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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 a seawater air conditioning district cooling  
10 facility and chilled water distribution system, using cold, deep  
11 seawater as the primary cooling source.

12           The issuance of special purpose revenue bonds and refunding  
13 special purpose revenue bonds under this Act to assist Kaiuli  
14 Energy, LLC, in constructing the portion of its district cooling  
15 system will make the statewide development of such a system more  
16 economically feasible and provide numerous benefits. Among  
17 other benefits, it is expected that such a system will:



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

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



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

17 SECTION 3. The special purpose revenue bonds and the  
18 refunding special purpose revenue bonds issued under this Act  
19 shall be issued pursuant to part V, chapter 39A, Hawaii Revised  
20 Statutes, relating to the power to issue special purpose revenue  
21 bonds to assist industrial enterprises.

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

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

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



**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 the financing of the planning, design, and construction of a seawater air conditioning district cooling facility and chilled water distribution system. Effective 07/01/13. (SD1)

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

