

JAN 23 2009

A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST SEAWATER AIR CONDITIONING PROJECTS ON OAHU.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that support for the
2 development of renewable energy systems, efficient energy
3 systems and utilization of sustainable energy in the State,
4 which is geographically isolated from sources of oil, continues
5 to be in the public interest.

6 The legislature further finds that Honolulu Seawater Air
7 Conditioning, LLC proposes to build seawater air conditioning
8 district cooling systems on the island of Oahu. Honolulu
9 Seawater Air Conditioning, LLC is engaged in the planning,
10 design, and construction of a seawater air conditioning district
11 cooling facility and chilled water distribution system in
12 downtown Honolulu using cold, deep seawater as the primary
13 cooling source.

14 The legislature finds and declares that the issuance of
15 special purpose revenue bonds under this Act is in the public
16 interest and for the public health, safety, and general
17 welfare. The legislature further finds that the issuance of



1 special purpose revenue bonds and refunding special purpose
2 revenue bonds under this Act to assist Honolulu Seawater Air
3 Conditioning, LLC, in constructing the portion of this district
4 cooling project consisting of its chilled water distribution
5 system and balance-of-system components and structures, will
6 make the development of a seawater air conditioning system more
7 economically feasible and provide numerous benefits, including
8 the following:

- 9 (1) Providing customers with reduced and stable cooling
10 costs;
- 11 (2) Using an abundant, infinite, sustainable energy
12 resource - cold, deep seawater - to provide more than
13 ninety per cent of the cooling load;
- 14 (3) Eliminating the need for cooling towers and, as a
15 result, reducing potable water use, toxic chemical
16 use, and the production of sewage;
- 17 (4) Greatly reducing the use of harmful chemicals
18 (refrigerants) used in conventional cooling systems;
- 19 (5) Potentially providing energy savings of seventy per
20 cent, or more, compared to conventional air
21 conditioning systems;



- 1 (6) Having lower operating and maintenance costs than
2 individual building air conditioning systems;
- 3 (7) Eliminating the need for up to 0.63 kilowatts of
4 electricity generation capacity for each ton of
5 cooling capacity;
- 6 (8) Potentially generating millions of dollars in
7 construction project spending. In addition to
8 construction jobs, a significant number of long-term,
9 well-paid jobs will also be created;
- 10 (9) Reducing the export of Hawaii moneys for oil and
11 retaining that money in the Hawaii economy. Other
12 local economic development benefits will accrue from
13 money that stays in Hawaii and is not used to purchase
14 oil; and
- 15 (10) Helping the State of Hawaii, the city and county of
16 Honolulu, and the federal government to meet goals and
17 mandates for energy efficiency and renewable energy
18 use.

19 SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised
20 Statutes, the department of budget and finance, with the
21 approval of the governor, is authorized to issue special purpose
22 revenue bonds in a total amount not to exceed \$30,000,000, in



1 one or more series, for the purpose of assisting Honolulu
2 Seawater Air Conditioning, LLC, a Hawaii company, in designing
3 and constructing the district cooling project. The legislature
4 hereby finds and determines that the design and construction of
5 this district cooling project constitute a project as defined in
6 part V, chapter 39A, Hawaii Revised Statutes, and the financing
7 thereof is assistance to an industrial enterprise.

8 SECTION 3. The special purpose revenue bonds and the
9 refunding special purpose revenue bonds issued under this Act
10 shall be issued pursuant to part V, chapter 39A, Hawaii Revised
11 Statutes, relating to the power to issue special purpose revenue
12 bonds to assist industrial enterprises.

13 SECTION 4. The department of budget and finance is
14 authorized, from time to time, including times subsequent to
15 June 30, 2014, to issue special purpose revenue bonds in
16 whatever principal amounts the department shall determine to be
17 necessary to refund the special purpose revenue bonds authorized
18 in section 2 and to refund special purpose revenue bonds
19 authorized in this section, regardless of whether the
20 outstanding special purpose revenue bonds or refunding special
21 purpose revenue bonds have matured or are the subject of
22 redemption or whether the refunding special purpose revenue



1 bonds shall be bonds for the multi-project programs described in
2 section 2. In making this determination, the department shall
3 comply with federal law relating to the exemption from federal
4 income taxation of the interest on bonds of the nature
5 authorized by this section.

6 SECTION 5. The authorization to issue special purpose
7 revenue bonds under this Act shall lapse on June 30, 2014.

8 SECTION 6. This Act shall take effect upon its approval.
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Report Title:

Special Purpose Revenue Bonds; Honolulu Seawater Air Conditioning, LLC

Description:

Authorizes the issuance of special purpose revenue bonds to Honolulu Seawater Air Conditioning, LLC, for the purpose of design and construction of a seawater air conditioning district cooling system in downtown Honolulu.

