



Petitioner
University of the Nations Kona
(U of N Kona)
Docket No. A02-737
2019 Annual Report

FKA University of the Nations Bencorp (2003), AEKO (2005),
Ka Ohana Waiaha (2011)

KOW transferred title to University of the Nations Kona (2018)

AKA Youth With A Mission Kona (YWAM Kona)

YWAM

Founder of the University of the Nations

- **Founded in 1960 by Loren and Darlene Cunningham**
- **An Evangelical interdenominational, non-profit Christian, Missionary Organization**
- **With a focus on Youth (but nonetheless working with those 9-90 of age) seeking to get Involved in mission work Throughout the planet**
- **Operate Over 1,200 Ministry Centers In places both near and afar (from Kona to Indonesia, Mozambique, Nepal and Columbia)**
- **U of N Kona serves as the YWAM mission training center for Asia & the Pacific**



YWAM

The Global Reach of YWAM Programs & Ministries



University of the Nations Kona

Where the World is Your Classroom!

U of N Kona Curriculum

- **Discipleship Training School (DTS)**
 - **Asia/Asia Pacific/Korea, Northeast Asia Gateway**-*preparation for missions to Asia & the world beyond*
 - **Awaken/Crossroads/Family-Kingdom reality tracks** to *strengthen/prepare marriage & families for missions*
 - **Crown/Medical**-*combining tech, communications & missions/preparing healthcare missionary healers*
 - **Restorers/Trailblazers/Word Alive**-*equipping missionaries to change and heal lives*
 - **Heartbridge Performing Arts/Fire & Fragrance-Music, Fitness, Trades, Farm, Business & other life skill tracks**
- **Haleo Hawaiian Language Course**
 - **Teaches the Hawaiian language using the Synergetic Immersion method**



University of the Nations Kona

Where God Guides, He Provides. Where He Leads, He Feeds

Faith Based Missions

- ▶ **University of the Nations**
 - ▶ Operating Since 1978 w/only 2.0 FTE
 - ▶ Sending 1,000's of trained missionaries throughout Asia & the Pacific
- ▶ **YWAM Kona Ships**
 - ▶ Training Missionaries to Offer Medical, Dental, Optometry & compassionate services to communities throughout the Pacific (e.g. Papua New Guinea, FSM) from YWAM ships
- ▶ **\$27M Debt Relating to Early Hualalai Village Development Retired thru Donations, YWAM contributions and proceeds from sales of Hualalai Village Phase 1a sales**

Highlighted Kona Community Programs

- ▶ **Aloha Kona Urgent Care**
 - ▶ YWAM Healthcare Professionals staff & provided approximately 50,000 patient visits to low income/other patients in need since 2015
- ▶ **Kamaaina Hale Apartments [(KHA) a non profit associated w/YWAM Kona]**
 - ▶ KHA able to rehab & manage 128 affordable rental units on license given by State HHFDC & landlord (KS/Bishop Estate) since 2014
- ▶ **U of N Preschool**
 - ▶ Works in conjunction w/the School of Early Childhood Education (U of N Kona teacher training program) staff to provide pre-school programs & activities
- ▶ **Haleo Hawaiian Language Classes**
 - ▶ Taught by native Hawaiian Kupuna and Kumu at U of N classes, pre-school & immersion schools in the community

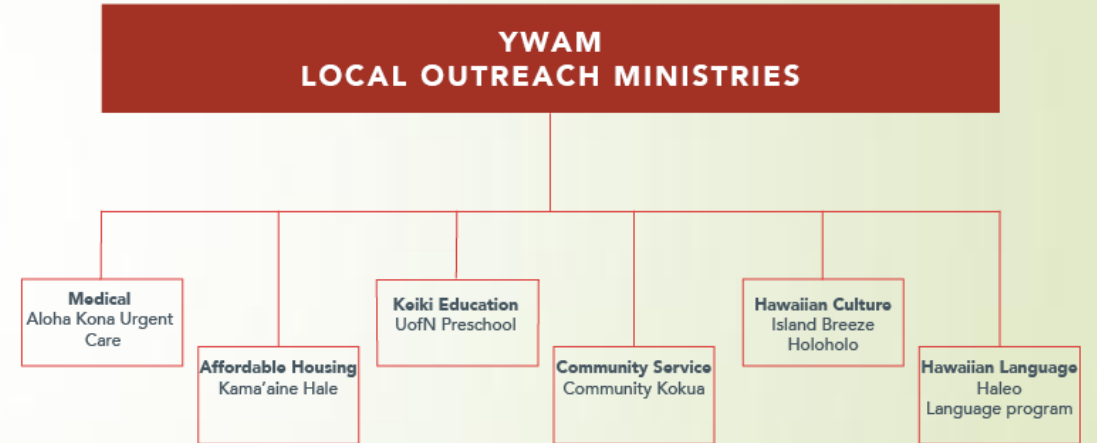
University of the Nations Kona

The Umbrellas Under Which We Seek to Serve God Here & Abroad

Faith Based Missions



Highlighted Kona Community Programs



University of the Nations Kona

Previous Annual Reports

August 30, 2006

- By Letter of Steven Lim, Esq. on behalf of U of N Bencorp
- Notes Change of Name to AEKO Hawaii
 - Articles of Amendment to Change Corporate Name filed with the State DCCA
- AEKO proposes revision of project by deletion of Cultural Center & market real estate
- Provided Report of its compliance with the LUC conditions of Approval
 - Conditions related to establishing the KWC noted as no longer applicable
 - Conditions are otherwise retained and current status provided by the Petitioner
- Attachments/DLNR SHPD Approvals – 2003 AIS, 2005 Data Recovery Plan

March 1, 2007

- LUC Hearing Docket A02-737 – Petitioner's First Amended Findings of Fact, Conclusions of Law & Decision and Order
 - Proposed Amendments to LUC August 2003 Findings of Fact and conditions of approval w/exhibits
- 2007 Annual Report of Compliance with LUC A02-737 Decision & Order
- The March 1, 2007 hearing was adjourned on March 2, 2007 with no action taken when the Commission lost quorum from amongst its members

University of the Nations Kona

Petitioner's History

Early Beginnings

- ▶ 1978 – Pacific & Asian Christian University (PACU) Founded by Loren Cunningham & Dr. Howard V. Malmstadt
 - ▶ 45 acre U of N Kona site (former Pacific Empress Hotel) purchased for \$1.8M
- ▶ 1989 – PACU renamed the University of the Nations to reflect its global reach & presence
- ▶ 2000 – The 68 Acres adjacent to the 45 acre U of N campus is purchased from Frank Gomes for \$2.5M

U of N Bencorp *(for the benefit of U of N Kona)*

- ▶ U of N Bencorp was established as a 501(c)(2) title holding company under the control of the U of N 501(c)(3) in 1988
- ▶ Aug. 2003 LUC awards U of N Bencorp a DBA for 62 acres at Waiaha (reclassified area) for the Hualalai Village Project (market condo sales, for profit cultural center & educational facilities)
- ▶ May 2005 U of N Bencorp changed name to AEKO Hawaii
- ▶ Oct. 2011 AEKO transferred by deed the reclassified area to Ka Ohana Waiaha (KOW), a HI non-profit & land trust established by YWAM Kona
- ▶ June 2018 KOW transferred the Petition Area by deed to the U on N Kona

University of the Nations Kona

Evolution of the U of N Kona Back to a Faith Based Mission Model

Dissolution of U of N Bencorp

- December 2003 – Period of *Realignment* for U of N Bencorp and Hualalai Village Development Project Begins Given Stress/Difficulty of Building the Project.
 - \$27M in debt from the Phase 1 village construction had been accrued
 - Questions Raised Whether the “*Real Estate*” versus the “*Faith Based Mission*” Model was appropriate
- May 2005 – After the paying down of debt by YWAM principals & using proceeds from Village Phase 1a sales, Bencorp assets & liabilities were transferred to AEKO Hawaii

University of the Nations Kona

- 1985 - U of N Bencorp* is registered as a 501(c)(2), a Hawaii non-profit corporation
- Aug. 2003 LUC awards U of N Bencorp a DBA for 62 acres at Waiaha (reclassified area) for the Hualalai Village Project
- May 2005 U of N Bencorp changed name to AEKO Hawaii*
- Dec. 2011 AEKO transferred by deed the reclassified area to Ka Ohana Waiaha* (KOW), a HI non-profit & land trust
- June 2014 KOW transferred the reclassified area by deed to the U on N Kona*

**all entities were constituted and governed by YWAM principals, sponsors and friends*

U of N Bencorp Hualalai Village Development

Outside of the Reclassified Area

- Hualalai Village Phase 1 is comprised of
 - 5 acres from the U of N Kona's original 45 acres parcel
 - 6 acres from the Gomes Property (hereafter the Reclassified Area)
- Phase 1a
 - 3 Buildings/41 condo housing units were sold In Fee Simple on the open market
- Phase 1b
 - The remaining 5 Buildings/64 condo housing units have been transferred into the Ka Ohana Waiaha (KOW) non-profit land trust
 - While U of N staff are given opportunity to purchase housing units, title to the underlying land remains with the KOW



U of N Bencorp Hualalai Village Development

Phase 1a and 1b

Phase 1a

Privately Held Village Units

- Includes 3 Buildings (A, B and E) containing 36 housing units
- All units in these 3 buildings constructed by AEKO and sold in 2005 on the open market as fee simple condominiums
- Established its own Homeowners Association (HOA)
- Works with neighboring KOW HOA to complete construction of Hualalai Village Recreation Center

Phase 1b

KOW Village Trust Buildings

- Ka Ohana Waiaha (KOW) Land Trust established in 2008.
- KOW Assets include the land under 5 Buildings (C, D, F, G and H)
- KOW completed construction of these buildings in 2016 and manages the 5 buildings as land trust assets
- Individual YWAM staff members can purchase condo units at a fixed price but when sold can only be conveyed to YWAM members at that fixed price
- KOW Home Owners Association formed to care for common areas

U of N Kona Development Project

To be integrated with U of N Kona Campus but located in the Reclassified Area

Original Village Project & Phases

- ▶ Hualalai Village – High Quality Market Condominium Housing Units
 - ▶ Phase #1 – 103 Units directly adjacent to but **outside of the Reclassified Area** already zoned & under construction
 - ▶ Phase #2-4 – 297 condominium housing units in approximately 21 two/three story buildings on **31 acres of the Reclassified Area**
 - ▶ Cultural Center – For profit visitor destination telling the story of the native Hawaiian culture & its historical relationship to the introduction of Christianity
 - ▶ Outside Performance Area, museum complex, restaurant and shops **on 26.5 acres of the Reclassified Area**
 - ▶ Educational Facility on **5 acres of the Reclassified Area**

Revised Project (in the Reclassified Area)

- ▶ **Deletes** the development of 297 market condo housing units in the Reclassified Area
- ▶ **Deletes** the development of a for-profit cultural center in the Reclassified Area
- ▶ Creation of a landscaped buffer area to **enclose & preserve the Great Wall of Kuakini**
- ▶ Retain **Commitment to Data Recovery, Preservation & Burial Treatment Plans**
- ▶ Staff Housing Community
 - ▶ <100 units for sale by KOW to U of N staff
- ▶ Student Housing
 - ▶ <300 student housing units
- ▶ Development of Pre-School and K-12 Facilities/Campus
- ▶ U of N learning & sports training facilities
- ▶ **Maintain Compliance w/LUC Conditions of Approval**

Commitment to Providing Affordable Rental Housing

Rehab & Management of Kamaaina Hale by KHA (LUC Condition #1)

- ▶ The Kamaaina Hale project was transferred to Kamaaina Hale Apartments (KHA) by the State HHFDC in July 2014. The project is immediately adjacent to the U of N Kona campus
- ▶ KHA – A non profit operating independently of U of N Kona manages Kamaaina Hale, however its board is made up of YWAM members
- ▶ At the time of the transfer, the project featured dilapidated units in need of repair. 68 of the units were considered uninhabitable
- ▶ Investment in \$2M Kamaaina Hale renovation included
 - ▶ \$350,000 interest free loan from U of N Kona
 - ▶ \$250,000 interest free loan from YWAM family
 - ▶ Bank loans of \$1.2M
 - ▶ Volunteer labor from the YWAM family
- ▶ All 128 of the units have been returned to the Kona community affordable rental housing inventory
- ▶ KHA took on this project despite the state of the apartments & \$400K/annual deficit where no other entity would



Commitment to Providing Affordable Rental Housing

Continued Management of Kamaaina Hale by KHA as affordable rentals

- Kamaaina Hale features 128 two bdrm 800 sf low income rental apartments
- KHA rents the units to families meeting the state mandated income criteria
 - 42 units to families at or below 50% AMI
rent = \$940/month
 - 84 units to families at or below 80% AMI
rent = \$1,276/month
 - 1 unit rented to a resident manager
 - 1 unit rented to a project manager
- KHA reviews and certifies resident's income on an annual basis
- Occupancy is currently 98%
- Wait list – 12 months



Commitment to Haleo Hawaiian Language Program

Promoting Fluency for the Host Community & Visitors Alike

Second Language Acquisition

- **Synergetic Immersion Method**
 - **Based on Orality**
 - Placing value on listening & comprehension skills as the basis for speaking and reading instead of rote memorization and learning grammatical rules
 - Language & culture learned side by side
 - Students learn naturally as chunks of language are offered through fun games and dynamic interactive activities
 - Builds a strong connection between the knowledge of the ancestors and the love of the land allows language to blossom w/in the student
- **Haleo classes at U of N Kona**
 - Are offered at no cost to native Hawaiians
 - Scholarships awarded = approximately \$188,650

Fluency is on the Rise!

- Taught in the kama'ilio (conversation style) by Kupuna Kalikol'ehua Panui & Kupuna Namahana
 - Also assisting are Kumu Na'auao Vivas and Kumu Ka'ea Lyons
- Haleo course runs 2 times/year
- Age range of students is 16-79 years old
- Over 397 students have completed the course since 2011
- Many fluent speakers have graduated and some are working at the `Ehunuikaimalino Immersion School in Kealakekua

Commitment to Operating U of N Kona Pre-School

Pre-school Provider (Ranked Best Pre-School in West HI)

- The U of N Kona Pre-School was started in 1985 and is currently licensed to accommodate enrollment of a maximum of 88 children
- Current Enrollment = 72 children
 - 39% of enrollment is from the Kona Community
 - Average student cost - \$372.66/month
- Staff
 - Teachers – 3
 - Aides – 3
 - Secretary – 1
 - Director – 1
 - Volunteer Kokua Crew – 3
- YWAM Kona has assisted/supported a number of other community pre-school over the years on the Big Island to include:
 - Kealakekua Pre-School Wee Care/SonShine Pre-School
 - Church of the Nazarene Pre-School (now operated by KS/BE)
 - Mokuaikaua Church Pre-School (now operated by KS/BE)



Commitment to Supporting Aloha Kona Urgent Care Clinic

Support for the Clinic is Consistent w/the Mercy Ministry & YWAM Ships

- Since its opening in March 2015, the clinic has accommodated over 50,000 patient visits
- The clinic accepts all comers including Medicaid/Quest and other patients with needs
- The clinic employs 36 individuals (including doctors, nurses, aides and administrative staff)
- Many of the talented clinic staff are associated with the U of N Kona and/or YWAM
- The clinic is the only urgent care clinic open on the Big Island after 7 pm



LUC Reclassified Area

Project Site w/Historic Sites Marked

- Site 6302 - Great Wall aka Great Stone Wall aka Great Wall of Kuakini
 - Built after 1825 to protect cultivated fields mauka of wall from feral animals
 - Purpose of wall subsequently inverted to protect coastal settlement makai of the wall
- Site 23681 – Interpreted as an Agricultural Heiau or shrine
 - A platform and enclosure walls
- Site 23683 – Platform in the west-central portion of parcel that contain human skeletal remains
- Site 23684 – Platform attached to the north side of a square enclosure
 - Platform may have been used for habitation prior to the interment of the deceased individual.
- Site 23685 – Platform located in the north central portion of the parcel
 - Burial pit excavated in cultural soil indicating that the individual was interred subsequent to the area being used as a habitation feature

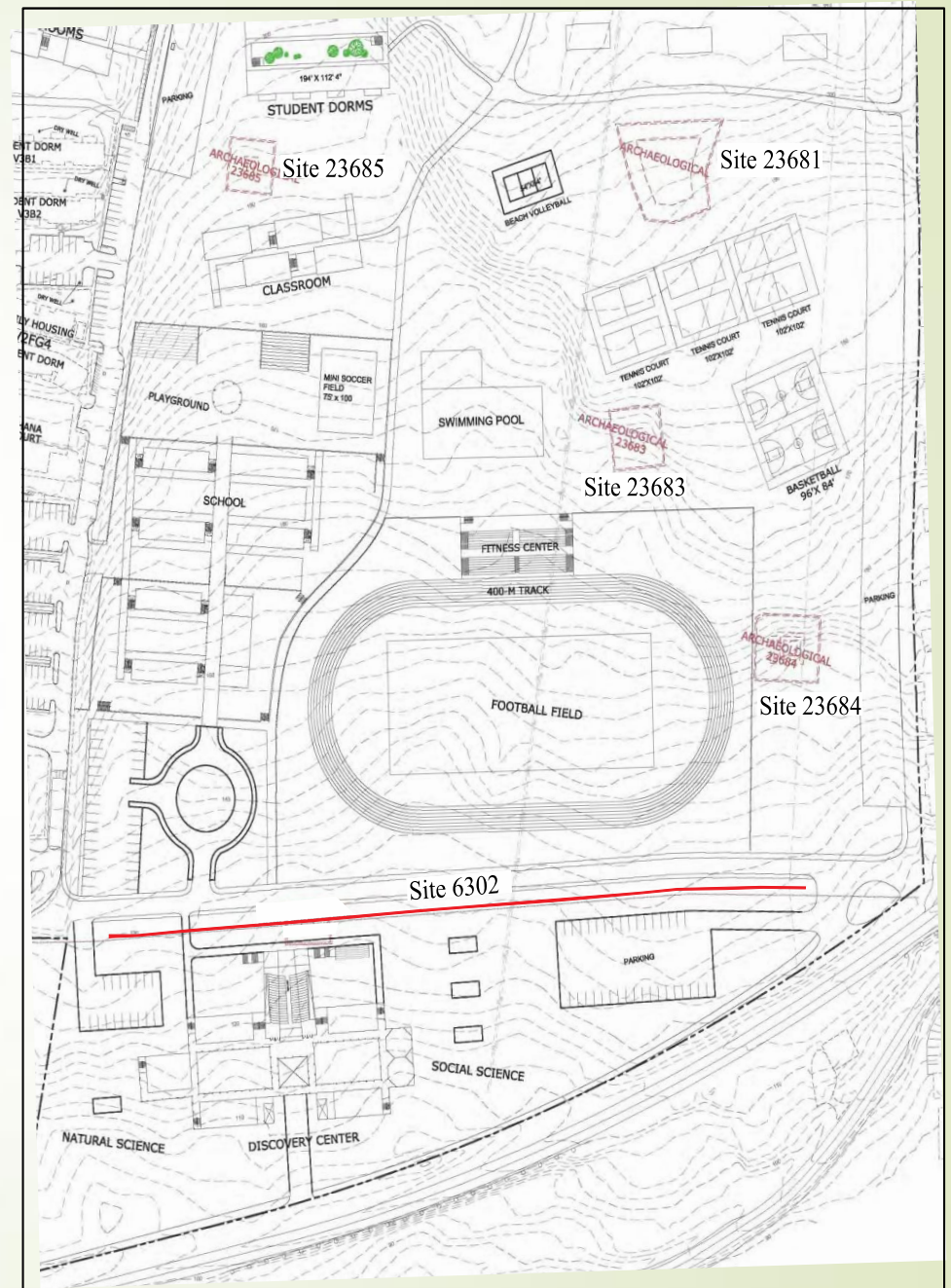
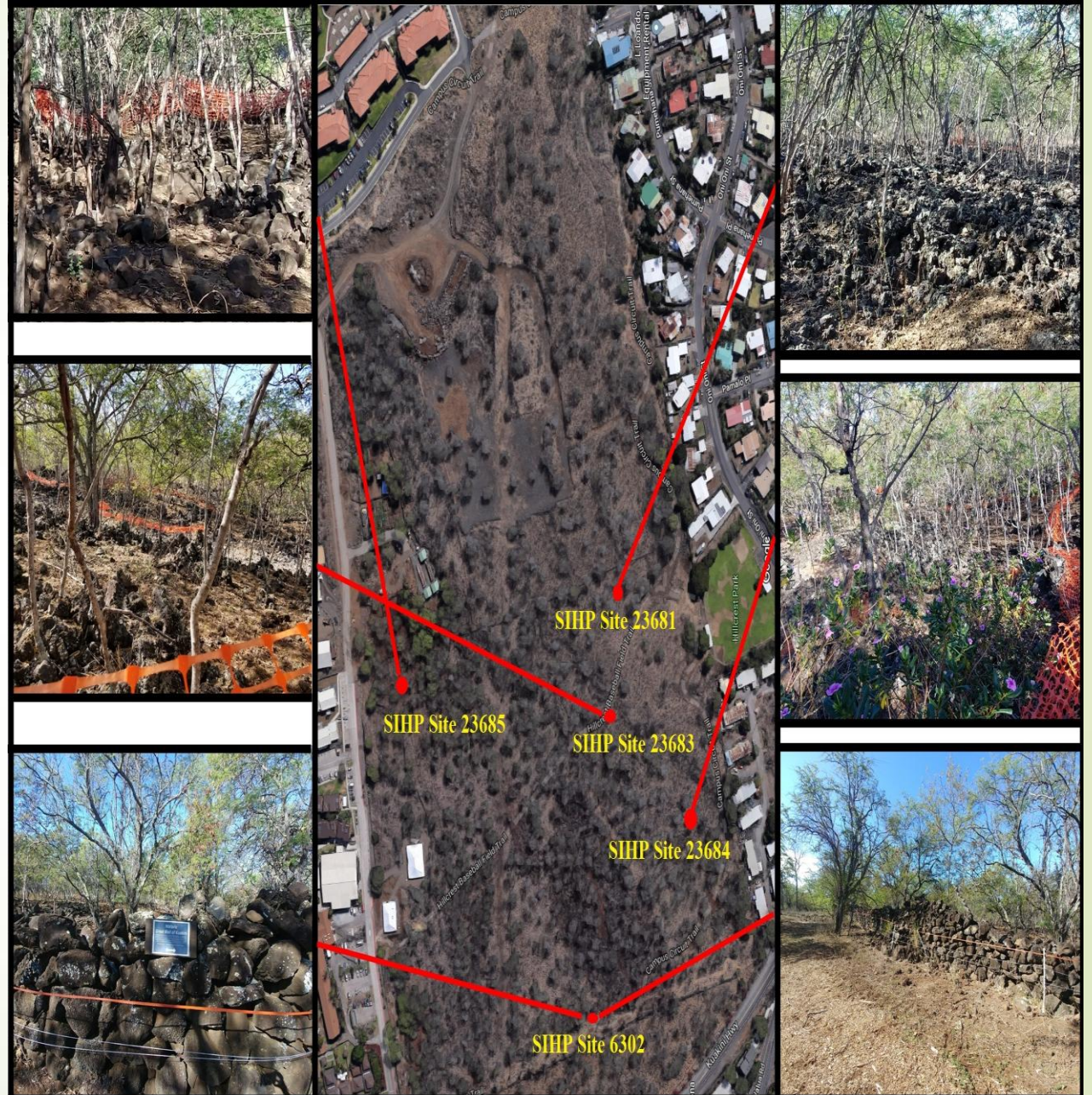


Figure 4. Proposed development showing archaeological and burial preserves.

LUC Reclassified Area

Photo w/Historic Sites Marked

- Archeology Inventory Survey Report Submitted by Project Approved by DLNR SHPD on November 17, 2003
- Petitioner's Data Recovery Plan Approved by DLNR SHPD October 2007
- Preservation Plan for 6302 & 23681 Approved by DLNR SHPD June 2014
 - Site 6302 - Great Wall aka Great Stone Wall aka Great Wall of Kuakini
 - Site 23681 – Interpreted as an Agricultural Heiau or shrine
- Burial Treatment Plan for 3 Sites in the Hualalai Village Development Area Approved by DLNR SHPD November 2003
 - Site 23683 – Platform in the west-central portion of parcel that contain human skeletal remains
 - Site 23684 – Platform attached to the north side of a square enclosure that contain human skeletal remains
 - Site 23685 – Platform located in the north central portion of the parcel



Commitment to Preserving & Protecting Historic Resources

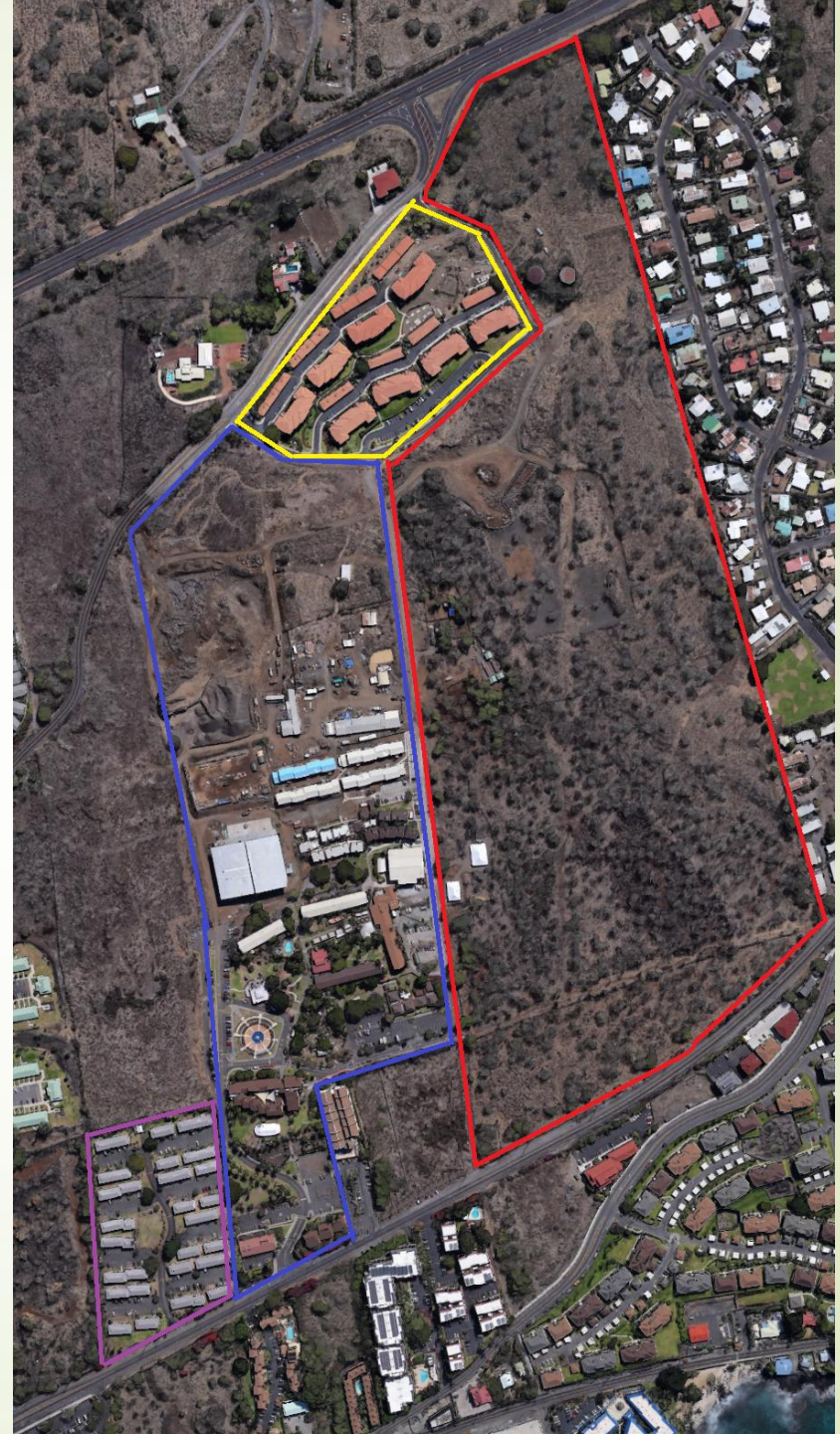
As Reviewed & Approved by DLNR SHPD (LUC Condition #7a-f)

- Archeological Inventory Survey has been conducted, submitted and approved by DLNR SHPD (2003)
- Data Recovery Plan has been submitted and approved by DLNR SHPD (2007)
- Preservation Plan has been submitted and approved by DLNR SHPD (2014)
- Burial Treatment Plan has been submitted and approved by DLNR SHPD (2003)



University of the Nations Kona And Adjacent Properties

- Map showing the University of the Nations Kona campus and surrounding areas
- Kamaaina Hale is pictured in the lower left corner outlined in magenta
- The U of N Kona campus is next and outlined in blue
- Hualalai Village is center/top of the photo and outlined in yellow
- The undeveloped parcel next to the U of N Kona campus outlined in red is the Reclassified Area



Commitment to Compliance with LUC Conditions

Infrastructure/Public Program Conditions

- Conditions relating to: Affordable Housing #1; Drainage Improvements #2; Public School Facilities #3; Water Resources #4; Wastewater Facilities #5; Soil Erosion #8; Transportation #9; Traffic #10; Civil Defense #13; and Solid Waste #14 deal are triggered as development proceeds.
- Detailed summaries of action to date for these conditions are contained in our written report
- *The U of N Kona is committed to complying with all of these conditions of approval as our project progresses*

Technical Conditions

- Conditions relating to: Compliance with Representations to the Commission #15; Notice of Change to Ownership Interests #16; Annual Reports #17; Release of Conditions #18; and Recording of Conditions #19 will be observed with the following exceptions noted
- Although Petitioner has referenced changes to title, we acknowledge that greater diligence is needed to ensure that any changes to title within U of N Kona and YWAM Kona with relation to the Reclassified Area will be appropriately recorded
- Petitioner also acknowledges that *greater diligence is also required with respect to the submission of its Annual Reports*
- Petitioner has previously sought release of conditions via a motion hearing but the LUC took no action. We will proceed as directed by the Commission in this matter

Commitment to Compliance with LUC Conditions

Archeology Condition

- ▶ We are in compliance with Condition #6 a-f
 - ▶ Specifications that Archeological Inventory Survey, Data Recovery, Preservation and Burial Plans be submitted to and approved by DLNR SHPD have been complied with.
 - ▶ Interim preservation measures as approved have been put into place and have been maintained
 - ▶ Orange fencing is in place around each and every site
 - ▶ Interpretive Signs describing the importance of the Kuakini Wall have been put in place
 - ▶ U of N Kona staff are aware of its stewardship responsibilities with respect to Historic Resources

Site #23683

- ▶ January 5-6, 2013 – Fire at the Reclassified Area
 - ▶ A fire investigation implicated kids from the Hill Crest neighborhood shooting bottle rockets onto the Reclassified Area. The resulting fire required a fire helicopter and trucks from Kona, Kalaoa, Captain Cook and Waimea stations to respond.
 - ▶ The intensity of the fire required that HFD bulldoze a road through the brush and despite staff efforts, burial site #23683 was overrun
 - ▶ The incident was reported to HI Island Burial Council and was advised that as the burial was not unearthed, the platform would ultimately have to be appropriately restored.
 - ▶ As the Reclassified Area is developed the DLNR SHPD will be consulted and a restoration and preservation program for site #23683 as well as other documented sites will be carried out in accordance with SHPD requirements

Commitment to Compliance with LUC Conditions

LUC #16 Notice of Change of Ownership Interests

- ▶ U of N Kona's 2006 Annual Report noted the change from U of N Bencorp to AEKO Hawaii
- ▶ Not until today's 2019 Annual Report was subsequent changes of ownership reported
 - ▶ AEKO Hawaii to Ka Ohana Waiaha (2011)
 - ▶ Ka Ohana Waiaha to University of the Nations Kona (2018)
- ▶ While each of these changes reflected a ministerial and not substantive change in ownership, U of N Kona acknowledges that any subsequent change of ownership interest must be reported to the LUC
- ▶ U of N Kona will perform to that standard in the future

LUC #17 Annual Reports

- ▶ Since the LUC issued its Decision and Order in August 2003 Annual Reports have been filed for
 - ▶ Years 2003 – 2006 on August 30, 2006
 - ▶ Year 2007 on March 1, 2007
 - ▶ Years 2008 -2019 on March 28, 2019
- ▶ U of N Kona understands that LUC Condition #17 requires that the report is due no later than the anniversary date of the LUC Decision and Order
- ▶ U of N Kona will perform to that standard in the future

U of N Commitment Moving Forward

Statement of University of the Nations COO Paul Childers

FOF #93a

- ▶ FOF #93a Speaks of the Petitioner providing (2) Four Year Scholarships to the UH Hilo College of Hawaiian Language.
 - ▶ *While the Cultural Center which would fund these scholarship is gone, to enhance fluency in the Hawaiian language, the U of N Kona will provide a **one time \$1,000 scholarship to a student enrolled in the UH Hilo College of Hawaiian Language** as selected by its scholarship committee*
- ▶ Following graduation, Petitioner is to provide salary for the two graduates at a non profit educational program
 - ▶ *Without a funding source but, in the spirit of our representation before the LUC, the U of N Kona will offer an **unpaid internship for a UH Hilo College of Hawaiian Language student or graduate with its Haleo program***

FOF #93b

- ▶ FOF #93b calls for proceeds from the operation of the Cultural Center to be contributed to a Hawaiian language scholarship fund for students of all ages pursuing fluency in the Hawaiian language
 - ▶ *While there will be no revenue from the Cultural Center, the U of N Kona has established the Haleo Hawaiian language program that has trained 397 students.*
 - ▶ *It is also important to note that the U of N Kona charges no tuition for native Hawaiians of all ages to enroll in the course*
 - ▶ *U of N Kona **tuition waiver for native Hawaiian language learners will continue indefinitely***

U of N Commitment Moving Forward

Statement of University of the Nations COO Paul Childers

LUC Condition #6 Archeology

- ▶ Two Preservation Sites have been identified and plans have been reviewed and approved by DLNR SHPD
- ▶ 3 Burial Sites have been identified in the Reclassified Area and burial treatment plans have been reviewed and approved by DLNR SHPD
 - ▶ The Petitioner will establish and record permanent easements as specified for each of the 5 sites
 - ▶ The Petitioner will utilize its best efforts to maintain the areas within these preservation easements

LUC Condition #7

- ▶ LUC #7 calls for the formation of the “Kahu Wai`aha Committee (KWC) to serve as an archeology/cultural monitoring and advisory board. The two person advisory board is to consist of (1) native Hawaiian lineal descendant (selected by the LUC EO from a list of three) and (1) management member selected by the Petitioner
 - ▶ *The U of N Kona has throughout its history worked with many members of the Big Island native Hawaiian community. A list of qualified candidates will be provided to the LUC Executive Officer and the Petitioner will select its member as specified. The KWC will be formally established thereafter*

U of N Commitment Moving Forward

Statement of University of the Nations COO Paul Childers

Fraud Perpetrated Upon the U of N Kona

- ▶ In January 2017 the U of N Kona administration was made aware of a case of fraud involving a volunteer in its finance office
- ▶ Pablo Rivera was arrested and tried for stealing approximately \$3.2M from the U of N
- ▶ Mr. Rivera plead guilty and was sentenced in January 2018 to a term of 115 months of imprisonment and ordered to pay restitution to the University

Van Maanen v. YWAM - Bishop Litigation

- ▶ In litigation filed in 2010, a trainee at the YWAM – Bishop site in California suffered injuries & paralysis in a zip line accident
 - ▶ *The court ultimately found that there was no level of control that would support an actual agency relationship between the University of the Nations Kona and YWAM-Bishop*
 - ▶ *Summary judgement was granted in favor of the University of the Nations*
 - ▶ *Further appeal in the 9th Circuit US Court of Appeals affirmed the summary judgement in 2013*