Appendix N

Economic and Fiscal Impact Assessment for Kaloko Makai Mikiko Corporation January 2013

ECONOMIC AND FISCAL IMPACT ASSESSMENT FOR KALOKO MAKAI

North Kona, Island of Hawaii

Prepared for:
SCD-TSA Kaloko Makai, LLC

FINAL REPORT

January 2013

Economic and Fiscal Impact Assessment for Kaloko Makai

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ECONOMIC AND FISCAL IMPACT ASSESSMENT FOR KALOKO MAKAI

Report Text

1 – Introduction and Study Overview

Report Organization

This report is organized as follows:

- **Report Text -**
  - **Introduction and Study Overview** (Chapter 1) - Study background, objectives and approach of this economic and fiscal impact assessment.
  - **Executive Summary** (Chapter 2) – Tabular and narrative presentation of key study findings.
    - ♦ Projected Development Phasing
    - ♦ Projected Impacts
  - **Study Conditions and Terminology** (Chapter 3) - Explanation of factors that underlie the above conclusions, presented in narrative form, including:
    - ♦ Special Considerations
    - ♦ Definition of Key Terms
    - ♦ Report Conditions
- **Exhibits** - Detailed study findings, noting input assumptions and explanations in exhibit format.

Project and Study Background

SCD-TSA Kaloko Makai, LLC (SCD-TSA) proposes to develop a 1,142-acre site in North Kona, Hawaii as a master-planned community called Kaloko Makai (the Project.) The site is well-situated in a rapidly developing area, south of Kona International Airport at Keahole (Kona Airport) and adjacent to and north of the well-established commercial and light industrial-service centers of North Kona and Kailua-Kona.

Kaloko Makai is planned as a Transit-Oriented Development (TOD), as identified in the Kona Community Development Plan (Kona CDP.) It would be one of 10 TOD areas identified by the County and community groups as a higher density area in which most of the future population growth of the Kona area is intended to be accommodated. The Project master plan includes the key elements shown on the following table.

Key Developments Proposed at Kaloko Makai

	Units	Notes
Residential units	5,000 homes	Affordable & market-priced, single- and multifamily. Some developed as senior housing, including senior care residences.
Commercial retail & office	600,000 sq. ft. GLA	May include medical office buildings to support hospital.
Light industrial/ business park	75 (50 after taking) gross acres 40 net acres at completion	75 gross acres (60 net) developed in total, but 25 gross acres (20 net) are anticipated to be taken for a highway interchange in the 2026 to 2035 timeframe. This would result in 50 gross (40 net) acres in use at Project completion.
Lodge and business center	120 rooms plus business center	Kama`aina and business traveler orientation.
Outpatient care center	30,000 building sq. ft.	Includes pharmacy imaging, lab, ambulatory surgery & urgent care facilities, developed in two phases.
Hospital	150 beds 286,000 sq. ft	Main hospital and service building; developed in two phases.
Schools*	(To be developed by State of Hawaii and/or third parties)	One middle and two elementary school sites to be provided within the community.

* Planned or proposed for development, but assessment of economic and fiscal impacts is limited; see Chapter 2.

Source: SCD-TSA Kaloko Makai, LLC, 2012 and 2013

The Project land use plan is presented in the Exhibits section as Exhibit 1-1.

Together, the proposed developments would create a substantial residential, civic and employment center, generating myriad opportunities for community lifestyles as well as employment in professional, business, service and retail fields for island residents.

Assuming that necessary entitlements are obtained in a timely fashion, SCD-TSA estimates the first real estate products could be available for sale or use by 2015 and that all development could be completed by 2045.

Study Objectives

SCD-TSA seeks State of Hawaii (State) and County of Hawaii (County) entitlements for Kaloko Makai, including a State Land Use District Boundary Amendment (SLUDBA), and County zoning. In this respect, SCD-TSA engaged Mikiko Corporation (Mikiko) to prepare two reports:

1) **Market assessment** – Mikiko prepared an assessment of the market support for the residential, commercial, industrial and lodge/business center uses proposed. Market assessments for the medical facilities were prepared by Cattaneo & Stroud, Inc.

2) **Economic and fiscal impact assessment** – Mikiko prepared this assessment of the economic and fiscal impacts of the Project, including its medical-related uses.

Mikiko's market assessment (herein "the Market Study") is contained in a separate document entitled "Market Assessment for Kaloko Makai," dated April 2012. The economic and fiscal impact assessment reported in this document uses findings from the Mikiko and the Cattaneo & Stroud market studies as input assumptions.

Factors that are Assessed

This economic and fiscal assessment assesses the Project's impacts within the State of Hawaii and the County of Hawaii. Factors evaluated include:

- Economic impacts:
  - Expenditures by persons attracted to reside on the Island of Hawaii;
  - Development-related employment;
  - Operations-related employment; and
  - Personal income deriving from development and operations.
- Population impacts:
  - Residential utilization patterns;
  - Average daily visitor population; and
  - In-migrant resident population.
- Fiscal impacts:
  - Property tax and other County government revenues;
  - General excise tax, income tax, transient accommodations tax and other State government revenues;
  - County and State government operating expenditures; and
  - County and State net fiscal operating impacts.

Dollar Denomination

Unless otherwise stated, all dollar amounts in this report are stated in 2010 dollars.

Reporting Periods

This analysis extends from 2013 to 2045, a 33-year period that would span from preconstruction planning through Project buildout. The reporting periods in which impacts are assessed are:

- **Phase 1, 2013-2025 –** A 13-year period, during which the first two years would be dominated by entitlement, design, planning and pre-marketing; the subsequent 11 years would include real estate sales and lease closings;
- **Phase 2, 2026-2035** - A 10-year period, during which it is assumed the State Department of Transportation (DOT) exercises its right to take some 25 gross acres of industrial lands within the Project;
- **Phase 3, 2036-2045** – The final 10 years of Project buildout and sell-out/lease-up of its real estate products; and
- **After 2045** – An indefinite time beginning after complete buildout and market absorption of the Project. This final reporting "period" depicts the long-term impacts of the Project after its initial development and marketing impacts have been realized.

2 – Executive Summary

Development Phasing

Kaloko Makai's first properties could be expected to be available for sale or lease in 2015. The Project is expected to be built out and fully sold or leased-up by 2045.

In accordance with current County policies, up to 1,000 residential units are expected to be marketed according to County standards for affordable housing. Affordable housing would be developed for sale or rent at prices to be determined in agreements with governing agencies.[1]

Kaloko Makai is estimated to support some $1.58 billion in development-related expenditures statewide between 2013 and 2045. In an average year, this would represent about $48 million in new expenditures.

This estimate includes infrastructure, vertical construction, commercial tenant improvements, landscaping and soft costs such as professional services, administration of operating subsidiaries and the like.

The cost estimate does not cover construction of the planned schools, since such State projects are anticipated to be developed somewhere on the island, whether or not Kaloko Makai proceeds. Also excluded from this estimate are substantial sums that will be spent for furniture, fixtures and equipment within the various facilities; development and equipping of the desalinization plant, fire station, future water tank, parks and the dryland forest; County and State permits and fees; financing expenditures; contingency allowances; and other off-site infrastructure or potential public contributions thereof.

Portions of these substantial additional expenditures that are not estimated herein would also circulate through the local economies.

[1] Estimated affordable unit count is based on 5,000 total units generating 1,000 affordable housing credits, and County rules regarding assignment of credits on for-sale units by income range of buyers. See Hawaii County Code, Chapter 11, Section 11-5 (amended 2011.) If additional housing credits are required to address nonresidential units at Kaloko Makai, the developer will comply with such requirements.

For illustrative purposes, Hawaii County guidelines in effect as of September 1, 2010 would specify for-sale housing offered to households of two to four persons earning incomes ranging from less than 80% and up to 120% of the County median income be priced from $202,500 to $366,200; figure shown is based on a mix of market orientations that would satisfy the 1,000 credits expected to be required of the developer.

Alternatively, some of SCD-TSA's affordable housing commitment at the Project could be met with rental housing.

Kaloko Makai Proposed Development Phasing and Costs

	Comment	Phase 1: 2013 - 2025	Phase 2: 2026 - 2035	Phase 3: 2036 - 2045	Total
Homes*:	***Overall mix:***				
Market units	*80%*	1,395	1,567	1,038	4,000
Affordable units	*20%*	357	383	260	1,000
Total	***100%***	**1,752**	**1,950**	**1,298**	**5,000**
Average home sales price:					
Market units	*In 2010 dollars*	$396,000	$396,000	$396,000	
Affordable units		$284,500	$284,500	$284,500	
Weighted average		**$374,000**	**$374,000**	**$374,000**	
Commercial uses:					
Light industrial land**	*Net acres*	20	20	20	60**
Light industrial buildings**	*Same area, but in building sq. ft.*	40,000	130,000	130,000	300,000**
Retail & office centers	*Gross leasable area, in sq. ft.*	430,000	130,000	40,000	600,000
Lodge & Business Center	Guest rooms	120	0	0	120
Medical facilities -	Building square feet				
Outpatient care center		24,000	0	6,000	30,000
Hospital		191,000	95,000	0	286,000
Community support:					
Schools	*To be developed by State and/or third parties (timing may vary)*	Middle	Elemen-tary	Elemen-tary	3
Total development costs* **	*Hard and soft costs (mils)*	**$692**	**$555**	**$337**	**$1,584**
Average annual	*In 2010 dollars*	$53	$56	$34	$48

* Includes senior housing and senior care residences.

** A 20-net acre (25-gross acre) area alongside Queen Kaahumanu Highway is assumed to be taken by the State Department of Transportation for use as a highway interchange between 2026 and 2035. This would result in there being 40 net acres (50 gross) available for use at Project completion, despite 60 net (75 gross) having been developed and marketed over the Project's development. Likewise, there could be some 260,000 square feet of light industrial building area upon Project completion, despite some 300,000 square feet having been developed over the Project's development period.

*** Includes professional services post-entitlement; vertical, horizontal and infrastructure construction costs; and various off-site costs such as home office overhead. Excludes expected off-site and many other expenditures, as explained in preceding text.

Projected Impacts

The Project would generate significant, on-going economic and fiscal benefits for residents of Hawaii, as well as for the County and State governments. Development of facilities would generate employment and consequent income and taxes. In addition, by attracting new residents to the Island of Hawaii and generating additional real estate sales and leasing activity, the Project is expected to support long-term impacts, including additional consumer expenditures, employment opportunities, personal income and government revenue enhancement.

Highlights of the Project impacts are summarized in the table on the next page. Study methodology and definition of key terms such as “direct,” “indirect” and “induced” are provided in Chapter 3.

Development Employment

- **FTE employment** – During its buildout, Kaloko Makai is estimated to generate some 300 to 400 full-time equivalent (FTE) jobs annually, including positions created directly and indirectly by its development activities. These jobs would be located throughout the state, with greatest concentration on the Big Island.

- **Personal earnings** - The new development-related positions are expected to be associated with total personal earnings[2] of some $1.09 billion over the projection period, or $23 to $38 million per year. The earnings represent an average of $83,000 to $87,000 per FTE job, including direct construction-related jobs as well as indirect and induced opportunities created throughout the economy. The direct job positions are expected to enjoy higher salaries than the averages reported here.

Operational Employment

- **On-site jobs** - By the time of its expected completion in 2045, the Project could have generated some 3,100 direct FTE jobs on-site at its retail, office, industrial, lodge, and medical-related facilities. Because these on-site jobs would be supported at Project components, they are all considered direct impacts; there are assumed to be no indirect or induced employment impacts on-site.

  This estimate includes employees of the three planned schools, but it excludes Realtors and commercial brokers that may locate on-site, as well as private household workers and employees of community associations or facilities.

[2] Earnings are defined as wage, salary and proprietary income, plus director’s fees and employer contributions to health insurance, less employee contributions to social insurance.

Summary of Projected Economic and Fiscal Impacts
2010 dollars

	Comment	2025	2035	2045	After 2045
FTE employment:*	***Direct, indirect and induced except as noted***				
Development-related	*Average annual since prior date*	400	400	300	0
Operations-related -	*Annual, on-going*				
On-site	*Generated at Project facilities (direct impacts only)*	1,900	2,700	3,100	3,100
Net new jobs on Island	*New to County*	1,000	1,500	1,700	1,700
Total personal earnings:**	***Direct, indirect and induced***				
Development-related	*Average annual since prior date*	$37	$38	$23	$0
Operations-related	*Annual, on-going, on net new jobs only*	$59	$88	$94	$90
Average earnings per FTE job:**	***Direct, indirect and induced (not in millions)***				
Development-related	*Average annual since prior date*	$87,000	$87,000	$83,000	NA
Operations-related	*On net new jobs only*	$58,000	$59,000	$55,000	$53,000
In-migrant resident population:	***Average daily employees, dependents, and new island residents***				
To the County		330	650	840	840
To the State	*Subset of County in-migrants*	230	480	630	630
Net additional government revenues:	***Projected revenues less projected expenditures***				
For the County		$3.9	$6.9	$8.8	$8.8
For the State		$5.4	$6.2	$4.9	$2.8
Revenue/expenditure ratio:					
For the County		6.0	6.0	6.1	6.1
For the State		5.2	3.4	2.4	1.8

Note: Other than for on-site jobs, estimates shown do not consider impacts of the planned schools, since equivalent facilities would be assumed to be developed elsewhere on the island even if the Project was not developed.

* FTE = Full-time equivalent, defined as 40 hours per week or 2,080 hours per year.

** Earnings defined to include wage, salary and proprietary incomes, plus directors' fees and employer contributions to health insurance, less employee contributions to social insurance.

Sources: SCD-TSA Kaloko Makai, LLC, 2012 and 2013; Cattaneo & Stroud, 2011; Mikiko Corporation, 2012.

- **Net new jobs** –
  - **FTE employment** - Considering the Project's direct, indirect and induced impacts statewide, Kaloko Makai could alternatively be seen to generate some 1,700 permanent, on-going FTE jobs. These are positions that might not have existed had the Project not been developed. These "net new" jobs could include shares of the professional, technical, managerial and other staff positions at the new hospital, other medical facilities, office and retail areas; sales and marketing positions supported by the on-going resales and releasing of property at the Project; positions generated at the business and kama`aina-oriented lodge; and myriad other positions generated throughout the economy.[3]

    The net new job estimate is lower than the on-site job estimate because some of the jobs shown at Project facilities could be expected to be created elsewhere on the island even if the Project were not developed.

  - **Personal earnings** - Personal earnings from the new operational positions will increase over time as more facilities and establishments are opened. New personal earnings are projected to total about:

    - $59 million in 2025,
    - $88 million in 2035,
    - $94 million in 2045, and
    - $90 million per year after 2045, on an ongoing basis.

    The difference between the last, "ongoing" time frame and the Phase 3 (2045) earnings is the expiration of the initial residential and commercial brokerage opportunities.

    On average, these net new FTE positions are expected to earn about $55,000 to $59,000 per year during Project buildout, and $53,000 per year after 2045. Considering the 2009-2010 observed ratio of total family earnings of 1.8 times the average County wage, these earnings could be expected to be associated with average family incomes of about $97,000, or 145% of the County median reported for fiscal year 2010, on an ongoing basis.

[3] The share of new positions within each employment category reflects judgments about the ability of Project facilities to support activity that might not have otherwise existed, such as offering substantially expanded medical services in the heart of Kona, or attracting kama`aina or business travelers to stay overnight on Hawaii island rather than returning home (making a day trip only) or staying with friends.

Population Movements

Opportunities created by Kaloko Makai, particularly its professional, technical and managerial career opportunities, will create incentives for some neighbor islanders or former Hawaii residents to move back to the State and/or to the Island of Hawaii.

In addition, some of Kaloko Makai's homes may attract householders that previously lived off-island or out-of-state. These could include retirees as well as younger household heads.

- **County –** The influences described above are estimated to result in perhaps 330 persons living on the Island of Hawaii who might not otherwise have lived on the island (in-migration to the County) by 2025, or up to 840 after Project completion in 2045.

- **State -** Within the above total, some 230 and 630 persons, respectively, are expected to be persons who had previously lived out-of-state.

Fiscal Impacts

- **County** - The Project could be expected to contribute some $8.8 million per year in net additional County revenues at its completion and annually thereafter.

  By 2045, new County government revenues are estimated to represent about 6.1 times the new County government operating expenditures required to support the additional population that could be attracted to the Island of Hawaii by the Project.

  The Project's real property taxes are the major contributor to the County net fiscal benefits.

- **State** - For the State, net additional operating revenues generated by the Project are estimated at $4.9 to $6.2 million per year during buildout, when development activity would generate high gross excise and income taxes. The Project is projected to continue to contribute to State budget gains in the long-run, with net additional revenues of some $2.8 million per year after 2045.

  These fiscal impacts represent a revenue/expenditure ratio for the State of some 2.4 to 5.2 during buildout, and 1.8 by 2045 and thereafter.

- **Other** - These public sector contributions do not consider the value of the school sites, dryland forest, public parks or potential off-site infrastructural improvements that may be contributed by SCD-TSA. Neither do they consider the various impacts and permit fees expected to be paid to the County and State governments during the development of the Project.

3. Study Conditions and Terminology

Special considerations and terminology for the analyses on which the preceding results rely are presented in this chapter. For a more complete understanding of the study analyses, one should refer to the exhibits in the next section of this report, and the notes that accompany each exhibit.

Special Considerations

- **Use and classification of residential units –** Although not considered a major market segment, the Project could attract some buyers that previously lived on a neighbor island or out-of-state. These new island residents may be expected to include households at many stages of life, including retirees. This group is distinguished from buyers who are already established island residents in terms of their economic and fiscal impacts.

  - New island residents who buy homes at the Project bring new investments, earnings and expenditures to the State and County. Conversely, they also require additional government resources and services. In short, they generate economic and fiscal impacts for the County and State.

  - Previously established island residents who buy homes at the Project are assumed to be able to live elsewhere on the Island of Hawaii even if the Project is not developed. Thus, while they may increase population at the Kaloko Makai site itself, from the County and State's standpoint, their presence is not a new impact.

- **Commercial facilities** - The proposed commercial facilities are expected to attract spending from Kaloko Makai and other island residents, as well as Hawaii Island visitors.

  It is likely that Hawaii Island residents and visitors would have spent an equivalent amount on dining out and/or personal services whether or not the Project's commercial facilities were developed. Thus, given a competitive retail and office market on the island, the planned facilities could lead to a geographic reallocation of spending within the region, but would not in themselves be expected to significantly increase expenditures made in the County or State.

  On the other hand, commercial facilities would contribute to the Project's ability to attract residential buyers to Kaloko Makai.

  In other words, Kaloko Makai's on-site commercial facilities will employ workers, pay taxes and generate other economic and fiscal benefits. These are considered

  direct Project impacts and most of these jobs would be located on-site. However, the net benefits of the Project's commercial facilities are best measured in terms of the new spending that Kaloko Makai attracts to the island, and the taxes and other benefits these persons will generate throughout the County and State. Many of these impacts are likely to be felt off-site, benefitting establishments throughout the island.

- **Other uses/considerations not modeled –** Kaloko Makai is planned to include one middle and two elementary school sites, with facilities to be built by the State and/or private developer(s). Other than as a generator of on-site employment, this assessment does not consider the economic and fiscal impacts of the State's planned schools. These facilities are noted but are not evaluated in terms of their other economic and fiscal impacts. It is assumed that comparable schools would be built somewhere in West Hawaii whether or not the Project is developed, and thus Kaloko Makai itself would not generate their impacts.

  Although the developer proposes to contribute land for public facilities, the value of such contributions is not included in this assessment and should be considered an additional benefit to the public and to State and/or County governments.

- **Entitlement spending not considered** – SCD-TSA's current entitlement process for Kaloko Makai is already generating significant economic activity and fiscal benefits by employing professionals and supporting vendors around the state. However, since such benefits are not dependent on the outcome of the entitlement process, they are not enumerated in this analysis.

- **Government expenditures –** State and County revenues and expenses estimated herein are based largely on the structure of tax collections and services for the fiscal years ending June 30, 2010 (FY2010) for the County and June 30, 2009 (FY2009) for the State, with adjustments to 2010 dollars. Information is obtained from the Comprehensive Annual Financial Reports of the respective jurisdictions. The impacts estimated would differ if governmental taxing and spending policies were to be materially altered.

- **Government revenues –** Government revenues are largely derived from the same sources noted above for expenditures. County real property tax revenues are based on rates that were in effect during the fiscal year ending June 30, 2010, although rates have increased subsequently. State income tax revenues, are based on 2010 rates, which were unchanged in 2011 in the income brackets considered.

Definition of Key Terms

Within this report, the following definitions apply:

- **Direct impacts** - Those economic, population or other impacts attributable to persons or activities that are a direct result of the proposed development. For instance, direct employment impacts are expected to include those involved in building the proposed facilities, such as construction workers, and those who would later work at them in their operations.

Many, but not all of direct impacts can be expected to occur on-site. For instance, a portion of the construction budget is for architects and engineers. While such persons' employment might be temporarily dependent on contracts regarding Kaloko Makai, some of these professionals may do the majority of their work from offices in Hilo, Honolulu or elsewhere. Likewise, administrative and managerial staff located off-site would support construction professionals working on-site.

- **Indirect impacts** - Indirect impacts occur when the businesses or persons who are directly affected make expenditures for additional supplies or services. For instance, some of the additional retail spending by those newly attracted to Hawaii by the Project could be spent on eating out. These elevated dining out expenditures could indirectly increase demand for produce, seafood and meats from Hawaii farms, fishermen and/or ranching enterprises. Kaloko Makai would thus have indirectly supported new business opportunities for area providers of such goods and services.
- **Induced impacts** - Induced impacts occur throughout the community when those persons or companies that have benefited from the direct or indirect impacts of the Project spend their associated earnings on consumer goods and services. For instance, a construction worker may spend her earned wages to buy a new pair of shoes, or to pay for her child's day care. The farmer who sells produce to a restaurant at Kaloko Makai may use some of his profit to take his family out to the movies. The businesses and individuals impacted by such re-spending are said to enjoy induced economic impacts from the Project.
- **Total impacts** - Total impacts are defined as the sum of direct, indirect and induced impacts for any given variable.
- **Resident population** - Resident population refers to all those persons who habitually reside in a given area, whether or not they may have temporarily traveled away.
- **Full-time equivalent** - This study measures employment opportunities in full-time equivalent (FTE) units. One full-time equivalent position is defined herein as 2,080 hours of employment (including paid vacation and sick leave) per year. This is equivalent to 40 hours per week, and may also be referred to as a "person-year" of employment. Two half-time jobs would be considered to together represent one FTE job.
- **Other** – Other special terms used in this analysis are generally defined within the respective exhibit where the term is used.

Report Conditions

Assumptions regarding the scale, nature and timing of the Project are made in order to assess its impacts. This assessment is based on findings of the market study prepared by Mikiko, as well as the assessment of medical-related facilities prepared by Cattaneo & Stroud, as provided to Mikiko by SCD-TSA. This study relies on physical parameters, layouts, timelines, budgets, development programs and other inputs provided by SCD-TSA, Wilson Okamoto Corporation (Wilson Okamoto), and other sources as noted.

In addition, this assessment also incorporates information provided by government agencies, developers, brokers, landowners, and other sources as cited in the exhibits. While attempts have been made to verify such information via multiple sources, it is not always possible to do so.

Mikiko cannot guarantee the accuracy or appropriateness of all information upon which its assessments may be based.

Although Project data were updated in 2012 and 2013 to reflect current plans for development, Mikiko has no responsibility to update this report or any of the underlying data for events and circumstances occurring after July 15, 2011, the date of substantial completion of other primary data collection.

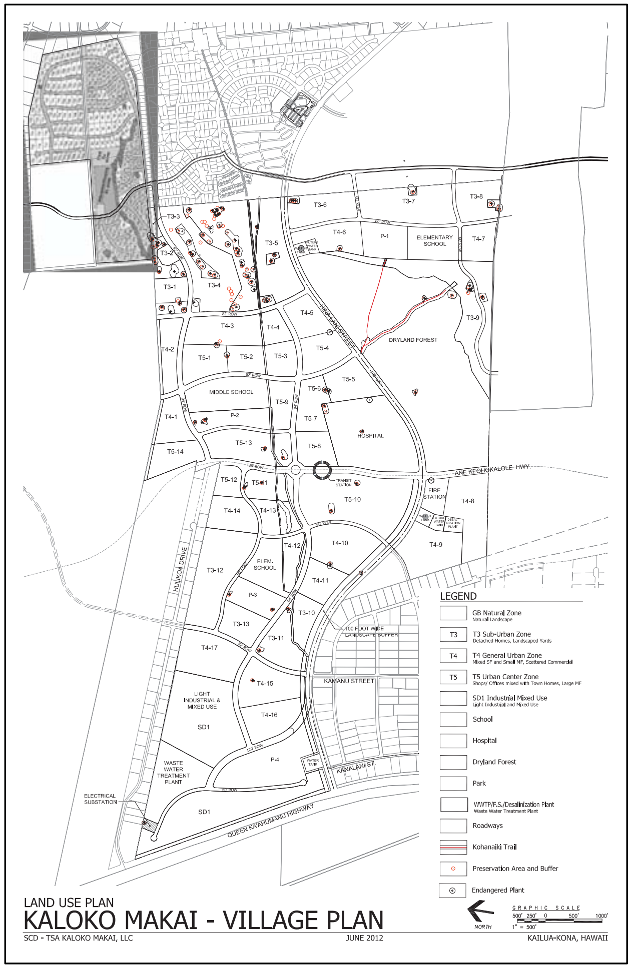
This report is for the planning purposes of SCD-TSA, Wilson Okamoto and their consultants, as well as for public disclosure of the nature of the Project pursuant to seeking State and County land entitlements. It is not intended to be used for solicitation of investment.

This report does not offer an appraisal of the Subject, nor should it be construed as an opinion of value for the Project.

ECONOMIC AND FISCAL IMPACT ASSESSMENT FOR KALOKO MAKAI

Exhibits

Exhibit 1-1
Kaloko Makai – Conceptual Land Use Plan



Source: SCD-TSA Kaloko Makai, LLC2012.

Exhibit 2-1
Project Concept and Potential Development Timing
2013 to 2045

	Unit	Notes		2013-25 *Phase 1*	2026-35 *Phase 2*	2036-45 *Phase 3*	Total
Highlights of period:		*2013-14: entitlement, design & planning* *2015: First building completions* *Parks, schools, open spaces opening throughout*		■ *First homes in 2015* ■ *Urgent care & hospital* ■ *First retail, office & industrial* ■ *Lodge/ bus. center*	■ *Ongoing residential & commercial* ■ *Hospital expands* ■ *DOT takes 25 acres of industrial land*	■ *Full Project buildout* ■ *Urgent care facility expands*	
Development in period:			*Average sales/year*				
Residential units completions/sales[1]		*Av. price:*	*(rounded)*				
Market units (single & multifamily)	*Sold homes*	*$396,000*	*130*	1,395	1,567	1,038	4,000
Affordable units (multifamily)[2]	*Sold homes*	*$284,500*	*30*	357	383	260	1,000
Total, residential units/weighted average price		*$374,000*	*160*	1,752	1,950	1,298	5,000
Light industrial land[3]							
Land put in service	*Gross acres*			*25*	*25*	*25*	75
Land removed from service	*Gross acres*	*Assumed taking by DOT[3]*		-	*(25)*	-	(25)
Land in use at end of period	*Gross acres*			*25*	*25*	*50*	
Net acres put in service	*Net acres*	*0.8*	*of gross acres put in service*	20	20	20	
Light industrial buildings[4]	*Built sq. ft., on net ac.*	*0.15*	*floor area ratio; see note 4*	40,000	130,000	130,000	300,000
Commercial centers	*GLA sq. ft.*			430,000	130,000	40,000	600,000
Lodge and Business Center	*Rooms*			120	0	0	120
Medical facilities:		*Cattaneo & Stroud, June 2011*					
Outpatient care center	*Building GSF*	*Imaging, lab, urgent care, etc.*		24,000	0	6,000	30,000
Hospital	*Building GSF*	*Includes service building*		191,000	95,000	0	286,000
Schools[5]	*Schools*	*To be developed by State and/or its private partner (timing may vary)*		Middle	Elementary	Elementary	3

1 Includes senior housing and senior care residences.

2 Affordable unit count based on 5,000 total units generating 1,000 affordable housing credits, and County rules regarding assignment of credits on for-sale units by income range of buyers. See Hawaii County Code, Chapter 11, Section 11-5 (amended 2011.) If additional housing credits are required to address nonresidential units at Kaloko Makai, developer will comply with such requirements.

For illustrative purposes, Hawaii County guidelines in effect as of September 1, 2010 would specify for-sale housing offered to households of two to four persons earning incomes ranging from less than 80% and up to 120% of the County median income be priced from $202,500 to $366,200; figure shown is based on a mix of market orientations that would satisfy the 1,0000 credits that could be required of the developer.

3 A 25-gross acre area alongside Queen Kaahumanu Highway is assumed to be taken by the State Department of Transportation (DOT) for use as a highway interchange during Phase 2. Exhibit figures reflect total acreages to be developed. However, due to taking, acreage remaining in service at Project completion in 2045 is expected to be less than the total developed.

4 Relatively less building improvement anticipated on first increment of land development due to the expected taking of those lands in second period. Development on lands added into service in second and third periods is projected to reflect the average floor area ratio shown. Note that buildings constructed on lands to be taken by DOT likely to be subsequently demolished, so that net buildings remaining at completion of Project likely to be less than total of development activity shown in exhibit.

5 Assumed to include one, 1,000-student middle school and two, 750-student elementary schools, based on information provided to SCD-TSA by Department of Education, 2013.

Exhibit 2-1, Continued
Project Concept and Potential Development Timing

	Notes	2025 *Phase 1*	2035 *Phase 2*	2045 *Phase 3*
Cumulative development by end of phase:				
Residential units completions/sales[1]				
Market units (single & multifamily)	*Sold homes*	1,395	2,962	4,000
Affordable units (multifamily)[2]	*Sold homes*	357	740	1,000
Total		1,752	3,702	5,000
Light industrial land[3]	*Net acres in service*	20	20	40
Light industrial buildings[4]	*Built sq. ft., on net ac.*	40,000	130,000	260,000
Commercial centers	*Gross leasable square feet (GLA)*	430,000	560,000	600,000
Lodge and Business Center	*Rooms*	120	120	120
Medical Facilities:	*Building gross square feet (GSF)*			
Outpatient care center		24,000	24,000	30,000
Hospital		191,000	286,000	286,000
Elementary and middle schools[5]	*Number of schools (to be developed by State and/or its private partner)*	1	2	3

1 Includes senior housing and senior care residences.

2 Affordable unit count based on 5,000 total units generating 1,000 affordable housing credits, and County rules regarding assignment of credits on for-sale units by income range of buyers. See Hawaii County Code, Chapter 11, Section 11-5 (amended 2011.) If additional housing credits are required to address nonresidential units at Kaloko Makai, developer will comply with such requirements.

For illustrative purposes, Hawaii County guidelines in effect as of September 1, 2010 would specify for-sale housing offered to households of two to four persons earning incomes ranging from less than 80% and up to 120% of the County median income be priced from $202,500 to $366,200; figure shown is based on a mix of market orientations that would satisfy the 1,0000 credits that could be required of the developer.

3 A 25-gross acre area alongside Queen Kaahumanu Highway is assumed to be taken by the State Department of Transportation (DOT) for use as a highway interchange during Phase 2. Exhibit figures reflect total acreages to be developed. However, due to taking, acreage remaining in service at Project completion in 2045 is expected to be less than the total developed.

4 Relatively less building improvement anticipated on first increment of land development due to the expected taking of those lands in second period. Development on lands added into service in second and third periods is projected to reflect the average floor area ratio shown. Note that buildings constructed on lands to be taken by DOT likely to be subsequently demolished, so that net buildings remaining at completion of Project likely to be less than total of development activity shown in exhibit.

5 Assumed to include one, 1,000-student middle school and two, 750-student elementary schools, based on information provided to SCD-TSA by Department of Education, 2013.

Sources: SCD-TSA Kaloko Makai, LLC, 2012; Cattaneo & Stroud, 2011; Mikiko Corporation, 2012.

Exhibit 2-2
Buyer Origins and Residential Utilization Patterns

	Basis/reference	2025	2035	2045	After 2045
Usage assumptions: [1]					
Market units-resident housing units (RHU)	*81% of sold market units*	1,133	2,407	3,250	3,250
Market units-non-RHU's	*19% of sold market units*	262	555	750	750
Affordable units	*100% of sold affordable units*	357	740	1,000	1,000
Total	*85% share of all units that are RHU (see Market Study)*	1,752	3,702	5,000	5,000
Unit occupancy assumptions: [1]					
Market units-resident housing units (RHU)	*Allowance for vacancy/transitions*	*95%*	*95%*	*95%*	*95%*
Market units-non-primary	*Share of time spent on-island*	*45%*	*45%*	*45%*	*45%*
Affordable units	*Allowance for vacancy/transitions*	*95%*	*95%*	*95%*	*95%*
Utilization pattern:					
Average daily occupied units -	*Exhibit 2-1 + usage assumption*				
Market units-resident housing units (RHU)[1]		1,077	2,286	3,088	3,088
Market units-non-primary[1]		118	250	338	338
Affordable units	*All primary homes*	339	703	950	950
Total, rounded		**1,530**	**3,240**	**4,380**	**4,380**
Average daily persons in residence -	*Ref market study, Ex. 2-6 (midpoint)*				
Market units-resident housing units (RHU)[1]	*2.8 persons per occupied unit*	3,015	6,402	8,645	8,645
Market units-non-primary[1]	*2.2 persons per occupied unit*	259	550	743	743
Affordable units	*2.9 persons per occupied unit*	984	2,039	2,755	2,755
Total, rounded		**4,260**	**8,990**	**12,140**	**12,140**

1 Based on projected market mix for the Project and average household sizes for North Kona-North as shown in Market Study, Exhibit 2-6 and Appendix 1. Includes senior housing and senior care residences.

Exhibit 2-3
Lodge and Business Center Operations and Utilization Patterns

	Basis/reference	2025	2035	2045	After 2045
Number of rooms	*Exhibit 2-1*	120	120	120	120
Unit occupancy assumptions:					
Average occupancy		60%	65%	65%	65%
Average party size	*Number of persons per occupied room*	1.8	1.8	1.8	1.8
Average daily guests	*Rounded*	**130**	**140**	**140**	**140**
Projected guest mix:					
Island residents -		5%	5%	5%	5%
Neighbor island residents -					
Business		30%	30%	30%	30%
Visiting friends & family		15%	15%	15%	15%
Sports or other event/group travel		10%	10%	10%	10%
Subtotal		55%	55%	55%	55%
Out-of-state residents -					
Business		20%	20%	20%	20%
Visiting friends & family		15%	15%	15%	15%
Sports or other event/group travel		5%	5%	5%	5%
Subtotal		40%	40%	40%	40%
Total		100%	100%	100%	100%
Average daily room rate	*Mid-point of projected low and high ranges in Market Study*	$120	$125	$130	$130
Projected revenues	*In millions*				
Rooms		$3.2	$3.6	$3.7	$3.7
Other (sundries, parking, business services, etc.)	*$10.00 per occupied room*	$0.3	$0.3	$0.3	$0.3
		$3.4	$3.8	$4.0	$4.0

Sources: SCD-TSA Kaloko Makai, LLC, 2012; Mikiko Corporation, Market Study, 2012.

Exhibit 3-1
Visitor and Non-Primary Resident Expenditures in Hawaii, Average Annual
2010 dollars, in millions, except as noted

	Basis/reference (not in millions)		2025	2035	2045	After 2045
Non-primary residents:						
Bases for projection:						
Average household income[1]	*Approximate 90th percentile, 2010 North Kona-North resident incomes*	*$200,000*				
Percent of income spent on island[2]	*50% times % of year on-island (Ex. 2-2), =*	*23%*				
Persons per household	*Exhibit 2-2*	*2.2*				
Projections:						
Direct expenditures	*Expenditure per FTE person:*	*$20,500*	$5.3	$11.3	$15.2	$15.2
Indirect & induced	*0.93 multiplier*[3]		$4.9	$10.5	$14.2	$14.2
Total			**$10.2**	**$21.8**	**$29.4**	**$29.4**
Visitors to Hawaii Island:						
From neighbor islands:						
Number of visitors	*Based on share of visitors shown in Exhibit 2-3*		*72*	*77*	*77*	*77*
Direct expenditures	*Based on share of revenues shown in Exhibit 2-3*		$1.9	$2.1	$2.2	$2.2
Indirect & induced	*0.93 multiplier*[3]		$1.8	$2.0	$2.0	$2.0
Total			**$3.6**	**$4.1**	**$4.2**	**$4.2**
From out-of-State:						
Number of visitors	*Based on share of visitors shown in Exhibit 2-3*		*52*	*56*	*56*	*56*
Direct expenditures	*Based on share of revenues shown in Exhibit 2-3*		$1.4	$1.5	$1.6	$1.6
Indirect & induced	*0.93 multiplier*[3]		$1.3	$1.4	$1.5	$1.5
Total			**$2.6**	**$3.0**	**$3.1**	**$3.1**

1 See Market Study, Exhibit 2-7.

2 Corroborates with benchmark estimate of average spending on local consumption items of 53% of pre-tax income, considering that recent in-migrants may have more on-going obligations or interests outside of the state than do previously established residents. Estimates derived from figures shown in Department of Business, Economic Development and Tourism, State of Hawaii Data Book 2006, "Table 13.25, Average Annual Expenditures and Other Characteristics of Consumer Units, for Honolulu: 2000-2001 to 2004-2005," 2004-2005 figures, excluding shelter and personal insurance and pensions expenditures. DBEDT source references U.S. Bureau of Labor Statistics, Selected Western Metropolitan Statistical Areas: Average annual Expenditures and Characteristics, Consumer Expenditure Survey (annual.)

3 Based on State weighted average of Type II final demand multipliers for output among 20 condensed industry groups (less 1.0) as shown in State of Hawaii, Department of Business, Economic Development and Tourism, "The Hawaii State Input-Output Study: 2007 Benchmark Report," July 2011, Table 2.4.

Exhibit 3-2
Input-Output Multipliers Applied to Development Activities

DIRECT REQUIREMENT COEFFICIENTS

		Direct requirement coefficients per $1 million (2007$) project cost			
	DBEDT industrial categories applied	Jobs[1]	FTE factor[2]	Productivity factor[3]	$ Earnings[4]
Professional services	*#46-Architectural and engineering services*	6.69	0.81	0.66	0.57
Construction:					
Residential & commercial units	*#13-SF housing construction (10%), #14-Construction of other buildings (90%)*	4.52	0.90	0.63	0.30
Light industrial	*#14-Construction of other buildings*	4.64	0.90	0.63	0.30
Commercial facilities	*#14-Construction of other buildings*	4.64	0.90	0.63	0.30
Tenant improvements	*#14-Construction of other buildings*	4.64	0.90	0.63	0.30
Lodge and Business Center	*#14-Construction of other buildings*	4.64	0.90	0.63	0.30
Medical facilities	*#14-Construction of other buildings*	4.64	0.90	0.63	0.30
Wastewater treatment plan	*#14-Construction of other buildings*	4.64	0.90	0.63	0.30
Infrastructure	*#15-Heavy & civil engineering construction*	10.38	0.90	0.62	0.30
Other costs	*#41-Other finance & insurance, #43-Real estate, #45-Legal services, #49-Other professional services, #52-Administrative & support services*	14.67	0.81	0.67	0.43

DIRECT EFFECT INDUSTRY MULTIPLIERS[5]

		Indirect & induced multiplier per direct:	
	DBEDT industrial categories applied	FTE job	$ Earnings
Professional services	*Same as above*	1.39	0.56
Construction:			
Residential & commercial units	*Same as above*	2.04	1.12
Light industrial	*Same as above*	1.99	1.13
Commercial facilities	*Same as above*	1.99	1.13
Tenant improvements	*Same as above*	1.99	1.13
Lodge and Business Center	*Same as above*	1.99	1.13
Medical facilities	*Same as above*	1.99	1.13
Wastewater treatment plan		1.99	1.13
Infrastructure	*Same as above*	0.89	1.14
Other	*Same as above*	0.79	0.94

1 Coefficients calculated from total (wage, salaried and proprietary) jobs per $1 million total output, as shown in Hawaii State Department of Business, Economic Development & Tourism, "The Hawaii State Input-Output Study: 2007 Benchmark Report," July 2011. Figures derived from 68-industry detailed tables provided separately in excel workbook accompanying the report.

2 Adjustment factor applied to the jobs coefficients to estimate full-time equivalent jobs at 40 hours per week, since DBEDT input data reflects all jobs, including full- and part-time. Factor derived from statewide annual data for 2007 to 2010 on average weekly hours reported worked in the private sector professional and business services, and the mining and construction industries, as reported by State of Hawaii, Department of Labor & Industrial Relations, at http://www.hiwi.org/gsipub/index.asp?docid=419, as accessed July 10, 2011.

3 Adjustment factor applied to the jobs coefficients to reflect inflation and anticipated gains in labor productivity. Factors derived from 2007 vs. projected 2017 Type II final demand multipliers for total jobs by detailed industry, as presented in DBED excel workbook, ibid.

4 Earnings defined to include wage, salary and proprietary incomes, plus directors' fees and employer contributions to health insurance, less employee contributions to social insurance. Calculated from total earnings reported per $1 million total output, DBEDT, ibid.

5 For indirect and induced impacts of respective direct impacts. Multipliers derived from Type II direct effect total job/total job and earnings/earnings multipliers as shown in DBEDT, ibid; published multipliers reduced by 1.0 to eliminate direct jobs previously calculated.

Exhibit 3-3
Estimated Current Development Costs: Total for Each Period
2010 and 2007 dollars, in millions unless stated

	Basis/reference (not in mils unless stated)	**2013 2025**	**2026 2035**	**2036 2045**	**Total**
In 2010 dollars:[1]					
Professional services[2]	*Design, planning, engineering, legal, etc.*	$33.72	$21.45	$13.10	$68.3
Construction -	*Net of contingencies & residential options*				
Residential & commercial units	*Includes SNF and senior units*	$301.8	$335.9	$223.58	$861.3
Light industrial	*$75 PSF in place (Ex. 2-1)*	$3.0	$9.8	$9.8	$22.5
Tenant improvements[3]	*$140 Per square foot industrial & commercial space (Ex. 2-1)*	$65.8	$36.4	$23.8	$126.0
Lodge and Business Center	*SCD, 2012*	$67.2	$0.0	$0.0	$67.2
Medical facilities	Urgent care & hospital facilities	$94.1	$44.6	$0.9	$139.6
Waste water treatment plant	Buildings only	$3.9	$1.7	$1.7	$7.2
Infrastructure[4]	*Site preparation, utilities, roads, on-site*	$95.0	$74.3	$43.7	$213.0
Subtotal		$630.7	$502.5	$303.4	$1,436.6
Other	*On & off-site soft costs such as home office overhead*	$27.8	$30.9	$20.6	$79.3
Total, rounded		**$692.2**	**$554.9**	**$337.1**	**$1,584.2**
In 2007 dollars:[5]	*93% of 2010 values*				
Professional services		$31.5	$20.0	$12.2	$63.8
Construction -					
Residential units		$281.9	$313.8	$208.9	$804.5
Light industrial		$2.8	$9.1	$9.1	$21.0
Commercial facilities		$0.0	$0.0	$0.0	$0.0
Tenant improvements		$61.5	$34.0	$22.2	$117.7
Lodge and Business Center		$62.8	$0.0	$0.0	$62.8
Medical facilities		$87.9	$41.6	$0.8	$130.4
Waste water treatment plant		$3.6	$1.5	$1.5	$6.7
Infrastructure		$88.7	$69.4	$40.8	$198.9
Other		$26.0	$28.9	$19.2	$74.1
Total, rounded		**$646.6**	**$518.3**	**$314.9**	**$1,479.8**

1 Provided by SCD-TSA Kaloko Makai, LLC, 2012, unless otherwise noted.

2 Excludes consultant services related to entitlement efforts.

3 Includes developer- and tenant-provided construction budgets. Comparison examples for first generation buildouts include office space at $150-170 per square foot, and retail at $150-$250 per square foot, as provided by Colliers Monroe Friedlander, 2007; restaurants minimum $300 per square foot per SL Sofos & Co., Ltd.; industrial at $50 PSF. Weighted average figure based by product mix by type is inflated to 2010 dollars.

4 Covers grading and other preparation of on-site development pads with utility installation; subdivision and collector roads. Excludes parks, schools, dryland forest, desalinization plant, fire station, future water tank, off-site infrastructure and other potential expenditures or public contributions.

5 Based on Honolulu single-family home and high rise building construction cost indices (averaged) for 2007-2010 as reported by UHERO, Data Portal, as accessed July 7, 2011 and September 25, 2012.

Economic and Fiscal Impact Assessment for Kaloko Makai

Exhibit 3-4
Estimated Current Development Costs: Average Annual
2010 dollars, in millions

	Basis/reference	**2013 2025**	**2026 2035**	**2036 2045**	**Overall average**
Costs by type:	*Exhibit 3-3, annualized*				
Professional services		$2.6	$2.1	$1.3	$2.1
Construction -					
Residential & commercial units		$23.2	$33.6	$22.4	$26.1
Light industrial		$0.2	$1.0	$1.0	$0.7
Tenant improvements[1]		$5.1	$3.6	$2.4	$3.8
Lodge and Business Center		$5.2	$0.0	$0.0	$2.0
Medical facilities		$7.2	$4.5	$0.1	$4.2
Waste water treatment plant		$0.3	$0.2	$0.2	$0.2
Infrastructure[2]		$7.3	$7.4	$4.4	$6.5
Other		$2.1	$3.1	$2.1	$2.4
Total, rounded		**$53.2**	**$55.5**	**$33.7**	**$48.0**

1 Includes developer- and tenant-provided construction budgets.

2 Covers grading and other preparation of on-site development pads with utility installation; subdivision and collector roads. Excludes parks, schools, dryland forest, desalinization plant, fire station, future water tank, off-site infrastructure and other potential expenditures or public contributions.

Exhibit 3-5
Development Employment, FTE Jobs[1]
2013 to 2045 (Total in each period)

	Basis/reference	2013 2025	2026 2035	2036 2045	Total/ average
Total:					
Direct jobs -	*Exhibits 3-2 and 3-3*				
Professional services		113	72	44	228
Construction -					
Residential & commercial units		722	804	535	2,061
Light industrial		7	24	24	55
Commercial facilities		0	0	0	0
Tenant improvements[2]		162	89	58	310
Lodge and Business Center		165	0	0	165
Medical facilities		231	109	2	343
Wastewater treatment plant		9	4	4	18
Infrastructure[3]		514	402	236	1,152
Other		207	230	153	590
Subtotal direct jobs (rounded)		2,100	1,700	1,100	4,900
Indirect and induced jobs (rounded) [4]	*Exhibit 3-2*	3,400	2,700	1,700	7,800
Total jobs		**5,500**	**4,400**	**2,800**	**12,700**
Average annual:					
Direct jobs -					
Professional services		9	7	4	7
Construction[2,3]		139	143	86	124
Other		16	23	15	18
Subtotal direct jobs (rounded)		**160**	**170**	**110**	**150**
Indirect and induced jobs[4]		262	270	170	236
Total jobs (rounded)		**400**	**400**	**300**	**390**

1 FTE = Full time equivalent, defined as 40 hours per week or 2,080 hours per year.

2 Includes employees supported by developer- and tenant-provided construction activities.

3 Covers grading and other preparation of on-site development pads with utility installation; subdivision and collector roads. Excludes parks, schools, dryland forest, desalinization plant, fire station, future water tank, off-site infrastructure and other potential expenditures or public contributions.

4 Based on weighted average of Direct-Effect jobs multipliers for each job category, as shown on Exhibit 3-2.

Exhibit 3-6
Personal Earnings from Development - Total in Period
2010 dollars, in millions

	Basis/reference	2013 2025	2026 2035	2036 2045	Total
Direct earnings[1]:	*Exhibits 3-2 & 3-3*				
Professional services		$20.1	$12.8	$7.8	$40.7
Construction -					
Residential & commercial units		$94.7	$105.4	$70.2	$270.3
Light industrial		$0.9	$3.1	$3.1	$7.1
Tenant improvements[2]		$20.7	$11.4	$7.5	$39.5
Lodge and Business Center		$21.1	$0.0	$0.0	$21.1
Medical facilities		$29.5	$14.0	$0.3	$43.8
Wastewater treatment plan		$1.2	$0.5	$0.5	$2.2
Infrastructure[3]		$29.8	$23.3	$13.7	$66.8
Other		$12.5	$13.9	$9.3	$35.7
Subtotal, direct		**$230.6**	**$184.4**	**$112.3**	**$527.3**
Indirect and induced earnings[4]		$245.6	$197.2	$119.8	$562.5
Total earnings		**$476.2**	**$381.6**	**$232.1**	**$1,089.8**

Notes: : Earnings defined to include wage, salary and proprietary incomes, plus directors' fees and employer contributions to health insurance, less employee contributions to social insurance.

1 Based on industry coefficients as shown in Exhibit 3-2 and estimated construction costs in 2007 dollars, as shown in Exhibit 3-2. Figures inflated 12.0% based on average annual hourly wage data for statewide mining and construction industry from 2007 to 2010: Current Employment Statistics (CES) data, not seasonally adjusted, as provided by Hawaii Workforce Infonet at www.hiwi.org/, accessed September 25, 2012.

2 Includes earnings supported by developer- and tenant-provided construction activities.

3 Covers grading and other preparation of on-site development pads with utility installation; subdivision and collector roads. Excludes parks, schools, dryland forest, desalinization plant, fire station, future water tank, off-site infrastructure and other potential expenditures or public contributions.

4 Weighted average of estimated direct earnings by industry as shown above, and direct effect industry multipliers shown in Exhibit 3-2.

Exhibit 3-7
Personal Earnings from Development - Average Annual
2010 dollars, in millions except average earnings

	Basis/reference		2013 2025	2026 2035	2036 2045	Average
Average annual in period (rounded):		*Exhibit 3-6, refers to all jobs*				
Direct earnings			$18	$18	$11	$16
Indirect & induced earnings			$19	$20	$12	$17
Total earnings			**$37**	**$38**	**$23**	**$33**
Average per new FTE job:		*Exhibits 3-5 and 3-6, rounded*				
Direct jobs			$110,000	$108,000	$102,000	$108,000
Indirect and induced jobs			$72,000	$73,000	$70,000	$72,000
Average per job			**$87,000**	**$87,000**	**$83,000**	**$86,000**
Estimated average family income[1]:	*1.8*	*times average wage*				
For direct job-holders			$201,000	$197,000	$187,000	$197,000
For indirect and induced job-holders			$132,000	$133,000	$128,000	$132,000
All Project-related job-holders			**$159,000**	**$159,000**	**$152,000**	**$157,000**
Percent of median income[2]:	*$66,700*	*median family income, FY2010, Hawaii County*				
For direct job-holders			301%	295%	280%	295%
For indirect and induced job-holders			198%	199%	192%	198%
All Project-related job-holders			**238%**	**238%**	**228%**	**235%**

Notes: Earnings defined to include wage, salary and proprietary incomes, plus directors' fees and employer contributions to health insurance, less employee contributions to social insurance.

1 Ratio estimated from 2009/2010 average annual wage in Hawaii County, all occupations, as provided by State of Hawaii, Department of Labor & Industrial Relations (www.hiwi.org, Census of Employment and Wages), and FY 2010 median family income in the County, as provided by U.S. Department of Housing & Urban Development, HUD USER. Reflects multiple job-holders within each family as well as multiple job-holding by individuals.

2 U.S. Department of Housing & Urban Development, HUD USER (www.huduser.org), as accessed July 10, 2011.

Exhibit 3-8
Direct On-Site Operational Employment, FTE Jobs

	Basis/reference		2025	2035	2045	After 2045
Commercial facilities -						
Light industrial	*600*	*building square feet per FTE job*	67	217	433	433
Commercial retail/office	*425*	*square feet general commercial area per FTE job*	1,012	1,318	1,412	1,412
Other facilities -						
Lodge and Business Center	*0.3*	*FTE jobs per room*	36	36	36	36
Medical facilities		*Cattaneo & Stroud, Inc., 2011*				
Outpatient/urgent care center			47	47	59	59
Hospital			550	825	825	825
Senior care residences:		*Subset of residential units in T-5 zones*				
Number of units		*SCD*	*262*	*262*	*262*	*262*
Number of jobs		*See note 1*	57	57	57	57
Schools[2]	*72*	*FTE positions per elementary school*	113	185	257	257
	113	*FTE positions per middle school*				
Total on-site jobs, rounded			**1,900**	**2,700**	**3,100**	**3,100**

Note: Excludes Realtors and brokers that may locate on-site, private household maintenance and other assistance, potential employees of community association(s) and employees of the wastewater treatment plant.

1 Based on 300 beds at 95% occupancy and 1 FTE employee per 5 residents.

2 Assumes one, 1,000-student middle school and two, 750-student elementary schools, based on information provided to SCD-TSA by Department of Education, 2013. These positions are not counted on the "net" impacts shown on the next exhibit because it is assumed that they would be developed elsewhere in West Hawaii even if the Project did not proceed.

Exhibit 3-9
Net Additional Operational Employment, FTE Jobs[1]
2010 dollars, in millions, except as noted

	Basis/reference	2025	2035	2045	After 2045
Bases for projection:					
Av. annual spending by non-primary residents	*Direct, indirect & induced (new to island): Exhibit 3-1*	*$10.2*	*$21.8*	*$29.4*	*$29.4*
Av. annual residential selling costs	*See Exhibit 3-1*				
Sell-out of developer inventory	*2.0% of gross sales, preceding years[2]*	*$1.2*	*$1.5*	*$1.0*	*$0.0*
Resales	*3.0% Turnover per year[3]* *6.0% of gross sales, same av. price*	*$0.1*	*$0.2*	*$0.3*	*$0.3*
Projected net additional jobs:					
Direct -					
Attributable to non-primary residents[4, 5]	*7.7 /$mil output, selected industries*	73	156	210	210
Real estate leasing & sales[5]	*3.1 /$mil selling costs, new and resales*	4	5	4	1
Light industrial	*10% assumed net new jobs, see Ex. 3-8*	7	22	43	43
Lodge and Business Center	*25% assumed net new jobs, see Ex. 3-8*	9	9	9	9
Medical facilities	*60% assumed net new jobs, see Ex. 3-8*	392	557	565	565
Subtotal, direct jobs, rounded		**490**	**750**	**830**	**830**
Indirect and induced -	*Multiplier and industry category applied[6]:*				
Attributable to non-primary residents[4]	*0.97 Weighted average, selected industries*	71	151	203	203
Real estate leasing & sales	*1.68 Real estate & rentals industries*	6	8	6	2
Light industrial	*1.62 Average of select industries*	11	35	70	70
Lodge and Business Center	*1.23 Accommodations industry*	11	11	11	11
Medical facilities	*0.96 Health services industry*	377	535	542	542
Subtotal, indirect & induced jobs, rounded		480	740	830	830
Total net additional jobs , rounded		**1,000**	**1,500**	**1,700**	**1,700**

1 FTE = Full time equivalent, defined as 40 hours per week or 2,080 hours per year.

2 Represents 2% inside commissions; no outside commissions.

3 Resales activity assumed 3.0% of completed and sold residential inventory shown in Exhibit 2-1. Resales factor considers 2010 Hawaii Island recorded sales of 2,022 resales vs. 69,100 housing units (2.9%): see Mikiko Market Study, Exhibits 2-6 and 3-2. Commissions and other selling costs estimated at rate shown and average prices shown in Exhibit 2-1.

4 Category addresses commercial and other impacts of non-primary resident spending in categories such as retail, wholesale, eating & drinking, ground transportation, accommodations, telecommunications, arts & entertainment, etc. Net additional employment is considered a function of direct new spending on-island, not leasable area to be developed at the Project. Spending by existing island residents, such as at the commercial centers to be developed, is assumed to have occurred elsewhere on-island even if the Project were not developed.
Retail trade margins already factored into transactions table accounting and thus are not applied here.

5 Coefficients are calculated based on total (wage, salary and proprietors') jobs per million output in representative industries as shown in DBEDT 2007 detailed industry input-output transactions table, adjusted to reflect DBEDT's estimate of future inflation and 2017 vs. 2007 productivity. See DBEDT, ibid.
Sales and expenditure data adjusted to 2007 dollars based on Honolulu CPI-U factor of: 93% from U.S. Bureau of Labor Statistics data.

6 For indirect and induced impacts of respective direct impacts. Multipliers derived from Type II direct effect total job/total job multipliers as shown in DBEDT, ibid; published multipliers reduced by 1.0 to eliminate direct jobs previously calculated.

Exhibit 3-10
Personal Earnings from Net New Operational Activity - Total Annual
2010 dollars, in millions, except as noted

	Basis/reference (not in millions)	2025	2035	2045	After 2045
Direct earnings -	*Estimated average FTE salary or other basis[1]:*				
Attributable to non-primary residents[2]	*$37,300 Estimated average Hawaii County wage, 2010[1]*	$2.7	$5.8	$7.8	$7.8
Real estate sales & marketing -	*Residential & commercial properties, Ex. 3-9*				
Sell out of developed inventory		$1.2	$1.5	$1.0	$0.0
On-going resales after 2012		$0.1	$0.2	$0.3	$0.3
Light industrial	*$47,600 average wage, select industries*	$0.3	$1.0	$2.1	$2.1
Lodge and Business Center	*$36,700 average wage, accommodation and food service industries*	$0.3	$0.3	$0.3	$0.3
Medical facilities	*$66,200 Cattaneo & Stroud*	$26.0	$36.9	$37.4	$37.4
Subtotal, direct earnings		**$30.7**	**$45.8**	**$48.9**	**$47.9**
Indirect and induced earnings -	*Multiplier and industry category[2]:*				
Attributable to non-primary resider	*1.14 Weighted average, selected industries*	$3.1	$6.6	$8.9	$8.9
Real estate leasing and sales	*2.89 Real estate & rentals industries*	$3.8	$4.9	$3.8	$1.0
Light industrial	*1.30 Average of select industries*	$0.4	$1.3	$2.7	$2.7
Lodge and Business Center	*0.89 Accommodations industry*	$0.3	$0.3	$0.3	$0.3
Medical facilities	*0.78 Health services industry*	$20.3	$28.8	$29.2	$29.2
Subtotal, indirect & induced		$27.8	$42.0	$44.9	$42.0
Total earnings, rounded		**$58.5**	**$87.8**	**$93.8**	**$90.0**

Notes: Earnings defined to include wage, salary and proprietary incomes, plus directors' fees and employer contributions to health insurance, less employee contributions to social insurance. They exclude tips. The figures shown are considered conservative in that only wage data is available for the "non-primary resident," light industrial and hotel employment categories.

1 Average Honolulu salary based on $36,556 reported for 2009 by Department of Labor and Industrial Relations, "Quarterly Census of Employment and Wages" as accessed July 10, 2011; inflation to 2010 dollars based on Honolulu CPI-U for 2010 vs. 2009. Considered conservative because it incorporates no adjustment to FTE work.

2 For indirect and induced impacts of respective direct impacts. Multipliers derived from Type II direct effect total job/total job multipliers as shown in DBEDT, ibid; published multipliers reduced by 1.0 to eliminate direct jobs previously calculated.

Exhibit 3-11
Personal Earnings from Net New Operational Activity - Average Per Job and Family
2010 dollars, in millions, except as noted

	Basis/reference		2025	2035	2045	After 2045
Average earnings per new FTE job:		*Not in millions*				
Direct jobs			$63,000	$61,000	$59,000	$58,000
Indirect and induced jobs			$58,000	$57,000	$54,000	$51,000
Average per job			**$58,000**	**$59,000**	**$55,000**	**$53,000**
Estimated average family income[1]:	*1.8*	*times average wage; not in millions*				
For direct job-holders			$115,000	$112,000	$108,000	$106,000
For indirect and induced job-holders			$106,000	$104,000	$99,000	$93,000
All Project-related job-holders			**$106,000**	**$108,000**	**$101,000**	**$97,000**
Percent of median income[2]:	*$66,700*	*median family income, FY2010, Hawaii County*				
For direct job-holders			172%	168%	162%	159%
For indirect and induced job-holders			159%	156%	148%	139%
All Project-related job-holders			**159%**	**162%**	**151%**	**145%**

Notes: Exhibit portrays only those earnings from positions that would be new to the community; not on all employment associated with the Project.

Earnings defined to include wage, salary and proprietary incomes, plus directors' fees and employer contributions to health insurance, less employee contributions to social insurance.

1 Ratio estimated from 2009 average annual wage in Hawaii County, all occupations, as provided by State of Hawaii, Department of Labor & Industrial Relations, and FY 2010 median family income in the County, as provided by U.S. Department of Housing & Urban Development, HUD USER. Reflects multiple job-holders within each family as well as multiple job-holding by individuals.

2 U.S. Department of Housing & Urban Development, HUD USER (www.huduser.org), as accessed July 10, 2011.

Exhibit 4-1
Average Daily In-Migrant Population

	Basis/reference	2025	2035	2045	After 2045
Non-primary residents at Project:					
Average FTE persons in residence	*At non-primary resident units: Exhibit 2-2*	259	550	743	743
In-migrants to State (rounded)	*80% of FTE persons in residence*	210	440	590	590
In-migrants to Co. (rounded)[1]	*100% of FTE persons in residence*	260	550	740	740
Employees:					
In-migrants to the State[1] -	*Subset of in-migrants to County*				
Development employees	*2% of direct av. annual jobs (Ex. 3-5)*	3	3	2	0
Direct operational employees	*2% of net jobs generated (Exhibit 3-9)*	10	15	17	17
Dependents[2]	*Ratio of in-migrant employees*	10	20	20	20
In-migrants to State (rounded)[3]		20	40	40	40
In-migrants to County[3] -	*Includes in-migrants to State*				
Development employees	*4% of direct av. annual jobs (Ex. 3-5)*	6	7	4	0
Operational employees	*6% of net jobs generated (Exhibit 3-9)*	29	45	50	50
Dependents[2]	*Ratio of in-migrant employees*	30	50	50	50
In-migrants to County (rounded)[3]		70	100	100	100
Total in-migrants:	*Those attracted by new residences plus those attracted by net new employment*				
To State		**230**	**480**	**630**	**630**
To County		**330**	**650**	**840**	**840**

1 Subset of County in-migrants. See footnote 3, below.

2 In-migrant dependents estimated to average 0.2 per in-migrant development employee, and 1.0 per in-migrant operational employee.

3 In-migrants to the County include all those moving to the State plus any that may move between islands due to job opportunities at the Project.

Exhibit 5-1
Real Property Taxes Generated by Development
2010 dollars, in millions, except as noted

	Basis/reference (not in millions unless specified)	2025	2035	2045	After 2045
Total assessed values:					
Improved residential: Primary homes (excludes non-RHUs)	*$370,000 Average home value, market and affordable home mix (Ex. 2-1)*	$551.5	$1,164.3	$1,572.5	$1,572.5
Unimproved residential: RHUs[1]	*$17,800,000 estimated total value in T3,4&5 residential areas, of which RHUs = 85%*	$9.8	$3.9	$0.0	$0.0
Improved residential: Non-primary homes (excludes RHUs)	*$396,000 Average home value, market homes only (Ex. 2-1)*	$103.6	$219.9	$297.0	$297.0
Unimproved residential: Non-primary homes[2]	*$17,800,000 estimated total value in T3,4&5 residential areas, of which non-RHUs= 15%*	$1.74	$0.69	$0.0	$0.0
Light industrial - land[3]	*60 max. net acres, at: $750,000*	$45.0	$45.0	$29.7	$29.7
Light industrial - improvements	*Vert. cost + indust. share of TI @ 32%*	$24.1	$45.5	$62.9	$62.9
Commercial - land[4]	*55 acres, @ per acre: $475,000*	$26.3	$26.3	$26.3	$26.3
Commercial - improvements	*Vert. cost + comm. share of TI @ 68%*	$44.7	$69.4	$85.6	$85.6
Lodge and Business Center - land[4]	*5 acres, @ per acre: $475,000*	$2.4	$2.4	$2.4	$2.4
Lodge and Business Center - improvements	*Vertical cost (Ex. 3-3)*	$67.2	$67.2	$67.2	$67.2
Hospital, outpatient & SNF/LTC facilities	*Assumed exempt*	$0.0	$0.0	$0.0	$0.0
Schools	*Assumed exempt*	$0.0	$0.0	$0.0	$0.0
Parks, recreation center & other[5]	*Not estimated*	$0.0	$0.0	$0.0	$0.0
Total assessed values		**$315.0**	**$476.5**	**$571.1**	**$571.1**

Notes: : TI - Tenant improvements; RPT - real property tax.

1 T3, 4 & 5 mixed-use areas comprise 564 acres, of which some 90% or 508 are allocated to residential uses for taxation purposes, based on their respective floor areas in the master plan. Such lands are assumed to be valued for tax purposes at *$35,000* per acre, based on the value of unimproved residential zoned lands at Kaloko Heights. This results in a total Kaloko Makai residential land valuation of $17.8 million, which is allocated pro-rata based on remaining number of residential units to be developed in any given time period.

2 Balance of the T3, 4 & 5 mixed-use areas not allocated to residential uses (except site proposed for lodge use).

3 75 gross acres (60 net) proposed for initial zoning, of which 25 gross are assumed to be taken for public use in the third time period. Net acre valuation based on 2011 tax assessed values for land at 13 properties sampled in Kaloko Industrial Park and Kohanaiki Industrial Park (Hawaii Information Service records.)

4 Tax assessed value based on unimproved commercial zoned lands at Kaloko Heights as of 2010.

5 Taxes on parks, recreation center, schools and open spaces not estimated as they are assumed to be exempt (if publicly owned) and/or taxed at a minimal level.

Exhibit 5-1, Continued
Real Property Taxes Generated by Development
2010 dollars, in millions, except as noted

	Basis/reference (not in millions unless specified)	2025	2035	2045	After 2045
Real property tax revenues:					
Potential new revenues -	*FY 2010 rates per $1,000 net taxable value[6]*				
Improved residential: Primary homes	*$5.55 Affordable rental & homeowner housing*	$3.1	$6.5	$8.7	$8.7
Unimproved residential: Primary homes	*$5.55 Affordable rental & homeowner housing*	$0.1	$0.0	$0.0	$0.0
Improved residential: Other[7]	*$7.10 Improved Residential*	$0.7	$1.6	$2.1	$2.1
Unimproved residential: Other[7]	*$8.10 Unimproved Residential*	$0.0	$0.0	$0.0	$0.0
Light industrial - land	*$9.00 Industrial*	$0.4	$0.4	$0.3	$0.3
Light industrial - improvements	*$9.00 Industrial*	$0.2	$0.4	$0.6	$0.6
Commercial - land	*$9.00 Commercial*	$0.2	$0.2	$0.2	$0.2
Commercial - improvements	*$9.00 Commercial*	$0.4	$0.6	$0.8	$0.8
Lodge and Business Center - land	*$9.00 Hotel*	$0.0	$0.0	$0.0	$0.0
Lodge and Business Center - improvements	*$9.00 Hotel*	$0.6	$0.6	$0.6	$0.6
Hospital, outpatient & SNF/LTC facilities	*$0.00 Assumed exempt*	$0.0	$0.0	$0.0	$0.0
Schools	*$0.00 Assumed exempt*	$0.0	$0.0	$0.0	$0.0
Parks, forest & natural spaces[5]	*$0.00 Not estimated*	$0.0	$0.0	$0.0	$0.0
Subtotal, potential tax revenues		$5.8	$10.4	$13.3	$13.3
Less deductions -					
RPT payments prior to Project	*$260,000 FY 2011, per SCD-TSA*	$0.3	$0.3	$0.3	$0.3
Homeowners' exemption[8]	*$114,000 /unit, primary residences (Ex. 2-2)*	$0.9	$2.0	$2.7	$2.7
Subtotal deductions		$1.2	$2.3	$2.9	$2.9
Estimated net additional RPT		**$4.5**	**$8.1**	**$10.4**	**$10.4**

Notes: TI - Tenant improvements; RPT - real property tax.

5 Taxes on parks, recreation center, schools and open spaces not estimated as they are assumed to be exempt (if publicly owned) and/or taxed at a minimal level.

6 For fiscal year ending June 30, 2010. Hawaii County tax rates were raised in FY2011 but remained unchanged thereafter in FY2012 and FY2013.

7 In FY2010, County taxes for non-homeowner residential uses were $7.10 per $1,000 net taxable building value and $8.10 for net taxable land value. To simplify modeling, Mikiko uses the higher land rate only for undeveloped residential lands and applies the lower building rate to the house and land values combined for properties that are built. This results in an understatement of potential real property taxes from these non-homeowner units. (For homeowner residential units, as for affordable rental housing, the County rate was the same for building and land, at $5.55.)

8 Estimated at $114,000 based on Hawaii County policy of a basic home exemption of $40,000 plus 20% of average home value, or: $74,000 as shown above; exemption applied only to the 4,250 units believed to be used as primary residences, as shown in Exhibit 2-2. Homeowners aged 70 and older may qualify for a higher exemption amount of up to $180,000 (not factored in here.)

Exhibit 5-2
Total Annual Revenues to County Government
Attributable to Development & In-Migrant Population
2010 dollars, in millions, except as noted

	Basis/reference (not in millions)	2025	2035	2045	After 2045
Bases for projection:					
FTE in-migrants to County -	*Exhibit 4-1*				
Project non-primary residents		*260*	*550*	*740*	*740*
Employees and their dependents		*70*	*100*	*100*	*100*
Estimated tax and other revenues:					
Net new property tax revenues	*Exhibit 5-1*	$4.5	$8.1	$10.4	$10.4
Taxes and other revenue sources from in-migrant residents[1]	*Other than real property taxes* *$222 per person (residents + employees)*	$0.1	$0.1	$0.2	$0.2
Transient accommodations tax[2]	*8.3% of total TAT collections (see 5-2 and 5-3)*	$0.0	$0.0	$0.0	$0.0
Total new County revenues		**$4.6**	**$8.3**	**$10.6**	**$10.6**

1 Includes fuel taxes, licenses and permits and charges for services. Excludes public utility franchise taxes, public service company taxes, investment & other miscellaneous revenues. As stated in County of Hawaii, "Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2010," December 2010. Based on governmental funds statement of revenues, expenditures ad changes in fund balances, pg. 32.

2 Based on Hawaii County share of 18.6% of the 44.8% of the TAT revenues that are distributed among the four counties, per State tax policy. Note 2011 Legislature passed a cap on amount of State TAT collections that may be passed to Counties, which amount may have already been exceeded; however subject property would generate negligible additional TAT for Hawaii County in any case.

Exhibit 5-3
Bases for Projecting State Government Revenues
2010 dollars, in millions, except as noted

	Basis/reference	2025	2035	2045	After 2045
For GET calculations:					
Project development costs -	*Exhibit 3-4, average annual for preceding period*				
Professional services		$2.6	$2.1	$1.3	$0.0
Construction and other		$50.7	$53.3	$32.4	$0.0
Subtotal development cost		$53.2	$55.5	$33.7	$0.0
Real estate sales & marketing costs -	*Based on average activity in prior 5 years*				
Residential	*New and resold units, Exhibit 3-9*	$1.3	$1.7	$1.3	$0.3
Spending by non-primary residents	*In-State spending: Exhibit 3-9*	$10.2	$21.8	$29.4	$29.4
Spending by in-migrant employees to the State & their dependents -					
Number of persons	*Exhibit 4-1, employment impact only*	20	40	40	40
Estimated number households	*2.3 persons per household (compare Ex. 2-2)*	9	17	17	17
In-State spending by hhds[1]	*58% of average of earnings per development and operational job (see notes below)*	$0.4	$0.7	$0.7	$0.3
Lodge and Business Center, all revenues	*Exhibit 2-3*	$3.4	$3.8	$4.0	$4.0
For transient accommodation tax:					
Lodge and Business Center room revenues	*Exhibit 2-3*	$3.2	$3.6	$3.7	$3.7
Total TAT collected	*7.25% of room revenues*	$0.2	$0.3	$0.3	$0.3
For individual income taxes:					
Net new personal income earned -	*Average annual in preceding period*				
Development employment	*Exhibit 3-7 (total personal earnings)*	$36.6	$38.2	$23.2	$0.0
Operational employment	*Exhibit 3-10 (total personal earnings)*	$58.5	$87.8	$93.8	$90.0
Av. personal earnings/FTE job -					
Development employment	*Exhibit 3-7 (total personal earnings), not in millions >>*	$87,000	$87,000	$83,000	$0
Operational employment	*Exhibit 3-10 (total personal earnings), not in millions >>*	$58,000	$59,000	$55,000	$53,000
For other State taxes:					
FTE in-migrants to State	*FTE non-primary residents + employees and their dependents: Exhibit 4-1*	230	480	630	630

1 U.S. Department of labor, Bureau of Labor Statistics, "Consumer Spending Patterns in Honolulu: 2001-02", released April 30, 2004 at www.bls.gov/ro9/cexhono.htm (latest available on BLS site as of July 2011). Estimate uses study findings showing 77.6% of pre-tax income of household units was spent, of which 75.1% were on items likely subject to Hawaii Gross Excise Tax. Excludes spending on shelter (owned dwellings), cash contributions, personal insurance and pensions. Applied to estimated in-migrant households and average of personal earnings for operational employees, as shown. Excludes potential household income from other household members.

Exhibit 5-4
Projected State Government Revenues
2010 dollars, in millions, except as noted

	Basis/reference (not in millions)	2025	2035	2045	After 2045
General excise taxes, on:					
Development[1]		$1.4	$1.5	$0.9	$0.0
Real estate sales and marketing	*4.0% of costs*	$0.1	$0.1	$0.1	$0.0
Lodge and Business Center revenues	*4.0% of revenues*	$0.1	$0.2	$0.2	$0.2
Spending by Project's non-primary residents	*4.0% of spending*	$0.4	$0.9	$1.2	$1.2
Spending by in-migrants to State	*4.0% of employee & dependent spending*	$0.0	$0.0	$0.0	$0.0
Transient accommodations tax, on:					
Lodge and Business Center revenues	*55.2% State share of total collections [2]*	$0.1	$0.1	$0.1	$0.1
Individual income taxes[3]:					
Development employees	*5.2% effective tax rate on av. family AGI estimated at $118,000 based on Ex.3-7*	$1.4	$1.5	$0.9	$0.0
Operational employees	*6.6% effective tax rate on av. family AGI estimated at $76,000 based on Ex.3-11*	$2.9	$4.3	$4.6	$4.4
Other taxes and revenues from in-migrants[4]	*$535 per person*	$0.1	$0.3	$0.3	$0.3
Total, additional revenues		**$6.6**	**$8.8**	**$8.3**	**$6.3**

1 Based on 4% on 100% of professional services and 60% of construction costs, plus a wholesale construction materials tax of 0.5% against 40% of construction costs.

2 2011 Legislature passed a cap on total amount of TAT collections to be shared with counties, so this amount could effectively be higher.

3 Based on average family incomes for all Project-related job holders as shown previously, and on 2010 Tax Tables and Tax Rate Schedules for married taxpayers filing joint returns, as shown at www6.hawaii.gov/tax/2010/n11ins.pdf. Hawaii State tax rates were unchanged in these income brackets in 2011. Adjusted Gross Incomes (AGI) assumed to be 25% less than total average family earnings, considering potential deductions.

4 Based on miscellaneous FY 2009 State tax revenue receipts as reported by State of Hawaii, "Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2009," governmental funds, statement of revenues, expenditures, and changes in fund balances (pg. 39.) Includes tobacco and liquor taxes, liquid fuel tax, motor vehicle weight & registration tax, and fines & forfeitures. Excludes licenses, franchise tax, rental motor vehicle surcharge tax, public service companies tax, tax on premiums of insurance companies and other fees and taxes.

Exhibit 5-5
Hawaii County Government Expenditures
Net of Intergovernmental Revenues (State and Federal)
Per Capita in Fiscal Year July 1, 2009 to June 30, 2010

	Expenditures ($thousands)	Service population[1]	Expenditures (not in thousands) per: Resident	Visitor
Current expenditures:				
General Government	$40,585	215,000	$189	$189
Public Safety	$108,798	215,000	$506	$506
Highways and Streets	$20,221	215,000	$94	$94
Health, education and welfare	$25,519	185,100	$138	$0
Culture and recreation	$17,266	215,000	$80	$80
Sanitation	$35,674	215,000	$166	$166
Pension and retirement contributions	$28,509	185,100	$154	$0
Employees' health insurance	$23,573	185,100	$127	$0
Other post-employment benefits	$15,700	185,100	$85	$0
Miscellaneous	$4,773	215,000	$22	$22
Debt service:				
Principal (majority from bond redemption fund)	$20,720	215,000	$96	$96
Interest	$14,584	215,000	$68	$68
Capital outlays (majority capital projects)	$100,653	215,000	$468	$468
Subtotal	$456,575		$2,194	$1,690
Less: intergovernmental revenues (Federal and Stat	($77,613)	215,000	($361)	($361)
Proprietary funds[2]:				
Kulaimano Elderly Housing Project (incl. interest)	$56	185,100	$0	$0
\`O\`uli Ekahi affordable Housing Project	$58	185,100	$0	$0
Subtotal	$114		$1	$0
Total, in 2009/2010 dollars	**$379,076**		**$1,833**	**$1,329**
Total, in 2010 dollars, based on increase of[3]		0.8%	**$1,849**	**$1,340**

Notes: : Based on governmental and proprietary fund financial statements. Excludes fiduciary funds since they represent resources held for the benefit of parties outside of the County. Line items may have debt service and employee benefit expenses within each, but exclude depreciation.

1 Resident population as of April 1, 2010 by U.S. Census Bureau, 2011, Summary File Table P1; de facto population based on residents plus average daily visitor census, as estimated by State of Hawai\`i, Department of Business, Economic Development and Tourism, Research & Economic Analysis Division, Hawaii Tourism Authority, "Monthly Visitor Statistics," 2010.

2 Enterprise funds reflecting business-type activities at senior housing projects near Hilo and in Waimea, respectively. Figures shown are change in net assets, or operating revenues plus investment income, less operating expenses and interest expenses.

3 Based on average of 2nd half 2009 and 1st half 2010 vs. full year 2010 Honolulu CPI-U, as reported by U.S. Department of Labor, Bureau of Labor Statistics at http://data.bls.gov, accessed July 2011.

Source: Department of Finance, County of Hawaii, "Comprehensive Annual Financial Report: Fiscal Year Ended June 30, 2010," December 30, 2010. Fund Financial Statements, as shown on pages 32-42.

Exhibit 5-6
State of Hawaii Government Expenditures
Net of Intergovernmental Revenues (Federal)
Per Capita in Fiscal Year July 1, 2008 to June 30, 2009

	Operating expenditures ($thousands)	Service population[1]	Expenditures (not in thousands) per: Resident	Visitor
Governmental funds[2]:				
General government	$597,210	1,471,000	$406	$406
Public safety	$435,414	1,471,000	$296	$296
Highways	$442,421	1,471,000	$301	$301
Conservation of natural resources	$120,693	1,471,000	$82	$82
Health	$798,026	1,471,000	$543	$543
Welfare	$2,119,481	1,291,300	$1,641	$0
Lower education	$2,454,668	1,291,300	$1,901	$0
Higher education	$878,127	1,291,300	$680	$0
Other education	$29,912	1,291,300	$23	$0
Culture and recreation	$107,302	1,471,000	$73	$73
Urban redevelopment and housing	$179,819	1,291,300	$139	$0
Economic development and assistance	$169,547	1,291,300	$131	$0
Housing	$1,909	1,291,300	$1	$0
Other	$1,175	1,471,000	$1	$1
Debt service	$401,722	1,471,000	$273	$273
Less: Intergovernmental revenues	($2,090,058)	1,471,000	($1,421)	($1,421)
Subtotal	$6,647,368		$5,071	$553
Proprietary Funds (Business-type activities)[3]:				
Airports	$58,043	1,471,000	$39	$39
Harbors	$51,429	1,471,000	$35	$35
Unemployment compensation	$247,902	1,291,300	$192	$0
Nonmajor proprietary fund	$34,022	1,471,000	$23	$23
Subtotal	$391,396		$290	$98
Total, in 2008/09 dollars	**$7,038,764**		**$5,360**	**$651**
Total, in 2010 dollars, based on increase of[3]		2.5%	**$5,492**	**$667**

Notes: :Based on governmental and proprietary fund financial statements. Excludes fiduciary funds since they represent resources held for the benefit of parties outside of the State.

General government includes legislative expenses; line items may also have debt service and employee benefit expenses within each. Excludes expenses of "Component Units" including the University of Hawaii, Housing and Community Development Corporation of Hawaii, Hawaii Health Systems Corporation and Hawaii Hurricane Relief Fund. The first three charge for services, and receive capital and operating grants and contributions.

1 Estimated resident population for January 1, 2009 estimated based on data from the U.S. Census Bureau, Population Estimates Program estimates for July 1, 2008 and July 1, 2009; average daily visitor population based on Hawaii State Department of Business, Economic Development and Tourism, Research & Economic Analysis Division, Hawaii Tourism Authority, "Monthly Visitor Statistics," 2010.

2 Expenditures incurred within the General, Capital Projects, Med-Quest Special Revenue and Other Governmental Funds.

3 Enterprise funds reflecting business-type activities. Figures shown are change in net assets before capital contributions, or operating revenues plus nonoperating revenues or expenses (including interest income and expenses and federal grants), less operating expenses.

3 Based on 2nd half 2008 and 1st half 2009 vs. full year 2010 Honolulu CPI-U, as reported by U.S. Department of Labor, Bureau of Labor Statistics, accessed July 2011.

Source: State of Hawaii, Department of Accounting and General Services, "State of Hawaii: Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2009," October 20, 2010.

Exhibit 5-7
Annual County Government Expenditures
Attributable to Visitors and to In-migration
2010 dollars, in millions, except as noted

	Basis/reference (not in millions)			2025	2035	2045	After 2045
Bases for County projection -							
FTE in-migrants to County	*Non-primary residents, employees and dependents (Ex. 4-1)*			*330*	*650*	*840*	*840*
Visitors from off-island	*Exhibit 2-3*			*124*	*133*	*133*	*133*
Annual expenditures -							
FTE in-migrants to County	*$1,849*	*per person, ref:*	*Exhibit 5-5*	$0.6	$1.2	$1.6	$1.6
Visitors from off-island	*$1,340*	*per person, ref:*	*Exhibit 5-5*	$0.2	$0.2	$0.2	$0.2
Subtotal new County expenditures				**$0.8**	**$1.4**	**$1.7**	**$1.7**

Exhibit 5-8
Annual State Government Expenditures Attributable to Visitors and to In-migration
2010 dollars, in millions, except as noted

	Basis/reference (not in millions)	2025	2035	2045	After 2045
Bases for State projection -					
FTE in-migrants to State	*Non-primary residents, employees and dependents (Ex. 4-1)*	*230*	*480*	*630*	*630*
Visitors from out-of-State	*Exhibit 2-3*	*52*	*56*	*56*	*56*
Annual expenditures -					
FTE in-migrants to State	*$5,492 per FTE person, ref: Exhibit 5-6*	$1.3	$2.6	$3.5	$3.5
Visitors from out-of-State	*$667 per FTE person, ref: Exhibit 5-6*	$0.0	$0.0	$0.0	$0.0
Subtotal new State expenditures		**$1.3**	**$2.6**	**$3.5**	**$3.5**

Exhibit 5-9
County & State Government Revenue and Expenditure Comparison
2010 dollars, in millions, except as noted

	Basis/reference	2025	2035	2045	After 2045
Hawaii County:					
New revenues	*Exhibit 5-2*	$4.6	$8.3	$10.6	$10.6
New expenditures	*Exhibit 5-7*	$0.8	$1.4	$1.7	$1.7
Net additional revenues		$3.9	$6.9	$8.8	$8.8
Revenue ÷ expenditure ratio[1]		**6.0**	**6.0**	**6.1**	**6.1**
State of Hawaii:					
New revenues[2]	*Exhibit 5-4*	$6.6	$8.8	$8.3	$6.3
New expenditures	*Exhibit 5-8*	$1.3	$2.6	$3.5	$3.5
Net additional revenues		$5.4	$6.2	$4.9	$2.8
Revenue ÷ expenditure ratio[1]		**5.2**	**3.4**	**2.4**	**1.8**

1 New revenues divided by new expenditures. Calculated where denominator (additional expenses) exceeds zero.

2 Excludes potential income taxes from any operating entities and GET on ground lease rents.