

JAN 17 2013

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# A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO  
ASSIST A SEAWATER AIR CONDITIONING PROJECT.

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

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

5           The legislature further finds that Kaiuli Energy, LLC,  
6 proposes to build a seawater air conditioning district cooling  
7 system to serve Waikiki and nearby areas on the island of Oahu.  
8 Kaiuli Energy, LLC, is engaged in the planning, design, and  
9 construction of such a system, including a seawater air  
10 conditioning district cooling facility and chilled water  
11 distribution system, using cold, deep seawater as the primary  
12 cooling source.

13           The issuance of special purpose revenue bonds and refunding  
14 special purpose revenue bonds under this Act to assist Kaiuli  
15 Energy, LLC, in constructing the portion of its district cooling  
16 system will make the statewide development of such a system more



1 economically feasible and provide numerous benefits. Among  
2 other benefits, it is expected that such a system will:

- 3 (1) Provide customers with reduced and stable cooling  
4 costs;
- 5 (2) Use an abundant, infinite, renewable energy resource -  
6 cold, deep seawater - to provide more than ninety per  
7 cent of the cooling load;
- 8 (3) Eliminate the need for cooling towers and, as a  
9 result, reduce potable water use, toxic chemical use,  
10 and the production of sewage;
- 11 (4) Greatly reduce the use of harmful chemicals used in  
12 conventional cooling systems;
- 13 (5) Provide substantial energy cost savings compared to  
14 conventional air conditioning systems;
- 15 (6) Have lower operating and maintenance costs than  
16 individual building air conditioning systems;
- 17 (7) Generate millions of dollars in construction project  
18 spending and also create long-term jobs relating to  
19 the operation of the system; and
- 20 (8) Help the State, counties, and federal government meet  
21 goals and mandates for energy efficiency.



1           The legislature finds and declares that the issuance of  
2 special purpose revenue bonds under this Act is in the public  
3 interest and for the public health, safety, and general welfare.

4           SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised  
5 Statutes, the department of budget and finance, with the  
6 approval of the governor, is authorized to issue special purpose  
7 revenue bonds in a total amount not to exceed \$200,000,000, in  
8 one or more series, for the purpose of assisting Kaiuli Energy,  
9 LLC, a limited liability company, in financing or refinancing  
10 the costs relating to the planning, design, construction,  
11 equipping, acquisition of land, including easements or other  
12 interests therein, and other tangible assets for a seawater air  
13 conditioning district cooling facility and chilled water  
14 distribution system. The legislature hereby finds and  
15 determines that a seawater air conditioning district cooling  
16 facility and chilled water distribution system constitute a  
17 project as defined in part V, chapter 39A, Hawaii Revised  
18 Statutes, and the financing thereof is assistance to an  
19 industrial enterprise.

20           SECTION 3. The special purpose revenue bonds and the  
21 refunding special purpose revenue bonds issued under this Act  
22 shall be issued pursuant to part V, chapter 39A, Hawaii Revised



1 Statutes, relating to the power to issue special purpose revenue  
2 bonds to assist industrial enterprises.

3 SECTION 4. The department of budget and finance is  
4 authorized, from time to time, including times subsequent to  
5 June 30, 2018, to issue special purpose revenue bonds in  
6 whatever principal amounts the department shall determine to be  
7 necessary to refund the special purpose revenue bonds authorized  
8 in section 2 and to refund special purpose revenue bonds  
9 authorized in this section, regardless of whether the  
10 outstanding special purpose revenue bonds or refunding special  
11 purpose revenue bonds have matured or are the subject of  
12 redemption or whether the refunding special purpose revenue  
13 bonds shall be bonds for the multi-project programs described in  
14 section 2. In making this determination, the department shall  
15 comply with federal law relating to the exemption from federal  
16 income taxation of the interest on bonds of the nature  
17 authorized by this section.

18 SECTION 5. The authorization to issue special purpose  
19 revenue bonds under this Act shall lapse on June 30, 2018.

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1 SECTION 6. This Act shall take effect on July 1, 2013.

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INTRODUCED BY:

*Mike Gattard*  
*Richard J.*  
*Amiel J. J.*  
*[Signature]*



# S.B. NO. 23

**Report Title:**

Special Purpose Revenue Bonds; Kaiuli Energy, LLC; Seawater Air Conditioning District Cooling Facility and Chilled Water Distribution System

**Description:**

Authorizes the issuance of special purpose revenue bonds to Kaiuli Energy, LLC, to assist with planning, design, and construction of a seawater air conditioning district cooling facility and chilled water distribution system.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

