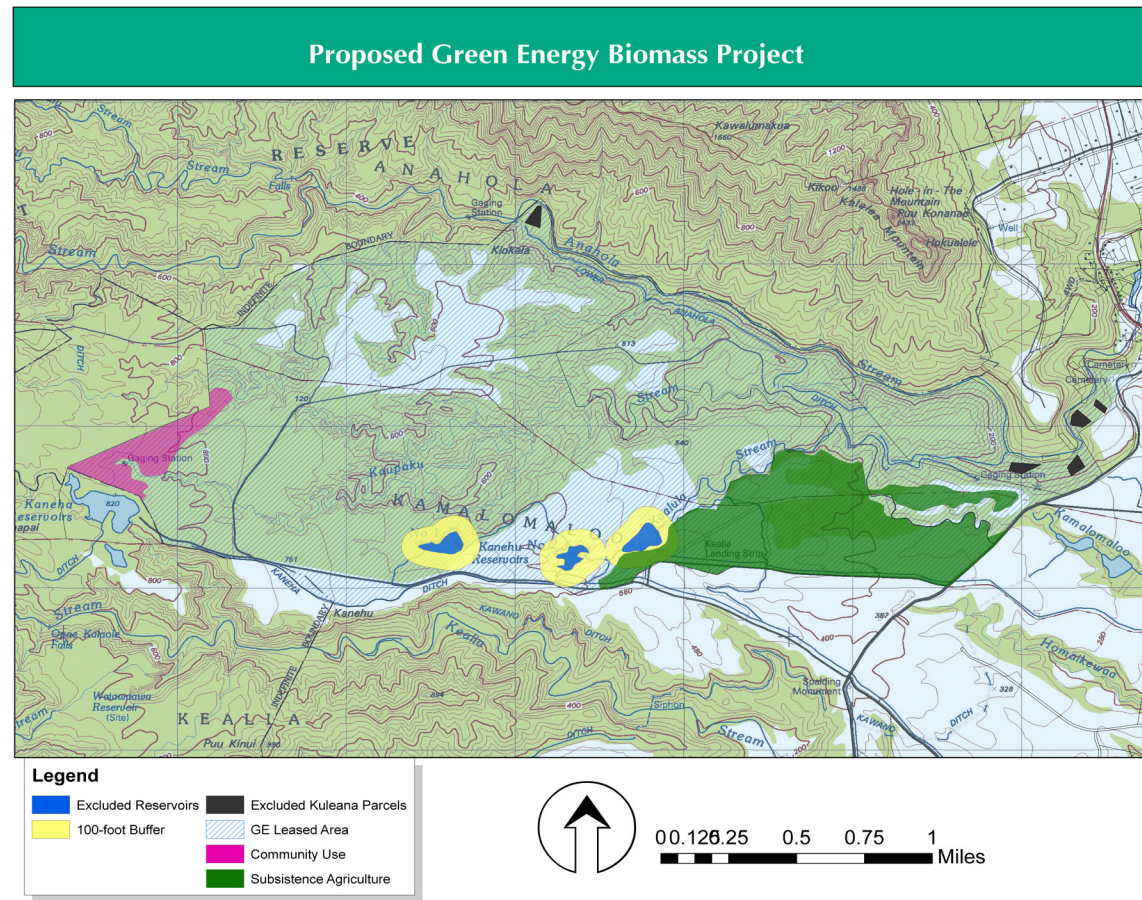




Summary of Proposed Project

Green Energy proposes to lease all the lands mauka of Kealia Highway (2,143 acres of Hawaiian Home Lands), for the next 20 years, in order to clear the existing albizia trees. Once cleared, plots of land will be systematically and densely replanted with straight rows of non-GMO Eucalyptus trees. During the 20-year lease, Green Energy estimates that it will be able to replant and harvest 4 to 5 crop cycles. The Eucalyptus trees, and initially, the Albizia trees, will be harvested as feedstock then transported to Green Energy's \$90 million biomass-to-energy facility that is being constructed near Koloa. The Koloa facility will utilize state-of-the art boilers to efficiently burn the woodchips in order to produce energy that will be fed into KIUC's grid. Green Energy has a Power Purchase Agreement with KIUC for the production of 6.7MW of electricity.



Summary of Proposed Lease Terms

*The current General Lease proposal from Green Energy Team, LLC, includes several **significant** changes in response to concerns and issues articulated during our Beneficiary Consultation meetings and Public Hearings held on Kaua'i in March of this year.*

Parties to the Lease

Lease is between DHHL and Green Energy; the Lease does not give rise to any right of a third party to enforce its provisions. No subleasing will be allowed.

Best Agricultural Lands Cleared and Available for Homesteading

Green Energy will prepare 267 acres for subsistence agriculture by clearing all albizia trees and stumps, except in gulches, gullies, valleys, ridges, and mountains.

Lease Rent

Green Energy will pay fair market rent of \$43.08 per arable acre per year. Based on 1,175 arable acres, lease rent initially amounts to \$50,619 per year.

Rent includes in-kind improvements to the land, clearing albizia trees and stumps, and maintaining and improving 11 miles of roads, and 8 miles of ditches.

Lease Term

20 years

Community Benefits Package

The Project Fund

- Green Energy will set aside **2 percent** of the thermal value of the harvested wood, which is valued at \$1.36 per dry ton, to the Project Fund.
- The Project Fund will be dedicated to support the development of the 267-acre Subsistence Agricultural area, and to prepare potential homesteaders for the opportunity to access those lands.
- Annual reports will be provided to the Anahola community regarding the use of Project Funds.

Prepare for Subsistence Agriculture

- Green Energy will clear the 267-acre Subsistence Agriculture and return it to the Department within 5 years in anticipation of future homesteading.

Training & Employment

- Green Energy will train and employ beneficiaries and native Hawaiians in all aspects of tree plantation and commercial energy production.

Mauka Access

- Green Energy will facilitate mauka access cultural and recreational purposes, including gaming/hunting.

Option to Partner with Hawaiian Homestead Association(s)

- Green Energy may work with homestead association(s) with membership consisting of homesteaders or applicants for homesteads in Anahola. If Green Energy partners with homestead association(s), Green Energy will submit information showing the beneficiaries represented by the association(s) and a listing of the officers and board members.

Frequently Asked Questions

Why is DHHL getting only 2 percent and not 100 percent? Is this the industry standard?

After reviewing a third-party appraisal, staff determined the proposed lease rent was reasonable. Staff is seeking additional reviews and recommendations from renewable energy industry experts to ensure compensation meets industry standards.

What is the plan for the 267 acres set aside for agriculture uses by native Hawaiians?

The Subsistence Agriculture area will be withdrawn by DHHL in five years in anticipation of future homesteading.

What about existing revocable permits?

Green Energy and DHHL agree to work with existing revocable permit holders. DHHL will also work with Green Energy to reduce the total acreage encumbered in the lease to accommodate beneficiaries and existing users pursuant to the DHHL Kaua'i Island Plan.

What about access to lands for hunting?

Access will be allowed for hunting and cultural and recreation purposes. Green Energy will work with DHHL and other stakeholders to formalize access procedures.

What plans are in place to minimize the impact of this proposed project on our 'āina?

Green Energy will develop a Forestry Management Plan, Phasing Plan, Water & Soil Conservation Management Plan.

Will subleasing be allowed?

No subleasing will be permitted.

What happens once the lease expires?

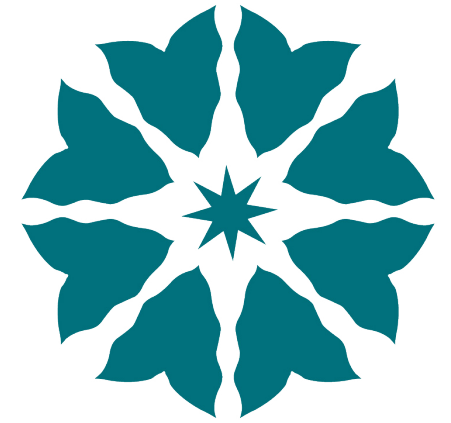
Green Energy will return the 1,175 acres of arable lands free of albizia and plantation trees. Green Energy shall complete abatement and disposal of any hazardous materials on the land, and be in full compliance of its water and soil conservation plan.

Where Does DHHL Get the Authority to Lease Lands?

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

Section 171-95, Hawaii Revised Statutes, as amended, authorizes disposition to public utilities and renewable energy producers public lands for terms up to, but not in excess of, sixty-five years at such rental and on such other terms and conditions as the board may determine.

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



DEPARTMENT OF HAWAIIAN HOME LANDS
BENEFICIARY CONSULTATION

PROPOSED GREEN ENERGY GENERAL LEASE ANAHOLA, KAUA'I

**Informational Brochure
June 2013**



HAWAIIAN HOME LANDS
HAWAIIAN HOMES COMMISSION · DEPARTMENT OF HAWAIIAN HOME LANDS

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