill, release, escape, or discharge of Hazardous Materials on the Real Property is caused or contributed to by Developer or persons acting under Developer and not caused or contributed to by the City, Developer shall take immediate corrective action to correct or remove the cause of the release, shall contain, clean, remove, and remediate any resulting contamination, and shall restore the Property and any affected areas and waters to a condition that is acceptable to and that meets all applicable standards of the governmental agencies with applicable jurisdiction, such as the State Department of Health (“DOH”) and the United States Environmental Protection Agency (“EPA”). Developer shall also provide a written report to the City and satisfy all other reporting requirements. Developer shall undertake all of these obligations at its sole cost and expense.

7.18.4 Developer shall maintain and employ debris, pollution, and contamination control measures, safeguards, and techniques to prevent debris, pollution, or contamination to ocean waters, streams or waterways resulting from the activities of Developer, its contractors and agents, in connection with the Real Property.

7.18.5 If Hazardous Materials are encountered on or adjacent to the Real Property, Developer shall immediately cease all activity that may disturb or otherwise contribute to a release. Developer shall report the condition to the City and shall make all other required reports and notifications.

7.18.6 Developer shall ensure that all waste generated from its demolition and construction activities shall be properly handled and disposed of, at its own expense, in accordance with all applicable laws and regulations.

7.18.7 For purposes of this Agreement:

(a) “Environmental Laws” shall mean all federal, state and local laws of every nature, including statutes, ordinances, rules, regulations, codes, notices, standards, directives of every kind, guidelines, permits, licenses, authorizations, approvals, interpretations of the foregoing by any court, legislative body, agency or official, judicial decisions, judicial and administrative orders, rulings or judgments, or rules of common law which currently are in effect or which may come into effect through enactment, issuance, promulgation, adoption or otherwise, which in any way may pertain to, relate to, or have any relevance to the environment, health or safety. Environmental Laws include, but are not limited to, regulations and orders of the EPA and DOH.

(b) “Hazardous Substance” shall include any chemical, substance, radioactive materials, organic or inorganic material, controlled substance, object, condition, waste, living organism, or combination thereof which is, may be in the future, or has been determined by state or federal authority under any Environmental Law to be hazardous to human health or safety

or detrimental to the environment. This term shall include, but not be limited to, petroleum hydrocarbons, asbestos, radon, polychlorinated biphenyls, methane, fuels of any kind, and other materials or substances that are, or may in the future be, regulated by the DOH or federal authorities.

(c) **“Hazardous Materials”** shall mean any pollutant, toxic substance, hazardous waste, hazardous material, Hazardous Substance, and/or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation and Liability Act, as amended, the Federal Clean Water Act, the Federal Clean Air Act, or any other federal, state or local Environmental Laws, regulations, ordinances or rules, whether existing or subsequently enacted.

7.19 Approvals. Any approvals obtained by Developer from the City pursuant to this Agreement shall be for the purposes of this Agreement only. Such approvals shall not be construed to relieve or absolve Developer of compliance with any laws or regulations. Nor shall any such approvals serve as a substitute for, or excuse Developer from obtaining, any required approvals from federal, state, and City agencies.

SECTION 8

CONVEYANCES TO PURCHASERS; IMPROVEMENTS TO UNITS

8.1 Priority. Priority for acquiring a Unit in the Project shall be as set forth in **Schedule 1**. For avoidance of doubt, no purchaser may own more than one (1) Unit in the Project.⁷

8.2 Sales of Units under Agreement of Sale. The following provisions shall apply until the Agreement of Sale is satisfied.

8.2.1 Financial Capability; Individual Unit Closings. When a purchaser of a Unit is prepared and able to close, Developer shall provide confirmation of such purchaser's financial capability to the City. Thereafter, the City and Developer shall determine a closing date for such Unit which shall be no more than ten (10) Business Days after Developer delivers proof of purchaser's financial capability. Once a closing date for a Unit is confirmed, no later than two (2) Business Days before such closing date, the parties shall deliver or cause to be delivered the following agreements, instruments and payments:

(a) City's Deposits of Documents into Escrow.

(i) Four (4) copies of a deed in partial satisfaction of the Agreement of Sale for such Unit; which deed shall provide for: (i) if the purchaser is a person or entity other than Developer, an assignment from Developer to purchaser of Developer's rights, title, and interest as vendee under the Agreement of Sale; and (ii) the direct conveyance of the Unit and related common elements from the City to purchaser, and which shall be in form and substance reasonably satisfactory to the City and prepared at the expense of the Developer (the **“Deed in Partial Satisfaction”**), duly executed and acknowledged by the City;

⁷ An owner may exchange their Unit for a different Unit subject to the review and approval of the Association of Unit Owners for the Project.

(ii) A bill of sale, duly executed by the City and acknowledged and conveying all of the City's right, title and interest in and to all fixtures and tangible personal property including in the subject Unit;

(iii) The State of Hawaii Form P-64A, appropriately completed and executed by the City (the "Conveyance Tax Certificate");

(iv) If a purchaser is obtaining title insurance with respect to a Unit, a seller's affidavit in the form required by the purchaser's title company, and such other certificates and supporting documents as are customarily provided by sellers of commercial real estate in Hawaii and are required by said title company as a condition to the issuance to purchaser, at purchaser's expense, of the title insurance policy; and

(v) Other incidental documents (which require no indemnity or cash contribution), not otherwise expressly provided for herein, customary or reasonably required by Developer, the purchaser, or the Escrow Agent to consummate the transaction, including such affidavits or statements regarding unrecorded leases, and the absence of construction activity giving rise to mechanics liens, provided that requesting party delivers to the City a written notice of the required affidavits or statements within a reasonably sufficient time in advance of the scheduled closing date.

(b) Developer's Deposit of Documents into Escrow.

(i) Four (4) counterparts of the Deed in Partial Satisfaction, duly executed and acknowledged by the Developer;

(ii) If a purchaser is obtaining title insurance with respect to a Unit, such affidavits, certificates and supporting documents as may be required by purchaser's title company as a condition to the issuance to purchaser, at purchaser's expense, of the title insurance policy; and

(iii) Other incidental documents (which require no indemnity or cash contribution), not otherwise expressly provided for herein, customary or reasonably required by the City, the purchaser, or the Escrow Agent to consummate the transaction, including such affidavits or statements regarding unrecorded leases, and the absence of construction activity giving rise to mechanics liens, provided that the requesting party delivers to Developer a written notice of the required affidavits or statements within a reasonably sufficient time in advance of the scheduled closing date.

(c) Purchaser's Deposit of Documents into Escrow.

(i) The purchase price for the Unit;

(ii) Four (4) counterparts of the Deed in Partial Satisfaction, duly executed and acknowledged by the purchaser;

(iii) The purchaser's counterpart to the Conveyance Tax Certificate, appropriately completed and executed by the purchaser; and

(iv) Other incidental documents (which require no indemnity or cash contribution), not otherwise expressly provided for herein, customary or reasonably required by the Developer, the City, or the Escrow Agent to consummate the transaction, including such affidavits or statements regarding unrecorded leases, and the absence of construction activity giving rise to mechanics liens, provided that the requesting party delivers to purchaser a written notice of the required affidavits or statements within a reasonably sufficient time in advance of the scheduled closing date.

8.2.2 Developer as Purchaser. For avoidance of doubt and notwithstanding the provisions of this Section 8.2.2 or any other provision of this Agreement or the Agreement of Sale, Developer may, as vendee under the Agreement of Sale and in its sole discretion, elect to purchase a Unit directly from the City; *provided, however*, that Developer's right to purchase a Unit pursuant to this Section 8.2.2 is subject to the provisions of Schedule 1 and provided further that Developer shall be considered to be Fifth Priority as is described more particularly therein.

8.2.3 Application of Net Sales Proceeds to Purchase Price. Upon the sale of a Unit, Escrow Agent shall cause Fifteen Thousand and No/100 Dollars (\$15,000.00) of the Net Sales Proceeds to be remitted to the City, which amounts shall be credited against the Purchase Price. The balance of the Net Sales Proceeds shall be remitted to Developer.

8.3 Sales of Units After Agreement of Sale Satisfied. If the Agreement of Sale has been satisfied in full, the City and Developer will promptly execute and deliver all documents as may be reasonably necessary or convenient to remove the Agreement of Sale from title to the remaining Real Property and to convey all of the City's remaining right, title and interest in the Property as is more particularly set forth in the Agreement of Sale. Thereafter, Developer shall facilitate the delivery of all documents and payments required for Developer to convey the Units directly to the purchasers.

8.4 General Sales Conditions. The following provisions shall apply until the Development Agreement is terminated.

8.4.1 Improvements to Units. A Unit may or may not include a structure. Each purchaser shall work with Developer to assess minimum health and safety improvements to the structure, if one exists, then (i) each purchaser will pay in addition to the cost of the Unit, the cost for improvements to meet minimum health and safety requirements, and (ii) if purchaser desires improvements beyond minimum health and safety improvements, purchaser may work with Developer to have Developer construct such improvements based upon an agreed upon cost as between purchaser and Developer to be paid by purchaser, and (iii) if no structure exists purchaser may have Developer construct a new home at an agreed upon cost as between purchaser and Developer to be paid by purchaser. A purchaser shall not be required to participate with Developer under options (ii) and (iii) herein.

8.4.2 Construction Completed. If a Unit consists of a structure, all improvements as are required to meet minimum health and safety requirements shall be completed.

SECTION 9 DEVELOPER WARRANTIES

9.1 Developer is a business entity that is experienced and skilled in the type of work described in the RFP and this Agreement. Developer and all contractors it retains to work on the Project (“Contractors”) are licensed by the State to engage in the type of work required by the RFP and this Agreement and are in compliance with all applicable laws and regulations precedent thereto.

9.2 Developer is validly authorized to do business under and by virtue of State laws, and is currently in good standing thereunder.

9.3 Developer has carefully and thoroughly reviewed the RFP and this Agreement and has found it complete and free from ambiguities and sufficient for the purpose intended.

9.4 Developer is skilled and experienced in the type of work required or will employ the necessary contractors to construct and complete the work required under the Proposal and this Agreement.

9.5 Developer has not relied upon any verbal representations from the City, its employees, or agents, including architects, engineers, or consultants, in assembling the Proposal and negotiating and executing this Agreement.

9.6 The delivery and performance by Developer of its obligations under this Agreement will not: (1) violate the provisions of any law; (2) constitute a default under Developer’s entity formation or organizational documents; or (3) result in a conflict with, violation of, or default under any judgment, order, decree, indenture, or other instrument or document to which Developer is a party.

9.7 Developer certifies that its Proposal and this Agreement were independently arrived at without collusion.

9.8 Developer has no obligations, commitments, or impediments of any kind that will limit or prevent performance of work as proposed under its Proposal or required by this Agreement.

9.9 Neither Developer nor any employee or agent of Developer presently has any interest, and promises that no such interest, direct or indirect, shall be acquired, that would or might conflict in any manner or degree with Developer’s performance under this Agreement.

9.10 To the extent required by law, Developer’s directors, shareholders, and officers have duly approved the execution, delivery, and performance of this Agreement, and all transactions related thereto by Developer, and Developer has the authority to take all necessary actions to fully perform this Agreement.

SECTION 10 ASSIGNMENT OF DEVELOPMENT AGREEMENT

10.1 The identity of Developer is of material importance to the City. This Agreement cannot be assigned, sold, pledged, hypothecated, or transferred by Developer, except as provided herein, without the prior written consent of the City, in its sole and absolute discretion. Any such transfer or assignment without City's written consent shall be null and void. No proposed assignment of this Agreement shall release Developer from its obligations and liabilities hereunder accruing prior to the date of such proposed assignment or transfer, except as otherwise agreed to in writing by the City.

SECTION 11 INDEMNIFICATION

11.1 To the highest degree permitted by law, and except to the extent caused by the City's gross negligence or willful misconduct, Developer shall save, indemnify, hold harmless and defend, with counsel of the City's choice, the City, and its employees, officers, agents, representatives, successors and assigns, from and against any and all losses, damages, expenses, liabilities, claims, judgments, awards or demands resulting from injuries to or death of persons or damage to property, including property of the City, and its respective employees, officers, agents, representatives, successors and assigns arising directly or indirectly out of obligations herein undertaken or out of the acts or omissions of Developer, Contractor(s), or Developer's or Contractors' employees, consultants, designers, architects, engineers, agents, or other representatives, and shall reimburse and pay to the City, as applicable, any loss, expense or damage or any expenditures, including attorneys' fees, incurred by the City by reason of such matters.

11.2 Except to the extent caused by the City's gross negligence or willful misconduct, Developer shall save, hold harmless, indemnify and defend, with counsel of the City's choice, the City, and its employees, officers, agents, representative, successors and assigns against any and all claims, suits, liability, expense or damage for any alleged or actual infringement or violation of any patent or patent right arising in connection with this Agreement and anything done hereunder, including payment of attorneys' fees and costs incurred by the City.

11.3 Except to the extent caused by the City's gross negligence or willful misconduct, Developer shall save, hold harmless, indemnify and defend, with counsel of the City's choice, the City, its employees, officers, agents, representatives, successors and assigns, as well as the Property, from any and all claims, suits or liens arising in connection with this Agreement, or any contract by Developer, or anything done hereunder, including payment of attorneys' fees and costs incurred by the City.

11.4 Developer shall save, hold harmless, indemnify and defend, with counsel of the City's choice, the City, and its employees, officers, agents, representatives, successors and assigns against any and all loss, damage, costs, expenses suffered or incurred on account of any breach of the obligations and covenants of this Agreement by Developer, including payment of attorneys' fees and costs incurred by the City.

SECTION 12 INSURANCE

12.1 Developer, at its sole cost and expense shall procure and maintain at all times during the term of this Agreement the insurance policies set forth in **Exhibit "L"** hereto, in compliance with and subject to the terms and conditions set forth in **Exhibit "L"**.

SECTION 13 INFORMATION TO BE PROVIDED BY DEVELOPER

13.1 Status Reports. Developer shall submit annual status reports on the progress of development and construction of the Project.

13.2 Financial Information. Upon the City's request, but not more frequently than once per quarter per calendar year, Developer shall promptly furnish current data and information, financial or otherwise, concerning Developer and the Project, including the following:

13.2.1 Updated financial information supporting the Project, including without limitation, a current marketing plan, current rental income trends or projections, the status of tenant retentions, or other documents reflecting prospective tenants or purchasers solicited or secured by Developer for rent or sale of space in the Project and any other financial documentation which confirms that Developer will be able to complete construction of the Project, operate the Project and sell units in the Project as proposed under the Proposal and agreed herein.

13.2.2 Updated Project budget showing Developer's estimated costs for developing and constructing the Project, including Developer's estimates of costs incurred to date and to be incurred over the remainder term of development.

13.2.3 Updated Project construction schedule showing Developer's progress to date and estimated time for completing the Project. Each significant design phase for preparing the Project plans shall be indicated.

13.3 Notice of Claim. Developer shall give the City notice when served with any litigation or claims of any kind which might subject Developer to any liability in an amount in excess of \$50,000.00 whether or not covered by insurance within thirty (30) Days of Developer's receipt of such litigation or claim.

SECTION 14 NO LIENS, EXCEPT AS OTHERWISE PERMITTED

14.1 Developer shall not commit or suffer any act or neglect whereby the Real Property or any improvement thereon or portion thereof shall become subject to any attachment, lien, charge or encumbrance whatsoever, except as hereinafter provided, and Developer shall indemnify and hold the City harmless from and against all Liens and all expenses resulting therefrom. Notwithstanding Developer's right to contest any Liens, if any Liens are filed by Developer's Contractor(s) or other parties for which Developer is responsible against the Real Property in connection with claims for services or labor incurred at the instance or request of Developer, Developer shall remove the Liens when filed or, within five (5) Days after written demand by the City, cause such Liens to be removed in a manner satisfactory to the City. If Developer fails to

comply with the foregoing, the City is hereby authorized to take whatever actions it deems necessary to cause the Liens, together with any effect upon title, to be removed, discharged, satisfied, compromised or dismissed, and the cost thereof, including, without limitation, reasonable attorneys' fees incurred by the City, shall become immediately due from Developer to the City.

SECTION 15 TAXES AND ASSESSMENTS

15.1 Following the Phase I Construction Period, Developer shall be responsible for all taxes and assessments applicable to the Project. Developer shall pay or cause to be paid all taxes, assessments or other governmental charges levied upon any of Developer's properties or Developer's income before the same become delinquent.

SECTION 16 DEFAULT

16.1 Event of Default. Developer shall be in default if hereafter:

16.1.1 Developer, fails, repudiates or refuses to perform Developer's obligations hereunder, or intentionally commits any act which renders further performance of this Agreement impossible.

16.1.2 The Project fails to progress in compliance with the Development Schedule, or the Developer otherwise fails to comply with the Development Schedule in any respect.

16.1.3 Developer fails to obtain all land use entitlements and permits needed to develop and construct the Project within the time deadlines set forth herein.

16.1.4 Developer fails to complete the development and construction of the Project in accordance with the Proposal and this Agreement, including the plans approved by the City pursuant to Section 6.1 above.

16.1.5 Developer fails to complete the development and construction of the Project, Lien-free, within the time deadlines set forth herein.

16.1.6 If Developer has executed a Security Agreement and Developer is in default under the terms of the Security Agreement and has failed to cure said default under the terms of the Security Agreement.

16.1.7 There is any attempt to attach, execute on, or implement a judicial seizure of, all or any part of this Agreement, the Real Property or the Project or any improvements thereon, or there is any attachment, execution or other judicial seizure of any other material property or asset of Developer, or there is any similar legal action or legal process materially affecting all or any part of this Agreement, or Developer's ability to perform this Agreement and complete the Project, on account of Developer's acts or failure to act, unless, in any such case, such attachment, execution or seizure is set aside, dissolved, bonded off or otherwise eliminated within thirty (30) days of its occurrence.

16.1.8 Developer has declared bankruptcy pursuant to the United States Bankruptcy Code, 11 U.S.C. Section 101 et. seq, as amended, and this Agreement has been rejected by the appointed bankruptcy Trustee within the applicable bankruptcy time period and procedures.

16.1.9 A third person obtains an order or decree in any court of competent jurisdiction enjoining or prohibiting Developer from performing this Agreement and such proceedings are not discontinued and such order or decree is not vacated within thirty (30) days after the granting thereof.

16.1.10 There is a sale, transfer, hypothecation, assignment or conveyance of all or any part of this Agreement or the Project or the Real Property without the prior written consent of the City, except as expressly allowed and contemplated by this Agreement.

16.1.11 Any representation or warranty made by or on behalf of Developer herein, in any of the other writings in connection with the selection of Developer to develop the Project on the Real Property proves to have been false or incorrect in any material respect on the date as of which such representation or warranty was made; or a final judgment is entered which alone or with other outstanding final judgment(s) against Developer (or Developer's principals, partners, limited partners or others with an ownership interest in Developer) would in the City's sole and absolute determination have a material adverse effect on Developer's financial ability to perform its obligations in connection with this Agreement and (i) such judgment(s) is not be discharged, or (ii) within thirty (30) days after entry of such judgment(s) the execution thereof is not stayed pending appeal, or (iii) such judgment(s) is not discharged within thirty (30) days after the expiration of any such stay.

16.2 Notice of Default. If Developer is in default, the City shall notify Developer of such default in writing to Developer's address as set forth in Section 18.6 herein below by any means, including without limitation personal delivery or first class mail.

16.3 No Waiver. Any failure, forbearance or delay on the part of the City in exercising any power or right under this Agreement or other documents contemplated by this Agreement shall not operate as a waiver of the same or as a waiver of any other City power or right. No single or partial exercise of any such City power or right shall preclude any other or further exercise thereof or the exercise of any other such City power or right. Any action taken by the City pursuant to this Agreement to proceed with the development of the Project despite Developer's default shall not constitute a waiver of any of the conditions precedent which Developer is required to perform to proceed with the development of the Project. If Developer is unable to perform or satisfy any such condition, the City shall not be precluded from thereafter declaring such inability or failure to cure to be an event of default as provided in this Agreement.

16.4 Cure Periods.

16.4.1 **Monetary Defaults.** Developer shall have ten (10) days from the date of the Notice of Default to cure a default which can be remedied and cured by the payment of money.

16.4.2 **Nonmonetary Defaults.** If a default cannot be remedied by the payment of money ("Nonmonetary Default"), Developer shall have thirty (30) days from the date of the Notice of Default in which to cure such Nonmonetary Default. Developer shall immediately

proceed with taking all action necessary to cure the nonmonetary default. If a nonmonetary default cannot be cured within said 30-day period, Developer shall submit a written request to the City for an extension of time to cure the nonmonetary default supported by the reasons thereof. The City may, within its sole and absolute discretion, grant such extension. During such period of default, Developer shall protect the Project and Property from loss or damage and shall maintain the Project schedule to the extent that it is practicable to do so.

16.4.3 City's Costs. Upon the occurrence of such default, including during any cure period, the City may, but shall not be required to, advance funds or agree to undertake to advance funds to any third party or for health and safety reasons to eliminate, mitigate or reduce the risk of loss resulting from such default. Developer shall reimburse the City upon demand for any such sums paid by the City together with interest at the simple annual rate of twelve percent (12%) until the date of reimbursement.

16.5 City's Remedies. After Developer has been declared to be in default and Developer fails to cure such default within the time period allowed, Developer agrees that the City may exercise any and all legal and equitable rights that are afforded to the City by law, this Agreement, and the documents entered into in furtherance of the transaction contemplated by this Agreement. Without limitation, the City may:

16.5.1 Terminate this Agreement and declare a default under the Agreement of Sale, at which time all of Developer's right, title and interest in the Property and the Project, shall revert to the City.

16.5.2 Take over the completion of the Project and Developer's performance bond to use all plans, drawings, specifications and Project documents and work product owned by Developer and, in the City's sole discretion, to negotiate with Developer's surety or consultants and contractors to complete the Project.

16.5.3 Without participation by the Developer, enter into negotiations with other developers or contractors and enter into agreements with another developer or contractor to complete the development of the Project pursuant to such development agreement, or to take any other action with respect to the Property or the Project, and recover from Developer any costs incurred by the City for such agreements or actions.

16.5.4 All rights, powers and remedies are cumulative and not alternative, are in addition to all rights, powers and remedies afforded by statutes or rules of law and may be exercised concurrently, independently or successively in any order whatsoever.

16.6 Transfer of Project Documents, Entitlements, Government Approvals and Project Development Rights. If Developer is declared in default and such default is not cured within the time required under this Agreement and the City elects to terminate this Agreement:

16.6.1 If not already secured, Developer shall obtain the requisite authority from its architects and consultants and any other party having an interest to deliver and/or assign to the City all of Developer's right, title and interest to all models, conceptual drawings, plans, specifications, blueprints, and other Project documents prepared by itself or its consultants, excluding any correspondence, document and work product developed by the attorneys for

Developer, so that the City shall have any right, title and interest held by Developer to such documents. The City shall thereafter be free to use such plans and specifications to construct the Project, either by itself or in conjunction with any other person, and the City shall be free to enter into any contract or agreement with any of Developer's partners, consultants, architects, planners, engineers, or employees.

16.6.2 The City shall be and become the sole owner of all permits, approvals and other governmental entitlements related to the Property and Project to the extent that these rights are transferable, and Developer shall cooperate with the City in effecting the transfer of such permits, approvals and entitlements, upon payment by the City of all costs associated therewith.

16.6.3 Developer shall execute a release of its rights hereunder and all documents required to cancel the Agreement of Sale and return the remaining Real Property to the City without charge.

16.6.4 If requested by the City, Developer shall cooperate with the City in transferring any rights, title and interest described in subparagraphs (a) and (b) above to a subsequent developer or contractor selected by the City to do further work relating to the Property or the Project.

16.7 Developer's Remedies

16.7.1 If the City fails or is unable to perform the City's responsibilities set forth in this Agreement, the Developer's sole remedy shall be to terminate this Agreement. The Developer shall be solely at risk for all costs and expenses Developer has incurred up until such termination of this Agreement.

16.7.2 Except for any liability arising out of a default by Developer, including any continuing obligation to indemnify, defend and hold the City harmless with respect to any obligations incurred by Developer, Developer shall have no further liability to the City hereunder.

16.7.3 Developer understands and agrees that the City shall not indemnify, defend or hold Developer harmless for any costs, expenses, damages, including consequential or punitive damages, incurred by Developer or anyone claiming by, through or under Developer, including any permitted assignee, arising out of or in connection with this Agreement.

SECTION 17 DEVELOPER OBLIGATIONS UPON COMPLETION

17.1 **Completion and Survey Certification.** Upon completion of each phase of the Project in accordance with Section 17.2 and if requested by City, Developer shall provide the City with the following:

17.1.1 Six (6) copies of "as built" plans for: (i) any infrastructure improvements constructed by Developer in Phase I (for avoidance of doubt, the Developer is not required to submit "as built" plans for the repair work to the Existing Structures); and (ii) all Phase II Improvements, as well as six (6) CDs or DVDs containing pdf copies of said "as built" plans.

17.1.2 Certification by an architect or engineer duly licensed under the laws of the State of Hawaii that the applicable phase of the Project has been completed in accordance with the approved plans and specifications.

17.1.3 Six (6) copies of the ALTA “as built” survey and surveyor’s report prepared and certified by a surveyor registered under the laws of the State showing and stating that all improvements “as built” are located within the boundary and setback lines of the Project and six (6) CDs containing portable document format copies of said “as built” survey and surveyor’s report, as aforesaid.

17.2 **Notice(s) of Completion.** A certified copy of the affidavit(s) of Notice(s) of Completion duly filed in the appropriate Circuit Court of the State of Hawaii shall be furnished to the City. Such Notice(s) of Completion shall be filed as soon as possible after the architect or engineer has certified that the Project has been completed.

SECTION 18 MISCELLANEOUS

18.1 Cancellation of the Agreement of Sale.

18.1.1 The City and Developer has the right to cancel the Agreement of Sale pursuant to Section 6.2.1(b) and Developer has the further right to cancel this Agreement and the Agreement of Sale pursuant to Section 6.2.3(j).

18.1.2 In furtherance of such right to cancel, simultaneously with the recordation of the Agreement of Sale, Developer and the City shall promptly execute and deliver to Escrow a Cancellation of Agreement of Sale in substantially the form attached hereto as **Exhibit “M”**. Developer is authorized to instruct Escrow to record the Cancellation of Agreement of Sale only after Developer has provided written notice of cancellation to the City, with a copy to Escrow, or if Developer is deemed to have cancelled this Agreement by failing to deliver any notice to proceed it has the option to deliver hereunder, then within five (5) days after the last day Developer may deliver such notice to proceed to the City.

18.1.3 In the event either party properly elects to terminate this Agreement and the Agreement of Sale, the parties agree to cooperate to execute all other documents necessary or convenient to effectuate such terminations.

18.2 Confidentiality of Material.

18.2.1 All material given to or made available to Developer by virtue of this Agreement which is identified as proprietary or confidential information will be safeguarded by Developer and shall not be disclosed to any individual or organization without the prior written approval of the City.

18.2.2 All information, data, or other material provided by Developer to the City shall be subject to the Uniform Information Practices Act, Chapter 92F, HRS. All information, data, or other material that Developer regards as proprietary or confidential shall be expressly designated as such by Developer prior to submission to the City.

18.2.3 The provisions of this Section 18.2.3 shall remain in full force and effect notwithstanding the expiration or early termination of this Agreement.

18.3 Confidentiality of Personal Information.

18.3.1 Definitions.

(a) “Personal information” means an individual’s first name or first initial and last name in combination with any one or more of the following data elements, when either name or data elements are not encrypted:

- (i) Social security number;
- (ii) Driver’s license number or Hawaii identification card number; or
- (iii) Account number, credit or debit card number, access code, or password that would permit access to an individual’s financial information.

Personal information does not include publicly available information that is lawfully made available to the general public from federal, City, or local government records or information obtained from an individual.

(b) “Technological safeguards” means the technology and the policy and procedures for use of the technology to protect and control access to personal information.

18.3.2 **Confidentiality of Material.** All material, given to or made available to the Developer by the City, by virtue of this Agreement that is identified as personal information shall be safeguarded by Developer and shall not be disclosed without the prior written approval of the City.

(a) Developer agrees not to retain, use, or disclose personal information for any purpose other than as permitted or required by this Agreement.

(b) Developer agrees to implement appropriate “technological safeguards” that are acceptable to the City to reduce the risk of unauthorized access to personal information.

(c) Developer shall report to the City in a prompt and complete manner any security breaches involving personal information.

(d) Developer agrees to mitigate, to the extent practicable, any harmful effect that is known to Developer because of a use or disclosure of personal information by Developer in violation of the requirements of this Section 18.3.2(d).

(e) Developer shall complete and retain a log of all disclosures made of personal information received from the City, or personal information created or received by Developer on behalf of the City.

18.3.3 Security Awareness Training and Confidentiality Agreements.

(a) Developer certifies that all of its employees who will have access to the personal information have completed training on security awareness topics relating to protecting personal information.

(b) Developer certifies that confidentiality agreements have been signed by all of its employees who will have access to the personal information acknowledging that:

(i) The personal information collected, used, or maintained by Developer will be treated as confidential;

(ii) Access to the personal information will be allowed only as necessary to perform this Agreement; and

(iii) Use of the personal information will be restricted to uses consistent with the services subject to this Agreement.

18.3.4 Termination for Cause. In addition to any other remedies provided for by this Agreement, if the City learns of a material breach by Developer of this **Section 18.3.4** by Developer, the City may at its sole and absolute discretion:

(a) Provide an opportunity for Developer to cure the breach or end the violation; or

(b) Immediately terminate this Agreement.

In either instance, Developer and the City shall follow chapter 487N, HRS, with respect to notification of a security breach of personal information.

18.4 Records Retention.

18.4.1 Upon any termination of this Agreement, Developer shall, pursuant to chapter 487R, HRS, destroy all copies (paper or electronic form) of personal information received from the City.

18.4.2 Developer and any Contractors shall maintain the files, books, and records that relate to this Agreement, including any personal information created or received by Developer on behalf of the City, and any cost or pricing data for three (3) years after completion of this Agreement. The personal information shall continue to be confidential and shall not be disclosed without the prior written approval of the City. After the three (3) year retention period has ended, the files, books, and records that contain personal information shall be destroyed pursuant to Chapter 487R, HRS.

18.4.3 Developer and any Contractors and subcontractors shall maintain the books and records that relate to the services performed or provided pursuant to this Agreement for ten (10) years from the completion date of this Agreement.

18.5 Force Majeure. If performance of this Agreement or of any obligation hereunder (other than an obligation to pay any amounts, taxes, fees or other payments due and described in Sections 3, 5, 6, 11, and 15) is prevented or substantially restricted or interfered with by reason of an event of Force Majeure (defined below), the affected party shall be excused from such performance to the extent of and for the duration of such prevention, restriction or interference. The affected party shall promptly notify the other party in writing of the event of Force Majeure and shall use its reasonable efforts to avoid or remove such causes of nonperformance, and shall continue performance hereunder whenever such causes are removed. The term “**Force Majeure**” means causes beyond the reasonable control of and without the fault or negligence of the party claiming Force Majeure, including, but not limited to, acts of God, labor unrest (including, but not limited to, slowdowns, picketing, boycotts or strikes), floods, earthquakes, storms, fires, lightning, explosions, power failures or power surges, vandalism, theft, terrorism, the unauthorized cutting of power, transmission or other lines, wires or cables to the Project Site, epidemics, wars, revolutions, riots, civil disturbances, sabotage, changes in law or applicable regulations subsequent to the date hereof and actions or inactions by any federal, state or local legislative, executive, administrative judicial agency or body which in any of the foregoing cases, by exercise of due foresight such party could not reasonably have expected to avoid, and which, by the exercise of due diligence, it is unable to overcome.

18.6 Notices. All notices, requests and communications required or permitted by this Agreement shall be given in writing by (a) personal delivery (confirmed by courier delivery service), (b) expedited delivery with proof of delivery, (c) facsimile and confirmed with a copy of such notice sent by mail, or (d) first class mail, postage prepaid, return receipt requested, certified, addressed as follows:

If to City:	City and County of Honolulu Department of Land Management 558 South King Street Honolulu, Hawaii 96813 Attention: Director Phone: (808) 768-4277 Fax: (808) 768-4296
If to Developer:	Savio/Hawaii Habitat Varona Village LLC 1451 South King Street, Suite 504 Honolulu, Hawaii 96814 Attention: Peter Savio Phone: (808) _____ Fax: (808) _____
With a copy to:	Chun Kerr LLP First Hawaiian Center 999 Bishop Street, Suite 2100 Honolulu, Hawaii 96813 Attention: Danton Wong Phone: (808) 528-8234 Fax: (808) 664-8611

Except as expressly provided herein, any notice provided for herein shall become effective only upon and at the time of first receipt by the party to whom it is given, unless such notice is mailed by certified mail, return receipt requested, in which case it shall be deemed to be received two (2) days after the date that it is mailed. Any party may, by proper written notice hereunder to the other party, change the individual address to which such notice shall thereafter be sent; provided, however, such new notice address shall not be effective until ten (10) days after delivery of notice of the new notice address.

18.7 Amendments, Waiver. Any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Agreement shall be made by written amendment signed by Developer and the City. Such changes shall not invalidate this Agreement or release the sureties, and Developer will perform the work as changed, as though it had been part of the original Agreement.

The terms of this Agreement may not be waived, modified, or in any way changed by implication, through conduct, correspondence, or otherwise, unless such waiver, modification, or change shall be specifically agreed to in writing by the City and Developer. Any waiver in whole or in part to any of the terms and conditions of this Agreement shall be specific and not general. Each waiver shall only apply to the specific conditions and circumstances surrounding it.

18.8 Binding Effect of Agreement. This Agreement shall be binding upon and inure to the benefit of the City, Developer, their respective successors and permitted assigns.

18.9 No Third Party Beneficiaries. No third party beneficiaries are intended by this Agreement, and the terms and provisions of this Agreement shall not give rise to any right in third parties to enforce the provisions of this Agreement.

18.10 Severability. If any provision of this Agreement as applied to any party or to any circumstances shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way effect any other provision under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole. If any provision of this Agreement is inconsistent with any provision of any other document (excluding any loan documents) relating to the Project, the provisions of this Agreement shall control.

18.11 Captions. The captions in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the scope or content of any of its provisions.

18.12 No Partnership. There is no partnership, joint venture, employer and employee, master and servant or other agency relationship between the City and Developer, including guarantors. The City is not a developer of the Project or the operator and manager of the Project. Developer, inclusive of any person acting by, through, under or for the benefit of Developer such as, for example, any real estate property manager, shall not represent or hold itself out as being a partner, joint venture, employee, servant or agent of the City. Developer, inclusive of any person acting by, through, under or for the benefit of Developer, does not have the authority to bind, act for or represent the City in any respect.

18.13 Gender and Number. Within this Agreement, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires.

18.14 Governing Law. This Agreement shall be governed by and construed, interpreted and enforced in accordance with the laws of the State of Hawaii. Any action at law or in equity to enforce or interpret the provisions of this Agreement shall be brought in a court of competent jurisdiction in Honolulu, Hawaii. Developer consents to the exercise of personal jurisdiction over Developer by the courts of the State of Hawaii.

18.15 No Party Deemed Drafter. The parties agree that neither the City nor Developer shall be deemed to be the drafter of this Agreement. In the event this Agreement is ever construed by a court of law, such court shall not construe this Agreement or any provision against any party as the drafter of this Agreement.

18.16 Counterparts. This Agreement may be executed in any number of counterparts. Each such counterpart hereof shall be deemed to be an original instrument but all such counterparts together shall constitute but one Agreement.

18.17 Entire Agreement. This Agreement contains all of the provisions of the agreements between the parties pertaining to the subject matter stated in this Agreement, except as otherwise provided herein. Each party acknowledges that no person or entity made any oral or written representation on which a party has relied as a basis to enter into the agreement stated in this Agreement which is not included as a provision in it.

18.18 Required Actions by the Parties. Each party named in this Agreement agrees to diligently undertake the acts necessary to consummate the transaction contemplated by this Agreement. Each party shall use its best efforts to consummate the transactions contemplated by this Agreement.

18.19 Days; Calculation of Time Periods. As used in this Agreement, "days" shall refer to calendar days unless otherwise specified. If the date of the last date to perform any act or give any notice with respect to this Agreement shall fall on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or state or national holiday.

[The remainder of this page is left intentionally blank.]

IN WITNESS THEREOF, the undersigned have executed these presents as of the day and year first written above.

CITY AND COUNTY OF HONOLULU,
a municipal corporation of the State of Hawaii

By: _____
Name: Kirk W. Caldwell
Its: Mayor

"City"

Approved by the Honolulu City Council at its
meeting held on _____, 20__.

APPROVED AS TO FORM AND
LEGALITY:

Name: Denise W. Wong
Deputy Corporation Counsel

APPROVED AS TO CONTENT:

APPROVED AS TO CONTENT:

CITY AND COUNTY OF HONOLULU,
DEPARTMENT OF LAND MANAGEMENT

Name: Sandra S. Pfund
Its: Director

**SAVIO/HAWAII HABITAT VARONA
VILLAGE LLC,** a Hawaii limited liability
company

By: Savio Manager Inc.,
a Hawaii corporation
Its Manager

By: _____
Peter Savio
Its President

"Developer"

LIST OF EXHIBITS

Schedule 1	Sale Prices of Units
Exhibit "A"	Land Court Map, Lot 18280-B
Exhibit "B"	Property Description
Exhibit "C"	Map of Existing Structures
Exhibit "D"	Proposal
Exhibit "E"	List of Contracts and Leases
Exhibit "F"	Form of Agreement of Sale
Exhibit "G"	Form of Assignment of Leases and Contracts
Exhibit "H"	Varona Floor Plans
Exhibit "I"	Governor's Emergency Proclamation
Exhibit "J"	List of Due Diligence Documents
Exhibit "K"	201H Resolutions
Exhibit "L"	Insurance Requirements
Exhibit "M"	Form of Cancellation of Agreement of Sale

Schedule 1

DRAFT 6

PECKING ORDER FOR PURCHASING HOMES/LOTS *

August 1, 2019

ALL HOME/LOT PURCHASES TO BE PRIMARY RESIDENCES OF THE PURCHASER

Home/Lot selection will be based on Priority # listed below followed by years of service at the Ewa Plantation/Oahu Sugar Company.

	ESTIMATED LOT PRICES
FIRST Priority: Surviving Tenants of Record (TOR) and spouses residing in Varona Village.	
Category A: TOR or spouse of TOR if TOR has passed away residing in Varona Village (they can buy the home they occupy or if vacant lot is desired, priority will be based on years of service at Ewa Plantation/Oahu Sugar Company).	\$100,000
Category B: Current Resident (no TOR relationship) that is primary on the existing Rental Agreement renting in Varona Village for at least <u>24 consecutive months</u> prior to August 1, 2019. Owns no other real estate in the last 3-years. Can buy the home they occupy only. All other tenants on an existing Rental Agreement who have not occupied a unit in Varona Village for at least 24 consecutive months prior to August 1, 2019 are deemed to be FIFTH Priority Public. A tenant of Varona Village who is deemed to be a FIFTH Priority Public may be given a 90-day Notice to Vacate if a higher priority buyer qualifies to buy the home they occupy.	\$150,000
Category C: TOR desiring to return to Varona Village (as long as the departure/removal or eviction was not a result of illegal activity). Can buy, but cannot displace someone. Able to buy vacant home or lot. Owns no other real estate in the last 3-years.	\$100,000
SECOND Priority: Children of a TOR (TOR-C, i.e. son, daughter, etc.) and Grandchild of a TOR (TOR-G).	
Category A: TOR-C child presently residing in Varona Village with TOR. (Refer to lottery) First-time homebuyer has not owned any real estate in the last 3-years.	\$150,000
Category B: TOR-C child desiring to return to Varona Village; first-time homeowner has not owned any real estate in the last 3-years. (Refer to lottery)	\$150,000
Category C: TOR-G grandchild presently residing in Varona Village with TOR. (Refer to lottery) First-time homebuyer has not owned any real estate in the last 3-years.	\$150,000
Category D: TOR-G grandchild desiring to return to Varona Village. (Refer to lottery) First-time homebuyer has not owned any real estate in the last 3-years.	\$150,000
THIRD Priority: Other TOR/TOR-C/TOR-G of the Ewa Plantation/Oahu Sugar Company who worked in Ewa; not from Varona Village, but lived in a Ewa Village. (Lottery applies) First-time homebuyer has not owned any real estate in the last 3-years.	\$200,000+
FOURTH Priority: Any other Oahu retired plantation workers other than Ewa Plantation/Oahu Sugar Company retired plantation workers. First-time homebuyer has not owned any real estate in the last 3-years.	\$200,000+
FIFTH Priority Public: Public or deemed to be public (First Priority, Category B)	\$200,000+
Category A: All tenants on an existing Rental Agreement in Varona Village who have not occupied a unit in Varona Village for at least 24 consecutive months prior to August 1, 2019.	
Category B: General public, not covered under any of the above categories. Must be a first-time homebuyer not owned any real estate in the last 3-years.	

LOTTERY

TOR families with more than one (1) member wanting to return to Varona Village will have an opportunity to purchase through lottery rounds where one (1) name will be entered per round. When all named have been drawn, subsequent rounds will take place using the same format until all names submitted are drawn and/or all available Homes/Lots are selected.

- **NOTES:**
 1. A residing TOR has the option to continue renting as a "Rent-to-Own" occupant. Must pay a reasonable rent as established in Camp Council.
 2. Residing Non-TORs who desire to continue renting will be in the category, "Rent-to-Own".
 3. All tenants must be in good standing and have no illegal activities occupying on-site.
 4. Sections #1 applies to tenants occupying by September 31, 2019. Tenants occupying after September 31, 2019, thru Sections #2 - #6 apply depending which category they fall in.
 5. If occupied home is not purchased, it becomes a vacant home if and when the current tenant moves out.
 6. All Buyers must also financially qualify to purchase a home.
 7. Varona Board of Directors make all final decisions on Pecking Order placement of a Buyer.
 8. Project is a cost plus project \$100,000 (TOR), \$150,000 and \$200,000 prices are as of March 10, 2020 and assuming costs as of that date. If costs increase, prices could increase.

00425403.2

L:\DEVELOPER ACQUISITION PROJECTS\VARONA VILLAGE\MISCELLANEOUS\2020\PECKING ORDER 03 12 2020.doc

EXHIBIT "A"

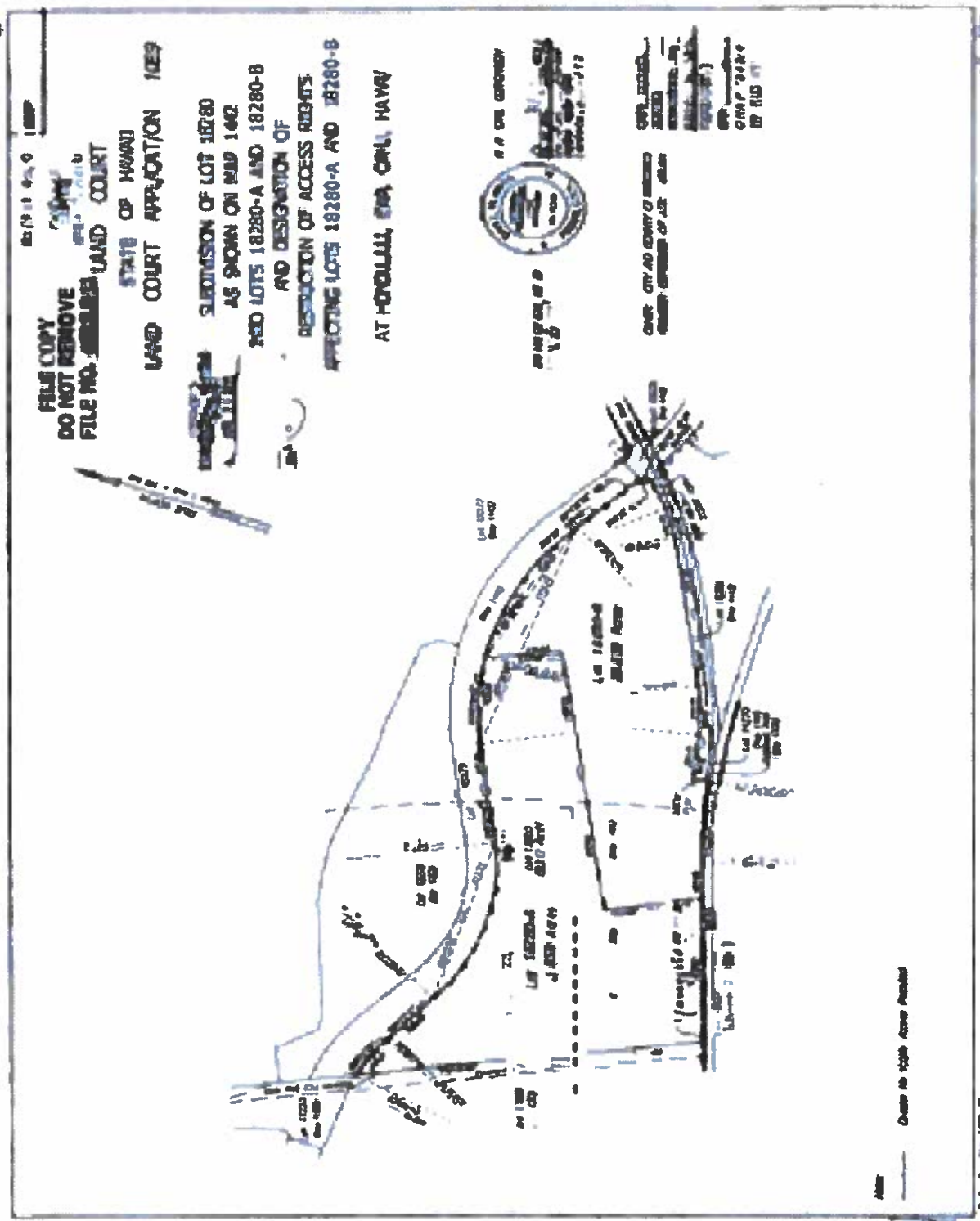


EXHIBIT "B"

PROPERTY DESCRIPTION

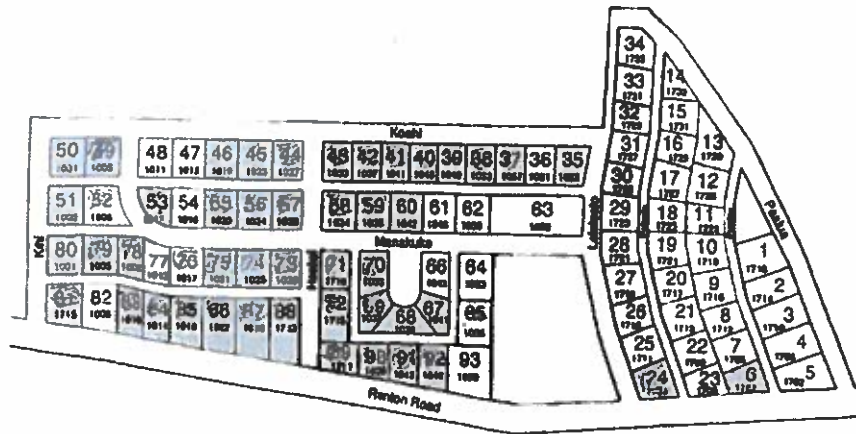
All that certain parcel of land situate at Honouliuli, District of Ewa, City and County of Honolulu, State of Hawaii, described as follows:

Lot 18280-B, area 26.359 acres, more or less, as shown on Map 1537, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1069 of the Trustees of the Estate of James Campbell, Deceased.

Being a portion of the land described in and covered by Transfer Certificate of Title No. 455,921 issued to the City and County of Honolulu, a municipal corporation of the State of Hawaii.

EXHIBIT "C"

MAP OF EXISTING STRUCTURES



Page 16 of 20

VARONA VILLAGE LOTS
APPROX. 26 ACRES

☒ Phase 1
☐ Phase 2

Varona Village Working Group - Report of Findings
Appendix B

December 31, 2013

EXHIBIT “D”

PROPOSAL



OFFER PROPOSAL
For
VARONA VILLAGE CONDO CONVERSION
& REDEVELOPMENT
TMK: 9- 1 -017:113

Offered by:

Hawaii Habitat for Humanity Association, Inc.
2015 Young Street, #82
Honolulu, HI 96826

Savio Growth Varona Camp, LLC
1415 S. King Street, Suite 504
Honolulu, HI 96814

November 30, 2017

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Section 1.0 – Development Team & Development Entity

Section 2.0 – Offeror / Developer Profile – Hawaii Habitat for Humanity

Section 2.1 – Audited Financial Statements

Section 2.2 – Tax Clearance & Certificate of Good Standing

Section 3.0 – Consulting Developer Profile – The Savio Group

Section 3.1 – Consulting Developer Past Projects

Section 3.2 – Financial Institution Reference Letters

Section 4.0 – Development Plan

Exhibit A – Hawaii Habitat for Humanity Audited Financial Statements

Exhibit B – Project Budget

Exhibit C – Sample Home Packages

Exhibit D – Poamoho Camp Variance & Joint Development CUP Application

Exhibit E – Relevant News Article(s)

**EXECUTIVE SUMMARY:
PROJECT CONCEPT &
CITY COMPENSATION**

Executive Summary

PROJECT OVERVIEW

The development plan for the project is based on the suggestions provided by the Varona Village Working Group. The Developer supports the residents and surrounding community and remains committed to preserving the plantation heritage of the subject property.

Hawaii Habitat for Humanity (Developer / Offereor) will partner with the Savio Group (Consulting Developer) to subdivide and condominiumize the 93 lots. Lots will be sold to buyers at affordable rates and buyers will subsequently work with Hawaii Habitat for Humanity to construct and/or renovate their homes.

The Developer will overlay the condominium on the subdivision as the condominium structure allows for private roadways, utilities, sewer lines, etc. that are maintained by Association of Unit Owners and allows more flexibility in baseline standards. This structure allows the Developer to reduce costs on baseline standards, which ultimately reduces the purchase price to the buyers. By using Hawaii Habitat for Humanity, buyers benefit from the "sweat equity" contributed by the community, which greatly reduces construction costs.

All components of the project are aimed at providing buyers with permanent affordable housing at the lowest possible cost. The Developer's priority is first and foremost the Tenants of Record and subsequently other affordable housing candidates in the community.

Hawaii Habitat for Humanity and the Savio Group have a long history of helping the local community with affordable housing solutions: Hawaii Habitat for Humanity via construction of new homes, and the Savio Group through below-market condo conversions. Both entities are not profit driven, but instead strive to do social good and improve the lives of those in the community they serve.

CITY COMPENSATION

Based on our valuation, we believe we can pay the City \$1,840,000 for the Varona Village lots. This equates to \$20,000 per lot for 92 salable lots (Lot 63 will be a community center, and is therefore unsalable).

SECTION 1.0:

**DEVELOPMENT TEAM
& DEVELOPMENT
ENTITY**

Development Team & Development Entity

DEVELOPMENT TEAM

Offeror / Developer	Hawaii Habitat for Humanity Association (or Related Entity to be established)
Contact Person	Jean Lilley
Address	2051 Young Street, #82, Honolulu, Hawaii 96826
Phone	(808) 847-7676
E-Mail	jean@hawaiihabitat.org

Consulting Developer	Savio Growth Varona Camp LLC (to be established)
Contact Person	Peter Savio
Address	1451 S. King Street, #504, Honolulu, Hawaii 96814
Phone	(808) 398-6300
E-Mail	peters@savio.com
Responsibility	Project Manger / Broker

Legal Council	Chun Kerr LLP
Contact Person	Danton Wong
Address	999 Bishop Street, Suite 2100, Honolulu, Hawaii, 96813
Phone	(808) 528-8234
E-Mail	dwong@chunkerr.com
Responsibility	Chief Legal Council

Development Team & Development Entity

Accountant	KMH LLP
Contact Person	Ross Murakami
Address	1003 Bishop Street, Suite 2400, Honolulu, Hawaii, 96813
Phone	(808) 526-2255
E-Mail	rmurakami@kmhllp.com
Responsibility	Primary Accountant

Brokerage	Savio Realty Ltd
Contact Person	Dana Kenny
Address	162 Kinaoole Steet, Suite 201, Hilo, Hawaii, 96720
Phone	(808) 934-7300
E-Mail	danak@savio.com
Responsibility	Principal Broker

DEVELOPMENT ENTITY

Type of Organization	Limited Liability Company
Name of Development Entity	Entity To be Established (if proposal is awarded)
Address	2051 Young Street, #82, Honolulu, Hawaii 96826
Contact Person	Jean Lilley
Phone / E-Mail	(808) 847-7676 / jean@hawaiihabitat.org
Sole Member	Hawaii Habitat for Humanity

SECTION 2.0:

OFFEROR / DEVELOPER

PROFILE

Offeror / Developer – Hawaii Habitat for Humanity

ABOUT HABITAT FOR HUMANITY INTERNATIONAL

Founded in 1976, Habitat for Humanity International (HFHI) is an ecumenical Christian ministry that works to eliminate poverty housing and homelessness around the world. Driven by the vision that everyone needs a decent place to live, Habitat for Humanity began as a grassroots effort on a community farm in southern Georgia. People of all backgrounds, races, and faiths are invited to work in partnership with families in need to create affordable housing. The Christian housing organization has since grown to become a leading global nonprofit working in more than 1,300 communities throughout the U.S. and in more than 70 countries. To date, over 500,000 houses have been built, repaired, or refurbished, providing simple, decent shelter to more than 2 million people worldwide. In the United States, HFHI is one of the most successful homeownership programs for low income families, with its housing production placing it among the nation's top 20 home builders. Families and individuals in need of a hand up partner with Habitat for Humanity to build or improve a place they can call home. Habitat homeowners help build their own homes alongside volunteers and pay an affordable mortgage. Through financial support, volunteering or adding a voice to support affordable housing, everyone can help families achieve the strength, stability and self-reliance they need to build better lives for themselves. Through shelter, we empower.

ABOUT HAWAII HABITAT FOR HUMANITY

Founded in 1996, Hawaii Habitat for Humanity Association (Hawaii Habitat) is a resource development and support organization that connects, strengthens and accelerates the work of local Habitat of Humanity program offices – or “affiliates” – throughout Hawaii. Hawaii Habitat is a State Support Organization, which supports six Habitat affiliates across the state. Our primary purpose is to ensure that our local affiliates operate at full capacity as efficient, effective and financially stable partners in providing substantially more affordable homeownership opportunities for low-income families. We do this by developing statewide partners and funding resources that will ultimately serve more families within the communities Habitat serves.

Hawaii Habitat for Humanity Association (HHFHA) is the Statewide Support Organization for the seven local Habitat for Humanity affiliates, or community level offices that act in partnership and on behalf of HFHI. Founded in 2001, the mission of HHFHA is to support Hawaii's local Habitat affiliates in securing greater financial resources for building homes, promoting the unique Habitat self-help model, and raising awareness that decent housing is a matter of conscience and action. In addition, HHFHA works to increase the impact of the affiliates by: making construction loans and grants via its revolving loan program; partnering with area businesses, landowners, and local and state governments; advocating for affordable housing; and providing technical assistance. Hawaii's Habitat affiliates serve seven regions throughout the state. Hale Aloha O Hilo serves East Hawaii; Leeward Oahu serves Kapolei, Ewa Beach, and Waianae; West Hawaii captures North Kohala to South Point; and Molokai includes the areas of Kalamaula, Ho'olehua, and Kapa'akea. The Honolulu affiliate serves the island of Oahu,

Offeror / Developer – Hawaii Habitat for Humanity

with the exception of the Leeward region. The Maui and Kauai affiliates serve their respective islands in their entirety. While HHFHA and each of the affiliate offices operate with a staff of approximately 2-5 people, community volunteers are fundamental to completing the core of our work. Year after year, Habitat affiliates have successfully engaged a cadre of community volunteers of diverse faiths and backgrounds, all of whom are committed to working alongside Habitat families to build decent, affordable homes for local families in need. In addition, highly skilled architects, electricians, plumbers, and construction workers provide their services at low or no cost to affiliates, increasing the impact-per-dollar effects of our work. Among Hawaii Habitat affiliates, a total of 3,000-5,000 volunteer hours are contributed in the completion of each Habitat home. This intensive community effort to achieve a tangible, long-lasting goal—the construction of affordable homes for families—is a powerfully unifying experience, and creates a sense of community engagement and investment that extends beyond the individual homeowner families.

Habitat makes homeownership affordable through “sweat equity” by homebuyers, donated and volunteered services and good from community partners, and the sale of homes without profit markups, purchased through low or interest-free mortgages. While the Habitat model is not the only solutions to affordable housing challenges within the state, Habitat truly believes that the “hand up, not a hand-out” approach can provide low-income working families a path out of poverty. Particularly among Hawaii’s families in which one or more adults are working full- or part-time, often at multiple jobs, but still cannot afford ownership, Habitat can offer a unique bridge to homeownership and subsequently, to greater financial stability for themselves and generations to come. In 2012, one of the major programs provided to the Habitat affiliates was through the work of Hawaii Habitat in negotiating with the **Department of Hawaiian Home Lands (DHHL)**. Hawaii Habitat provided the infrastructure with DHHL to provide 100% funding for the construction of homes on Hawaiian Home Lands. The funding would be a 0% interest mortgage provided to the family with Native American Housing and Self-help Development Act (NAHASDA) funds, which are administered by the Department. The program provided Habitat affiliates the funds through a construction loan to the families that then turned to a mortgage loan upon completion and closing on the homes. This resulted in over 25 homes and nearly \$4 million within the first two years of the program. This program is ongoing and Habitat affiliates are still building with these funds.

A second program that Hawaii Habitat has developed over the last two years is a **Mortgage Finance Program**. This is a “hybrid” mortgage sales program, whereby the Habitat affiliate sells a set of mortgages to Hawaii Habitat and Hawaii Habitat in turn sells them to a buyer (usually a bank or credit union). Hawaii Habitat keeps one percent of the sale and the Habitat affiliate receives an infusion of cash to support their programs. Only one transaction has been completed, which was in 2015. It was the sale of eight mortgages from an affiliate, resulting in a nearly \$1 million infusion of cash into their program. The funds were used to secure 10 lots in a new housing development project in their community. Two more similar transactions are currently in the works, which will result in similar funding for two different affiliates. The advantage to the affiliates for

Offeror / Developer – Hawaii Habitat for Humanity

these funds is that they are not restricted for specific programs and can be used for advancing their work in their communities. The affiliate continues to service the mortgages and make monthly payments to the buyer from the secured mortgages.

Hawaii Habitat also has a **revolving loan fund**, which was established in 2006. A total of \$2.5 million from grants received from the Office of Hawaiian Affairs and the State of Hawaii continues to revolve from 0% interest, \$20,000 loans for the term of 20-years made to the affiliates for specific construction projects. To date, the affiliates have made 127 loans from the fund that continues to revolve for ongoing funding. Because of this lending activity, Hawaii Habitat became a certified Community Development Financial Institution in 2015 and continues to pursue funding for continued lending opportunities to Habitat affiliates.

HAWAII HABITAT FOR HUMANITY AFFILIATES

Habitat affiliate offices are located across the state, with each serving the entire island they are located on, with the exception of Oahu. Honolulu Habitat for Humanity and Habitat for Humanity Leeward Oahu both serve the island with Kunia Road being the general dividing point for their service areas. Habitat for Humanity Maui, serves the islands of Maui and Lanai. The remaining affiliates are Kauai Habitat for Humanity, Habitat for Humanity Hawaii Island and Molokai Habitat for Humanity serving their respective islands. These Habitat offices have built or renovated nearly 600 homes across the state since 1989 and have plans for an additional 250 over the course of the next three years.

Habitat affiliates can be complex business entities because of the nature of the organization. The business model of the affiliate has six basic aspects that make up the business as a whole. These are:

- Family Services – Including financial and homeowner education
- Nonprofit development (fundraising) and administration
- Mortgage origination and services -- though third party originators and servicers are used (like the USDA 502)
- Construction
- Volunteer management
- Land Purchasing and Development – as opportunities arise

In addition, most Habitat affiliates in Hawaii have at least one ReStore – a retail operation that sells, to the public, new, used and donated building materials and household items. These stores help increase revenue for the primary mission of serving more families in providing homeownership opportunities through new construction, renovation and rehabilitation of homes.

Offeror / Developer – Hawaii Habitat for Humanity

HAWAII HABITAT MODEL

The Habitat model starts with selecting low income working families who are willing to partner with Habitat, have the ability to pay monthly mortgage payments (often less than their rental payments); and need. Habitat Partner Families will receive homebuyer education, as well as home maintenance and financial counseling services to ensure their success as homeowners. They are also required to provide sweat equity into building their home alongside volunteer labor. Once the home is constructed, they will start paying a monthly mortgage, including insurance and taxes that will not exceed 30% of their monthly income. Habitat mortgages are often no-interest mortgages for Habitat's cost of constructing the house (with volunteer labor) and will have some flexibility for the term to meet the payment requirements. Habitat partner families' incomes are generally within 25% – 60% of the AMI, though Habitat will build for families with incomes up to 80% of the AMI in high cost of living areas.

CHALLENGES

Wealth barriers pose the most significant obstacle to homeownership for low-income and minority families; in particular, producing a sizeable down payment for a first home is especially difficult among these population. Habitat for Humanity provides opportunities for low- and very low-income families for whom homeownership would be otherwise unattainable. Based on a national survey, approximately 43% of Habitat homeowners earned less than 50% of the median household income (MHI) in their respective areas; 34% earned between 50% and 80% of MHI.

Within Hawaii, Habitat homeowners are among the working poor, typically earning between 30% and 80% of the MHI for their communities. Hawaii Habitat families are selected on the basis of need, their willingness to become partners through the Habitat for Humanity model of homeownership, and their ability to repay their mortgage loan. In addition, Habitat families must be residents of Hawaii seeking to live in the catchment area of their respective affiliate. Race, ethnicity and religion are not considered as part of the partner family selection process.

As land continues to be a major challenge for single family construction, especially on Oahu, over the last few years Hawaii Habitat has been in search of partnership opportunities for development of both single-family, as well as multi-family homes for purchase by low income families. With Hawaii Habitat partnering in the development, opportunities for the local Habitat affiliates to build more capacity increases across the state. The more opportunity for ownership by low income families, the more sustainable housing will become, as families move out of the rental housing they open up units for additional families to stabilize their housing situation and perhaps eventually move into their own home. As families move into homeownership, they will stabilize their housing costs and build wealth in their investment. Their monthly mortgage payment does not

Offeror / Developer – Hawaii Habitat for Humanity

change for the term of their mortgage, unlike rental payments, which can change every year.

Since the beginning of Habitat in Hawaii (1989), Habitat has built or rehabbed over 600 homes across the state. Over the course of the next five years, our Habitat affiliates plans show building up to 75 to 100 homes each year. As the need for homeownership continues to rise, Habitat has worked diligently to build capacity to the point of becoming their own developer, as on Kauai (150 home subdivision in Eleele) to partnering with land trust developers and building multi-family homes on Maui. Hawaii Island is also in the process of expanding their services across the entire island through partnerships with developer and the Department of Hawaiian Home Lands. Honolulu and Leeward affiliates continue to be challenged by high land costs on the island of Oahu, but are building capacity as opportunities arise. Varona Village will be a joint project with Honolulu and Leeward Habitat organizations working together.





SECTION 2.1:

**AUDITED FINANCIAL
STATEMENTS**

Offeror / Developer's Financials

HAWAII HABITAT FOR HUMANITY AUDITED FINANCIALS

Please see Exhibit A for audited financial statements.

Additionally, please note that the Developer may establish a single-purpose entity to develop the Varona Village site. Therefore, audited financial statements are not available for that entity. The development entity will be established should the Developer be awarded the proposal.

Finally, it should be noted that the Consulting Developer, The Savio Group, does not and has not ever prepared audited financial statements.

SECTION 2.2:

**TAX CLEARANCE &
CERTIFICATE OF GOOD
STANDING**

Tax Clearance & Certificate of Good Standing

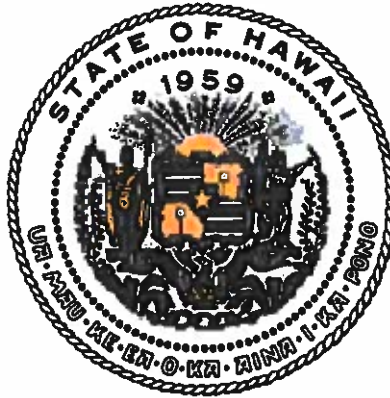
TAX CLEARANCE

Tax Clearance Certificate for the development entity will be obtained once legal entity has been established should Developer be awarded the proposal.

CERTIFICATE OF GOOD STANDING

Certificate of Good Standing for the development entity will be obtained once legal entity has been established should Developer be awarded the proposal.

Certificate of Good Standing for Hawaii Habitat for Humanity Association on the following page.



Department of Commerce and Consumer Affairs

CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs
of the State of Hawaii, do hereby certify that

HAWAII HABITAT FOR HUMANITY ASSOCIATION, INCORPORATED

was incorporated under the laws of Hawaii on 08/21/1996 ;
that it is an existing nonprofit corporation; and that,
as far as the records of this Department reveal, has complied
with all of the provisions of the Hawaii Nonprofit Corporations
Act, regulating domestic nonprofit corporations.



IN WITNESS WHEREOF, I have hereunto set
my hand and affixed the seal of the
Department of Commerce and Consumer
Affairs, at Honolulu, Hawaii.

Dated: November 28, 2017

Director of Commerce and Consumer Affairs

SECTION 3.0:

CONSULTING

DEVELOPER PROFILE

Consulting Developer

ABOUT THE SAVIO GROUP

Mission Statement

"We are a local full-service real estate company that focuses on projects which benefit the Hawaii community. Through creativity and innovation, we firmly believe that private industry can solve many of the housing-related needs and challenges that the local community faces today."

Our Founder

Mr. Savio first entered the real estate industry in the 1970s, working his way to becoming the sales manager of one of Oahu's biggest real estate brokerage companies. He established his own real estate brokerage company in the 1980s and began work in real estate development soon after that. The Savio Group of Companies include:

- Savio Growth Ventures LLC – real estate development
- Savio Asset Management LLC – residential and commercial property management
- Savio Associates LLC – construction development management
- Savio Realty Ltd. – real estate sales and management

Company Profile

The Savio Group of Companies is best known for its successful condominium conversion program and resale of residential, hotel, and commercial properties, as well as the sale of leased fee interests. To date, The Savio Group of Companies has successfully converted and acted as sales agent for more than 50 residential, commercial, and hotel projects and more than 250 lease-to-fee conversions.

The Savio Group of Companies is Honolulu's leading condominium converter/developer. Since 1981, through its concept of economically priced conversions, The Savio Group of Companies has given its buyers over \$250 million in the form of below-market sales prices. It has converted roughly 50 buildings with over 9,000 units from a single-owned apartment building to individual condominium units. Although The Savio Group of Companies was caught in the real estate decline and saw the equity in its projects and company-owned real estate decline, in demonstration of its stability, The Savio Group of Companies was approached by Pacific Century Trust (Bank of Hawaii) to purchase the three buildings that comprised the Queen Emma Gardens project, involving 586 units for \$41,400,000. Pacific Century Trust felt that only The Savio Group of Companies had the resources, knowledge, and ability to successfully convert a project of that size and magnitude from an apartment building to individual condominium units. The challenges other than the size and magnitude of the project was the existence of "tenured tenants" whose rights included a life estate for occupancy of the unit at rental rates that would only increase with the general cost of living.

SAVIO

Consulting Developer

Outrigger Hotels also chose The Savio Group of Companies for the purchase and conversion of three hotel/apartments to individual condominium units with a market value of \$25 million. Outrigger Hotels determined that The Savio Group of Companies was the only company with the knowledge and expertise to convert, market and sell the individual condominium hotels in the shortest possible time.

The Savio Group of Companies has earned numerous awards for its leadership in the commercial and residential real estate services industry. For more information on our experience, please visit our website at www.savio.com.

Services

The Savio Group of Companies is a full-service real estate company comprised of the Projects Division, the General Brokerage Division, the Lease-to-Fee Division, the Property Management Division, and the Student Suites Division.

The Projects Division offers acquisition and development consultation services. Projects range from condominium conversions of residential, commercial, and agricultural properties to the acquisition of hotels, golf courses, and apartment buildings.

The General Brokerage Division offers services to a range of buyers from first-time home buyers to luxury vacation real estate investors.

The Lease-to-Fee Division has assisted lessors and lessees with the sale and purchase of leased fee interests since 1985. The Lease-to-Fee Division has represented numerous large private and trust organizations such as Kamehameha Schools, Queen Lili'uokalani Trust, Saint Francis Foundation, First Hawaiian Trust, the Catholic Church, etc. as well as private individuals, commonly referred to as Hawaii's small landowners. Refer to list of business partners and clients below.

The Property Management Division offers rental, leasing, and property management services for both residential units and commercial units. This division currently manages over 500 residential units and over 300 commercial units.

The Student Suites Division is the premiere off-campus student housing provider. Its current accommodations include standard doubles, singles, suites, and apartments all designed to enhance the student's college experience by offering a living and learning environment.

Business Partners and Clients

Business partners and clients of the Savio Group of Companies include:

- Kamehameha Schools / Bishop Estate
- C. Brewer Company Ltd.
- Outrigger Hotels and Resorts

SAVIO

Consulting Developer

- Pacific Century Trust (Bank of Hawaii)
- The Catholic Church of Hawaii
- First Hawaiian Trust
- Kurisu & Fergus
- Saint Francis Foundation
- Teruya Brothers
- The Gentry Company
- MacNaughton and Gushman
- American Savings Bank

Office Locations

The Savio Group of Companies has offices on Oahu, Maui, and Hawaii Island (Hilo and Pahoehoe) with over 70 professional sales agents and staff. For this project we will be working out of our Oahu and Hilo offices. Peter Savio and Ashley Kurisu will serve as the points of contact for the project.

SECTION 3.1:

CONSULTING DEVELOPER PAST PROJECTS

Consulting Developer's Past Projects

COMPLETE LIST OF PROJECTS

<u>Date</u>	<u>Project</u>	<u>Units</u>	<u>Structure</u>	<u>Avg Price</u>	<u>Total</u>
1981	Leolua Gardens 94-050 Leolua Street Waipahu, Oahu	41 Units; 2 Bdrms / 1 Bath	Leasehold	\$42,900	\$1,758,900
1982	Kunia Terrace 94-040 Waipahu Street Waipahu, Oahu	41 Units; 2 Bdrms / 1 Bath	Leasehold	\$42,900	\$1,758,900
1983	Pauahi Gardens 617-623 McNeill Street Kalihi, Oahu	60 Units; 2 Bdrms / 1 Bath	Leasehold	\$55,000	\$3,300,000
1983	Kokea Gardens 1101-1239 Kokea Street Kapalama, Oahu	144 Units; 1, 2, 3 & 4 Bdrms / 1 Bath	Leasehold	\$36,000	\$5,184,000
1983	Vineyard Apartments 608 N. Vineyard Boulevard Liliha, Oahu	18 Units; 1 Bdrm / 1 Bath	Fee Simple	\$39,500- \$40,500	\$720,000
1984	Wahiawa Lakeview Lakeview Circle Wahiawa, Oahu	20 Units; 2 Bdrms / 1 Bath	Fee Simple	\$42,000	\$840,000
1984	University Gardens 908-918 University Avenue Moiliili, Oahu	30 Units; 2 Bdrms / 1 Bath	Leasehold	\$48,000- \$49,000	\$1,455,000
1984	University Plaza 931 University Avenue Moiliili, Oahu	24 Units; 1 Bdrm / 1 Bath	Leasehold	\$38,000- 48,000	\$1,000,000
1984	Lakeview Gardens 1121 Ala Napunani Street Salt Lake, Oahu	72 Units; 2 Bdrms / 1 Bath	Fee Simple	\$68,000	\$4,896,000
1984	Kalihi Gardens 2027-2033 Wilcox Lane Kalihi, Oahu	54 Units; 2 bdrms / 1 Bath	Fee Simple	\$66,000	\$3,564,000
1985	The Kailuan 409 Kailua Road Kailua, Oahu	18 Units; 2 & 3 Bdrms / 1 Bath	Leasehold	\$59,000- \$63,000	\$1,098,000
1985	Tradewinds	101 Units;	Leasehold	\$59,000-	\$6,161,000

SAVIO

Consulting Developer's Past Projects

	1720 Ala Moana Boulevard Waikiki, Oahu	2 & 3 Bdrms / 1 Bath		\$63,000	
1985	Leolua Vista 94-030 Leolua Street Waipahu, Oahu	41 Units; 2 Bdrms / 1 Bath	Leasehold & Fee Simple	\$47,000-\$49,000 \$57,000-\$59,000	\$2,050,000
1986	Kunia Gardens 94-039 Waipahu Street Waipahu, Oahu	41 Units; 2 Bdrms / 1 Bath	Leasehold & Fee Simple	\$47,000-\$49,000 \$57,000-\$59,000	\$2,050,000
1986	Spreckels Street West 1520 Spreckels Street Makiki, Oahu	30 Units; 1 & 2 Bdrms / 1 Bath	Leasehold	\$55,000-\$79,000	\$2,025,000
1987	Kunia Palms 94-011 Waipahu Street Waipahu, Oahu	130 Units; 2 Bdrms / 1 Bath	Leasehold/ Co-op	\$45,000-\$47,000	\$5,980,000
1987	Leolua Regent 94-246 Leoku Street Waipahu, Oahu	174 Units; 1, 2, & 3 Bdrms / 1 Bath	Leasehold/ Co-op	\$29,900-\$45,900	\$6,264,000
1987	Su Casa 94-254 Leowahine Waipahu, Oahu	192 Units; 2 & 3 Bdrms / 1 Bath	Leasehold & Fee Simple	\$59,200-\$68,200 \$67,700-\$79,500	\$13,440,000
1991	Kapalama Uka 1519 Kaumualii Street Kalihi, Oahu	59 Units; 2 & 3 Bdrms / 1 Bath	Leasehold	\$68,000-\$78,000	\$3,717,000
1991	Kapalama Makai 1514 Dillingham Boulevard Kalihi, Oahu	53 Units; 2 Bdrms / 1 Bath	Leasehold	\$67,000-\$71,000	\$3,657,000
1991	Palolo Valley Gardens 2275 & 2275A-F Palolo Avenue Honolulu, Oahu	5 Single Family Detached Homes (Conversion)	Fee Simple	\$215,000- \$420,000	\$1,600,000
1991	"2040 Nuuanu" 2040 Nuuanu Avenue Honolulu, Oahu	86 Units; Studios, 1 & 2 Bdrms / 1 Bath, Penthouse	Fee Simple	\$145,600- \$1,000,000	\$18,000,000
1992	Century Park Plaza 1060 Kamehameha Hwy. Pearl City, Oahu	600 Units; Studios, 1 & 2 Bdrms / 1 & 2 Bath, Penthouse	Fee Simple	\$77,300- \$300,000	\$65,000,000

Consulting Developer's Past Projects

1992	Maui Gardens 1450 S. Kihei Road Kihei, Maui	90 Units; 1 & 2 Bdrms / 1 & 2 Bath	Fee Simple	\$108,100- \$163,400	\$11,000,000
1993	The Seashore 2450 Koa Avenue Waikiki, Oahu	41 Units Studios, 1 Bdrm / 1 Bath	Fee Simple	\$81,000- \$142,000	\$4,000,000
1994	Ka Momi Nani Heights Cluster Subdivision 2156 Aumakua Street Pacific Palisades Pearl City, Oahu	13 Single Family Detached Homes (New Construction)	Fee Simple	\$359,000- \$384,000	\$5,000,000
1994	Hale Umi 715 & 719 Umi Street Kalihi, Oahu	52 Units; Studios, 1 & 2 Bdrms / 1 Bath	Fee Simple	\$99,500- \$139,900	\$6,000,000
1994	Poha Kea Point 46-035 Konohiki Street Kaneohe, Oahu	31 Units; 2 & 3 Bdrms / 2 Baths	Leasehold	\$219,600- \$280,500	\$8,000,000
1995	Kapalama Gardens 1325 N. School Street Kapalama, Oahu	48 Units; Studios, 1 & 2 Bdrms / 1 Bath, 9 Commercial Units	Fee Simple	\$70,000- \$139,000 \$49,500- \$185,000	\$6,000,000
1995	The Parkside 1870 Lusitana Street Punchbowl, Oahu	31 Units; 2 Bdrms / 1 Bath	Fee Simple	\$152,000- \$164,000	\$5,000,000
1995	Royal Towers 5180 Likini Street Salt Lake, Oahu	100 Units; 2 Bdrms / 1 Bath	Fee Simple	\$130,000- \$151,500	\$14,000,000
1998	Queen Emma Gardens 1519 Nuuanu Avenue. (KT) 1515 Nuuanu Avenue. (QT) Downtown, Oahu	352 Units; 1 & 2 Bdrms / 1 Bath	Fee Simple	\$137,000- \$199,500	\$60,000,000
2001	Diamond Head Beach Hotel 2947 Kalakaua Avenue Waikiki, Oahu	59 Units; Studios, 1 Bdrm / 1 Bath, Penthouse	Leasehold	\$69,000- \$515,000	\$7,000,000
2002	Queen Emma Gardens	235 Units;	Fee Simple	\$79,000-	\$29,000,000

SAVIO

Consulting Developer's Past Projects

	Prince Tower 1511 Nuuanu Avenue Downtown, Oahu	Studios, 2 Bdrms / 1 Bath		\$200,000	
2002	Waikiki Marina Hotel 1700 Ala Moana Boulevard Waikiki, Oahu	136 Units; Studios/Hotel/1 Bath	Leasehold	\$35,000-\$97,000	\$8,000,000
2002	Ala Wai Terrace 1684 Ala Moana Boulevard Waikiki, Oahu	47 Units; Studios, 1 & 2 Bdrms / 1 Bath	Fee Simple	\$135,000- \$450,000	\$7,000,000
2002	1149 Bethel Steet Office Building Downtown, Oahu	50 Units	Fee simple	\$100,000- \$500,000	\$15,000,000
2003	2280 Kuhio Avenue Ohana Surf Waikiki, Oahu	251 Units	Leasehold	Rental	\$15,000,000
2003	Waikoloa Big Island, Hawaii	250 Lots & New Homes	Fee Simple	\$375,000- \$475,000	\$100,000,000
2004	Poamoho Camp Wahiawa, Oahu	63 Homes	Fee Simple	\$100,000	\$6,300,000
2004	Villa at Eaton Square Waikiki, Oahu (Sales Agent)	28 Commercial Condominium Units	Fee Simple	\$38,000 - \$1,350,000	\$10,538,000
2004	Islander on the Beach Kapaa, Kauai (Sales Agent)	193 Hotel Condominium Units	Fee Simple	\$220,000 - \$375,000	\$58,247,500
2005	Kalo Place 1054 Kalo Place Moiliili, Hawaii	24 Units 4 Bdrms / 2 Baths (192 Bed) Student Housing Facility	Rental		\$10,000,000
2007	Pacificana Atlas Honolulu, Oahu	69 Unit Condominium Established Commercial and Residential Sold Residential Condominium Units	Fee Simple	\$163,000 - \$292,000	\$8,141,000

Consulting Developer's Past Projects

2006	Kilani Parkside Wahiawa, Oahu	30 Unit Condominium & Church	Fee Simple	\$450,000	Sold to the Church and Another Developer at a Profit
2007	Makaha Oceanview Estates Waianae, Oahu	22 Units	Fee-Simple	<u>Apartments</u> \$189,000 – \$229,500 <u>Lots</u> \$189,000 – \$399,000	
2008	Ala Moana Towers Honolulu, Oahu	105 Units, 9 Commercial Units 1 & 2 Bdrms / 1 & 2 Bath	Fee Simple	\$285,000- \$400,000	
2008	Plantation Town Apartments Waipahu, Oahu	330 Units 1, 2 & 3 Bdrms / 1 Bath	Fee Simple	\$131,500- \$302,000	
2010	Nehoa Makiki, Oahu	16 Units, 1 & 2 Bdrms w/Den / 1-Bath	Fee Simple	\$216,000- \$259,000	
2010	Pagoda Hotel		Leasehold		
2011	Ewa Hotel	90 Units	Fee Simple		
2011	Holomua	176 Units 1 & 2 Bdrms / 1 Bath, 2 Bdrms / 2 Bath	Fee Simple	\$239,900- \$336,000	
2012	Mary Savio Medical Plaza	62 Commercial Units	Fee Simple	\$1,200,000+	
2014	704 Hauoli Street	6 Units	Fee Simple		
2014	Maui Beach Hotel & Golf Course	147 Rooms	Fee Simple		
<i>In Progress</i>					
2015	Waikele Gulch Bunkers & Canyon	120 Bunkers & 1.2 Million SF of Yard	Fee Simple		
2016	Waikele Business Center	35 Office Units	Fee Simple		
2016	Mill Town Industrial Center	Industrial Warehouse	Fee Simple		

SECTION 3.2:
FINANCIAL
INSTITUTION
REFERENCE LETTERS



HAWAII NATIONAL BANK
Home of Warm-Hearted Bankers

P (808) 528-7711
F (808) 528-7839
W HawaiiNational.bank

CORPORATE BANKING
45 North King Street
Honolulu, HI 96817-5107

June 6, 2017

Peter Savio
c/o Hawaiian Island Holdings, Inc.
1451 S. King Street, Suite 504
Honolulu, HI 96814

Dear Mr. Savio:

This letter is being written at your request to confirm that two of your companies and guaranteed by you personally, have maintained loans with Hawaii National Bank in the past. Both loans which have since been paid off are identified as follows:

- Hawaiian Island Development Loan #7781002482
Paid in full on July 15, 2016
- HIRC Kaheka Investment Loan #1316001217
Paid in full on August 8, 2013

These loans were handled in an entirely satisfactory manner with all scheduled payments being made as agreed.

Thank you for your past patronage. Should there be any further information you may require, please do not hesitate in contacting me.

Sincerely,

Grant Yoshikami
VP & Oahu Regional Manager

SECTION 4.0:

DEVELOPMENT

PLAN

Development Plan

INTRODUCTION

For many low-income families in Hawaii, the dream of homeownership seems out of reach. With one of the most expensive housing markets in the nation, the need for housing for low-income families is critical in Hawaii. Most housing solutions offered to low-income families focus on rentals. However, unlike rental housing, homeownership offers low-income families a true means to break the cycle of poverty. In lower income households, non-housing wealth tends to be extremely limited. Homeownership is a critical means of financial stability for lower income households and offers low-income families one of the few paths to financial stability that can be passed to future generations.

The model of homeownership is a model that Habitat for Humanity ("Developer") and The Savio Group ("Consulting Developer") truly believe in and have seen on a first-hand basis how it can transform families. As a result, this proposal is based on the concept of homeownership as a means of financial stability.

PROJECT CONCEPT

The Developer ("Hawaii Habitat for Humanity") proposes that the 92 lots (excluding the Lot 63 Community Center) will be 100% affordable housing with the target Average Median Income of 100% or less. Hawaii Habitat for Humanity and Consulting Developer ("Savio") propose a "Cost Plus" development approach with a discounted developers' fee of 5% as part of the overall development budget.

The Developer intends to save and renovate to the greatest extent possible all existing homes. The Developer intends to condominiumize and sell land condominiums with preference to Tenants of Record and existing tenants, then subsequently family and friends of the Tenants of Record and existing tenants as agreed to in the pecking order to be established by the Camp Council, which will be organized in the early phase of the project.

The Consulting Developer has extensive experience with affordable housing and condominiums and will handle the filing of the Condominium Property Regime ("CPR"). Savio will subsequently work with Tenants of Record and new buyers by assisting with financing and closing on the land condominiums.

Savio is unique in that they always try to eliminate as many expenses as possible as they believe that every expense that is eliminated does not increase their profit, but reduces the final price their buyers pay. The result is that Savio's projects tend to sell out quickly and at lower average median income levels.

For Varona Village, the tenants of record will get first preference for their units. The balance of the lots will be ideally sold to buyers in the lower levels of the affordable income range. While the Request for Proposals says that 140% of AMI is acceptable, the Developer is aiming to keep prices under a 100% of AMI.

Should a buyer wish to build, renovate, or rebuild, Habitat will work with the lot buyers to build package homes. On average, package homes cost approximately \$150,000 for a new construction 3 bedroom home. Please refer to Exhibit C for details. Please note that the average \$150,000 pricing is based on bulk package home rates, and not individual as provided in estimates.

Development Plan

LAND USE/ZONING CLASSIFICATIONS & ENTITLEMENTS

The subject property is classified as State Land Use Urban District and as such allows for residential development. The City and County of Honolulu classifies the land under Chapter 20 Land Use Ordinance zoned as AG-1 Restrictive Agricultural District. Residential use of AG-1 for Farm Dwelling is Permitted Use subject to the standards in Article 5. One farm dwelling is allowed per 5.0 acre minimum lot area.

Entitlement of the Farm Dwellings at Varona Village will require a Zoning Variance to accommodate the total number and density of farm dwellings. It is proposed that the 93 existing lots be developed to match the existing plantation camp housing plan, divided into "Historic Camp" and the "New Camp."

The redevelopment of in the Varona Village is permissible under the Hawaii Revised Statutes (HRS), as follow:

Section 46-4(g) states: Neither this section nor any law, county ordinance, or rule shall prohibit the use of land for employee housing and community buildings in plantation community subdivisions as defined in Section 205-4.5(a)(12); in addition, no zoning ordinance shall provide for elimination, amortization or phasing out of plantation community subdivisions as a nonconforming use."

Section 205-4.5 states: "(a) Within the agricultural district, all lands with soil classified by the land study bureau's detailed land classifications as overall (major) productivity rating class.

TENANTS OF RECORD

The Developer's model includes the construction of homes with the labor provided by the homebuyers (through their sweat equity requirement) as well as volunteers from the community. All Tenants of Record and other community members will be invited to participate in the construction of the homes, which will also build community among both the current and new residents of the camp.

The overall strategy includes the honoring of prior agreements of the long time tenants of the neighborhood. Any necessary improvements will be done with minimal disturbance to the residents. Housing priority will be given to existing tenants offering below market pricing. Similar to the conversion of Poamoho Camp from plantation camp to affordable housing community.

PARTICIPANT ROLES

The Developer will be relying significantly on the City continued involvement throughout the development portion of the project. Critical to the development is the ability to renovate existing structures without modifications to meet current code requirements, for both buildings and infrastructure (and in the case of new construction, without modifications to meet certain infrastructure current standards, in particular wastewater).

Development Plan

Any concession by the City to waive compliance with current code, or its ability to support this objective with other states or federal agencies, will reduce costs and increase affordability for all 93 lots, allowing the viability of the project and the ability to address modernization and upgrades at future points where economics will be more achievable. For additional improvements to overall affordability, the developer will be looking for relief from property taxes, and a waiver of excise taxes for the development design and construction, and any other taxable transactions. Savings keep developments and rental costs down. Renovated structures may not conform to current building and infrastructure standards, but condominium ownership structure will allow the Developer to obtain property insurance on grandfathered structures. A new community center and park improvements will be included as part of the development concept. The park property maybe assigned to condominium ownership for all 93 lots.

Assistance requested by the City in order to facilitate the development are:

- Land Use Exemptions
- Building Code Variances
- Cost of Capital Off-Site Improvements
- Expediting Building Permits

The above are requests but not requirements to reduce the costs to the end buyers. Houses will be sold to lot buyers at no additional charge. The lot cost will be acquisition cost and development costs spread over the 92 lots on a pro rata basis.

PUBLIC INTEREST

The neighborhood will benefit from rejuvenated sense of place, through preservation of the plantation style of the houses, scale of the streets, the existing park and community center. This will encourage a neighborhood with a sense of pride and security reminiscent of the old plantation town. Not only will Hawaii Habitat for Humanity bring community volunteers to the job site, but the Habitat partner families will all work together on each other's homes. This builds a sense of community between families and neighbors, which is an important element to the Varona Village community.

This project will provide low income families an opportunity to gain an economic boost that they would otherwise not be given.

For Tenants of Record who chose to not to buy, the Developer will allow them to continue to rent their current homes at a lower-than-market rate.

SOURCE OF FUNDS

Funds will be borrowed from lender for acquisition of the land from the City. The project will be condominiumized and lots will then be sold. Buyers will be pre-qualified to fund a development loan to pay for needed infrastructure including water, roads, etc. Developer has done this on the majority of his projects. This strategy reduces costs to the buyers.

Development Plan

BUYER EDUCATION AND FINANCING

Developer will work with local lenders to line up financing for the buyers. In the Poamoho Camp project, the Developer worked with First Hawaiian Bank to finance buyers. Lenders that the Developer has worked with on previous projects to line up first time home buyer financing include, First Hawaiian Bank, Honolulu Home Loans, Bank of Hawaii, etc. Buyers that can qualify will be offered mortgage credit certificate (MCC) financing as another way to make purchasing a home more affordable. Additionally, Hawaii Habitat for Humanity has experience with USDA 502 and various VA loan products, which will be offered to Habitat partner families that qualify.

Hawaii Habitat also has a Mortgage Finance Program, which offers the sale of the mortgages to a financial institution at a discounted rate, which will essentially provide a Zero Equivalent Mortgage (ZEM) that will help fund the individual home projects. The homebuyer's mortgage payments will remain the same as a Habitat 0% interest mortgage amount, but will be discounted by the buyer to cover the interest.

In addition, the Developer will provide training classes for first time homebuyers to educate them about the details of homeownership. The Consulting Developer, Peter Savio, offers a 3-hour First Time Homebuyers class for all new homebuyers.

Hawaii Habitat for Humanity also offers Buyer Education and Financial Counseling services before and after the sale of their home. The Hawaii Habitat for Humanity educational courses and services are a requirement for all Habitat partner families.

Should Buyers be unable to qualify for conventional financing, Developer will offer Agreements of Sale. Agreements of Sale will be structured as renewable agreement of sale every three years at an interest rate of 3.5% with the condition that every three years the Borrower attempts to refinance with conventional financing. A similar program was offered by the Savio Group in their Poamoho Camp project in which 16 buyers utilized the agreement of sale financing.

RELEVANT WORK – POAMOHU CAMP

The Developer will do a conversion similar to what was done in Poamoho Camp. Subdivision approval and then subject the property to a condominium, which will give homeowners control of the village once completed, and allow the Developer to pre-sale units to low and moderate income buyers. We will start selling at 30% and lower and go up hoping to be sold out by the time we reach 80% of median income. It is our belief that we will not have to accept buyers above 100% of median income. The Developer will consider offering some of the unsold unit to renters including Section 8 tenants and establish a rent to build equity program, so they can build equity over time and eventually buy a home. Please refer to Exhibit D – Poamoho Variance and Joint Venture Development CUP Application – for details.

COMMUNITY CENTER

The community center will be built on Lot 63. The funds to construct the center will be given to the Association of Unit Owners (AOUO), and the AOUO will maintain the community center in

Development Plan

perpetuity with money that will be set aside with funds reserved from the monthly condominium maintenance fees. The design of the community center will be based on input from the Camp Council. The Camp will be able to use the community center for many different programs that benefit the community including programs for the kapuna that reside within the project.

EXHIBIT A:

**AUDITED FINANCIAL
STATEMENTS**

HAWAII HABITAT FOR
HUMANITY ASSOCIATION, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEARS ENDED JUNE 30, 2017 AND 2016
AND INDEPENDENT AUDITOR'S REPORT

Alex J. Smith

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

The Board of Directors

Hawaii Habitat for Humanity Association, Inc. and Subsidiary:

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of Hawaii Habitat for Humanity Association, Inc. and Subsidiary (a not-for-profit organization), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Board of Directors
Hawaii Habitat for Humanity Association, Inc. and Subsidiary

Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hawaii Habitat for Humanity Association, Inc. and Subsidiary as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "AJH, CPA".

Honolulu, Hawaii
November 24, 2017

HAWAII HABITAT FOR HUMANITY ASSOCIATION, INC. AND SUBSIDIARY
Consolidated Statements of Financial Position
June 30, 2017 and 2016

Assets	2017	2016
Current assets		
Cash and cash equivalents	\$ 330,044	\$ 347,284
Pledge receivable	-	5,000
Current portion of loans receivable	414,203	354,091
Total current assets	744,247	706,375
Noncurrent assets		
Loans receivable, net	1,853,147	1,939,666
Total noncurrent assets	1,853,147	1,939,666
Total assets	\$ 2,597,394	\$ 2,646,041
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 6,240	\$ 6,585
Accrued payroll liabilities	-	134
Line of credit	10,000	-
Current portion of long-term debt	71,428	71,428
Total current liabilities	87,668	78,147
Non current liabilities		
Long-term debt	891,581	944,114
Total liabilities	979,249	1,022,261
Net assets		
Unrestricted (deficit)	(203,921)	(128,272)
Temporarily restricted	1,822,066	1,750,052
Total net assets	1,618,145	1,623,780
Total liabilities and net assets	\$ 2,597,394	\$ 2,646,041

The accompanying notes are an integral part of these financial statements.

HAWAII HABITAT FOR HUMANITY ASSOCIATION, INC. AND SUBSIDIARY

Consolidated Statements of Activities

Years Ended June 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenues:						
Grants	\$ 74,703	\$ 10,000	\$ 84,703	\$ 32,308	\$ 15,000	\$ 47,308
Amortization of loan discount	-	81,334	81,334	-	87,721	87,721
Contributions	10,868	-	10,868	23,678	-	23,678
Loan processing fees	4,000	-	4,000	18,000	-	18,000
Combined Federal Campaign	1,998	-	1,998	117	-	117
Interest and investment income	1,442	-	1,442	2,111	-	2,111
Other income	4,656	-	4,656	3,530	-	3,530
Total public support and revenues	97,667	91,334	189,001	79,744	102,721	182,465
Net assets released from restrictions:						
Satisfaction of program restrictions	19,320	(19,320)	-	111,830	(111,830)	-
Total public support, revenues, and net assets released from restrictions	116,987	72,014	189,001	191,574	(9,109)	182,465
Expenses						
Program services	114,844	-	114,844	200,391	-	200,391
Supporting services:						
Management and general	58,443	-	58,443	66,529	-	66,529
Fundraising	21,349	-	21,349	25,286	-	25,286
Total expenses	194,636	-	194,636	292,206	-	292,206
Change in net assets	(77,649)	72,014	(5,635)	(100,632)	(9,109)	(109,741)
Net assets, beginning of year	(126,272)	1,750,052	1,623,780	(25,640)	1,759,161	1,733,521
Net assets, end of year	\$ (203,921)	\$ 1,822,066	\$ 1,618,145	\$ (126,272)	\$ 1,750,052	\$ 1,623,780

The accompanying notes are an integral part of these financial statements.

HAWAII HABITAT FOR HUMANITY ASSOCIATION, INC. AND SUBSIDIARY

Consolidated Statements of Functional Expenses

Years Ended June 30, 2017 and 2016

	Program Services	Supporting Services Management and General	Supporting Services Fundraising	Total Expenses 2017	Program Services	Supporting Services Management and General	Supporting Services Fundraising	Total Expenses 2016
Expenses:								
Salaries & related expenses	\$ 86,513	\$ 36,619	\$ 8,540	131,672	\$ 81,849	\$ 36,800	\$ 8,762	\$ 127,411
Professional fees	-	11,435	10,000	21,435	-	17,851	10,000	27,851
Original discounts on loans	19,320	-	-	19,320	96,830	-	-	96,830
Travel & meetings	4,829	4,225	1,006	10,060	7,870	6,886	1,639	16,395
Grants	3,060	-	-	3,060	12,200	-	-	12,200
Office expenses	1,039	909	216	2,164	1,559	1,364	325	3,248
Bad debt expense	-	2,151	-	2,151	-	-	-	-
Insurance	-	1,773	-	1,773	-	2,452	-	2,452
Other program expenses	-	-	1,570	1,570	-	-	4,543	4,543
Tithe	-	500	-	500	-	500	-	500
Communications	83	72	17	172	83	72	17	172
Other	-	759	-	759	-	604	-	604
Total expenses	\$ 114,844	\$ 58,443	\$ 21,349	\$ 194,636	\$ 200,391	\$ 66,529	\$ 25,286	\$ 292,206

The accompanying notes are an integral part of these financial statements.

HAWAII HABITAT FOR HUMANITY ASSOCIATION, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from contributors	\$ 102,569	\$ 86,103
Cash received from service recipients	4,000	18,000
Cash from interest and other income	6,098	5,641
Cash paid for employees	(131,806)	(127,277)
Cash paid to other vendors	(43,989)	(66,348)
Net cash used by operating activities	<u>(63,128)</u>	<u>(103,881)</u>
Cash flows from financing activities:		
Net revolving loan fund payments from/(to) affiliates	35,888	(76,950)
Cash from/(to) line of credit	10,000	-
Net cash provided (used) by financing activities	<u>45,888</u>	<u>(76,950)</u>
Net change in cash	(17,240)	(180,831)
Cash, beginning of year	347,284	528,115
Cash, end of year	<u>\$ 330,044</u>	<u>\$ 347,284</u>
Reconciliation of change in net assets to net cash used by operating activities:		
Change in net assets	\$ (5,635)	\$ (109,741)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Amortization of loan discount	(81,334)	(87,721)
Original discounts on loans	19,320	96,830
Decrease (increase) in pledge receivable	5,000	(5,000)
Increase (decrease) in accounts payable	(345)	1,617
Increase (decrease) in accrued payroll liabilities	(134)	134
Net cash used by operating activities	<u>\$ (63,128)</u>	<u>\$ (103,881)</u>

The accompanying notes are an integral part of these financial statements.

HAWAII HABITAT FOR HUMANITY ASSOCIATION, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
Years ended June 30, 2017 and 2016

NATURE OF ORGANIZATION

Hawaii Habitat for Humanity Association, Inc. (Hawaii Habitat) is a nonprofit organization incorporated under the laws of the State of Hawaii on August 21, 1996. Hawaii Habitat is an affiliate of Habitat for Humanity International, Inc. (Habitat International), a nondenominational Christian nonprofit organization whose purpose is to create decent, affordable housing for those in need, and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with information resources, training, publications, prayer support, and in other ways, Hawaii Habitat is primarily and directly responsible for its own operations.

Hawaii Habitat operates in the State of Hawaii, and its services relate primarily to fundraising and support for the Habitat for Humanity affiliates and chapters in the State of Hawaii. Hawaii Habitat is supported primarily through grants, fundraising, and fees for processing and administering loans to the Hawaii affiliates.

Hawaii Habitat is governed by a Board of Directors, with a maximum of twenty-one (21) voting members who serve three (3) year terms. The voting members shall consist of one (1) member from each recognized Affiliate or Chapter in the State of Hawaii, who shall be chosen by the Board of Directors of the respective affiliates or chapters. The Hawaii Habitat Board may also elect up to fourteen (14) members from the community who are not elected by Affiliates or Chapters. The Executive Director is appointed by and is responsible to the Board for overall operations of Hawaii Habitat, and serves as an ex-officio member of the Board.

HFHM Funding Company I, LLC (HFHMFC) was incorporated on May 13, 2015 and is solely owned by Hawaii Habitat. HFHMFC was formed to acquire, hold, and use as collateral secured loans from Habitat for Humanity Maui, Inc. (HHM) to generate loan funds from HomeStreet Bank (see NOTE 6), that will be transferred to HHM, less a percentage discount earned by HFHMFC. HHM continues to service the original homeowner secured notes. HFHMFC is considered a disregarded entity for federal income tax purposes. Its assets, liabilities, and income and expense items have been consolidated in these financial statements.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of Hawaii Habitat, and HFHMFC (the Organization). All material intercompany transactions and balances have been eliminated in consolidation.

Basis of presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with the AICPA Audit and Accounting Guide, "Not-for-Profit Organizations."

HAWAII HABITAT FOR HUMANITY ASSOCIATION, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
Years ended June 30, 2017 and 2016

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash and cash equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Loans receivable

A portion of loans receivable consists of non-interest bearing loans to the Hawaii affiliates, which were funded by the Office of Hawaiian Affairs (OHA) and State of Hawaii Housing Finance and Development Corporation. Hawaii Habitat is required to use the funds for a revolving loan fund, where repaid loan proceeds are again loaned out at zero-percent to Hawaii affiliates for home construction. The non-interest bearing loans were discounted based on prevailing rates at the inception of the loans. The discount is amortized over the life of the loans using the straight-line method and represents the interest impact due to the time value of money concept. (See also NOTE 2).

Capital assets

Capital assets are carried at cost, or at fair market value at the time of donation. Maintenance and repairs are charged to expense, and betterments are capitalized. Depreciation is provided over the estimated useful lives on a straight-line basis. Currently the only capital assets (computer equipment and office furniture) are the personal assets of staff.

If donors stipulate how long contributions of property and equipment are to be maintained, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Net assets

The Organization's net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restriction or law.

Temporarily restricted net assets – net assets subject to restrictions imposed by donor or law that may be met either by actions of the Organization or the passage of time. (See details at NOTE 6).

Permanently restricted net assets – net assets which are subject to a nonexpiring donor restriction, such as endowments. There are currently no permanently restricted net assets.

Donated assets and services

Support arising from donated goods, property and services is recorded at its estimated fair value. Such contributions may be reflected in the consolidated financial statements if the services received (a) create or enhance nonfinancial assets or (b) required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

HAWAII HABITAT FOR HUMANITY ASSOCIATION, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
Years ended June 30, 2017 and 2016

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES, Continued

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are recorded as revenue once the conditions are substantially met. The Organization reports support of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. However, when restrictions are met in the same period as the contribution is received, the Organization records the contribution as unrestricted.

Expense allocation

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

No provision has been made for federal or state income taxes because Hawaii Habitat has obtained tax exempt status under Internal Revenue Code Section 501 (c)(3) and applicable provisions of the Hawai'i Revised Statutes.

The Organization follows Accounting Standards Codification Topic (ASC 740), *Income Taxes*, which prescribes a recognition threshold and measurement attribute for the consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest, and penalties, disclosure, and transition. Management believes that no such uncertain tax position exists for the Organization at June 30, 2017 and 2016.

Subsequent Events

Management of the Organization has evaluated events and transactions subsequent to June 30, 2017 for potential recognition or disclosure in the consolidated financial statements. The Organization did not have subsequent events that required recognition or disclosure in the consolidated financial statements for the fiscal year ended June 30, 2017. Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

HAWAII HABITAT FOR HUMANITY ASSOCIATION, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
Years ended June 30, 2017 and 2016

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES, Continued

Reclassifications

Certain reclassifications have been made to the 2016 consolidated financial statements to conform to the 2017 presentation.

NOTE 2. LOANS RECEIVABLE

Hawaii Habitat serves as the administrator for loans from the Office of Hawaiian Affairs (OHA) to Habitat for Humanity affiliates in the State of Hawaii, therefore Loans receivable represents a pass through of the long term debt loan balances (See NOTE 4), including service fees if applicable. Hawaii Habitat has also received grant funds from OHA and the State of Hawaii to create a revolving loan fund, and these funds have been loaned to Hawaii affiliates and are included in the summary of loans receivable below.

A summary of the loans receivable as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
HFHM Funding Company - Maui Habitat	\$ 1,457,802	\$ 1,517,777
West Hawaii Habitat	438,750	441,750
Maui Habitat	410,750	426,250
Molokai Habitat	303,948	303,948
Kauai Habitat	316,293	299,785
Leeward Habitat	270,850	288,450
Honolulu Habitat	200,250	221,250
Hale Aloha 'O Hilo Habitat	81,000	87,750
	<u>3,479,643</u>	<u>3,586,960</u>
Less: Unamortized discounts between 3.50% and 8.14%	1,212,293	1,293,203
Present value of loans receivable	<u>2,267,350</u>	<u>2,293,757</u>
Less: Current portion	198,427	189,428
Overdue amounts	215,776	164,663
Total long-term loans receivable, net of discount	<u>\$ 1,853,147</u>	<u>\$ 1,939,666</u>

NOTE 3. LINE OF CREDIT

Hawaii Habitat maintains a revolving line of credit with First Hawaiian Bank, up to \$40,000, with interest at 6.375%, and maturing on June 30, 2019. There was \$10,000 outstanding from the line as of June 30, 2017, and the line was not being utilized on June 30, 2016.

HAWAII HABITAT FOR HUMANITY ASSOCIATION, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
Years ended June 30, 2017 and 2016

NOTE 4. LONG-TERM DEBT

Long-term debt at June 30, 2017 and 2016, consisted of the following:

	<u>2017</u>	<u>2016</u>
HomeStreet Bank – through HFHM Funding Company I, LLC, secured by 8 non-interest bearing mortgages from Maui Habitat. Monthly payments of \$4,998, discounted at 3.5%. (See NOTE 6).	\$ 1,457,802	\$ 1,517,777
OHA, 5 promissory notes, no service fee, quarterly payments of \$250 per loan, payable within 20 years upon escrow close of each home under agreement.	21,500	26,500
OHA, 19 promissory notes, 1.5% service fee, quarterly payments of \$538 per loan (including service fee), payable within 10 years upon escrow close of each home under agreement.	8,066	14,520
	<u>1,487,368</u>	<u>1,558,797</u>
Less discount on notes at 3.5%	<u>524,359</u>	<u>543,255</u>
Present value of long-term debt	963,009	1,015,542
Less current installments of long-term debt	<u>71,428</u>	<u>71,428</u>
	<u>\$ 891,581</u>	<u>\$ 944,114</u>

Maturities on the long-term debt for the next five years ended June 30, are as follows:

<u>Year ending June 30:</u>	
2018	\$ 71,428
2019	66,585
2020	64,974
2021	64,974
2022	61,474
Thereafter	<u>1,157,933</u>
	<u>\$1,487,368</u>

NOTE 5. HFHM FUNDING COMPANY I, LLC (See also NATURE OF ORGANIZATION)

On May 28, 2015, HFHM Funding Company I, LLC (HFHMFC) purchased 8 non-interest bearing mortgage loans from Habitat for Humanity Maui, Inc. (HHM) for a discounted amount of \$908,474 (discounted at 3.5% less a 1% fee for services). Also on May 28, 2015, HFHMFC received funds from HomeStreet Bank in exchange for a Note Purchase agreement at the principle balance of \$1,577,751 (the stated principle balance of the 8 mortgage loans from HHM as of May 28, 2015.) The funds received from HomeStreet Bank are secured by payments from the 8 mortgage loans, and the discounted amount received from HomeStreet Bank was \$1,015,600 (discounted at 3.5%).

HAWAII HABITAT FOR HUMANITY ASSOCIATION, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
Years ended June 30, 2017 and 2016

NOTE 5. HFHM FUNDING COMPANY I, LLC, Continued

HHM continues to service the mortgage loans under this agreement, and makes the applicable monthly payments to HomeStreet Bank on behalf of HFHMFC. Should a homeowner default on their mortgage loan, HFHMFC can require HHM to repurchase the mortgage at its discounted value, or the parties can agree to substitute a different mortgage loan with adjustments and payments for differences in the outstanding principle balance.

During the year ended June 30, 2017, HHM assumed the payments for a mortgage under this agreement in which the homeowner had ceased making payments. HHM will acquire the related property and find a new homeowner to either assume the prior mortgage, or sign a new mortgage that will be included in the agreement, and adjusted for any difference from the prior mortgage.

The loans purchased from HHM are recognized in Loans Receivable (see NOTE 2) at their net realizable value, and a corresponding liability to HomeStreet Bank is recognized in Long-Term Debt also at the net discounted value (see NOTE 4) for the Note Purchase agreement.

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30, 2017 and 2016:

Revolving loan funds:	2017	2016
Original loan funds – waiting to be distributed	\$ 60,000	\$ 60,000
Original loan funds – outstanding loans	1,525,500	1,643,500
Original loan funds – payments due from affiliates	212,550	163,950
Repaid original funds – outstanding loans	251,000	220,000
Repaid original funds – waiting to be loaned again	450,950	412,550
	<u>2,500,000</u>	<u>2,500,000</u>
Discount to recognize present value of loans	(687,934)	(749,948)
Restricted revolving loan funds	<u>1,812,066</u>	<u>1,750,052</u>
Kapuna solar program	10,000	-
	<u>\$ 1,822,066</u>	<u>\$ 1,750,052</u>

NOTE 7. ACCUMULATED DEFICIT IN UNRESTRICTED NET ASSETS

As of June 30, 2017 and 2016, the Organization had an accumulated deficit of \$203,921 and \$126,272 in unrestricted net assets. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern. However, please also see the Subsequent Event note (NOTE 8) below.

HAWAII HABITAT FOR HUMANITY ASSOCIATION, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
Years ended June 30, 2017 and 2016

NOTE 8. SUBSEQUENT EVENT

On October 11, 2017, Hawaii Habitat received a \$1,000,000 unrestricted contribution, which will offset the accumulated deficit, and support operations.

EXHIBIT B:
DEVELOPER'S
PROJECT BUDGET

Varona Village Preliminary Budget

REVENUE:	
Existing Homes (28 TOR Homes)	\$ 7,400,000
Existing Homes (8 Non-TOR Homes)	\$ 2,000,000
New Homes (55)	\$ 24,750,000
TOTAL REVENUE	\$ 34,150,000

EXPENSES:	
Planning & Entitlements Phase	
201 N Application - G70 Planning & Architecture	\$ 125,000
Environmental Assessment - G70 Planning	\$ 100,000
Chil Infrastructure Planning - G70 Chil	\$ 50,000
Consultant - Environmental Phase I	\$ 5,000
Consultant - Environmental Phase II	\$ 35,000
Consultant - EA Traffic	\$ 17,000
Consultant - EA Flora/Fauna	\$ 6,000
Consultant - Archaeology / Cultural Resources	\$ 14,000
Consultant - Surveyor (26 acres)	\$ 40,000
Construction of Improvements	
Site Preparation / Demo / Grading	\$ 850,000
Onsite Roadway Improvement Allowance	\$ 750,000
Offsite Roadway Improvement Allowance	\$ 1,500,000
Water Improvements	\$ 350,000
Wastewater Improvements	\$ 150,000
Drainage Improvements	\$ 250,000
Electrical / Telecom / Street Lighting	\$ 150,000
Offsite Utility Improvement Allowance	\$ 350,000
Park Improvement Allowance	\$ 350,000
Social Hall Improvement Allowance	\$ 300,000
Other Miscellaneous Facilities	\$ 100,000
Architectural Design	
Architectural Design Guidelines	\$ 50,000
Architectural Support - Individual Homesites	\$ 50,000
Design and Fee Allowances	
Design Fee Allowance (10% of Construction Cost)	\$ 490,000
Water Facilities Charges	\$ 250,000
Wastewater Charges	\$ 125,000
NECO Charges	\$ 125,000
Subdivision and Condo Mapping	\$ 25,000
Other Condo Related Costs	
Chen Kerr Legal Costs	\$ 400,000
Hewitt Engineering Cost	\$ 172,250
Start Up Costs for AOUO	\$ 50,000
Armstrong Reserve Study Cost	\$ 15,000
Reserve Funding Cost	\$ -
Acquisition Costs	
Cost of Land (\$20K x 93 lots)	\$ 1,860,000
Commission for Acquisition (3%)	\$ 55,200
Habitat Related Costs (55 Homes)	
Home Package Costs	\$ 11,770,000
Habitat Administrative Fees	\$ 1,177,000
Sales Costs	
Commission for Individual Home Sales (6%)	\$ 1,920,000
Closing Cost Credits	\$ 368,000
Sales & Marketing	\$ 100,000
Developer Profit*	
Developer's Profit	\$ 1,707,500
State & Federal Taxes	\$ 1,610,000
Financing Costs	
Interest (9%; 2-years)	\$ 841,128
Financing Fees & Closing Costs (3% of Total)	\$ 56,856
Operational Costs	
Operational & Administrative Costs	\$ 300,000
Inspector Costs (Per RFP)	\$ 240,000
Developer's Insurance	\$ 300,000
Contingency	
General Contingency	\$ 2,107,428
Contingency for Renovation of Existing Homes	\$ 2,912,632
TOTAL EXPENSES	\$ 34,150,000
NET PROFIT / LOSS	\$ -

NOTES:

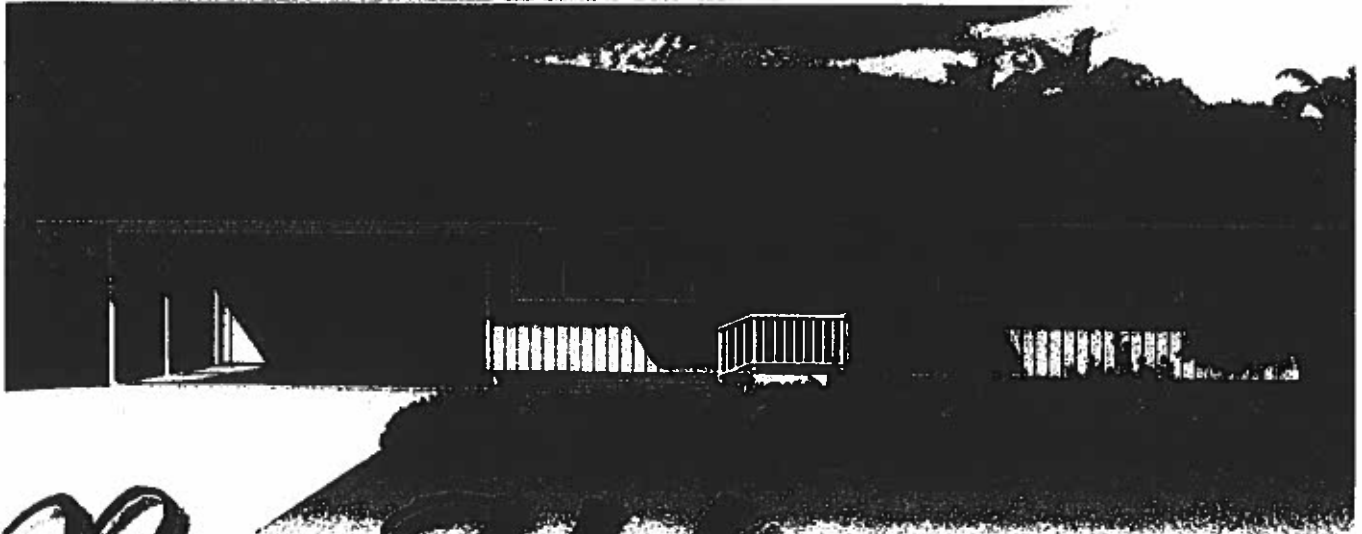
*Preliminary Revenue assumes 28 existing TOR homes will be renovated and sold at cost, 8 existing non-TOR homes will be renovated and sold with small profit, 55 homes will be newly constructed using Hewitt Habitat for Humanity.

**Please note that the Developer's Profit is a fixed cost. Should expenses increase or decrease, Developer's profit will remain the same. If there are any costs savings, profits will go to the Varona Village AOUO to subsidize buyer's maintenance fees.

EXHIBIT C:

**SAMPLE HOME
PACKAGES TO BE BUILT
BY HABITAT FOR
HUMANITY**

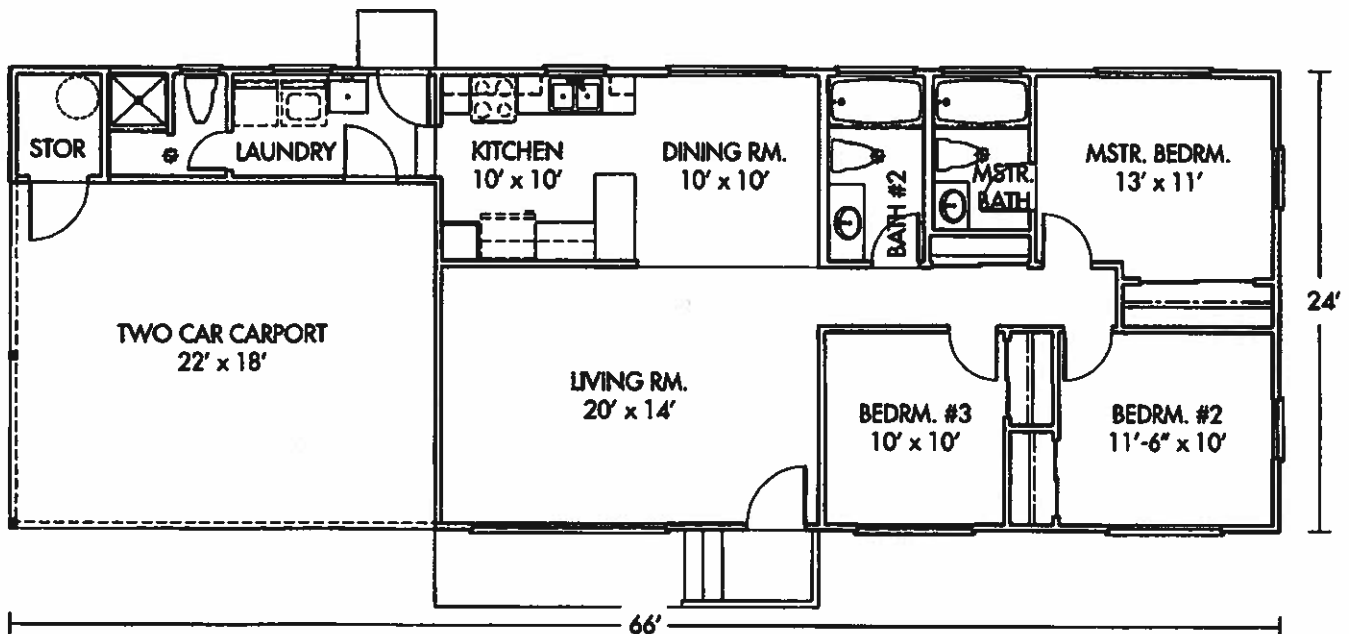
3 BEDROOM / 2½ BATH



Pua Melia

Like its namesake (the plumeria), the Pua Melia is an appealing, long-time favorite. Three bedrooms, two and a half baths, and a laundry room right next to the kitchen make it an extremely functional home. The large living room is great for family gatherings as well. A great starter home or rental.

1158 SQ. FT. LIVING AREA
1584 SQ. FT. TOTAL
3 BEDROOM / 2½ BATH
2 CAR CARPORT



Budget based on HPM package "Pua Melia"3br

Item	Budget	Actual	In-Kind
Pre-Construction Costs	\$ 82,990.00	\$ -	
Architectural/ Engineering fees/survey fees	\$ 7,190.00		
Soil Testing	\$ 5,000.00		
Plan Check & Bldg. Permit fees	\$ 2,800.00		
House demo and Concrete Removal	\$ 8,000.00		
Home Package (HPM)	\$ 60,000.00		

Site Preparation	\$ 10,650.00	\$ -	
Dust Control & Construction Fence	\$ 1,100.00		
Foundation Excavation			
Formwork: Including batter boards & Stakes	\$ 2,000.00		
Temp Utility costs: electric and water	\$ 800.00		
Temporary power pole install	\$ 2,500.00		
Temporary water hookup	\$ 500.00		
Special Inspectors	\$ 3,750.00		

Concrete and CMU work	\$ 20,350.00	\$ -	
Equipment rental: Bobcat/ mini excavator	\$ 1,000.00		
Driveway: Footing/ grading prep	\$ 1,000.00		
Rebar/ reinforced steel for drive/carport/walks - Package	\$ -		
Concrete for driveway, sidewalk	\$ 4,000.00		
Concrete pump	\$ 3,000.00		
Labor: finishing concrete (Maybe CMU Labor)	\$ 3,000.00		
Termite treatment	\$ 350.00		
Rebar, reinforced steel for footings - Package	\$ -		
Concrete for house footings & stair pads	\$ 8,000.00		

Framing	\$ -	\$ -	
Rough Carpentry - Package	\$ -		
Trusses - Package	\$ -		
Roof Sheathing - Package	\$ -		
Structural Hardware - Package	\$ -		
Adhesives - Package	\$ -		
Flashing: Concrete - Package	\$ -		
Flashing: Roofing - Package	\$ -		
Roofing felt/ shingles - Package	\$ -		

Windows/ Doors	\$ 2,443.26	\$ -	\$ -
Windows	\$ 1,858.34		
Exterior doors	\$ 584.92		

Siding/ Exterior trim	\$ 2,500.00	\$ -	
Siding - Package	\$ -		

Gutters	\$ 2,500.00		
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Insulation	\$ 1,000.00	\$ -	
Insulation materials - Package	\$ -		
Insulation labor	\$ 1,000.00		

Drywall	\$ 7,000.00	\$ -	
Drywall materials/ supplies - Package	\$ -		
Drywall finishing labor	\$ 7,000.00		

Interior Trim	\$ 250.00	\$ -	
Interior doors/ knobs - Package	\$ -		
Moldings/ baseboards - Package	\$ -		
Kitchen cabinets - Package	\$ -		
Bathroom cabinets - Package	\$ -		
Closet Shelving	\$ 250.00		
Closet Doors - Package	\$ -		

Paint	\$ 4,800.00	\$ -	\$ -
Interior paint	\$ 2,000.00		
Exterior paint	\$ 2,500.00		
Paint supplies	\$ 300.00		

Finish Hardware/ material	\$ 6,075.00	\$ -	
Finish hardware - Package	\$ -		
Countertops - Package	\$ -		
Flooring	\$ 5,500.00		
Blinds	\$ 575.00		

Appliances	\$ 3,150.00	\$ -	\$ -
Range	\$ 500.00		
Range hood	\$ 100.00		
Refrigerator	\$ 800.00		
Washer	\$ 800.00		
Dryer	\$ 800.00		
Disposal	\$ 150.00		

Plumbing Costs	\$ 17,300.00	\$ -	
Plumbing Fixtures - Upgrades	????		
Plumbing Materials: fixtures - Package	\$ -		
Plumbing labor & material: water & sewer	\$ 3,500.00		
Plumbing labor & material: rough-in/ trim out	\$ 8,000.00		
Solar Hot water heater material & labor	\$ 5,800.00		

Electrical Costs	\$ 10,000.00	\$ -	
Electrical Fixtures - Upgrades	???		
Electrical fixtures - Package	\$ -		

Electrical labor & materials: rough - in	\$ 10,000.00		
Electrical breaker box/ breakers - Package	\$ -		

Miscellaneous	\$ 15,600.00	\$ -	
Tool rental	\$ 1,000.00		
Small tool expense	\$ 3,000.00		
Finish Grading	\$ 1,000.00		
Dumpster/ Lua Dumpster (5 mo's, lua 6 mo's)	\$ 5,000.00		
Freight/ layout/ clean-up/ punchlist	\$ 1,500.00		
Safety expenses	\$ 1,500.00		
Signage	\$ 200.00		
Storage Shed	\$ 2,400.00		

Security	\$ 1,000.00		
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Subtotal	\$ 185,108.26	\$ -	
Habitat Overhead Charge: Apx 10%	\$ 18,510.83	\$ -	
Site Supervisor	\$ 11,200.00		
Total	\$ 214,819.09	\$ -	



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Phone: (808) 268-6072

Fax: (808) 693-9931

Oahu, Maui, Kauai, & Hawaii

Property: Varona Village Affordable Housing Community

Client: Habitat for Humanity – Honolulu Chapter

Project Details:

Aloha,

This is an estimate of the construction costs for the development of the land for its infrastructure as well as the dwellings per unit. The cost of the overall housing expense will differ dependent on the selected array of homes. These construction estimates for the infrastructure are very rough and ultimately would be modified due to the civil engineering work completed in the design and development phase with the Architect and Engineering firms selected.

Scope of Work:

Civil Utilities (details not shown):

• **Sewer Main and Laterals**

1. 12 each sewer man hoke with cone, riser, frame and manhole covers
2. 8" sewer main 2255 feet
3. 6" laterals 30 feet to each unit (total of 49 units) except unit #2, 1470 linear feet
4. 3b fine cushion, 3000 cubic tons
5. Excavation, trenching, shoring backfilling, compaction, hauling
6. Concrete channeling in sewer manhole and patch work on joints and penetrations
7. 49 each lateral clean outs for each unit
8. Labor
9. Equipment

Total Price on this portion of work: \$442,535.33

- **6" and 4" Water Main (details not shown)**

1. 6" water main connections with 6" tee and 12 each 6" sleeve/couplings (not shown)
2. Schedule water main shut down with BWS and neighbors
3. 1260' of 6" C-900 PVC pipe, fittings, flanges, concrete reaction blocks
4. 750' of 4" C-900 PVC pipe, fittings, flanges, concrete reaction blocks.
5. 5 – 6" gate valve with all applicable fittings and valve boxes
6. 5 – tapping valve and valve box point of connection
7. 7 – crow fire hydrant and flanges
8. 14 – 4" bollards to guard fire hydrant (not shown) concrete in place
9. 7 – 4" clean out with 4" ball valve, manhole, frame and cover (not shown on print)
10. 21 – 4"x1" saddles with 1" corporation stops for units 4, 5, 6 (not shown on print)
11. 21 – 6"x1" saddles with 1" corporation stops for units 1, 2, 3 (not shown on print)
12. 30 – type A meter boxes and covers (not shown on print)
13. Materials
14. Excavation, cushion materials (S4C), backfill and compaction
15. Equipment ~ excavator, backhoe, skid loader, flatbed, dump truck, trench compactor, roller
16. Hauling ~ equipment, materials, fill and cushion, materials, spoils to PVT Nanakuli
17. Chlorination
18. Labor

Total Price on this portion of work: \$575,490.00

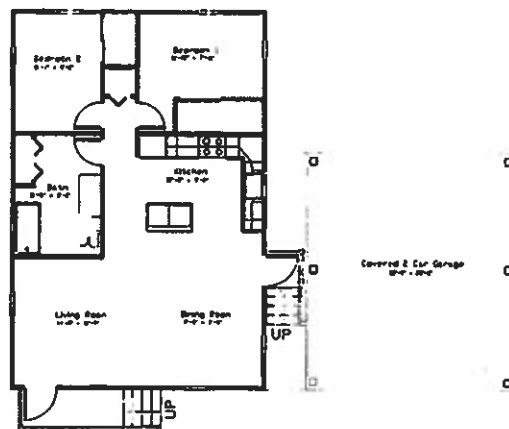
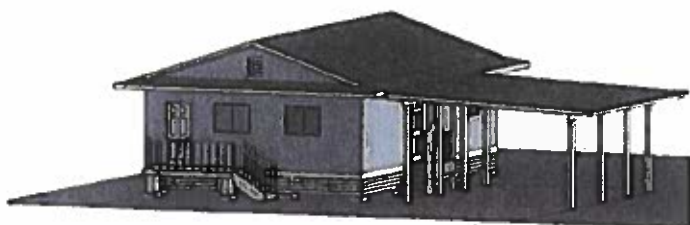
- **Storm Drain**

1. 7 – 4'x4' concrete catch basin with frame and grate (not shown on print)
2. 7 – 18" HDPE pipe with point of connection
3. Excavation, shoring, cushion 3b fine, backfill and compaction
4. Equipment, excavation, backhoe, loader
5. Hauling ~ spoils, fill material, cushion materials
6. Labor
7. Materials

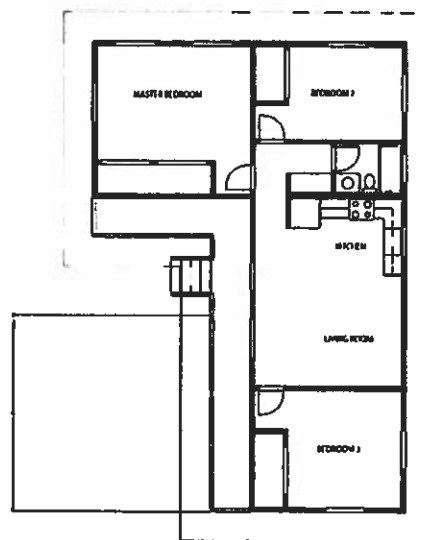
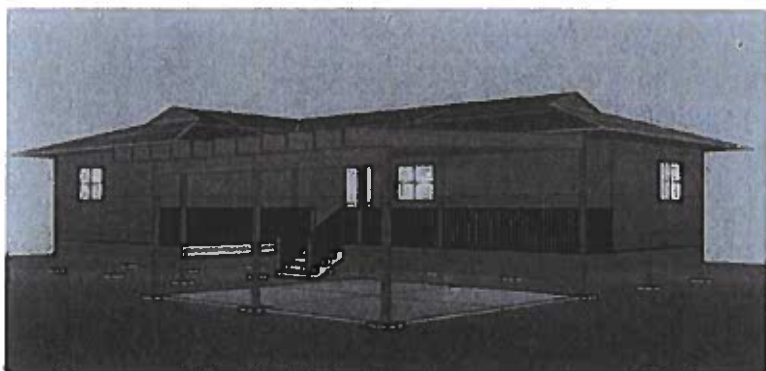
Total Price on this portion of work: \$193,368.00

House Packages

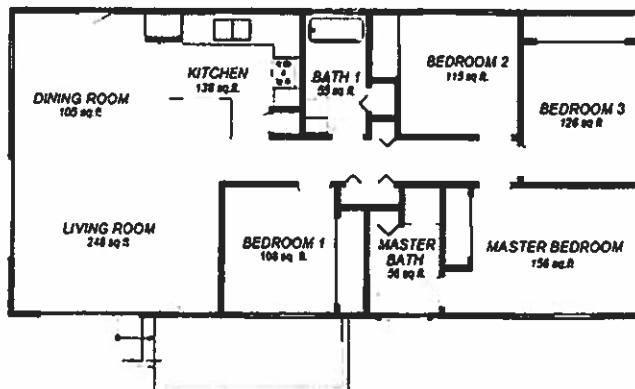
Ohia – 884 sqft




Koa – 1024 sqft



Banyan – 1248 sqft



 GUNDAKER WORKS LLC BC-32342 CONSTRUCTION & CONTRACTING		Estimate Date: 10/3/2017 Estimate #:	
Customer Name:		Project:	Varona Village_Ohi
Description	Labor	Materials/ Equipment	
Post & Pier			
Excavation	\$ 2,245.00	\$	1,750.00
Foundation	\$ 1,260.85	\$	975.16
Floor Framing	\$ 1,869.50	\$	3,325.11
Wall Package		\$	9,161.56
Trusses	\$ 2,759.43	\$	3,219.64
Roof Sheathing	\$ 1,920.77	\$	1,859.37
Siding	\$ 1,629.75	\$	2,475.20
Insulation and Drywall	\$ 5,438.29	\$	3,486.45
Carport Option	\$ 7,932.72	\$	4,028.91
New Electrical - JL Electric		\$	9,489.26
New Plumbing - Jewels Isle Plumbing		\$	10,840.00
Windows (8)	\$ 2,000.00	\$	1,880.23
Exterior doors (2)	\$ 650.00	\$	457.70
Interior doors (4)	\$ 580.00	\$	920.00
Bi-fold Closet doors (1)	\$ 200.00	\$	125.35
Sliding Closet Doors (3)	\$ 675.00	\$	527.85
Additional Dumpster for demo materials			\$2,400.00
Port a John			\$800.00
subtotal		\$ 29,161.31	\$57,721.79
Plumbing Fixtures (sinks, faucets, etc.)			
3 sinks, 3 faucets, 1 toilets, 1 Bath Tub, 1 refrigerator, 1 washer, 1 dryer		Alloted	\$ 3,220.74
Basic Lighting (all light fixtures, dimmers, etc.)			
4 Recessed Light, 1 range, 1 hood, 4 ceiling fans, 1 vanity light, 2 outdoor wall fixtures, 4 smoke detectors, 7 switches		Alloted	\$ 2,388.92

Interior Finishes- (listed below)			
Cabinets	\$200 Set up	\$150 / cabinet installed	
		Kitchen 22 cabinets \$	3,500.00
		Bathroom 3 cabinets \$	650.00
Countertops	\$150 surface mount \$300/seam	\$250 Set up	
(4) 26" countertops pre-fabricated granite or quartz			\$ 2,760.00
Flooring	\$6/sqft laminate	\$350 Set up	
	\$3/sqft Luxury tile vinyl	\$	3,662.15
	\$14/sqft Tile Flooring	\$	3,006.50
Tile	\$14/sqft Floor, \$17/sqft Wall, Mosaic \$25/sqft		
Bathroom	92 66	\$	2,410.00
		\$	520.73
\$250 per panel installed			
Trim	\$1/ Linear foot \$5/ Miter	\$250 Set Up	
222 lf in base, 129 in windows, 233 in doors			
base		\$162.00	\$ 275.55
windows		\$ 129.00	\$ 368.57
Door		\$ 233.00	\$ 665.71
Appliances	Basic Installation already included		
Shower Curtains	\$25 installation per basic curtain		
Mirrors	\$50 Per mirror installed basic installation		
	1 mirrors	\$ 50.00	\$375.00
Toilet paper holders	\$35 per holder installed		
	1 toilet paper holders	\$ 35.00	\$ 31.72
Shower Systems (3)	Door system still to be determined		
Towel Racks	\$35 per holder installed		
	2 Towel Bars	\$ 70.00	\$ 68.72
	Plywood for shelving		\$ 134.14
	2 Closet Rods		\$ 31.51
	Behr Ultra paint		\$ 115.00
1st floor 2 coats paint -		\$ 1,602.84	\$756.10
Eaves 1st floor- 1 coat primer, 2 coats finish		\$ 875.61	\$375.16
Interior Paint \$1/sqft per coat			
walls - 2 coat tinted primer, 2 coat finish		\$ 4,912.00	\$ 1,035.61
ceiling - 2 coat primer, 2 coat ceiling paint		\$ 2,340.00	\$ 448.50
subtotal additional		\$ 23,638.10	\$24,282.59
License, Insurance, Overhead, Errors and Omissions, Workmans comp, Management Fees, Vehicle and Tool Expense/Maintenance, Taxes, 5 yr Warranty		\$ 7,873.55	
		\$ 52,799.41	\$82,004.37
		Subtotal	\$142,677.34
		GET Tax Rate	4.712%
		Tax \$	2,858.91
Other Comments/Notes:		Total Estimate	\$ 145,536.25

Koa

GUNDAKER WORKS LLC BC-32542 CONSTRUCTION & CONTRACTING		Estimate Date: 10/3/2017 Estimate #:	
Customer Name:		Project: Varona Village Koa	
Description	Labor	Materials/ Equipment	
Rough Carpentry			
Post & Pier			
Excavation	\$ 2,649.10	\$	2,065.00
Foundation	\$ 1,487.80	\$	1,150.69
Floor Framing	\$ 2,206.01	\$	3,923.63
Wall Package		\$	10,810.64
Trusses	\$ 3,256.13	\$	3,799.18
Roof Sheathing	\$ 2,266.51	\$	2,194.06
Siding	\$ 1,923.11	\$	2,920.74
Insulation and Drywall	\$ 6,417.18	\$	4,114.01
Carport Option	\$ 9,360.61	\$	4,754.11
New Electrical - JL Electric		\$	11,197.33
New Plumbing - Jewels Isle Plumbing		\$	12,791.20
Windows (12)	\$ 2,750.00	\$	2,848.38
Exterior doors (2)	\$ 650.00	\$	457.70
Interior doors (7)	\$ 1,015.00	\$	1,612.48
Sliding Closet Doors (4)	\$ 900.00	\$	761.30
Additional Dumpster for demo materials			\$2,400.00
Port a John			\$800.00
subtotal		\$ 34,881.45	\$68,600.44
Plumbing Fixtures (sinks, faucets, etc.)			
3 sinks, 3 faucets, 2 toilets, 1 Bath Tub, 1 shower, 1 refrigerator, , 1 washer, 1 dryer		Alloted	\$ 3,805.72
Basic Lighting (all light fixtures, dimmers, etc.)			
4 Recessed Light, 1 range, 1 hood, 5 ceiling fans, 2 vanity light, 2 outdoor wall fixtures, 2 bath fans, 5 smoke detectors, 10 switches		Alloted	\$2,851.00






Interior Finishes- (listed below)			
Cabinets	\$150 / cabinet installed		
	\$200 Set up		
	Kitchen 15 cabinets	\$ 2,450.00	\$4,883.00
	Master Bathroom 3 cabinets	\$ 650.00	\$809.00
	Bathroom 2 - 1 cabinet	\$ 400.00	\$279.00
Countertops	\$150 surface mount \$300, \$250 Set up		
(4) 26" countertops pre-fabricated granite or quartz		\$	2,760.00
Flooring	\$350 Set up		
	\$6/sqft laminate		
	\$3/sqft Luxury tile vinyl	\$ 3,523.55	\$ 2,271.14
	\$14/sqft Tile Flooring	\$ 2,765.00	\$ 495.94
Tile	\$14/sqft Floor, \$17/sqft Wall, Mosaic \$25/sqft		
Master Bath	40	77	\$ 1,869.00 \$ 386.83
Bath 2	32.5	61	\$ 1,492.00 \$ 307.48
\$250 per panel installed			
Trim	\$1/Linear foot \$5/Miter		
230 lf in base, 190 in windows, 257 in doors		\$250 Set Up	
base		\$230.00	\$ 379.50
windows		\$ 190.00	\$ 542.86
Door		\$ 257.00	\$ 734.29
Appliances	Basic Installation already included		
Shower Curtains	\$25 installation per basic curtain		
Mirrors	\$50 Per mirror installed basic installation		
	2 mirrors	\$ 100.00	\$862.50
Toilet paper holders	\$35 per holder installed		
	2 toilet paper holders	\$ 70.00	\$ 63.43
Shower Systems (3) Door system still to be determined			
Towel Racks	\$35 per holder installed		
	2 Towel Bars	\$ 70.00	\$ 70.10
	Plywood for shelving		\$ 134.14
	4 Closet Rods		\$ 47.27
	Behr Ultra paint		\$ 115.00
1st floor 2 coats paint -		\$ 1,452.84	\$1,256.10
Eaves 1st floor- 1 coat primer, 2 coats finish		\$ 1,264.51	\$575.16
Interior Paint	\$1/sqft per coat		
walls - 2 coat tinted primer, 2 coat finish		\$ 10,639.20	\$ 1,121.55
ceiling - 2 coat primer, 2 coat ceiling paint		\$ 3,660.00	\$ 350.75
subtotal additional		\$ 31,083.10	\$25,101.75
License, Insurance, Overhead, Errors and Omissions, Workmans comp, Management Fees, Vehicle and Tool Expense/Maintenance Taxes, 5 yr Warranty		\$ 9,417.99	
		\$ 65,964.55	\$93,702.19
		Subtotal	\$169,084.72
		GET Tax Rate	4.712%
Other Comments/Notes:		Tax	\$ 3,552.03
		Total Estimate	\$ 172,636.75












Banyan








GUNDAKER WORKS LLC BC-32842 CONSTRUCTION & CONTRACTING		Estimate Date: 10/3/2017 Estimate #:	
Customer Name:	Project:	Varona Village Banyan	
Description	Labor	Materials/ Equipment	
Rough Carpentry			
Post & Pier			
Excavation	\$ 3,030.75	\$ 2,362.50	
Foundation	\$ 1,702.15	\$ 1,316.47	
Floor Framing	\$ 2,523.83	\$ 4,488.90	
Wall Package		\$ 12,030.09	
Trusses	\$ 3,725.23	\$ 3,606.00	
Roof Sheathing	\$ 2,593.04	\$ 2,082.49	
Siding	\$ 2,200.16	\$ 2,772.22	
Insulation and Drywall	\$ 7,341.69	\$ 3,904.82	
Carport Option	\$ 9,836.57	\$ 4,512.38	
New Electrical - JL Electric		\$ 11,766.68	
New Plumbing - Jewels Isle Plumbing		\$ 13,441.60	
Windows (12)	\$ 3,000.00	\$ 2,848.38	
Exterior doors (2)	\$ 650.00	\$ 457.70	
Interior doors (7)	\$ 1,015.00	\$ 1,612.48	
Bi-fold Plantation Full-Louver Doors (3)	\$ 600.00	\$ 317.40	
Sliding Closet Doors (4)	\$ 900.00	\$ 761.30	
Additional Dumpster for demo materials		\$2,400.00	
Port a John		\$800.00	
subtotal	\$ 39,118.42	\$33,605.54	
Plumbing Fixtures (sinks, faucets, etc.) 4 sinks, 4 faucets, 2 toilets, 1 Bath Tub, 1 shower, 1 refrigerator, , 1 washer, 1 dryer	Alloted	\$ 3,919.55	
Basic Lighting (all light fixtures, dimmers, etc.) 8 Recessed Light, 1 range, 1 hood, 6 ceiling fans, 2 vanity light, 2 outdoor wall fixtures, 2 bath fans, 6 smoke detectors, 13 switches	Alloted	\$ 3,244.39	

Interior Finishes- (listed below)		
Cabinets	\$150 / cabinet installed	
	\$200 Set up	
	Kitchen 11 cabinets	\$ 1,850.00
	Island 4 cabinets, 1 back panel	\$ 900.00
	Master Bathroom - 1 cabinet	\$ 350.00
	Bathroom 2- 3 cabinets	\$ 650.00
Countertops	\$150 surface mount \$300/seam	\$250 Set up
(4) 26" countertops pre-fabricated granite or quartz		\$ 2,070.00
(1) 36" countertops pre-fabricated granite or quartz		\$920.00
Flooring	\$6/sqft laminate	\$350 Set up
	\$3/sqft Luxury tile vinyl	\$ 3,271.10
	\$14/sqft Tile Flooring	\$ 2,282.00
Tile	\$14/sqft Floor, \$17/sqft Wall, Mosaic \$25/sqft	
Master Bath	26 63	\$ 1,435.00
Bath 2	41 61	\$ 1,611.00
\$250 per panel installed		\$ 294.26
Trim	\$1/ Linear foot \$5/ Miter	\$ 335.58
278 lf in base, 198 in windows, 416 in doors		
base		\$278.00
windows		\$ 198.00
Door		\$ 416.00
Appliances	Basic Installation already included	
Shower Curtains	\$25 installation per basic curtain	
Mirrors	\$50 Per mirror installed basic installation	
	2 mirrors	\$ 100.00
Toilet paper holders	\$35 per holder installed	\$862.50
	2 toilet paper holders	\$ 70.00
Shower Systems (1)	Door system still to be determined	\$ 63.43
Towel Racks	\$35 per holder installed	
	2 Towel Bars	\$ 70.00
	Plywood for shelving	\$ 223.56
	5 Closet Rods	\$ 78.78
	Behr Ultra paint	\$ 115.00
1st floor 2 coats paint -		\$ 1,452.84
Eaves 1st floor- 1 coat primer, 2 coats finish		\$ 1,264.51
Interior Paint	\$1/sqft per coat	\$1,256.10
walls - 2 coat tinted primer, 2 coat finish		\$ 7,040.00
ceiling - 2 coat primer, 2 coat ceiling paint		\$ 2,352.00
subtotal additional		\$ 25,590.45
License, Insurance, Overhead, Errors and Omissions, Workmans comp, Management Fees, Vehicle and Tool Expense/Maintenance, Taxes, 5 yr Warranty		\$ 24,953.68
		\$ 64,708.87
Subtotal		\$191,311.53
GET Tax Rate		4.712%
Tax		\$ 4,224.90
Total Estimate		\$195,536.43
Other Comments/Notes:		

Ohia			
Area	Category	Size	Total
KITCHEN	Cabinets	10'x10'x10'	\$ 6,937.00
	Countertop	26"	\$ 2,070.00
			
	Double Basin Drop-in Sink, American Standard Tulsa	33x22"	\$ 332.35
			
	Pull-Down Kitchen Faucet , KOHLER		\$ 240.35
			
	Range Hood, NuTone	30"	\$ 320.85
			
	Electric Range, Whirlpool	30"	\$ 746.35
			
	Side-By-Side Refrigerator, Frigidaire	36"x34.5"x69.9"	\$ 1,148.85
			
	Travertine Tile, MS International	18x18"	\$ 545.53

LAUNDRY	Washer, Roper		27x27.5x42"	\$	343.85
	Dryer, Roper		29x28.25x43.4"	\$	343.85
	Faucet, Delta			\$	79.35
	Utility Sink, MUSTEE		24x20"	\$	66.68
Flooring	Vinyl Planks, SMARTCORE		5x48"	\$	2,419.37

BATHROOM	Travertine Tile, MS International		18x18"	\$	302.52
	Wall Travertine Tile, MS International		18x18"	\$	218.21
	3- Light bar, Progress Lighting		26.25" x 8.75" x 7"	\$	105.78
	Mirror		60x30"	\$	431.25
	Vanity Cabinets		60"	\$	809.00
	Countertop, quartz		26"	\$	690.00
	Undermount Sink, KOHLER		16 1/4" x 19 1/4"	\$	108.10
	Bathroom Faucet, American Standard			\$	136.85
	Bath Tub, Bootz Industries		60"	\$	167.90
	Tub and Shower Faucet, Delta			\$	129.56
	Towel Bar, Delta		18"	\$	68.72
	Toilet Paper Holder, Delta			\$	31.72
	Toilet, Glacier Bay		Dual Flush	\$	123.05
	Exhaust Bath Fan with LED Light, Delta Breez		8.25x8.25"	\$	103.07
	Plantation Full-Louver Bi-fold Closet Doors		30x80"	\$	125.35
	Plywood sheves			\$	44.71
	Interior Paint, BEHR			\$	57.50

LIGHTING		Outdoor Wall Light,	11.5"	\$	124.15
		Indoor LED Ceiling Fan, CE	52"	\$	754.40
		Recessed LED Trim, Commercial Electric	5"	\$	114.86
		Smoke Detectors		\$	78.20
		Switchs	1 way	\$	86.83
		Switchs	3 way	\$	57.50
PAINT		Interior Paint, BEHR		\$	1,035.61
		Ceiling Interior Paint, BEHR		\$	448.50
DOORS		Exterio doors, Masonite	36x80"	\$	457.70
		Interior Door	30x80"	\$	920.00
		Plywood sheves		\$	89.42
		Interior Paint, BEHR		\$	57.50
		Closet Rods		\$	31.51
		Sliding Closet Doors, ReliaBilt	48x80"	\$	116.15
		Sliding Closet Doors, ReliaBilt	60x80"	\$	411.70
		Sliding Windows, JELD-WEN	48x36"	\$	239.20
WINDOWS		Sliding Windows, JELD-WEN	60x48"	\$	570.40
		Sliding Windows, JELD-WEN	72x48"	\$	1,002.80
		Sliding Windows, TAFCO WINDOWS	32x14"	\$	67.83





















Kapolei Pkwy

Kapolei Pkwy

Ieua Malio St

Kapolei Pkwy

Phillipine Sea

Hawaiian Railway Society

Warena Village

Roosevelt Ave

Roosevelt Ave

Roosevelt Ave

EXHIBIT D:

**POAMOHO CAMP
VARIANCE & JOINT
DEVELOPMENT CUP
APPLICATION**

Poamoho Camp

TMK: 7-1-1:11, 30, 31
Wahiawa, O'ahu, Hawai'i

Variance and Joint Development CUP (minor) Application

Land Use Permits Division
City and County of Honolulu
Department of Planning & Permitting
650 South King Street
Honolulu, Hawaii 96813



Applicant:
Hawaiian Island Development Co, Inc.
931 University Avenue, Suite 105
Honolulu, HI 96826-3241

Authorized Agent:
Group 70 International, Inc.
925 Bethel St. 5th Floor
Honolulu, HI 96813

June 2006

POAMOHO PLANTATION CAMP

Variance & Joint Development CUP (minor) Permit

TABLE OF CONTENTS

MASTER APPLICATION FORM:

Variance and Joint Development CUP (minor) Permit

PRE-APPLICATION MEETING WITH DPP:

Meeting Notes and Handout

LETTER OF AUTHORIZATION:

FEES:

\$600 Variance

\$300 CUP (minor) – Joint Development

WRITTEN STATEMENT

DRAWINGS/PLANS:

1. Former Site Plan
2. Detailed Site Plan

OTHER SUPPORTIVE INFORMATION:

Photos

Typical Farm Dwelling Building Types

JOINT DEVELOPMENT AGREEMENT:

LEASE:

Fruit Purchase Agreement, Poamoho Field

Master Application Form

**CITY AND COUNTY OF HONOLULU
DEPARTMENT OF PLANNING & PERMITTING**
650 South King Street
Honolulu, Hawaii 96813

LAND USE PERMITS DIVISION MASTER APPLICATION FORM

Additional data, drawings/plans, and fee requirements are listed on a separate sheet titled "Instructions for Filing". **PLEASE ASK FOR THESE INSTRUCTIONS.**

All specified materials described in the "Instructions for Filing" and required fees must accompany this form; incomplete applications will delay processing. You are encouraged to consult with Zoning Division staff in completing the application. Please call the appropriate phone number given in the "Instructions for Filing."

Please print legibly or type the required information.

SUBMITTED FEE: \$ 900

PERMIT/APPROVAL REQUESTED (Check one or more as appropriate):

<p>Cluster: <input type="checkbox"/> Agricultural <input type="checkbox"/> Country <input type="checkbox"/> Housing</p> <p>Conditional Use Permit: <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Major</p> <p><input type="checkbox"/> Existing Use: _____ (Indicate Type of Use)</p> <p><input type="checkbox"/> Minor Shoreline Structures Permit</p> <p><input type="checkbox"/> Modify Approved Permit: _____ (Indicate Reference File No.)</p>	<p><input type="checkbox"/> Plan Review Use</p> <p>Planned Development: <input type="checkbox"/> Housing <input type="checkbox"/> Commercial (WSD Only) <input type="checkbox"/> Resort (WSD Only)</p> <p><input type="checkbox"/> Shoreline Setback Variance</p> <p>Special District Permit: <input type="checkbox"/> Minor <input type="checkbox"/> Major _____ (Indicate District)</p> <p><input type="checkbox"/> Downtown Height >350 Feet</p>	<p>Special Management Area Use Permit: <input type="checkbox"/> Minor <input type="checkbox"/> Major</p> <p><input checked="" type="checkbox"/> Variance from LUO Sec.(s): <u>21-3 50-4</u></p> <p><input type="checkbox"/> Waiver from LUO Sec.(s): _____</p> <p><input type="checkbox"/> Zoning Adjustment, LUO Sec.(s): _____</p> <p><input type="checkbox"/> 201G Project</p>
---	---	---

TAX MAP KEY(S): 7-1-1:11.30.31

LOT AREA: 95 Acres

ZONING DISTRICT(S): AG-1 Restricted Agriculture

STATE LAND USE DISTRICT: Agricultural

STREET ADDRESS/LOCATION OF PROPERTY: Poamoho Camp, Wahiawa, Oahu, HI

RECORDED FEE OWNER: HIDC Poamoho Camp, Inc.
Name (if any): Peter Savio Hawaiian Island Homes
Mailing Address: 931 University Avenue, Suite 105
Honolulu, HI 96826-3241
Phone Number: (808) 946-3222
Signature: _____

PRESENT USE(S) OF PROPERTY/BUILDING:
63 Existing Residences

PROJECT NAME (if any): Poamoho Plantation Camp

APPLICANT: HIDC Poamoho Camp, Inc.
Name: Hawaiian Island Homes, Inc.
Mailing Address: 931 University Avenue, Suite 105
Honolulu, HI 96826-3241
Phone Number: (808) 946-3222
Signature: [Signature]

AUTHORIZED AGENT/CONTACT PERSON:
Name: Jeffrey Overton, Group 70 International, Inc.
Mailing Address: 925 Bethel St. 5th Floor
Honolulu, HI 96813
Phone Number: (808) 523-5866
Signature: _____

REQUEST/PROPOSAL (Briefly describe the nature of the request, proposed activity or project): To establish lawful status of 63 existing farm dwellings at Poamoho Plantation Camp Tax Map Key 7-1-1:11.30.31, located in Wahiawa on the Island of Oahu with a Zoning Variance from LUO Sections 21-3 50-4 and a minor Conditional Use Permit for Joint Development

POSSE JOB NO. _____

**Pre-Application Meeting with DPP
Meeting Notes and Handouts**



GROUP 70

INTERNATIONAL
Francis S. Odo, Arch.D., FAIA, AICP
Norman G.Y. Hong, AIA
Sheryl B. Seaman, AIA, ASD
Hiroshi Hida, AIA
Roy H. Nihel, AIA, CSI
James I. Nishimoto, AIA
Ralph E. Portmore, AICP
Stephen H. Yuen, AIA
Linda C. Miki, AIA
George I. Alfa, AICP
Charles Y. Kaneshiro, AIA, LEED-AP
Jeffrey H. Overton, AICP
Christine Mendes Ruotolo, AICP
James L. Stone, AIA, LEED-AP

MEETING MINUTES

Group 70 International, Inc. • Architecture • Planning • Interior Design • Environmental Services • Assets Management
925 Bethel Street, Fifth Floor • Honolulu, Hawaii 96813-4307 • PH: (808) 523-5866 • FAX: (808) 523-5874

TO: Project Team; Project Files	
FROM: Kirstin Hochart	
DATE: 5/9/06	
PROJECT: Poamoho Camp	PROJECT NO: 26021-01
SUBJECT: Variance and CUP-Joint Development Pre-Consultation Meeting with DPP	
LOCATION: Department of Planning and Permitting, 7 th Floor	NO. OF PAGES: 2

THOSE PRESENT:

Department of Planning and Permitting:
David Tanoue, Deputy Director
Bob Sumitomo, Site Development Division
Bob Bannister, Land Use Permits
Mario Siu-Li
Jamie Pierson
Hawaiian Island Homes, Inc: Peter Savio
Chun, Kerr, Dodd, Beaman & Wong:
Danton Wong
Karen Piltz

Engineering Solutions, Inc:
Audrey Yokota
Greg Onuma
Sam O. Hirota, Inc:
Dennis Hirota
Steve Tomel
Group 70 International, Inc:
Jeff Overton
Kirstin Hochart

SUMMARY:

Objective: To create lawful status of existing farm dwellings at Poamoho Camp with Zoning Variance and Joint Development Conditional Use Permits. This would allow for farm dwelling lots and agricultural crop areas to be established and conveyed under a subsequent Condominium Property Regime (CPR).

Existing Conditions: Poamoho Camp is located in Wahiawa along Kamehameha Highway in Central Oahu. The site consists of approximately 90 acres zoned as Ag-1 Restricted Zoning. There are 63 existing homes on the site. Existing infrastructure on the site consists of private sewer and water, which is shared with Helemano Plantation. The 201G process would include an infrastructure plan to convert the sewer to individual septic tanks for the dwelling units. Many of the units were vacated and or abandoned in 2004 at the end of Del Monte's lease of the land. In preliminary discussion with the community, people would like the unique farm character of the camp to be preserved.

1. Establish lots of record/determination, based on DPP(Dennis):
 - a. Need verification letter from CC when originally built/created.
 - Will require a search of files
 - Lots of record: base data when first created.
 - Section 4-4-3: can't approve if unsuitable lot (with stream, steep topo) may apply, might need to be validated if subdivided.

UNLESS WRITTEN OBJECTION IS RECEIVED WITHIN SEVEN DAYS, WE ASSUME STATEMENTS CONTAINED WITHIN ARE ACCEPTED

2. CUP/Variance

a. General Description:

- Size of property, trnk parcels and boundaries.
- Inventory of Houses (5 or 6 unit types from 1950's, 80-90 years old moved on from other old camps)
- # each dwelling with description and unit size
- Existing Elevations for Topo
- Description of Ag. Program (how it will be organized, etc.)
- Infrastructure description: helpful but not necessary
- 84 or 63 units? 19 additional with lot area deficiency difficult sell. Variance test on the demolished units
- Income derived from agricultural operation can benefit condominium association and owners.
- Want the owners to be able to re-build spaced out in different locations on the property.
- Discussion of past variance issues

b. Survey Map:

- Need to complete a Lot Determination (reflects parcels) to establish lots of record.
- Map should reflect the location and relationship of structures (use overlay from aerial photo?)

c. Proposed Site Plan Map:

- Preliminary CPR map: lot sizes and common area identified.
- Most will be 1-2,000 sq.ft.
- Show foot print size and locate houses
- ID accessory structures that will be retained (sheds, carports, etc.)
- Limit on size of individual farm dwellings (less than 5,000 sf footprint per LUO)

3. CUP - Joint Development

a. Need Metes and Bounds Map

b. Future Site Plan: location and ID of structures on property and in relationship to parcels.

4. Issues

- Permit may only recognize existing homes still standing and not those that were lost.
- Consult with State Land Use Commission on State Agricultural Use pertaining to farm dwellings.
- Check with DOH to make sure infrastructure standards will be met when rebuild (CPR)
- Life Safety: Doesn't require anything until when re-build.

5. Options/Alternatives:

- Ag Cluster Alternative
- State SUP required if uses not for dwelling re-introduced (i.e. old general store)
- State Historic Land Mark Designation Alternative

6. CPR: Develop Long-term Plan and Restrictions

- Association will own farm land
- Community (Condo) Association decides who the next tenants are
- No huge homes
- Limited equity

-
- e. Condition on homes, re-sale and incompatible uses
 - f. Covenants to control conversion in future "stay oasis"
 - g. Structures just for use and benefit of residents
 - h. Want to make sure owners can re-build and re-sale later.
 - i. Idea is to control it and keep it the way it is.

7. 201G:

- a. Address infrastructure (water, fire hydrants, roads)
-

**Poamoho Plantation Camp
Pre-Application Meeting w/DPP**

5/9/06

Variance and CUP Joint Development Application Check-List and Questions:

A. DPP Master Application

- CUP and Zoning Variance combined application?

B. Fees

- \$600: Zoning Variance
- \$300: CUP(Minor) - Joint Development

C. Written Statement

- Compliance with the LUO Section 21-3.50-4 is not feasible.
- Property site is composed of about 90 acres containing 63 dwelling units. AG-1 Zoning Development Standards is 1 unit/5 acres (Table 21-3.1).
- Proposed Plan includes Farm Dwellings and Farm Reserve Area.
- Description of activities in farm reserve.

D. Permits and Violation Notices

- Do we need to list all of the past permits?
- Do we need to list violation notices?

E. Other Information

- Photographs of typical existing dwellings?
- Typical farm dwelling building types (sq. ft. area, elevation photo, materials/description/other)?

F. Drawing/Plans

- Create "Proposed Map" for Variance App./CUP-Joint Development
- Former Site Plan w/ Aerial photo, Property Boundary, TMK Parcels and Acreage, Topography, Existing Streets and Stream.
- Surveyor: Steve Tomai, Sam O. Hirota, Inc.
 - o Metes & Bounds Map of proposed site.
- Civil Engineer: Audrey Yokota, Engineering Solutions, Inc.
 - o Level of information required for: wastewater/cesspool, drainage, and roads.

G. Additional Variance Requirements

- Staff Review DPP
- Public Hearing
- DPP Director Approval

H. Additional Joint Development CUP Requirements

- CUP- Joint Development Legal Agreement
- Letter of authorization (if necessary)
- Lease document (if necessary)

Letter of Authorization

HIDC POAMOHO CAMP, INC.

931 University Avenue, Suite 105, Honolulu, Hawaii 96826 • Phone 808-946-3222 • Fax 808-946-3224

June 12, 2006

Mr. Henry Eng
City and County of Honolulu
Department of Planning and Permitting
650 South King Street
Honolulu, Hawaii 96813

Dear Mr. Eng:

RE: Agent for Applications: Variance and Conditional Use Permit – Joint Development
Poamoho Camp, Wahiawa, Oahu, Hawaii
TMK (1) 7-1-1:11,30,31

Hawaiian Island Development Co., Inc., the owner of the above-referenced parcel, hereby authorizes Group 70 International, Inc. to prepare, file, and process applications for permits listed above.

Sincerely,



Peter B. Savio
President

Filing Fees:
Variance and CUP (minor) Joint Development

POAMOHO PLANTATION CAMP

Variance & Joint Development CUP (minor) Permit

VARIANCE & JOINT DEVELOPMENT CUP (MINOR) PERMIT FEES

Enclosed is a cashier's check payable to City and County of Honolulu, Department of Planning and Permitting in the amount of \$900. It is expected that a public hearing will be held for this application request.

Fee Requirement for Variance: \$600.

Fee Requirement for Joint Development CUP (minor) Permit: \$300

Payment: All fees shall be in the form of cash, certified or cashier's check, and payable to the City and County of Honolulu, Department of Planning and Permitting.

Written Statement

POAMOHO PLANTATION CAMP
Variance & Joint Development CUP (minor) Permit

WRITTEN STATEMENT

Hawaiian Island Homes Ltd. is proposing to establish lawful status of 63 existing farm dwellings at Poamoho Plantation Camp with a Zoning Variance from LUO Sections 21-3.50-4 and a minor Conditional Use Permit for Joint Development. This action would allow for the existing farm dwelling lots and agricultural crop areas to be established and conveyed under a subsequent Condominium Property Regime (CPR).

Variance: The project site is identified as Tax Map Key 7-1-1:11, 30, 31 and is situated in Central O'ahu in Wahiawa along Kamehameha Highway. Comprised of approximately 90 acres, the project site is zoned AG-1 Restricted Agriculture District. There are 63 existing farm dwellings on the site. The existing dwellings are not in compliance with LUO Sections 21-3.50-4, AG-1 Restricted Zoning Development Standard, which requires a minimum lot area of 5 acres. The proposed Variance would allow for a overall density of approximately 1.5 acres per dwelling.

CUP - Joint Development: The minor Conditional Use Permit would allow for Joint Development of the proposed Tax Map Keys.

Agriculture & Farm Dwellings: The proposed plan for the site includes preservation of the existing farm dwellings in combination with a farm reserve area (Figure 1). The farm reserve area will continue to be leased to Maui Land & Pine, Inc. for agricultural production. The occupants of the 63 farm dwellings will continue to receive income from the agricultural use of the 57 acre farm reserve. In addition, Poamoho Camp residents will utilize approximately 2-3 acres for the community gardens.

Residential Unit Descriptions: Currently, at Poamoho Camp there are approximately 4 to 5 different types of existing dwelling units (Defined for the purposes of the application as Unit Type A-F).

- Type A Units are located at the entrance to Poamoho Camp in a circular configuration, consist of 2-3 bedroom duplex units dated around 1970's.
- Type B Units are the oldest units at the camp, circa 1920's, located on the north end along Kipuka Drive and Kikwaena Street. Type B Units comprise of 2 bedrooms and many have been abandoned or demolished.
- Type C Units are located adjacent to the entrance of the camp and comprise of 3 bedroom units with surrounding yard area.
- Type D and E Units are located along Nui Avenue and comprise of 3-4 bedrooms circa 1952. Many of the Type D and E have expanded footprints and garages.
- Type F Units comprise of 3-4 bedrooms and have a larger surrounding yard area.

Other Structures: Additional existing structures consist of the Club House, many garages, agricultural warehouses, and the former superintendent's home. The houses surround the community park consisting of a basketball court and baseball field. Many of the vacated units have small gardens and livestock areas.

By approving this request, the City and County of Honolulu will allow for the continued use of the existing farm dwellings and maintain the functions and benefits of Poamoho Plantation Camp.

Other Supportive Information

POAMOHO PLANTATION CAMP

Variance & Joint Development CUP (minor) Permit

PHOTOS OF POAMOHO CAMP AND DWELLING UNITS



Unit Type A, 706 Kipuka Drive: Front



Unit Type A, 706 Kipuka Drive: Side



Unit Type A, 706 Kipuka Drive: Back



Unit Type A, 706 Kipuka Drive: Side

FOAMOHO PLANTATION CAMP

Variance & Joint Development CUP (minor) Permit



Community Garden, Akua Street



Community Garden, Akua Street



Unit Type A, Akua Street



Unit Type A, Akua Street

POAMOHO PLANTATION CAMP

Variance & Joint Development CUP (minor) Permit



Unit Type B, 668 Kipuka Street: Side



Unit Type B, 668 Kipuka Street: Back



Unit Type B, 668 Kipuka Street: Side



Unit Type B, 668 Kipuka Street: Front

POAMOHO PLANTATION CAMP

Variance & Joint Development CUP (minor) Permit



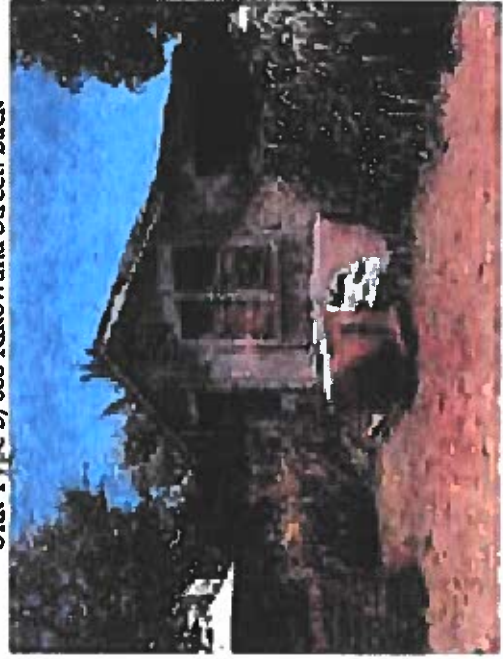
Unit Type B, 685 Kikowana Street: Side



Unit Type B, 685 Kikowana Street: Front



Unit Type B, 685 Kikowana Street: Back



Unit Type B, 685 Kikowana Street: Side

POAMOHU PLANTATION CAMP

Variance & Joint Development CUP (minor) Permit



Unit Type C, 693 Kipuka Drive: Front



Unit Type C, 693 Kipuka Drive: Side



Unit Type C, 693 Kipuka Drive: Back



Unit Type C, 693 Kipuka Drive: Side

POAMOHO PLANTATION CAMP

Variance & Joint Development CUP (minor) Permit



Unit Type D, 721 Nui Avenue: Front



Unit Type D, 721 Nui Avenue: Side



Unit Type D, 721 Nui Avenue: Back



Unit Type D, 721 Nui Avenue: Side

POAMOHO PLANTATION CAMP

Variance & Joint Development CUP (minor) Permit



Basketball Court



Baseball Field



Garage, Kikowaena Street

POAMOHIO PLANTATION CAMP
Variance & Joint Development CUP (minor) Permit



Unit Type E, 726 Nui Avenue: Front



Unit Type E, 726 Nui Avenue: Back



Unit Type E, 726 Nui Avenue: Side



Unit Type E, 726 Nui Avenue: Side

POAMOHO PLANTATION CAMP

Variance & Joint Development CUP (minor) Permit



Former Superintendent's Unit: Front



Former Superintendent's Unit: Side



Former Superintendent's Unit: Back



Former Superintendent's Unit: Side

POAMOHO PLANTATION CAMP

Variance & Joint Development CUP (minor) Permit



Unit Type F, Homohana Road: Back



Unit Type F, Homohana Road: Side



Unit Type F, Homohana Road: Front

POAMOHO PLANTATION CAMP

Variance & Joint Development CUP (minor) Permit



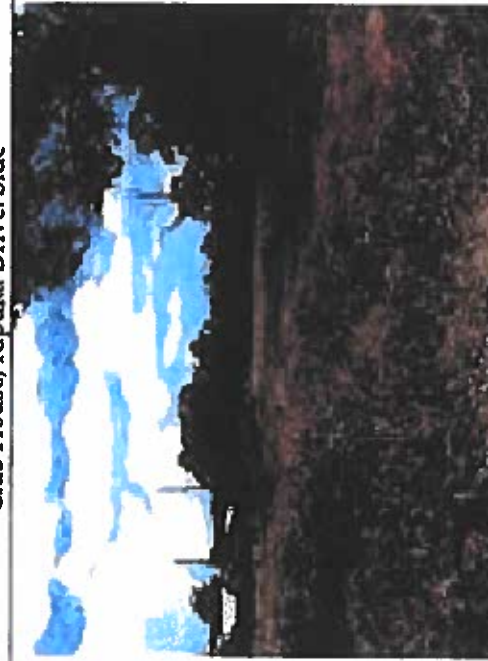
Club House, Kipuka Drive: Front



Club House, Kipuka Drive: Side



Club House, Kipuka Drive: Side



Future Community Garden Area, Kipuka Drive

FOAMOHU PLANTATION CAMP

Variance & Joint Development CUP (minor) Permit



Agricultural Warehouse/Garage, Nui Avenue



Farm Area

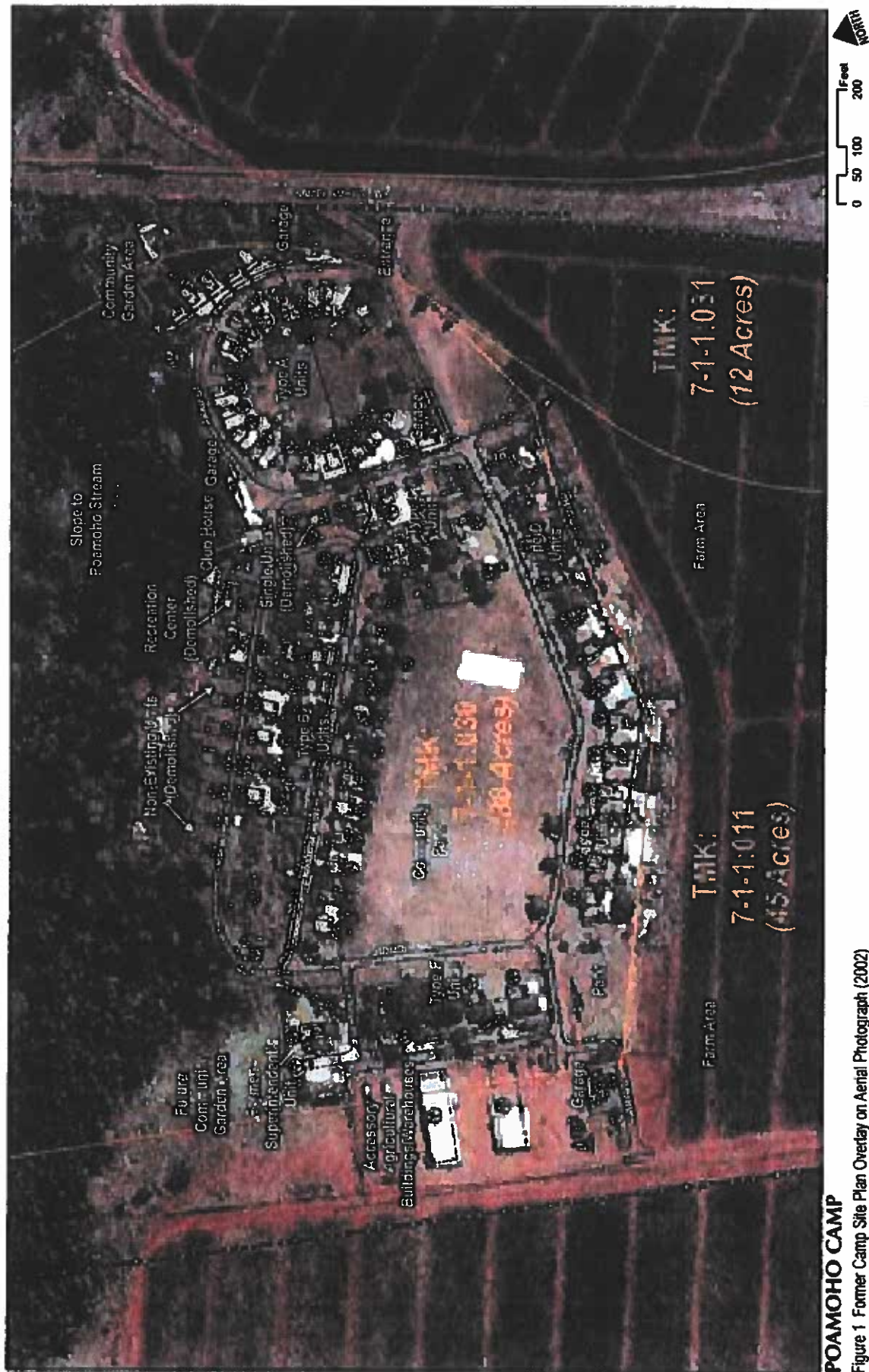


Agricultural Warehouse, Nui Avenue



Farm Area

Drawings/Plans



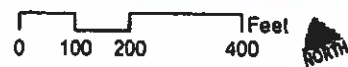
POAMOHO CAMP

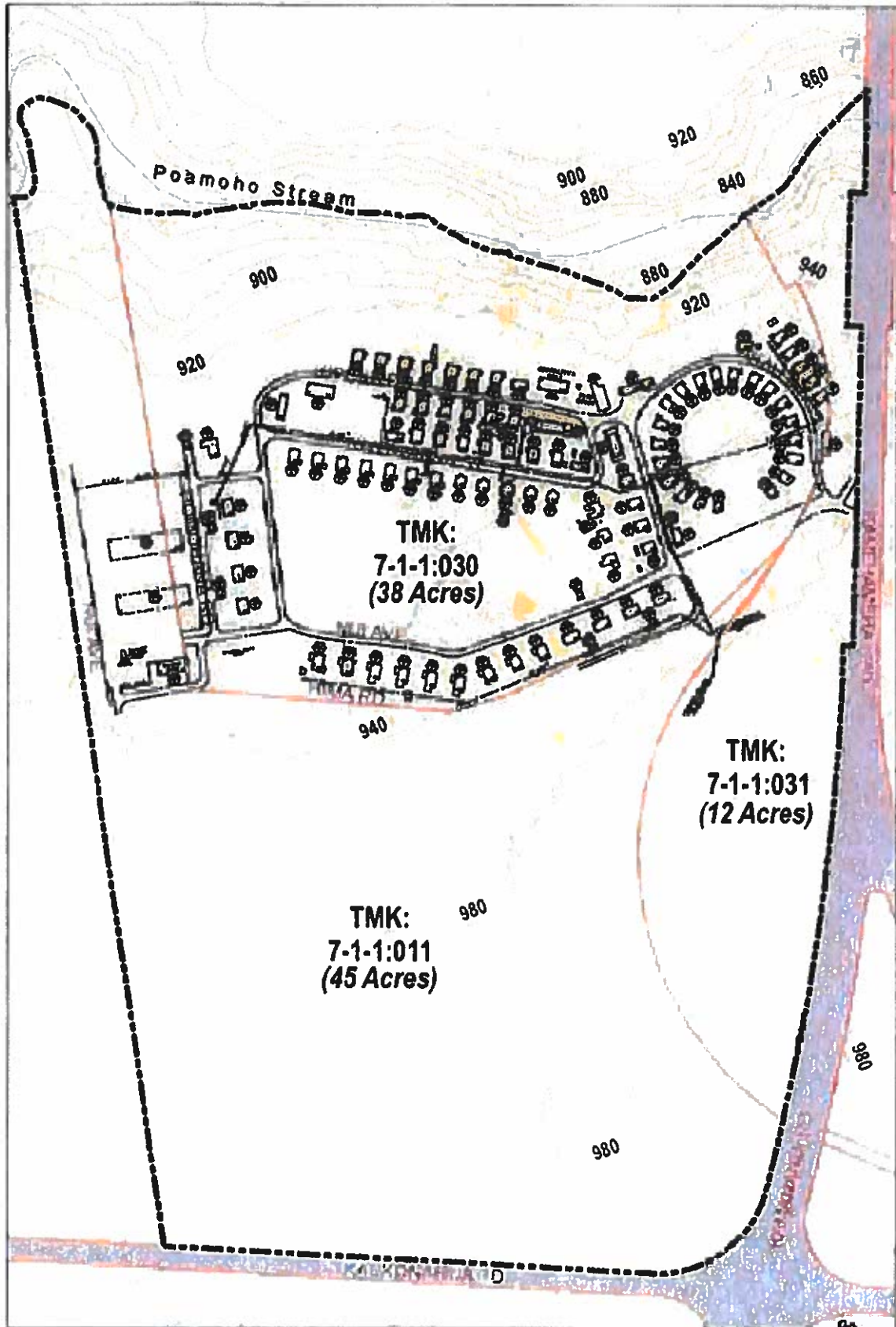
Figure 1 Former Camp Site Plan Overlay on Aerial Photograph (2002)



POAMOHU CAMP

Figure 2:
Former Camp Site Plan, TMK Parcels and Topography Overlay on Aerial Photograph (2002)





POAMOHO CAMP

Figure 3:
Former Camp Site Parcel TMK Parcels and Topography



Joint Development Agreement

DRAFT: June 14, 2006

AFTER RECORDATION () MAIL TO (X) PICKUP BY:

Total No. of Pages: _____

Group 70 International, Inc.

925 Bethel Street, 5th Floor

Honolulu, HI 96813

Telephone No. (808) 523-5866

Tax Map Key No. (1) 7-1-1:11,30,31

**AGREEMENT FOR ISSUANCE OF CONDITIONAL USE PERMIT
UNDER SECTION 21-5.380 OF THE LAND USE ORDINANCE (LUO)**

THIS INDENTURE is made this _____ day of _____, 2005,
by _____, a Hawaii corporation, the sole Owner of those
certain parcels of land described in Exhibits "A", "B" and "C" attached hereto and made a part
hereof, being hereinafter collectively referred to as "Declarant".

WITNESSETH:

WHEREAS, Section 21-5.380 of the Land Use Ordinance (LUO) provides that if an
owner or owners of adjacent lots believe that joint development of their property would result in
more efficient use of their land, they may apply for a Conditional Use Permit to allow such
development and to treat said lots as one (1) zoning lot for development purposes;

WHEREAS, LUO Section 21-5.380 requires an applicant for a Conditional Use
Permit to submit to the City and County of Honolulu ("City") an agreement binding himself and his

successors in title to maintain a proposed development so that conformity with the applicable zoning regulations will be assured;

WHEREAS, the Declarant proposes to develop all of those parcels of land described in Exhibits "A", "B" and "C", attached hereto, in accordance with the zoning regulations, in the belief that said proposed development would result in a more efficient use of said parcels;

WHEREAS, the benefits of L.U.O Section 21-5.380 are available to the Declarant, the Declarant hereby make application for the issuance of a Conditional Use Permit pursuant thereto.

NOW, THEREFORE, the Declarant hereby covenant and make the following Declaration:

1. This Agreement is made pursuant to and in compliance with the provisions of L.U.O Section 21-5.380, relating to the joint development of two (2) or more adjacent lots, the terms of which Section shall be effective when the Director of Planning and Permitting of the City and County of Honolulu, State of Hawaii, approves development of those parcels of land described in Exhibits "A", "B" and "C", and issues a Conditional Use Permit therefor.

2. Declarant agrees to develop in accord with all other provisions of the zoning regulations.

3. Declarant agrees to file copies of this Agreement and the attachments referred to herein each time the Declarant or his respective successors, or permitted assigns or agents, file an application for a building permit for any structure within the real property which is the subject of this Agreement.

4. Declarant agrees that all of said parcels of land described in Exhibits "A", "B" and "C" shall at all times remain an integral part of said development.

5. Failure to develop substantially in accordance with this Agreement and the zoning regulations shall constitute grounds for the City to revoke or suspend any building permits issued hereunder.

6. Failure to maintain the development in accordance with this Agreement shall constitute grounds for the City to revoke or suspend the Conditional Use Permit issued pursuant to this Agreement.

7. This Agreement shall not be terminated, extinguished, amended or canceled without the express written approval of the Director of Planning and Permitting of the City and County of Honolulu, State of Hawaii.

8. The City and County of Honolulu, State of Hawaii, shall have the right to enforce this Agreement and the conditions contained herein by appropriate action at law or suit in equity against the Declarant and any persons claiming an interest in such property.

9. This Agreement shall run with the land and shall bind, inure to the benefit of, and constitute notice to the respective successors, grantees, assignees, mortgagees, lienors, and any other person who claims an interest in such property, of the parties hereto.

The parties hereto agree that this instrument may be executed in two or more counterparts, each of which shall be deemed a duplicate original, and said counterparts together shall constitute one and the same instrument binding all of the parties hereto, notwithstanding that all of the parties are not signatory to the original or the same counterparts. For all purposes, including without limitation, recordation, filing and delivery of this Agreement, duplicate unexecuted and unacknowledged pages of the counterparts may be discarded and the remaining pages assembled as one document.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed these presents the day
and year first above written.

HIDC POAMOHO CAMP, INC.
a Hawaii corporation

By: Peter Savio
Name: _____
Its: President

EXHIBIT A

(Lot Description for TALK: (1) 7-1-1:11)

EXHIBIT B

(Lot Description for TMK: (1) 7-1-1:30)

EXHIBIT C

(Lot Description for TAFK: (1) 7-1-1:31)

STATE OF HAWAII

)

)

SS.

CITY AND COUNTY OF HONOLULU

)

On this _____ day of _____, 2005, before me appeared _____ and _____, to me satisfactorily proven, who, being by me duly sworn, did say that they are the _____ and _____ of _____, a Hawaii corporation, that the foregoing instrument was signed in behalf of said corporation by authority of its board of directors, and the said officers acknowledged said instrument to be the free act and deed of said corporation.

Print Name: _____
Notary Public for above-noted State and County

My Commission expires: _____

Lease

**FRUIT PURCHASE AGREEMENT
POAMOHU FIELD**

This Fruit Purchase Agreement made this 1st day of JUNE, 2004 by and between Maui Pineapple Company, Ltd. (hereafter Maui Pine), a Hawaii Corporation, whose principal place of business is at 120 Kane Street, Kahului, Maui, State of Hawaii and the Bank of Hawaii (Trustee), as Trustee under the Will and of the Estate of George Galbraith, Deceased, whose principal place of business is 130 Merchant Street, 3rd Floor, Honolulu, Oahu, State of Hawaii.

Background Statement

1. Trustee administers approximately 763 acres of Galbraith Estate lands planted with Smooth Cayenne variety of pineapple located on the island of Oahu for harvest and cannery production under this Agreement.
2. Maui Pine owns and operates a pineapple cannery operation located on the island of Maui.
3. Some of the land owned by the Galbraith Estate was not included in the Fruit Purchase Agreement dated May 5, 2004, and this Agreement is intended to cover those omitted parcels, defined as the "Poamoho Field" below.
4. Pineapples harvested from the Poamoho Field under this Agreement shall be used solely for cannery production and not sold as fresh fruit.
5. The parties intend by this Agreement to set forth the terms and conditions upon which Maui Pine shall maintain, harvest, ship, and purchase pineapples from the Poamoho Field.

Now therefore, the parties mutually agree as follows.

1. Definitions

- (a) Agreement means this Fruit Purchase Agreement.
- (b) Pineapples means the Smooth Cayenne varieties without the crown of the pineapple.
- (c) Merchantable pineapples means sound fruit,

field-ripened, clean, normal, relatively undamaged by insects, disease, or rough handling, and in such acceptable state of ripeness for canning by Maui Pine. Pineapples within the 2½ T, 2T, and 1T fruit size categories shall be considered as merchantable pineapples. Fruit within the Sub-1T fruit size category shall not be considered as merchantable pineapples.

- (d) 2 ½ Tall Pineapples means a size of pineapple that will not fall through a 5 5/16 inch interior diameter ring.
- (e) 2 Tall Pineapples means a size of pineapple that will fall through a 5 5/16 inch interior diameter ring but will not fall through a 4 5/16 inch diameter ring.
- (f) 1 Tall Pineapples means a size of pineapple that will fall through a 4 5/16 inch diameter ring but will not fall through a 4 inch interior diameter ring.
- (g) Poamoho Field means the blocks and beds of planted pineapple located in a portion of Tax Map Parcels 7-1-001:011, 7-1-001:030, and 7-1-01:031, totaling 91.687 acres, also known as Field 204C and which lies beside the Poamoho Camp. The Poamoho Field is shown on the map in Appendix B.
- ~~(h) Field means a section of the Poamoho Field. (The Field Maps are shown in Appendix B).~~
- (i) Cannery means the pineapple cannery located at Kahului, Maui, State of Hawaii, currently operated by Maui Pine.
- (j) Phase One Pineapples means the pineapple to be harvested in year 2004.
- (k) Phase Two Pineapples means the pineapple to be harvested in year 2005, as indicated in Appendix A.

- (l) Phase Three Pineapples means the pineapple to be harvested in year 2006, as indicated in Appendix A.
- (m) Chemical Substances means fertilizers, herbicides, insecticides, fungicides, and plant growth regulators used in the production of the pineapple crop.

2. Purchase of Merchantable Pineapple

Maui Pine will purchase all of the Merchantable Pineapples harvested from Poamoho Field in accordance with the terms and conditions of this Agreement. Maui Pine shall use the pineapples purchased solely for cannery production and not as fresh fruit.

3. Production Scheduling

Maui Pine shall prepare a Fruit Harvest Schedule for harvest and shipping of the pineapples under this Agreement. The Fruit Harvest Schedule is shown in Appendix A.

4. Crop Controls

Maui Pine shall cultivate and harvest pineapples under this Agreement. Maui Pine shall apply chemical substances upon pineapples and Poamoho Field strictly in accordance with the label instructions pursuant to the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA), as amended. Maui Pine shall not apply Hyvar X to the Poamoho Field to reduce time required to comply with the plant-back restrictions.

Trustee shall provide Maui Pine a list of chemical substances used by the previous lessee as provided to Trustee by such lessee. Maui Pine shall have the right to refuse to harvest any pineapples containing dust, spray, or other residue in excess of the tolerances established under FIFRA and the Federal Food, Drug, and Cosmetic Act.

Maui Pine shall provide the Trustee with labels and material safety data sheets of registered chemical substances that will be used in the production of the pineapples on the Poamoho Field. The chemical list, labels and material safety data sheets are provided in Appendix C.

5. No Improvements; Responsible Land Management

Maui Pine shall not erect, construct, or install any improvements of a permanent or long-term nature. Maui Pine may erect any signs, fences, posts, or other improvements necessary to conduct its activities hereunder. However, upon termination of this Agreement, Maui Pine shall remove all such improvements from the land and, to the extent provided in Section 13 below, restore the land to its condition prior to the erection of such improvements.

During the term of this Agreement, Maui Pine shall engage in responsible land management practices with regard to soil erosion, grading, irrigation and water runoff, pesticide management, weed control, fire control, trash removal, and compliance with all governmental laws, rules, and regulations, particularly those of an environmental or safety nature.

6. Harvest of Pineapples

Maui Pine shall select and harvest Merchantable Pineapples from the Poamoho Field. Maui Pine shall be responsible for the transport and delivery of the pineapples to its cannery in Kahului, Maui.

Each lot of pineapple shall be weighed by Maui Pine upon its scales at the Kahului Cannery and the weights shall be certified as correct and final by Maui Pine. Maui Pine shall harvest only 2 1/4, 2T, and 1T fruit sizes. However, Trustee reserves the right, at its own expense, to audit or verify Maui Pine's weights by use of an outside consultant or witness.

After the Phase Two harvest is completed, Maui Pine will conduct an assessment to determine if it is economically beneficial to it to harvest the Phase Three pineapples. Maui Pine shall notify Trustee in writing no later than July 1, 2005 if Maui Pine decides not to harvest the Phase Three pineapples. Failure to provide such notice by such date shall constitute a commitment by Maui Pine to harvest the Phase Three pineapples.

7. Payment for Pineapples

As a means of defraying all or a portion of its field, harvesting and transportation costs, Maui Pine shall be

allowed to harvest a certain amount of pineapples during each of the three Phases without paying Trustee for the fruit. For each Phase, the point at which Maui Pine shall commence paying Trustee for the fruit (the "Trigger Point") shall be the lesser of (i) the point of which Maui Pine has recovered its field, harvesting and transportation costs for such Phase or (ii) the point of which the following tonnage for such Phase has been delivered to the Kahului Cannery:

Poamoho Field Trigger Point

Phase I	CANCELLED
Phase II	610 tons
Phase III	300 tons

Maui Pine shall pay Trustee the sum of \$20.00 (Twenty and 00/100 Dollars) for each ton of pineapple harvested during each Phase in excess of the Trigger Point for such Phase. Trustee reserves the right, at its own expense, to audit or verify the point at which Maui Pine has recovered its field, harvesting and transportation costs for each Phase.

8. Operational Responsibility

a. Maui Pine shall exert commercially reasonable efforts to arrange for field bins for the harvest and shipment of Phase One fruit. Maui Pine shall provide field bins for the harvest and shipment of Phases Two and Three fruit.

b. Maui Pine may, at its option, engage the Poamoho Community Association for support and other assistance for the pineapple harvests and security around Poamoho Village.

c. Maui Pine will make arrangements for shared use of the municipal water line running through Galbraith property with the operator of the Poamoho Camp or the Helemano Plantation, as the case may be.

d. Maui Pine shall provide all equipment, machinery, tools, supplies, and labor to perform all harvesting activities.

e. Maui Pine shall arrange for the equipment, tools, and labor to deliver picked fruit from the fields to a shipment site in Honolulu.

f. Maui Pine shall be responsible for the interisland freight costs from Honolulu, Oahu to Kahului, Maui.

g. Maui Pine shall implement a field maintenance program for the production of Phase II and Phase III fruit. Field maintenance activities shall include weed control, limited ratoon crop fertilization, irrigation, and forcing of Phase II fruit based on Maui Pine's schedules.

h. Maui Pine shall be responsible to pay for any contract agricultural services that Maui Pine may need to cultivate and harvest the pineapples.

9. Risk of Loss of Pineapples

Maui Pine shall take all reasonable actions to harvest available tonnage to maximize recovery of acceptable fruit for the benefit of both parties to this Agreement. However, it is understood that Maui Pine is operating outside of its normal area of operations. Both parties agree that the economic success of this harvest arrangement is not guaranteed.

10. Insurance Policies (Liability, Worker's Comp)

Maui Pine shall obtain liability insurance, pay all premiums for, and have the Trustee and any lessee named as an additional insureds during the term of this Agreement. The required insurance includes:

- \$1,000,000 General Liability for injury including death to more than one person in any accident or occurrence;
- \$250,000 against claims of property damage

Maui Pine shall notify the Trustee in writing not less than 30 days prior to termination, cancellation, or material change in insurance coverage during the term of this Agreement.

Mauí Pine shall also maintain, or cause all its contractors, subcontractors, agents, and independent contractors to maintain, adequate workmen's compensation insurance for the activities contemplated by this Agreement.

Mauí Pine shall provide Trustee with a Certificate of Insurance evidencing liability and workmen's compensation coverage during the term of this Agreement.

11. Payments

On the 15th day of each month during the term of this Agreement, Mauí Pine shall pay the Estate the amount due for all Merchantable Pineapples purchased by Mauí Pine during the preceding month.

12. Term of Agreement

This Agreement shall commence on the execution date set forth above and shall end on August 31, 2006 unless Mauí Pine issues the notice described in Section 6 above, in which case this Agreement shall end on August 1, 2005. The right and obligations of the parties under Sections 5, 10, 11, 13, 14, 15, and 19 shall survive the termination of this Agreement.

13. Assignability

In the event of a sale of the land containing the Poamoho Field during the term of this Agreement, this Agreement may be assigned by Trustee to the new landowner, and Trustee will be released from all and any obligations under this Agreement.

14. Environmental Responsibility.

Mauí Pine shall be responsible for the prevention, reporting, remediation, and clean-up of any environmental hazard(s) or condition(s) introduced onto the land as a result of Mauí Pine's presence on the land, whether intentional or accidental.

15. Field Conditions at Termination

Upon the termination of this agreement, Mauí Pine shall be responsible for the following:

- a. Knock-down (disc-harrowing) of any remaining plants on the Poamoho Field according to responsible land-management practices as identified by the Trustee's land manager or other agricultural consultant.
- b. Disconnection of any Maui Pine water-using devices that feed off the water pipeline operated by Helemano Plantation.
- c. Blockage of any roadway entrances that Trustee deems undesirable.
- d. Removal of any trash or debris introduced onto the land prior to the termination date of this Agreement.

16. Indemnification

Maui Pine shall hold harmless, indemnify and defend Trustee and any lessee against any and all third-party claims for damages, costs, and expenses (including reasonable attorney's fees) resulting from Maui Pine's presence on the land, or any acts or omissions of Maui Pine in exercising its rights or performing its obligations under this Agreement. Maui Pine shall be solely responsible for all claims or liabilities arising out of labor or employment laws, rules, and regulations.

Trustee shall hold Maui Pine harmless from any acts, omissions, or conditions caused by prior or other lessees of the land.

17. No Partnership

The parties understand and agree that each of them has entered this Agreement as independent contractors. The parties do not intend to create a partnership or joint venture between them by this Agreement. The parties do not intend to create a principal and agent relationship between them by this Agreement. Neither party has any authority or power to act as an agent for the other.

17. Notices

Any notice required to be given under this Agreement shall be sent to the following addresses:

Maui Pine: Maui Pineapple Company, Ltd.
Attention: Brian C. Nishida, President
P.O. Box 187
Kahului, Hawaii 96732

Trustee: Bank of Hawaii
Trust Real Estate Group
Attention: Dorothy Tom, Real Estate Officer
P.O. Box 3170
Honolulu, Hawaii 96802-3170

A party who desires to change the place for receiving notices shall inform the other of such change by certified mail. Any notice required by this Agreement, mailed to such designated address, shall be deemed to have been delivered five (5) days after the deposit thereof with any government postal agency.

18. No Party Deemed To Be Draftsman

Maui Pine and Trustee have each had the assistance of their own counsel in the drafting of this Agreement. If any ambiguity should appear in this Agreement, such ambiguity shall not be resolved by interpreting the Agreement against either party as the draftsman. The language of this Agreement shall be interpreted simply according to the fair meaning.

19. Interest

All amounts not paid when due under this Agreement, or, if no due date is established under this Agreement, upon demand, shall bear interest at an annual rate of 18% on the unpaid principal amount until payment of such amount is received by Trustee.

20. Exculpatory Clause

Bank of Hawaii is executing this document solely in its capacity as trustee as aforesaid, and is not assuming any personal liability in its corporate capacity. Any recovery against the Bank of Hawaii based on this document shall be limited to the assets of the trust identified above.

21. Counterpart Signatures

This Agreement may be executed in counterparts, each of which shall be deemed an original, and the counterparts together shall constitute one and the same instrument binding the parties hereto.

In Witness Whereof, the parties hereto have executed
this Agreement the day and year first above written.

MAUI PINE: Maui Pineapple Company, Ltd., a Hawaii Corporation

By: [Signature]
Signature
BRIAN NISHIDA
print name
President
Title

TRUSTEE: Bank of Hawaii, Trustee under the Will and of
the Estate of George Galbraith, Deceased

By: [Signature]
Signature
DOROTHY TOM
print name
REAL ESTATE OFFICER

By: [Signature]
Signature
JONNA WICKESER
print name
Vice President

APPENDIX A
Fruit Harvest Schedule

~~PHASE I Field 204 (1st ratoon) May 2004 through July 2004~~

PHASE II Field 204 (1st ratoon) February 2005 through Sept. 2005

PHASE III Field 204 (2nd ratoon) March 2006 through July 2006
(Maui Pine's option per Paragraph 6)

[illegible]

APPENDIX C
Chemicals To Be Used by Maui Pine



Maui Pineapple Company, Ltd.

Hālimale Division

Maui Pineapple Company, Ltd.

Pesticide List-Galbraith Trust Lands

EPA registered pesticides that may production of cannery fruit from the Ga' located in Poamoho, Oahu, Hawaii are li: Product Labels and Material Safety Data in this Appendix to the Fruit Purchase /

The MSDS copies are an inch thick. If/when you need copies, I can send them.

Product Name	EPA #	D. Tom
Aliette WDG	264-1	
Amdro Pro Fire Ant Bait	241-	
Assure II Herbicide	352-1	
Diazinon 50W	51031	
Ethiel	264-257	
Karmex DF	1812-362	

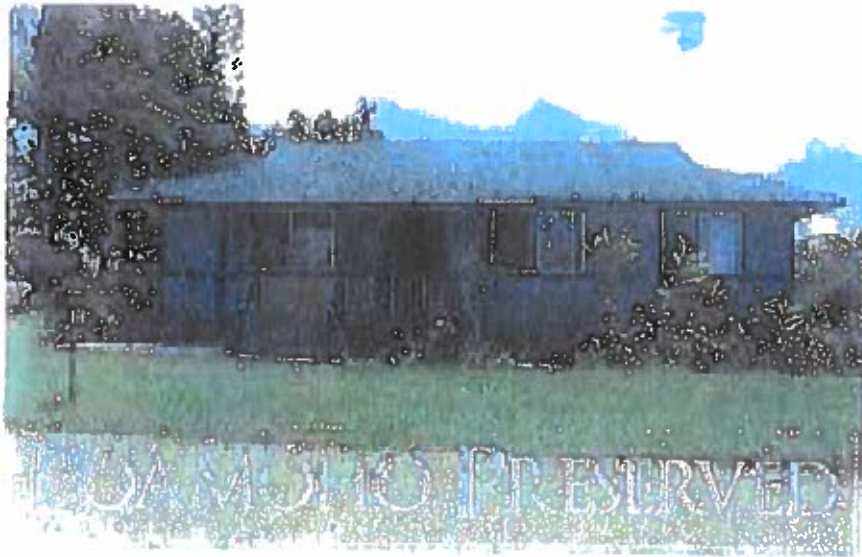
Maui Pineapple Company shall provide the Bank of Hawaii with written notice and the right of refusal if other EPA registered pesticides are proposed for use.

Approved by: Calvin Oda
Calvin Oda
Maui Pineapple Co.

Approved by: Dorothy Tom
Dorothy Tom
Bank of Hawaii

EXHIBIT E:
RELEVANT
NEWS ARTICLE(S)

EXHIBIT "A"



the Galbraith Trust required restoring the property to its natural state. Fortunately Del Monte and Galbraith were open to a proposal that would satisfy both them and the renters, who wanted to stay," Savio noted.

"We worked with the City and County of Honolulu to determine the best mechanism to make it possible for the residents to buy their homes at the best possible price. For our company, it was a 'cost-plus' project.

"The process was lengthy and complicated, but eventually culminated in the best possible outcome for the residents. The City and County granted a variance so I could condominiumize the property. Homes were initially sold at an average price of about \$131,000 and appraised almost double that. The latest

appraisal I heard was \$365,000.

"Now, 56 of the families who were able to obtain mortgages own their own homes and continue to remodel. Five have torn down the old structure and are building new. For an additional 16 who were unable to qualify for mortgages, but wanted to continue living at Poamoho, I offered Agreement of Sale. Most of those families have refinanced or are in the process of refinancing. Sixty of the acres are rented out to a farmer with the proceeds going toward lowering the maintenance fee.

"Poamoho is one of Oahu's few remaining plantation communities and home to more than 300 people. The single-family homes, which were built in the 1930s, have from one to three bedrooms and are designed in the style of the period with board and batten construction and double hung windows. Most of them are well maintained with flower and vegetable gardens in the yards. Typically, the camp includes a central park and community hall where the residents' council holds its meetings. Poamoho is a piece of old Hawaii . . . and we're pleased to have had a role in preserving it," Savio said.

The purchase of the Poamoho Del Monte plantation camp and conversion into fee simple real property by Realtor/Developer Peter Savio made it possible for residents to continue living in their homes and eventually purchase them. The impending demolition of the 80-year-old pineapple plantation camp near Wahiawa and eviction of its longtime residents were brought to Savio's attention in 2007.

"It was one of those situations where everybody concerned — the landowner, ILWU, the George Galbraith

Trust, and Del Monte, whose lease on the property was due to expire — were sympathetic to the plight of the renters and wanted to help, but nobody was ready or equipped to create a mechanism through which the camp could be saved," Savio said.

After discussions with Del Monte's legal counsel, it was determined that Savio's Hawaiian Island Development Co. Inc. would buy the leasehold camp with its 63 homes for \$10. Savio then approached landowner Galbraith Trust and proposed purchasing the 30-acre camp and 60 acres of ad-

jacent agricultural land in fee for \$2 million.

"The situation was critical because the Del Monte lease on the land was due to expire and



EXHIBIT "E"

LIST OF CONTRACTS AND LEASES

Tenant Leases

1. Horiuchi – 91-1025A Manakuke Street, Ewa Beach, Hawaii 96706
2. Ungos – 91-1025B Manakuke Street, Ewa Beach, Hawaii 96706
3. Tapaoan – 91-1719 Haakei Street, Ewa Beach, Hawaii 96706
4. Viloría – 91-1018 Renton Road, Ewa Beach, Hawaii 96706
5. Nagamine – 91-1707 Leialoalo Street, Ewa Beach, Hawaii 96706
6. Balala – 91-1034 Manakuke Street, Ewa Beach, Hawaii 96706
7. Bosque – 91-1037 Manakuke Street, Ewa Beach, Hawaii 96706
8. Talledo – 91-1055 Manakuke Street, Ewa Beach, Hawaii 96706
9. Saniatan – 91-1046 Renton Road, Ewa Beach, Hawaii 96706
10. Sotero – 91-1006 Manakuke Street, Ewa Beach, Hawaii 96706
11. Duldulao – 91-1711 Haakei Street, Ewa Beach, Hawaii 96706
12. Agorilla – 91-1715 Haakei, Ewa Beach, Hawaii 96706
13. Calamaan – 91-1712 Haakei Street, Ewa Beach, Hawaii 96706
14. Espejo – 91-1026 Renton Road, Ewa Beach, Hawaii 96706
15. Pio – 91-1022 Renton Road, Ewa Beach, Hawaii 96706
16. Micua – 91-1010 Renton Road, Ewa Beach, Hawaii 96706
17. Areola – 91-1715 Kihī Street, Ewa Beach, Hawaii 96706
18. Blue – 91-1009 Manakuke Street, Ewa Beach, Hawaii 96706
19. Somera – 91-1017 Manakuke Street, Ewa Beach, Hawaii 96706
20. Batalon – 91-1021 B Manakuke Street, Ewa Beach, Hawaii 96706
21. Lite – 91-1028 Manakuke Street, Ewa Beach, Hawaii 96706
22. Quirino – 91-1024 Manakuke Street, Ewa Beach, Hawaii 96706
23. Esquibil – 91-1012 Manakuke Street, Ewa Beach, Hawaii 96706
24. Suniga – 91-1027 Koahi Street, Ewa Beach, Hawaii 96706
25. Cadiz – 91-1033 Koahi Street, Ewa Beach, Hawaii 96706
26. Corpuz – 91-1037 Koahi Street, Ewa Beach, Hawaii 96706
27. Valderama – 91-1045 Koahi Street, Ewa Beach, Hawaii 96706
28. Pita – 91-1053 Koahi Street, Ewa Beach, Hawaii 96706
29. Kelly – 91-1041 Koahi Street, Ewa Beach, Hawaii 96706
30. Selga – 91-1005 Koahi Street, Ewa Beach, Hawaii 96706
31. Largo – 91-1049 Koahi Street, Ewa Beach, Hawaii 96706
32. Pascual – 91-1020 Manakuke Street, Ewa Beach, Hawaii 96706
33. Milan – 91-1038 Renton Road, Ewa Beach, Hawaii 96706
34. Somera – 91-1035 Manakuke Street, Ewa Beach, Hawaii 96706
35. Padilla – 91-1057 Koahi Street, Ewa Beach, Hawaii 96706

EXHIBIT "F"

After Recordation, Return by Mail ☒ or Pickup ☐:

To: Chun Kerr LLP (KMIF)
999 Bishop Street, Suite 2100
Honolulu, HI 96813
Tel. No. (808) 528-8200

Total Pages: _____

TMK: (1) 9-1-017: 113

TCT No. 455,921

AGREEMENT OF SALE

This AGREEMENT OF SALE ("Agreement") made this ____ day of _____, 2020, (the "Effective Date") by and between the **CITY AND COUNTY OF HONOLULU**, a municipal corporation of the State of Hawaii, whose principal place of business address is 530 South King Street, Honolulu, Hawaii 96813 ("**Seller**"), and **SAVIO/HAWAII HABITAT VARONA VILLAGE LLC**, a Hawaii limited liability company, whose principal place of business address is 1451 South King Street, Suite 504, Honolulu, Hawaii 96814 ("**Purchaser**");

RECITALS

A. Seller is the fee simple owner of that certain parcel of improved real property generally known as Varona Village, located in the Ewa Villages, Honouliuli, Hawaii, as is more particularly described in **Exhibit A** attached hereto and made a part hereof (hereinafter referred to as the "**Land**"), upon which is situate certain residential improvements (said improvements and the Land are hereinafter collectively referred to as the "**Premises**") (Seller's right, title and interest in and to the Premises together with all tangible and intangible property, including furniture, fixtures and equipment, owned or held by Seller as of the Effective Date, situate on, attached or appurtenant to or used in connection with the Premises are hereinafter referred to as the "**Property**").

B. Seller and Purchaser are parties to that certain unrecorded Development Agreement dated _____, 2020 (the "**Development Agreement**"), a memorandum of which is filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. _____, duly noted on Transfer Certificate of Title No. 455,921, pursuant

to which Seller granted to Purchaser the right to acquire the Property and do such improvements, repairs, and filings as may be necessary to: (i) repair and develop the Property in accordance with the terms and conditions of the Development Agreement; and (ii) submit the Land to a condominium property regime and establish a fee simple condominium project so that Purchaser may sell the condominium units (collectively the "Units" and individually a "Unit") as set forth in the Development Agreement (the "Project").

C. Seller is willing to sell the Property to Purchaser and Purchaser is willing to purchase the Property under the terms and provisions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and certain other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Purchaser agree as follows:

1. **Agreement to Purchase.** Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, all of Seller's right, title and interest in and to the Property described in **Exhibit A** attached hereto, subject to the encumbrances described therein, upon the terms and conditions set forth in this Agreement.

2. **Purchase Price.** Purchaser shall pay Seller the principal sum of ONE MILLION EIGHT HUNDRED FORTY THOUSAND AND NO/100 U.S. DOLLARS (\$1,840,000.00) (the "Purchase Price") in accordance with the provisions of this Agreement.

a. **Payment.**

(i) **Down Payment.** Purchaser has made a down payment of ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00), the receipt of which is hereby acknowledged by Seller from Purchaser.

(ii) **Installment Payments.** The balance of the Purchase Price, together with interest on the principal balance accruing from the Effective Date at an interest rate of [Federal Funds Rate], shall be due and payable as follows:

(1) The purchase price for each Unit in the Project shall be as set forth in the Development Agreement. Upon the sale of a Unit within the Project, such escrow company as may be mutually agreed upon by Seller and Purchaser ("Escrow") shall cause Fifteen Thousand and No/100 Dollars (\$15,000.00) of the "Net Sales Proceeds" from the sale of the Unit to be released to Seller, which amounts shall be credited against the Purchase Price (each an "Installment Payment"), subject to Seller's release of the Unit from this Agreement, as set forth below. "Net Sales Proceeds" shall mean the sales price of a Unit less all costs incurred by Purchaser in renovating and/or constructing the Unit, marketing and transferring the Unit, including, without limitation, all closing costs (recording fees, conveyance taxes, all title and escrow premiums and fees, and Purchaser's share of property taxes, maintenance fees and utilities, if applicable), real estate brokerage commissions, real estate marketing and advertising expenses, survey costs, professional inspection costs, and legal and professional fees and costs incurred in the transaction with respect to that Unit. The minimum sales price for each Unit shall be as set forth in the Development Agreement.

(iii) Application of Installment Payments. Each installment of the Purchase Price, when released from Escrow to Seller, shall be applied first to interest, and then to the unpaid balance of the Purchase Price.

3. Condominium Unit. Purchaser does hereby covenant with Seller at all times to observe, perform, comply with and abide by all of the covenants, agreements, obligations, conditions and other provisions contained in all documents by which said condominium property regime is constituted and under which it shall from time to time be governed, including, without limitation, the Declaration and Bylaws (defined below), as the same may be lawfully amended from time to time, and all rules and regulations which from time to time may be promulgated pursuant thereto, which are on the part of the owner and said unit to be observed, performed, complied with and abided by, and will indemnify and hold and save Seller harmless in the premises.

4. Deeds in Partial Satisfaction. As set forth above, this Agreement may be satisfied on a Unit by Unit basis; i.e., by way of the Installment Payments. Until this Agreement is satisfied in full, Seller shall, as appropriate and from time to time, record a deed or deeds in partial satisfaction of this Agreement in connection with the sale of individual Units (each a "**Deed in Partial Satisfaction**"), subject to the following conditions, the terms and conditions more particularly set forth in Development Agreement, and such other terms and conditions as may be set forth in the Deed in Partial Satisfaction:

a. No Event of Default shall have occurred and be continuing under this Agreement or the Development Agreement.

b. Seller shall have received the applicable Installment Payment for the Unit to be conveyed.

c. The grantee's interest under the Deed in Partial Satisfaction shall be subject to the terms and conditions therein, which terms and conditions shall include but not be limited to grantee's covenant to observe, perform, comply with and abide by, the terms, covenants, conditions and restrictions set forth in (a) the declaration establishing the Project, as the same may be amended from time to time, (b) any bylaws of the association of unit owners of the Project, as the same may be amended from time to time (hereinafter referred to as the "**Bylaws**"), and (c) any Project rules and regulations the Property may be subject to, as the same may be amended from time to time (the "**Project Rules**"). Each grantee of a Deed in Partial Satisfaction shall indemnify and hold and save harmless Seller, Purchaser (if Purchaser is not the grantee), and each of the owners of all other condominium units in the Project from any failure to observe and perform any of such terms, covenants, conditions and restrictions set forth in the Declaration, the Bylaws, the Project Rules and the Deed in Partial Satisfaction.

d. Each such Deed in Partial Satisfaction shall have been prepared at the expense of Purchaser and shall be in form and in substance reasonably satisfactory to Seller.

e. Notwithstanding the provisions of this section or any other provision of this Agreement or the Development Agreement, Purchaser may, as vendee hereunder and in its sole discretion, elect to purchase a Unit directly from the City.

5. **Maturity Date; Prepayment.** Provided that this Agreement has not been terminated, all unpaid principal of the Purchase Price and accrued interest (if any) shall be due and payable on or before _____, 2035 (the "Maturity Date"). Purchaser may make advance payments on account of the principal balance of the Purchase Price prior to the Maturity Date without penalty.

6. **Title and Security.** Title to the Property shall remain in Seller until Purchaser has fully paid, observed and performed all consideration and all terms, covenants and conditions herein contained on the part of Purchaser to be paid, observed and performed.

7. **Possession.** Purchaser may enter upon and take possession of the Property and enjoy the use, rents, issues and profits thereof, subject to the terms and conditions of the Development Agreement, for so long as Purchaser is not in default under the terms of this Agreement. Until any such default occurs, Purchaser's possession of the Property shall be as the purchaser thereof, and not as a tenant or bailee of Seller. Seller and/or Seller's agent shall, at all reasonable times, have the right to enter upon the Property for the purpose of determining whether Purchaser is in compliance with the terms, covenants and conditions contained in this Agreement.

8. **Risk of Loss.** The risk of loss of complete or partial destruction of or injury to all or any part of the Property shall rest upon Purchaser from and after (a) the time in the past at which Purchaser went into or took possession of the Property, (b) the time in the future when Purchaser enters upon or takes possession of the Property or (c) the recordation and/or filing, as appropriate, of this Agreement, whichever event has first occurred.

9. **Maintenance of Property.** Except for the Seller's obligation to provide municipal refuse service to the Property as set forth in the Development Agreement, Purchaser shall well and substantially repair, maintain, amend and keep the Property in good repair, order and condition, ordinary wear and tear excepted. Purchaser shall not commit or suffer any strip, waste or other willful damage to or destruction of the Property.

10. **Improvements and Liens.**

a. Seller's consent shall not be required for any improvements or alterations to any Unit or to the Property if such improvements or alterations have been approved or deemed approved by Seller under the Development Agreement.

b. Purchaser shall construct the Project in accordance with the terms and conditions of the Development Agreement. All construction shall be made lien-free and in a good and workmanlike manner in accordance with all applicable laws. Purchaser shall save harmless and indemnify Seller and the Property from and against all liens of any kind which may be levied or attempted to be levied against the Property or any part thereof, and all costs and expenses, including reasonable attorneys' fees, incurred in connection with any such lien.

c. Except as otherwise set forth in Section 9(a) above, Purchaser shall not, without the prior written consent of Seller, make, build or construct any major improvements or alterations on or to the Property or any Units on the Property. Seller shall have the right to inspect the plans and specifications for any proposed improvement prior to giving its consent. No fees shall be charged for any such consent except for the reasonable costs of preparing the consent or

for the professional review of plans and specifications. Seller may condition consent on Purchaser's obtaining the requisite building permits and evidence of bonding or adequate financing to pay for the improvements or alterations.

11. **Observance of Laws.** Purchaser shall faithfully observe, perform and abide by all laws, ordinances, rules and regulations of every governmental authority from time to time applicable to the Property or its use and shall not use or suffer any other person or persons to use the Property for or in connection with any unlawful purpose.

12. **Taxes, Assessments, and Other Charges.**

a. **Phase I Construction Period.** As is more particularly set forth in in the Development Agreement, certain taxes and assessments levied, assessed or imposed with respect to the Real Property, and/or any other costs associated with the Property shall be and remain the obligation of the Seller until the commencement of the Phase II Construction Period.

b. **Post-Phase I Construction Period.** As of the commencement of the Phase II Construction Period, Purchaser shall pay at least ten (10) days before the same become delinquent all property taxes and assessments of every kind, all sewer and water rates and all other taxes, rates, charges and excises to which said Property or any part thereof or improvement thereon are now or may during said term be assessed or become liable, whether assessed against Seller or Purchaser. If required by Seller, Purchaser shall pay the same in such pro rata amounts monthly in advance as requested by Seller. Purchaser may contest the validity or amount of any taxes, assessments or other charges for which Purchaser is responsible under the terms of this paragraph and may institute such proceedings as are necessary in connection with such contest. If Purchaser contests any such tax, assessment or charge, Purchaser may defer or withhold payment or pay under protest, but shall at all times protect the Property and Seller's interest therein from any sale or threat thereof by adequate security bond or other security satisfactory to Seller. Seller shall cooperate with Purchaser, to the extent necessary, in any such contest and shall execute such instruments or pleadings as may be required in connection with any contest. All costs and expenses of any such contest shall be borne by Purchaser who shall also reimburse Seller for any costs and expenses, including reasonable attorneys' fees, incurred by Seller in connection with any such contest.

13. **Insurance Requirements.** Purchaser shall maintain (and upon establishment of the condominium property regime for the Project, cause the Association of Unit Owners for the Project to keep), the insurance required of Purchaser under the Development Agreement, including naming the City as an additional insured as set forth in Exhibit M of the Development Agreement.

14. **Indemnity.** Purchaser will indemnify, defend and hold Seller harmless against all claims and demands for loss or damage including, without limiting the generality of the foregoing, all property damage, personal injury and wrongful death, arising out of or in connection with the use or occupancy by Purchaser or any person claiming by, through or under Purchaser of the Property, any accident or fire in said Property, any nuisance made or suffered therein, any failure by Purchaser to keep the Property in a safe condition or any other liability whatsoever on account of said Property and Purchaser will reimburse Seller for any and all costs and expenses, including reasonable attorneys' fees, incurred in connection with the defense of any such claims. Purchaser

will hold all goods, materials, furniture, fixtures, equipment, machinery and other property whatsoever within said Property at Purchaser's sole risk and hold Seller harmless against any loss or damage thereto by any cause whatsoever.

15. **Advances by Seller.** If Purchaser fails to obtain and keep in force said insurance or fails to pay and discharge any of said taxes, assessments, rates, charges and excises or fails to discharge promptly any liens arising by reason of alterations, improvements or repairs at the Property or by any other act or neglect causes Seller's title in the Property to be placed in jeopardy, then, and in any such event, Seller may make good Purchaser's default and claim and recover from Purchaser, upon demand, Seller's full cost and expense (including attorneys' fees) of so doing, together with interest thereon at the rate equal to (1) the maximum rate allowed by law if so specified or (2) if not so specified by law, a rate equal to two percent (2%) over the "large business prime rate" in effect from time to time at Bank of Hawaii; and, if any such demand of Seller is not satisfied within five (5) days of written notice thereof to Purchaser, Seller may (a) add the amount of said cost and expense to the purchase price or (b) pursue any other remedy Seller may have under the terms hereof by reason of such default by Purchaser.

16. **Transfer of Purchaser's Interest.**

a. **Voluntary Action.** Except as is provided for in Section 3 above regarding partial releases with respect to sales of the Units in the Project, Purchaser shall not sell, assign, transfer, mortgage, lease, sublease, license or otherwise part with exclusive possession of all or any part of the Property or in any other way diminish or encumber Purchaser's interest in this Agreement or in the Property without the prior written consent of Seller. Seller may not unreasonably withhold such consent nor require the payment of any consideration other than a reasonable charge for the preparation or review of documents nor require as a condition of such consent any modification of the terms of this Agreement. Consent, if given, shall not release Purchaser of or from Purchaser's obligations under this Agreement, but shall have the effect of making Purchaser a guarantor of the performance of such obligations.

b. **Involuntary Seizure.** Purchaser shall not willfully commit any breach of this Agreement or do or suffer any act or negligence whereby the Property or any part thereof or any interest therein or Purchaser's interest in this Agreement is liened or seized or attached or becomes liable to lien or seizure or attachment on any process of law, whether in bankruptcy or otherwise.

17. **Condemnation.** If all or any part of the Property is taken in eminent domain proceedings, Seller and Purchaser, or either, may appear and defend or prosecute any ensuing suit. Any recovery realized shall be applied first toward the payment of Seller's attorneys' fees, costs and expenses in such suit; then shall be applied toward the payment of the balance of all sums and interest payable under this Agreement; and the surplus, if any, shall become the property of Purchaser. No such condemnation or seizure shall be deemed to be grounds for rescission of this Agreement.

18. Purchaser Events of Default; Seller's Remedies.

a. **Event of Default.** "Event of Default" under this Agreement has the meaning given to it in the Development Agreement.

b. **Seller's Remedies.** If a default of the Purchaser shall occur, then Seller shall have the following remedies:

(i) **Cancellation.** Seller may cancel and render void all right, title and interest of Purchaser in this Agreement and in the Property as follows:

(1) Cancellation shall be completed by giving written notice thereof to Purchaser. If this Agreement is recorded or filed, Seller, to cancel it, may record or file, as the case may be, in the Bureau or Land Court, an affidavit that such notice has been given as aforesaid, and that this Agreement has been canceled thereby, and may then make, execute and deliver as attorney-in-fact for Purchaser herein for that purpose hereby irrevocably constituted and appointed, with the power of substitution, all instruments necessary or desirable for removing any cloud on Seller's title to the Property caused by the recording, filing or existence of this Agreement.

(2) Cancellation may further be made by petitioning the Land Court, or other court of competent jurisdiction requesting cancellation of this Agreement, and if applicable, amendment of the appropriate certificate of title.

(3) In the event of cancellation or the Agreement as aforesaid, Seller may retain all payments made by Purchaser in settlement of any depreciation of value of the Property and as and for Seller's inability to sell the Property free and clear to a third party while said Property was in the possession of Purchaser and as and for an agreed upon rental for the use and possession of said Property and as liquidated damages, but shall not retain such amount as would constitute an unreasonable and excessive liquidation of damages under the circumstances. If Seller shall return to Purchaser cash in the amount in excess of a reasonable liquidation of damages of Seller in the Circumstances, neither retention of the remainder nor cancellation of the Agreement shall be deemed an unreasonable liquidation of damages or a penalty.

(ii) **Recovery of Possession.** In the event of Purchaser's default, Purchaser's right to possession of said Property shall cease and terminate and without legal proceedings and without permission of Purchaser, Seller shall be entitled to re-enter the Property and take possession and in so doing may summarily eject Purchaser and all persons having possession of the Property by, through or under Purchaser, and Seller shall not be liable for any damages for repossessing the Property. In the event that Purchaser shall remain in possession of said Property after this Agreement is cancelled as aforesaid, Purchaser shall be deemed to be a tenant-at-will and shall be obligated to pay during the period of such tenancy as fair rental value of said Property, and Seller shall have all remedies for the collection of such rent and for recovering the possession of said Property that are available to landlords under the laws of the State of Hawaii, including the right to institute an action for summary possession as provided by Hawaii Revised Statutes (HRS) Chapter 666, as amended from time to time.

19. **Seller's Default; Purchaser's Remedies.** In the event Seller shall breach or default in any covenant or obligation of Seller hereunder, Purchaser's sole remedy is termination of this Agreement.

20. **Final Conveyance.** Upon notification by Seller to Escrow that Purchaser has paid the Purchase Price in full, together with all accrued interest thereon and all other amounts due to Seller under this Agreement, and that Purchaser has otherwise satisfied all of Purchaser's obligations under this Agreement, Escrow shall record a Deed in Satisfaction of Agreement of Sale in the Bureau and/or Land Court, as applicable, in form reasonably satisfactory to Purchaser, which shall convey all of Seller's remaining right, title and interest in the Property. Such conveyance shall warrant the Property to be free and clear of all encumbrances, other than such as may have been made or suffered by Purchaser or such as may be noted in **Exhibit A.**

21. **Closing Costs.** In connection with this Agreement, Purchaser shall all closing costs and escrow and recording fees customarily chargeable to a buyer of real estate in Hawaii, together with all documentary transfer taxes, including conveyance taxes, the cost of any updates to any ALTA surveys ordered by Purchaser (if any), the recordation costs to record all closing documents, all closing costs associated with Purchaser's financing, and all title policy premiums (if any) and the cost of any and all endorsements shall be paid by Purchaser. Each party shall pay its own legal and consulting fees.

22. **Conveyance of Personal Property.** Upon full payment of all sums required hereunder and the observance and performance by Purchaser of all terms, covenants and conditions hereof and on Purchaser's part to be observed and performed, Seller will cause to be executed and delivered to Purchaser a good and sufficient instrument wherein title to the personal property, if any, described in **Exhibit A** is transferred and assigned to Purchaser, free from and clear of all encumbrances, either by a separate bill of sale or by way of incorporation within the conveyance referred to in **Section 19** above.

23. **Mutual Agreements, Obligations, Covenants, and Miscellaneous Provisions.**

It is mutually understood and agreed as follows:

a. **Development Agreement.** This Agreement is subject to the Development Agreement, the terms and conditions of which are expressly incorporated herein by this reference as though fully set forth herein, including, but not limited to, all rights that the parties have thereunder to terminate this Agreement. In the event of a conflict between the Development Agreement and this Agreement, the terms of the Development Agreement shall control.

b. **Time is of the Essence.** Time is of the essence with respect to this Agreement.

c. **Place of Payments.** Unless otherwise expressly agreed herein, all payments required to be made to Seller by Purchaser shall be made at the address of Seller set forth hereinabove (if any) or at such other address as Seller shall from time to time notify Purchaser in writing.

d. **Inspection.** Upon the giving of reasonable notice in writing, Seller shall have the right to make reasonable inspections of the Property to determine whether Purchaser is complying with this Agreement.

e. **Costs and Attorney's Fees.** If any party hereto shall ever be in default with respect to this Agreement, and the other party shall incur costs or employ an attorney to make any demand or to otherwise protect or enforce its rights herein (or if any party shall without any fault on its part be made a party to any litigation, including without limitation any bankruptcy or insolvency proceeding, but excluding any condemnation proceeding commenced by or against the other party) the party in default (or the party commencing or against whom said litigation is commenced) shall pay all costs and expenses incurred by the other party, including costs of court and reasonable attorney's fees.

f. **Consents.** Except as otherwise provided herein, wherever the consent of either party is required herein, such consent shall not be unreasonably withheld or delayed nor shall the party whose consent is being sought obtain the payment of money or other consideration, except the reasonable cost of processing such consent.

g. **Binding Effect.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns

h. **Gender and Number.** The use of any pronoun shall mean the singular or plural, the masculine, feminine, or neuter, as the case and context may require.

i. **Obligations Joint and Several.** All terms, covenants and conditions to be observed and/or performed by Purchaser and Seller shall be joint and several if entered into by more than one person or entity.

j. **Paragraph Headings.** The paragraph headings are for convenience only, and are not to be considered as controlling, enlarging or restricting the language to which they apply.

k. **Entire Agreement.** This Agreement shall constitute the entire agreement between the parties and shall not be modified except by an instrument in writing signed by all of the parties.

l. **Notices.** All notices, requests and communications required or permitted by this Agreement shall be given in writing by (a) personal delivery (confirmed by courier delivery service), (b) expedited delivery with proof of delivery, (c) facsimile and confirmed with a copy of such notice sent by mail, or (d) first class mail, postage prepaid, return receipt requested, certified, addressed as follows:

If to City:	City and County of Honolulu
	Honolulu, Hawaii 96813
	Phone: (808) 768-4277
	Fax: (808) 768-4296

If to Developer: Savio/Hawaii Habitat Varona Village LLC

1451 South King Street, Suite 504
Honolulu, Hawaii 96814
Attention: Peter Savio
Phone: (808) _____
Fax: (808) _____

With a copy to: Chun Kerr LLP
First Hawaiian Center
999 Bishop Street, Suite 2100
Honolulu, Hawaii 96813
Attention: Danton Wong
Phone: (808) 528-8252
Fax: (808) 664-8611

Except as expressly provided herein, any notice provided for herein shall become effective only upon and at the time of first receipt by the party to whom it is given, unless such notice is mailed by certified mail, return receipt requested, in which case it shall be deemed to be received two (2) days after the date that it is mailed. Any party may, by proper written notice hereunder to the other party, change the individual address to which such notice shall thereafter be sent; provided, however, such new notice address shall not be effective until ten (10) days after delivery of notice of the new notice address.

m. Severability. If any provision of this Agreement is held invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability shall not affect the validity legality or enforceability of any other provisions hereof.

n. Governing Law. This Agreement shall be governed by and construed, interpreted and enforced in accordance with the laws of the State of Hawaii. Any action at law or in equity to enforce or interpret the provisions of this Agreement shall be brought in a court of competent jurisdiction in Honolulu, Hawaii.

o. Amendments, Waiver. Any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Agreement shall be made by written amendment signed by the parties hereto. Any waiver, in whole or in part, of any term or condition of this Agreement, shall be in writing executed by the party with the authority to waive said term or condition or by both parties, as applicable. Each waiver shall only apply to the specific term or condition being waived and the circumstances surrounding that specific waiver.

p. No Third Party Beneficiaries. No third party beneficiaries are intended by this Agreement, and the terms and provisions of this Agreement shall not give rise to any right in third parties to enforce the provisions of this Agreement.

q. No Party Deemed Drafter. The parties agree that neither City nor Developer shall be deemed to be the drafter of this Agreement. In the event this Agreement is ever construed by a court of law, such court shall not construe this Agreement or any provision against any party as the drafter of this Agreement.

r. Counterparts. This Agreement may be executed in any number of counterparts. Each such counterpart hereof shall be deemed to be an original instrument but all such counterparts together shall constitute but one Agreement.

s. Required Actions by the Parties. Each party agrees to diligently undertake the acts necessary to consummate the transaction contemplated by this Agreement.

t. Days; Calculation of Time Periods. As used in this Agreement, "days" shall refer to calendar days unless otherwise specified. If the date of the last date to perform any act or give any notice with respect to this Agreement shall fall on a Saturday, Sunday or state or federal holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or state or federal holiday.

[Signature page follows]

IN WITNESS THEREOF, the undersigned have executed this Agreement as of the Effective Date.

CITY AND COUNTY OF HONOLULU,
a municipal corporation of the State of Hawaii

By: _____
Name: Kirk W. Caldwell
Its Mayor

"Seller"

**SAVIO/HAWAII HABITAT VARONA
VILLAGE LLC,** a Hawaii limited liability
company

By: Savio Manager Inc.,
a Hawaii corporation
Its Manager

Approved by the Honolulu City Council at its
meeting held on _____, 20__.

Approved as to Form and Legality:

By: _____
Peter Savio
Its President

Deputy Corporation Counsel

"Purchaser"

Approved as to Content:

**THE CITY AND COUNTY OF HONOLULU
DEPARTMENT OF LAND MANAGEMENT**

By: _____
Name: _____
Its: _____

STATE OF HAWAII)
CITY AND COUNTY OF HONOLULU) SS.
FIRST JUDICIAL CIRCUIT)

On _____, 2020, before me personally appeared **KIRK W. CALDWELL**, to me personally known, who being by me duly sworn (or affirmed), did say that such person is the Mayor of the City and County of Honolulu, a municipal corporation of the State of Hawaii, and that the seal affixed to said instrument is the corporate seal of said municipal corporation, and that the foregoing instrument was signed and sealed in behalf of said municipal corporation by authority of its City Council, and such person acknowledged the foregoing instrument to be the free act and deed of said municipal corporation.

Document Description: _____
Doc. Date: _____ No. Page: _____

Notary Signature Date

Name (printed)

Notary Public, State of Hawaii

My commission expires: _____

STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

On this _____ day of _____, 2020, before me personally appeared _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Signature of Notary

Printed Name of Notary

Notary Public, State of Hawaii

My commission expires: _____

NOTARY CERTIFICATION STATEMENT

Document Identification or Description: _____

Doc. Date: _____ or Undated at time of notarization.

No. of Pages: _____ Jurisdiction: First Circuit
(in which notarial act is performed)

Signature of Notary

Date of Notarization and
Certification Statement

Printed Name of Notary

(Notary Stamp or Seal)

Exhibit "A"

All that certain parcel of land situate at Honouliuli, District of Ewa, City and County of Honolulu, State of Hawaii, described as follows:

Lot 18280-B, area 26.359 acres, more or less, as shown on Map 1537, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1069 of the Trustees of the Estate of James Campbell, Deceased.

Being a portion of the land described in and covered by Transfer Certificate of Title No. 455,921 issued to the City and County of Honolulu, a municipal corporation of the State of Hawaii.

EXHIBIT "G"

ASSIGNMENT OF CONTRACTS AND LEASES

THIS ASSIGNMENT OF CONTRACTS AND LEASES (this "Assignment") is made this ____ day of _____, 20__ (the "Effective Date"), by and between **CITY AND COUNTY OF HONOLULU**, a municipal corporation of the State of Hawaii, the principal place of business of which is 530 South King Street, Honolulu, Hawaii 96813 ("Seller") and **SAVIO/HAWAII HABITAT VARONA VILLAGE LLC**, a Hawaii limited liability company, having an office at 1451 South King Street, Suite 504, Honolulu, Hawaii 96814 ("Buyer").

BACKGROUND:

A. Seller, being the fee simple owner of the real property generally known as Varona Village, located in the Ewa Villages, Honouliuli, Hawaii, identified as Tax Map Key No (1) 9-1-017: 113, and the improvements located thereon, has agreed to sell all of its right, title and interest in and to said property and certain related assets to Buyer pursuant to the terms of that certain Development Agreement dated as of _____ 20__ (the "Development Agreement");

B. Seller has entered into certain Contracts that are identified on Exhibit A attached;

C. Seller has entered into certain Tenant Leases that are identified on Exhibit B attached;

D. Seller desires to assign and transfer all of its right, title and interest in and to the Contracts and Tenant Leases (collectively, the "Agreements") to Buyer in accordance with the terms of this Assignment.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Assignment.** Seller hereby absolutely, unconditionally and irrevocably assigns, transfers and conveys unto Buyer all of its right, title and interest in and to the Agreements. Seller hereby agrees to defend, indemnify and hold harmless Buyer from and against any and all claims, damages and losses arising out of or by reason of, any failure on the part of Seller to perform all covenants, agreements and undertakings of Seller under the Agreements arising prior to the Effective Date.

2. **Seller's Warranties.** Seller hereby covenants and warrants to Buyer that: (a) Seller has not executed any prior assignment of the Agreements; (b) Seller has free right to transfer the Agreements to Buyer; and (c) Seller has not performed any act or executed any instrument which might prevent Buyer from enforcing the rights and from receiving the benefit of Seller with respect to the Agreements.

3. **Assumption.** Buyer hereby accepts such assignment and assumes and agrees to perform all covenants, agreements and undertakings of Seller under the Agreements arising from

and after the Effective Date. Buyer hereby agrees to defend, indemnify and hold harmless Seller from and against any and all claims, damages and losses arising out of or by reason of, any failure on the part of Buyer to perform all covenants, agreements and undertakings of Buyer under the Agreements arising from and after the Effective Date.

4. Development Agreement Terminated. Notwithstanding anything to the contrary in this Agreement, if Buyer defaults under the Development Agreement and Seller thereafter terminates the Development Agreement, Buyer shall promptly execute and deliver all documents reasonably necessary to assign, transfer, and convey the Agreements back to Seller.

5. Captions. The captions set forth in this Assignment are used solely for convenience of reference and shall not control or affect the meaning or interpretation of any of the provisions.

6. Governing Law. This Assignment shall be governed by the laws of the State of Hawaii without regard to Hawaii conflict of laws principles.

7. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

8. Use of Terms. The terms "Seller" and "Buyer," as and when used herein, or any pronouns used in place thereof, shall mean and include the masculine, feminine or neuter, the singular or plural, and individuals, corporations or partnerships, and each of their respective successors, successors in trusts, heirs, personal representatives and assigns, according to the context thereof.

9. Counterparts. This Assignment may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

[Signatures on the Following Page]

IN WITNESS WHEREOF, this Assignment has been executed effective as of the day and year first above written.

CITY AND COUNTY OF HONOLULU,
a municipal corporation of the State of Hawaii

By: _____

Name: Kirk Caldwell

Its: Mayor

City

**SAVIO/HAWAII HABITAT VARONA
VILLAGE LLC**, a Hawaii limited liability
company

By: Savio Manager Inc.,
a Hawaii corporation
Its Manager

By: _____

Peter Savio

Its President

Approved by the Honolulu City Council at its
meeting held on _____, 20 ____.

Developer

Approved as to Form and Legality:

Deputy Corporation Counsel

EXHIBIT A

List of Contracts

None.

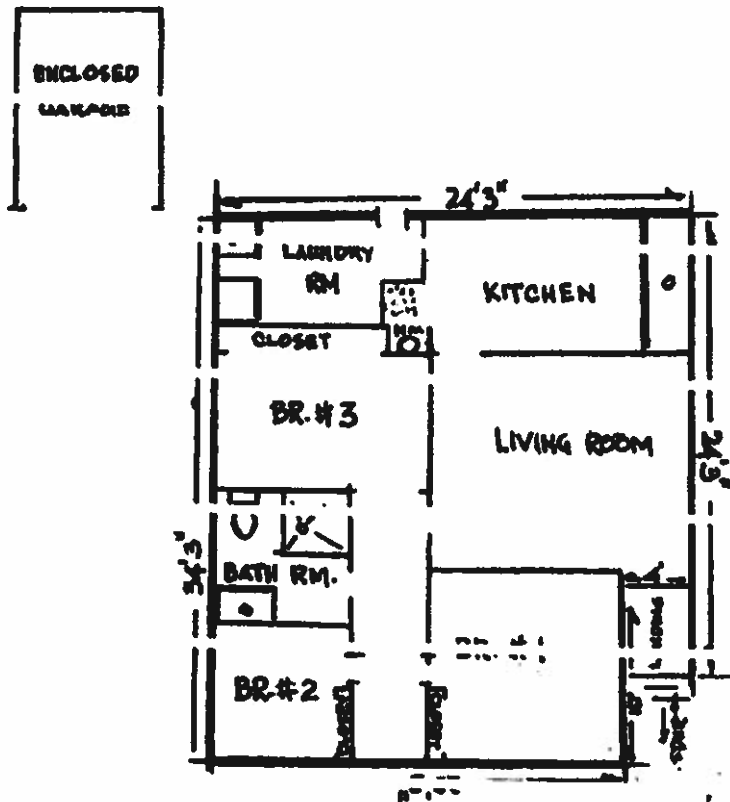
EXHIBIT B

List of Tenant Leases

1. Horiuchi – 91-1025A Manakuke Street, Ewa Beach, Hawaii 96706
2. Ungos – 91-1025B Manakuke Street, Ewa Beach, Hawaii 96706
3. Tapaoan – 91-1719 Haakei Street, Ewa Beach, Hawaii 96706
4. Viloría – 91-1018 Renton Road, Ewa Beach, Hawaii 96706
5. Nagamine – 91-1707 Leialoalo Street, Ewa Beach, Hawaii 96706
6. Balala – 91-1034 Manakuke Street, Ewa Beach, Hawaii 96706
7. Bosque – 91-1037 Manakuke Street, Ewa Beach, Hawaii 96706
8. Talledo – 91-1055 Manakuke Street, Ewa Beach, Hawaii 96706
9. Saniatan – 91-1046 Renton Road, Ewa Beach, Hawaii 96706
10. Sotero – 91-1006 Manakuke Street, Ewa Beach, Hawaii 96706
11. Duldulao – 91-1711 Haakei Street, Ewa Beach, Hawaii 96706
12. Agorilla – 91-1715 Haakei, Ewa Beach, Hawaii 96706
13. Calamaan – 91-1712 Haakei Street, Ewa Beach, Hawaii 96706
14. Espejo – 91-1026 Renton Road, Ewa Beach, Hawaii 96706
15. Pio – 91-1022 Renton Road, Ewa Beach, Hawaii 96706
16. Micua – 91-1010 Renton Road, Ewa Beach, Hawaii 96706
17. Areola – 91-1715 Kihi Street, Ewa Beach, Hawaii 96706
18. Blue – 91-1009 Manakuke Street, Ewa Beach, Hawaii 96706
19. Somera – 91-1017 Manakuke Street, Ewa Beach, Hawaii 96706
20. Batalon – 91-1021 B Manakuke Street, Ewa Beach, Hawaii 96706
21. Lite – 91-1028 Manakuke Street, Ewa Beach, Hawaii 96706
22. Quirino – 91-1024 Manakuke Street, Ewa Beach, Hawaii 96706
23. Esquibil – 91-1012 Manakuke Street, Ewa Beach, Hawaii 96706
24. Suniga – 91-1027 Koahi Street, Ewa Beach, Hawaii 96706
25. Cadiz – 91-1033 Koahi Street, Ewa Beach, Hawaii 96706
26. Corpuz – 91-1037 Koahi Street, Ewa Beach, Hawaii 96706
27. Valderama – 91-1045 Koahi Street, Ewa Beach, Hawaii 96706
28. Pita – 91-1053 Koahi Street, Ewa Beach, Hawaii 96706
29. Kelly – 91-1041 Koahi Street, Ewa Beach, Hawaii 96706
30. Selga – 91-1005 Koahi Street, Ewa Beach, Hawaii 96706
31. Largo – 91-1049 Koahi Street, Ewa Beach, Hawaii 96706
32. Pascual – 91-1020 Manakuke Street, Ewa Beach, Hawaii 96706
33. Milan – 91-1038 Renton Road, Ewa Beach, Hawaii 96706
34. Somera – 91-1035 Manakuke Street, Ewa Beach, Hawaii 96706
35. Padilla – 91-1057 Koahi Street, Ewa Beach, Hawaii 96706

EXHIBIT "H"

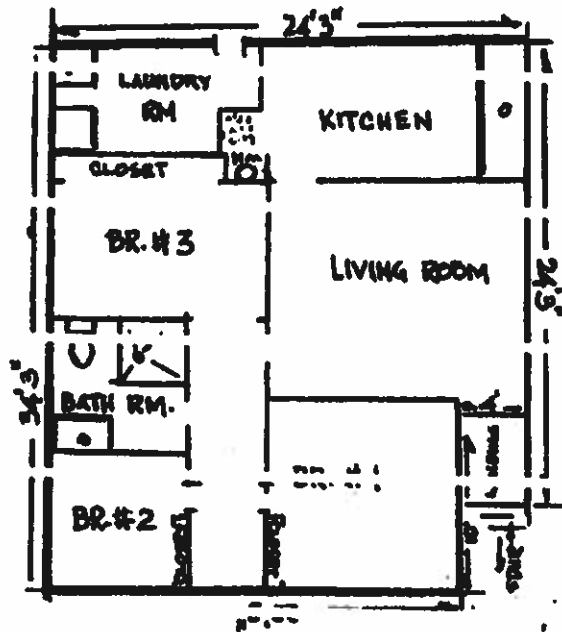
VARONA FLOOR PLANS



91-108 RENTON RD.
MARCIANA VILORIA

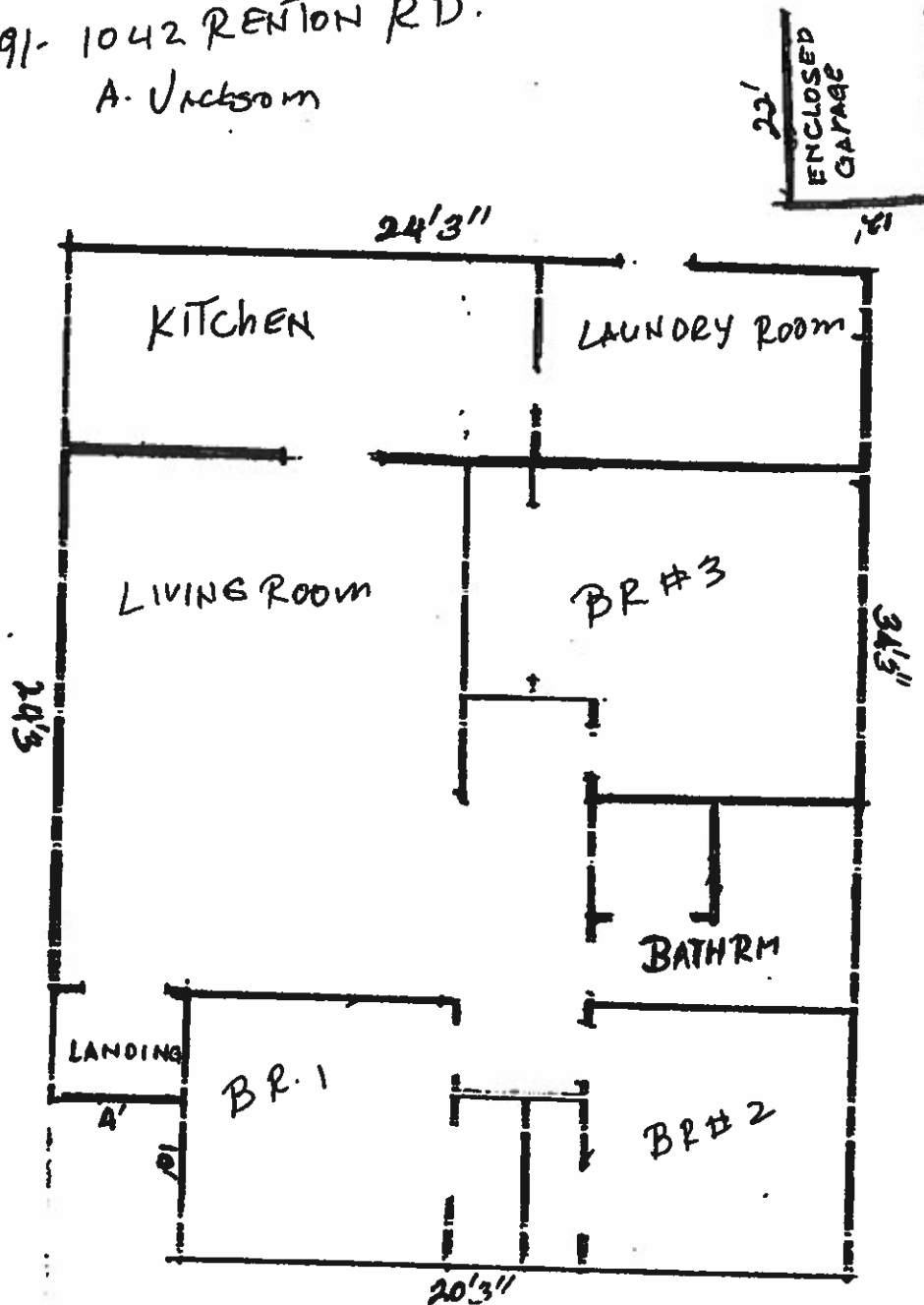


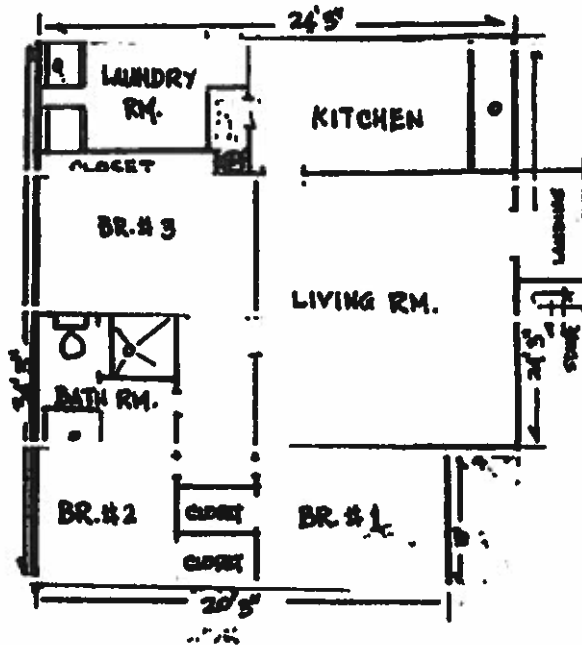
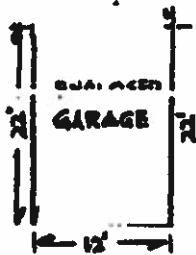
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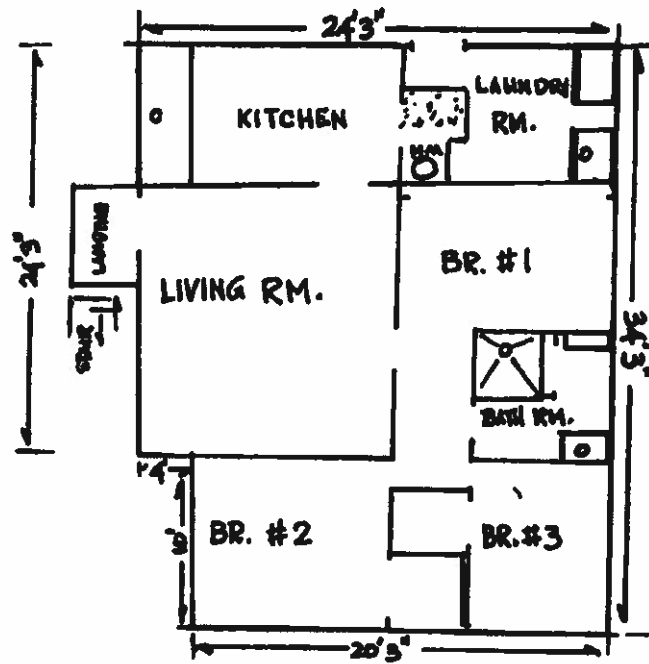
91-1711 HAAKEI ST.
ARSENIO DULOLAD

91- 1042 RENTON RD.
A. JACKSON

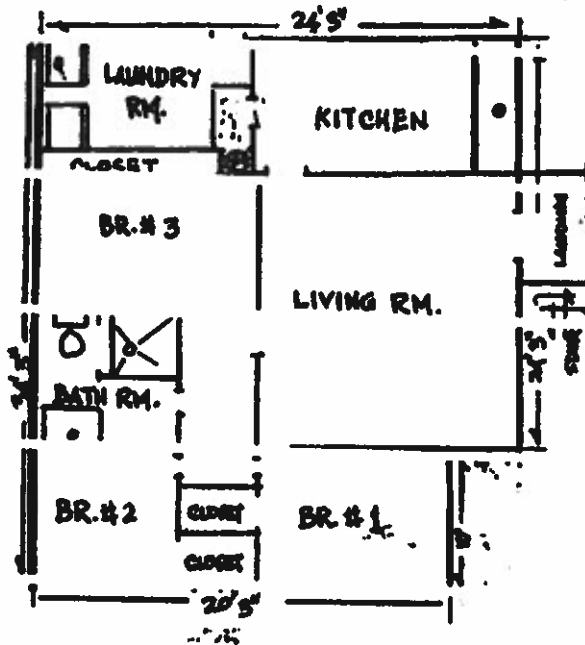
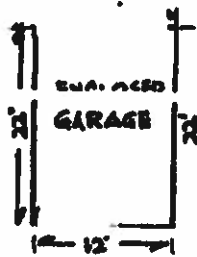




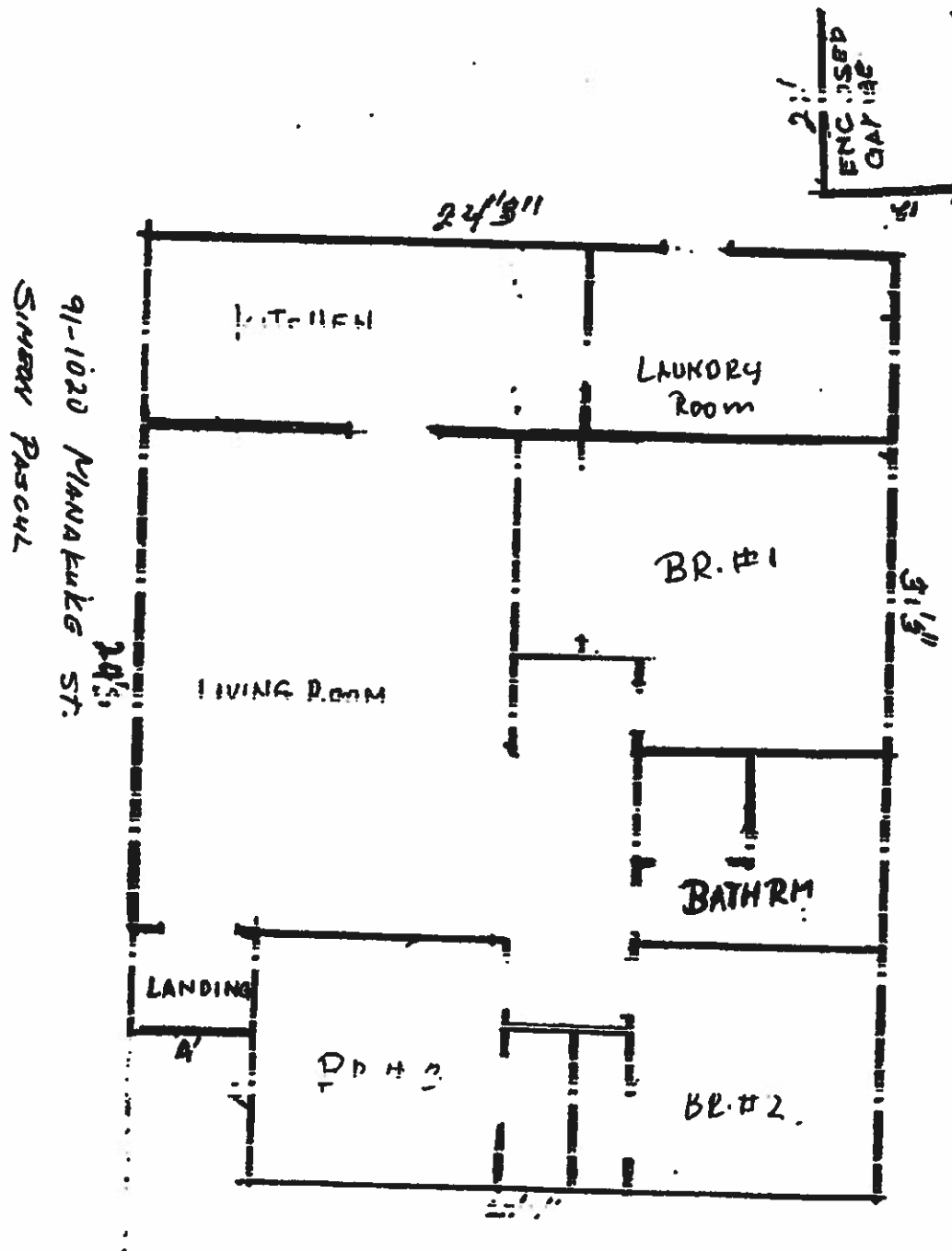
91-1049 Koahī St.
MARCO LARGO

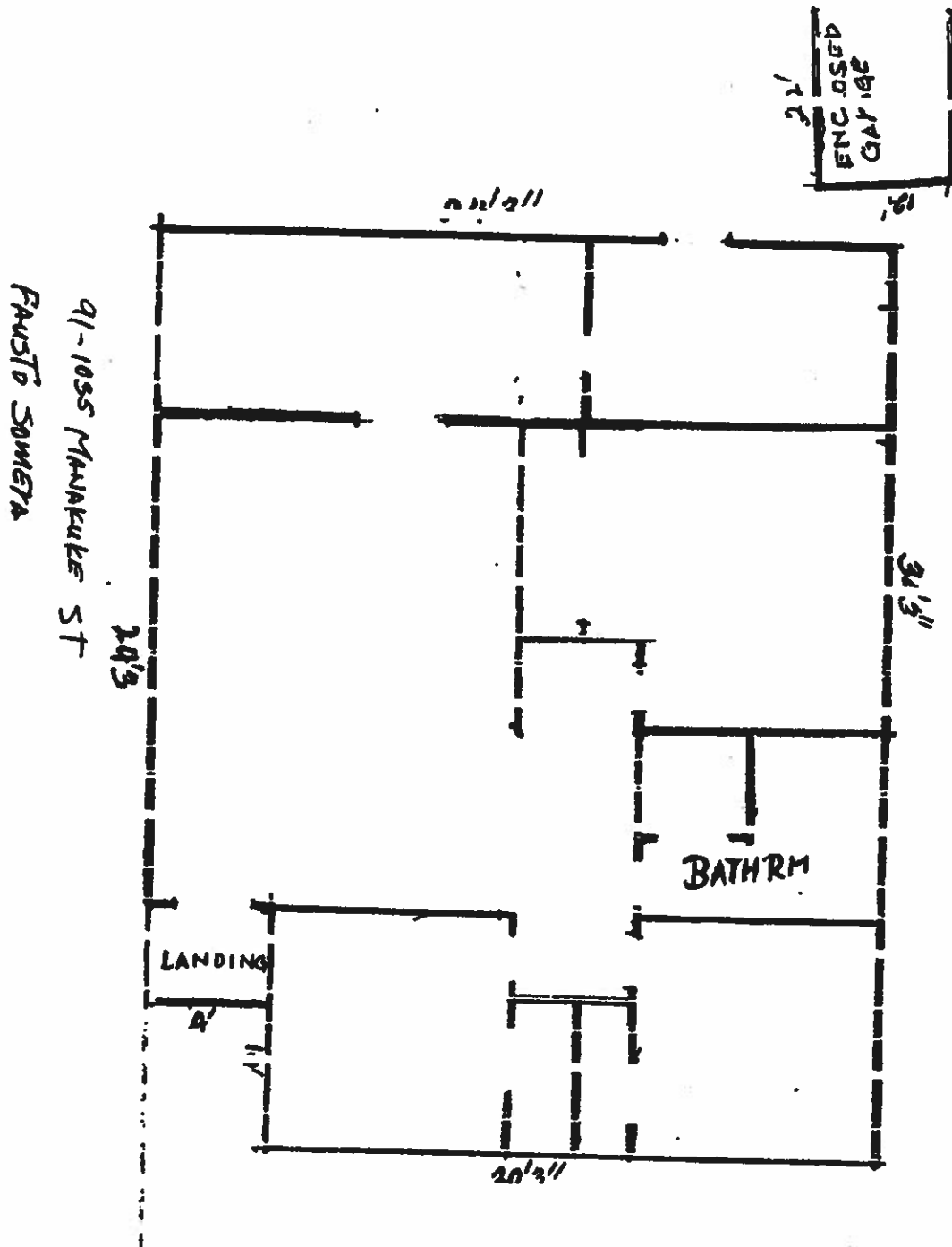


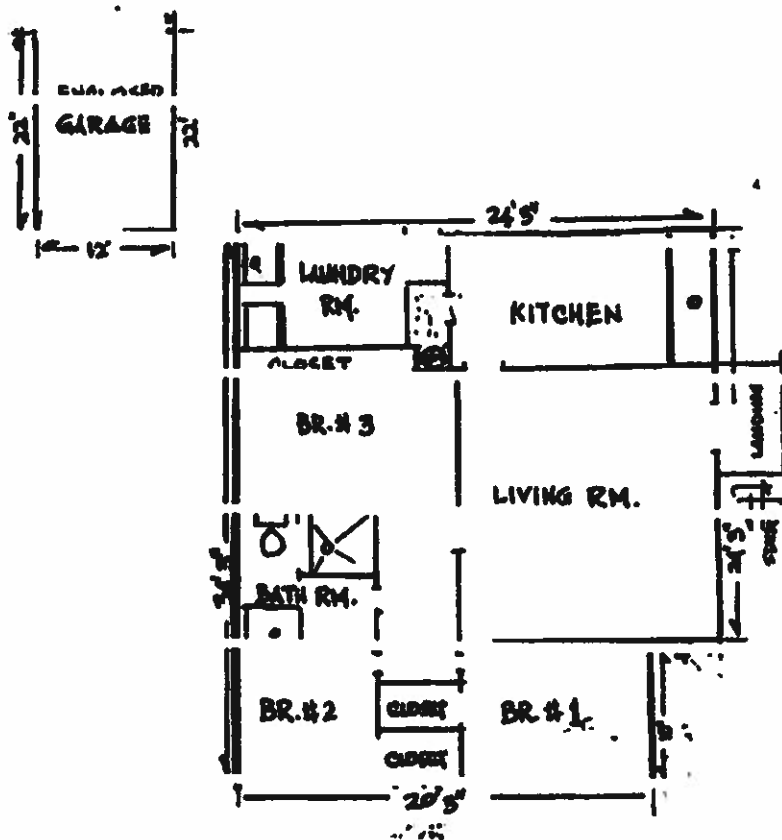
91-1038 RENTON RD
JAMES MILAN



91-1057 KOOHI ST.
 ALEJANDRO Padilla

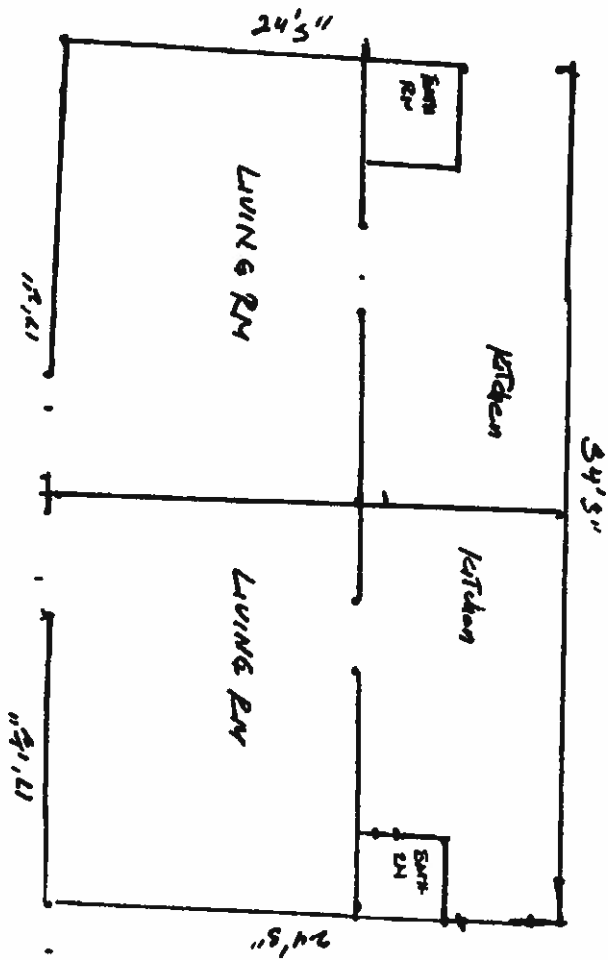




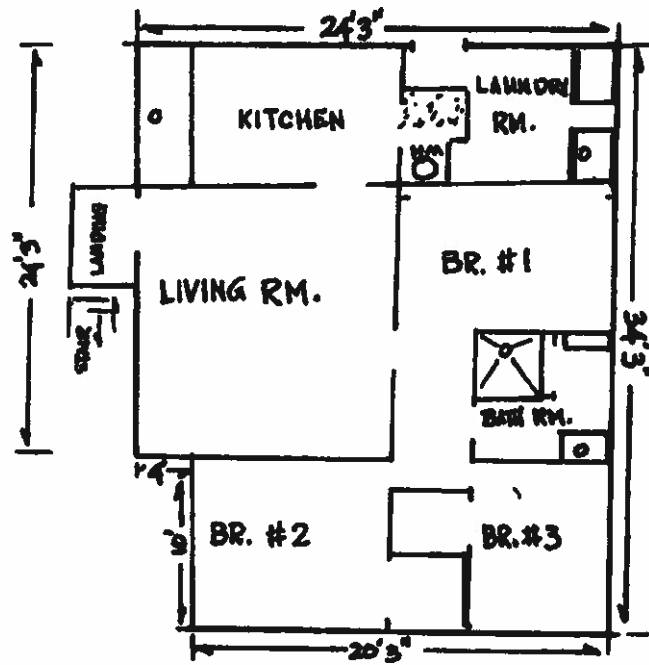


91-1017 MANAKUKE ST.

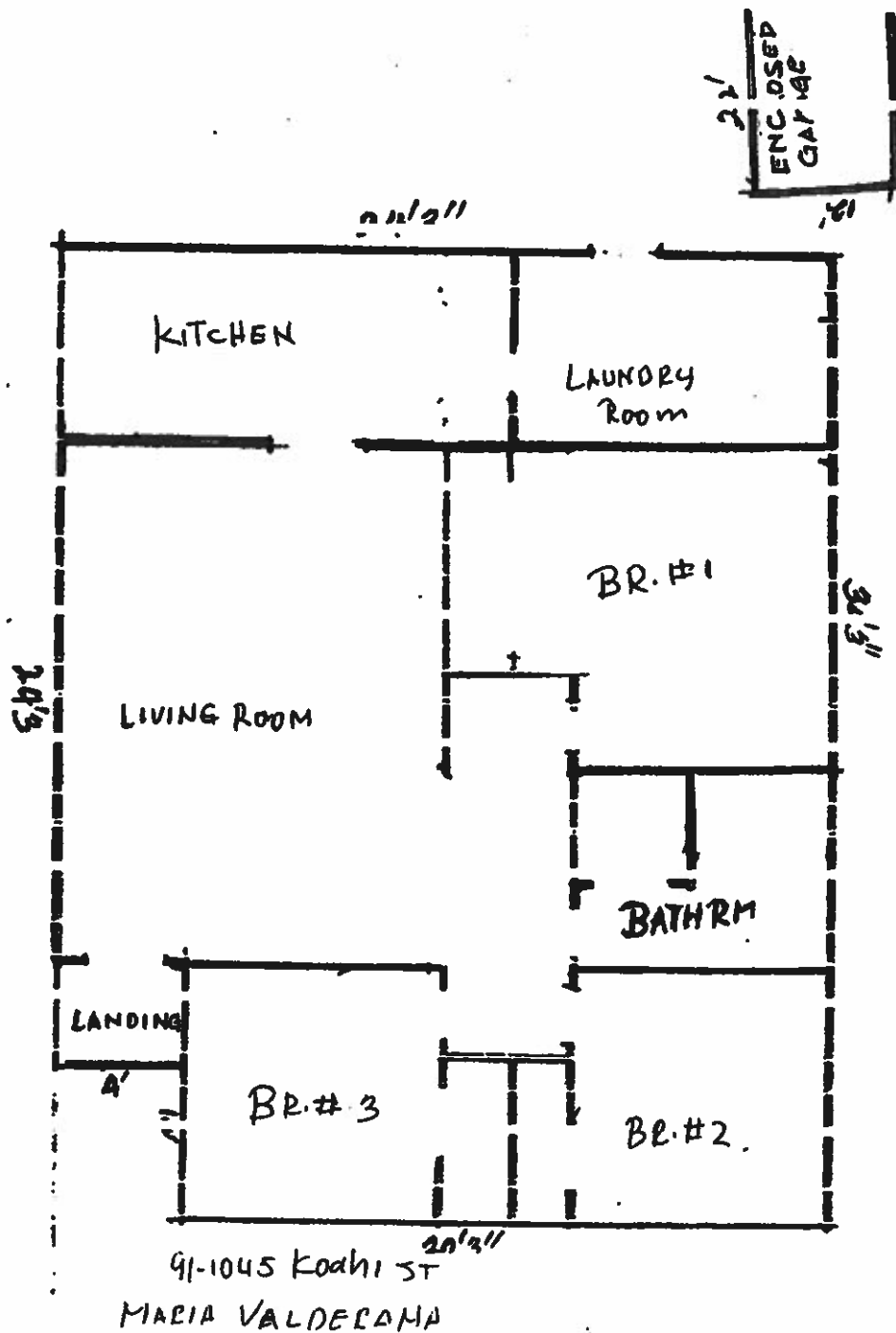
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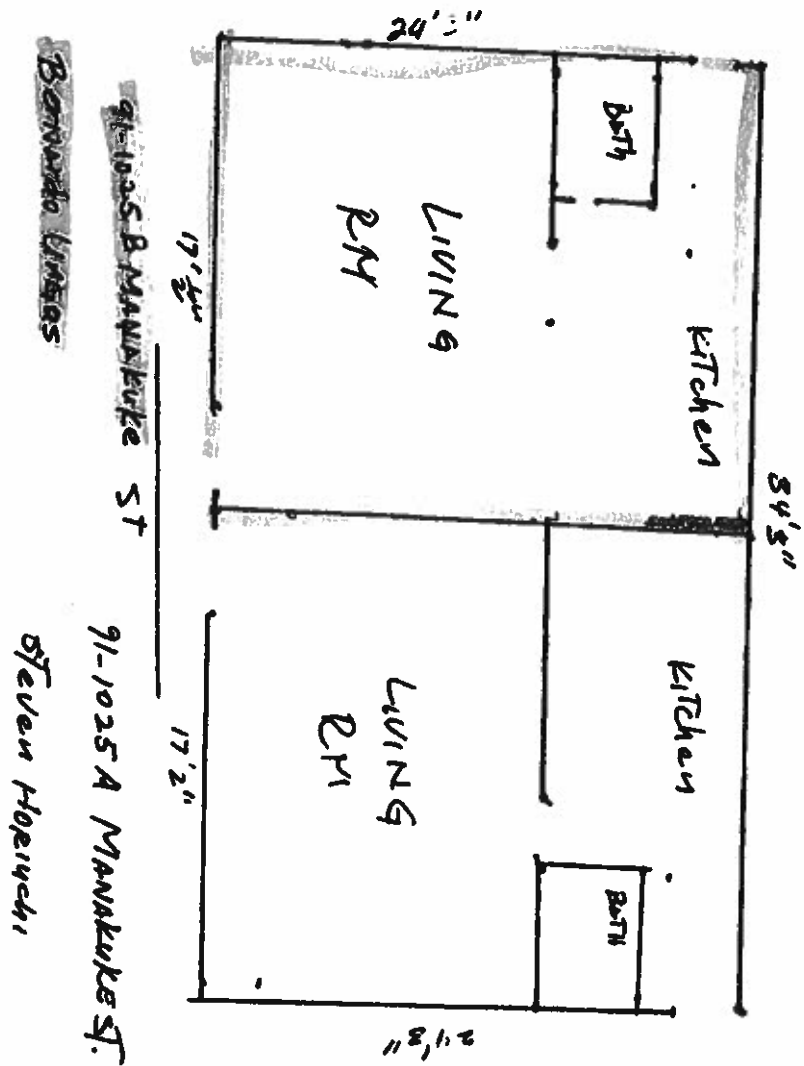


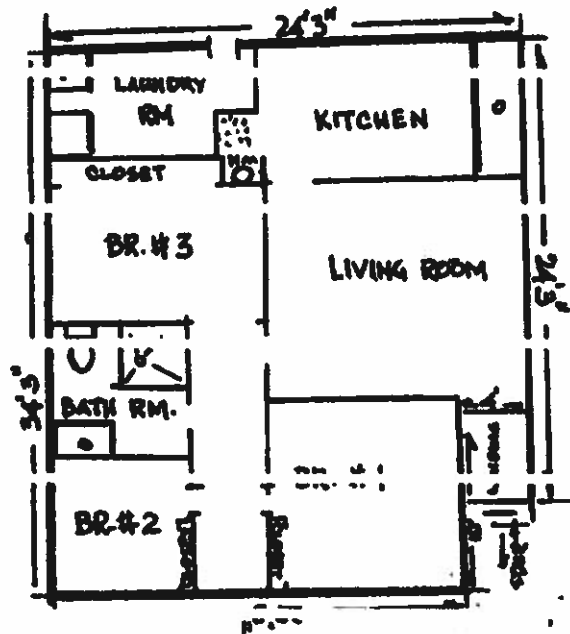
91-1021 S Mandakate St.
 BATHON



91-1014 RENTON RD.
 ROBUSTIANO Lucena

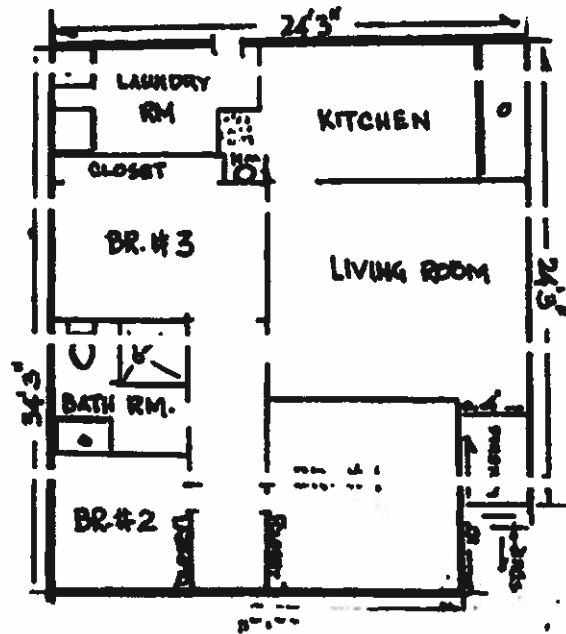






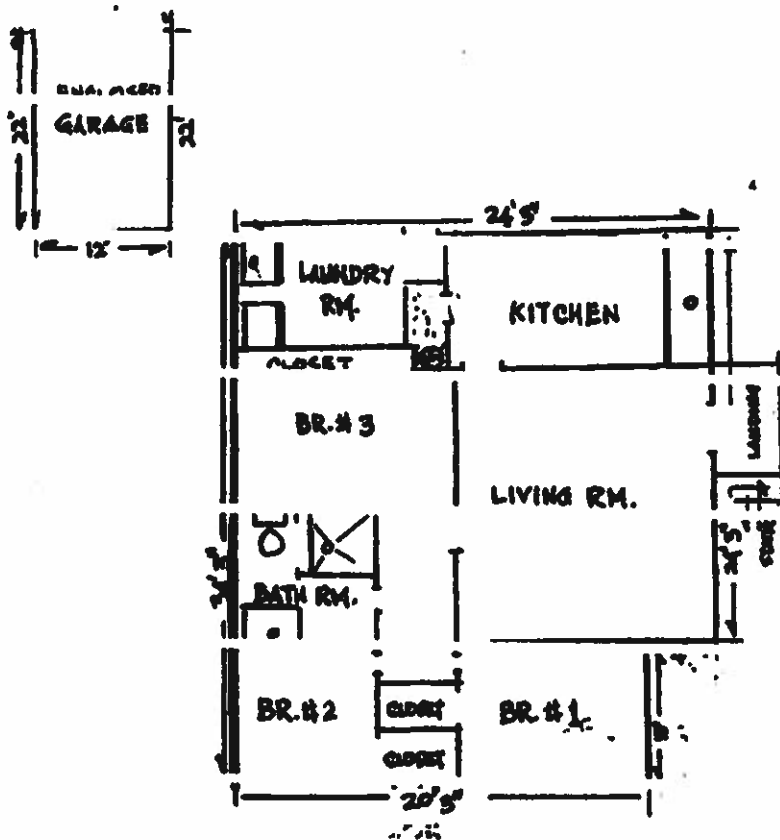
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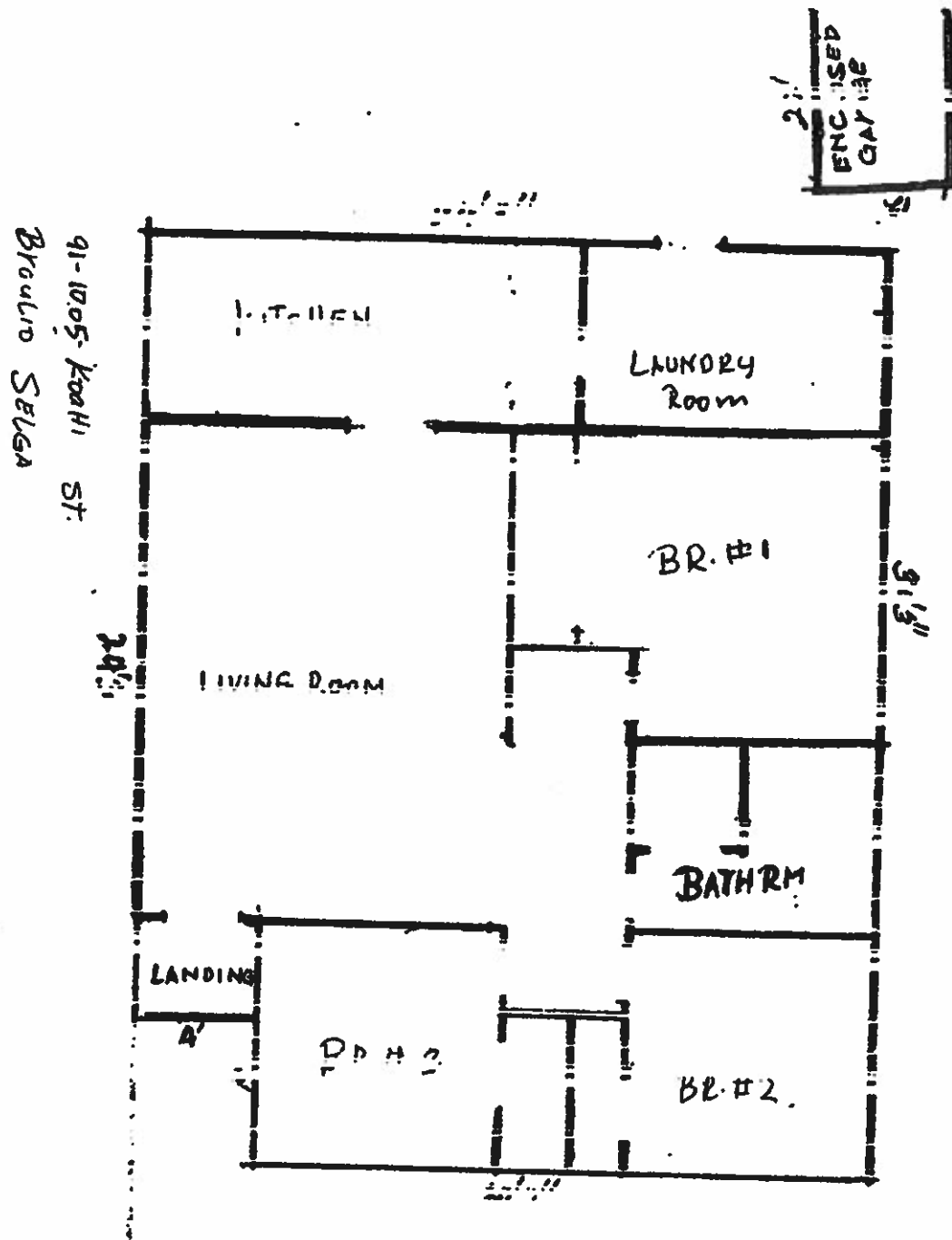


91-1719 Haukei ST.

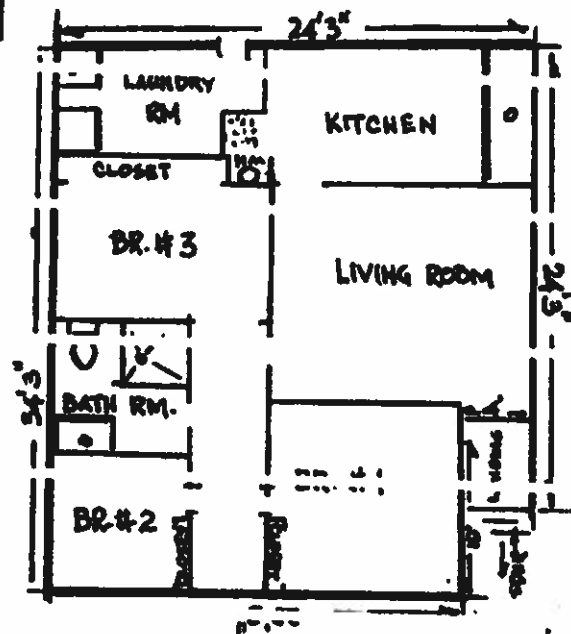
TAPAOAN



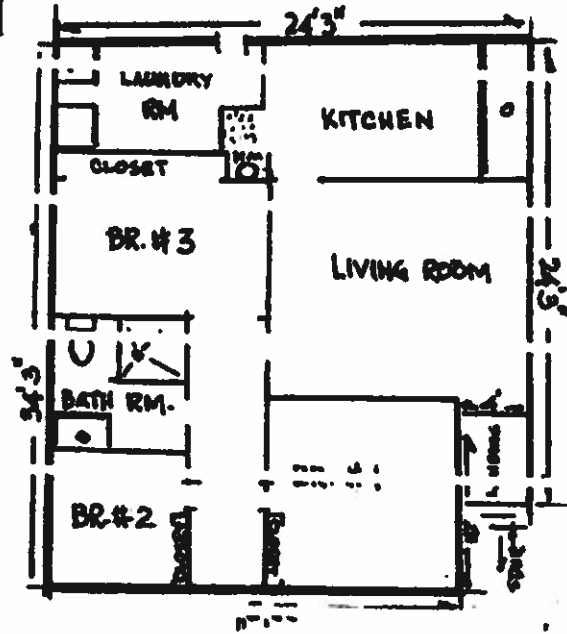
91-1027 Koa HI ST
 DOLORES SUNIGA



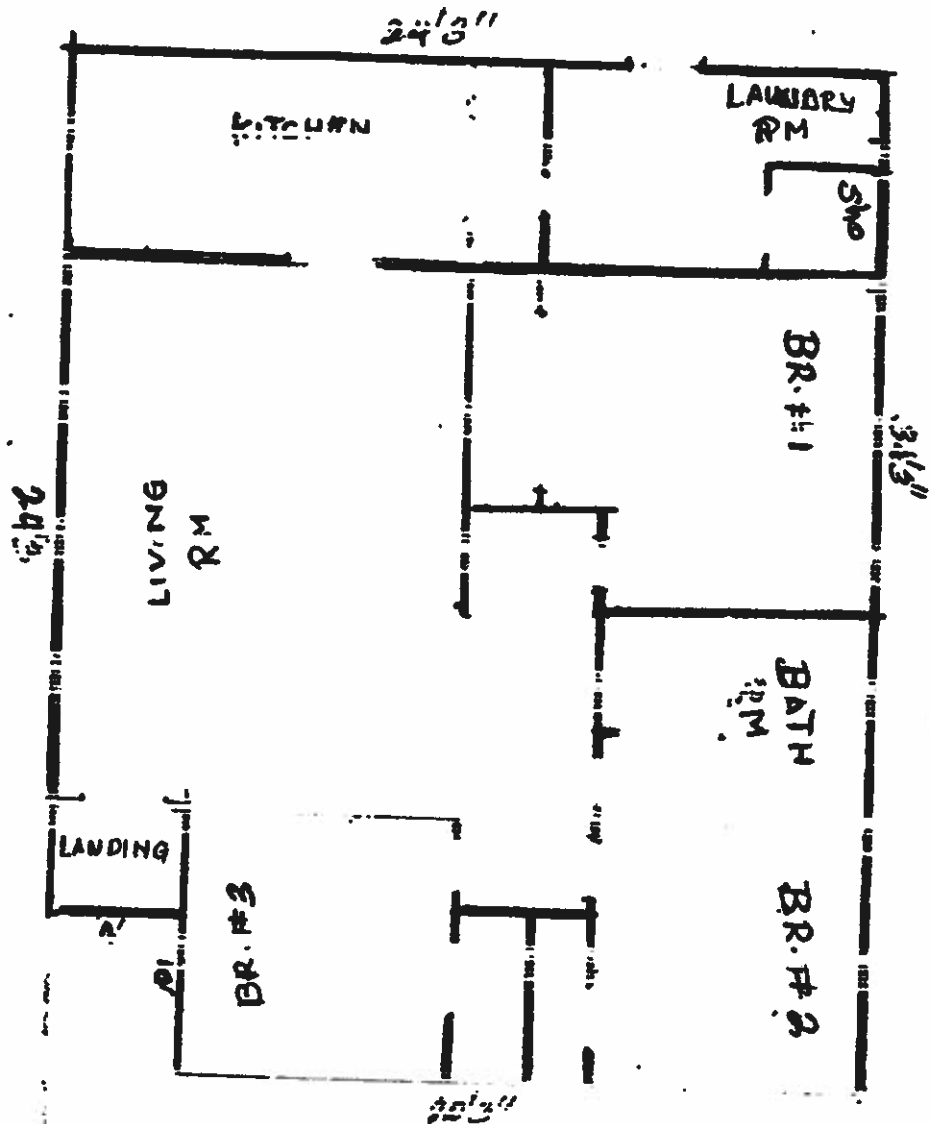
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MAPS



91-1046 RENTON RD
ISABELTA Saniatan

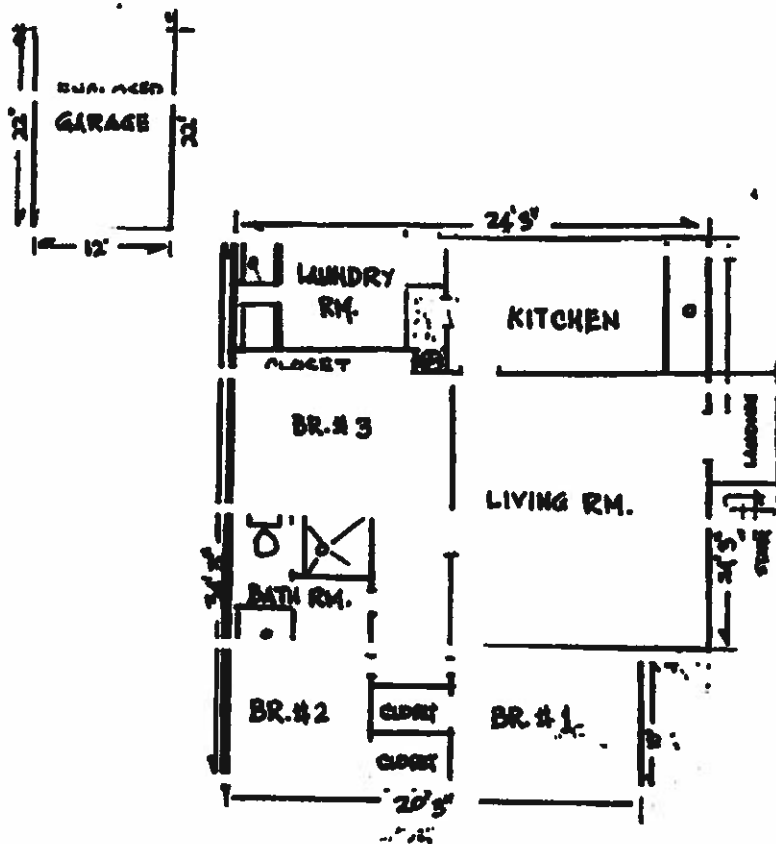


91-1053 Koahe St.
ANASTACIA PITA



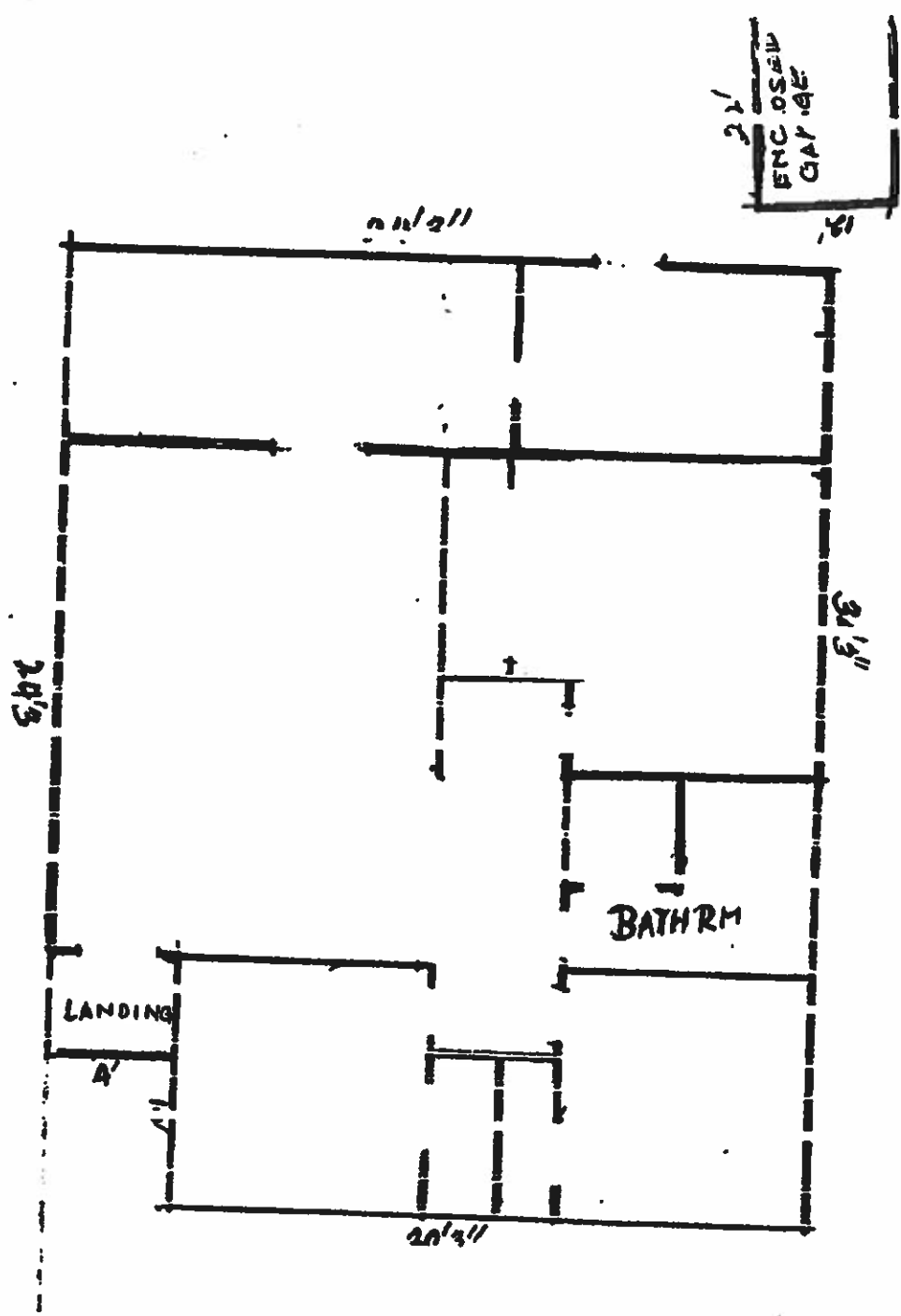
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VICTORIA MICHA

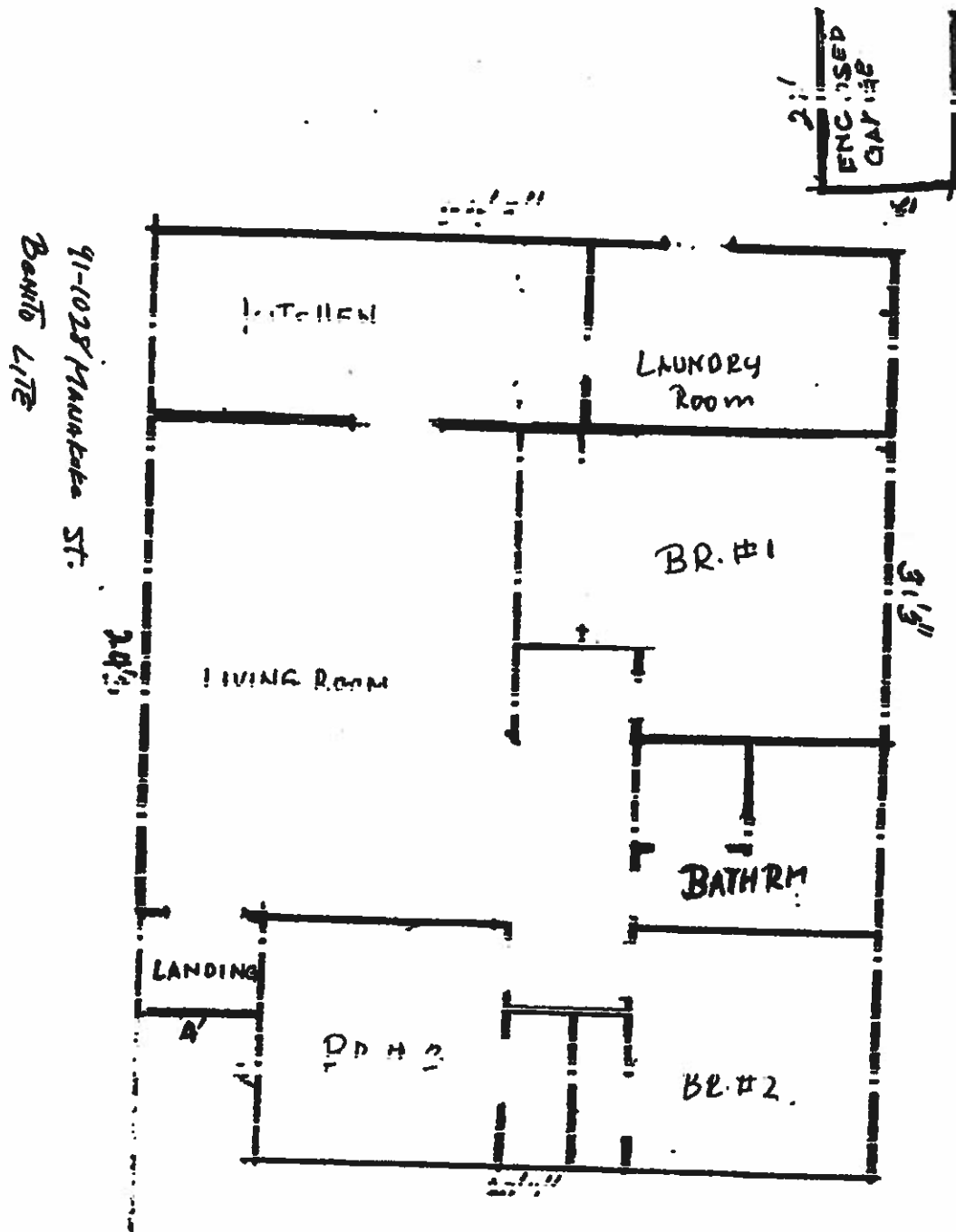
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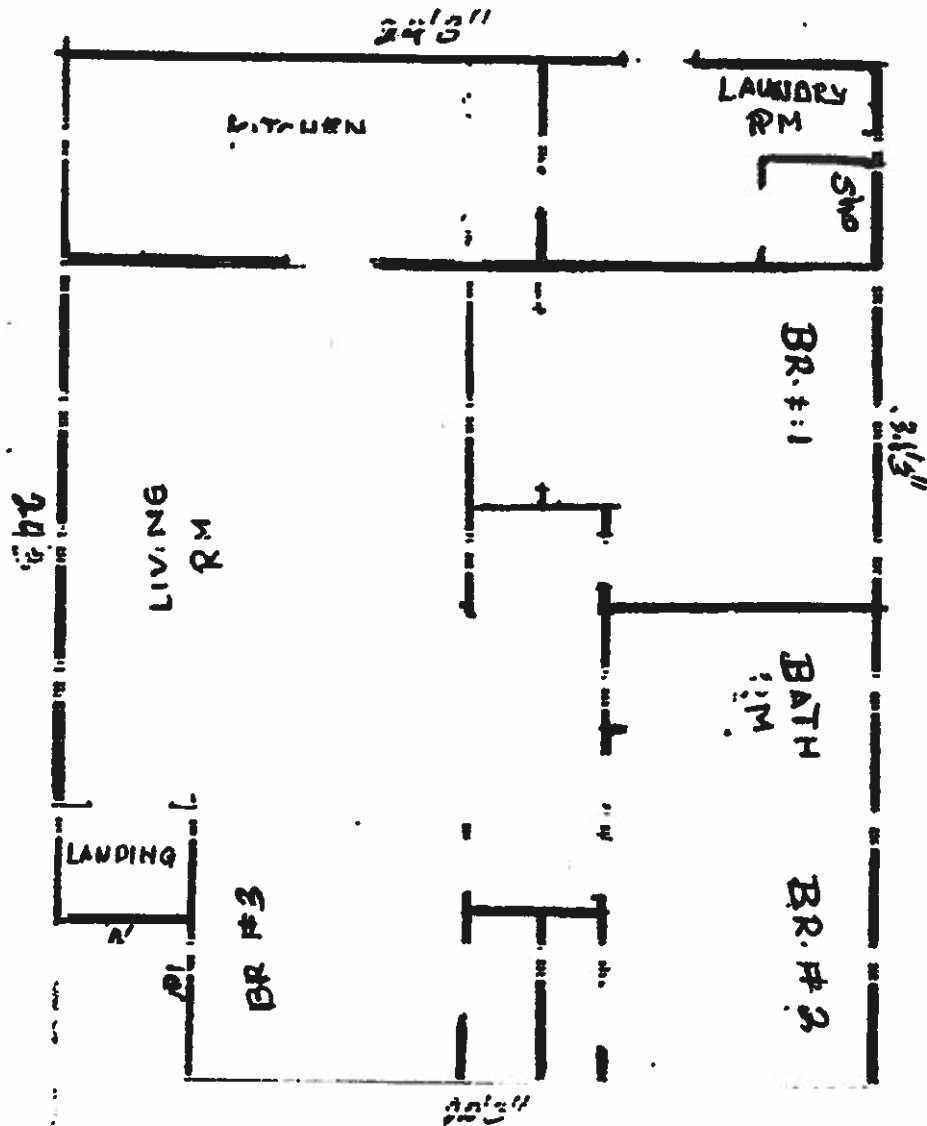


91-1024 MANAKUKE ST.
 BEN MALATE

91-1038 MANAKUKE ST
 JUANITA MAGAAY

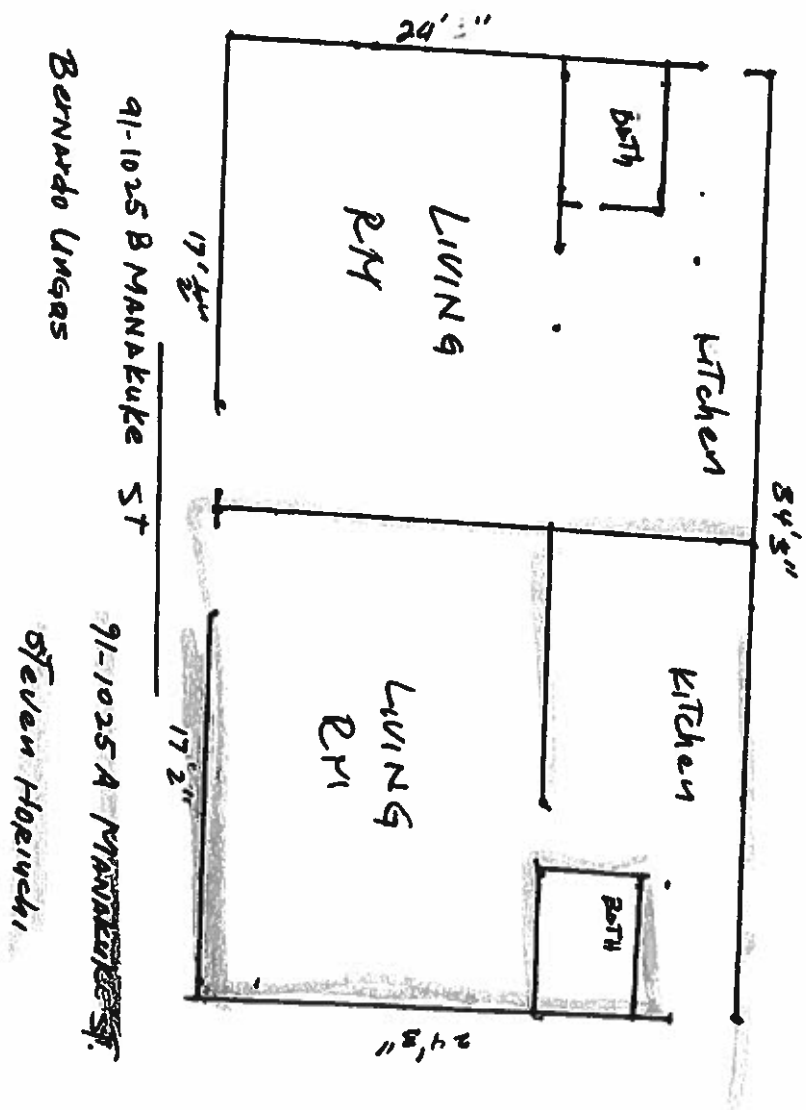




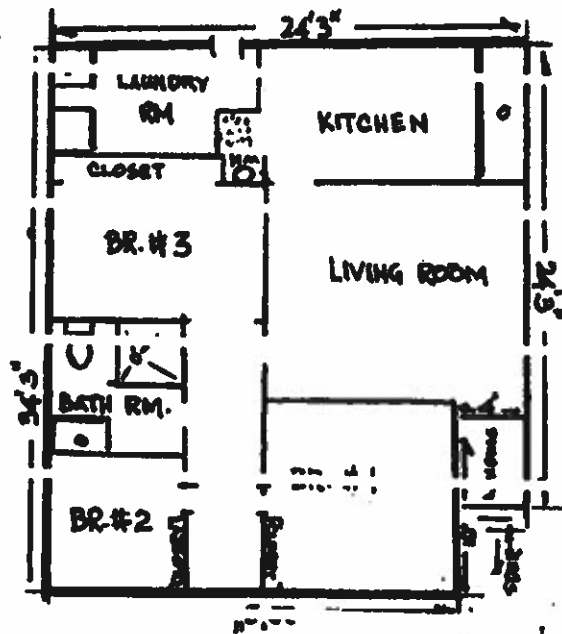


91-1707 LEIALOALO ST.
NAGAMINE

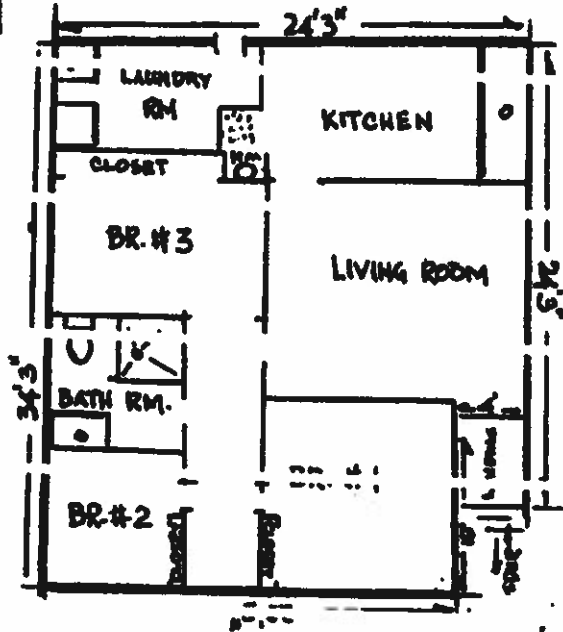
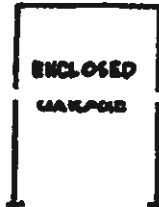
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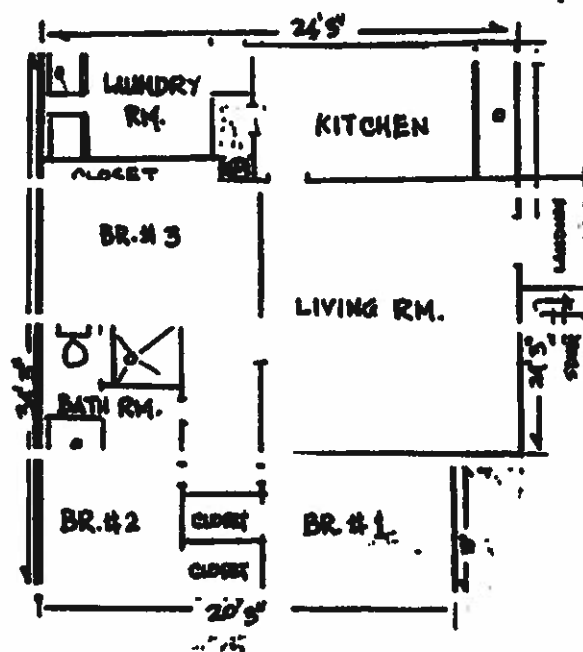
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MAP/PLAN



91-1012 MANAKUK ST.
VISITACION ESQUIBIL

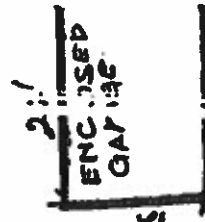


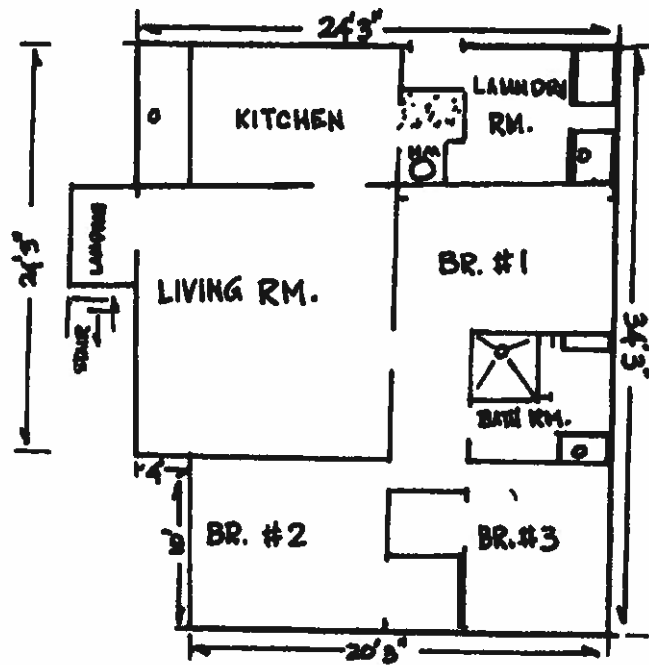
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ISABEL ESPEJO



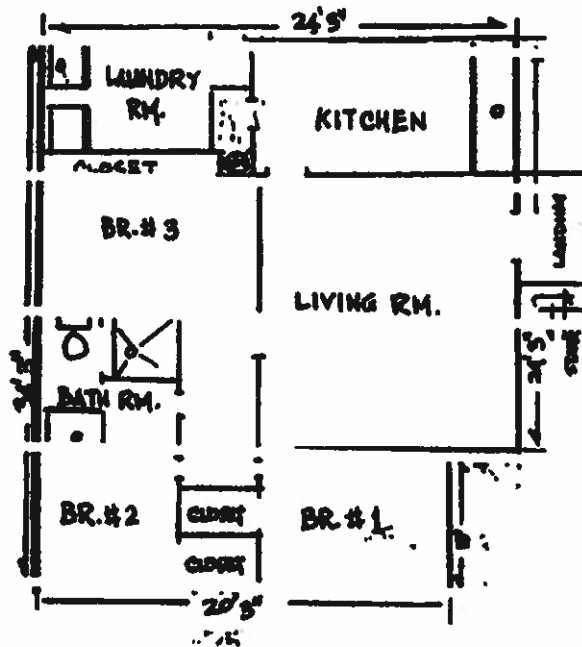
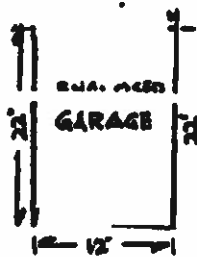
91-1712 HAAKEI ST.
P. Colamaan

91-1033 Koah, St.



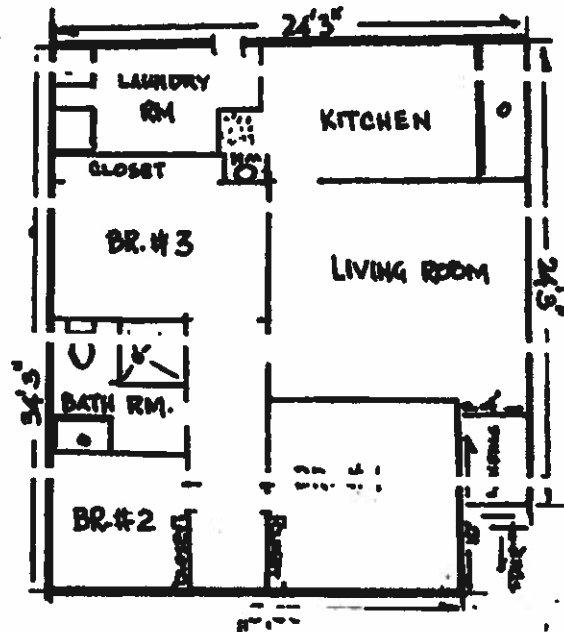


91-1022 RENTON RD.
PIO BARBIETO



91-1037 Kooki St.
 AVELINA CORPUS

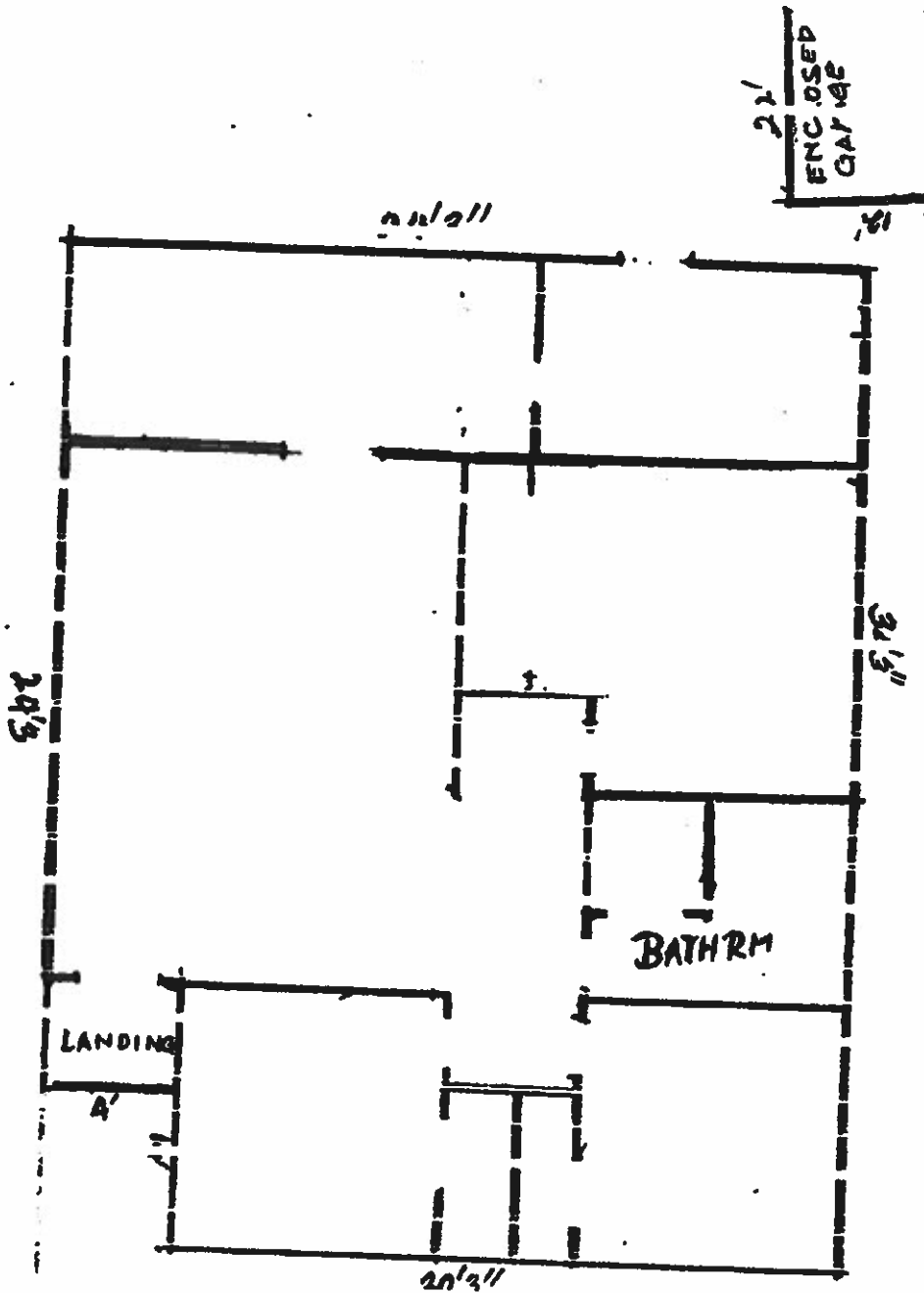
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MANAKUKU

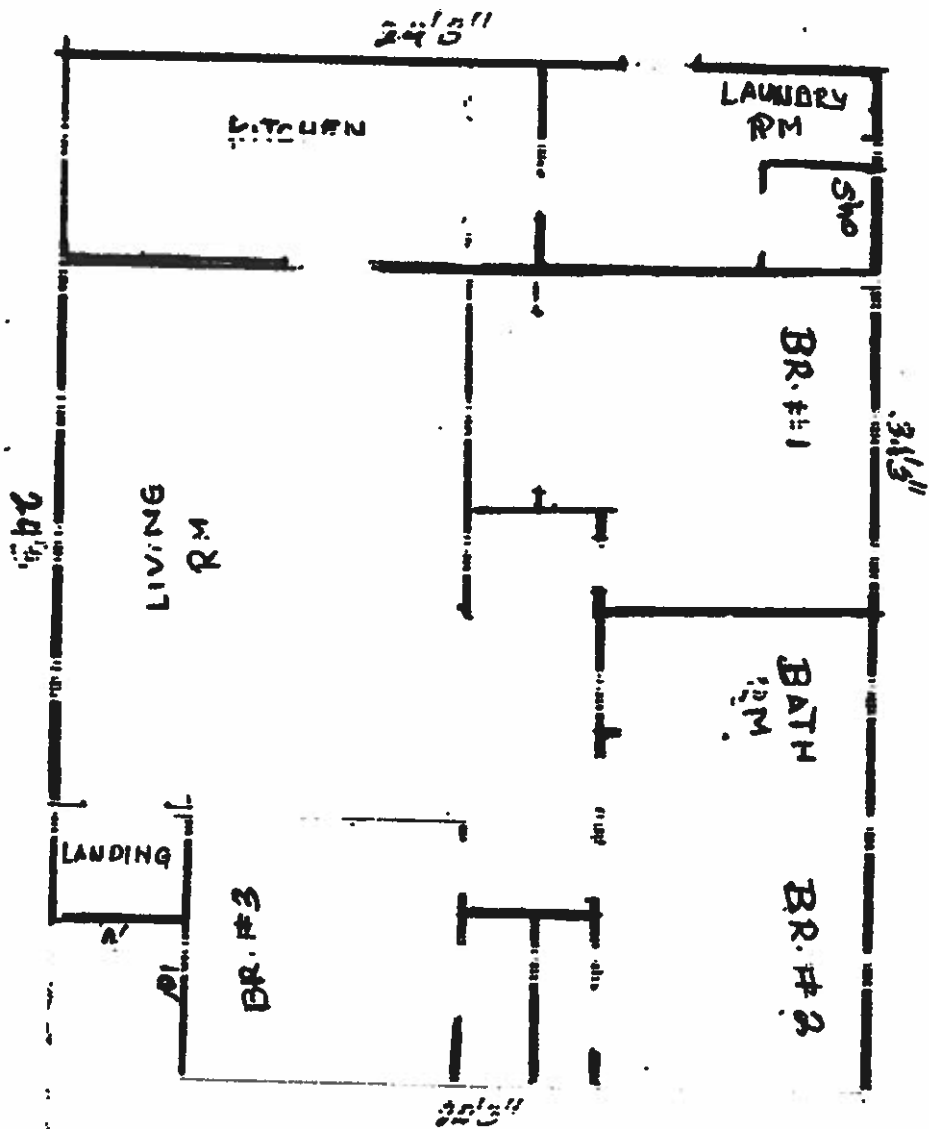


91-1024 MANAKUKE ST.

VIRGINIA

91-1034 MANAKUKE ST
 ABELARD BAKER

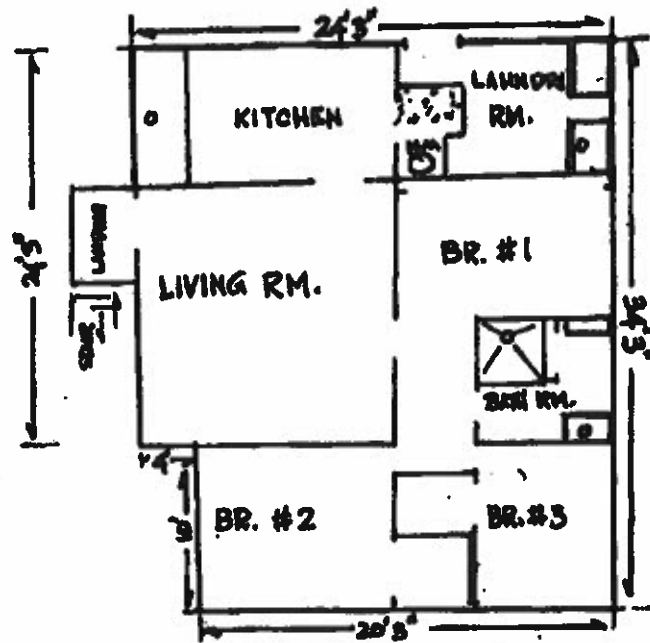




91-1009 MANAKUKU ST.
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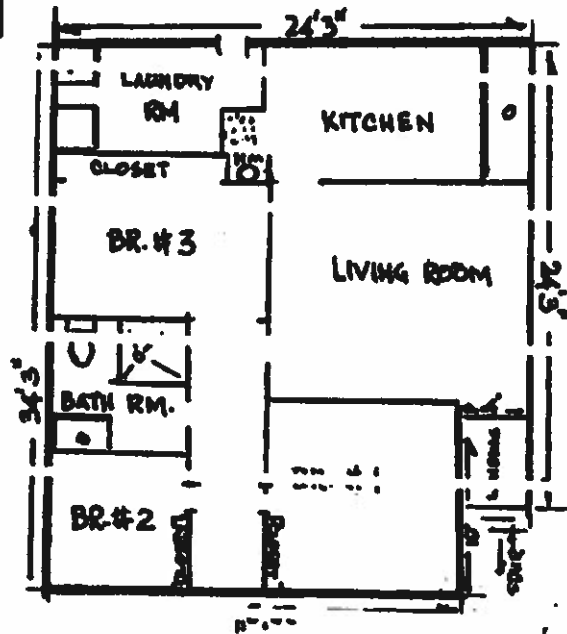
ENCLOSURE
PLAN

ATTN. LAYNE



CESAR AGUILA
91-1715 BUKER ST.
VARDON VILLAGE
EWA, HAWAII. 96766

K



91-1715 KIHU ST.
PAULINO AREOLA

EXHIBIT “I”

Governor’s Emergency Proclamation

**DEPARTMENT OF LAND MANAGEMENT
CITY AND COUNTY OF HONOLULU**

558 SOUTH KING STREET • HONOLULU, HAWAII 96813
PHONE: (808) 768-4299 • FAX: (808) 768-4242 • INTERNET: <http://www.honolulu.gov/dlm>



KIRK CALDWELL
MAYOR

SANDRA S. PFUND
DIRECTOR

November 7, 2019

EMAIL/REGULAR MAIL

Mr. Scott Morishige
Governor's Coordinator on Homelessness
Office of the Governor
Executive Chambers
State Capitol, 4th Floor
Honolulu, Hawaii 96813

Dear Mr. Morishige:

SUBJECT: Governor's Proclamation Related to the Homeless Emergency
("Proclamation") dated December 14, 2018, as amended by
Supplementary Proclamations 1 thru 6; Notification of City
Project to be Declared Eligible under the Proclamation

The Department of Land Management (DLM) herein respectfully provides notification that the City will declare eligibility of the following Property under the Proclamation:

Varona Village, Phase 1, Rehabilitation and Renovation of Existing
Plantation Rental Housing Structures, Ewa, Honouliuli, Oahu, Hawaii
Tax Map Key: (1) 9-1-017:113

In 1990, the City & County of Honolulu ("City") acquired Ewa Villages, which was comprised of eight separate villages of agricultural plantation workers ("workers") that supported Oahu Sugar. By 1995, Oahu Sugar shut down its sugar operations, leaving Ewa Village workers without jobs. The City accepted the obligation to assist workers by renovating and selling the existing homes to workers or allowing workers to remain under very low monthly rentals similar to what the workers were paying to Oahu Sugar. The City provided significant capital investment to meet this obligation.

By 1999, most of the villages had been completed, but the City Department of Housing and Community Development, the former lead agency for the master plan improvements, underwent dissolution. Varona Village, which was the last phase of development and the village that lacked the most infrastructure and involved significant development challenges, was never improved.

Today, the City's commitment to Varona Village continues, particularly to assist the Tenants of Record (TOR) who were the original workers, to achieve a renovated home fit for habitation either as a continued rental or purchase at very discounted sales prices. There is an estimated 40-45 homes that were in the initial village that housed workers. Today it is estimated that there are only 8

Mr. Scott Morishige,
November 7, 2019
Page 2

TOR's still alive with up to a total of 35 homes occupied by TOR's or family of TOR's. Approximately 10 homes have been boarded up as uninhabitable. The occupied homes are largely in poor to very poor condition, there is no municipal sewer line and the roads are not to City standards.

In 2017, the City issued a Request for Proposals (RFP) seeking developers for the revitalization of Varona Villages. A developer has been preliminarily selected and talks have been ongoing with the developer for more than a year to try to achieve a workable and financially viable development plan to renovate Varona Village to current code standards, yet be able to sell the housing units at prices that the TOR's and family of TOR's could afford.

The City and the developer have come to the conclusion that the development of Varona Village to code standards would result in house prices that would be unaffordable to the TOR's and family of TOR's and would also take more than 3 years to complete. Time is of the essence to assist the families, particularly the TOR's who are elderly and may be at risk of homelessness as the homes continue to deteriorate.

The City and the developer propose to bifurcate the project into two phases. Phase 1 would involve the renovation and rehabilitation of up to 45 existing homes utilizing the existing non-code infrastructure for rent or sale of these homes to the TOR's and family of TOR's under a priority system for eligibility established with TOR and family of TOR input. Phase 2 would involve the total revitalization of Varona Village to code standards and could include sale to others.

The City is respectfully declaring eligibility under the Proclamation for Phase 1 only, to enable the City and its developer to expeditiously renovate and rehabilitate the homes for the TOR's and family of TOR's at significantly lower cost thru the exemption and relaxation of land and building code rules and regulations as identified in the Proclamation.

Should you have any questions, please free to call me at 768-4291.

Sincerely,



Sandra S. Pfund
Director

c: Roy K. Amemiya, Jr., Managing Director

**OFFICE OF THE GOVERNOR
STATE OF HAWAII**

SEVENTH SUPPLEMENTARY PROCLAMATION

By the authority vested in me by the Constitution and laws of the State of Hawai'i, in order to provide relief for disaster damages, losses, and suffering, and to protect the health, safety, and welfare of the people, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine, designate and proclaim as follows:

WHEREAS, pursuant to Chapter 127A, Hawaii Revised Statutes, emergency powers are conferred on the Governor of the State of Hawai'i to deal with disasters or emergencies, to maintain the strength, resources, and economic life of the community, and to protect the public health, safety, and welfare; and

WHEREAS, it has become necessary to supplement my Proclamation of December 14, 2018, my Supplementary Proclamation of February 12, 2019, my Second Supplementary Proclamation of April 12, 2019, my Third Supplementary Proclamation of June 7, 2019, my Fourth Supplementary Proclamation of August 6, 2019, my Fifth Supplementary Proclamation of August 23, 2019, and my Sixth Supplementary Proclamation of October 21, 2019, relating to the homeless emergency in the State of Hawai'i; and

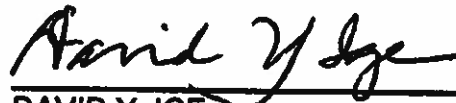
WHEREAS, the conditions giving rise to the homeless emergency continue in the State of Hawai'i; and

NOW, THEREFORE, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine that an emergency or disaster contemplated by section 127A-14, Hawaii Revised Statutes, continues in the State of Hawai'i, and do hereby continue and extend my Proclamation of December 14, 2018, and my Supplementary Proclamations set forth above, relating to the homeless emergency in the State of Hawai'i, which shall remain in full force and effect and are hereby included in the provisions of this Sixth Supplementary Proclamation.

I FURTHER DECLARE that the disaster emergency relief period shall continue until February 14, 2020, unless terminated by a separate proclamation, whichever shall occur first. Notwithstanding the termination of a disaster emergency relief period, any

contracts, agreements, leases, procurements, programs, or employment of personnel entered into, started, amended, or continued by reason of the provisions of my proclamations relating to this emergency shall continue in full force and effect, but shall be limited to a period not to exceed 12 months; provided that such contracts, agreements, leases, procurements, or programs may be extended for additional terms, but the total term with extensions shall not exceed 36 months.

Done at the State Capitol, this 16th day
of December, 2019.



DAVID Y. IGE,
Governor of Hawai'i

APPROVED:



CLARE E. CONNORS
Attorney General
State of Hawai'i

**OFFICE OF THE GOVERNOR
STATE OF HAWAII**

SIXTH SUPPLEMENTARY PROCLAMATION

By the authority vested in me by the Constitution and laws of the State of Hawai'i, in order to provide relief for disaster damages, losses, and suffering, and to protect the health, safety, and welfare of the people, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine, designate and proclaim as follows:

WHEREAS, pursuant to Chapter 127A, Hawaii Revised Statutes, emergency powers are conferred on the Governor of the State of Hawai'i to deal with disasters or emergencies, to maintain the strength, resources, and economic life of the community, and to protect the public health, safety, and welfare; and

WHEREAS, it has become necessary to supplement my Proclamation of December 14, 2018, my Supplementary Proclamation of February 12, 2019, my Second Supplementary Proclamation of April 12, 2019, my Third Supplementary Proclamation of June 7, 2019, my Fourth Supplementary Proclamation of August 6, 2019, and my Fifth Supplementary Proclamation of August 23, 2019, relating to the homeless emergency in the State of Hawai'i; and


WHEREAS, the conditions giving rise to the homeless emergency continue in the State of Hawai'i; and

NOW, THEREFORE, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine that an emergency or disaster contemplated by section 127A-14, Hawaii Revised Statutes, continues in the State of Hawai'i, and do hereby continue and extend my Proclamation of December 14, 2018 and my Supplementary Proclamations set forth above, relating to the homeless emergency in the State of Hawai'i, which shall remain in full force and effect and are hereby included in the provisions of this Sixth Supplementary Proclamation.

I FURTHER DECLARE that the disaster emergency relief period shall continue until December 16, 2019, unless terminated by a separate proclamation, whichever shall occur first. Notwithstanding the termination of a disaster emergency relief period, any contracts, agreements, procurements, programs, or employment of personnel


entered into, started, amended, or continued by reason of the provisions of my proclamations relating to this emergency shall continue in full force and effect, but shall be limited to a period not to exceed 12 months; provided that such contracts, agreements, leases, procurements, or programs may be extended for additional terms, but the total term with extensions shall not exceed 36 months.

Done at the State Capitol, this 21st day
of October, 2019.



DAVID Y. IGE,
Governor of Hawai'i

APPROVED:



CLARE E. CONNORS
Attorney General
State of Hawai'i

**OFFICE OF THE GOVERNOR
STATE OF HAWAII**

FIFTH SUPPLEMENTARY PROCLAMATION

By the authority vested in me by the Constitution and laws of the State of Hawai'i, in order to provide relief for disaster damages, losses, and suffering, and to protect the health, safety, and welfare of the people, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine, designate and proclaim as follows:

WHEREAS, pursuant to Chapter 127A, Hawaii Revised Statutes, emergency powers are conferred on the Governor of the State of Hawai'i to deal with disasters or emergencies, to maintain the strength, resources, and economic life of the community, and to protect the public health, safety, and welfare; and

WHEREAS, it has become necessary to supplement my Proclamation of December 14, 2018, my Supplementary Proclamation of February 12, 2019, my Second Supplementary Proclamation of April 12, 2019, my Third Supplementary Proclamation of June 7, 2019, and my Fourth Supplementary Proclamation of August 6, 2019, relating to the homeless emergency in the State of Hawai'i; and

WHEREAS, the conditions giving rise to the homeless emergency continue in the State of Hawai'i; and

WHEREAS, it has become necessary to provide additional opportunities for counties to engage in housing projects for homeless individuals or families;

NOW, THEREFORE, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine that an emergency or disaster contemplated by section 127A-14, Hawaii Revised Statutes, continues in the State of Hawai'i, and do hereby continue and extend my Proclamation of December 14, 2018 and my Supplementary Proclamations set forth above, relating to the homeless emergency in the State of Hawai'i, which shall remain in full force and effect and are hereby included in the provisions of this Fifth Supplementary Proclamation.

I FURTHER DECLARE that the invocation of sections 127A-13 and 127A-12, Hawaii Revised Statutes, and the suspension of laws shall be extended to include the suspension of sections 302A-1601 through 302A-1608, Hawaii Revised Statutes, to the

limited extent necessary for any county housing development for the homeless that is situated on county lands.


I FURTHER DECLARE that the disaster emergency relief period shall continue until October 22, 2019, unless terminated by a separate proclamation, whichever shall occur first. Notwithstanding the termination of a disaster emergency relief period, any contracts, agreements, procurements, programs, or employment of personnel entered into, started, amended, or continued by reason of the provisions of my proclamations relating to this emergency shall continue in full force and effect, but shall be limited to a period not to exceed 12 months; provided that such contracts, agreements, leases, procurements, or programs may be extended for additional terms, but the total term with extensions shall not exceed 36 months.

Done at the State Capitol, this 23rd day
of August, 2019.



DAVID Y. IGE,
Governor of Hawai'i

APPROVED:



CLARE E. CONNORS
Attorney General
State of Hawai'i

**OFFICE OF THE GOVERNOR
STATE OF HAWAII**

FOURTH SUPPLEMENTARY PROCLAMATION

By the authority vested in me by the Constitution and laws of the State of Hawai'i, in order to provide relief for disaster damages, losses, and suffering, and to protect the health, safety, and welfare of the people, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine, designate and proclaim as follows:

WHEREAS, pursuant to Chapter 127A, Hawaii Revised Statutes, emergency powers are conferred on the Governor of the State of Hawai'i to deal with disasters or emergencies, to maintain the strength, resources, and economic life of the community, and to protect the public health, safety, and welfare; and

WHEREAS, it has become necessary to supplement my Proclamation of December 14, 2018, my Supplementary Proclamation of February 12, 2019, my Second Supplementary Proclamation of April 12, 2019, and my Third Supplementary Proclamation of June 7, 2019 relating to the homeless emergency in the State of Hawai'i; and

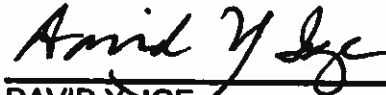
WHEREAS, the conditions giving rise to the homeless emergency continue in the State of Hawai'i; and

NOW, THEREFORE, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine that an emergency or disaster contemplated by section 127A-14, Hawaii Revised Statutes, continues in the State of Hawai'i, and do hereby continue and extend my Proclamation of December 14, 2018 and my Supplementary Proclamations set forth above, relating to the homeless emergency in the State of Hawai'i, which shall remain in full force and effect and are hereby included in the provisions of this Fourth Supplementary Proclamation.

I FURTHER DECLARE that the disaster emergency relief period shall continue until October 5, 2019, unless terminated by a separate proclamation, whichever shall occur first. Notwithstanding the termination of a disaster emergency relief period, any contracts, agreements, procurements, programs, or employment of personnel entered into, started, amended, or continued by reason of the provisions of my proclamations

relating to this emergency shall continue in full force and effect, but shall be limited to a period not to exceed 12 months; provided that such contracts, agreements, leases, procurements, or programs may be extended for additional terms, but the total term with extensions shall not exceed 36 months.

Done at the State Capitol, this 6th day of August, 2019.



DAVID Y. IGE,
Governor of Hawai'i

APPROVED:



CLARE E. CONNORS
Attorney General
State of Hawai'i

**OFFICE OF THE GOVERNOR
STATE OF HAWAII**

THIRD SUPPLEMENTARY PROCLAMATION

By the authority vested in me as Governor by the Constitution and laws of the State of Hawai'i, in order to provide relief for disaster damages, losses, and suffering, and to protect the health, safety, and welfare of the people, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine, designate and proclaim as follows:

WHEREAS, pursuant to Chapter 127A, Hawaii Revised Statutes, emergency powers are conferred on the Governor of the State of Hawai'i to deal with disasters or emergencies, to maintain the strength, resources, and economic life of the community, and to protect the public health, safety, and welfare; and

WHEREAS, it has become necessary to supplement my Proclamation of December 14, 2018, my Supplementary Proclamation of February 12, 2019, and my Second Supplementary Proclamation of April 12, 2019, relating to the homeless emergency in the State of Hawai'i; and


WHEREAS, the conditions giving rise to the homeless emergency continue in the State of Hawai'i; and

NOW, THEREFORE, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine that an emergency or disaster contemplated by section 127A-14, Hawaii Revised Statutes, continues in the State of Hawai'i, and do hereby continue and extend my Proclamation of December 14, 2018, my Supplementary Proclamation of February 12, 2019, and my Second Supplementary Proclamation of April 12, 2019, relating to the homeless emergency in the State of Hawai'i, which shall remain in full force and effect and are hereby included in the provisions of this Supplementary Proclamation.

I FURTHER DECLARE that the disaster emergency relief period shall continue until August 7, 2019, unless terminated by a separate proclamation, whichever shall occur first. Notwithstanding the termination of a disaster emergency relief period, any contracts, agreements, procurements, programs, or employment of personnel entered into, started, amended, or continued by reason of the provisions of my proclamations relating to this emergency shall continue in full force and effect, but shall be limited to a

period not to exceed 12 months; provided that such contracts, agreements, leases, procurements, or programs may be extended for additional terms, but the total term with extensions shall not exceed 36 months.

Done at the State Capitol, this 7th day of June, 2019.



DAVID Y. IGE,
Governor of Hawai'i

APPROVED:



CLARE E. CONNORS
Attorney General
State of Hawai'i

**OFFICE OF THE GOVERNOR
STATE OF HAWAII**

SECOND SUPPLEMENTARY PROCLAMATION

By the authority vested in me as Governor by the Constitution and laws of the State of Hawai'i, in order to provide relief for disaster damages, losses, and suffering, and to protect the health, safety, and welfare of the people, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine, designate and proclaim as follows:

WHEREAS, pursuant to Chapter 127A, Hawaii Revised Statutes, emergency powers are conferred on the Governor of the State of Hawai'i to deal with disasters or emergencies, to maintain the strength, resources, and economic life of the community, and to protect the public health, safety, and welfare; and

WHEREAS, it has become necessary to supplement my Proclamation of December 14, 2018, and my Supplementary Proclamation of February 12, 2019, relating to the homeless emergency in the State of Hawai'i; and

WHEREAS, the conditions giving rise to the homeless emergency continue in the State of Hawai'i; and

NOW, THEREFORE, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine that an emergency or disaster contemplated by section 127A-14, Hawaii Revised Statutes, continues in the State of Hawai'i, and do hereby continue and extend my Proclamation of December 14, 2018, and my Supplementary Proclamation of February 12, 2019, relating to the homeless emergency in the State of Hawai'i, which shall remain in full force and effect and are hereby included in the provisions of this Supplementary Proclamation.

I FURTHER DECLARE that the disaster emergency relief period shall continue until June 11, 2019, unless terminated by a separate proclamation, whichever shall occur first. Notwithstanding the termination of a disaster emergency relief period, any contracts, agreements, procurements, programs, or employment of personnel entered into, started, amended, or continued by reason of the provisions of my proclamations relating to this emergency shall continue in full force and effect, but shall be limited to a

period not to exceed 12 months; provided that such contracts, agreements, leases, procurements, or programs may be extended for additional terms, but the total term with extensions shall not exceed 36 months.

Done at the State Capitol, this 12th day
of April, 2019.



DAVID Y. IGE,
Governor of Hawai'i

APPROVED:



CLARE E. CONNORS
*Attorney General
State of Hawai'i*

**OFFICE OF THE GOVERNOR
STATE OF HAWAII**

SUPPLEMENTARY PROCLAMATION

By the authority vested in me as Governor by the Constitution and laws of the State of Hawai'i, in order to provide relief for disaster damages, losses, and suffering, and to protect the health, safety, and welfare of the people, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine, designate and proclaim as follows:

WHEREAS, pursuant to Chapter 127A, Hawaii Revised Statutes, emergency powers are conferred on the Governor of the State of Hawai'i to deal with disasters or emergencies, to maintain the strength, resources, and economic life of the community, and to protect the public health, safety, and welfare; and

WHEREAS, it has become necessary to supplement my Proclamation of December 14, 2018, relating to the homeless emergency in the State of Hawai'i; and

WHEREAS, the conditions giving rise to the homeless emergency continue in the State of Hawai'i; and

NOW, THEREFORE, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine that an emergency or disaster contemplated by section 127A-14, Hawaii Revised Statutes, continues in the State of Hawai'i, and do hereby continue and extend my Proclamation of December 14, 2018 relating to the homeless emergency in the State of Hawai'i, shall remain in full force and effect and are hereby included in the provisions of this Supplementary Proclamation.

I FURTHER DECLARE that the disaster emergency relief period shall continue until April 13, 2019, unless terminated by a separate proclamation, whichever shall occur first. Notwithstanding the termination of a disaster emergency relief period, any contracts, agreements, procurements, programs, or employment of personnel entered into, started, amended, or continued by reason of the provisions of my proclamations relating to this emergency shall continue in full force and effect, but shall be limited to a

period not to exceed 12 months; provided that such contracts, agreements, leases, procurements, or programs may be extended for additional terms, but the total term with extensions shall not exceed 36 months.

Done at the State Capitol, this 12th day
of February, 2019.



DAVID Y. IGE,
Governor of Hawai'i

APPROVED:



CLARE E. CONNORS
Attorney General
State of Hawai'i

**OFFICE OF THE GOVERNOR
STATE OF HAWAII**

PROCLAMATION

By the authority vested in me as Governor by the Constitution and laws of the State of Hawai'i, in order to provide relief for disaster damages, losses, and suffering, and to protect the health, safety, and welfare of the people, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine, designate and proclaim as follows:

WHEREAS, recent annual statewide homeless counts have indicated that Hawai'i continues to have the highest per capita rate of homelessness in the nation; and

WHEREAS, the 2018 statewide point-in-time count, which is a statewide unduplicated count of homeless individuals and families throughout Hawai'i, estimates the total number of homeless individuals statewide is 6,530; and

WHEREAS, the statewide count estimates the number of unsheltered homeless individuals is 3,475; and

WHEREAS, these unsheltered homeless individuals and families struggle with access to toilets, showers, and clean water; and

WHEREAS, these unsheltered homeless individuals and families require health and social services in order to maintain themselves safely and in reasonable health; and

WHEREAS, many of the chronically homeless unsheltered individuals and families are medically vulnerable and dealing with severe mental illness, long-term physical disabilities, or addiction; and

WHEREAS, the efforts of state and county law enforcement agencies enforcing state and county laws and providing for the public health and safety are resulting in homeless moving from public lands; and

WHEREAS, current services for the homeless population have been successful in assisting a large number of homeless individuals and families and placing them into shelter and permanent housing, but many more individuals remain in need of housing and assistance; and

WHEREAS, there is a critical need to divert homeless individuals and families from frequent utilization of the healthcare and criminal justice systems by connecting them to stable housing and services, such as mental health services or substance abuse treatment services, that will stabilize their health conditions and reduce the risk of negative interactions with law enforcement; and

WHEREAS, various long-term housing projects and other programs to assist in diverting homeless individuals from the healthcare and criminal justice systems are in the process of being developed, but more time is needed to allow for completion;

WHEREAS, on October 26, 2015, I issued my Proclamation relating to the homeless emergency and six supplementary proclamations relating to the homeless emergency which resulted in significant efforts and initiatives at alleviating the homeless problem in Hawai'i and while much has been done, additional measures are needed to address the homeless problem in Hawai'i; and

WHEREAS, the City and County of Honolulu has the largest population of unsheltered homeless individuals and families in the state, consisting of over 2,000 unsheltered individuals, and is exploring options and plans to develop or operate affordable rental housing, permanent supportive housing, and temporary housing for homeless individuals and families; and

WHEREAS, the County of Kaua'i has an estimated unsheltered homeless population of nearly 200 persons and is exploring options and plans to expand current shelter capacity and/or develop or operate permanent supportive housing or healthcare and criminal justice diversion programs for homeless individuals and families; and

WHEREAS, the County of Maui has an estimated unsheltered homeless population in excess of 400 persons that are residing in areas not meant for human habitation, and is exploring options and plans to expand current shelter capacity and/or develop or operate permanent supportive housing or healthcare and criminal justice diversion programs for homeless individuals and families; and

WHEREAS, the County of Hawai'i has an estimated unsheltered homeless population in excess of 600 persons and is exploring options and plans to expand current shelter capacity and/or develop or operate permanent supportive housing or healthcare and criminal justice diversion programs for homeless individuals and families in both East and West Hawai'i; and

WHEREAS, the State of Hawai'i is looking to sustain effective practices to address unsheltered homelessness, such as the Family Assessment Center in Kakaako, and the Law Enforcement Assisted Diversion program; and

WHEREAS, efforts are being made to identify various locations on which buildings may be constructed, installed, renovated, or operated in order to provide long-term or temporary housing for homeless individuals in a safe and sanitary manner and provide appropriate health and social services to them; and

WHEREAS, these possible locations, as well as others that may be identified, will be designed to provide both temporary and long-term housing for individuals and families experiencing homelessness and/or provide appropriate health and social services to divert these individuals from frequent utilization of the healthcare and criminal justice systems and to permanently house them; and

WHEREAS, the completion of these temporary and long-term housing sites and diversion programs, together with any associated contracts, is necessary to protect the health and safety of the homeless individuals and families; and

WHEREAS, the lack of secure, safe, and sanitary shelter and housing, and adequate health and social services, for the large number of people without homes is endangering the health, safety, and welfare of the people, including families and children, and poses a threat to the environment, and demands emergency action to prevent or mitigate suffering, injury, loss, or damage; and

WHEREAS, pursuant to sections 127A-14 and 127A-16, Hawaii Revised Statutes, the Governor is authorized to determine whether an emergency or disaster has occurred, or there is an imminent danger or threat of an emergency or disaster and authorize actions under chapter 127A, Hawaii Revised Statutes, and the expenditure of funds thereunder; and

WHEREAS, pursuant to section 127A-13(a)(3), Hawaii Revised Statutes, the Governor is authorized to suspend any law which impedes or tends to impede or is detrimental to the expeditious and efficient execution of, or to conflict with, emergency functions, including laws specifically made applicable to emergency personnel; and

WHEREAS, pursuant to section 127A-13(a)(2), Hawaii Revised Statutes, the Governor is further authorized to relieve hardship and inequities or obstructions to the public health, safety, and welfare found by the Governor to exist in the laws and to result from the operation of federal programs or measures taken under chapter 127A, Hawaii Revised Statutes, by suspending laws in whole or in part, or by alleviating the provisions of laws on such terms and conditions as the Governor may impose; and

WHEREAS, pursuant to section 127A-12(b)(8), Hawaii Revised Statutes, the Governor may suspend chapters 103D and sections 103-50, 103-53, 103-55, 105-1 to 105-10, and 464-4, Hawaii Revised Statutes, and I find that these provisions, in whole or in part, impede or tend to impede the expeditious discharge of emergency disaster relief functions for this occurrence and that compliance therewith is impracticable due to existing conditions; and

WHEREAS, pursuant to section 127A-12(b)(16), Hawaii Revised Statutes, the Governor is further authorized to order and direct government agencies, officials, officers, and employees of the State, to take such action and employ such measures for law enforcement, medical, health, firefighting, traffic control, warnings and signals, engineering, rescue, construction, emergency housing, other welfare, hospitalization, transportation, water supply, public information, training, and other emergency functions as may be necessary, and utilize the services, materials, and facilities of the agencies and officers; and

WHEREAS, pursuant to section 127A-12(b)(9), Hawaii Revised Statutes, the Governor may appoint, employ, train, equip, and maintain, with compensation, or on a volunteer basis without compensation and without regard to chapters 76, 78, and 88, such agencies, officers, and other persons as the Governor deems necessary to carry out emergency management functions; determine to what extent any law prohibiting the holding of more than one office or employment applies to the agencies, officers, and other persons; and subject to the provisions of chapter 127A, Hawaii Revised Statutes,

provide for the interchange of personnel, by detail, transfer, or otherwise, between agencies or departments of the State; and

WHEREAS, pursuant to section 127A-12(b)(19), Hawaii Revised Statutes, the Governor may take any and all steps necessary or appropriate to carry out the purposes of chapter 127A, Hawaii Revised Statutes notwithstanding that powers in section 127A-13(a) may only be exercised during an emergency period; and

NOW, THEREFORE, I, DAVID Y. IGE, Governor of the State of Hawai'i, hereby determine that an emergency or disaster contemplated by section 127A-14, Hawaii Revised Statutes, has occurred in the State of Hawai'i, and do hereby proclaim an emergency for the purpose of implementing the emergency management functions as allowed by law, authorizing the expenditure of State monies as appropriated for the speedy and efficient relief of damages, losses, and suffering resulting from the emergency, and hereby invoke the following measures under the Hawaii Revised Statutes:

1. Sections 127A-13 and 127A-12, Hawaii Revised Statutes, suspend, as allowed by law, the following statutes and regulations to the extent necessary for the purposes of establishing long-term housing, temporary shelter, services, to divert homeless individuals from frequent utilization of the healthcare and criminal justice systems, and to facilitate contracting for these programs, housing, shelter, and services; provided that housing and shelter units made available under this Proclamation shall be safe, sanitary, and suitable for human habitation:

- a. Chapter 6E, Hawaii Revised Statutes, Historic Preservation.
- b. Section 37-41, Hawaii Revised Statutes, appropriations to revert to state treasury.
- c. Section 37-74(d), Hawaii Revised Statutes, program execution, except for sub-sections 37-74(d)(2) and 37-74(d)(3), Hawaii Revised Statutes, and any such transfers or changes shall be considered authorized transfers or changes for purposes of section 34-74(d)(1) for legislative reporting requirements.
- d. Section 40-66, Hawaii Revised Statutes, lapsing of appropriations.

- e. Chapter 46, Hawaii Revised Statutes, county organization and administration as any county ordinance, rule, regulation, law, or provision in any form applies to any county permitting, licensing, zoning, variance, processes, procedures, fees, or any other requirements that hinder, delay, or impede the purpose of this Proclamation.
- f. Chapter 89, Hawaii Revised Statutes, Collective Bargaining In Public Employment.
- g. Chapter 89C, Hawaii Revised Statutes, Public Officers And Employees Excluded From Collective Bargaining.
- h. Chapter 92, Hawaii Revised Statutes, Public Agency Meetings and Records, to the extent that any notice requirements or any other provisions of Chapter 92 may delay the expeditious action, decision, or approval of any agency.
- i. Section 102-2, Hawaii Revised Statutes, Contracts For Concessions In Government Buildings; Bid Requirements.
- j. Section 103-2, Hawaii Revised Statutes, General Fund.
- k. Section 103-53, Hawaii Revised Statutes, Contracts With The
- l. State Or Counties; Tax Clearances, Assignments.
- m. Section 103-55, Hawaii Revised Statutes, wages, hours, and working conditions of employees of contractors performing services.
- n. Chapter 103D, Hawaii Revised Statutes, Hawaii public procurement code.
- o. Chapter 103F, Hawaii Revised Statutes, Purchases of Health and Human Services.
- p. Chapter 104, Hawaii Revised Statutes, wages and hours of employees on public works.
- q. Sections 105-1 to 105-10, Hawaii Revised Statutes, use of government vehicles, limitations.
- r. Section 127A-30, Hawaii Revised Statutes, Rental or sale of essential commodities during a state of emergency; prohibition against price increases.
- s. Chapter 171, Hawaii Revised Statutes, Public Lands.

- t. Chapter 205, Hawaii Revised Statutes, Land Use Commission.
 - u. Chapter 205A, Hawaii Revised Statutes, Coastal zone management.
 - v. Chapter 206E, Hawaii Revised Statutes, Hawaii Community Development Authority.
 - w. Chapter 343, Hawaii Revised Statutes, Environmental impact Statements.
 - x. Chapter 346, Hawaii Revised Statutes, Social Services.
 - y. Section 464-4, Hawaii Revised Statutes, public works required to be supervised by certain professionals.
 - z. Sections 601-1.5, 708-817, 708-818, 708-820, 708-830.5, and 708-840, Hawaii Revised Statutes, to the extent that these sections contain provisions for the suspension, tolling, extension, or granting of relief from deadlines, time schedules, or filing requirements in civil, criminal, or administrative matters before the courts of the state or to the extent that these sections contain provisions for criminal penalties that are automatically heightened by reason of any declared disaster or emergency.
2. Section 127A-12(b), Hawaii Revised Statutes, and in order to provide emergency relief consistent with the intent of this Proclamation, I hereby direct all state agencies and officers to cooperate with and extend their services, materials, and facilities as may be required to assist in all efforts to address the objectives of this Proclamation in addressing the homeless situation.

Feb 13

I FURTHER DECLARE that a disaster emergency relief period shall commence immediately and shall terminate automatically sixty days after the issuance of this Proclamation or by a separate proclamation whichever occurs first. Notwithstanding the termination of a disaster emergency relief period, any contracts, agreements, leases, procurements, or programs entered into, started, or continued by reason of the provisions of this Proclamation shall continue but shall be limited to a period not to exceed 12 months; provided that such contracts, agreements, leases, procurements, or programs may be extended for additional terms, but the total term with extensions shall not exceed 36 months.

I FURTHER DECLARE that this Proclamation is not intended to create, and does not create, any rights or benefits, whether substantive or procedural, or enforceable at law or in equity, against the State of Hawai'i or its agencies, departments, entities, officers, employees, or any other person.

Done at the State Capitol, this
14th day of December, 2018.



DAVID Y. IGE
Governor of Hawai'i

APPROVED:



RUSSELL SUZUKI
Attorney General
State of Hawai'i

EXHIBIT "J"

LIST OF DUE DILIGENCE DOCUMENTS

1. A recent (no older than 30 days) title report(s), title policy/ies and ALTA land survey for the Property, together with documents referred to in those materials.
2. If the Property is leased or retains a management agreement:
 - a. All leases or management agreements with respect to the Property, regardless of use, including residential or commercial uses.
 - b. Financial statements for the Property for the past three (3) years, including income and expense report and rent rolls for the Property.
3. Utility bills, real property tax assessments and tax bills, including documentation of any real property tax appeals, with respect to the Property for the last two (2) years.
4. Summary of current and/or pending litigation directly or indirectly related to the ownership of and/or operation of the Property.
5. Soils reports, engineering reports, corrosion reports, architectural studies, environmental assessments (including any asbestos or lead-based paint reports), topographical maps, and similar information related to the Property.
6. Feasibility studies, market studies, appraisals, loan commitment documents and loan documents for any loan secured by a mortgage encumbering the Property, and any other information in Seller's possession which is material to evaluation of the Property.
7. All licenses, permits, maps, certificates of occupancy, building inspection approvals, covenants, conditions and restrictions with respect to the Property.
8. Management, maintenance, repair, service and supply contracts and related documents with respect to the Property.
9. Schedule of all personal property and fixtures owned or leased by Seller and used in the operation of the Property.
10. Site plan, as-built survey, architectural and building permit plans, specifications, electrical, mechanical, structural and landscaping drawings and specifications.
11. All fire, extended risk, liability, and other insurance policies with a schedule of premiums for each item of insurance coverage.

EXHIBIT "K"

201H RESOLUTIONS

RESOLUTION

AUTHORIZING EXEMPTIONS FROM REQUIREMENTS RELATING TO
PLANNING, ZONING CONSTRUCTION STANDARDS FOR
SUBDIVISIONS, DEVELOPMENT AND IMPROVEMENT OF LAND AND
CONSTRUCTION OF HOUSING UNITS THEREOF FOR THE EWA
VILLAGES REVITALIZATION PROJECT IN EWA, OAHU;
TMK: 9-1-16: 25 (POR) AND 9-1-17: 4 (POR), 39, 46-49
(POR) AND 9-1-43: 160

WHEREAS, the Department of Housing and Community Development of the City and County of Honolulu is requesting certain exemptions pursuant to Sections 46-15.1, 201E-210 and 201E-215, Hawaii Revised Statutes ("HRS") to enable the development of real property located in Ewa, Oahu and identified by Tax Map Key Numbers 9-1-16: 25 (por) and 9-1-17: 4 (por), 39, 46-49 (por) and 9-1-43: 160; and

WHEREAS, such real property comprises approximately 630 acres to be known as the Ewa Villages Revitalization Project as shown on the map attached to this resolution and made a part of it (the "Project"), and

WHEREAS, the City Council of the City and County of Honolulu appropriated funds for the land acquisition, planning and engineering and construction of the Project by Ordinance Numbers 89-75, 90-53, 91-32 and 92-78; and

WHEREAS, the primary goals of the Project are to provide affordable homeownership opportunities for the current residents of Ewa Villages and to preserve the historic character of the Villages where feasible; and

WHEREAS, the Project is consistent with the housing goals and objectives of the City; and

WHEREAS, the City Council is empowered to authorize exemptions from statutes, ordinances, charter provisions and rules relating to planning, zoning, construction standards for subdivisions, development and improvement of land and the construction of units thereon pursuant to Sections 46-15.1, 201E-210 and 201E-215 of the Hawaii Revised Statutes; and

WHEREAS, the granting of the exemptions is necessary for the timely and successful implementation of the Project; and

WHEREAS, the exemptions do not adversely affect the public health, safety and welfare; now, therefore,

DEF. JF H 14, 14,
COMM. DIV. WILLIAM M. N
93 FEB -4 P3:34

RESOLUTION

BE IT RESOLVED that the Council of the City and County of Honolulu authorize the following exemptions for the Project:

1. Exemption from Ordinance 81-80 as amended, Ewa Development Plan Land Use and Public Facilities map to permit:
 - a. Development of a municipal golf course in an Agricultural District.
 - b. Development of various single family residences in an Agricultural District.
 - c. Development of the proposed municipal district park in Public/Quasi Public and Commercial Districts.
 - d. Development of a multifamily residential area in Agricultural and Recreation Districts.
 - e. Development of a commercial area in Park and Recreation, Low Density Apartment and Public/Quasi Public Districts.
 - f. The proposed boundaries, land uses and acreages as established in the Ewa Villages Master Plan rather than those at Section 24-3.2.(b)(2) for the Ewa Villages Special Area.
 - g. Height limit for the golf course clubhouse to be 44 feet instead of the 25-foot limit in Section 24-(b)(g).

An exemption is required now to proceed with Project implementation. However, these changes to the Development Plan will be proposed by an amendment under the formal development plan process.

2. Exemption from Zoning Map No. 12 Ewa Beach and Sections 5.20, 5.40, 5.50 and 5.80 of the Land Use Ordinance (LUO) to permit the following proposed uses:
 - a. Development of a municipal golf course in an AG-1 Agricultural District.
 - b. Development of single family housing in an AG-1 Agricultural District and a B-1 Business District.

RESOLUTION

- c. Development of low density multifamily housing in an AG-1 Agricultural District and R-5 Residential District.
 - d. B-1 Neighborhood Business use to permit the development of a commercial area in an R-5 Residential District.
 - e. Development of a district park in an R-5 Residential District and A-1 Low Density Apartment District.
 - f. Development of single family housing in a B-1 Neighborhood Business District.
3. Exemption from the following development standards for the new construction of infill houses and the rehabilitation of the existing homes in the Villages in order to create subdivision lots for conveyance to the residents. These development standards are found at Section 5.40 Residential Districts and Section 3.70 Parking Requirements in the LUO:
- a. Front, side and rear yard requirements provided a minimum spacing of ten (10) feet shall be observed between new and existing dwelling structures.
 - b. Parking requirements to permit less than the required two parking spaces per dwelling unit.
 - c. Lot coverage requirements to permit deviation from the 50% maximum building area.
 - d. Minimum lot area, lot width and depth to permit subdivision of lots around existing homes and structures.
4. Exemption from development standards pertaining to the construction of the golf course in the following sections of the LUO:
- a. Section 3.160 to exempt the Project from the Plan Review Use for the municipal golf course.
 - b. Section 5.10-2 to exempt the design of the golf course from requirements and standards for golf course development under P-2 Preservation District.

RESOLUTION

- c. Table 21-5.1-B to permit the building height of the golf course clubhouse to exceed the limit of 25 feet under P-2 Preservation District standards. The building height is 44 feet.
5. Exemption from the following standards for subdivision development in Chapter 22 of the Revised Ordinances of Honolulu, 1978, Subdivision of Land and the corresponding sections contained in the Subdivision Rules and Regulations, 1973, as amended:
 - a. Section 22-2.3(a) to permit non-standard street light fixtures to be installed to preserve the historic appearance of the roadways. All other standard specifications for street lights will be observed.
 - b. Section 22-3.9 to permit the acceptance by dedication of streets in the existing Ewa Villages which will not meet the standards for street widths in subdivisions contained in Section 4-405 of the Subdivision Rules and Regulations. Road widths in the villages will be 20 feet to preserve the existing front yards and the rural character of the streetscape. Also to permit tree planters to be constructed in the center of street turnarounds in the new market housing subdivision areas.
 - c. Section 22-4.1 to permit all of the residential subdivisions to be constructed without sidewalks and with rolled curbs to preserve the historic character of the existing villages and of the new housing areas.
 - d. Section 22-5.1 to permit utility lines to be installed on overhead poles only in the existing villages to preserve its rural character.
6. Exemption from the Subdivision Rules and Regulations to permit construction of improvements to Renton Road and other major access roads, subdivisions "A", "B" and "G" as noted on the construction plans for the Project and the golf course prior to submission of a subdivision application. The exemption will also apply to the rehabilitation of the existing dwelling units in the villages.

RESOLUTION

BE IT FURTHER RESOLVED that the Department of Housing and Community Development is directed to comply with the provisions stated in Section 201E-215, Hawaii Revised Statutes ("HRS") and is directed to adopt rules which shall include the provisions stated in Section 201E-215(a) HRS and the first paragraph of Section 201E-215(b) HRS and may adopt rules which may include the provisions stated in the second paragraph of Section 201E-215(b) HRS and any other provisions deemed necessary and appropriate; and

BE IT FURTHER RESOLVED that the final plans and specifications for the Project shall not substantially deviate from any documents herein that indicate the plans and intentions for the Project; and

BE IT FURTHER RESOLVED that no action may be prosecuted or maintained against the City Council, the City and County of Honolulu, its officials, or employees on account of actions taken to review and approve the preliminary and final plans and specifications, and to grant these exemptions herein or in relation to the Project; and

BE IT FURTHER RESOLVED that the exemptions from ordinances and codes, and the conditions under which such exemptions are authorized, as specified in this resolution, shall be included in any sales documents relating to the Project, in the original deed, and in any subsequent deed and shall be recorded with the Bureau of Conveyances; and

RESOLUTION.

BE IT FINALLY RESOLVED by the Council of the City and County of Honolulu that the Clerk be, and is directed to transmit copies of this resolution to the Department of Housing and Community Development.

INTRODUCED BY:

GARY GILL/BR

DATE OF INTRODUCTION:

January 4, 1993
Honolulu, Hawaii

Councilmembers

resocwv.ak/Ewa Villages

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CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

I hereby certify that the foregoing RESOLUTION was adopted by the COUNCIL OF THE CITY AND COUNTY OF HONOLULU on the date and by the vote indicated to the right.

ATTEST:


RAYMOND K. PUA
CITY CLERK


GARY GILL
CHAIR AND PRESIDING OFFICER

Dated JAN 27 1993

ADOPTED MEETING HELD			
JAN 27 1993			
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HOLMES			
KIM			
MANSHO			
MIRIKITANI			
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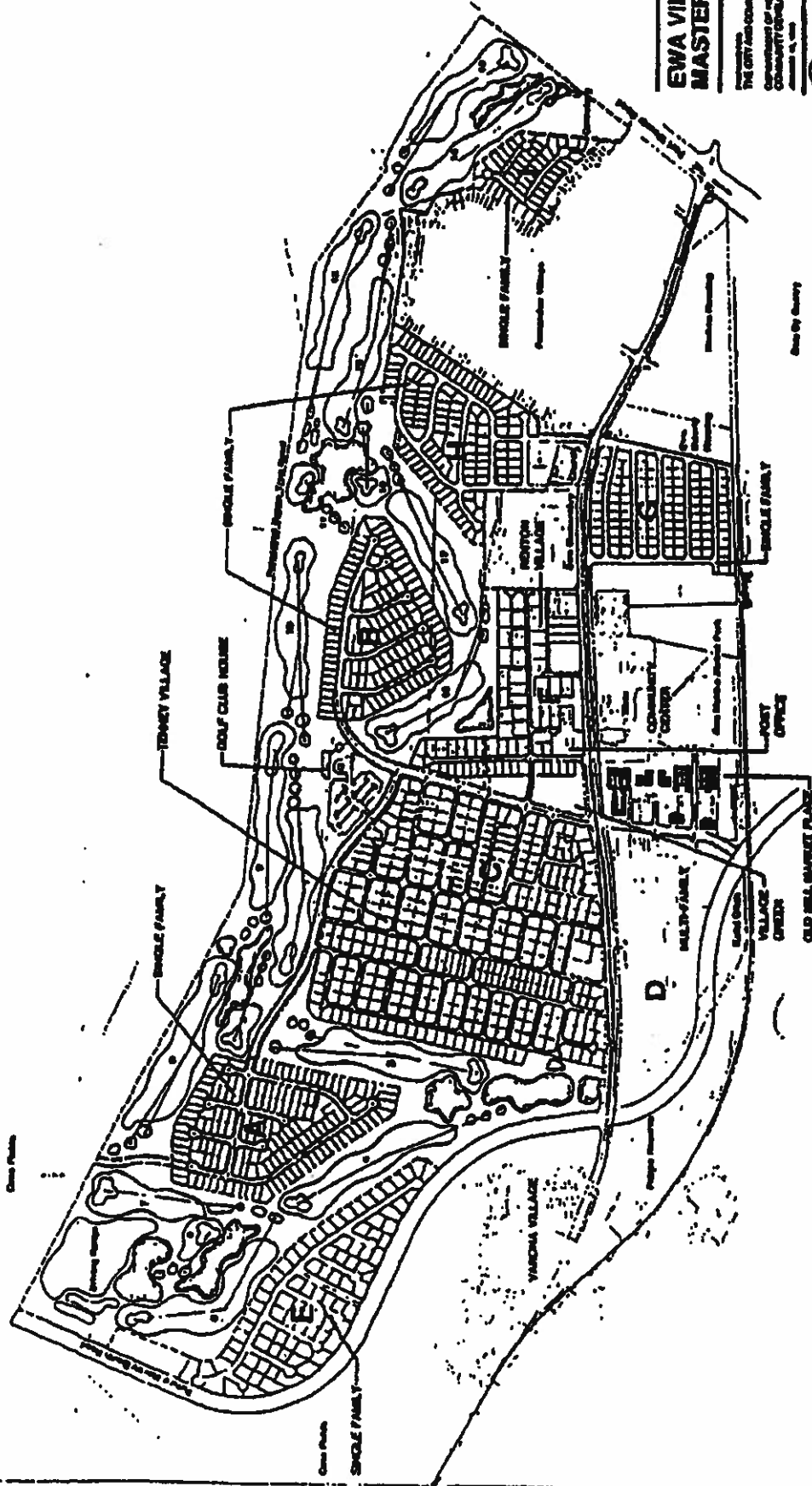
Reference: D-1

Report No. H-47

Resolution No.

93-01
CD-1

NATIONAL COUNCIL ON EDUCATION FOR THE MULTIPLE HANDICAPPED



**Request for Proposals
Revitalization of Varona Village**

**Exhibit E
Resolution 94-282, CD1**

RESOLUTION

AUTHORIZING FURTHER EXEMPTIONS FROM REQUIREMENTS RELATING TO PLANNING, ZONING, CONSTRUCTION STANDARDS FOR SUBDIVISIONS, DEVELOPMENT AND IMPROVEMENT OF LAND AND CONSTRUCTION OF HOUSING UNITS THEREOF FOR THE EWA VILLAGES REVITALIZATION PROJECT IN EWA, OAHU; TMK: 9-1-16: 25 (POR) AND 9-1-17: 4 (POR), 39, 46-49 (POR) AND 9-1-43: 160

WHEREAS, the Department of Housing and Community Development of the City and County of Honolulu is requesting certain exemptions pursuant to Sections 46-15.1, 201E-210 and 201E-215, Hawaii Revised Statutes ("HRS") to enable the development of real property located in Ewa, Oahu and identified by Tax Map Key Numbers 9-1-16: 25 (por) and 9-1-17: 4 (por), 39, 46-49 (por) and 9-1-43: 160; and

WHEREAS, such real property comprises approximately 630 acres known as the Ewa Villages Revitalization Project as shown on the map attached to this resolution and made a part of it (the "Project"), and

WHEREAS, the City Council of the City and County of Honolulu appropriated funds for the land acquisition, planning and engineering and construction of the Project by Ordinance Numbers 89-75, 90-53, 91-32, 92-78, 93-49 and 94-42; and

WHEREAS, the City Council granted the Project certain exemptions pursuant to Section 201E-210 of the Hawaii Revised Statutes in Resolution No. 93-01, CD-01, dated January 27, 1993; and

WHEREAS, the Department of Housing and Community Development is implementing the construction and development phases of the Project and have found it necessary to request further exemptions in order to complete the Project; and

WHEREAS, the granting of the exemptions is critical for the timely and successful implementation of the Project particularly in addressing the preservation of its historic character; and

WHEREAS, the exemptions do not adversely affect the public health, safety and welfare; and

WHEREAS, the Project is consistent with the housing goals and objectives of the City; and

WHEREAS, the City Council is empowered to authorize exemptions from statutes, ordinances, charter provisions and rules relating to planning, zoning, construction standards for

RESOLUTION

subdivisions, development and improvement of land and the construction of units thereon pursuant to Sections 46-15.1, 201E-210 and 201E-215 of the Hawaii Revised Statutes; now, therefore,

BE IT RESOLVED that the Council of the City and County of Honolulu authorize the following exemptions for the Project:

1. Exemption from Ordinance 81-80 as amended, Ewa Development Plan Land Use and Public Facilities map to permit:
 - a. Development of a municipal district park in an Agricultural District.
 - b. Development of low density apartments in Commercial and Park Districts.

An exemption is required now to proceed with Project implementation.

2. Exemption from Zoning Map No. 12 Ewa Beach and Tables 21-5.4-A and 5.8-B and Section 21-5.20-5 of the Land Use Ordinance (LUO) to permit the following uses:
 - a. Development of a municipal district park in an AG-1 Agricultural District.
 - b. Development of single family housing meeting R-3.5 zoning requirements in an AG-1 Agricultural District.
 - c. Development of single family housing meeting R-3.5 Residential District requirements in an R-5 Residential District.
3. Exemption from the following development standards to permit the construction of single family housing units:
 - a. Table 21-5.9-B of the LUO to permit subdivision of lots with less than the minimum lot width of 50 feet but no less than 45 feet for construction of single family houses using R-3.5 Residential District development standards.
4. Exemption from the following standards for subdivision development found in Chapter 22 of the Revised Ordinances of Honolulu, 1978 ("ROH"), Subdivision of

RESOLUTION

Land and/or the corresponding sections contained in the Subdivision Rules and Regulations, 1973, as amended:

- a. Section 22-3.9, ROH to permit the acceptance by dedication of streets in the existing Ewa Villages which do not meet the standards and regulations for subdivision improvements.
 - b. Section 22-4.1, ROH and Section 5-502, of the Subdivision Rules and Regulations, to permit the construction of streets in the existing Villages without curbs, gutters or headers. Drainage improvements will be located in the streets utilizing an inverted crown system. These improvements are necessary to preserve the historic character of the streetscape. Typical street sections are attached as Exhibit A.
 - c. Section 4-405 of the Subdivision Rules and Regulations to permit the construction of one (1) alleyway in Renton Village and the dedication of such alleyway as a City street. A typical section is attached as Exhibit B.
 - d. Section 22-8.3(a), ROH to permit street names to consist of non-Hawaiian names.
 - e. Section 5-510 of the Subdivision Rules and Regulations to permit the street name signs in the existing Villages to consist of white lettering on black rather than the standard specifications in order to match the existing signage which has historic significance.
5. Exemption from the following sections of the City and County of Honolulu, Department of Transportation Services, Traffic Standards Manual, July 1976, as revised:
- a. Section 4.4 relating to sight line requirements to permit the use of sight line restrictions when the sight distance is designated within the property instead of easements or moving the property line. Restrictions on the homeowner's use of this portion of the property will be contained in the conveyance document. An illustration of the use of the sight distance restriction is attached as Exhibit C.

RESOLUTION

- b. Section 9.3 relating to the street offset to permit the centerlines of streets at intersections in the existing Villages to have their centerlines offset by at least 150 feet. This exemption is necessary to address existing conditions in the Villages. A typical situation from construction plans is attached as Exhibit D.
 - c. Section 9.4 relating to the use of standard property line and curb radii to permit the property line radius to be 24 feet instead of 30 feet and the curb radius to be 20 feet instead of 30 feet in the existing Villages. Both are necessary to preserve the historic character of the streetscape. A typical street section illustrating this exemption is attached as Exhibit E.
6. Exemption from the Subdivision Rules and Regulations to permit construction of improvements for the infill housing in the existing Villages prior to submission of a subdivision application.

BE IT FURTHER RESOLVED that the final plans and specifications for the Project shall not substantially deviate from any documents herein that indicate the plans and intentions for the Project; and

BE IT FURTHER RESOLVED that no action may be prosecuted or maintained against the City Council, the City and County of Honolulu, its officials, or employees on account of actions taken to review and approve the preliminary and final plans and specifications, and to grant these exemptions herein or in relation to the Project; and

BE IT FURTHER RESOLVED that the exemptions from ordinances and codes, and the conditions under which such exemptions are authorized, as specified in this resolution, shall be included in any sales documents relating to the Project, in the original deed, and in any subsequent deed and shall be recorded with the Bureau of Conveyances; and

RESOLUTION

BE IT FINALLY RESOLVED by the Council of the City and County of Honolulu that the Clerk be, and is directed to transmit copies of this resolution to the Department of Housing and Community Development.

JOHN DESOTO/BR

Councilmembers

DATE OF INTRODUCTION:

October 11, 1994
Honolulu, Hawaii

HCD201E4.R94/HCD-HSG01


- 5 -

CITY COUNCIL CITY AND COUNTY OF HONOLULU HONOLULU, HAWAII

I hereby certify that the foregoing RESOLUTION was adopted by the COUNCIL OF THE CITY AND COUNTY OF HONOLULU on the date and by the vote indicated to the right.

ATTEST:


RAYMOND K. PUA
CITY CLERK


JOHN DESOTO
CHAIR AND PRESIDING OFFICER

Dated 11/2/94

ADOPTED MEETING HELD			
11/2/94			
	AYE	NO	A/E
ANDRADE			
DOO			
FELIX			
HIDANO			
HOLMES			
KIM			
MANSHO			
MIRIKITANI			
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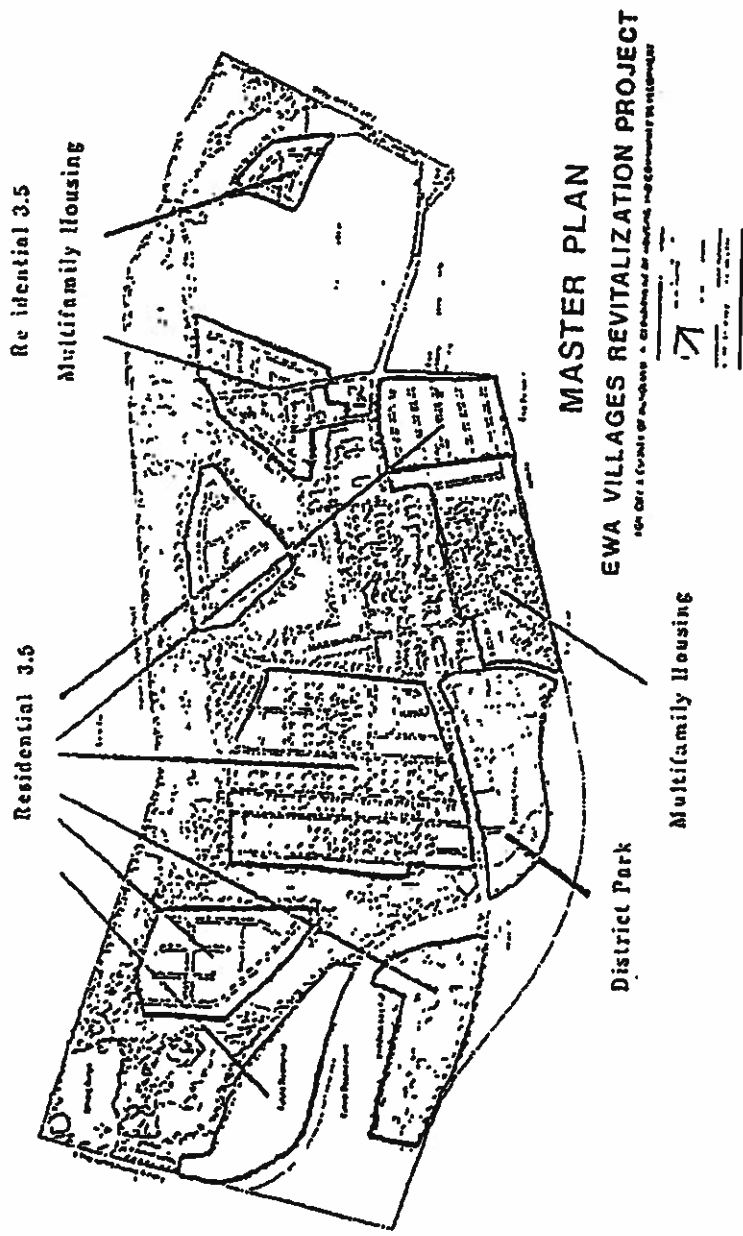
Reference 0-897

Report No. H-586

Resolution No. 1

94-282
CD-1

--- EXHIBIT(S) ON FILE WITH THE CITY CLERK'S OFFICE ---



MASTER PLAN

EWA VILLAGES REVITALIZATION PROJECT

SHEET	TOTAL SHEETS
1	7

Multifamily Housing

District Park

Residential 3.5

Multifamily Housing

Residential 3.5

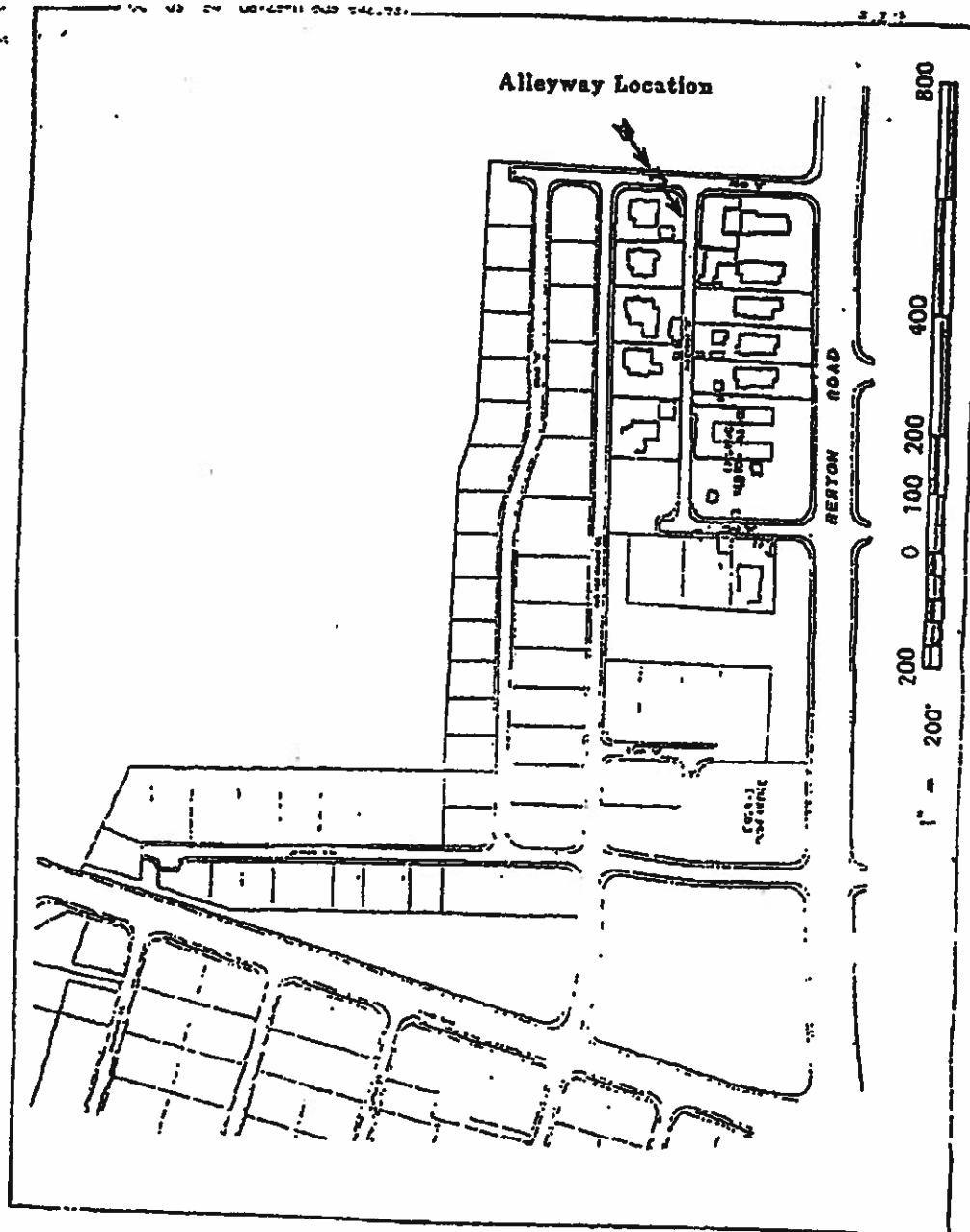
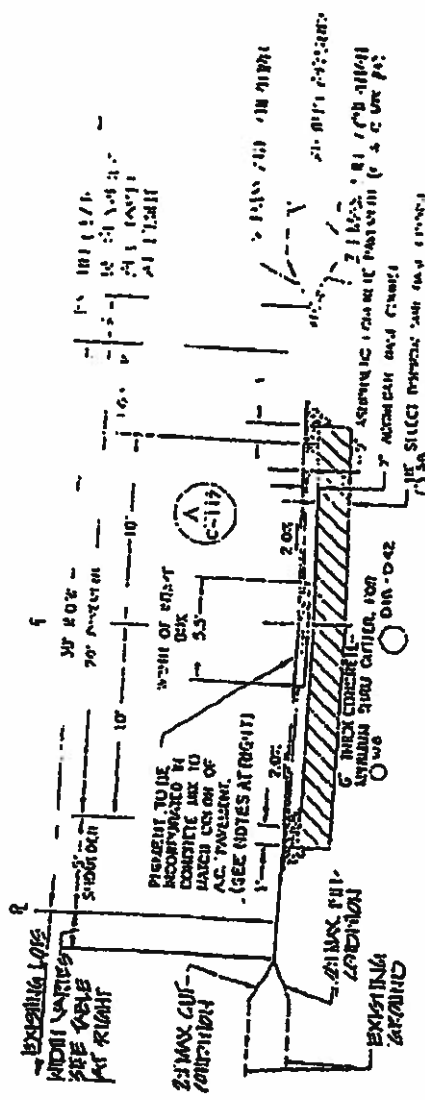


EXHIBIT B



SECTION - MINOR ROADS
 SCALE: 1" = 5'

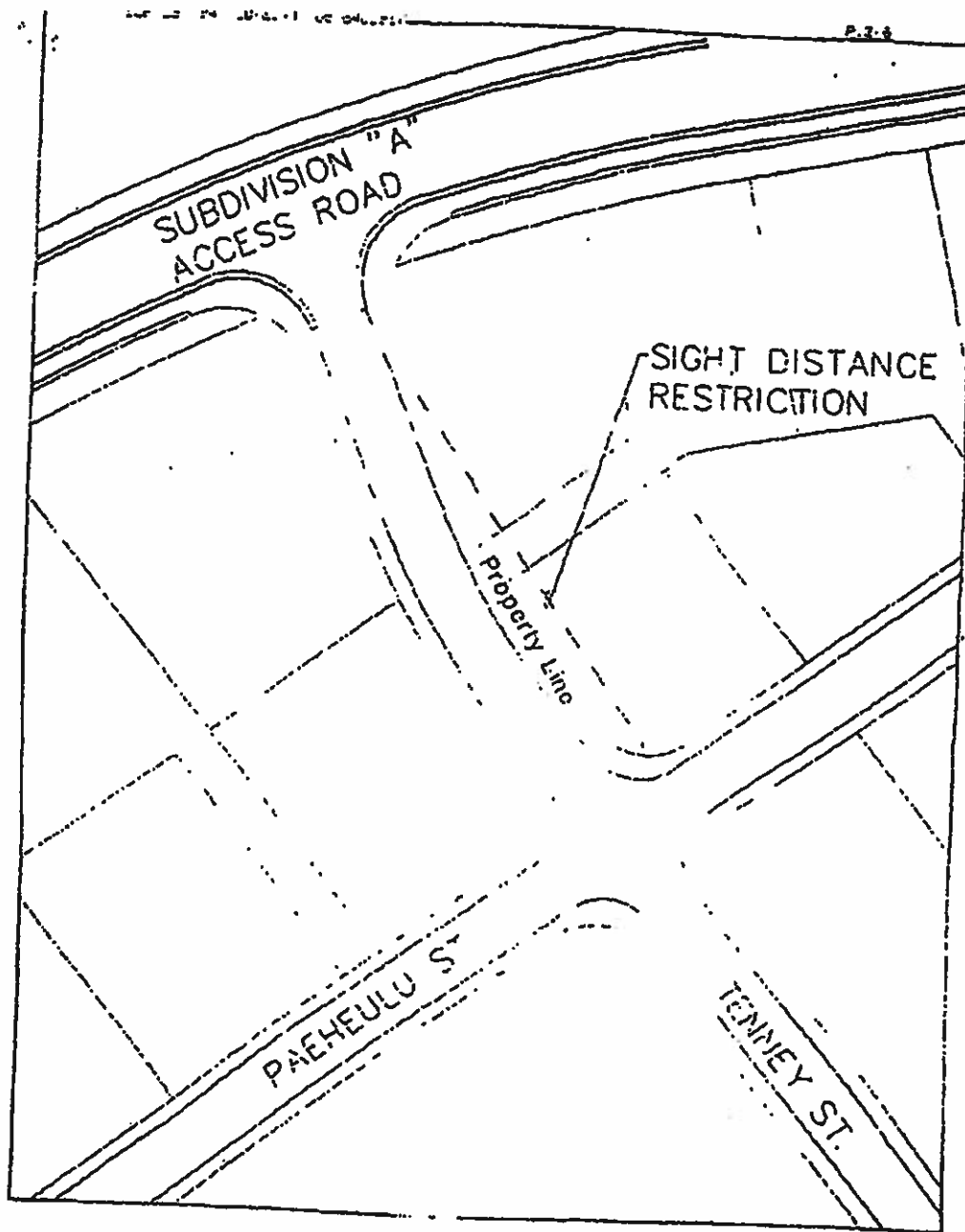


EXHIBIT C





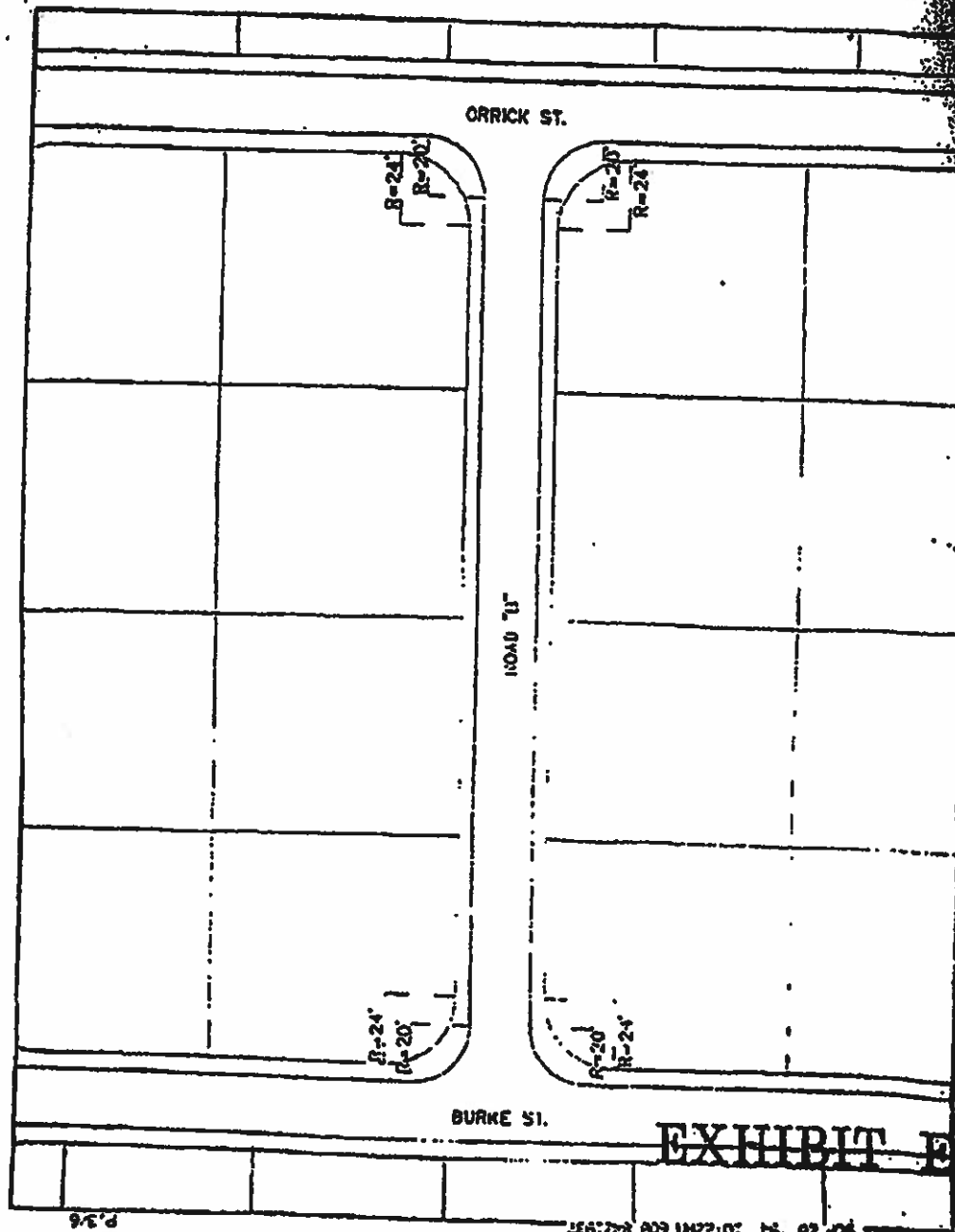


EXHIBIT E

9.5' d

556:272 609 1N22:10' T6. 02 104

EXHIBIT "L"

INSURANCE REQUIREMENTS

Insurance Requirements

- (1) Unless otherwise specified in the Agreement, the Developer shall procure or cause to be procured and maintain (as provided herein), in a company lawfully authorized to do business in Hawaii, at Developer's sole cost, during the life of this Agreement and any extensions thereof, or until such time as action against the Developer or its contractors/subcontractors for death, injuries, losses and damages is barred by the provisions of Chapter 657, HRS, the following kinds and amounts of insurance to cover the operations under the Agreement, and all other insurance that may be required under the laws, ordinances or regulations of any governmental authority:

 - (A) Workers Compensation and Employers Liability Insurance. Developer shall maintain workers compensation and employers liability insurance. Workers compensation coverage shall be in accordance with State statutes. Employers liability coverage shall provide limits not less than \$1,000,000 each accident for bodily injury by accident or \$1,000,000 each employee, \$1,000,000 aggregate, for bodily injury by disease. The policy shall include a waiver of subrogation in favor of the City.
 - (B) Commercial General Liability Insurance. Developer shall maintain commercial general liability (CGL) insurance with limits not less than \$1,000,000 each occurrence and \$2,000,000 general aggregate, and not less than \$2,000,000 products-completed operations aggregate. The CGL insurance shall be written on the most recent Insurance Services Office (ISO) occurrence form CG 0001(or a substitute form providing equivalent coverage), and shall cover liability arising from premises, operations (including construction means, methods, techniques, sequences and procedures employed by Developer or its contractor/subcontractors in connection with its operations), independent contractors, products-completed operations (including defective work product), personal injury and advertising injury, explosion, collapse and underground property damage (XCU), subsidence, exterior insulation & finish systems (EIFS), and liability assumed under an insured contract (including the tort liability of another assumed in a business contract). The policy will be endorsed with a re-definition of occurrence to include coverage for claims alleging construction defect. The City shall be included as an additional insured under the CGL insurance using the ISO additional insured endorsement CG 2010 1185 (or equivalent CG 2010 and CG 2037), and under the commercial excess, if any, to the full limits carried by the Developer, even if such limits exceed the requirements herein. The City & County of Honolulu (City) and its Design Engineers, Architects and/or Surveyors, and Construction Manager shall be included as additional insureds, using ISO additional insured endorsement CG 2032 (or equivalent).

Further, Developer shall maintain products and completed operations insurance with limits not less than \$1,000,000 each occurrence and \$2,000,000 general aggregate for at least ten (10) years following final acceptance of the work. Such continuing insurance shall be written on ISO occurrence form CG 0001 10 93 (or equivalent form) and shall, at a minimum, cover liability arising from products-completed operations, defective work product, and liability assumed under an insured contract. The City shall be included as an additional insured.

- (C) Business Auto Liability Insurance. Developer shall maintain auto liability (including personal injury protection coverage) insurance with limits not less than \$1,000,000 combined single limit bodily injury and property damage per accident. Such insurance shall cover liability arising out of any auto (including owned, hired, and non-owned autos) used in the performance of this Agreement. The City shall be included as an additional insured and if necessary, the policy shall be endorsed to provide contractual liability coverage.
- (D) Umbrella Liability Insurance. Developer shall provide Umbrella liability insurance with limits not less than FIVE MILLION (\$5,000,000) each occurrence and \$5,000,000 aggregate. The Umbrella liability policy shall be excess of the Employers Liability, General Liability and Automobile Liability insurance required herein and the City shall be included as an additional insured under such policy or policies to the full limits carried by Developer, even if such limits exceed these requirements.
- (E) Professional Liability Insurance. Developer will provide Professional Liability insurance, covering the Developer, any design professionals hired by Developer, and/or any contractors/subcontractors, and their respective employees and agents for liability arising out of errors, omissions, or negligence in the performance of professional services provided in connection with this Agreement. Limits shall be not less than \$3,000,000 per claim, or such other limits as may be required in the Agreement. Such insurance shall remain in full force and effect continuously for the period of the design and/or construction of the work and for an additional three (3) year period following Substantial Completion of Work set forth in the Agreement.
- (F) Developer's Pollution Liability. Developer will purchase a policy, with limits of not less than \$2,000,000, covering third party injury and property damage claims including mold and cleanup costs as a result of pollution conditions arising from Developer's operations or completed operations, performed by or on behalf of the Developer. Completed operations coverage will remain in effect for not less than two (2) year after Substantial Completion of the Work set forth in this Agreement. Coverage will be provided by a carrier acceptable to Owner, name Owner as an additional insured, and be written on an occurrence form, including Gradual and Sudden/Accidental Pollution.
- (G) Property/Builder's Risk Insurance. Developer shall purchase and maintain in force property insurance/builder's risk, for the period of the Agreement until final

acceptance of the work by the City. Such insurance shall provide limits equal to the full replacement cost of the work, or the contract sum including any subsequent modifications thereto, whichever is greater. Such insurance shall be written on a "Special Form" all-risk policy form, covering all risks of physical loss or damage, including coverage for collapse, explosion and underground ("XCU") perils, debris removal, and demolition occasioned by enforcement of any applicable legal requirements, and shall include coverage for reasonable compensation for architects' services and other expenses made necessary due to an insured loss. If specified in the Agreement, coverage shall also be provided, as needed, for earthquake, and flood with minimum limits of not less than 10% of the full amount of the Agreement. Property/builder's risk insurance shall cover loss or damage to covered property, which shall include structures or buildings, and all fixtures, materials, supplies, machinery and equipment to be used in or incidental to the work, scaffolding, falsework, fences and temporary buildings located on the site, portions of the work located away from the site but intended to be used in the site, and portions of the work in transit, and Valuable Papers and Records and all documentation produced or used in connection with the Agreement (with sub-limits of not less than \$1,000,000, providing coverage against "Special Form" perils). If the Developer's property/builder's risk insurance covering the work has any deductible, the Developer shall be responsible to pay the full amount of such deductible. Such property/builder's risk insurance shall be maintained in effect for the term of the Agreement. The City shall be included as Loss Payee on all required policies. Partial occupancy or use of the work shall not commence until the insurance company or companies providing insurance as required have consented to such partial occupancy or use. Developer shall take reasonable steps to obtain consent of the insurer(s) and Developer and City agree to take no action, other than upon mutual written consent, with respect to occupancy for use of the work that could lead to cancellation, lapse, or reduction of insurance.

- (2) **General Conditions.** General conditions applicable to all insurance herein required, unless otherwise specified above:
- (A) As used herein, City shall mean the City and County of Honolulu, its elected and appointed officials, employees, agents, volunteers and construction manager (if any).
 - (B) **Waiver of Subrogation** - Developer waives all rights against the City for recovery of any damages it or its insurer pays.
 - (C) All insurance required herein shall apply as primary insurance with respect to all insureds and that any insurance or self-insurance carried by the City shall be excess and noncontributing.
 - (D) Except for Professional Liability insurance specified above, all insurance shall be written on an "occurrence" form of policy, unless otherwise specifically approved by the City.

- (E) All insurance, unless as otherwise approved in writing by the City, shall be provided by insurers licensed to do business in the State of Hawaii, and with a current Best's rating of not less than A:VIII.
- (F) **Contractors/Subcontractors Insurance.** Developer shall either include all contractors/subcontractors as insureds under all insurance set forth in Section (1) above, or cause each contractor/subcontractor employed by or through the Developer to purchase and maintain insurance of the types specified above on the same terms set forth above. Developer shall obtain and maintain evidence of contractors/subcontractors' insurance, and if requested by City, Developer shall furnish copies of certificates of insurance evidencing coverage for each contractor/subcontractor.
- (G) **Cross-Liability Coverage.** If Developer's liability policies do not contain the standard ISO separation of insureds provision, or a substantially similar clause, they shall be endorsed to provide cross-liability coverage.
- (H) The Developer is responsible for paying any portion of any loss not covered because of the operation of any deductible, co-insurance clause or self-insured retention applicable to the insurance required herein. If the City is damaged by the failure of the Developer to maintain insurance as required in this paragraph, then the Developer shall bear all reasonable costs properly attributable to that failure.
- (I) **Evidence of Insurance.**
 - (i) Upon execution of the Agreement by Developer, Developer shall furnish the City with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with insurance requirements set forth in paragraph (1) above.
 - (ii) With respect to continuing insurance as required under Section (1)(B)(ii) and (1)(E) and (1)(F) above, Developer shall provide certificate(s) of insurance evidencing such coverage at the time of final payment, and thereafter whenever requested by the City.
 - (iii) If the Developer has any self-insured retentions (SIR's) or deductibles under any of the required coverages, the Developer must identify on the certificate of insurance the nature and amount of such self-insured retentions and deductibles and provide satisfactory evidence of financial responsibility for such obligations. All deductibles and self-insured retentions will be the Developer's sole responsibility.
 - (iv) All policies required herein shall be written to provide not less than 30 days direct written notice to the City as Certificate Holder prior to the cancellation or material change of any insurance required herein (except for non-payment of premium).

- (v) Developer shall provide certified copies of all insurance policies required above within 10 days of the City's written request for said copies.

Failure of the City to demand such certificate or other evidence of full compliance with these insurance requirements or failure of City to identify a deficiency from evidence that is provided shall not be construed as a waiver of Developer's obligations to maintain such insurance.

(J) Failure to Maintain Required Insurance.

- (i) Failure to maintain the required insurance may result in termination of this Agreement at the City's option.
- (ii) The City shall have the right, but not the obligation, of prohibiting Developer or any of its contractors/subcontractors from entering the project site until Developer has provided certificates or other evidence that insurance has been placed in complete compliance with these requirements and such certificates have been approved by the City.
- (iii) If the Developer fails to maintain the insurance as set forth herein, the City shall have the right, but not the obligation, to purchase said insurance at Developer's expense.

(K) No Representation of Coverage Adequacy. By requiring insurance herein, the City does not represent that coverage and limits will necessarily be adequate to protect the Developer and such coverage and limits shall not be deemed as a limitation on Developer's liability under the indemnities granted to the City under this Agreement. Further, City shall be additional insured to the total limit of Developer's insurance, even though such limits exceed the amounts of insurance required herein.

(L) The City reserves the right to require additional insurance policies, additional or increased limits of coverage in existing policies and additional endorsements, including without limitation, project-specific liability insurance. Such additional insurance shall be in such amounts, on such policy forms and with such carriers as City may reasonably require.

EXHIBIT "M"

After Recordation, Return by Mail ☒ or Pickup ☐:

To: Chun Kerr LLP (KMIF)
999 Bishop Street, Suite 2100
Honolulu, HI 96813
Tel. No. (808) 528-8200

Total Pages: _____

TMK: (1) 9-1-017: 113

TCT No. 455,921

CANCELLATION AND TERMINATION OF AGREEMENT OF SALE

This CANCELLATION AND TERMINATION OF AGREEMENT OF SALE ("this Agreement"), made this _____ day of _____, 20____, by and between the **CITY AND COUNTY OF HONOLULU**, a municipal corporation of the State of Hawaii, whose principal place of business address is 530 South King Street, Honolulu, Hawaii 96813 ("**Seller**"), and **SAVIO/HAWAII HABITAT VARONA VILLAGE LLC**, a Hawaii limited liability company, whose principal place of business address is 1451 South King Street, Suite 504, Honolulu, Hawaii 96814 ("**Purchaser**").

WITNESSETH:

WHEREAS, Seller and Purchaser Agreement entered into that certain Agreement of Sale dated _____, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. _____ for the premises more particularly described therein (the "**Property**"); and

WHEREAS, Seller and Purchaser wish to enter into an agreement cancelling the Agreement of Sale effective as of the date hereof;

NOW, THEREFORE, Seller and Purchaser, for and in consideration of the premises and other valuable consideration, receipt of which is hereby acknowledged, do hereby mutually agree as follows:

1. **Cancellation.** Effective as of the date set forth above (the “Effective Date”), the Agreement of Sale shall be canceled and terminated, and Purchaser shall have no further right, title or interest in and to the Property described in the Agreement of Sale. Purchaser does hereby release, remise, quitclaim and waive whatever estate or interest Purchaser may have in and under the Agreement of Sale and the Property as of the Effective Date.

2. **Surrender.** Upon the Effective Date, Purchaser shall surrender possession of the Property and Seller shall enjoy the use, rents, issues and profits of Property.

3. **No Encumbrances; Certification.** Purchaser further covenants, represents and warrants that Purchaser has not created or permitted any liens or encumbrances to attach to the Property or any properties described in the Agreement of Sale. Purchaser hereby certifies to Seller that as of the Effective Date and to Purchaser’s actual knowledge:

(a) there exists no factual circumstance or condition known to Purchaser which would (i) give rise to any obligation on the part of Seller as a result of the Agreement of Sale or Purchaser’s right to or actual possession of the Property except as may have been otherwise disclosed to Seller in writing, (ii) constitute a default under the Agreement of Sale on the part of Seller, (iii) constitute a defense to the enforcement of the Agreement of Sale by Seller or an offset against any payment due to Seller under the Agreement of Sale, or (iv) constitute the basis for a claim or cause of action by Purchaser or a third party against Seller relating to the Agreement of Sale and Purchaser’s use and occupancy of the Property; and

(b) there are no pending or threatened claims against Purchaser or Seller with respect to the Property.

(c) the phrase “to Purchaser’s actual knowledge” or the “actual knowledge” of Purchaser or words of similar import are used, they will be deemed to mean and are limited to the current actual knowledge only of Peter Savio, without any duty or obligation to investigate any matter or examine any records or files related to Purchaser or the Property, and not any implied, imputed or constructive knowledge of such individual or of Purchaser; it being understood and agreed that such individual will have no personal liability in any manner whatsoever hereunder or otherwise related to the transactions contemplated hereby.

4. **Indemnity.** Purchaser hereby agrees to indemnify, defend and hold harmless Purchaser from (a) any and all violations of law committed by it in regard to the Property, including, without limitation, any violation of any laws, rules, regulations, or ordinances concerning hazardous materials placed on the Property, created at the Property and/or stored at the Property by any person from the initial date of the Agreement of Sale through and including the Effective Date; and (b) any and all claims, damages and liabilities incurred by Seller arising out of, caused or occasioned by any misrepresentation set forth in Section 3 above, and shall reimburse Seller all costs and expenses incurred in connection in the removal of any actual or purported lien or encumbrance made or suffered by Purchaser and relating to the Property covered by the Agreement of Sale, including, without limitation, reasonable attorneys’ fees.

5. **Mutual Release.** Provided Purchaser surrenders the Property as set forth in Section 2 above, and except for the indemnities set forth in **SECTION 4** above, Seller and Purchaser hereby mutually release each other from any and all claims either may have against the other arising out of the Agreement of Sale and the possession of the Property by Purchaser.

6. **No Party Deemed Drafter.** The parties agree that neither City nor Developer shall be deemed to be the drafter of this Agreement. In the event this Agreement is ever construed by a court of law, such court shall not construe this Agreement or any provision against any party as the drafter of this Agreement.

7. **Counterparts.** This Agreement may be executed in any number of counterparts. Each such counterpart hereof shall be deemed to be an original instrument but all such counterparts together shall constitute but one Agreement.

[Signature page follows]

IN WITNESS THEREOF, the undersigned have executed this Agreement as of the Effective Date.

CITY AND COUNTY OF HONOLULU,
a municipal corporation of the State of Hawaii

By: _____
Name: Kirk Caldwell
Its Mayor

"Seller"

**SAVIO/HAWAII HABITAT VARONA
VILLAGE LLC,** a Hawaii limited liability
company

By: Savio Manager Inc.,
a Hawaii corporation
Its Manager

Approved by the Honolulu City Council at its
meeting held on _____, 20__.

Approved as to Form and Legality:

By: _____
Peter Savio
Its President

"Purchaser"

Deputy Corporation Counsel

Approved as to Content:

THE CITY AND COUNTY OF
HONOLULU
DEPARTMENT OF LAND
MANAGEMENT

By: _____
Name: _____
Its: _____

STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

On this _____ day of _____, 20____, before me personally appeared PETER SAVIO, to me satisfactorily proven to be the person described in and who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Print Name: _____
Notary Public for above-noted State and County

My Commission expires: _____

(Seal)

Document Date: _____ Number of Pages: _____
Notary Name: _____ First Judicial Circuit
Document Description: Cancellation and Termination of Agreement of Sale

Notary Signature _____

Date _____

NOTARY CERTIFICATION

(Seal)

STATE OF _____)
) SS.
COUNTY OF _____)

On the _____ day of _____ in the year 20____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she, in his/her capacity, and that by his/her signature on the instrument, the individual, or person upon behalf of which the individual acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

My commission expires:

STATE OF _____)
) SS.
COUNTY OF _____)

On the _____ day of _____ in the year 20____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she, in his/her capacity, and that by his/her signature on the instrument, the individual, or person upon behalf of which the individual acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

My commission expires: