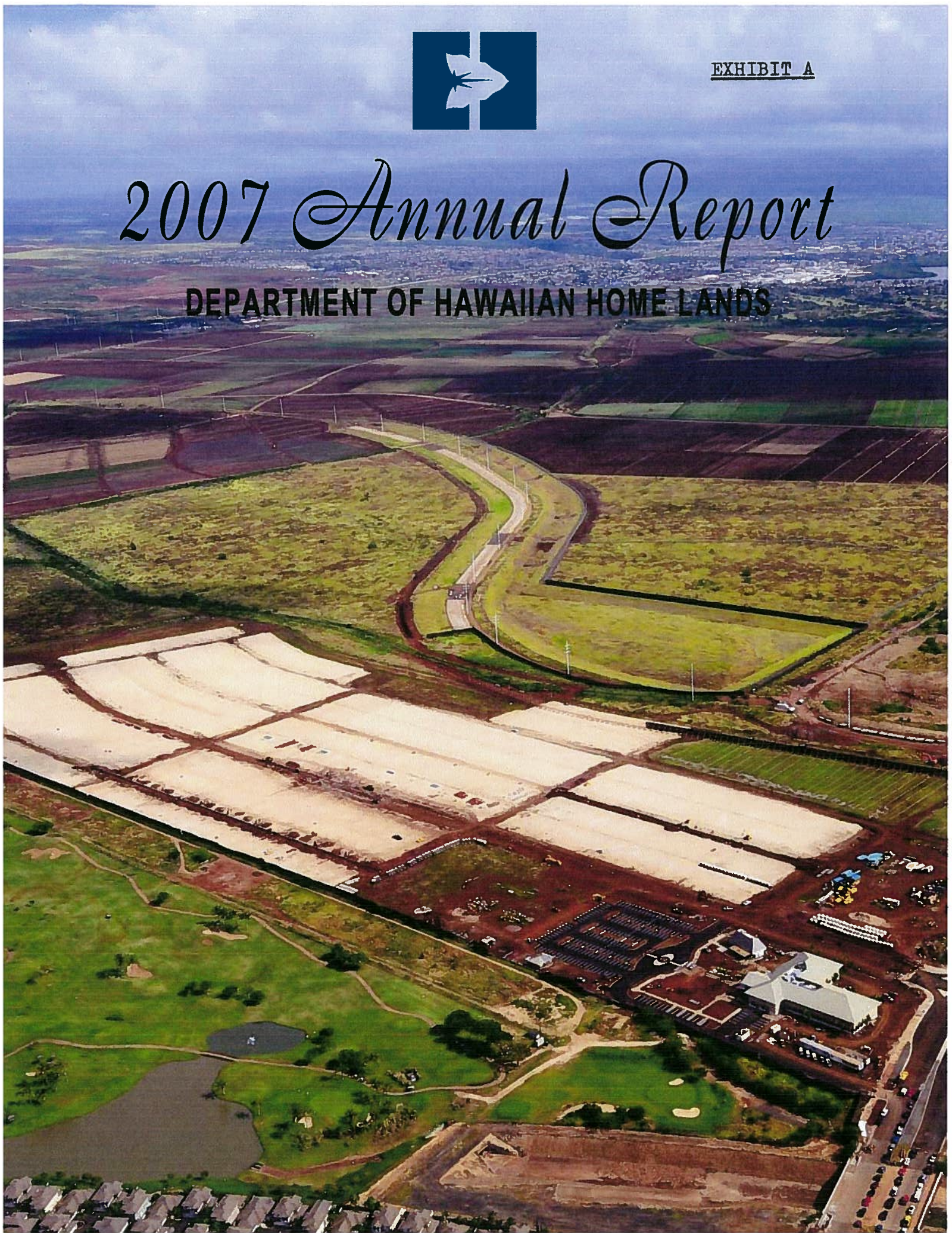




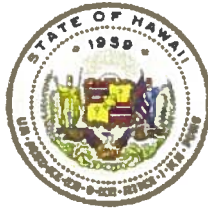
EXHIBIT A

2007 Annual Report

DEPARTMENT OF HAWAIIAN HOME LANDS



LINDA LINGLE
GOVERNOR
STATE OF HAWAII



STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
P.O. BOX 1879
HONOLULU, HAWAII 96805

MICAH A. KĀNE
CHAIRMAN
HAWAIIAN HOMES COMMISSION

BEN HENDERSON
DEPUTY TO THE CHAIRMAN

KAULANA H. PARK
EXECUTIVE ASSISTANT

January 16, 2008

The Honorable Linda Lingle
Governor, State of Hawai'i
State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

Dear Governor Lingle:

I am pleased to submit the Department of Hawaiian Home Lands' 2007 Annual Report covering the period from July 1, 2006 to June 30, 2007.

While previous annual reports focused on when, where, and how many homestead properties will be developed for native Hawaiians, this time-frame saw the implementation of our planning.

Our master-planned communities continued to take shape with the developing of 326 lots in Kaupe'a, Kapolei; 320 lots in Waiohuli, Maui; 358 lots in La'i 'Ōpua, Hawai'i; and 181 lots in Anahola, Kaua'i.

Most importantly, our Home Ownership Assistance Program (HOAP) has grown and is now a critical part of our program. The ability and knowledge to manage one's own finances is the key to homeownership and financial independence.

We have also initiated a program that takes a broader view of our communities because we understand the need for the entire ahupua'a to be healthy. This program is our Regional Plan process and next to our HOAP program, it will have a significant impact on making life better for everyone in Hawai'i.

I look forward to the coming years as we prepare to have more native Hawaiians realize their dream of home ownership or land stewardship.

On behalf of the Hawaiian Homes Commission and the staff of the department, I wish to thank you and the members of the state Legislature for your continued support of our program.

Aloha and mahalo,

Micah A. Kāne, Chairman
Hawaiian Homes Commission

DEPARTMENT OF HAWAIIAN HOME LANDS 2007 ANNUAL REPORT

FY 2006-07

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Hawaiian Homes Commission

Mission:

To manage the Hawaiian Home Lands trust effectively and to develop and deliver lands to native Hawaiians. We will partner with others towards developing self-sufficient and healthy communities.



Billie Ilima Baclig

East Hawai'i

Term: 2005-09

Billie Baclig is a member of the Pana'eua Hawaiian Home Lands Community Association and a former member of the Hawai'i County Cost of Government Commission. She was with the Hawaii County Council, originally as a council aide and later as a legislative assistant.



Donald S.M. Chang

O'ahu

Term: 2007-11

Donald Chang graduated from Maryknoll High School and attended the University of Hawai'i. He joined the Honolulu Fire Department in 1957 rising to the ranks to the department's highest position, Fire Chief, in 1993. He was first appointed in 2006.



Stuart Keahiahi Hanchett

Kaua'i

Term: 2005-09

Stuart Hanchett has been self-employed for the past 15 years. Prior to running his business, he was the director of station operations for Mid Pacific Airlines and a cargo, reservations and sales representative for Hawaiian Airlines.



Malia Patrice Kamaka

West Hawai'i

Term: 2005-09

Malia Kamaka is currently a customer service representative with the Hawaii Electric Light Company. She is a member of the Waimea Community Association, prior secretary for the Waikoloa Canoe Club and a member of the Kawaihae Canoe Club.



Francis Kahou Lum

O'ahu

Term: 2006-10

Francis Lum has the distinction of having served as Chief of Protocol for five Hawai'i governors, dating back to Governor John Burns in 1967 and including current Governor Linda Lingle. He is the acknowledged expert on government protocol procedures. He also served more than 40 years as a member of the Hawai'i National Guard including active duty service in Vietnam.



Mahina Martin

Maui

Term: 2003-07

Mahina Martin is a self-employed non-profit services consultant with 20 years of community work experience with non-profit organizations. She volunteers with Maui United Way and is a board member of the Mental Health Association of Maui.



Trish Morikawa

O'ahu

Term: 2007-11

Trish Morikawa is currently employed as a Deputy Attorney General with the State Attorney General's Office and was formerly a Deputy Prosecutor with the Prosecuting Attorney's Office of the City and County of Honolulu. She is a graduate of Kamehameha Schools, and received her B.A. degree from the University of Pennsylvania, and a law degree from the William S. Richardson School of Law at U. H. She was first appointed in 2003.



Milton Pa

Moloka'i

Term: 2004-08

Milton Pa is a descendant of one of the first Ho'olehua homestead families. As a retired teacher with the State Department of Education, he brings many years of experience in education to the Commission. He was first appointed in 2000.

Native American Housing Assistance and Self-Determination Act

NATIVE HAWAIIAN HOUSING BLOCK GRANT

The Native American Housing and Self-Determination Act (NAHASDA) was passed in 1996 and transformed the way that American Indians and Alaska Natives provided affordable housing on rural Indian reservations and Alaska Native villages. It opened the door for increased partnerships with financial institutions and, most importantly, enabled the federal policy of self-determination to be extended to affordable housing. NAHASDA provides the mechanism for native people to receive block grants based on need and population.

In 2000, Congress amended NAHASDA by adding Title VIII, which provides similar funding for native Hawaiian families on Hawaiian home lands. DHHL is the designated recipient for annual Native Hawaiian Housing Block Grants (NHHBG). This congressional amendment is the first time in the history of the Hawaiian Homes Commission Act of 1920, as amended, that the federal government has provided any significant level of financial investment into the Hawaiian home lands program for affordable housing activities.

NAHASDA requires each block grant recipient to develop

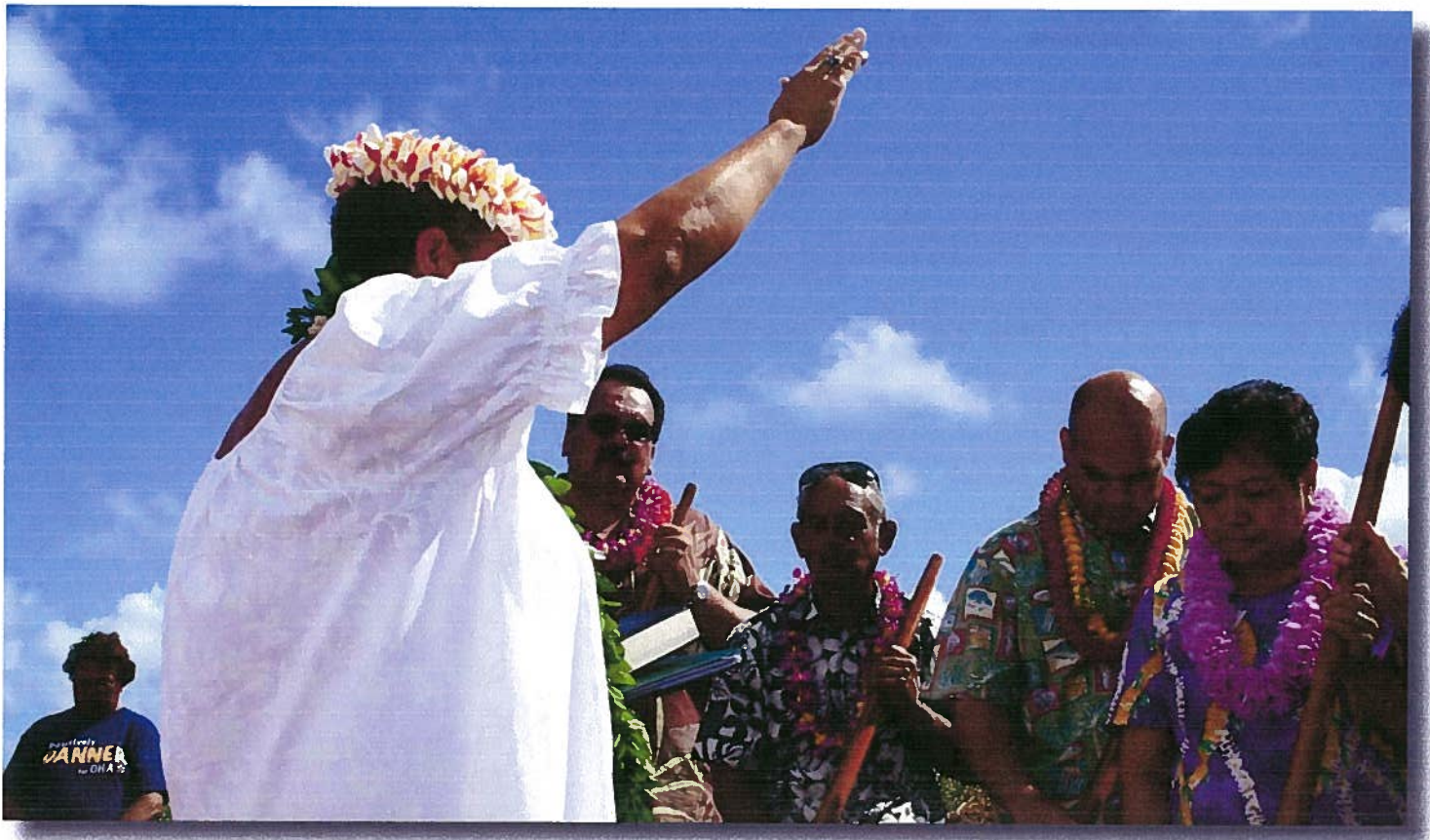
five-year and one-year plans for each annual block grant allocation. DHHL prepares, in consultation with the Native Hawaiian communities, a Native Hawaiian Housing Plan each year that includes goals, objectives and tasks.

Since 2002, the first program year, DHHL has received a total of \$45,391,320 for affordable housing and housing-related activities (\$9,600,000 in 2002; \$9,537,600 in 2003; \$9,443,950 in 2004; \$8,432,000 in 2005; and \$8,377,770 in 2006). The following contracts and activities were obligated during FY 2007:

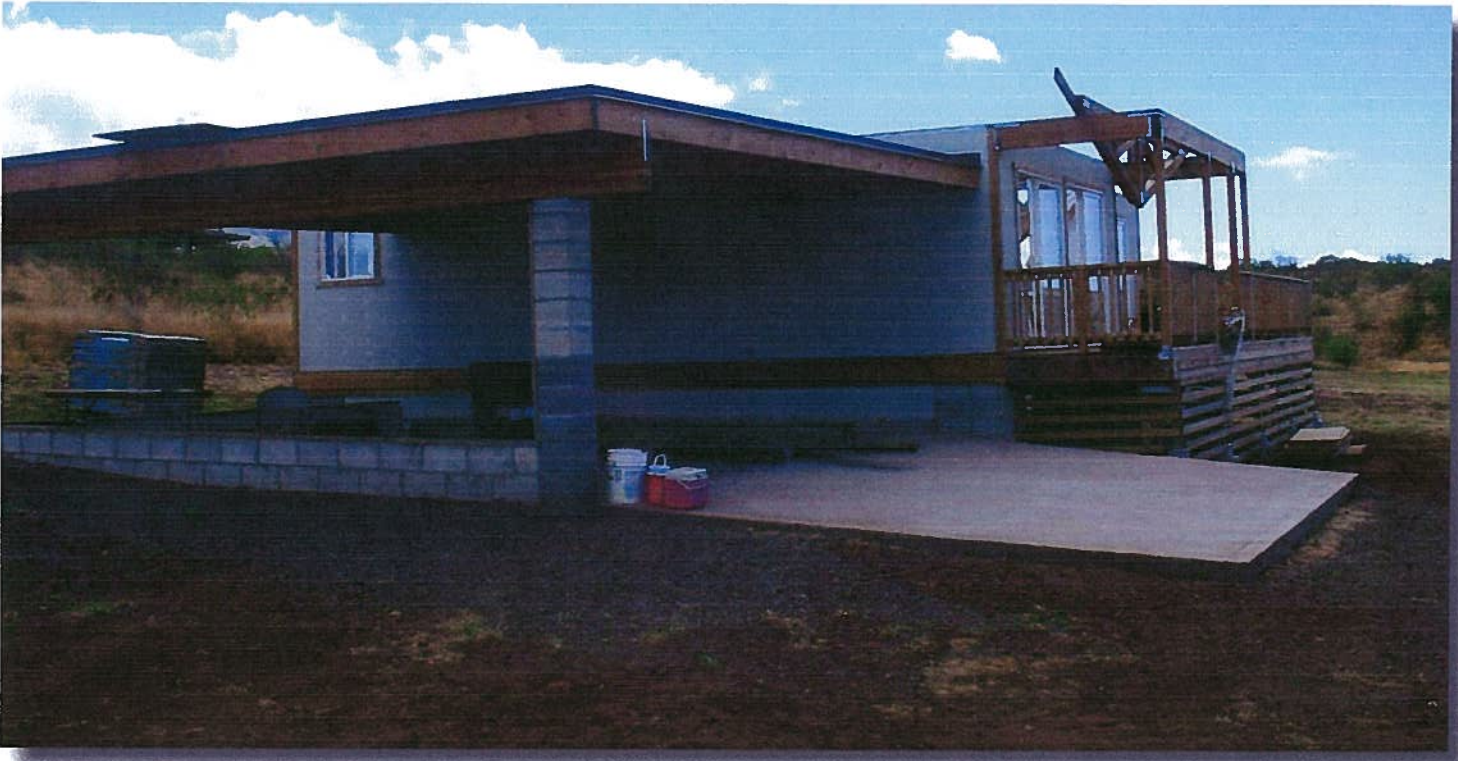
INFRASTRUCTURE PROJECTS:

- *East Kapolei II* (Kapolei, O'ahu) Planning, survey and engineering \$175,000
- *East Kapolei* (Kapolei, O'ahu) 4.0 MG Reservoir \$2,560,000
- *Pi'ilani Mai Ke Kai* (Anahola, Kaua'i) Mass grading \$2,099,250

SUBTOTAL OBLIGATED for Infrastructure Projects:
\$4,834,250



Ground was broken for the Pi'ilani Mai Ke Kai subdivision in Anahola, Kaua'i in August 2006.



Moloka'i Self-Help Project in June 2007.

OTHER HOUSING RELATED ACTIVITIES:

- *Waiohuli Residence Lots*—Subsidy for increased costs to SH families \$96,900
- *Council for Native Hawaiian Advancement*—Individual Development Accounts for 30 families \$280,080
- *Leveraged loans with Rural Development* \$59,000
- *Mobile Home Repair*—Nānākuli Housing Corporation \$137,459
- *Habitat for Humanity Maui*—Assist 12 lessees construct houses Waiehu Kou IV \$356,940
- *Pana'ewa Residence Lots, Unit 6*—Accrued interest on loans for 13 applicants \$29,851
- *Moloka'i Habitat for Humanity*—assist three families to construct homes \$74,400
- *Menehune Development Corporation*—Technical Assistance to assist six lessees in Lālāmilo \$113,250
- *Kekaha Self-Help Technical Assistance*—Kikiaola and Hawai'i Island Community Development Corporation (HICDC) for 20 families \$436,000
 - Interim Construction Loans \$1,783,600
 - Subsidies for very-low income lessees \$390,000
- *County of Hawai'i*—Rehabilitation Loan Program Loans & Grants \$500,000
- *City & County of Honolulu*—Rehabilitation Loan Program Loans & Grants \$500,000
 - Loan/Grant \$50,000

- Lead Based Paint Inspection/Abatement Plan—
Environet \$50,000
- *Kaupe'a Downpayment Assistance for 60 families* \$2,730,000
- *Administrative costs for DHHL staffing, training, travel, etc.* \$257,421

SUBTOTAL OBLIGATED for other Housing Related Activities: \$7,844,901

TOTAL OBLIGATED FOR THE PERIOD JULY 1, 2006 TO JUNE 30, 2007: \$12,679,151

In conjunction with the Native Hawaiian Housing Block Grant, NAHASDA also authorized a new loan program which is guaranteed by the Department of Housing and Urban Development (HUD). The Section 184A Loan Guarantee provides another loan product for lessees on Hawaiian home lands. The Office of Native American Programs has drafted guidelines to implement this new loan product and lenders are being recruited.



Homestead Services Division

Applications for Homestead Awards

(As of June 30, 2007)

	Residential	Agricultural	Pastoral	Total
O'ahu	8,503	2,921	0	11,424
Maui	3,311	4,018	506	7,835
Hawai'i	5,401	6,453	1,769	13,623
Kaua'i	1,441	2,011	274	3,726
Lāna'i	61	0	0	61
Moloka'i	703	933	176	1,812
TOTAL	19,420	16,336	2,725	38,481*

* The 38,481 applications are held by 23,668 applicants. The difference is due to the rules that allow applicants to hold two applications—one for a residential lot and the other for either agricultural or pastoral land.

Growth in Applications

Year	No. of Applications	(From previous year) Increase
2003	33,479	837
2004	34,327	848
2005	35,502	1,175
2006	37,245	1,743
2007	38,481	1,236

applications, transfer requests, reinstatements, rescissions, and successorships to application rights.

As of June 30, 2007, the DHHL wait lists reflects a total of 38,481 applications for all residential, agricultural, and pastoral applications combined, which represents an increase of 1,236 applications on file as compared to the previous fiscal year. The 38,481 applications are held by 23,668 applicants, which represent the addition of 775 new beneficiaries to the department's wait lists. The amount of applications and the number of applicants differ because the rules allow applicants to hold two applications, one for a residential lease and the other for either an agricultural lease or a pastoral lease.

During FY 2006-2007 the Application Branch processed 2,208 applicant transactions (which includes new applicants and applicant transfers) requiring Hawaiian Homes Commission (HHC) action.

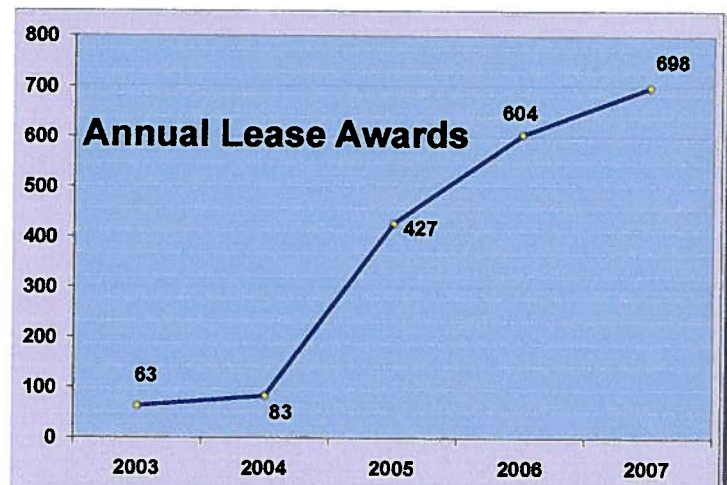
HOUSING PROJECT BRANCH

The Housing Project Branch is DHHL's "marketing arm" for homestead leases and awards for DHHL. In collaboration with the Land Development Division, it processes applicants from DHHL wait lists through financial qualification, contractor and house design selection, lot selection and lease execution. With departmental priorities centered on residential lease awards, the work efforts of the Housing Project Branch has expanded tremendously prompting strategic involvement and coordination of lenders, realtors, home buyer counseling and housing contractors.

During FY 2007, the Housing Project Branch has facilitated 698 new residential awards as well as agricultural and pastoral leases. To achieve this, staff sent out approximately 15,421 offering letters to market 810 units within seven

projects statewide. Upon indicating interest, staff arranged for approximately 2,417 interested applicants to work with various lenders to financially qualify for a home. A series of orientations and workshops helped to individualize the efforts.

Approximately 431 new awards were made under a new award program called "Undivided Interest Award." This type of lease award is an award to a group of individuals for a non-parceled land base. It affords beneficiaries all the rights and conditions afforded to existing lessees in terms of designation of successorship, transfer of lease to family members with 25 percent or more native Hawaiian blood and a one-time opportunity to rescind the lease and return to the wait list at the original date of application. While DHHL develops the project, this award provides the beneficiary time to plan for retirement, relocate to a neighbor island if necessary, and/or prepare for homeownership by facilitating financial assistance, education and personalized case management through DHHL's Home Ownership Assistance Program (HOAP).



Homestead Services Division

LOAN SERVICES BRANCH

The Loan Services Branch administers the department's loan origination, loan servicing and loan collection programs. DHHL is authorized by the Hawaiian Homes Commission Act of 1920 to provide loan funds to native Hawaiian beneficiaries and issues guarantees through Memorandums of Understanding (MOU) for loans made by alternative lending sources for the replacement, construction and repair of homes and payment of real property taxes.

The Direct Loan Program run by the Loan Services Branch is a revolving loan fund. The branch works to collect funds in a timely manner so those moneys can be used again for more loans, helping more native Hawaiians.

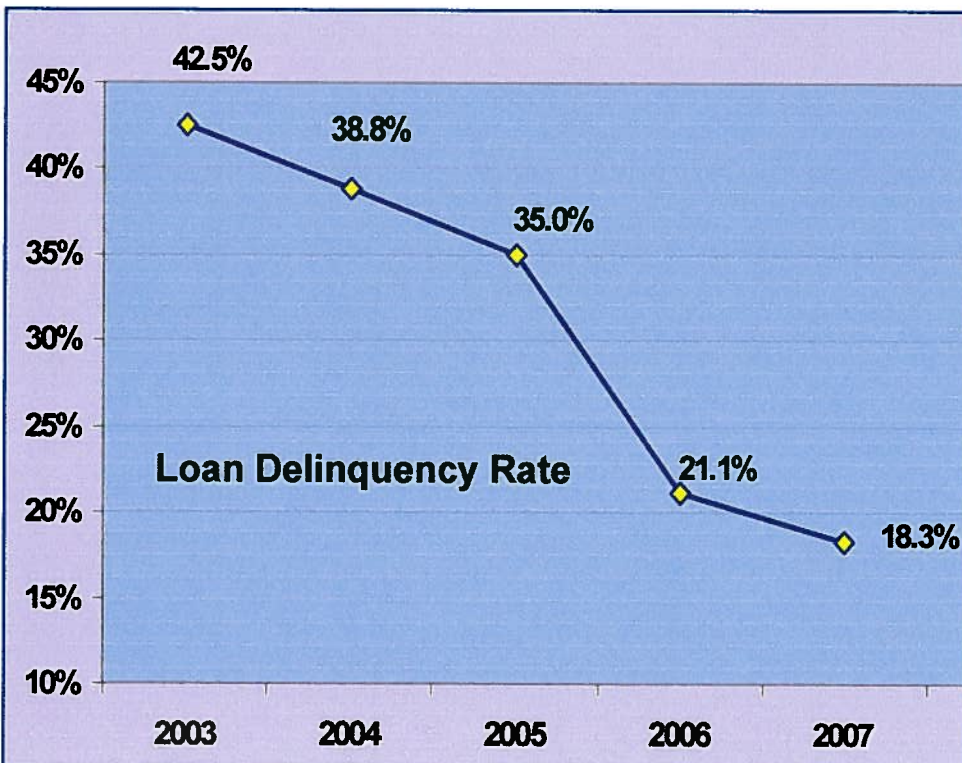
Improving the department's loan collection makes efficient use of funds and insures the maximum numbers of beneficiaries are being helped. Working with loan delinquencies, the branch also refinances loans and offers financial counseling to help keep lessees on their property.

In fiscal year 2007, the Loan Services Branch issued 53 direct loans, totaling some \$4.2 million. The Loan Services Branch has also escalated collections of delinquent DHHL direct loans to replenish the revolving loan funds. The revolving funds are made available for new loans to homestead lessees for home purchases, home construction, repairs, sewer connections and real property taxes. When

LOAN SUMMARY

As of June 30, 2007
(\$ Thousands)

	Total Loans Receivable	Total No. of Accounts
DIRECT LOANS		
O'ahu	\$24,793	479
East Hawai'i	14,274	288
West Hawai'i	2,111	42
Moloka'i	2,200	81
Kaua'i	5,358	107
Maui	4,019	66
Total Direct Loans	\$52,755	1,063
LOAN GUARANTEES		
Beal Bank/SBA	\$ 341	12
USDA—Rural Development (502 Direct Loan Program)	15,748	239
Hawai'i Habitat for Humanity	1,131	21
County of Maui	89	6
Kaua'i Teachers FCU	1	1
City and County of Honolulu	1,092	40
FHA	6,880	57
OHA/DHHL	6,439	315
Total Loan Guarantees	\$31,721	691
INSURED LOANS		
FHA Insured Loans	\$305,090	2,517
Total Insured Loans	\$305,090	2,517
OVERALL TOTALS	\$389,566	4,271



loans are not repaid, it reduces the amount of funds available to other native Hawaiians.

In addition, the 2005 Legislature passed and the Governor signed into law Act 53, which amended section 208 (5) of the Hawaiian Homes Commission Act of 1920, as amended, to authorize lessees to enter into loans insured by private mortgage insurance acceptable to the Commission. In August of 2005, the Ho'olako Pono loan program was launched. The loan program was a three (3) way partnership between DHHL, American Savings Bank (ASB) and Mortgage Guaranty Insurance Corporation (MGIC). By the end of fiscal year 2007, ASB had funded 122 loans totaling \$25.7

Homestead Services Division

million, with approximately another \$24.8 million in process. In fiscal year 2007, Bank of Hawai'i (BOH) launched their Kako'o Kaiulu conventional mortgage loan program similar to ASB's program, BOH has funded six loans totaling \$1.4 million, with approximately another \$900,000 in process.

Currently the Loan Services Branch is in negotiations with two (2) local lenders for conventional mortgage financing.

DISTRICT OPERATIONS BRANCH

The District Operations Branch is comprised of six district offices located on O'ahu, Kaua'i, Moloka'i, Maui and in East and West Hawai'i. These six offices provide frontline support and services to the homestead lessees, applicants and homestead community associations by managing homestead areas and by assisting in various departmental projects in their respective areas. Neighbor island district offices also provide services to all other DHHL divisions and staff offices and serves as liaison on behalf of the Chairman's office when called upon. Interacting with private, federal, state and county agencies, the branch provides and coordinates services for the native Hawaiian beneficiaries such as facilitating and processing lessee requests for lease closings; conveyances through successorships, transfers, or assignments; subdivision of homestead lots; relocations; surrenders of homestead leases; authorization to pursue home improvement permits; updating lessee files and successorship designations; and compliance with the conditions of the lease.

The O'ahu District Office, in addition to servicing O'ahu lessee requests, manages, coordinates and finalizes the processing of all transactions and legal documents for homestead lessees including participating in contested case

hearings and preparing submittals to the Hawaiian Homes Commission.

During FY 2007, the O'ahu District Office completed 337 assignment of leases, 94 transfers through successorships, 12 exchanges of leases, 152 lease amendments, and 632 ratification for designation of successors.



The Sambrano family were the second to move into the Leialii subdivision in April 2007. Pictured at the dedication ceremony are (from left to right) Chris Galon, Gov. Linda Lingle, Davida Sambrano, Chad Sambrano and HCC Chairman Micah Kane.

Lease Report

As of June 30, 2007

	Residential	Agricultural	Pastoral	Total
O'AHU:				
Kalaiahine	92	0	0	92
Kapolei	332	0	0	332
Kaupo'e	92	0	0	92
Kewalo	251	0	0	251
Lualualei	150	33	0	183
Malu'ohai	156	0	0	156
Nānākuli	1,052	0	0	1,052
Papakōlea	65	0	0	65
Princess Kahanu	272	0	0	272
Waiāhole	0	18	0	18
Wai'anae	425	10	0	435
Waimānalo	797	1	0	798
TOTAL	3,684	60	0	3,744
MAUI:				
Kahikinui	0	0	76	76
Kōōkea	0	65	0	65
Leialii	58	0	0	58
Paukōkalo	181	0	0	181
Waiehu 1	39	0	0	39
Waiehu 2	109	0	0	109
Waiehu 3	111	0	0	111
Waiohuli	641	0	0	641
TOTAL	1,139	65	76	1,280
EAST HAWAII:				
Discovery Harbour	2	0	0	2
Kamā'oa	0	1	25	26
Kaūmana	8	0	0	8
Keaukaha	470	0	0	470
Kuristown	3	0	0	3
Maku'u	0	125	0	125
Pana'ewa	0	256	0	256
Pi'ihonua	17	0	0	17
Pu'u'eo	0	11	0	11
University Heights	4	0	0	4
Waiākea	296	0	0	296
TOTAL	800	393	25	1,218
WEST HAWAII:				
Honokāia	0	0	17	17
Humu'ula	0	0	5	5
Kamoku	0	0	12	12
Kanihale	225	0	0	225
Kawaihae	214	0	0	214
La'i 'Ōpua	299	0	0	299
Nienie	0	0	11	11
Pu'ukapu/Waimea	116	112	228	456
Pu'upulehu	33	0	0	33
TOTAL	687	112	273	1,272
KAUAI:				
Anahola	531	47	0	578
Hanapēpē	44	0	0	44
Kekaha	107	0	0	107
Pu'u 'Ōpae	0	0	2	2
TOTAL	682	47	2	731
MOLOKA'I:				
Ho'olehua	156	345	21	522
Kalama'ula	161	75	3	239
Kapa'akea	46	0	3	49
Mo'omomi	0	3	0	3
One All'i	29	0	0	29
TOTAL	392	423	27	842
LĀNA'I:				
TOTAL	23	0	0	23
STATEWIDE TOTAL	7,807	1,100	403	9,110

Land Development Division

“Within five years, provide every qualified native Hawaiian beneficiary on the waiting list an opportunity for homeownership or land stewardship on homestead lands . . . ”

The Land Development Division (LDD) is responsible for developing trust lands for residential, agricultural and pastoral homesteading purposes. Residential projects have been given priority to maximize the number of beneficiaries served and to support the State’s efforts to alleviate the affordable housing crisis.

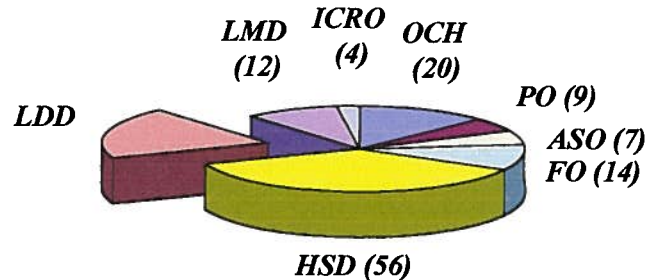
Many projects are nearing the completion of the design and engineering phase and are moving into the infrastructure construction phase. Currently, six projects totaling 732 lots are under construction. Another 10 projects totaling 2,965 lots are in planning or design.

Goals and Objectives:

- ◆ Land acquisition: Identify parcels which can be added to the Hawaiian home lands inventory at little or no cost. The parcels should be close to existing roadway and utility systems and able to be developed quickly and economically.
- ◆ Environmental Studies: Prevent the destruction of natural or historic resources. Ensure safety of future residents from natural or man-made hazards.
- ◆ Site Planning: Design communities which will nurture a high quality of life and promote pride of home ownership.

Land Development Division

Staff of 28



- ◆ Engineering: Design roadways, utility systems, and houses to comply with or exceed appropriate county standards. Incorporate energy efficient features into the design.
- ◆ On- and off-site Infrastructure Construction: Completion in accordance with specifications and plans, within budget, and before the scheduled deadline.
- ◆ House Design and Construction: Provide homes appropriate to beneficiary finances and family requirements. Construct with quality materials and energy efficient features to minimize operating and maintenance costs.



Infrastructure work at Waiohuli, Maui.

OFF-SITE INFRASTRUCTURE

UNDER DESIGN:

- ◆ **La'i 'Ōpua Plant Mitigation and Preserve Restoration, Kealahou, North Kona, Hawai'i:** This project will fulfill the plant mitigation work for the Villages of La'i 'Ōpua that was stipulated by State and Federal agencies during the original development of the Villages by the Housing Finance and Development Corporation (HFDC). Implementation of this work was a condition of their approval for development in this area due to the presence of endangered plant species. The work targets a number of established preserve lots containing endangered plants, including uhiuhi and aupaka, and will facilitate approvals from these agencies for Villages 4, 5, 2 and 1, as well as future Villages. Design work began in April 2007.
- ◆ **Maku'u Off-site Water System, Phase 2, Puna, Hawai'i:** The exploratory well pump testing was

completed November 2005 and the Final Well Report, concluding that a yield of both high quality and volume could be expected from the well, was received in February 2006. A production well, storage tank reservoir, booster pumps, transmission waterlines and access road are in design. This project is intended to provide water service to 28 existing 5-acre lots and 50 existing 2-acre farm lots at Maku'u as well as to support future DHHL development of the remaining 545 acres of the mauka Maku'u parcel. This future development includes 350 projected lots under the proposed Maku'u-Hālonā subdivision and Maku'u-Pōpōki residential subdivision currently under design.

- ◆ **Kawaihae 304.5 Gallon Tank Improvements, South Kohala, Hawai'i:** Improvements to maximize the storage capacity of the existing 304.5 gallon tank at the Kawaihae (Mauka) Residence Lots, Unit 1 project. The start of construction is

Homestead Development Matrix

ON-SITE INFRASTRUCTURE

RESIDENTIAL PROJECTS

UNDER CONSTRUCTION

	Island	Units	Infrastructure Construction		
			Start	Completion	Cost (millions)
Hilo Scattered Lots, Kaūmana and Ponahawai	Hawai'i	49	Nov-01	Nov-07	\$5.3
Kaupe'a, Kapolei Village 8	O'ahu	326	Feb-05	Jan-07	\$19.4
Kula Residence Lots, Unit 2 (Hikina)	Maui	35	Feb-06	Oct-06	\$12.0
Leiali'i Village 1A	Maui	104	Mar-06	Nov-06	\$6.6
Lālāmilo Residence Lots	Hawai'i	37	Jun-06	Feb-07	\$5.4
Pi'ilani Mai Ke Kai (fka Anahola Unit 6)	Kaua'i	181	Jun-06	Apr-08	\$17.7
Total		732			\$66.4

UNDER DESIGN

Waiehu Kou 4	Maui	98	Jul-06	Apr-07	\$14.5
Kēōkea-Waiohuli Development, Phase 1	Maui	98	Sep-06	Aug-08	\$30.6
East Kapolei, Phase 1	O'ahu	403	Oct-06	Nov-09	\$26.0
La'i 'Ōpua, Villages 4 & 5	Hawai'i	358	Aug-07	Dec-09	\$43.0
Kaupuni (fka: Consuelo Foundation Parcel)	O'ahu	21	May-08	Nov-08	\$5.7
Waimānalo Residence Lots - Kumuhau Street Parcel	O'ahu	52	Dec-07	Dec-08	\$6.9
East Kapolei, Phase 2	O'ahu	1,123	Jan-08	Jul-12	\$110.0
Lālāmilo Residence Lots, Phase 2	Hawai'i	412	Aug-08	Aug-10	\$36.7
Waimānalo Residence Lots - Kakaina Street Parcel	O'ahu	50	Aug-08	Aug-09	\$7.6
Maku'u (Hālonā & Pōpōki) Residential Subdivisions	Hawai'i	350	tbd		tbd
Total		2,965			\$281.0

FARM LOTS

UNDER DESIGN

Kēōkea Farm Lots	Maui	66	(see Kēōkea-Waiohuli Development, Phase 1 above)		
Waiāhole/Waimānalo Farm Lots	O'ahu	22	tbd		tbd

PASTURE LOTS

UNDER CONSTRUCTION

Honokāia Pastoral Lots Subdivision, Phase 1	Hawai'i	27	Nov-06	Oct-07	\$5.5
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UNDER DESIGN

Pu'ukapu Pasture Lots	Hawai'i	184	tbd		tbd
Honokāia Pastoral Lots Subdivision, Phase 2	Hawai'i	15	Jun-08	Dec-08	\$3.5
Grand Total		4,011			\$356.4

Land Development Division



Infrastructure cost averages more than \$100,000 per lot.

not until mid-2008.

- ◆ ***Kawaihae Water Transmission Main, South Kohala, Hawai'i:*** Installation of a one-mile transmission main intended to connect DHHL's existing Kawaihae Residence Lots, Unit 1 subdivision to the county water system terminus at the Kawaihae Industrial Subdivision thereby reducing DHHL reliance on Kohala Ranch for potable water. Project on hold since April 2004 pending identification of water source.
- ◆ ***Pu'ukapu Hybrid Water System, Hawai'i:*** Water system design for 184 pasture lots that were awarded during DHHL's accelerated award program of 1985-1986.
- ◆ ***Anahola Water System, No. 432, Kaua'i:*** Resurfacing of 500,000 gallon steel tank and the installation of a high pressure water system at the Anahola Farm Lots. Construction is pending permit approval by the county.
- ◆ ***Lower Kula & Waiohuli Water System Improvements, Maui (By-pass water line for Phase VI Pumps):*** Installation of 1,000 feet of waterline to the Maui County system as a condition of DWS subdivision approval of the Kula Residence Lots, Unit 1 (Waiohuli) subdivision.
- ◆ ***Kapa'akea Drainage Improvements, Moloka'i:*** Flood reduction design for the Kapa'akea subdivision.
- ◆ ***Moloka'i Water System Improvement, Phase 4, Moloka'i:*** Installation of a new waterline to replace an old existing asbestos cement waterline. Designs are complete. Start of construction is anticipated to begin by the end of 2007.
- ◆ ***Papakōlea Drainage Improvements, Phase II, O'ahu:*** Installation of new drainage infrastructure within certain areas of Papakōlea and Kewalo on O'ahu. The project will allow the existing lots to be brought into compliance with FHA drainage standards.

UNDER CONSTRUCTION

- ◆ ***Kawaihae 1.0 MG Water Tank, Hawai'i, Phase 2, Kawaihae, Hawai'i:*** A 1.0 million-gallon tank

with booster pump station and supporting facilities to improve the water system flow and fire protection at the DHHL industrial subdivision at Kawaihae, Hawai'i. Construction started in April 2007 and is anticipated to be finished by June 2008.

- ◆ **East Kapolei Off-site Infrastructure, Kapolei, O'ahu:** Sewer lines, water transmission lines, and a 4.0 million gallon water reservoir are being constructed for DHHL's East Kapolei projects, portions of the University of Hawai'i West O'ahu Campus, and the Ho'opili subdivision. The Department of Transportation will assist DHHL by including the portions of water and sewer lines located within the North-South Road in the construction contract for Phase 1B of the road. Construction of the sewer trunk line started in June 2007. The water system construction is scheduled to start in the Fall of 2007. Completion of the water and sewer systems is expected in the Fall of 2009. Estimated cost of construction is \$20.75 million. Cost sharing agreements are being negotiated with neighboring project developers.
- ◆ **Kapolei Parkway Extension, Kapolei, O'ahu:** Construction of a six-lane roadway connecting the existing Kapolei Parkway, from Kapolei Middle School to the North-South Road. This project will provide vehicular access and utility connections for the new DHHL office complex, East Kapolei I residential subdivision, and the DHHL commercial lots, including the future shopping center site.

Construction began in June 2007 with a scheduled completion date of December 15, 2007. Estimated cost of construction is \$4.8 million.

- ◆ **Papakōlea Drainage Improvements, Phase 1, Honolulu, O'ahu:** Improves drainage infrastructure within the existing Papakōlea and Kewalo residential areas and supports the proposed Phase II project. Construction is approximately 90 percent complete.

PROJECTS COMPLETED:

- ◆ **Kalāwahine Rockfall Mitigation:** Construction of 1,300 lineal feet of rockfall impact barrier and the removal of boulders and other appurtenances. The project was completed in January 2006 at a cost of \$1.2 million.
- ◆ **Kawaihae 1.0 MG Water Tank, Hawai'i, Phase 1:** Approximately 2,600 feet of inflow/outflow waterlines, access road and tank site grading, for an eventual 1.0 million-gallon tank was completed on January 2006.

ON-SITE INFRASTRUCTURE

RESIDENTIAL PROJECTS: UNDER CONSTRUCTION

- ◆ **Hilo Scattered Lots, Kaūmana and Ponohawai, South Hilo, Hawai'i:** Infrastructure improvements for 49 vacant infill lots have been completed.



Roadwork at Waiohuli, Maui



Home construction at Kaupē'a, O'ahu.

Packaged-house lots were awarded in July 2005 and April 2006. Construction on these houses started in April 2007. Two lots have been reserved for the Hawai'i Community College's Model Home Program. Construction of one of the houses is scheduled for September 2007, and the other for September 2008.

- ◆ ***La'i 'Ōpua Villages 4 and 5, Kealakehe, North Kona, Hawai'i:*** Undivided interest leases were awarded in October 2005 with site work starting in August 2007. Completion is expected no earlier than the end of 2009, contingent on the county's completion of an independent offsite water system project. Construction of the first houses is not expected to begin any sooner than late 2009/early 2010.
- ◆ ***Lālāmilo Residence Lots, Phase 1, South Kohala, Hawai'i:*** Work for the onsite roads and utilities for this 37-lot turnkey development, that includes two subdivisions of 20 and 17 lots, began in January 2006. House construction is scheduled to start in December 2007.
- ◆ ***Pana'ewa Residence Lots, Unit 6, Waiākea, South Hilo, Hawai'i:*** Infrastructure improvements for the

40-lot subdivision were completed in July 2005. Twenty-five packaged house lots were awarded in August 2005. Work on the houses began in August 2006 and were scheduled for completion by December 2007. Fourteen self-help houses were being completed in April 2007 by the Hawai'i Island Community Development Corporation and lessee families. One other house was completed by the Hawai'i Community College's Model Home Program.

- ◆ ***Pi'ihonua, South Hilo, Hawai'i:*** Packaged houses have been completed on 16 vacant lots in the recently completed Pi'ihonua Subdivision in South Hilo. Work began in April 2006 and was finished in August 2007. A house on the 17th lot was constructed under the Hawai'i Community College's Model Home Program.
- ◆ ***Kekaha Residence Lots, Unit 4, Kaua'i:*** Infrastructure improvements for 50 vacant lots in Kekaha, Kaua'i. Site construction completed in March 2006. House construction of 29 packaged homes and 20 self-help homes will begin in August 2006. One lot will be the site for a Sandwich Isle's communication structure.

Land Development Division

- ◆ ***Pi'ilani Mai Ke Kai (formerly known as Anahola, Unit 6), Anahola, Kaua'i:*** The project consists of 181-single family lots. One hundred sixty Undivided Interest Awards were issued in June 2006. Site construction of the first phase of 80 lots commenced in June 2006 and is expected to be complete by April 2008.
- ◆ ***Lāna'i Residence Lots, Unit 1 and 2A:*** Infrastructure construction for 45 lots was completed in 2005. The construction of 15 packaged homes started in August 2006 and is scheduled for completion by March 2008.
- ◆ ***Kula Residence Lots, Unit 2 (Waiohuli Hikina), Waiohuli, Maui:*** This project consists of three parcels surrounded by the existing Kula Residence Lots, Unit 1 subdivision. The total development will consist of 95 half acre lots. Due to budget constraints and a high construction bid, only 34 lots in Hikina are being constructed. Site work commenced in February 2006 with completion anticipated by October 2007.
- ◆ ***Leiali'i Village 1A, Lahaina, Maui:*** This 104-lot subdivision was acquired from the Housing and Community Development Corporation of Hawai'i (nka the Hawai'i Housing Finance and Development Corporation) with infrastructure improvements already constructed. Extensive road and utility remediation work is required and is underway. House construction started in May 2006 with the first house completed in March 2007.
- ◆ ***Waiehu Kou Phase 4, Waihe'e, Maui:*** Under a development agreement, the subdivision improvements and houses are designed for 88 turnkey and 12 self-help lots. Site construction began in August 2006 with a completion date of October 2007. House construction started in June 2007 with the anticipation of the first turnkey homes being occupied as early as November 2007. Off-site improvements include upgrading the Paukūkalo Sewer Pumping Station.
- ◆ ***East Kapolei, Phase I, 'Ewa, O'ahu:*** This is the first phase of the DHHL's development of the East Kapolei lands. Approximately 90 acres are to be used for 403 single family lots, a park, and the Department's new office building. Undivided interest leases for the project were awarded in October 2006. Mass grading started in October 2006, with the completion of infrastructure planned for late 2009. House construction is expected to start in October 2008.
- ◆ ***Kaupe'a, Kapolei Village 8, 'Ewa, O'ahu:*** This 326-lot subdivision included 3 phases of construction consisting of 76, 128, and 122 houses. Infrastructure construction commenced in



Completed homes at Leiali'i, Maui.

Land Development Division

February 2005 and completed in January 2007. The first phase of house construction was completed in June 2007. Phase 2 will be completed in April 2008, and Phase 3 is scheduled for completion by January 2008. All 326 single-family homes shall be awarded on a turnkey basis.

- ◆ **Kaupuni Village, Wai'anae, O'ahu:** The mass grading will be completed by October 2007. The infrastructure improvements for 21 lots are scheduled for the second quarter of 2008. Sitework is scheduled to be complete in November 2008. House construction of 21 packaged homes will begin in December 2008. The 3.353-acre parcel was donated to DHHL by the Consuelo Zobel Alger Foundation.

UNDER DESIGN:

- ◆ **Lālāmilo Residence Lots, Phase 2, Hawai'i:** The project proposes a 412-lot residential subdivision in Lālāmilo, South Kohala. Start of construction is expected in 2009.
- ◆ **Maku'u Residential Subdivisions, Puna, Hawai'i:** Design for the 170 Maku'u-Hālonā and 180 Maku'u Pōpōkī Residential lots mauka of Kea'au-Pahoa Road at Maku'u began in June 2004. The project is contingent on successful completion of the Maku'u Offsite Water System, Phase 2 project. A start date for sitework construction for the Maku'u-Hālonā

subdivision, intended as the first phase, has not been determined.

- ◆ **Wailua, Kaua'i:** Planning and Design for 700 residential units started in June 2007.
- ◆ **Kēōkea-Waiohuli Development, Phase 1, Kula, Maui:** This Phase 1 consists of 98 residential lots from the Waiohuli Undivided Interest program and 66 Kēōkea Farm Lots. Infrastructure construction started in September 2006 and is to be completed by September 2008.
- ◆ **East Kapolei, Phase II, 'Ewa, O'ahu:** This will be a master-planned community consisting of approximately 1,123 single-family lots and 1,200 multi-family units. Parcels will be designated for a middle school, elementary school, and the proposed Salvation Army Kroc Community Center. Engineering for the first increment began in late 2006 and the first increment of construction is expected to start in early 2008.
- ◆ **Waimānalo Residence Lots (Kakaina Street), O'ahu:** A residential subdivision totaling 50 lots are being planned on a parcel acquired from the Department of Land and Natural Resources (DLNR). Engineering of infrastructure facilities commenced in mid-2006. Construction is expected to start in mid-2008. A total of 100 undivided interest



Completed home at Kaupē'a, O'ahu.



James Akiona of the Aged Hawaiians untied the maile during the dedication of the Honokāia pasture lots.

lease awards were issued in July 2006 for these lots plus the 50 lots in the Waimānalo Residence Lots (Kumuhau Street) project.

- ◆ **Waimānalo Residence Lots (Kumuhau Street), Waimānalo, O‘ahu:** A residential subdivision totaling approximately 70 lots are being planned on the parcel currently under General Lease to the Soukaseum farm. Engineering of infrastructure facilities commenced in mid-2006. Construction is expected to start in late 2007.

Farm Lots:

- ◆ **Kēōkea Farm Lots, Maui:** These 66 lots were awarded during the 1985-86 DHHL Accelerated Awards program. Construction started in September 2006 as part of the Kēōkea-Waiohuli Development, Phase 1 and is expected to be completed by September 2008.
- ◆ **Waiāhole/Waimānalo Farm Lots, O‘ahu:** This project is being designed for 22 lots and includes consolidation and/or formal subdivision or re-subdivision of parcels transferred to DHHL from DLNR. These lots have been awarded to lessees who were relocated from the section of the Pāhe‘ehe‘e Ridge 1985-86 accelerated awards subdivision that were deferred.

Pasture Lots:

UNDER CONSTRUCTION

- ◆ **Honokāia Pastoral Lots Subdivision (Phase 1), Hamakua, Hawai‘i:** The project is part of a court-imposed settlement agreement between the DHHL and the Aged Hawaiians. Sitework on Phase I, consisting of improvements for 15 new pastoral lots and 12 large-acreage lots for ranching use, began in November 2006. Completion of Phase I is expected before the end of 2007.

UNDER DESIGN

- ◆ **Honokāia Pastoral Lots Subdivision (Phase 2), Hamakua, Hawai‘i:** Phase 2 of this project will consist of developing an additional 15 large-acreage lots for ranching use is currently under design as of January 2007. Construction on Phase 2 is anticipated to start in mid-2008.
- ◆ **Pu‘ukapu, Hawai‘i:** This project is being designed for 184 pastoral lots that were awarded during DHHL’s accelerated award program of 1985-86 in Pu‘ukapu, Waimea, Hawai‘i.



Land Management Division

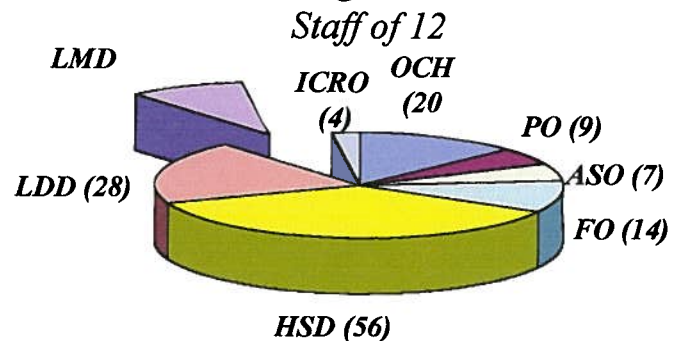
“Pursue financial self-sufficiency by 2013 in an amount sufficient to replace the Act 14 financial settlement of \$30 million per year. To generate significant non-governmental revenue in order to provide greater financial support towards fulfilling our mission.”

The Land Management Division (LMD) is responsible for the management of all DHHL non-homestead assets. These lands comprise the bulk of Hawaiian home land inventory (approximately 80 percent) and include those utilized for agricultural production, pastoral purposes, and commercial and industrial use. Through its various land dispositions, LMD generates revenue to support homestead development projects. LMD consists of three separate but interrelated branches: (1) Land Management, (2) Income Property and (3) Technical Services Branches.

The Land Management Branch (LMB) is responsible for the management of all lands unencumbered by homestead use. LMB also provides support to DHHL’s Land Development Division by issuing permits and licenses, such as Right of Entry and License Easements to the various state and county agencies which require access and use of Hawaiian home lands for infrastructure and utilities purposes.

The Income Property Branch (IPB) is specifically tasked with generating revenue from the development and long term leasing of DHHL assets not slated for residential use. The income generated and the services provided by IPB are integral components of DHHL’s goals toward self-sufficiency and community building.

Land Management Division



The Technical Services Branch (TSB) is responsible for the database management of all Hawaiian-homestead assets, and overseeing the appraisal process for the rental, acquisition, exchange, licensing and general leasing of DHHL’s non-homestead properties. Third-party appraisers are hired for the valuation of LMD assets to ensure that the trust is fairly compensated for its dispositions.

TSB has also been assigned the task of project management of the construction of DHHL’s new office facilities in Kapolei, ensuring that it will be completed as scheduled.

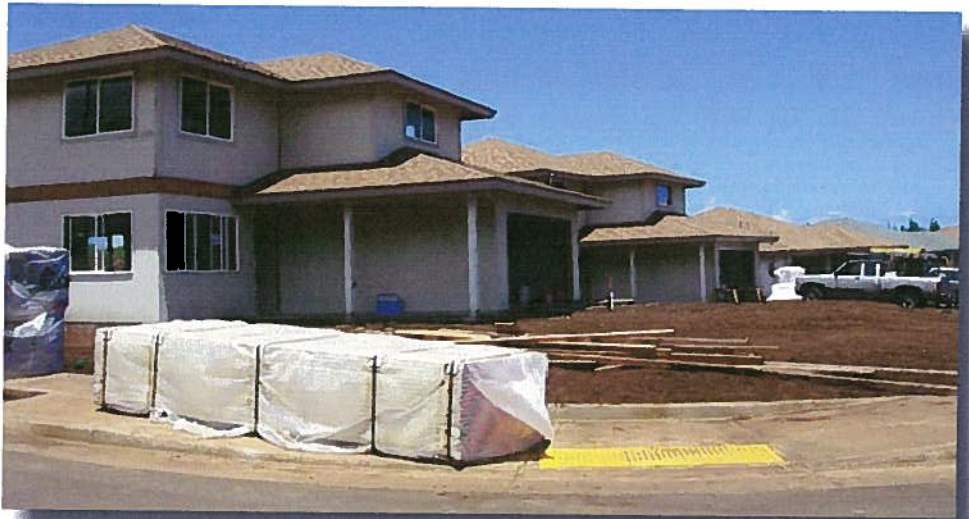


Construction on the Hale Kalaniana‘ole office complex, DHHL’s future home, began in January 2007.

SIGNIFICANT EVENTS

O'ahu

- ◆ Construction of the department's new office facilities, Hale Kalaniana'ole, in Kapolei began in January 2007. Work on the facilities, which consist of an office building and a conference building, have progressed on schedule. As of June 2007, infrastructure, utility lines, foundation, footprint pads and tilt-up walls have been completed and installation of roof trusses began.



Revenues generated from income properties help pay for homestead development.

On an adjoining parcel to the office facilities, Chaminade University and Hawai'i Maoli (a non-profit entity of the Association of Hawaiian Civic Clubs) have partnered in the planning of a community center that will include computer labs, a certified kitchen, a healing center, a credit union and other uses. The planning began in FY 2007.

- ◆ In February 2006, a Request For Proposals (RFP) was published seeking a developer for a 65-year lease to develop and operate a major shopping and retail center in East Kapolei. Developer DeBartolo Development, LLC was selected in August 2006. DHHL is negotiating the details of the lease at this time. The proposed mall will be built on a 67-acre commercial site and is expected to rival Ala Moana Center in size. The project is a component of the department's goal for self-sufficiency and will also provide employment opportunities for the Leeward region.
- ◆ In February 2007, DHHL entered into a Memorandum of Understanding (MOU) with the City & County of Honolulu for use of Hawaiian home lands in East Kapolei on which the Honolulu Fire Department will construct a fire station.
- ◆ A MOU was drafted between DHHL and Department of Land and Natural Resources (DLNR) and the University of Hawai'i, College of Tropical Agriculture and Human Resources (CTAHR) for use of the former Waimānalo Dairy site. DHHL will assist the current lessee, Wong Farm, in relocating to an adjacent parcel. The farm site will be transferred to DHHL for future residential homestead development.

- ◆ The continued high demand for industrial space on O'ahu in the Central and Leeward regions again account for an increase in revenues generated from Revocable Permits (month-to-month tenancies). The increase was most evident at Kalaeloa, the former Barbers Point Naval Air Station, where the income from 31 short-term tenants accounted for approximately 75 percent of the short-term income generated statewide during the fiscal year.
- ◆ A Right-of-Entry (ROE) was issued to the State Department of Transportation (DOT) to assist in improvements along Kalaniana'ole Highway, in Waimānalo near Makapu'u Lookout.
- ◆ The Hawaiian Homes Commission (HHC) authorized a 10-year license with two five-year options to extend to Voice Stream PCS II Corporation for the installation, operation and maintenance of a wireless telecommunications tower on the Lualualei side of Pāhe'ehe'e Ridge in Wai'anae.

Hawai'i

- ◆ General Lessee, CFT Development, LLC, broke ground and has begun construction of a Panda Express restaurant on approximately 1.5 acres of vacant land in Pana'ewa, Hilo. Revenue from this lease is anticipated to generate approximately \$5.5 million dollars over the next 25 years.
- ◆ Lease negotiations are on-going with the selected developer and DHHL for development of a 15.5 acre commercial/industrial site in Hilo.
- ◆ In conjunction with the State Department of the

Land Management Division

Attorney General, LMD continues to monitor for illegal activities such as trespassing and squatting, off-road driving, hunting without a permit and rock and cinder removal on the DHHL's unencumbered lands.

forests of East Hawai'i to the upper elevation māmane forests of Mauna Kea.

Maui

- ◆ In the interest of public safety, resulting from the October 2006 earthquake and rains which caused major road closures, the Hawaiian Homes Commission authorized the issuance of a Right-of-Entry Permit to the County of Maui for surveying, construction and rock fall mitigation of the cliffs mauka of Pi'ilani Highway, from the eastern end of Kahikinui to the western end of Manawainui Gulch. Upon completion of the rock fall mitigation work, County of Maui will assume perpetual maintenance of the area under a License Easement also approved by the HHC.
- ◆ In January 2007 LMD offered a 79-acre site in Pu'unēnē for industrial/commercial development. A developer was selected and lease negotiations are on-going.
- ◆ LMD continues to support the Land Development Division by issuing construction Right-of-Entry Permits and License Easements for utilities to various agencies of the County of Maui for the Kēōkea, Waiohuli, Leiali'i, and Waiehu Kou subdivision developments.

Kaua'i

- ◆ LMD is coordinating the joint development of Hawaiian home lands in Wailua for future commercial revenue generating purposes and homestead development.
- ◆ The Hawaiian Homes Commission authorized an 18 month right-of-entry permit to Kaua'i Wind Power, LLC (KWP) to construct and monitor two temporary meteorological towers in order to test wind speeds

- ◆ LMD continues with the reforestation of its koa forests and ecosystems at Humu'ula on the Big Island. The Pihā Mauka Unit 1 koa salvage sale will be completed in early 2008. In the past fiscal year, the 103-acre project earned over \$600,000 in royalties. DHHL continues to mālama the forest and intentionally leaves the largest and most select trees on site to provide habitat for native wildlife and seed for the next generation of forest. Hundreds of keiki koa are now growing on harvested areas as a result of logging scarification. Formal research projects, in conjunction with the University of Hawai'i and others, continue to help in the recovery of this degraded forest.
- ◆ The gorse control project on the Big Island continued to make progress during the past fiscal year. Over 2,500 acres were treated with herbicides and a demonstration prescribed burn was conducted with the assistance from the Hawai'i County Fire Department and other government agencies.
- ◆ The Draft Humu'ula/Pi'ihonua Mauka Fire Management Plan was completed. The fire plan mapped all vegetation types using GIS technology, determined fire fighting and prevention assets already in place and recommended additional actions needed to minimize the threat of wildfire at Humu'ula.
- ◆ Fencing for the 465 acre Kanakaleonui Bird Corridor was completed. The corridor helps restore native bird migration routes from the lower elevation koa and 'ōhi'a

Future Income Generating Commercial/Industrial Projects

Location	Size (Acres)	Planned Use
Hilo, Hawai'i	9.0	Commercial/Industrial Mixed Use
Hilo, Hawai'i	11.0	Commercial/Industrial Mixed Use
Kawaihae, Hawai'i	15.0	Industrial
Kona, Hawai'i	20.0	Commercial
Honolulu, O'ahu	1.0	Industrial
Honolulu, O'ahu	1.0	Industrial
Honolulu, O'ahu	1.5	Commercial
Kapa'a, Kaua'i	15.0	Commercial/Industrial Mixed Use

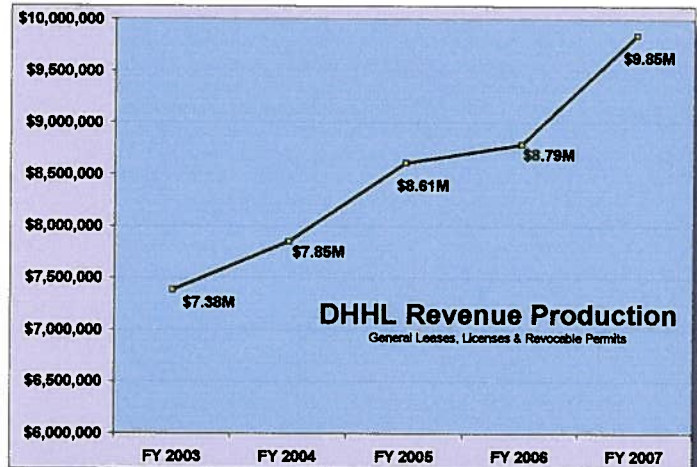
Land Management Division

in Moloa'a. If it is determined that wind speeds are sufficient, KWP will request to erect a wind farm in the area.

- ◆ In another effort to support renewable energy sources, LMD issued a Revocable Permit to Kaua'i Farm Fuels for the construction of a bio-diesel plant in Hanapēpē. Recycled cooking oil will be converted and used as diesel fuel.

Moloka'i

- ◆ A Revocable Permit was issued to the Moloka'i Humane Society for operation of a temporary office site and veterinary clinic in Ho'olehua, until such time as the County of Maui can secure a permanent location. Prior to this, the Moloka'i Humane Society was operating out of a private residence.
- ◆ The University of Hawai'i at Mānoa's College of Tropical Agriculture and Human Resources (CTAHR) began construction of a new office building on a 1.2-acre parcel held under a 20-year General Lease for its Cooperative Extension Program in Ho'olehua.



Lāna'i

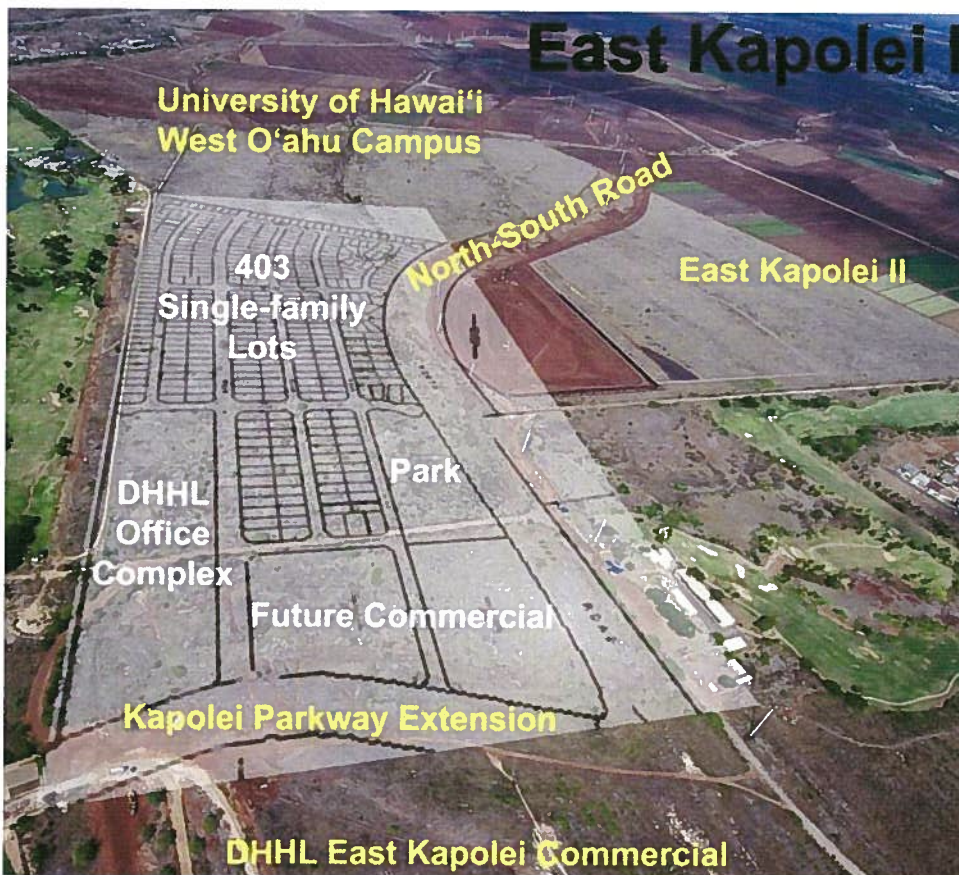
- ◆ LMD continues to support the Land Development Division by maintaining previously issued license easements to various county and private agencies for the installation, operation and maintenance of utilities within Lāna'i only homestead subdivision.

Future Income Generating Commercial/Industrial Projects

IPB continues to employ creative means to aggressively market Hawaiian home lands for income generating activities to assist the department in replacing the \$30 million per year provided by Act 14.

Sandwich Isles Communications, Inc. Accomplishments

Sandwich Isles Communications, Inc. (SIC) continues to work closely with DHHL on its residential developments and commercial projects statewide. SIC is responsible for the cost of design and construction of all telecommunications infrastructure which service new projects on Hawaiian home lands. This includes installation of underground ducts, handholes and manholes, underground cabling and miscellaneous telephone equipment. SIC is committed to providing DHHL with the highest quality of service and therefore is the first service provider in the state to install fiber optic cabling to each residential home, starting with Kapolei Village 8 (Kaupe'a).



East Kapolei I is considered the catalyst for the development of the region. The 67-acre East Kapolei commercial site will be a regional retail center and is a component of the department's goal of self-sufficiency.

Land Management Division

During FY 2007, SIC performed a significant amount of work in both engineering and construction for DHHL subdivision projects. Hawai'i: La'i 'Ōpua Villages 4 and 5; O'ahu: Consuelo Project in Wai'anae, Kumuhau/Kakaina project in Waimānalo and a new communications building in East Kapolei.

SIC's construction projects in progress by island are:

Hawai'i

- Lālāmilo Phase 1
- Installation to homes in Kaūmana and Waiākea
- Completion of installation to homes in Discovery Harbour

Maui

- Completed installations to all homes in Leiali'i
- On-going installation to Waiehu Kou IV
- Completion of site work for Waiohuli Hikina

- Construction in progress on Kēōkea/Waiohuli subdivisions

Lāna'i

- Completed construction and installing service to homes

O'ahu

- On-going installation service to homes in Kapolei Village 8 (Kaupē'a)
- Construction in progress on Kapolei Parkway to service DHHL's new facilities (Hale Kalaniana'ole) and 403 homestead lots in East Kapolei I

SIC continues to build out its fiber optic network. Construction on its inter-island marine fiber optic system is scheduled to begin in the fourth quarter of 2007.



Land Use Summary

Land Use Summary By Island June 30, 2007

ACREAGE*

USE	HAWAI'I	KAUA'I	LĀNA'I	MAUI	MOLOKA'I	O'AHU	TOTAL
Homesteads	29,885	906	14	2,645	11,005	1,111	45,566
General Leases	12,465	1	-	512	1,763	68	14,809
Licenses	16,461	107	-	7,324	719	313	24,924
Others	58,666	19,551	36	21,315	12,282	6,003	117,852
TOTALS	117,477	20,565	50	31,796	25,769	7,495	203,151

Land Use Summary By Disposition June 30, 2007

USE	HOMESTEAD USE				GENERAL USE			ACREAGE
	HOMES	FARMS	RANCHES	LEASES	LICENSES	OTHERS		
Acreage*	3,526	12,340	29,700	14,808	24,924	117,852	203,151	

Income Summary By Use And Island June 30, 2007

USE**	HAWAI'I	KAUA'I	LĀNA'I	MAUI	MOLOKA'I	O'AHU	TOTAL
Industrial Leases	\$1,752,027	\$0	\$0	\$0	\$0	\$2,013,253	\$3,765,280
Commercial Leases	2,136,494	0	0	0	0	378,750	2,515,244
Pasture/Agriculture Leases	30,796	0	0	70,400	13,000	4,150	118,346
Other Leases***	28,802	481	0	1	236,493	90,316	356,093
Revocable Permits	167,543	103,824	\$696	145,006	16,668	1,634,082	2,067,819
Right of Entry Permits	0	0	0	1,500	200	0	1,700
Licenses	391,299	35,958	0	5,162	15,787	575,424	1,023,630
TOTAL	\$4,506,960	\$140,262	\$696	\$222,069	\$282,148	\$4,695,975	\$9,848,110

* Figures have been rounded to the nearest whole acre.

** Figures have been rounded to the nearest dollar.

*** Includes Leases for Utilities, Public Service and Government Purposes.



Waiohuli undivided interest award's "Meet and Greet" held in January 2007.

Federal Recognition: The Hawaiian Homes Commission reaffirmed its support of legislation to express the United States' policy regarding its relationship with Native Hawaiians and provide a process for the recognition of a Native Hawaiian governing entity.

Coordination: The Planning Office also provided support for DHHL to meet quarterly with leaders from homestead and applicant organizations in order to discuss and coordinate plans, strategies and actions.

ACQUIRE ADDITIONAL LAND

State Land Transfers: Act 14, SpLH 1995, authorizes the transfer of 16,518 acres of public lands from the Department of Land and Natural Resources to DHHL to be designated as Hawaiian home lands, which will bring its inventory to 203,500 acres. As of June 30, 2007, 14,781 acres (89 percent) have been conveyed to DHHL.

Federal Land Transfers: DHHL continues to work with the federal government to implement the 1995 Hawaiian Home Lands Recovery Act (HHLRA), Public Law 104-42, which provided for the settlement of land use and ownership disputes between DHHL and the federal government. The law authorizes the exchange of excess federal non-ceded lands in Hawai'i for Hawaiian Home Lands of equal value under the control of the federal government. As of June 30, 2007, 483 acres (or 53 percent) of the total 913 acres due have been conveyed to DHHL.

RESOLUTION OF TRUST CLAIMS:

The Planning Office is responsible for completing and monitoring the various provisions of agreements reached with the state and federal governments to restore the Hawaiian Home Lands trust. State of Hawai'i – Act 14, SpSLH 1995, was passed to resolve claims filed by the Hawaiian Homes Commission involving compensation due for the past use of and title to Hawaiian home lands. Act 14 requires that the state take certain actions to restore the Hawaiian home lands trust.

Federal Excess Property Conveyed to DHHL
Under Hawaiian Home Lands Recovery Act of 1995, P.L. 104-42
As of June 30, 2007

<i>Federal Properties</i>	<i>Acres Authorized</i>	<i>Acres Received</i>	<i>Location</i>
Kalaeloa	586	278	'Ewa, O'ahu
Mānana Housing	20	20	Waiawa, O'ahu
'Upolu Point	38	38	N. Kohala, Hawai'i
Omega Station Ha'ikū	167	147	Kāne'ohe, O'ahu
Hālawā	3	0	'Aiea, O'ahu
Leeward Community College	56	0	Waiawa, O'ahu
Waipahu FCC Site (\$16.9 M credit)	0	0	Waipahu, O'ahu
Barbers Point Raceway	16	0	'Ewa, O'ahu
<u>Lualualei</u>	<u>27</u>	<u>0</u>	<u>Wai'anae, O'ahu</u>
Total	913	483	(53%)

State Public Land Conveyed to DHHL

Under Act 14, SpLH 1995

As of June 30, 2007

<u>Island</u>	<u>No. Acres Authorized</u>	<u>No. Acres Conveyed</u>	<u>Percent Conveyed</u>
Kaua'i	1,948.579	1,995.302	102%
Maui	2,625.522	2,635.984	100%
Moloka'i	399.533	403.240	101%
Lāna'i	50.000	50.000	100%
O'ahu	441.138	373.286	85%
<u>Hawai'i</u>	<u>11,053.230</u>	<u>9,323.611</u>	<u>84%</u>
Total	16,518.002	14,781.423	89%

Accomplishments during the reporting period from July 1, 2006, through June 30, 2007, included:

- ◆ *Hawaiian Home Lands Trust Fund:* Act 14 established a Hawaiian Home Lands Trust Fund with the requirement that the state make 20 annual deposits of \$30 million into the trust fund for a total of \$600 million. To date, payments have been made as required by law. These funds have been used for homestead land acquisitions and capital improvement projects. (See the Hawaiian Home Lands Trust Fund financial statement in this report.)
- ◆ *Waimānalo Regional Settlement:* Completed.
- ◆ *Anahola Regional Settlement:* The claims against private use of Hawaiian home lands remains.

- ◆ *Public Uses of Hawaiian Home Lands:* No change.
- ◆ *Nominal Compensation Controversies:* No change.
- ◆ *Roads and Highways:* No change.
- ◆ *Land Transfer Acquisitions:* Act 14 authorizes the transfer of 16,518 acres of public lands to DHHL to be designated as Hawaiian home lands, which will bring its inventory to 203,500 acres. As of June 30, 2007, 14,781 acres (89 percent) have been conveyed to DHHL.

UTILIZE FEDERAL FUNDS TO OFFSET INFRASTRUCTURE COSTS

U.S. Department of Agriculture, Rural Development Program: DHHL continues to identify and apply for federal assistance for infrastructure development on Hawaiian home lands. On February 3, 2004, a Memorandum of Understanding (MOU) was signed by the Department of Hawaiian Home Lands and U.S. Department of Agriculture (USDA) to work cooperatively to improve rural homeownership and economic development programs in the state of Hawai'i. During the fall of 2006 after lengthy consultation and at the advice of USDA, a new non-profit, Nā Kūpa'a O Kūhiō was formed to operate separately and to serve as the applicant for USDA assistance. The USDA originally approved DHHL's applications for the Moloka'i Water System Phase 4 and the Maku'u Water Well, however, with the formation of the new non-profit, the two projects were reassigned from DHHL to Nā Kūpa'a O Kūhiō. Nā Kūpa'a O Kūhiō is therefore the applicant for the Moloka'i Water System Phase 4 and the Maku'u Water Well projects. This pilot partnership between USDA, Nā Kūpa'a O Kūhiō, and DHHL is in the process of securing the necessary

approvals for the developments and will continue to identify new opportunities and solutions for the development of infrastructure on Hawaiian home lands.

U.S. Department of Housing and Urban Development, Native American Housing and Self-Determination Act (NAHASDA) Program: DHHL works closely with its Congressional delegation and the HUD Office of Native American Programs to secure re-authorization and annual appropriations for NAHASDA. The law provides that NAHASDA grant funds can be used on Hawaiian home lands to support homeownership for low to moderate income families.



Moloka'i Commissioner Milton Pa and Moloka'i District Manager George Maiho during the groundbreaking ceremony for the Moloka'i Water System, Phase 4.

Administrative Services Office

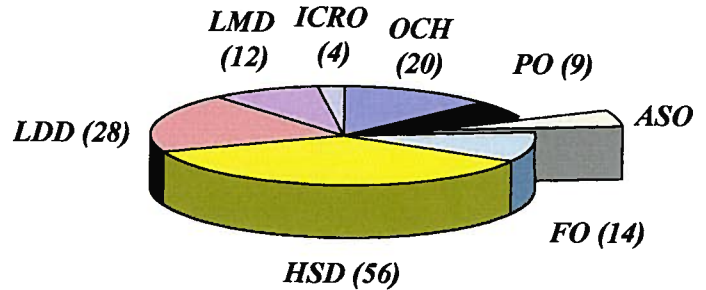
“Continue to effectively manage and protect the Trust to ensure perpetuity for future generations of Native Hawaiians and fulfill our responsibility as long-term stewards.”

The Administrative Services Office provides staff support in the areas of personnel, budgeting, program evaluation, information and communication systems, risk management, facilities management, clerical services and other administrative services. This office also provides support



DHHL Employee and Manager of the Year—Atina Soh of the Housing Projects Branch was named Employee of the Year and Linda Chinn, Land Management Division administrator, was named Manager of the Year.


Administrative Services Office Staff of 7



services in preparation of reports to the Legislature and facilitates the rule-making process.

2007 Legislation

The 2007 Legislature passed a number of measures affecting the Hawaiian home lands program.

- ◆ The General Appropriations Act of 2007 (Act 213, SLH 2007) provides for two DHHL programs: HHL 602—Planning and Development for Hawaiian Homesteads; and HHL 625—Management and General Support for Hawaiian Homesteads.
- ◆ General Funding for a grant-in-aid for the Papakōlea Community Development Corporation in the amount of \$248,925.
- ◆ The following capital improvement projects were funded by general obligation bonds. The projects are grants in aid.
 - Nānākuli Hawaiian Homestead Community Association, O‘ahu \$250,000.
 - La‘i ‘Ōpua 2020, Hawai‘i \$125,000. 

2008/2009 Fiscal Biennium Operating Budget

FY 2008 Operating Budget:

	<i>HHL 602</i>	<i>HHL 625</i>	<i>Total</i>
General Fund	\$679,070 (14)	\$490,104 (4)	\$1,169,174 (18)
Special Fund	\$5,649,008 (66)	\$3,768,232 (34)	\$9,417,240 (100)
Trust Fund	\$3,878,386 (51)	\$1,709,126 (26)	\$5,587,512 (77)
Federal Fund	\$16,393,455		\$16,393,455
Total	\$26,599,919 (131)	\$5,967,462 (64)	\$32,567,381 (195)

FY 2009 Operating Budget:

	<i>HHL 602</i>	<i>HHL 625</i>	<i>Total</i>
General Fund	\$679,274 (14)	\$241,246 (4)	\$920,520 (18)
Special Fund	\$6,900,676 (66)	\$3,768,232 (34)	\$10,668,908 (100)
Trust Fund	\$3,878,386 (51)	\$1,709,126 (26)	\$5,587,512 (77)
Federal Fund	\$9,600,545		\$9,600,545
Total	\$21,058,881 (131)	\$5,718,604 (64)	\$26,777,485 (195)

Six temporary trust fund positions authorized in the HHL 602 program are not reflected in the position count.

Financial Statements

Department of Hawaiian Home Lands
State of Hawaii
Statement of Net Assets
June 30, 2007 (Unaudited)

ASSETS

Cash and short-term cash investments held in State Treasury	\$	243,032,962
Cash and short-term cash investments held outside of State Treasury		1,153,320
Investments		21,836,901
Receivables		
Loans, net of allowance for losses of \$8,641,384		49,363,135
Accrued interest		4,410,345
General leases and licenses, net of allowance for losses of \$893,000		474,337
Other		1,088,286
Inventory of homes for sale		30,739,084
Other assets		1,630,868
Capital assets:		
Land, improvements, construction-in-progress and other capital assets, net of depreciation		436,948,321
Total assets	\$	790,677,559

LIABILITIES

Vouchers and contracts payable	\$	23,266,086
Accrued wages and employee benefits payable		663,892
Due to State Treasury		58,684,162
Advances of Federal Grant Funds		22,990,221
Other Liabilities		13,561,757
Deferred revenue		2,421,357
Purchase note payable		
Due within one year		2,200,000
Due in more than one year		24,200,000
Bonds payable		
Due within one year		186,000
Due in more than one year		679,735
Accrued vacation		
Due within one year		468,770
Due in more than one year		1,029,376
Total liabilities		150,351,356

NET ASSETS

Invested in capital assets, net of related debt		408,526,577
Unrestricted		231,799,626
Total net assets		640,326,203
Total liabilities and net assets	\$	790,677,559

* Unabridged financial statements and the report of independent auditors, including notes to the combined financial statements, are available for review at the DHHI Fiscal Office located at 1099 Alakea Street, Suite 2000, Honolulu.

Department of Hawaiian Home Lands
State of Hawaii
 Statement of Activities
 for the year ended June 30, 2007 (Unaudited)

Functions/Programs	Program Revenue		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Interest, Rents and Fees	Operating Grants and Contributions
Departmental activities:			
Administration and support services	\$ 7,343,923	-	\$ 2,529,835
Homestead services	9,613,089	3,524,839	13,045
Land development	3,970,788	21,320,841	3,392,584
Home construction/capital projects	7,069,763	-	(7,069,763)
Land management	2,510,682	9,657,598	7,151,916
Total departmental activities	\$ 30,508,245	\$ 34,503,278	\$ 9,935,497
General revenues:			
Appropriations, net of lapsed appropriations of \$193,959			3,761,156
Interest from short-term cash investments			9,322,521
Other			2,586,838
Total general revenues before transfers			15,670,515
Transfers, net			30,000,000
Total general revenues and transfers			45,670,515
Change in net assets			55,606,012

* Unabridged financial statements and the report of independent auditors, including notes to the combined financial statements, are available for review at the DHHL Fiscal Office located at 1099 Alakea Street, Suite 2000, Honolulu.

Department of Hawaiian Home Lands
State of Hawaii
Balance Sheet
Governmental Funds
June 30, 2007 (Unaudited)

	General Fund	Hawaiian Home General Loan Fund	Hawaiian Home Lands Trust Fund	Hawaiian Home Operating Fund	Hawaiian Home Receipts Fund	Hawaiian Home Administration Account	Federal Grants	Other Funds	Total
ASSETS									
Cash and short-term cash investments held in State Treasury	\$ 86,295	\$ 18,017,025	\$ 147,953,830	\$ 15,866,550	\$ 2,509	\$ 21,418,021	\$ 27,986	\$ 39,660,746	\$ 243,032,962
Cash and short-term cash investments held outside of State Treasury							1,153,320		1,153,320
Investments							21,836,901		21,836,901
Receivables									
Loans, net of allowance for losses of \$8,641,384		44,864,619					1,408,206	3,090,310	49,363,135
Accrued interest			1,308,936	26,932	2,703,225	187,746	3,194	180,312	4,410,345
General leases and licenses, net of allowance for losses of \$893,000				10,740		463,597			474,337
Other		610,558		48,152			429,576		1,088,286
Inventory of homes for sale			30,739,084						30,739,084
Other assets		1,503,870						126,998	1,630,868
Inventory of homes for sale									
Other assets									
Total assets	\$ 86,295	\$ 64,996,072	\$ 180,001,850	\$ 15,952,374	\$ 2,705,734	\$ 22,069,364	\$ 24,859,183	\$ 43,058,366	\$ 353,729,238
LIABILITIES									
Vouchers and contracts payable			21,703,018	479,730		222,686	534,157	326,495	23,266,086
Accrued wages and employee benefits payable	25,124			352,938		285,830			663,892
Due to State Treasury	5,000		58,679,162						58,684,162
Advances of Federal Grant Funds							22,990,221		22,990,221
Other liabilities		9,442,799		119,440	857,723			3,141,795	13,561,757
Deferred revenue				381,233	1,144,600	2,381,524			3,907,357
Total Liabilities	30,124	9,442,799	80,382,180	1,333,341	2,002,323	2,890,040	23,524,378	3,468,290	123,073,475
FUND BALANCES									
Reserved for:									
Encumbrances	76,020		129,990,876	6,500,358		662,069		3,379,695	140,609,018
Reservables		45,825,200					1,840,977	3,263,903	50,950,080
Loan Commitments		1,151,995							1,151,995
Unexpended Federal grants							13,175,705		13,175,705
Guaranteed and insured loans		150,000						10,850,100	11,000,100
Total reserved fund balances	76,020	47,127,195	129,990,876	6,500,358		662,069	15,016,682	17,493,698	216,866,898
Unreserved	(19,849)	8,426,078	(30,371,206)	8,118,675	703,411	18,517,255	(13,681,877)	22,096,378	13,788,865
Unreserved reported in nonmajor:									
Special revenue funds									
Construction fund									
Total unreserved fund balances	(19,849)	8,426,078	(30,371,206)	8,118,675	703,411	18,517,255	(13,681,877)	22,096,378	13,788,865
Total fund balances	56,171	55,553,273	99,619,670	14,619,033	703,411	19,179,324	1,334,805	39,590,076	230,655,763
Total liabilities and fund balances	86,295	64,996,072	180,001,850	15,952,374	2,705,734	22,069,364	24,859,183	43,058,366	353,729,238

* Unbridged financial statements and the report of independent auditors, including notes to the combined financial statements, are available for review at the DHHIL Fiscal Office located at 1099 Alakea Street, Suite 2000, Honolulu.

Financial Statements

Department of Hawaiian Home Lands
 State of Hawaii
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 for the year ended June 30, 2007 (Unaudited)

	Hawaiian Home General Fund	Hawaiian Home Lands Trust Fund	Hawaiian Home Operating Fund	Hawaiian Home Receipts Fund	Hawaiian Home Administration Account	Federal Grants	Other Funds	Total
Revenues								
Appropriations	\$ 1,150,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,804,316	\$ 3,955,115
General leases	-	-	-	-	6,729,249	-	-	6,729,249
Licenses and permits	-	-	-	-	2,885,849	-	-	2,885,849
Interest from loans and note receivable	-	-	75,921	4,486,418	-	-	-	4,562,339
Interest from short-term cash investments	-	-	45,281	2,209,800	791,726	-	958,834	9,322,521
Intergovernmental revenues	-	5,316,880	(218)	-	-	5,940,682	-	5,940,464
Real property sold	-	21,320,841	-	-	-	-	-	21,320,841
Other	-	1,847,922	459,522	-	14,883	951	263,560	2,586,838
Total revenues	1,150,799	28,485,643	580,506	6,696,218	10,421,707	5,941,633	4,026,710	57,303,216
Expenditures								
Current:								
Administration and support services	442,041	-	3,342,727	-	2,991,637	296,344	1,137,514	8,075,070
Homestead services	381,800	(135,193)	1,822,918	-	1,904,901	74,000	33,141	8,478,353
Land development	78,469	1,980,380	694,447	-	819,341	361,529	33,119	3,967,285
Land management	54,514	256,105	697,141	-	493,417	-	980,404	2,481,581
Capital outlay:								
Home construction/capital projects	-	95,626,070	2,229,954	-	-	5,248,362	-	103,104,386
Debt service:								
Principal on long-term debt	-	-	197,627	-	-	-	8,650,000	8,847,627
Interest on long-term debt	-	-	40,633	-	-	-	320,614	361,247
Total expenditures	956,824	97,727,362	9,025,447	-	6,209,296	5,980,235	11,154,792	135,315,549
Excess (deficiency) of revenues over (under) expenditures	193,975	(4,261,593)	(8,444,941)	6,696,218	4,212,411	(38,602)	(7,128,082)	(78,012,333)
Other financing sources (uses)								
Operating transfers in	-	30,000,000	9,880,532	-	11,380,789	103,090	2,923,307	54,287,718
Operating transfers out	(193,959)	-	(3,750,000)	(5,758,321)	(10,175,807)	(103,090)	(4,500,500)	(24,481,677)
Total other financing sources (uses)	(193,959)	30,000,000	6,130,532	(5,758,321)	1,204,982	-	(1,577,193)	29,806,041
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	16	(4,261,593)	(2,314,409)	937,897	5,417,393	(38,602)	(8,705,275)	(48,206,292)
Lapsed appropriations	-	-	-	-	-	-	-	-
Net change in fund balances	16	(4,261,593)	(2,314,409)	937,897	5,417,393	(38,602)	(8,705,275)	(48,206,292)
Fund balances at July 1, 2006	56,155	59,814,866	138,861,389	(234,486)	13,761,931	1,373,407	48,295,351	278,862,055
Fund balances at June 30, 2007	56,171	55,553,273	14,619,033	703,411	19,179,324	1,334,805	39,590,076	230,655,763

* Unaudited financial statements and the report of independent auditors, including notes to the combined financial statements, are available for review at the DHHL Fiscal Office located at 1099 Alakea Street, Suite 2000, Honolulu.

Financial Statements

Department of Hawaiian Home Lands
State of Hawaii
Statement of Revenues and Expenditures - Budget and Actual -
General Fund
for the year ended June 30, 2007 (Unaudited)

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Appropriations	\$ 1,067,559	\$ 1,150,525	\$ 1,150,799	\$ (274)
Expenditures:				
Administration and support services	465,768	486,298	441,467	44,831
Homestead services	493,233	544,406	379,675	164,731
Land development	50,353	55,577	78,281	(22,704)
Land management	58,205	64,244	54,349	9,895
Total expenditures	1,067,559	1,150,525	953,772	196,753
Excess of revenues over expenditures	\$ -	\$ -	\$ 197,027	\$ (197,027)

* Unabridged financial statements and the report of independent auditors, including notes to the combined financial statements, are available for review at the DHHL Fiscal Office located at 1099 Alakea Street, Suite 2000, Honolulu.

Financial Statements

Department of Hawaiian Home Lands
State of Hawaii
 Statement of Revenues and Expenditures - Budget and Actual -
 Other Major Funds
 for the year ended June 30, 2007 (Unaudited)

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Hawaiian Home Administration Account				
Revenues	\$ 8,312,279	\$ 8,567,809	\$ 10,421,707	\$ 1,853,898
Expenditures:				
Administration and support services	3,672,486	3,753,425	3,135,062	618,363
Homestead services	2,539,686	2,631,899	2,137,179	494,720
Land development	1,268,262	1,320,273	805,223	515,050
Land management	831,845	862,212	477,195	385,017
Total expenditures	<u>8,312,279</u>	<u>8,567,809</u>	<u>6,554,659</u>	<u>2,013,150</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,867,048</u>	<u>\$ (159,252)</u>

* Unabridged financial statements and the report of independent auditors, including notes to the combined financial statements, are available for review at the DHHL Fiscal Office located at 1099 Alakea Street, Suite 2000, Honolulu.

Hawaiian Home Lands Trust Fund

The Eighteenth Legislature of the State of Hawaii, Special Session of 1995 enacted House Bill No. 10-S, which was signed into law as Act 14, Special Session Laws of Hawaii 1995. In section 7 of this act, the Department of Hawaiian Home Lands is required to provide annual reporting on the Hawaiian home lands trust fund to the Legislature and to the beneficiaries of the trust. This report is in response to the section 7 reporting requirement for FY 2007.

Balance Sheet - Hawaiian Lands Trust Fund (T-902-I) June 30, 2007 (Unaudited)

Assets	
Cash In State Treasury	147,953,829
Accrued Interest on Investment	1,308,936
TOTAL ASSETS	\$ 149,262,765
Liabilities & Fund Balance	
Liabilities	
Vouchers Payable	12,860
Retainage Liability	6,195,966
Fund Balance	
Reserved for Encumbrances	142,193,383
Unreserved	(6,022,453)
TOTAL LIABILITIES AND FUND BALANCE	\$ 136,170,930

Statement of Revenue, Expenditures and Changes In Fund Balance - Hawaiian Home Lands Trust Fund (T-902-I) June 30, 2007 (Unaudited)

Revenues	
Interest Income	\$ 5,316,880
Reimbursement of Prior Year's Expenditures (Note A)	1,847,922
Temporary Loans from Other Funds (Note B)	80,000,000
Total Revenues	87,164,802
Expenditures	
Capital Improvements	114,564,249
Other	229
	114,564,478
Excess (Deficiency) of revenues over expenditures	(27,399,676)
Other Financing Sources	
Operating Transfers	30,000,000
Excess (Deficiency) of revenues and other sources over expenditures	2,600,324
Fund balance as of July 1, 2006	133,570,606
Fund balance as of June 30, 2007	\$ 136,170,930

Note A

<i>Establish loans and reimburse DHHL trust fund for construction costs</i>	<i>456,474.00 JV 07-5038</i>
<i>Establish loans and reimburse DHHL trust fund for construction costs</i>	<i>304,316.00 JV 07-5061</i>
<i>Establish loans and reimburse DHHL trust fund for construction costs</i>	<i>578,632.00 JV 07-5089</i>
<i>Establish loans and reimburse DHHL trust fund for construction costs</i>	<i>152,158.00 JV 07-5177</i>
<i>Refund from Maui Electric to DHHL for overhead line extension, Waiehu Kou, Phase 3</i>	<i>220,957.00 JV 07-264</i>
<i>Other</i>	<i>135,385.00</i>
<i>Reimbursement of Prior Year's Expenditures</i>	<i>1,847,922.00</i>

Note B

<i>Cash received from B & F as temporary loan</i>	<i>40,000,000.00 JV 07-125</i>
<i>Cash received from B & F as temporary loan</i>	<i>40,000,000.00 JV 07-126</i>
<i>Temporary Loans from Other Funds</i>	<i>80,000,000.00</i>

Appendix

General Lease Summary

BY ISLAND
June 30, 2007

	<u>Hawai'i</u>	<u>Kaua'i</u>	<u>Lana'i</u>	<u>Maui</u>	<u>Moloka'i</u>	<u>O'ahu</u>	<u>Total</u>
Number	75	1	0	2	5	32	115
Acreage	12,464.61	0.92	0	511.72	1762.92	68.11	14,808.28
Annual Income	\$3,948,117.57	\$480.00	\$0.00	\$70,401.00	\$249,493.00	\$2,486,469.00	\$6,754,960.57

BY USE
June 30, 2007

<u>Use</u>	<u>Count</u>	<u>Acreage</u>	<u>Annual Income</u>
Agriculture	3	669.87	\$87,550.00
Church	1	2.14	\$1,177.00
Commercial	7	273.13	\$2,515,243.50
Education	3	5.68	\$3.00
Government	1	170.84	\$28,800.00
Industrial	83	9,532.32	\$3,765,280.07
Office	1	9.22	\$1.00
Pastoral	4	2,503.46	\$30,796.00
Public Service	5	5.58	\$61,322.00
Radio Receiver Site	1	363.67	\$34,800.00
Recreation	2	1259	\$200,010.00
Residential	1	8.5	\$70.00
Utility	3	4.87	\$29,908.00
Total	115	14,808.28	\$6,754,962.57

General Leases
June 30, 2007

<u>ISLAND/ ACRE</u>	<u>NO./ USE</u>	<u>LESSEE/ ADDRESS</u>	<u>LOCATION/ TMK</u>	<u>TERMS</u>	<u>REOPENINGS</u>
HAWAII 743.496	S-4466 Pastoral	Honokaia Ranch, Inc. 1342 Kilauea Avenue Hilo, Hawaii 96720	Honokaia (3) 4-6-011:004 & 005	35 years 3/1/1976-2/28/2011 \$8,700.00	
HAWAII 738.233	S-4468 Pastoral	Richard Smart Trust 67-1435 Mamalahoa Hwy. Kamuela, Hawaii 96743	Honokaia (3) 4-6-011:011	35 years 3/1/1976-2/28/2011 \$7,400.00	
HAWAII 522.000	S-4469 Pastoral	Richard Smart Trust 67-1435 Mamalahoa Hwy. Kamuela, Hawaii 96743	Honokaia (3) 4-6-011:012	35 years 3/1/1976-2/28/2011 \$7,500.00	
HAWAII 499.728	S-4470 Pastoral	Richard Smart Trust 67-1435 Mamalahoa Hwy. Kamuela, Hawaii 96743	Honokaia (3) 4-6-011:013	35 years 3/1/1976-2/28/2011 \$7,196.00	
HAWAII 6.8327	102 Industrial	Akana Petroleum, Inc. 50 Kukila Street Hilo, Hawaii 96720	Waiakea (3) 2-2-047:059	55 years 3/2/1966-3/1/2021 \$72,407.25	
HAWAII 3.905	108 Industrial	Inter-Pacific Motors, Inc. P. O. Box 4397 Hilo, Hawaii 96720	Waiakea (3) 2-2-060:075	65 years 11/1/1966-10/31/2031 \$53,000.00	11/1/2011
HAWAII 1.245	109 Industrial	David S. Deluz, Sr. 811 Kanoelehua Avenue Hilo, Hawaii 96720	Waiakea (3) 2-2-060:064	65 years 9/1/1966-8/31/2031 \$26,000.00	
HAWAII 33.793	110 Industrial	Yamada & Sons, Inc. P. O. Box 4699 Hilo, Hawaii 96720	Panaewa (3) 2-1-025:001, 041, 042, 084	65 years 11/1/1966-10/31/2031 \$98,800.00	11/1/2011
HAWAII 1.085	113 Industrial	George R. Jr. and Jean S. Madden 154 Holomua Street Hilo, Hawaii 96720	Waiakea (3) 2-2-060:050, 051	55 years 6/15/1969-6/14/2024 \$14,000.00	6/15/2009
HAWAII 2.802	122 Industrial	Hilo Wood Treating, Inc. 66 Kukila Street Hilo, Hawaii 96720	Waiakea (3) 2-2-047:060	55 years 10/1/1967-9/30/2022 \$27,600.00	

ISLAND/ ACRE	NO./ USE	LESSEE/ ADDRESS	LOCATION/ TMK	TERMS	REOPENINGS
OAHU 0.212	114 Utility	Hawaiian Telecom, Inc. 1177 Bishop Street Honolulu, Hawaii 96813	Nanakuli (1) 8-9-005:084	65 years 5/1/1967-4/30/2032 \$8,987.00	
OAHU 0.187	134 Utility	Hawaiian Telecom, Inc. 1177 Bishop Street Honolulu, Hawaii 96813	Waimanalo (1) 4-1-021:034	65 years 6/1/1968-5/31/2033 \$19,001.00	6/1/2013
OAHU 2.619	221 Public Service	Waianae District Comprehensive Health & Hospital Board, Inc. 86-260 Farrington Highway Waianae, Hawaii 96792	Lualualei (1) 8-6-001:040, 041 & 046	40 years 1/1/1988-12/31/2027 \$57,000.00	1/1/2008
OAHU 0.46	240 Public Service	Hale Ola Ho'opakolea, Inc. 89-137 Nanakuli Avenue Waianae, Hawaii 96792	Nanakuli (1) 8-9-005:022	15 years 7/1/1992-6/30/2007 \$3,325.00	
OAHU 1.683	249 Education	Trustees of the Estate of Bernice Pauahi Bishop 567 South King Street 200 Kawaihae Plaza Honolulu, Hawaii 96813	Waimanalo (1) 4-1-008:002(P) & 004(P)	65 years 1/7/2000-12/31/2064 \$1.00 per term	
OAHU 8.500	262 Residential	Village 6 RTO, LP 3165 Waialae Avenue Honolulu, Hawaii 96816	Villages of Kapolei (1) 9-1-119:001-103	55 years 5/18/2001-12/31/2056 \$70.00	
OAHU 1.573	264 Industrial	Otani Produce, Inc. 1321 Hart Street Honolulu, Hawaii 96817	Kapalama (1) 1-5-033:009	65 years 5/1/2005-4/30/2070 \$255,000.00	
OAHU .579	269 Public Service	Waimanalo Kupuna Housing 677 Ala Moana Blvd., #712 Honolulu, Hawaii 96813	Waimanalo (1) 4-1-019:033	60 years 9/8/2000-9/7/2060 \$1.00 per term	
OAHU 12.000	273 Recreation	The Salvation Army 2950 Manoa Road Honolulu, Hawaii 96822	Kapolei (1) 9-1-017:071 & 088 (P)	65 years \$10.00 per annum	
OAHU 9.215	279 Office	Wells Fargo Bank, National Association, Trustee 707 Wilshire Blvd., 7 th Fl. Los Angeles, CA 90017	Kapolei (1) 9-1-016:108(P)	25 years 12/1/2006-11/30/2031 \$1.00 per term	

Sub-Leases
June 30, 2007

LESSEE/NO.	AREA	ANNUAL RENT	SUBLESSEE	AREA	CONSENT DATE
Akana Petroleum, Inc. G.L. No. 102	6.832 Acres	\$72,407.25	RAK Repair Hawaii Forklift Services Big Island Truck & Auto Body	3,650 sq. ft. 360 sq. ft. 2,500 sq. ft.	12/20/85
			<u>Open Area</u> Genra Li Service Kalae's Handyman Service Pacific Transportation Service, Inc. Sun Industries Triple S Hauling	1,150 sq. ft. 800 sq. ft. 2,250 sq. ft. 7,000 sq. ft. 3,000 sq. ft.	7/25/89 06/23/93
David S. DeLuz, Sr. G.L. No. 109	1.245 Acres	\$26,000	Uniserv Technology, LLC Blane Aburamen Edge Motor Sports Hawaii Tire Company Lex Brodies Tire Company	250 sq. ft. 2,500 sq. ft. 2,800 sq. ft. 3,000 sq. ft. 5,150 sq. ft.	7/30/91
George R. and Jean S. Madden G.L. No. 113	1.085 Acres	\$14,000	ABC Interiors DL Downing General Contractor Skeele Construction	3,932 sq. ft. 288 sq. ft. 1,611 sq. ft.	8/17/89 8/17/89 8/17/89
Aloha Machine & Welding, Ltd. G.L. No. 127	0.620 Acres	\$12,480	Hilo Income Tax Service		
Verizon Hawaii, inc. G.L. No. 135	3.942 Acres	\$67,030	Verizon Wireless	2,000 sq. ft.	10/22/02
Hamakua Macadamia Nut Company G.L. No. 136	5.800 Acres	\$54,000	Hamakua Macadamia Nut Co. Hamakua Macadamia Nut Co. Stephen R. Poggione Raymond E. Strauss Andrew Youngquist DAP Construction LLC DAP Construction LLC Hawaii Petroleum, Inc. John Spies	2,256 sq. ft. 22,860 sq. ft. 2,116 sq. ft. 800 sq. ft. 2,115 sq. ft. 1,248 sq. ft. 500 sq. ft. 800 sq. ft. 4,500 sq. ft.	10/23/01 10/23/01 10/23/01 10/23/01 10/23/01 10/23/01 10/23/01 10/23/01 10/23/01



DEPARTMENT OF HAWAIIAN HOME LANDS

OFFICE

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