

House District(s) 13,14,15

Senate District(s) 7

THE TWENTY-NINTH LEGISLATURE  
APPLICATION FOR GRANTS  
CHAPTER 42F, HAWAII REVISED STATUTES

Log No:

For Legislature's Use Only

Type of Grant Request:

GRANT REQUEST - OPERATING

GRANT REQUEST - CAPITAL

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Recipient" means any organization or person receiving a grant.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN): DLIR-OFFICE OF COMMUNITY SERVICES

STATE PROGRAM LD. NO. (LEAVE BLANK IF UNKNOWN): \_\_\_\_\_

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:

Kaua'i Economic Opportunity, Incorporated

Street Address: 2804 Wehe Road. Lihu'e, HI 96766

Mailing Address: 2804 Wehe Road. Lihu'e, HI 96766

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name ANDREW DENNY

Title Community Services Program Director

Phone # (808) 245-4077 ext 237

Fax # (808) 245-7476

E-mail a.denny@keoinc.org

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION INCORPORATED IN HAWAII
- FOR PROFIT CORPORATION INCORPORATED IN HAWAII
- LIMITED LIABILITY COMPANY
- SOLE PROPRIETORSHIP/INDIVIDUAL
- OTHER

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

**PURCHASE OF THE LAND FOR  
THE KEO LIHU'E EARLY  
LEARNING CENTER**

4. FEDERAL TAX ID #: [REDACTED]

5. STATE TAX ID #: [REDACTED]

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2019: \$ 725,000

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
- EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ \_\_\_\_\_

FEDERAL \$ \_\_\_\_\_

COUNTY \$ \_\_\_\_\_

PRIVATE/OTHER \$ \_\_\_\_\_

[REDACTED SIGNATURE]

AUTHORIZED SIGNATURE

MABEL FUJIIUCHI, CHIEF EXECUTIVE OFFICER  
NAME & TITLE

1/17/18  
DATE SIGNED

ORIGINAL

## Application for Grants

*Please check the box when item/section has been completed. If any item is not applicable to the request, the applicant should enter "not applicable".*

### **I. Background and Summary**

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Please include the following:

1.  **A brief description of the applicant's background;**

Kaua'i Economic Opportunity, Incorporated (KEO) is a private non-profit agency, incorporated on March 16, 1965. The agency began as a local community action program created after the passage of the 1964 Economic Opportunity Act by the U.S. Congress. KEO is committed to promoting grassroots participation to create social and economic self-sufficiency among low-income families through an array of proven programs and services. The agency serves as a catalyst in encouraging effective local advocacy among the poor, enabling public officials and the general community to understand their needs and issues, and to mobilize resources to impact on poverty.

KEO is a multi-purpose organization with funding from a variety of sources. Over the past 52 years, the agency has fiscally administered millions of dollars of Federal, State, County, and private funds. The agency is the only human services organization on Kauai, whose purpose is to provide a wide range of services and activities that alleviate the conditions of poverty and allow low-income families and individuals to attain social and economic self-sufficiency.

As a private, non-profit agency, KEO has been able to operate with a reduced overhead and has been able to accomplish tasks that are difficult for government agencies. KEO has been creative in utilizing its resources, is cost conscious, and maintains a high level of accountability of funds (stringent reporting requirements, contracts outside audits annually, and is periodically audited by the State of Hawaii).

2.  **The goals and objectives related to the request;**

The main goals of the KEO Līhu'e Early Learning Center (LELC) is to help pre-school age children make a smooth transition from home to school while providing childcare to working families so they can obtain or maintain employment.

The main goal of this request is to acquire the land where the LELC building is located. KEO acquired the building in May 2001 and KEO currently leases the land through Nalu Aio, LLC. The monthly lease has been constantly going up every year. KEO would like to

maintain the affordability of its preschool services by lowering expenditures. One of the major expenditures of the center right now is for the land lease, at \$3,137 per month or \$37,644 annually.

We are currently a very affordable childcare program on the Island of Kaua'i. With the proposed acquisition of the LELC land, we are hoping to not only sustain that affordability but further enhance our childcare program. With the purchase of this parcel, we could also apply costs saved to better serve our children and parents, such as expanding curriculum, replacing worn furniture, and remodeling our kitchen and bathroom.

3.  The public purpose and need to be served;

Affordable, centrally located childcare is essential for Kaua'i parents to work full-time. Our center provides this opportunity to local parents in a safe, clean, and comfortable environment. Additionally, our childcare program prepares children socially, developmentally, and academically for success in Kindergarten and beyond.

4.  Describe the target population to be served; and

The target population to be served is working families who require affordable and dependable childcare.

5.  Describe the geographic coverage.

Located in Līhu'e, our center is conveniently located in the business and government centers of the county to serve working families.

## II. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request. The applicant shall:

1.  Describe the scope of work, tasks and responsibilities;

KEO is applying to the State of Hawai'i for funding in the amount of \$725,000 to be able to acquire the land where the LELC is built, thereby allowing KEO to reduce expenditures and maintain the affordability that we are currently providing to the parents of the children enrolled at our pre-school. KEO has already accepted the seller's offer pending availability of funds. Once the funds are available, KEO will proceed with the purchase agreement.



2.  Provide a projected annual timeline for accomplishing the results or outcomes of the service;

**Projected Annual Timeline**  
July 2018 – June 2019

<b>Activity Dates</b>	<b>Program Activities and Strategies</b>	<b>Program Outcomes</b>
07/2018 - 08/2018	Offer of purchase of the land by KEO, Inc.	Letter of offer submitted to Nalu Aio, LLC
08/2018 - 09/2018	Acceptance of offer	KEO receives acceptance of offer
09/2018 - 10/2018	Escrow company to complete purchase documents to execute the conveyance	Purchase completed

3.  Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and

KEO's internal reporting procedures require monthly reporting of program progress towards performance goals and objectives. The report includes statistical and narrative sections. Actual accomplishments can be compared with the performance goals and any deviation or problems could be worked out to ensure quality and timely accomplishments of the project.

KEO will also comply with any additional reporting requirements of the funding agency such as quarterly and final program reports. Reports will follow standards and time frame as measure of program management. In house, KEO conducts weekly management meetings for program evaluation, program updates, and to share information on accomplishments, upcoming events within KEO, and with other community agencies. In addition, the CEO and fiscal officer hold monthly financial meetings with program directors to review program operations and financial statuses. Private and government audits are also conducted on a yearly basis.

KEO will follow reporting guidelines specially in identifying realistic and achievable goals for the program. The guidelines will serve as an output performance or measurement of progress thereby meeting the need and proper delivery of services.

The purchase will be made via a bonafide escrow company to assure legal and quality conveyance. Evaluation will be the successful legal title transfer of fee ownership from Nalu Aio, LLC to Kaua'i Economic Opportunity, Inc in fee simple ownership.

4.  List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

Measurable Outcomes - Annual	Projected
Provide a comprehensive child care program for preschool children whose parents are employed or in job training programs	48
Of 48 participants enrolled in the LELC program, 30 will regularly attend and be ready to attend kindergarten by the end of the program year	30

### III. Financial

#### **Budget**

1.  The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.

See attached budget forms

- a. Budget request by source of funds ([Link](#))
- b. Personnel salaries and wages ([Link](#))
- c. Equipment and motor vehicles ([Link](#))
- d. Capital project details ([Link](#))
- e. Government contracts, grants, and grants in aid ([Link](#))

2.  The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2019.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
	\$725,000			\$725,000

3.  The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2019.

Not applicable

4.  The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.

Not applicable

5.  The applicant shall provide a listing of all federal, state, and county government contracts, grants, and grants in aid it has been granted within the prior three years and will be receiving for fiscal year 2019 for program funding.

Not applicable

6.  The applicant shall provide the balance of its unrestricted current assets as of December 31, 2017.

\$241,591

#### **IV. Experience and Capability**

1.  **Necessary Skills and Experience**

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

As an agency, KEO has administered a variety of community service programs, such as:

- Emergency Food Pantry
- Elderly Nutrition Congregate Program
- Food Services
- Emergency Shelter Program
- Transitional Housing
- Housing Placement Program
- Child Care
- Alcohol and Drug Abuse Prevention After School Program
- Employment Core Services

- Persons-In-Need Grants
- Mediation Program
- Group Homes for Physically Challenged Adults
- Low-Income Home Energy Assistance Program
- Weatherization Assistance Program

Kaua'i Economic Opportunity, Inc has been in operation for over 52 years. In most of those years, KEO has successfully provided daily, quality childcare year round for children ages 2 years and 9 months to 8 years old, primarily serving low income and working families.

Although temporarily closed down due to inadequate staffing, our Līhu'e Early Learning Center (LELC) has consistently met or exceeded state and national childcare regulations. Our center has provided children the opportunity for social, physical, emotional and cognitive development, individually and in a group through customized lesson plans. We provided childcare Monday through Friday from 7:00 a.m. to 5:00 p.m. for a low monthly fee of \$575. The LELC offered nutritious meals and snacks to all enrolled children as part of our participation in the U.S. Department of Agriculture's (USDA) Child and Adult Care Food Program (CACFP). Each child was provided morning and afternoon snacks at no cost and may purchase a lunch. Children from households with incomes less than or equal to the reduced price Income Eligibility Guidelines were eligible for free or reduced price lunches.

The LELC is run by four highly qualified full-time staff. Per State of Hawai'i licensing requirements, our center is required to maintain a staff to child ratio of 1:12. The Head Teacher/Director has the skills, abilities and knowledge to direct and deliver the requested services. We also employ one Teacher who works under the supervision of the Head Teacher/Director in assisting in managing the classroom operation for the Child Care Program. Two (2) Teacher's Aides also work under the supervision of the Head Teacher in implementing a developmentally appropriate program that includes daily activities in education, such as language arts, music, art, science, manipulative exercises, and outdoor play.

## 2. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities.

KEO operates the LELC located at 4360 Pahee Street, Līhu'e, HI 96766. The building was constructed in 1993 and purchased by KEO in May 2001. The center is wheelchair accessible and meets Americans with Disability Act (ADA) requirements.

KEO's Administrative Office is located at 2804 Wehe Road, Līhu'e, HI 96766. Located in the office is the central intake where the preliminary process is completed for all KEO program applicants, including our childcare program. The building meets ADA requirements and is open 7:45am – 4:30pm, Monday – Friday, except for state and federal holidays.



## **V. Personnel: Project Organization and Staffing**

### **1. Proposed Staffing, Staff Qualifications, Supervision and Training**

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

When operational, the LELC will employ one (1) Head Teacher/Director, one (1) Teacher, and two (2) Teacher's Aides. As in the past, all LELC staff will possess requisite education, experience, and certifications adhering to all governmental regulations.

The LELC is approved by Hawaii Child Nutrition Program to serve USDA, Required Daily Allowance meals. The staff will attend USDA trainings to comply with the Hawaii Child Nutrition Programs guidelines. In addition, staff members are to be certified in CPR and First Aid.

The Chief Executive Officer (CEO) is responsible for the administration of the over-all legal, financial and program operations of the agency. The Fiscal Officer, Administrative Officer, Head Teacher/Director and most of the Program Directors report directly to the CEO.

The Fiscal Officer is responsible for the administration of all financial operations of the agency, providing the fiscal support for all KEO programs and the supervision of the fiscal staff. All financial transactions are approved by the Fiscal officer and the CEO.

The Administrative Officer supervises the human resources operation of the agency and along with the administrative staff, provides administrative support to KEO programs.

Mechanisms to ensure essential staff training and proper program management will include KEO's monthly evaluation, planning, and in-service training. In addition, the staff will attend training for job-related subjects such Hawaii Association for the Education of Young Children (HAEYC) - Kaua'i Chapter Conference and Hawaii Nutrition Program yearly updates.

In this particular project, the administration staff is familiar in acquisition of property, as well as construction and they are very well qualified to execute the conveyance/transaction as such. If needed, the agency also has access to legal counsel.

### **2. Organization Chart**

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organization chart that illustrates the placement of this request.

See attached KEO organization chart.



3.  **Compensation**

The applicant shall provide the annual salaries paid by the applicant to the three highest paid officers, directors, or employees of the organization by position.

Chief Executive Officer:	\$104,448.00
Fiscal Officer:	\$83,348.16
Administrative Officer:	\$74,064.00

**VI. Other**

1.  **Litigation**

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

Not applicable.

2.  **Licensure or Accreditation**

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that the applicant possesses relevant to this request.

When operational, KEO has maintained the State of Hawai'i Child Care License.

3.  **Private Educational Institutions**

The applicant shall specify whether the grant will be used to support or benefit a sectarian or non-sectarian private educational institution. Please see Article X, Section 1, of the State Constitution for the relevance of this question.

Not applicable.

4.  **Future Sustainability Plan**

The applicant shall provide a plan for sustaining after fiscal year 2018-19 the activity funded by the grant if the grant of this application is:

- (a) Received by the applicant for fiscal year 2018-19, but
- (b) Not received by the applicant thereafter.

The grant is a one-time request to purchase the land for which the Līhu'e Early learning Center is located.

5.  **Certificate of Good Standing (If the Applicant is an Organization)**

If the applicant is an organization, the applicant shall submit one (1) copy of a certificate of good standing from the Director of Commerce and Consumer Affairs that is dated no earlier than December 1, 2017.

See attached Certificate of Good Standing.

6.  **Declaration Statement**

The applicant shall submit a declaration statement affirming its compliance with Section 42F-103, Hawaii Revised Statutes. (Link)

See attached Declaration Statement.

7.  **Public Purpose**

The applicant shall specify whether the grant will be used for a public purpose pursuant to Section 42F-102, Hawaii Revised Statutes. (Link)

The public purpose of this grant is to provide affordable, centrally located for Kaua'i parents. Our center provides this opportunity to local parents in a safe, clean, and comfortable environment. Additionally, our childcare program serves the public by preparing children socially, developmentally, and academically for success in Kindergarten and beyond.

## BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2018 to June 30, 2019

Applicant: Kauai Economic Opportunity, Incorporated

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
<b>A. PERSONNEL COST</b>				
1. Salaries				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
<b>TOTAL PERSONNEL COST</b>				
<b>B. OTHER CURRENT EXPENSES</b>				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
<b>TOTAL OTHER CURRENT EXPENSES</b>				
<b>C. EQUIPMENT PURCHASES</b>				
<b>D. MOTOR VEHICLE PURCHASES</b>				
<b>E. CAPITAL</b>	<b>725,000</b>			
<b>TOTAL (A+B+C+D+E)</b>				
<b>SOURCES OF FUNDING</b>		Budget Prepared By:		
(a) Total State Funds Requested	725,000	Andrew Denny	[REDACTED]	808-245-4077 x237
(b) Total Federal Funds Requested			[REDACTED]	Phone
(c) Total County Funds Requested			[REDACTED]	1/17/19
(d) Total Private/Other Funds Requested			[REDACTED]	Date
<b>TOTAL BUDGET</b>	<b>725,000</b>	MaBel Fujiuchi/CEO Name and Title (Please type or print)		

## BUDGET JUSTIFICATION - PERSONNEL SALARIES AND WAGES

Period: July 1, 2018 to June 30, 2019

Applicant: Kauai Economic Opportunity, Incorporated

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
Not Applicable				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
<b>TOTAL:</b>				
<b>JUSTIFICATION/COMMENTS:</b>				



## BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2018 to June 30, 2019

Applicant: Kauai Economic Opportunity, Inc.

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
Not applicable			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
<b>TOTAL:</b>				
<b>JUSTIFICATION/COMMENTS:</b>				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
Not applicable			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
<b>TOTAL:</b>				
<b>JUSTIFICATION/COMMENTS:</b>				

## BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2018 to June 30, 2019

Applicant: Kauai Economic Opportunity, Inc

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2016-2017	FY: 2017-2018	FY:2018-2019	FY:2018-2019	FY:2019-2020	FY:2020-2021
PLANS						
LAND ACQUISITION			725000			
DESIGN						
CONSTRUCTION						
EQUIPMENT						
<b>TOTAL:</b>			<b>725,000</b>			
<b>JUSTIFICATION/COMMENTS:</b>						
See attached offer from Nalu Aio, LLC.						

**GOVERNMENT CONTRACTS, GRANTS, AND / OR GRANTS IN AID**

Applicant: Kauai Economic Opportunity, Inc

Contracts Total: -

	<b>CONTRACT DESCRIPTION</b>	<b>EFFECTIVE DATES</b>	<b>AGENCY</b>	<b>GOVERNMENT ENTITY (U.S. / State / Haw / Hon / Kau / Mau)</b>	<b>CONTRACT VALUE</b>
1	NONE FOR THIS PROJECT/PROGRAM				
2					
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**DECLARATION STATEMENT OF  
APPLICANTS FOR GRANTS PURSUANT TO  
CHAPTER 42F, HAWAII REVISED STATUTES**


The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants pursuant to Section 42F-103, Hawaii Revised Statutes:
  - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant is awarded;
  - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
  - c) Agrees not to use state funds for entertainment or lobbying activities; and
  - d) Allows the state agency to which funds for the grant were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant.
- 2) If the applicant is an organization, the applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
  - a) Is incorporated under the laws of the State; and
  - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant is awarded shall be conducted or provided.
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
  - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
  - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Kauai Economic Opportunity, Incorporated

  
(Signature)

1/11/18  
(Date)

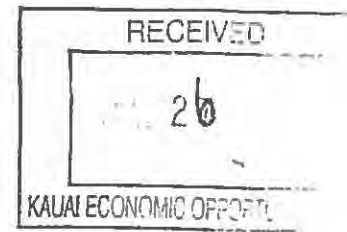
MaBel Fujiuchi  
(Typed Name)

Chief Executive Officer  
(Title)



July 24, 2017

Kauai Economic Opportunity, Inc.  
2804 Wehe Road  
Lihue, HI 96766



Attn: MaBel Ferreiro-Fujiuchi

Re: Offer to Sell Fee Simple Interest in KEO Early Learning Center Property

Ladies and Gentlemen of the Board of Directors,

On behalf of NALU AIO, LLC, we'd like to commend you for all the great work you do for the Kauai community and being at the forefront of the difficult battle against poverty and homelessness. In support of Kauai Economic Opportunity, we would like to formally offer you the opportunity to acquire the fee simple interest of the KEO Early Learning Center property at a significant discount to market value, prior to publicly listing the property for sale.

The KEO Early Learning Center is located at 4360 Pahee Street, Lihue, HI further identified by TMK: (4) 3-3-010-019 and containing approximately 18,000 SF of land together with all improvements thereon presently consisting of a 2,788 SF daycare facility, hereinafter referred to as the "Property".

1. Purchase Price:

NALU AIO, LLC hereinafter referred to as "Seller", hereby offers to sell the Property to KAUAI ECONOMIC OPPORTUNITY, INC. or assigns hereinafter referred to as "Buyer" for the sum of SEVEN HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$725,000) in cash at Closing.

2. Closing:

Closing shall occur ninety (90) days after the Buyer and Seller execute the Final Purchase and Sale Agreement.

3. Escrow:

Upon execution of the final Purchase and Sale Agreement, an escrow account shall be established at Title Guaranty Escrow Services of Hawaii. No earnest money deposit has been deemed necessary.

4. Final Purchase and Sale Agreement:

Seller and Buyer shall execute the Final Purchase and Sale Agreement within 30 days of written acceptance of this offer. Said Final Purchase and Sale Agreement shall be drafted by Seller, at Seller's cost, and shall be consistent with typical commercial real estate transactions in Hawaii and in form and content acceptable to both Seller and Buyer.

5. Due Diligence:

Buyer shall have a thirty (30) day period for due diligence commencing from the date of execution of the Final Purchase and Sale Agreement ("Due Diligence Period").

6. Real Estate Brokerage Commission:

James Mayfield of Island Business & Commercial Brokerage, who represents the Seller, shall be paid a brokerage commission at Closing based upon terms and conditions outlined in a separate agreement.

Should the above general terms and conditions be acceptable to you, please acknowledge your approval and acceptance below. Seller's offer shall remain open for Buyer's acceptance up to 5:00 PM on August 15, 2017. Thereafter, the contents herein shall be rendered null and void.

Very truly yours,



Robert K. Kurisu  
NALU AIO, LLC

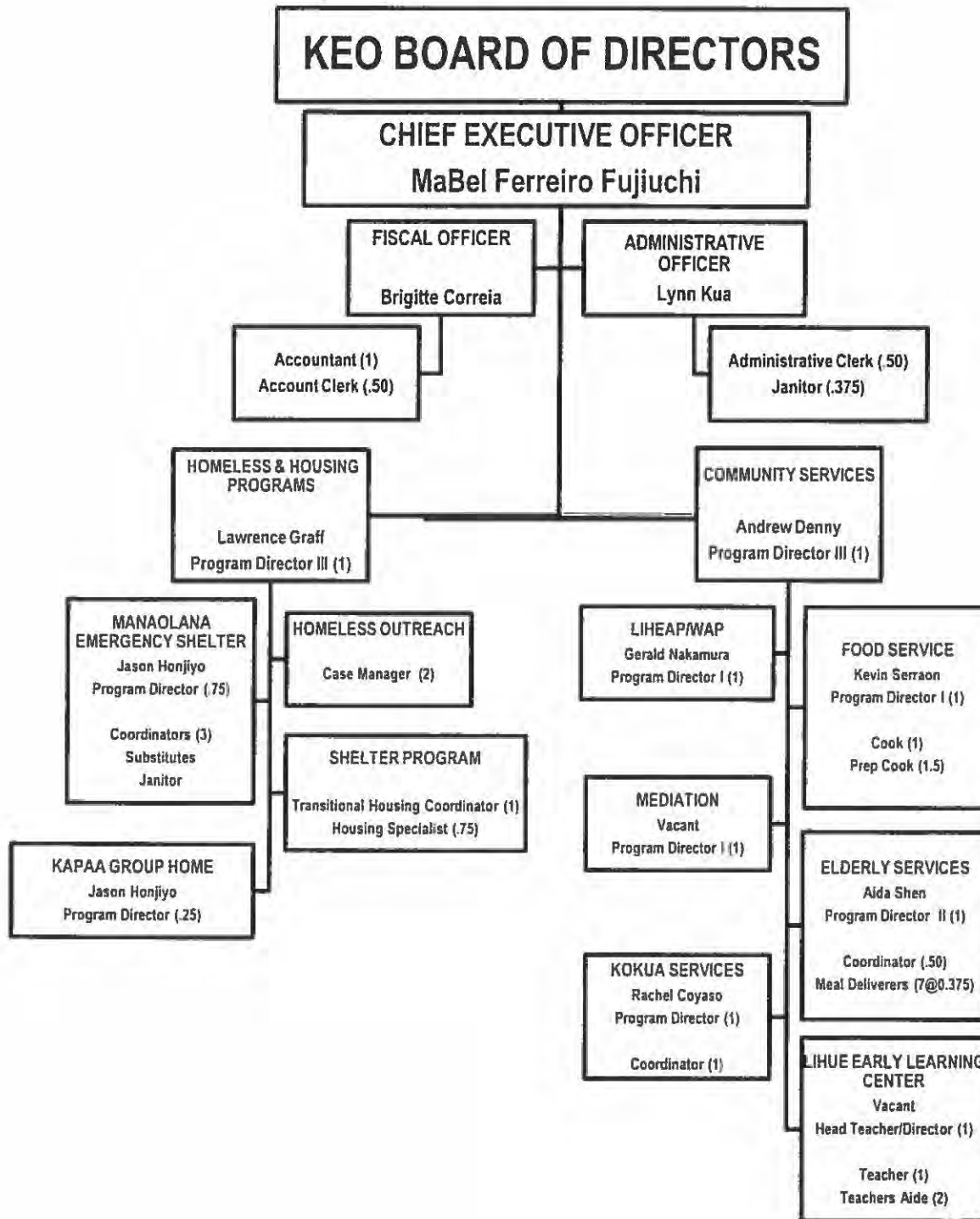
"SELLER"

APPROVED AND ACCEPTED  
THIS 14 DAY of August, 2017

KAUAI ECONOMIC OPPORTUNITY, INC.

By: [Signature]  
Its: Chief Executive Officer  
"BUYER"

*subject to financing & please  
see letter attached for  
considerations which  
is part of this  
approval & accy.*





STATE OF HAWAII  
STATE PROCUREMENT OFFICE

**CERTIFICATE OF VENDOR COMPLIANCE**

This document presents the compliance status of the vendor identified below on the issue date with respect to certificates required from the Hawaii Department of Taxation (DOTAX), the Internal Revenue Service, the Hawaii Department of Labor and Industrial Relations (DLIR), and the Hawaii Department of Commerce and Consumer Affairs

**Vendor Name:** KAUAI ECONOMIC OPPORTUNITY, INCORPORATED

**DBA/Trade Name:** KAUAI ECONOMIC OPPORTUNITY, INCORPORATED

**Issue Date:** 01/08/2018

**Status:** Compliant

Hawaii Tax#:

New Hawaii Tax#:

FEIN/SSN#:

UI#:

DCCA FILE#: 12814

**Status of Compliance for this Vendor on Issue date:**

Form	Department(s)	Status
A-6	Hawaii Department of Taxation	Compliant
	Internal Revenue Service	Compliant
COGS	Hawaii Department of Commerce & Consumer Affairs	Exempt
LIR27	Hawaii Department of Labor & Industrial Relations	Compliant

**Status Legend:**

Status	Description
Exempt	The entity is exempt from this requirement
Compliant	The entity is compliant with this requirement or the entity is in agreement with agency and actively working towards compliance
Pending	The entity is compliant with DLIR requirement
Submitted	The entity has applied for the certificate but it is awaiting approval
Not Compliant	The entity is not in compliance with the requirement and should contact the issuing agency for more information