



PROJECT INITIATION PACKET (PIP)

Background Information & Application Guidelines for Prospective Tenants

ATTENTION:

*All rates and fees are subject to change without prior notice.
Therefore, when making cost projections, please check with NELHA Staff for current rates.*

Natural Energy Laboratory of Hawaii Authority (NELHA)
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NELHA'S MISSION STATEMENT:

*“To develop and diversify the Hawaii economy
by providing resources and facilities
for energy and ocean-related research, education, and commercial activities
in an environmentally sound and culturally sensitive manner.”*

ALOHA,

THANK YOU FOR YOUR INTEREST in becoming a tenant of the Natural Energy Laboratory of Hawaii Authority (NELHA), a state agency that is administratively attached to the Department of Business, Economic Development and Tourism.

NELHA is dedicated to fostering economic development and diversification to improve the Hawaii economy. Key to its success in achieving these goals is the growing community of NELHA tenants with successful research, commercial, and education projects. These tenants utilize the unique complement of natural resources and facilities at NELHA to create jobs, new economic activity, and innovative high-value products and services to contribute to economic growth and sustainable development in Hawaii.

This Project Initiation Packet (PIP) provides application guidelines for becoming a tenant at NELHA. In it you will find background information and guidelines for both commercial and non-commercial (research or education) endeavors. It also describes suitable topic areas, as determined by NELHA's legislative mandate, lists of permitted and prohibited uses, and other useful information.

If you believe your proposed project can make good use of NELHA's resources, is of an appropriate topic area, and has good potential for success, please contact NELHA at 327-9585 or by email at leasing@nelha.org. The NELHA Leasing Specialist will be your primary contact to guide you through the proposal and application process and will also link you with other NELHA staff as needed for consultation.

Again, thank you for your interest in doing business at NELHA. We look forward to learning about your ideas to utilize NELHA's unique complement of resources and how we can best assist you to facilitate the application process.

Sincerely,

NELHA Staff

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INTRODUCTION

The Natural Energy Laboratory of Hawaii Authority (NELHA) is a state agency that manages a unique 870-acre ocean science and technology park at Keahole Point in Kailua-Kona, Hawaii, adjacent to the Kona International Airport at Keahole. NELHA and its tenants capitalize on the natural resources found there, including pristine cold deep seawater and warm surface seawater as well as the highest rate of solar insolation in the coastal United States. These and other natural and logistical resources provide a unique setting for a wide array of project types to support local economic development and diversification.

Application guidelines are described in this document. Applications for tenancy must be reviewed and approved by the NELHA Board of Directors which sets policy and provides guidance for NELHA. The eleven (11) member Board consists of five (5) private sector directors (Governor's appointees including one each from the boards of two state agencies, the Hawaii Strategic Development Corporation and the High Technology Development Corporation) and six (6) public sector directors (representatives of the University of Hawaii's President and School of Ocean and Earth Sciences & Technology, the Aquaculture Development Program of the Department of Agriculture, the Department of Business, Economic Development and Tourism, and the Department of Land and Natural Resources, as well as the Mayor of the County of Hawaii).

Personnel in key management positions at NELHA also participate in the application review process. These include: Executive Director, Operations Manager, Leasing Agent, Revenue Specialist, Engineering Projects Coordinator, and Fiscal Officer.

Both NELHA Staff and Board members work closely with a number of government and private sector groups which provide information or assistance for conducting business in Hawaii. NELHA staff can assist applicants by making referrals to the appropriate divisions, offices or key individuals as needed.

All applications for tenancy should follow the guidelines detailed in this Project Initiation Packet (PIP). Questions regarding the application procedures or the PIP should be directed to the Leasing Specialist.

Background Information

NELHA'S KEY TO SUCCESS

NELHA's tenants are key to its success as an economic development agency. It is the tenants who have established NELHA as a world-renown center for quality ocean science and technology in the past, and who will help to bring economic stability and self-sufficiency to this quasi-government agency in the future. To maintain this reputation and to meet projected economic development goals, NELHA seeks new tenant enterprises which have strong foundations backed by scientific rigor and solid practical plans for education/training, basic or applied research, or commercial production of high value products and associated services that make good use of NELHA's complement of resources.

Over the years NELHA and its tenants have earned a collective reputation for scientific integrity, high quality products, innovation, and commitment to excellence in research, education and commercial development. Maintaining this well-deserved reputation is vital to the long term well-being of NELHA as an organization and to enhancing marketability of tenant products and services.

NELHA and its tenants together foster the growth of new industries that both stimulate the local economy and participate in world markets beyond Hawaii's shores. NELHA itself generates work for the construction industry through state-funded capital improvement projects to develop the vital infrastructure that in turn provides essential support to its tenants. NELHA hosts research tenants who conduct basic and applied research investigations that add to the growing body of scientific knowledge and advance mankind's understanding of the natural and technological worlds. Education tenants provide outreach, training and workforce development for specialized areas to support new industry growth in science and technology. And, finally, NELHA's commercial tenants initiate land development and construction activities to build support facilities for new business enterprises that can capitalize on leading edge research results to bring new, high-value products and services to market, both in Hawaii and abroad.

NELHA master permits and environmental studies that are already in place allow tenants to implement development plans within a shorter timeframe than if they had to acquire these on their own as independent projects. These benefits add up to fewer up-front costs and serve to minimize time delays.

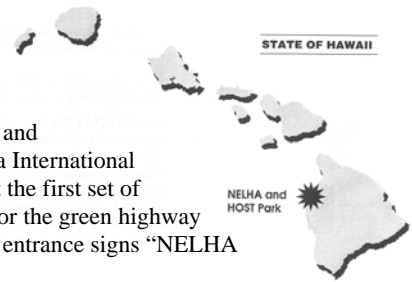
NELHA has evolved over three decades to arrive at its present identity as an economic development agency. In the 1970's it had been initially conceived as an alternative energy research support facility and was structured as a state corporation funded by public and private grants with no commercial activities. In the 1980's, supported wholly by annual state funding, it evolved into a small business incubator for entrepreneurial commercial ventures based on the promising results of its research successes. In the 1990's, as its first tenant companies established local and offshore markets and began to reach profitability, NELHA's revenue stream from fees for land rents, seawater purchases, and support services began to grow, building a Special Fund from which it could partially support its own operations. By the end of the 1990's, NELHA began to reap the first benefits of its tenant commercial successes through small amounts of percentage rents generated by the maturing tenant businesses whose startup phases it had nurtured, through the many job opportunities created for local residents, through the stimulation of business and enterprise in the local community, and through the growing stream of exports into the global marketplace.

Today, as the 21st century unfolds, NELHA continues to provide land, facilities, services, unique natural resources which add up to an attractive venue for startups with promising technologies and knowledge to benefit the Hawaii economy. Added to the mix is the Legislature's mandate for self-sufficiency after 30 years of support. NELHA looks ahead with confidence as its growth continues. Each tenant's contribution to the revenue base is important, as it makes possible this economic development agency's success. NELHA's tenants make substantial contributions each year to help grow and diversify the economy through job creation, economic stimulation, tax payments, and other economic impacts. In fact, total economic impacts by the activities of NELHA and its tenants are estimated to be more than \$40 million per year.

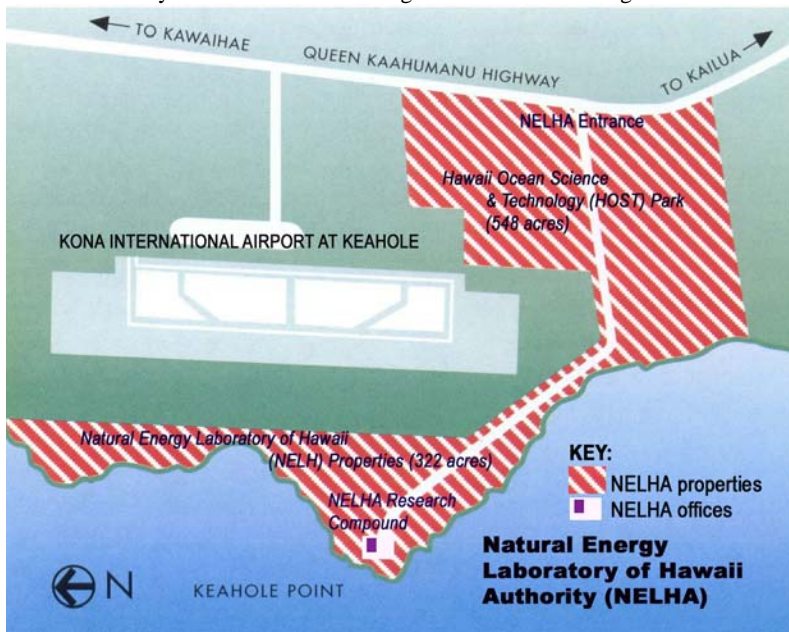
With the continuing activities of its diverse community of tenants investing in this innovative ocean science and technology park, NELHA hopes to serve the Hawaii economy and community for many years to come.

NELHA'S LOCATION

NELHA is located at Keahole Point, in the town of Kailua-Kona, District of Kona, Island and County of Hawaii, State of Hawaii, USA. To get to the NELHA offices by car from Kona International Airport at Keahole, proceed from the airport terminal to Queen Kaahumanu Highway. At the first set of traffic lights, make a right turn heading south. Pass another set of traffic lights and look for the green highway sign "Natural Energy Lab." Make a right turn into the NELHA entrance, marked by two entrance signs "NELHA GATEWAY" and "Natural Energy Laboratory of Hawaii Authority."



Proceed down the unmarked NELHA access road. Please observe posted speed limits and other notices and yield to any construction traffic. Please do not disturb proprietary NELHA tenant businesses or NELHA infrastructure. NELHA administrative offices are located in the fenced Research Compound marked by a NELHA sign at the very end of the 2-mile access road. Park outside the fence as the posted Visitor Parking signs direct. Just inside the compound entrance gates, look for the two-story Administration Building and enter the double glass doors into the lobby.



LEFT: Entrance to NELHA properties from Queen Kaahumanu Highway.



ABOVE: NELHA Research Compound entrance at end of 2-mile access road. Two-story NELHA administration building is visible beyond palm trees.

RESOURCES

- **COLD DEEP SEAWATER**

Pumped from three sources: two from approximately 2,000 ft. depths with source water temperature at 6° Celsius (43° Fahrenheit); and one from approximately 3,000 ft. depth with source water temperature at 4° Celsius. Virtually pathogen-free, pristine quality

- **WARM SURFACE SEAWATER**

Pumped ashore from intakes located at less than 100 foot depth from waters rated by the state Department of Health as Class AA (unchanged by human impact); temperature of source water is between 24-28.5° Celsius (75-83° Fahrenheit).

- **HIGH SOLAR INSOLATION AND LOW ANNUAL RAINFALL**

Annual average of 505 cal/cm²/day and less than 15 inches rainfall per year.

- **LAND**

870 acres of coastal property including both graded and ungraded leaseable acreage, turnkey and open area research spaces for rent, and approximately 145 acres of conservation setback areas, archaeological preserves, and NELHA infrastructure and roadways.

- **OCEAN USE CORRIDOR**

Permitted ocean use corridor covering approximately 3,290 acres located directly offshore for NELHA-approved research and commercial activities

- **NATURAL OFFSHORE CIRCULATION GYRE**

- **COASTAL SUB-TROPICAL MARINE ENVIRONMENT**

- **EXTENSIVELY EQUIPPED ENVIRONMENTAL LABORATORY**

- **COMPREHENSIVE ENVIRONMENTAL MONITORING PROGRAM (CEMP)**

Routine monitoring of both onshore and offshore environmental quality to assure tenants of NELHA's pristine setting.

- **AQUATIC SPECIES HEALTH MANAGEMENT PROGRAM (ASHMP)**

Provides for quarantine and biosecure aquatic species culturing conditions

OTHER ADVANTAGES

- **MASTER PERMITS**

Conservation District Use Permit (HA-1862, HA-1862A), Special Management Area Use Permits (77, 239), and various Environmental Assessments and Impact Statements pertaining to activities at Keahole Point are already in place

- **HAWAII ENTERPRISE ZONE PROGRAM**

Qualifying businesses may receive state tax benefits for up to seven years, such as 100% exemption for General Excise Tax and Use Tax; and reduction in State income tax credits

- **FOREIGN TRADE ZONE**

NELHA has been approved for Foreign Trade Zone status.

- **PROXIMITY TO ROUTES OF COMMERCE/TRANSPORT**

Kona International Airport at Keahole, Kawaihae Deep Draft Harbor, Honokohau Small Boat Harbor

- **PROXIMITY TO RESIDENTIAL AREAS AND LOCAL BUSINESS DISTRICT**

A thriving residential community sprawls on the hillside five minutes from NELHA's front gate, and the heart of the Kailua-Kona village business district is only a 15-minute drive away.

APPROPRIATE PROJECT AREAS

Pursuant to Chapter 227D, Hawaii Revised Statutes, as amended, NELHA's purpose is to "facilitate research, development, and commercialization of natural energy resources and ocean-related research, technology, and industry in Hawaii and to engage in retail, commercial, or tourism activities that will financially support that research, development and commercialization..." Appropriate project areas are listed below:

OCEAN RESEARCH AND TECHNOLOGY DEVELOPMENT projects that support national and state interests, use facilities and infrastructure in Hawaii, and foster potential commercial development, such as:

- OCEAN THERMAL ENERGY CONVERSION (OTEC)—Open- and closed-cycle processes, including enhanced OTEC development in conjunction with existing plant effluent, solar ponds, geothermal resource uses.
- DIRECT SOLAR ENERGY USE—Photovoltaics, thermal applications.
- SOLAR GRADIENT PONDS
- AQUACULTURE—Cold seawater, warm seawater, or brackish water
- DESALINATION—Direct, by-product, or co-product
- MARINE BIOMASS UTILIZATION—Energy, fertilizer.
- HYDROGEN FROM SEAWATER—Solar or OTEC energy source
- MATERIALS TESTING—Corrosion, biofouling, atmospheric
- REFRIGERATION AND COOLING—Deep seawater applications, cold seawater air conditioning (SWAC)
- MARINE SYSTEMS AND EQUIPMENT TESTING
- AGRICULTURE—Saline, hydroponics, coldwater agriculture using cold seawater for temperature control
- EDUCATION—Research and training, information dissemination, outreach
- MANUFACTURING & PROCESSING SYSTEMS—Using natural resources
- MARINE BIOTECHNOLOGY
- MISCELLANEOUS—Related project support activities, including:
 - Sciences using the unique resources at Keahole Point
 - Personnel training
 - Environmental studies
 - Project staging, e.g., submersible and research vessel cruises

CERTAIN RETAIL, COMMERCIAL, AND TOURISM ACTIVITIES that are not related to facilitating research, development, and commercialization of natural energy resources in Hawaii, but that will financially support that research, development and commercialization, subject to NELHA Board approval.

PERMITTED USES

NELHA's Keahole Point properties are divided into three (3) types of use areas which are considered in the placement of new projects.

OCEAN WATER AREA

This area is designated for research and development and/or commercialization of projects that utilize the ocean water resources available at Keahole Point. Priority is given to those projects utilizing cold deep seawater resources. Permitted uses within this area shall include, but not be limited to:

- AQUACULTURAL APPLICATIONS including, but not limited to, production of abalone, clams, oysters, and other mollusks; lobster, shrimp, prawns and other crustaceans; micro- and macro-algae; and finfish
- AGRICULTURAL APPLICATIONS which use the ocean water or brackish water resources
- OCEAN-RELATED TECHNOLOGIES and their research, development and commercialization
- OCEANOGRAPHIC STUDIES
- ALTERNATE ENERGY APPLICATIONS
- COMMERCIAL/NON-COMMERCIAL DESALINATION of seawater and brackish water
- RESEARCH, DEVELOPMENT, AND COMMERCIALIZATION of technologies which use the ocean water as an integral part of the process.

INDUSTRIAL SUPPORT AREA

This area is designated for ocean-related science and technology uses and tenant support services that require smaller acreages of land. This area is intended to be developed as a low density industrial area with low-lying buildings and planned landscaping to convey a park-like atmosphere. Permitted uses within this area shall include, but not be limited to:

- BIOTECHNOLOGICAL, MICROBIOLOGICAL, PHARMACEUTICAL businesses
- DESIGN, MANUFACTURE AND ASSEMBLY of ocean-related equipment of an electrical, electronic, electromechanical, or optic nature, only if such equipment requires the special facilities at NELHA for its manufacture and/or testing
- SUPPORT BUSINESSES, including, but not limited to, processing and packing services, production and sale of ice for the packing and shipment of products, and refrigerated warehouses
- RESTAURANT OPERATIONS specializing in the preparation of organisms produced in the ocean water use area
- OFFICE BUILDINGS

EDUCATION/INFORMATION AREA

This area is intended to be developed as a low-density area primarily for education, training and public information dissemination purposes. Permitted uses within this area shall include, but not be limited to:

- RESEARCH AND TRAINING facilities
- VISITOR INFORMATION CENTER
- LIBRARIES, research resources
- ADMINISTRATIVE OFFICES AND LABORATORY FACILITIES of tenants who maintain operations within other NELHA areas

PROHIBITED USES

The following uses and operations, including uses not listed that are similar in character or effect, shall not be permitted on any lot at NELHA properties:

- Airports and heliports;
- Residential and commercial hotel uses of any type;
- Auctions;
- Junk yards or recycling facilities provided, however, that the foregoing does not prohibit recycling that is carried out in conjunction with a primary permitted use when necessary to comply with emission control standards, or required as an element or elements of waste control facilities;
- Commercial excavation of building or construction materials or quarrying of any material except in the course of approved site preparation and construction;
- Dumping, disposal, incineration or reduction of garbage or other forms of refuse;
- The raising, fattening, fat rendering, stockyard or slaughter of non-aquatic animals such as cattle, swine, fowl and the like;
- Refining of petroleum or its products;
- Smelting of petroleum or its products;
- Smelting of iron, tin, zinc, or other metallic ores;
- Saw or wood planing mills;
- Manufacturing or production of cement, lime, asphalt, gypsum, firewood, wood pulp, etc.;
- Cemeteries;
- Truck or bus maintenance or storage facilities *not related to approved operations*
- Automobile, go-cart, motorcycle, or other motorized vehicle race tracks;
- Oil or propane storage facilities except in an enclosed yard of a tenant's lot only when such tanks are limited for use in the servicing of vehicles owned or used by the tenant;
- Processing of sugar or pineapple;
- Automobile or truck dealerships, auto wrecking, auto repair or auto painting establishments, or car wash facilities;
- Jail or honor farms;
- Labor or migrant worker farms;
- Storage and handling of radioactive and other hazardous substances unless incidental to a permitted use, and then only in accordance with applicable governmental regulations and the hazardous materials standards established by NELHA;
- Contractor's construction yards;
- Establishments that rent, sell, or service heavy equipment;
- Veterinary establishments and commercial kennels

NELHA'S SEAWATER RESOURCES

The State of Hawaii and NELHA have invested heavily in developing its unique seawater supply system for the express use of its tenant business, education, and research enterprises. To assure NELHA tenants of this exclusive access, raw seawater may not be sold as a commodity by NELHA tenants to other businesses.

Please contact NELHA staff for current policies defining the allowed and prohibited uses of these valuable seawater resources.

LEASING PROPERTY AT NELHA

The Natural Energy Laboratory of Hawaii Authority (NELHA) administers 870 acres of state property at Keahole Point in the District of Kona on the island of Hawaii. These lands consist of two sections established at different times in NELHA's history:

1) Makai Properties: Natural Energy Laboratory of Hawaii (NELH)—322 acres established in 1974 and located west (seaward) of the Kona International Airport runway.

2) Mauka Properties: Hawaii Ocean Science and Technology (HOST) Park—548 acres established in 1985 and located south of the Kona International Airport runway, stretching from the Queen Kaahumanu Highway down to the sea.

These two sections of land are contiguous, accessed by a single, 2-mile access road from the Queen Kaahumanu Highway, and are leased from the State of Hawaii Department of Land and Natural Resources (DLNR) by NELHA. The lands may be subleased by tenants whose projects and plans have been previously approved by the NELHA Board of Directors through the application process detailed in this PIP.

LAND AVAILABILITY

Four general categories of land are available for lease by tenants at NELHA. Please check with the NELHA staff for current space availability.

RESEARCH COMPOUND. This is a 5.8-acre fenced, improved area on the NELH section of property at the end of the 2.2 -mile access road. This is also where the NELHA administrative offices, conference room, and water quality laboratory are located. Research projects with space requirements of less than 5000 square feet are encouraged to locate here. In addition to small 'improved' land parcels of variable sizes, enclosed office and laboratory space are also available for rent. Pre-commercial research projects may rent space in the Research Compound for up to 3 years, and non-commercial research projects up to 5 years. Access is provided to basic utilities, restrooms, and paved parking areas. Currently land is available at this compound.

FARM COMPOUND. This is a 5.2-acre fenced, improved area adjacent to the Research Compound in the NELH section of property and intended for smaller commercial ventures. Basic utilities are close by, but no restroom facilities are provided. Lot sizes may be 5,000 square feet or larger, however, a one acre minimum is required for projects intending to obtain a long term sublease (see Land Use Agreements, below). At present, there is no land available in this compound.

SMALL BUSINESS COMPOUND. This is a 6.76-acre unfenced, improved area for commercial projects with small land requirements. The Small Business Compound has been subdivided into four lots of approximately 1-2 acres each, two of which are beachfront properties separated from the shoreline by a 125-ft. setback area. At present, there is no land available in this compound.

TECHNICAL PARK. The Technical Park consists of over 700 acres of open lands available for lease in both the makai NELH and mauka HOST Park sections of the NELHA property. Approximately 60% is still available for development. The majority of these properties consists of unimproved land, covered by weathered *pahoehoe* or *a'a* lava flows and scrub grasses. Although the lot sizes are variable depending on tenant requirements, Hawaii County zoning has set the minimum lot size as three (3) acres in HOST Park and one (1) acre in the NELH section. Note that the volume of seawater required by a project is a

major determining factor in placing a tenant within the Technical Park, with higher volume users placed at lower elevations where possible to save on pumping costs. Currently land is available in the Technical Park area.

TYPE OF USES

EXTRACTIVE (OR COMMERCIAL RATE) use of the property is defined as a sublease in which the intended use of the seawater delivered to the site is to extract either the water or some other marketable product contained in the seawater and export the water or product generated from the site. An extractive use will involve returning a reduced amount of seawater to NELHA for disposal.

PRODUCTIVE (OR AQUACULTURE RATE) use of the property is defined as a sublease in which the intended use of the seawater delivered to the site is as a medium in which to produce a product (biological, botanical, or other) and to export the product from the site, thus returning 100% of the seawater to NELHA for disposal.

OTHER (OR ALT. ENERGY RESEARCH RATE) uses of the property is defined as any other use not fitting into the two categories above. This use tends to cover a variety of alternative energy, education, research, commercial projects or any other type of project that is considered appropriate for the mission of NELHA.

LAND RATES

BASE RENT. Current rental rates for determination of base rent are provided in this PIP document (see Summary of Current Rates). In some instances, a percent of the base rent can be deferred during the construction period and be paid back as a business becomes operational. A performance bond will be required to be issued to NELHA for the amount owed. Also NELHA approved horizontal offsets will be allowed against that amount. Please contact NELHA staff for the most current rent policy.

No rent will be charged for easements for existing infrastructure and support facilities, archaeological preservation areas, conservation areas, or beachfront setback areas where they occur within the boundaries of leased lands. All beachfront properties include a 125-foot setback from the certified shoreline in which no construction may take place.

PERCENTAGE RENT. When two percent (2%) of the tenant's gross sales (as defined in the NELHA sublease) for any calendar year exceeds the fixed rental fee, then this "percentage rent," or 2% of gross sales less the fixed rental fee, is also due to NELHA.

LAND USE AGREEMENTS

To become a tenant at NELHA, a NELHA Board-approved project must be in good standing in the State of Hawaii and have its authorized representative sign a NELHA land use agreement (LUA). Prospective tenants must provide (if applicable)

- a) Evidence of tax clearance from the Hawaii Department of Taxation;
- b) Evidence of tax clearance from the U.S. Internal Revenue Service;
- c) A copy of a current Hawaii State General Excise Tax License;
- d) Corporate resolution or other documentation of signatory authorization

- e) Certificate of good standing from the Hawaii State Department of Commerce and Consumer Affairs (DCCA)

SHORT TERM AGREEMENTS: FUA/FRA term may be up to one year, and is annually renewable up to three years, subject to NELHA Staff review. Any requests for further renewal of an FRA beyond the first three years must be reviewed by the NELHA Board.

FACILITIES USE AGREEMENT (FUA). New research, pre-commercial research, or non-profit tenants with NELHA Board approval of a Research or Preliminary Proposal who wish to rent land or facilities from NELHA must sign a Facilities Use Agreement (FUA). The tenant, as specified in the FUA, must also provide a Certificate of Insurance and security deposit or performance bond. Short term research projects (one year or less) located in the NELHA Research Compound are required to provide either a minimum security deposit of \$1000.00 or an amount as stipulated in the rental agreement, whichever is higher.

FACILITIES RENTAL AGREEMENT (FRA). New commercial tenants or existing tenants transitioning from pre-commercial research to commercial status must submit a Final Proposal/Business Plan and obtain NELHA Board approval prior to signing a commercial land use agreement, usually starting with a Facilities Rental Agreement, a bridging document to a sublease.

LONG TERM AGREEMENTS: Generally thirty (30) year term, with an option to reopen every fifth (5) year throughout the term.

SUBLEASE. As soon as a commercial or non-profit tenant is ready to commit to long term tenancy at NELHA, they may apply for a Sublease. NELHA Board approval is required after a review of the company's long term plans, summarized in a Final Proposal/Business Plan or update thereof. Tenants seeking subleases must be leasing land of at least three (3) acres in the HOST Park section or at least one (1) acre in the NELH section of NELHA properties. Consult with the Leasing and Tenant Relations Specialist regarding Sublease terms and conditions.

COMMERCIAL TENANT PROJECT STATUS

The project status of NELHA tenants who have commercial goals may change as their activities develop and mature from R&D projects into commercial entities. The following lists provide a general comparison of NELHA tenant Pre-Commercial Research Project Status and Commercial Project Status.

PRE-COMMERCIAL RESEARCH PROJECT STATUS

- 1) Location: May rent space or facilities within NELHA Research Compound
- 2) Land use agreement:
 - Facilities Use Agreement (**one year term limit**), annually renewable; no percentage rent requirement; no offset incentives benefit; first three years may be renewed by NELHA Executive Director; extensions beyond first three years must be reviewed by NELHA Board of Directors)

COMMERCIAL PROJECT STATUS

- 1) Location: Must lease space in NELHA technical park (NELH or HOST Park)
- 2) Land use agreement:
 - Annually renewable Facilities Rental Agreement (one year term limit, annually renewable; percentage rent requirement; no offset incentives benefit)—normally used as bridging document to a sublease, **or**

- Long term Sublease (up to 30-year term limit with five year reopenings; percentage rent requirement; additional allowable exclusions for calculation of gross sales)

GOVERNMENTAL PERMITS

NELHA operates under the umbrella of the federal, state, and county governments, therefore, all tenants are responsible for compliance with all applicable federal, state, and county permitting requirements including those relating to shoreline management area, shoreline setback requirements, importation requirements, state conservation district requirements, subdivision permits, building standards, and any others. However, it must be noted that NELHA cannot warrant or guarantee that the applicable federal, state, or county authority will permit the activities, or construction or installation of improvements that may be required by the tenant, and, regarding costs of permitting, those associated with obtaining the building and any other permits or approvals will be borne by the tenant.

NELHA SEAWATER SUPPLY SYSTEM

The NELHA seawater supply system is the only one of its size and capacity in the world, and its cold seawater supply pipes, in particular, are the deepest largest diameter pipelines in the world's oceans. Since completion of its first pipeline in 1981, NELHA has compiled an excellent record of continuous seawater delivery to its tenants, and continues to incorporate supportive measures as the seawater system expands to service the whole technical park.

PART 1 OF NELHA SEAWATER SYSTEM. Pristine cold deep seawater from a consistent 6°C (43°F) source is brought to shore from 2,000 foot depths off Keahole Point through a 6,284 foot long, 40-inch (1 meter) diameter pipeline made of high density polyethylene (HDPE). The durability, strength, flexibility, buoyancy and inert properties of HDPE makes it the preferred material for cold deep seawater pipelines (CWP) in the deep ocean.

Surface waters offshore of Keahole Point that supply NELHA's seawater systems are rated as Class AA by the Hawaii State Department of Health, essentially unaffected by human influences and representative of clean open ocean tropical surface seawater. The intake for NELHA's main surface seawater supply pipe is located 69 feet under the ocean surface over a 90-foot bottom depth. A 28-inch HDPE pipeline carries the pristine water to a sump in the Main Pump Station onshore. Surface seawater temperatures remain in the narrow range of 24° to 28.5°C (75 to 83°F) year 'round.

Multiple submersible pumps push the seawater from the Main Pump Station through the distribution system in the park. Warm seawater is delivered throughout the NELH section of the park via a 28-inch HDPE distribution pipeline while cold seawater is delivered through a 24-inch distribution pipeline. The system is capable of delivering up to 13,400 gpm (~0.84m³/s) of cold seawater and 9,700 gpm (~0.61m³/s) of warm seawater. Variable frequency drive motor control devices maintain the water pressure between 10 and 12 psig, precisely controlling water flow in both distribution lines.

The 24-inch cold seawater distribution line continues beyond the NELH section of property to also service the HOST Park. The Booster Pump Station, built in 1998, provides the additional pressures needed to pump deep cold seawater to elevations up to 110 feet above sea level in HOST Park. At present, up to 6,500 gpm (~0.41m³/s) of cold seawater can be delivered to this section of the park as an emergency backup to NELHA new 55" seawater distribution system.

An interim distribution pipeline and pump station was completed in January 2001 and is currently supplying small volumes of warm surface seawater to the HOST Park. The interim system will remain operational as a booster pump station to provide the additional pressure needed to pump warm surface seawater to elevation up to 110 feet above sea level in the HOST Park.

PART 2 OF NELHA SEAWATER SYSTEM . An 18-inch pipeline for cold seawater and a 24-inch pipeline for warm seawater provide the reassurance of redundant supplies for the main 40-inch and 28-inch seawater supply lines. Seawater from these pipelines at NELHA's Ka'u Pump Station is added to the main supply lines. The 24-inch pipeline provides up to 5,400 gpm ($\sim 0.34\text{m}^3/\text{s}$) of warm surface seawater while the 18-inch pipeline has a capacity of up to 3,000 gpm ($\sim 0.19\text{m}^3/\text{s}$) deep seawater.

Regular operations of the NELHA seawater supply system are further enhanced by the following:

- 1) An automated alarm system
- 2) Operations personnel on call 24 hours a day
- 3) A 1-megawatt generator to provide complete electrical redundancy for the NELHA Main Pump Station and facilities controlled from within the Research Compound.
- 4) A mobile 200-kilowatt generator to provide electrical redundancy to any location within the NELHA properties
- 5) A 125-kilowatt generator to provide electrical redundancy for the 24-inch warm seawater supply pipeline

PART 3 OF NELHA SEAWATER SYSTEM. NELHA concluded a major expansion to the existing NELHA Seawater Supply System with addition of two oceanic 55-inch diameter supply pipelines for deep and surface seawater in 2001, and two onshore components: an underground pump station, installed in 2002, and a system of 40-inch deep seawater and 28-inch surface seawater delivery pipelines. Fully built out system pumping capacities are up to 40,500 gpm ($2.56\text{m}^3/\text{s}$) of surface seawater and 27,000 gpm ($1.80\text{m}^3/\text{s}$) of deep seawater. The surface seawater intake is located offshore at a depth of approximately 80-feet below the ocean surface. The 10,247 foot long deep seawater pipe has an intake at 3,000 feet below the ocean surface to access 4°C (39°F) source seawater. It is the deepest seawater pipe (DSW) ever deployed in the world's oceans. Completion of Phase I of the seawater delivery pipeline system in the Summer of 2005 now allows delivery of 14,000 gpm flow for both surface and deep seawater in the mauka section of the Technical Park (also known as the HOST Park). The NELHA seawater system expansion has been designed to accommodate a wide range of potential water uses, such as ocean thermal energy conversion power production, air conditioning, industrial cooling, aquaculture, coldwater agriculture, and desalination facilities.

TABLE 1. NELHA SEAWATER SUPPLY SYSTEM

OFFSHORE PIPE INNER DIAMETER	OFFSHORE PIPE INTAKE DEPTH	OFFSHORE PIPE LENGTH	OFFSHORE PIPE INSTALLED	SYSTEM MAXIMUM PUMPING CAPACITY**	ONSHORE DISTRIBUTION SYSTEM STATUS
DEEP SEAWATER (DSW)					
40-inch (100 cm)	2,210 ft. (674 m)	6,284 ft. (1,916 m)	Aug. 1987	13,400 gpm (0.84 m ³ /s)	Fully operational
18-inch (45 cm)	2,060 ft. (628 m)	6,180 ft. (1,884 m)	Oct. 1987	3,000 gpm (0.19 m ³ /s)	Fully operational
55-inch (140 cm)	3,000 ft. (915 m)	10,247 ft. (3,124 m)	Dec. 2001	27,000 gpm (1.80 m ³ /s)***	Phase I fully operational (to 14,000 gpm)
SURFACE SEAWATER (SSW)					
28-inch (71 cm)	69 ft. (21 m)	535 ft. (163 m)	Aug. 1987	9,700 gpm (0.61 m ³ /s)	Fully operational
24-inch (61 cm)	33 ft. (10 m)	266 ft. (81 m)	June 1993	5,400 gpm (0.34 m ³ /s)	Fully operational
55-inch (140 cm)	79 ft. (24 m)	540 ft. (165 m)	Dec. 2001	40,500 gpm (2.56 m ³ /s)***	Phase I fully operational (to 14,000 gpm)

* Actual intake depths may vary by several meters as the pipeline moves slightly during each semi-diurnal tidal current cycle.

** Listed figures reflect the sum of maximum ratings of the multiple pumps at each pump station. Actual delivery capacities will be less than listed pumping capacities as they are affected by individual characteristics of the distribution systems associated with each pump station.

*** Phase II development of onshore distribution system to be determined at a future date.

TABLE 2. AVERAGE VALUES OF KEY PARAMETERS IN NELHA'S SEAWATER SUPPLY

PARAMETER	SURFACE SEAWATER (SSW)	DEEP SEAWATER (DSW) 2,000-ft. depth
Temperature	75 – 83 ° F (24 – 28.5 ° C)	43 – 46 ° F (6 – 8 ° C)*
Salinity (‰ or parts per thousand)	34.7 ‰	34.3 ‰
pH	8.3	7.6
Alkalinity	2.31	2.36
NO ₃ / NO ₂ (micromoles/liter)	0.24 μm/l	39.0 μm/l
PO ₄ (micromoles/liter)	0.15 μm/l	2.89 μm/l
Si (micromoles/liter)	2.64 μm/l	74.56 μm/l
NH ₄ (micromoles/liter)	0.20 μm/l	0.06 μm/l
Dissolved Organic Nitrogen (micromoles/liter)	5.39 μm/l	41.36 μm/l
Dissolved Oxygen (milligrams/liter)	6.87 mg/l	1.24 mg/l
Total Organic Carbon (milligrams/liter)	0.68 mg/l	0.50 mg/l
Total Suspended Solids (milligrams/liter)	0.88 mg/l	0.34 mg/l

* The 2,000-ft. deep seawater intake temperature is estimated to be 6°C. Higher recorded temperatures are due to warming in the delivery system.

**TABLE 3. SINGLE SAMPLE VALUES FOR KEY PARAMETERS IN NELHA’S DEEP SEAWATER SUPPLY—
A COMPARATIVE SAMPLING REPRESENTING THREE OCEANIC PIPELINE SYSTEMS***

PARAMETER	DSW 55" Diameter Pipeline	DSW 40" Diameter Pipeline	DSW 18" Diameter Pipeline
Intake depth below sea surface	3,000 ft. (915 m)	2,210 ft. (674 m)	2,060 ft. (628 m)
Date of collection (D-M-Y)	11-Aug-05	11-Aug-05	11-Aug-05
Time of collection (2400)	920	825	848
PO ₄ (micromoles/liter)	3.02 µm/l	3.01 µm/l	2.90 µm/l
NO ₃ (micromoles/liter)	40.6 µm/l	39.2 µm/l	38.9 µm/l
NH ₄ (micromoles/liter)	0.27 µm/l	0.25 µm/l	0.25 µm/l
Si (micromoles/liter)	105 µm/l	87.9 µm/l	81.4 µm/l
TDP	3.19 µm/l	3.18 µm/l	3.09 µm/l
TDN	43.1 µm/l	42.3 µm/l	40.9 µm/l
Total Organic Carbon (milligrams/liter)	NA	NA	NA
Total Suspended Solids (milligrams/liter)	1.75 mg/l	1.75 mg/l	1.53 mg/l
Alkalinity (milliequivalents/liter)	NA	NA	NA
Salinity (‰ or parts per thousand)	NA	NA	NA
Temperature	5.1 °C	5.9 °C	7.5 °C
pH measurement	7.653	7.623	7.630
pH: mV	-46.2	-44.5	-44.9
pH: Temperature at measurement (°C)	22.7 °C	22.7 °C	22.7 °C
Dissolved Oxygen (milligrams/liter)	NA	NA	NA
<i>Vibrio</i> CFU/100mL	43	<1	119
Total Count Marine Agar CFU/100mL	309	36	392

* NOTE:

- 1) Each of the values in Table 3 represents a single parameter from samples taken onshore of each of the pump stations connected to each of the three oceanic pipeline systems. Seawater samples were collected in quick succession at the times noted, all on the same day, then taken to the NELHA laboratory for analysis.
- 2) Any of the listed parameters may vary slightly in value if sampled at other times and seasons.
- 3) The 3,000-ft. deep seawater intake temperature is estimated to be 4 °C. Some warming should be expected from the delivery system. Recorded temperatures may be affected by flow rate, pipe size, distance from source, seasonality, and other factors.
- 4) See NELHA Staff to obtain more current compilations of additional raw data for these sample sites.

INSTALLATION OF TENANT UTILITIES

Tenants are responsible for installing and maintaining service connections to the nearest supply line for all utilities. NELHA provides access to the underground supply lines for all utilities along the Access Road and utility corridors. Tenants must make arrangements for the connections and pay all associated installation costs, as described below. NELHA does not supply meters, service laterals, parts, material, or labor. Installation costs can vary greatly from tenant to tenant, as each service connection is quite unique depending on location, size, and tenant needs. Meters for all utilities are read monthly by NELHA staff and the utility companies, so all meters must be standardized and should be clearly visible from the nearest roadway access.

SERVICE PROVIDERS. NELHA is responsible for the main supply lines for cold and warm seawater as well as freshwater along the Access Road and certain utility corridors. Hawaiian Telcomm (formerly Verizon, or GTE Hawaiian Tel) maintains telephone lines, and Hawaii Electric Light Company (HELCO) provides electrical service. Tenants must make arrangements with each utility provider for its service connections.

SEAWATER SUPPLY. To ensure accurate monitoring of seawater usage, tenants are required to install metering devices downstream of the primary service connections. Estimated cost for each meter assembly is at least \$1,200. Most tenants will require both warm and cold seawater supply lines and therefore two separate meter assemblies. NELHA uses Signet brand seawater flow meters, on which this cost estimate is based. Costs of installation labor must also be added to this estimate.

FRESHWATER. The Hawaii County Department of Water Supply (DWS) supplies freshwater (portable water) to NELHA properties. A 12-inch distribution line, owned and maintained by NELHA, runs along the Access Road. NELHA operates the distribution lines and metering systems within its properties according to DWS standards. A licensed plumber/contractor is required to install the tenant's service lateral off of the main distribution pipeline (estimated to be at least \$300-500), as well as a pressure regulator (estimated at \$50-75), a backflow preventer (estimated to be at least \$250-350), and a water meter (estimated at \$100-150 with fittings). These estimates were based on 2006 retail prices. Costs of labor must also be added.

ELECTRICAL SUPPLY. The tenant must submit engineering plans with electrical drawings to HELCO. When the plans are approved, the company will issue a work order to initiate the job. Installation of the PME and transformer necessary for an electrical power hookup may cost in the neighborhood of \$20,000 to \$35,000, based on 2005 costs, depending on the tenant's individual requirements. This fee is based on the size of the tenants electrical load and the payback period for the utility to recover their installation and equipment costs.

TELEPHONE SERVICE. The tenant must contact Hawaiian Telcomm to arrange for hookup to telephone service. Estimated cost is about \$200-300 for phone line installation.

NELHA EMERGENCY PROCEDURES

In the event of supply line interruption, the following emergency procedures are in place.

SEAWATER OUTAGES. As part of its emergency response procedures NELHA will inform all affected tenants of water outages longer than one (1) hour. Exceptions will be made if a tenant has special needs that require notification for shorter interruptions of seawater service.

ELECTRICAL OUTAGES. Affected tenants will be notified as quickly as possible regarding the onset of any electric power outages, usually within one (1) hour of NELHA staff alert to the event.

In addition, NELHA provides 48-72 hours written notice in advance of any planned outages for seawater, freshwater, or electrical power supply. Whenever possible, planned service outages are kept to within a 2 hours schedule.

TENANT PRECAUTIONARY MEASURES

NELHA takes as many precautions as possible to enhance the reliability of its unique seawater supply to tenants, however, it cannot guarantee continuous flow in the event of acts of nature or other events beyond its control. Therefore, it is incumbent upon each tenant to responsibly assess its own risks and liabilities and provide reasonable system redundancies to backup sensitive or otherwise vulnerable systems. Tenants need to take appropriate precautionary measures on their own property sufficient to sustain themselves during emergencies or scheduled maintenance.

SUMMARY OF CURRENT RATES

All land use and support services listed below are available exclusively to tenants at the NELHA Keahole facilities on its mauka and makai properties through written agreements with NELHA. Special conditions and instructions may be included for certain items. Listed rates are effective as of September 1, 2008, and are subject to change. Therefore, when making cost projections, please check with NELHA Staff for the most current rates.

LAND RATES	Monthly Rate	Yearly Rate
Research Compound	<u>\$/sq.ft./month</u>	<u>\$/sq.ft./year</u>
a. Improved (graded)	\$0.50	\$6.00
b. Concrete test pad	\$1.25	\$15.00
c. Open-air wet lab	\$2.00	\$24.00
d. Office space	\$3.00	\$36.00
e. Laboratory space	\$3.50	\$42.00
f. Gateway Office Space	\$2.00	\$24.00
g. Gateway Open Space	\$0.50	\$6.00
h. Gateway Lab Space	\$1.00	\$12.00
<i>Note: Research Compound Minimum Rent is \$400.00 a month</i>		
<i>Rates are subject to change.</i>		
Technical Park	<u>\$/acre/month</u>	<u>\$/acre/year</u>
Extractive Fixed Rent	\$3,000	\$36,000
Productive Fixed Rent	\$500	\$6,000
Other Uses Fixed Rent	VARY	VARY
<i>Note: Rates are subject to change.</i>		
ELECTRICITY	Rates per Kilowatt-hour	
Research Compound (plus \$10 meter reading charge / month)	\$0.26/kwh	
Technical Park (HELCO charge)	Rate varies	
<i>Note: Average HELCO rate as of June 2006; subject to change</i>		
WATER	Rates per Kilogallon	
Deep Sea Water (DSW) @ 6-9°C (10-12 psi)		
Commercial (Extractive) rate	\$0.8000	
Aquaculture (Productive) rate	\$0.2062	
Surface Sea Water (SSW) @ 24-28°C (8-10 psi)		
Commercial (Extractive) rate	\$0.8000	
Aquaculture (Productive) rate	\$0.2062	
Potable Fresh Water (Current Dept. of Water Supply Rate)	\$2.47	
<i>See NELHA Staff for more information regarding estimated operational costs.</i>		

	Extractive Use	Productive Use	Other
Minimum Rent (Improved/Unimproved Land)	\$3,000	\$500	VARY

	Extractive Use	Productive Use	Other
Percent Rent	2 % of Gross Sales	2 % of Gross Sales	2 % of Gross Sales

EQUIPMENT & RELATED SERVICES	Hourly Rates	Daily Rates
200 kW Diesel Generator Truck *	\$100.00	\$550.00
8-Ton Hydraulic Crane (Grove) *	\$125.00	\$750.00
Forklift (2 Ton) *	\$35.00	\$140.00
Standard Backhoe*	\$105.00	\$700.00
Backhoe/Hydraulic Ram*	\$125.00	\$900.00
<i>Note: Price includes mandatory NELHA operator and associated labor charges.</i>		
LABOR	Hourly Rates	
Welding	\$85.00	
Licensed Electrician or Mechanic	\$80.00	
Mechanical and Electrical Technician	\$70.00	
General Labor	\$40.00	
Supervisor	\$90.00	
Laboratory Technician	\$80.00	
ADDITIONAL NOTES REGARDING EQUIPMENT AND RELATED SERVICES:		
1. Equipment and labor services are available between the hours of 7:00 a.m. and 3:30 p.m. Monday - Friday, except holidays.		
2. Equipment and labor services are provided on an hourly basis for up to 8 hours of usage, with a one (1) hour minimum. Services provided in excess of 8 hours on the same day will be charged at 1.5x the hourly rate.		
3. A written quotation will be provided to the tenant before beginning all equipment and labor services. Tenant will be charged for the actual labor, equipment time and material used.		
4. Tenants are to provide their own construction material and other supplies required to complete the job. NELHA material (if available) will be charged at cost, plus 15%.		
5. Only NELHA staff may operate NELHA equipment.		

ADMINISTRATIVE & OFFICE SUPPORT SERVICES	Rates
Photocopy Machine (Xerox) Use	
8.5" x 11" letter-sized, white	\$0.10/copy
8.5" x 11" colored	\$0.14/copy
8.5" x 11" cardstock	\$0.40/copy
8.5" x 14" legal-sized, white	\$0.12/copy
8.5" x 14" legal colored	\$0.16/copy
11" x 17" white	\$0.30/copy
Facsimile (FAX) Transmissions	
Out-going	
In-State	\$3.00/first page; \$2.00 each additional page
Interstate	\$3.00/first page; \$2.00 each additional page
Big Island	\$.99/page
In-coming	\$0.90/page
General Document Cost	
Document preparation based on	
white paper, black ink, 8.5" x 11", stapled	\$28.00 and \$.10/page
Conference Room Fees:	

Conference Room Use (Research Compound)	\$ 25.00/hr. (minimum 2 hours) \$ 62.50/hr. (minimum 2 hours) / \$500.00 full day (8 hours) \$50.00/hr for ea additional hour
Conference Room Use (Gateway) Monday-Friday	
Conference Room Use (Gateway) Weekend	\$ 75.00/hr
ADMINISTRATIVE & OFFICE SUPPORT SERVICES (continued)	
Conference and Meeting Room Equipment Use:	Rates
VCR and Television	\$ 40.00/day
Overhead Projector	\$ 35.00/day
VIDEO-CONFERENCING (Equipment: Polycom ViewStation 128, LAN/Internet connection)	
Scheduling and Setup Fee	\$ 50.00/conference
Room and Equipment Rental (1 hr. minimum, 15 min. increments thereafter)	
Between 8AM and 4PM	\$150.00/hour
Before 8AM and after 4PM)	\$250.00/hour (when available)
Communication Charges: Network 128 Kbps	\$ 20.00/hour No charge (available if between 8AM and 4PM)
Testing to far site (recommended prior to event)	
Cancellation Policy:	
1 business day or less: Scheduling and Setup Fee plus 100% of Room and Equipment Rental	
1-2 business days: Scheduling and Setup Fee plus 50% of Room and Equipment Rental	
More than 2 business days: Scheduling and Setup Fee only	

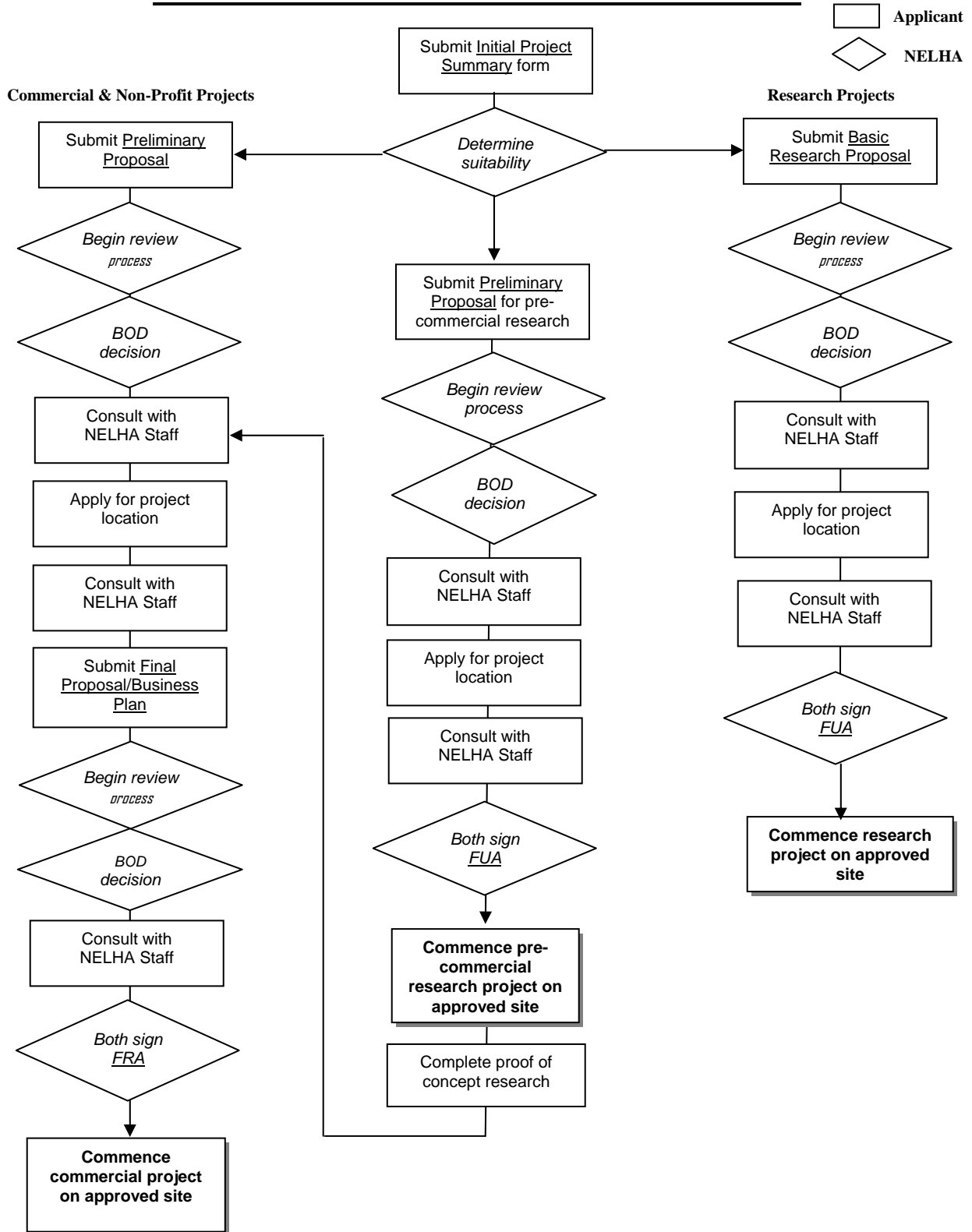
LEASING AND TENANT SERVICES	Rates
Application Information <i>(Some items may be obtained via email for no charge, upon request.)</i>	
Project Initiation Packet (PIP)	\$40.00
Aquatic Species Health Management Program	\$20.00
NELHA Development Guidelines	\$10.00
Sublease sample set (FUA, FRA, Sublease)	\$20.00
Application Fee for New Commercial Tenancy	\$600.00
Application Fee for Research, Education Tenancy	TBD
Leasing fees:	
FUA, FRA processing for new tenancy	\$160.00
Sublease processing	\$350.00
FUA/FRA renewals	\$100.00
FUA/FRA processing for continuing tenancy	\$140.00
Lease amendments, all types	\$110.00
Short term research project minimum security deposit	\$1,000.00
<i>(or as defined in land use agreement, whichever is higher)</i>	

COMPUTER-AIDED DRAFTING (CAD) AND ENGINEERING SUPPORT SERVICES	
<i>While the CAD and Engineering Section is primarily focused on the NELHA facilities, they are, time permitting, available for the following work:</i>	
Computer-Aided Drafting	\$ 65.00/hour (with a \$30.00 minimum)
Making Copies on Plotter	\$ 1.00/minute
	\$
Copying Files to disks	1.00/minute
24"x36" paper	\$ 1.00/sheet
Floppy Disk	\$

CD-ROM	1.00/disk \$ 2.00 ea.
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LABORATORY SUPPORT SERVICES	Commercial Per Sample Rate	Gov/Edu/Non-Profit Per Sample Rate
Chemistry		
Ammonia	\$40.00	\$7.00
Nitrate & Nitrite	\$40.00	\$7.00
Ortho Phosphate	\$40.00	\$7.00
Silicate	\$40.00	\$7.00
Nitrate	\$40.00	\$10.00
Nitrite	\$40.00	\$10.00
<i>Ammonia, Nitrate & Nitrite, Ortho Phosphate, & Silicate</i>	\$160.00	\$15.00
Total Nitrogen	\$40.00	\$12.00
Total Nitrogen Dissolved	\$40.00	\$12.00
Total Phosphorous	\$50.00	\$12.00
Total Phosphorous Dissolved	\$50.00	\$12.00
<i>Total Dissolved Nitrogen & Phosphorous</i>	\$90.00	\$20.00
Total Organic Carbon	\$40.00	\$12.00
Dissolved Oxygen (Winkler Titration)	\$35.00	\$12.00
Dissolved Oxygen (YSI)	\$35.00	\$7.00
Salinity (Salinometer)	\$25.00	\$12.00
Salinity (YSI)	\$25.00	\$7.00
Total Suspended Solids	\$20.00	\$11.00
Turbidity	\$25.00	\$11.00
pH	\$12.00	\$5.00
Alkalinity	\$25.00	\$10.00
Chlorophyll a (corrected for Phaeophytin)	\$35.00	\$10.00
Laboratory Services		
Autoclave Run/Service	\$15.00	\$15.00
Microscopy - per day	\$25.00	\$25.00
Miscellaneous Labor - per hour	\$70.00	\$70.00
Water - per gallon	\$1.00	\$1.00
Reverse Osmosis-Deionized Water (gal)	\$2.00	\$2.00

APPLICATION GUIDELINES OVERVIEW



INITIAL PROJECT SUMMARY

1) APPLICANT NAME: _____

2) LEGAL STATUS: _____

3) ADDRESS: _____

4) PRIMARY CONTACT: _____

a) PHONE 1: _____

b) PHONE 2: _____

c) FAX: _____

d) EMAIL: _____

5) PROJECT TYPE:

___ Research

___ Pre-Commercial Research

___ Commercial

___ Education

6) SUMMARY OF PROJECT CONCEPT:

7) HOW DID YOU FIND OUT ABOUT NELHA AS A POTENTIAL LOCATION FOR YOUR PROJECT?

a) Website b) Word of Mouth c) Other: _____

8) ESTIMATED NEEDS FOR NELHA RESOURCES:

a) Land area

Research Compound (s.f.): _____ office space _____ laboratory space _____ open space

Technical Park (acres): _____ unimproved space

b) Freshwater (FW): _____ Kgal/month

FW Recycling: _____ %

c) Deep seawater (DSW): _____ Kgal/day

Estimated flow rates: Average = _____ gpm

DSW Recirculation: _____ %

Peak* = _____ gpm

d) Surface seawater (SSW): _____ Kgal/day

Estimated flow rates: Average = _____ gpm

SSW Recirculation: _____ %

Peak* = _____ gpm

e) Electricity: _____ kwh/month

Estimated peak use*: _____ kw

9) SEAWATER RETURN ESTIMATES:

- a) Volume of effluent seawater to be returned to environment: _____ Kgal/month
- b) Type of treatment to be employed: _____
 _____ settling basin _____ filtration _____ other treatment: _____
- c) Type of seawater return facility: _____
 _____ injection well _____ disposal trench _____ other method: _____

10) SUMMARY OF ESTIMATED ANNUAL RESOURCE USE AND OTHER PROJECTIONS:

DESCRIPTION	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
a) SSW flow rate (maximum gpm)										
b) SSW volume (kgal/mo.)										
c) DSW flow rate (maximum gpm)										
d) DSW volume (kgal/mo.)										
e) Electricity—HELCO (average kWh/mo.)										
f) Electricity—self-generated (average kWh/month)										
g) Freshwater—County Dept. of Water Supply (average Kgal/month)										
h) Freshwater—Self-generated (ave. Kgal/mo.)										
i) Capital Investment—Private Sources (\$)										
j) Capital Investment—Federal Grants										
k) Capital Investment—Other Grants (specify type)										
l) New Acres Developed										
m) Total Acres in Use										
n) Base Rent to NELHA (\$/year)										
o) Gross Sales (\$/year)										
p) Percentage Rent to NELHA ** (\$/year)										
q) Royalty Payments to NELHA (\$/year)										
r) Number of Employees (FTE)										

**Percentage rent = 2% of Gross Sales less base rent/year

BASIC RESEARCH PROJECT APPLICATION PROCEDURES

[1] CONSULTATION SESSION

The basic research project is concerned with topics that contribute to the knowledge base of science and technology but have no immediate commercial application. Applicants should begin by scheduling a Consultation Session with the NELHA **Leasing Specialist, NELHA Operations Manager and Executive Director**. Discussing the project concept with a NELHA staff member will help applicants to determine whether the proposed project is appropriate for NELHA, and whether the resources NELHA has to offer appear to meet its needs. If appropriate, consultation with other NELHA staff may also be recommended at this time.

The entire NELHA project application process will also be reviewed to help applicants plan ahead.

[2] INITIAL PROJECT SUMMARY

Next, applicants need to provide a brief summary of the project concept on the **Initial Project Summary** form, including all estimated resource requirements. This summary should be submitted to the **Leasing Specialist** so that a quick review may be completed to determine whether appropriate resources are currently available.

[3] BASIC RESEARCH PROPOSAL

BASIC RESEARCH PROPOSAL CONTENT. Once it has been determined that NELHA's resources can meet the project needs, the applicant will need to clearly and succinctly describe the planned research project in the **Basic Research Proposal**. The contents of this document should follow the **Basic Research Proposal Outline** provided following this section of the PIP.

The **Basic Research Proposal** will be the first formal introduction of the project to the NELHA reviewers, so it is extremely important that only pertinent information on the planned research project is clearly presented in this document. No additional materials may be added to the proposal once it is formally submitted.

TIMING. Due dates are listed on the last page of this PIP document. These dates have been set to allow sufficient time for the review process prior to each scheduled NELHA Board meeting. Due dates for the final documents are one month before the Board meeting date.

PROPOSAL SUBMISSION. The **Leasing Specialist** can provide helpful feedback and advice to applicants who submit a draft of the **Basic Research Proposal** for informal review well in advance of the formal submission. This draft for informal feedback may be in electronic format. Applicants should plan for two weeks turnaround time once the draft has been submitted for informal review, and an additional week to prepare the final version.

When the final **Basic Research Proposal** is completed, the applicant should prepare and submit three (3) hard copies for submission to the NELHA address, and one electronic copy in a format compatible with MS Word documents, or as a pdf file, via email to leasing@nelha.org.

The completed **Basic Research Proposal** should be submitted to NELHA on or before the listed due dates found on the last page of this PIP document. Once received by NELHA, the proposal may be considered for approval at the next scheduled Board meeting.

[4] STAFF AND RAC PROPOSAL REVIEW

Each proposal received on or before the posted due date will be put it into the review cycle. **NELHA management staff** will review the proposal first, submitting their comments and recommendations to the **Executive Director**. All proposal documents are kept in strict confidence, to the extent permitted by law, throughout the review process.

The proposal will also be distributed to the **Research Advisory Committee (RAC)** for their review and recommendations. The RAC is composed of experts from various technical fields (e.g., energy, aquaculture, finance, environmental science, geothermal resources, etc.). They advise the NELHA Board as to the merit, scientific interest, industrial importance, and/or suitability of the proposed project to NELHA's mission, goals, and resources.

If the review process is successfully completed, the **Executive Director** will consider placing the proposal on the agenda of the next available monthly meeting of the NELHA Board of Directors and distributing the proposal to Board members for their review. However, if, through the review process, it is determined that the proposal is lacking important information, scheduling for Board review may be postponed. The applicant would then be notified and would need to resubmit the information in an acceptable format (as an attachment or as a completely rewritten proposal) for review in a subsequent review cycle.

[5] BOARD REVIEW

When the applicant's **Basic Research Proposal** is finally scheduled for NELHA Board review, the applicant will be notified in writing. NELHA Board meetings are usually held on the third Tuesday every other month. Applicants should refer to the last page of this PIP document for actual meeting dates. All NELHA Board meetings are open to the public and Board agendas are publicized one week before the meeting.

The **Executive Director** brings project proposals which have been successfully reviewed by NELHA staff to the Board for discussion. During the meeting, he/she will present staff recommendations to the Board members for their consideration. Similarly, the RAC Chairman will bring RAC recommendations.

Applicants are encouraged to personally attend NELHA Board meetings at which their proposals are discussed to support their project ideas and should be prepared to answer any questions that Board members may have. Attendance is not required but may prevent delays should the Board raise new questions regarding an applicant's proposal.

Board decisions are based on the information provided in the written proposal and by the applicants during the Board meeting, as well as on comments and recommendations from the RAC, the staff, and from the Board members themselves.

If the Board finds a proposal favorable, an "approval in concept" will be granted. However, if the Board determines that a proposal is favorable but there is insufficient information to render a decision, the proposal may receive a "conditional approval in concept" with final approval pending submission of necessary additional information to the Board at a subsequent meeting. If a proposal is determined to be inconsistent with NELHA's development plans, approval may be denied.

Applicants will be formally notified of the Board's decision with a letter from the **Executive Director** following the meeting. Notification of any special conditions/restrictions placed on the project will also be given at this time.

[6] LOGISTICS

Upon approval of the **Basic Research Proposal** the staff will identify and apply for an appropriate site and to plan ahead for next steps toward implementation. Logistical details must be worked out with the assistance of the **Engineering Projects Coordinator**, and the **Operations Manager**. A tentative site assignment for the approved project will be made by the **Executive Director** with consideration of staff recommendations based on the project's logistical requirements and NELHA's resource availability. Note that applicants must complete the entire application process and sign a land use agreement in order to finalize commitment of an appropriate area for their use.

[7] PERMITS, INSURANCE & LEASE AGREEMENT

Once the project needs for NELHA resources are determined and a project site is identified, official documentation for tenancy will be prepared. The **Engineering Projects Coordinator** will prepare a map with the dimensions and total area of the planned project site. The **Leasing Specialist** will complete a **Facilities Use Fees (FUF)** form to determine monthly billing of fixed fees and estimated variable charges and a **Facilities Use Agreement (FUA)** between NELHA and the applicant for review. The map, **FUF**, and NELHA-approved **Basic Research Proposal** will be included as Exhibits attached to the **FUA**.

Once the appropriate insurance documentation and a security deposit or performance bond are in place at NELHA, the **FUA** may be signed by a project representative. The signed **FUA** will then be sent to NELHA's **Deputy Attorney General** for approval as to form and then will be signed by the NELHA **Executive Director**. Once signed by both NELHA and the tenant, the **FUA** is recognized as a legal agreement between both parties and the project may officially commence its operations as a new tenant on the approved site. The **NELHA Fiscal Office** will initiate billing of the fixed fee one month prior to the effective date of the **FUA**.

The applicant is responsible for researching and obtaining all necessary permits to satisfy applicable regulations pertinent to the subject of the research project. The **NELHA Operations Manager, Engineering Projects Coordinator, and/or Electrician** may also assist the project principals in determining these requirements and in referring them to the appropriate regulating agencies (e.g., import permits, building and grading permits, Special Management Area (SMA) permits). Advanced NELHA approval is required of all tenant construction plans.

EXAMPLE OF A BASIC RESEARCH PROPOSAL

The completed Basic Research Proposal should include a succinct summary of the following minimum information. This document should not exceed 20 pages. Please use the topic headings below and consecutively number all pages of the document body. Proposals which do not meet these minimum requirements cannot be accepted.

1. **APPLICANT NAME**
State name of applicant (individual, group, or organization).

2. **TITLE**
Provide a title of the research project that summarizes research topic.

3. **CONTACT INFORMATION**
Provide current mailing/billing address, telephone number(s), fax number, email address, website URL (if applicable), and name of primary contact person.

4. **LEGAL STATUS**
Describe legal status of business (sole proprietorship, partnership, type of corporation or other legal status and state or country under whose laws the business was created and operates), non-profit organization, institution, agency, or individual applying for tenancy.

5. **APPLICANT PROJECT PRINCIPALS**
List participating individuals, partners, officers/major stockholders, and provide title and a brief background for each. Include technical research staff and relevant background.

6. **BRIEF HISTORY**
Provide a brief history of the applicant group or organization, as relevant, and research background of principal personnel.

7. **PROJECT OUTCOME**
Describe research to occur at NELHA and project goals, outcome.

8. **RATIONALE FOR NELHA LOCATION**
Summarize how the research project will use the unique resources at NELHA.

9. **ESTIMATED INFRASTRUCTURE AND RESOURCE DEMANDS**
Provide estimates of demand on NELHA infrastructure and resources for full duration of research project.
 - a) Utilities (provided by local utility companies)
 - (i) Electricity: Number of kwh/month
 Estimated peak use in kw

 - (ii) Telephone: Number of phone lines required

 - (iii) Freshwater: Estimated total Kgal/month

 - b) Seawater (provided by NELHA distribution system)
 - (i) Deep seawater: Estimated Kgal/day
 Estimated flow rates: Average rate in gpm
 Peak rate in gpm

 - (ii) Surface seawater: Estimated Kgal/day

Estimated flow rates: Average rate in gpm
 Peak rate in gpm

c) Space requirements—office space, laboratory space, Research Compound square footage, or acreage in the technical park, including any relevant criteria required for selecting a location.

10. **BUDGET**

Provide an itemized summary of capital requirements for project development for full duration of research project.

11. **FUNDING**

Provide a summary of funding resources and their status.

12. **IMPLEMENTATION SCHEDULE**

Provide timing and implementation schedule. Note that land use agreements for short term basic research projects are limited to one year but are annually renewable up to five years.

13. **ENVIRONMENTAL IMPACT**

Describe anticipated general impact on the local environment and specific effluent and waste description/treatment/disposal needs and requirements.

14. **CREATION OF EMPLOYMENT OPPORTUNITIES**

Provide anticipated number and types of jobs to be created on site.

15. **COMMUNITY BENEFITS**

Describe potential benefits to the community in terms of impacts on economy, quality of life, etc.

16. **PRELIMINARY SITE PLANS**

Sketch site development plans/layout (e.g., plumbing and electrical needs, construction layout, building plans).

17. **OTHER INFORMATION**

Provide any other information on the research project which may affect NELHA or would be helpful in clarifying proposal content.

18. **REFERENCES**

Include footnoted citations of published literature relevant to the subject of the proposed research topic.

COMMERCIAL or NON-PROFIT PROJECT APPLICATION PROCEDURES

[1] CONSULTATION SESSION

Applicants should begin by scheduling a Consultation Session with the NELHA **Leasing Specialist**. Discussing the project concept with a NELHA staff member will help applicants to determine whether the proposed project is appropriate for NELHA, and whether the resources NELHA has to offer appear to meet its needs. If appropriate, consultation with other NELHA staff may also be recommended at this time.

The entire NELHA project application process will also be reviewed to help applicants plan ahead. Note that submissions may be made electronically by email to avoid time delays, and costs of paper copies and delivery charges.

[2] INITIAL PROJECT SUMMARY

Next, applicants need to complete the **Initial Project Summary** form, including a brief summary of the project concept and all estimated resource requirements. This form should be submitted to the **Leasing Specialist** so that a quick review may be completed to determine whether appropriate resources are currently available.

[3] PRELIMINARY PROPOSAL

PRELIMINARY PROPOSAL CONTENT. Next, the applicant needs to prepare a clearly and succinctly written description of the planned commercial project and its development phases, not to exceed 15 pages, in the **Preliminary Proposal** following the outline provided below the **Preliminary Proposal** will be the first formal introduction of the project to the NELHA reviewers, so it is extremely important that only pertinent information on the planned project and its development phases are clearly presented in this document. No additional materials may be added to the **Preliminary Proposal** once it is formally submitted.

TIMING. Due dates are listed on the last page of this PIP document. These dates have been set to allow sufficient time for the review process prior to each scheduled NELHA Board meeting. Due dates for the final documents are one month before the Board meeting date.

STATEMENT OF REQUEST. The statement of request must clearly indicate which of the following approvals are being requested:

- a) "Approval in concept" for a pre-commercial research project, subject to terms and conditions of a Facilities Use Agreement
- b) "Approval in concept" for a commercial or non-profit project, with "final approval" subject to NELHA review of a Final Proposal/Business Plan.

PROPOSAL SUBMISSION. The **Leasing Specialist** can provide helpful feedback and advice to applicants who submit a draft of the **Preliminary Proposal** for informal review well in advance of the formal submission. This draft for informal feedback may be in electronic format. Applicants should plan for two weeks turnaround time once the draft has been submitted for informal review, and an additional week to prepare the final version.

When the final **Preliminary Proposal** is completed, the applicant should prepare and submit three (3) hard copies for submission to the NELHA address, and one electronic copy either in a format compatible with MS Word or as a pdf file via email to leasing@nelha.org.

The completed **Preliminary Proposal** should be submitted to NELHA on or before the listed due dates found on the last page of this PIP document. Once received by NELHA, the proposal may be considered for approval at the next scheduled Board meeting.

[4] STAFF and CAC PROPOSAL REVIEW

Each proposal will be put it into the monthly review cycle. **NELHA management staff** review the proposal first, submitting their comments and recommendations to the **Executive Director**. All proposal documents are kept in strict confidence, to the extent permitted by law, throughout the review process.

The proposal will also be distributed to the **Commercial Advisory Committee (CAC)** for their review and recommendations. The CAC is composed of experts with various commercial and business fields. They advise the NELHA Board with the expertise in business, commercial and financial activities and/or suitability of the proposed project to NELHA's mission, goals, and resources.

Once the review has been completed, the **Executive Director** will consider placing the proposal on the agenda of the next available meeting of the NELHA Board of Directors for a final review and decision-making. However, if, through the review process, it is determined that the proposal is lacking important information, scheduling for Board review may be postponed. The applicant would then be notified and would need to resubmit the information in an acceptable format (as an attachment or as a completely rewritten proposal) for review in a subsequent review cycle.

[5] BOARD REVIEW

When the **Preliminary Proposal** is finally scheduled for a NELHA Board meeting, the published Board Agenda will be emailed, faxed or mailed to the applicant. NELHA Board meetings are usually held on the third Tuesday every other month. Applicants should refer to the last page of the PIP for actual meeting dates and locations. In accordance with Sunshine Laws, all NELHA Board meeting Agendas are published no later than six (6) days prior to the meeting date by posting with the Lieutenant Governor's office. The Board Agenda is also posted at the NELHA website for public viewing shortly thereafter.

The **Executive Director** presents the NELHA Staff recommendations for project proposals to the Board for their consideration during their monthly meetings. Similarly, the CAC Chairman will bring CAC recommendations to the Board for their review.

Applicants are encouraged to personally attend NELHA Board meetings at which their proposals are discussed to support their project ideas and should be prepared to answer any questions that may arise. Attendance is not required but may prevent delays should the Board raise new questions regarding an applicant's proposal.

Board decisions are based on the information provided in the written proposal and by the applicants during the Board meeting, and on comments and recommendations from the CAC, the staff, and from the Board members themselves.

If the Board finds a proposal favorable, an "approval in concept" will be granted. However, a decision may be deferred if the Board determines that there is insufficient information to render an informed decision, or the proposal may receive a "conditional approval in concept" pending submission of additional information. If a proposal is determined to be incompatible with NELHA's development plans, approval may be denied.

The **Executive Director** will notify the applicant in writing of the Board's decision following the Board meeting date. All commercial projects must receive Board "approval in concept" before proceeding further to request final approval.

[6] LOGISTICS

Upon receiving "approval in concept" of the **Preliminary Proposal**, staff will identify and apply for an appropriate site and/or to plan ahead for next steps toward implementation. Logistical details must be worked out with the assistance of the **Engineering Projects Coordinator**, and the **Operations Manager**. A tentative site assignment for the approved project will be made by the **Executive Director** with consideration of staff recommendations based on the project's logistical requirements and NELHA's resource availability.

NOTE: If the applicant has obtained NELHA Board approval for a pre-commercial research project, then the next step would be [10] FINAL CONSULTATION & ORIENTATION. However, if the applicant has obtained "approval in concept" and will NOT be including a separate pre-commercial research phase in its development plans, then the next step would be [7] FINAL PROPOSAL/BUSINESS PLAN.

[7] FINAL PROPOSAL/BUSINESS PLAN

FINAL PROPOSAL/BUSINESS PLAN CONTENT. Once sufficient logistical information is obtained, the applicant should prepare a **Final Proposal/Business Plan (FP/BP)**. Suggested content for the **FP/BP** is provided in the Sample FP/BP Outlines #1 and #2 following this section. The body of the **FP/BP** should be well-organized and contain a succinct description of the commercial venture and its development phases. The **FP/BP** should not exceed 35 pages in length.

The **FP/BP** will be the first detailed description of the planned commercial project to the NELHA reviewers, so it is extremely important that only pertinent information on the planned project is clearly presented in this document. No additional materials may be added to the proposal once it is formally submitted.

TIMING. dates are listed on the last page of this PIP document. These dates have been set to allow sufficient time for the review process prior to each scheduled NELHA Board meeting. Due dates for the final documents are one month before the Board meeting date.

PROPOSAL SUBMISSION. The **Leasing Specialist** can provide helpful feedback and advice to applicants who submit a draft of the **Final Proposal/Business Plan** for informal review well in advance of the formal submission. This draft for informal feedback may be in electronic format. Applicants should plan for two weeks turnaround time once the draft has been submitted for informal review, and an additional week to prepare the final version.

When the **Final Proposal/Business Plan** is completed, the applicant should prepare and submit three (3) hard copies for submission to the NELHA address, and one electronic copy either in a format compatible with MS Word or as a pdf file via email to leasing@nelha.org.

The completed **Final Proposal/Business Plan** should be submitted to NELHA on or before the listed due dates found on the last page of this PIP document. Once received by NELHA, the proposal may be considered for approval at the next scheduled Board meeting.

[8] FINAL STAFF AND CAC PROPOSAL REVIEW

The **Final Proposal/Business Plan** is distributed to the **NELHA management staff** and **CAC** members for comments and recommendations, as described in step [4], above. All documents are kept in strict confidence, to the extent permitted by law, throughout the review process.

If the review process is successfully completed, the **Executive Director** will consider placing the proposal on the agenda of the next available monthly meeting of the NELHA Board of Directors and distributing the proposal to Board members for their review. However, if it is determined that the proposal is lacking important information, scheduling for Board review may be postponed. The applicant would then be notified and would need to resubmit the information in an acceptable format (as an attachment or as a completely rewritten proposal) for review in a subsequent review cycle.

[9] FINAL BOARD REVIEW

When the applicant's **Final Proposal/Business Plan** is finally scheduled for hearing at a NELHA Board meeting, the applicant will be notified in writing after the Board meeting Agenda is published. Applicants should refer to the last page of this PIP document for Board meeting dates. All NELHA Board meetings are open to the public and Board agendas are publicized one week before the meeting.

The **Executive Director** will introduce the project proposal to the Board members for discussion during their monthly meeting, and present a Staff recommendation for their consideration. Similarly, the **CAC** Chairman will bring **CAC** recommendations.

It is important that the project principal(s) or representatives be present at this Board meeting to support their project and answer any questions that may arise. Attendance at the Board meeting can prevent delays should the Board raise new questions regarding the applicant's **FP/BP**.

Board decisions are based on the information provided in the written proposal and by the applicants during the Board meeting, as well as on comments and recommendations from the RAC, the staff, and from the Board members themselves.

If the Board finds a **FP/BP** favorable, "final approval" will be granted. However, if the Board determines that there is insufficient information to render a final decision, the proposal may receive a "conditional approval" with final approval subject to certain conditions as specified by the Board. If a proposal is determined to be incompatible with NELHA's development plans, final approval may be denied.

Applicants will be formally notified of the Board's decision with a letter from the **Executive Director** following the meeting. Written notification of any special conditions/restrictions placed on the project will also be given at this time.

[10] FINAL LOGISTICAL CONSULTATION & ORIENTATION

Upon receiving "final approval" from the NELHA Board, the applicant should schedule another consultation session soon thereafter with the **Leasing Specialist** to identify an appropriate site and to plan ahead for next steps toward implementation. Logistical details must be worked out with the assistance of the **Engineering Projects Coordinator**, and the **Operations Manager**. A site assignment for the approved project will be made by the **Executive Director** with consideration of staff recommendations based on the project's logistical requirements and NELHA's resource availability.

[11] PERMITS, INSURANCE & LEASE AGREEMENT

Once the project needs for NELHA resources are determined and a project site is assigned, official documentation for tenancy will be prepared. The **Engineering Projects Coordinator** will prepare a map with the dimensions and total area of the project site. The **Leasing Specialist** will complete a **Facilities**

Use Fees (FUF) form to determine monthly billing of fixed fees and estimated variable charges and a Facilities Rental Agreement (FRA) or Sublease between NELHA and the applicant for review. The map, FUF, and NELHA-approved FP/BP will be included as Exhibits attached to FRA or Sublease.

Once the appropriate insurance documentation and a security deposit or performance bond are in place at NELHA, the FRA or Sublease may be signed by a project representative. The signed FRA or Sublease will then be sent to NELHA's **Deputy Attorney General** for approval as to form and then will be signed by the NELHA **Executive Director**. Once signed by both NELHA and the tenant, the FRA or Sublease is recognized as a legal agreement between both parties and the project may officially commence its operations as a new tenant on the approved site. The **NELHA Fiscal Office** will initiate billing of the fixed fee one month prior to the effective date of the FRA or Sublease.

The applicant is responsible for researching and obtaining all necessary permits to satisfy applicable regulations pertinent to the subject of the research project. The **NELHA Operations Manager, Engineering Projects Coordinator, and/or Electrician** may also assist the project principals in determining these requirements and in referring them to the appropriate regulating agencies (e.g., import permits, building and grading permits, Special Management Area (SMA) permits). Advanced NELHA approval is required of all tenant construction plans.

EXAMPLE OF A COMMERCIAL OR NON-PROFIT PROPOSAL

STEP ONE for Commercial and Non-Profit Project Applications

The completed Preliminary Proposal document should not exceed 15 pages and should contain the following information. Please use the topic headings listed below and consecutively number all pages of the document body.

1. **APPLICANT NAME**
State name of individual, business, organization, or institution making the application for tenancy.
 2. **CONTACT INFORMATION**
Provide name of primary contact person representing the applicant and current mailing/billing address, telephone number(s), fax number, email address, website URL (if applicable).
 3. **LEGAL STATUS**
Describe legal status of business (sole proprietorship, partnership, type of corporation or other legal status and state or country under whose laws the business was created and operates), non-profit organization, institution, agency, or individual applying for tenancy.
 4. **APPLICANT PROJECT PRINCIPALS**
List individuals, partners, officers/major stockholders, and provide title and a brief background for each. If applicable, include technical staff and relevant background.
 5. **STATEMENT OF REQUEST**
 - a) Begin with a statement of request for one of the following types of approval:
 - (i) “Approval in concept” for a pre-commercial research project, subject to terms and conditions of a Facilities Use Agreement with NELHA.
This will allow the project to commence on a research basis only, with no commercial activity, with the understanding that a Final Proposal/Business Plan will be submitted later when sufficient data has been collected to determine commercial viability.
 - (ii) “Approval in concept” for a commercial or non-profit project, with “final approval” subject to NELHA review of a Final Proposal/Business Plan.
This will authorize the applicant to work with NELHA staff to further define logistical and utility needs with the understanding that a Final Proposal/Business Plan will be submitted next, prior to commencement of the project.
 - b) Follow this statement of request with a succinct description of the proposed project activities.
 6. **BRIEF HISTORY**
Provide a brief history of the applicant, including accomplishments and background relevant to the success of the proposed activities at NELHA.
 7. **PROJECTED GOALS**
Provide a list of project goals that will be met through the implementation of the proposed activities, including preliminary market studies as relevant.
 8. **PROPOSED ACTIVITIES**
Describe proposed activities needed to meet projected goals as stated above.
For pre-commercial research activities to develop marketable products or services, describe contents of planned test products or nature of services, any planned test marketing activities, and how value-added production would occur.
-

NOTE: Test marketing activities must be defined and approved in advance by NELHA to maintain research project status (see page 14 for project status information).
 Show tentative long term plans for commercialization and projected profitability.

9. RATIONALE FOR NELHA LOCATION

Summarize how the project will use the unique resources at NELHA and provide a rationale explaining why the project must be carried out at NELHA instead of at another location.

10. ESTIMATED INFRASTRUCTURE AND RESOURCE DEMANDS

Quantify estimates of demand on NELHA infrastructure, land area, and other resources, including projected estimates of anticipated scale-up to commercialization, over a five-year period.

a) Utilities (provided by local utility companies)

- (i) Electricity: Number of kwh/month
 Estimated peak use in kw
- (ii) Telephone: Number of phone lines required
- (iii) Freshwater: Estimated total Kgal/month

b) Seawater (provided by NELHA distribution system)

- (i) Deep seawater: Estimated Kgal/day
 Estimated flow rates: Average rate in gpm
 Peak rate in gpm
- (ii) Surface seawater: Estimated Kgal/day
 Estimated flow rates: Average rate in gpm
 Peak rate in gpm

c) Space requirements—office space, laboratory space, Research Compound square footage, or acreage in the technical park, including any relevant criteria required for selecting a location.

11. BUDGET

Provide an itemized summary of capital requirements for project development over a minimum of five years.

12. FUNDING

Provide a summary of funding resources and their status.

13. PROFITABILITY

Provide a discussion of projected profitability, including estimated percentage rent projections.

14. IMPLEMENTATION SCHEDULE

Provide timing and implementation schedule. Note that land use agreements for pre-commercial research projects are limited to one year but are annually renewable up to three years.

15. ENVIRONMENTAL IMPACT

Describe anticipated general impact on the local environment and specific effluent and waste description/treatment/disposal needs and requirements.

16. CREATION OF EMPLOYMENT OPPORTUNITIES

Provide anticipated number and types of employment opportunities to be created on site.

17. **COMMUNITY BENEFITS**
Describe potential benefits to the community in terms of impacts on economy, quality of life, etc.
18. **PRELIMINARY SITE PLANS**
Provide preliminary site development plans/layout (e.g., construction, building plans drawn to scale).
19. **OTHER INFORMATION**
Provide any other information on the project which may affect NELHA, or would be helpful in clarifying proposed activities, goals, and impacts.
20. **REFERENCES**
If needed, include footnoted citations of published literature relevant to the subject of the proposed activities.

FINAL PROPOSAL/BUSINESS PLAN

STEP TWO for Commercial and Non-Profit Project Applications

GENERAL INFORMATION

The **Final Proposal/Business Plan (FP/BP)** is required for final approval of all commercial projects, non-profit projects, and for commercialization of research projects at NELHA. The **FP/BP** must provide sufficient information to allow NELHA Staff and Board adequate data to evaluate:

- 1) Is the proposed concept for products or services technically viable?
- 2) Is there an accessible and viable market for the proposed products or services?
- 2) Do the project principals have the experience and knowledge to carry out the proposed activities?
- 3) Is the proposed project adequately capitalized?
- 4) What quantified goals and timeframes can be set as measurable benchmarks of success?
- 5) How much land and other NELHA resources will be required?
- 6) How long an incubation period will be required?
- 7) In addition to minimum ground rents, what level of percentage rent revenues will the proposed project be able to yield for NELHA?
- 8) By its participation as a NELHA tenant, will the proposed project bring any other benefits to NELHA as an agency, other NELHA tenants, the local Kona community, and/or the State of Hawaii?

The **FP/BP** needs to succinctly present all the information shown below on the **Business Plan Checklist** that is necessary for a fair representation of your company's plans for commercialization at NELHA. It should show how your company's plans will produce a commercially viable product or service based on the resources at NELHA and how commercialization will benefit the community and NELHA/State of Hawaii.

Once submitted for review, no materials may be added, so applicants should make sure that the **FP/BP** is clearly written and complete before submission.

The body of the **FP/BP** without attachments **should not exceed 35 pages**. Please consecutively number all pages of the document body. Use a paper clip to bind each of thirty (15) copies of the document when submitting for review; do not staple or permanently bind.

The FP/BP Application Summary form which follows should be completed and should accompany the Final Proposal/Business Plan.

Two sample business plan outlines are provided below for your information, but the **FP/BP** may vary according to need. Applicants may wish to consult other references or professionals for more information on business plan development; there are many.

BUSINESS PLAN CHECKLIST

COVER PAGE - Title "Final Proposal/Business Plan for _____ (company name)"

TABLE OF CONTENTS

EXECUTIVE SUMMARY (2-5 pages)

COMPANY & TECHNOLOGY

Brief company introduction

- *Mission*
- *Legal Name and form of business*
- *Names of management staff—include technical and business experience*
- *Location, size, history*
- *Overview of company capabilities*
- *Customers & past performance*

Technology

- *Brief description*
- *Applications*

Product/Service

- *Brief description*
- *Intellectual property status*
- *Commercialization strategy—brief overview*

INDUSTRY OVERVIEW

Industry definition and description

Size and growth trends (analysis of demand; historical data and trend analysis of supply; historical data and correlation analysis of price; communications with potential product buyers, etc.)

Maturity of industry

Vulnerability of economic factors

Seasonal factors

Technological factors

Regulatory factors

Supply and distribution

Financial considerations

Legislation and policies driving the industry

- *Future and historical trends*

CUSTOMERS

Customers & end-user

- *Need addressed by the technology/product/service*
- *How the need is currently filled?*
- *Features, advantages, and benefits; price point*
- *Who has the need? - Differentiate between end-users and customer needs*
- *Distribution channels used by customers and end-users*

Buying behavior

- *Decision makers*
- *Who makes the decision to buy*
- *Who influences the purchase decision*
- *Characterization of decision makers*

Basis for purchase decisions

- *Frequency of purchase decisions*
- *Basis for purchase decisions*

TARGET MARKET

Market definition
Demographics
Primary market
Secondary markets
Lifestyle and psychographics
Purchasing patterns
Buying sensitivities
Size and trends of market
Primary suppliers and customers

COMPETITORS

Indirect customers
Direct competitors

- *Who are they?*
- *Strengths and weaknesses*
- *Market share of competitors*

Market share distribution
Barriers to entry
Future competition

MARKETING/SALES PLAN

Marketing and sales objectives
Marketing tools
Current customers (if appropriate)
Pricing

- *Basis for targeted price point*
- *Margins and levels of profitability at various levels of production and sales*

Sales Plan

- *Sales force analysis (reps, distributors, direct)*
- *Sales expectations for each salesperson and each distribution channel*
- *margins given to intermediaries*
- *Service and warranties*
- *Organizational chart for sales/marketing staff, indicating planned growth for 3 – 5 years*

Advertising

- *Year 1 – Detailed marketing communications plan*
- *Year 2-5 (general)*

Sales/Marketing Budget

- *Assumptions*

OPERATIONS PLAN

Plant and facilities (site development plans/layout; construction, building plans)
Manufacturing/production plan
Equipment and/or technology
Labor requirements (local employment; community benefits)
Future growth/expansion expected
Safety, health and environmental concerns (waste description/treatment)
Supply and distribution

RESEARCH & DEVELOPMENT PLAN

R&D Objectives
Milestones and current status

- *What remains to be done to make the product marketable?*

Difficulties and risks

R&D Budget

MANUFACTURING/ENGINEERING PLAN

Objectives

Use of subcontractors

Quality control

Staffing

Manufacturing/Engineering budget

HUMAN RESOURCE PLAN

Staffing objectives

Organizational structure – phased over 3-5 years

- *Introduction of management team*
- *Key individuals to be recruited and plans for doing so*
- *Board of Directors, Advisory Board*
- *Incentives for commitment*

Human Resource Budget

CONTINGENCIES

Potential risks

- *Impact and responses*

FINANCIALS

Financial objectives

- *Commercialization strategy*
- *Use of funds*
- *Terms and conditions of any previous financing arrangements*

Plans for obtaining investors or strategic alliance

- *Profile of investor or partner sought*
- *Leveraging advantage for investor/partner*
- *Detailed plans for obtaining investor/partner*
- *Costs and time associated with securing investor/partner*

Pro Forma Profit and Loss statements

Pro Forma Cash Flow projections

Pro Forma Balance Sheet

Alternative return scenarios

- *Exit scenarios*

APPENDICES

Could include:

- Analysis of potential teaming partners
- Patent information
- Detailed market surveys
- Customer endorsements
- More detailed technical information

REFERENCES

- Bibliography
- Industry experts consulted

CONFIDENTIALITY OF APPLICATION INFORMATION

Because NELHA is a government agency it is subject to federal and state laws regarding public access to government records. Therefore any information submitted as part of the application process may be subject to

public disclosure under the provisions of the U.S. Freedom of Information Act (“FOIA”) and Hawaii state Uniform Information Practices Act (“UIPA”) that governs open records. At the same time, NELHA also recognizes that an application and related documents submitted by a prospective tenant (collectively referred to as the “application”) may contain trade secrets and/or privileged or confidential commercial and/or financial information (hereinafter collectively and singularly referred to as “data”) that the applicant does not want used or disclosed for any purpose other than evaluation of the application.

Pursuant to Section 3.5 of Chapter 227D, Hawaii Revised Statutes, certain records received by NELHA may be kept confidential and not be subject to public disclosure if they:

- 1) consist of business trade secrets,
- 2) consist of confidential or proprietary commercial or financial information,
- 3) relate to the competitive position in the business or field of endeavor

Should the applicant elect to include such information in an application and related documents, restricted use and disclosure of that certain data may be requested by marking the cover sheet of the application with the following legend specifying the pages of the application which are to be restricted in accordance with the conditions of the legend:

"The data contained in pages _____ of this application have been submitted in confidence and contain proprietary information, and such data shall be used or disclosed exclusively for evaluation purposes."

Similarly, each page containing such data would be specifically identified and marked with the legend similar to the following:

"Use or disclosure of the data set forth above is subject to the restriction on the cover page of this application."

Notwithstanding the foregoing, the applicant is reminded that the application and the data, whether marked or unmarked, still may be subject to release and disclosure under the provisions of the FOIA or the UIPA, if NELHA or a court determines that the material so marked is not exempt under the FOIA or the UIPA, or otherwise. Therefore, the applicant must assume the risk of such disclosure and release of the application and any data (whether marked or unmarked) when submitting an application. NELHA shall not be liable for any disclosure, release, use, or otherwise, of the application or the data (whether marked or unmarked).

Additionally, applicants should be aware that, in evaluating an application and the data submitted, NELHA may use assistance deemed advisable in accordance with applicable regulations, including calling upon qualified personnel from other State agencies, other Government entities, universities, private industry, and NELHA contractors (collectively “outside evaluators”), as needed, to review and analyze the application and the data submitted (whether marked or unmarked).

In conclusion, applicants must consider carefully the nature of all data included in an application. While NELHA treats all submitted documents as confidential, it can only do so to the extent permitted by law.

2012 BOD Meeting Dates

All proposals received no later than four weeks before close of business at 4:30 p.m prior to the scheduled Board Meeting will be placed on the Board agenda. Please check with NELHA staff to confirm the meeting date and due date for submittals.

January 17, 2012

March 20, 2012

May 15, 2012

July 17, 2012

September 18, 2012

November 20, 2012

BOARD MEETING NOTES:

- 1) Board meetings **in Kona** normally begin at **10:00 a.m.** and are held in the NELHA Conference Room at Keahole Point, Kailua-Kona, Hawaii (on the island of Hawaii, also known as “the Big Island”). Board meetings are normally preceded by Board committee meetings, commencing at **9:00 a.m.**
- 2) Both Board and Committee meetings are open to the public in compliance with Sunshine Laws, however, a non-public Executive Session may be called during a meeting for the Board to receive information that is proprietary to a particular enterprise and/or to consult with their attorney pursuant to HRS Sections 92-5(a) and/or 227D-6.
- 3) Board and committee meeting dates, times and locations are **subject to change**. Please call (808) 327-9585 **one week ahead** of the meeting date to confirm date, time and location.

NOTE: IF YOU REQUIRE SPECIAL ASSISTANCE OR AUXILIARY AIDS AND/OR SERVICES (I.E., SIGN LANGUAGE INTERPRETER, WHEELCHAIR ACCESSIBILITY, OR PARKING DESIGNATED FOR THE DISABLED) TO PARTICIPATE IN THE PUBLIC MEETING PROCESS OF THE NELHA BOARD OF DIRECTORS, PLEASE CONTACT KAREN APPLEBY (KONA, PH. 327-9585) FOUR (4) WORKING DAYS PRIOR TO THE MEETING SO APPROPRIATE ARRANGEMENTS CAN BE MADE.



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