

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEES ON ECONOMIC DEVELOPMENT & BUSINESS, AND
WATER & LAND
ON
SENATE BILL NO. 1280, S.D. 2

March 19, 2013

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

Senate Bill No. 1280, S.D. 2, authorizes the issuance of special purpose revenue bonds (SPRB) of up to \$40,000,000, to assist Kona SWAC, LLC, in constructing part of a seawater air conditioning district cooling system, pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department has no position on the issuance of SPRBs as contemplated in this bill. The Department would like to remind the Legislature and prospective issuers that should the legislation be approved, approval of SPRB issuance will still require further discussion and satisfactory review of the financing components involved in the transaction.

Thank you for the opportunity to provide testimony on this measure.

Kona SWAC, LLC

Written Statement of
Cord Anderson, Partner
Kona SWAC

before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
Tuesday, March 19, 2013
9:00 AM
State Capitol, Conference Room 312

In consideration of
SB 1280
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST A SEAWATER AIR CONDITIONING PROJECT.

Date: January 29, 2013

To: Chair Tsuji and Committee Members

Kona SWAC, LLC is in support of this measure that will allow the State of Hawaii to issue Special Purpose Revenue Bonds (SPRBs) for the development of a district cooling system on the Big Island of Hawaii.

The intent is for Kona SWAC to develop a seawater air conditioning system at the Keahole Airport. The proposed size of the system is 5,000 tons with the understanding of leveraging the existing NELHA pipeline.

The NELHA facility has been in operation since the early 1980's with existing deep water pipelines. The cold seawater is being used for agriculture and desalinization, but there is a large amount of unused capacity within the 55" pipeline. We believe that we can provide economic and environmental benefits to the State of Hawaii and others through leveraging the available cold seawater to chill freshwater that will be delivered to structures with centralized air conditioning systems.

Benefits of a SWAC system include:

- Conservation of approximately 23,000 barrels of oil/year
- Reduction of approximately 10,700,000 kWh/year
- Reduction of potable water usage by approximately 35,000,000 gallons/year
- Reduction of sewage discharge by approximately 15,400,000 gallons/year
- Reduction of harmful gas emissions of approximately 11,100 tons/year
- Alignment with HCEI's goals of End-Use Efficiency and next generation technologies

The Keahole Airport Terminal Modernization Program's Environmental Assessment already includes plans for a SWAC system connecting to the NELHA pipeline to service the airport

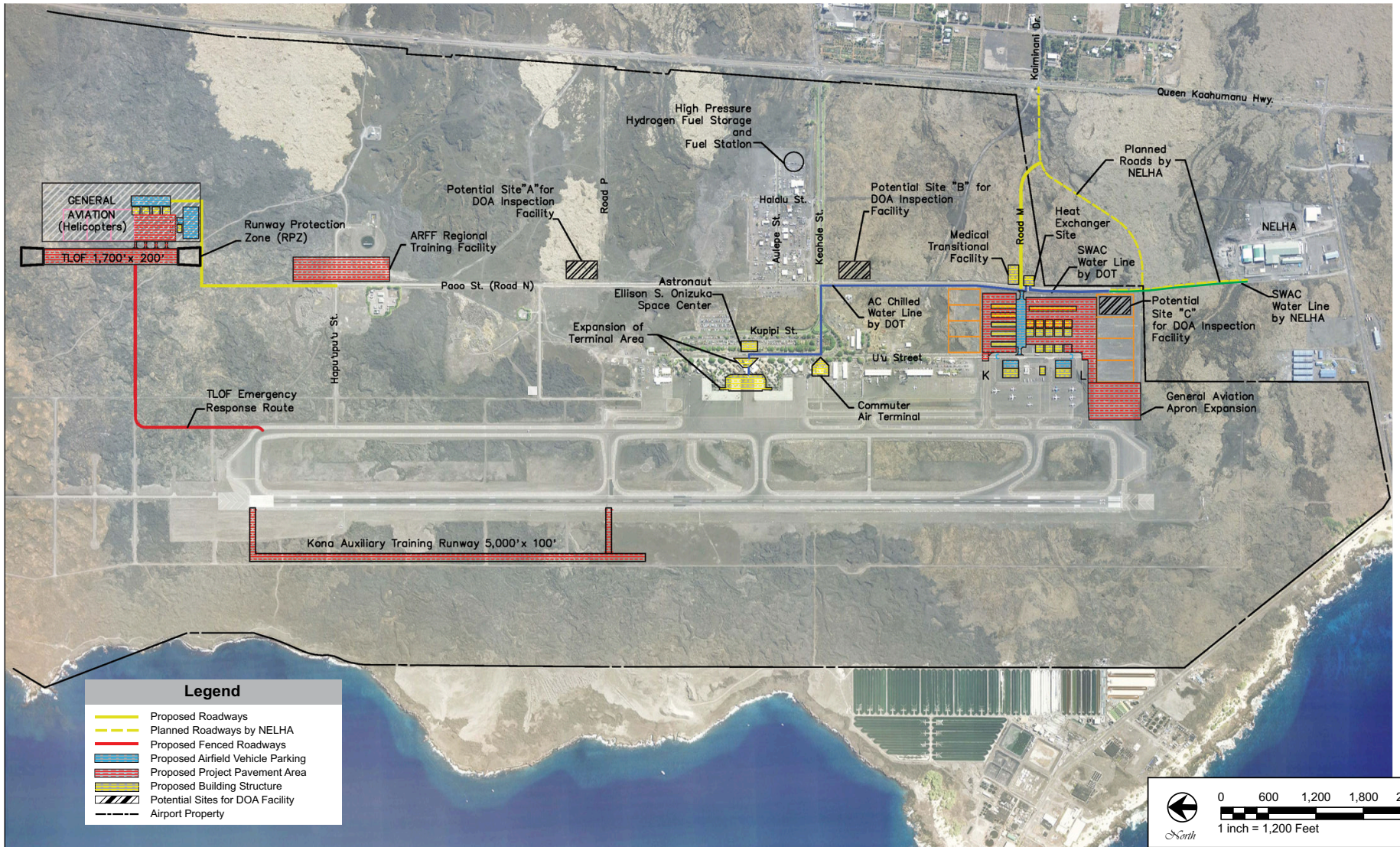
terminal and the Ellison S. Onizuka Space Center. With cooperation amongst the Department of Transportation, Airports Division and NELHA, the reality of implementing a SWAC system in Kona is possible.

The addition of a 5,000 ton SWAC system to the existing NELHA campus will be a major step forward. Not only will this project diversify the NELHA portfolio of next generation technologies, it would also provide an additional income stream through leasing and service contracts, which could potentially alleviate the current funding from the State of Hawaii Legislature allocations.

Future growth of the Keahole Airport SWAC system would potentially include the UH – West Hawaii campus, planned mixed-use developments along Queen Ka’ahumanu Highway, and existing industrial parks.

Kona SWAC is a subsidiary of Kaiuli Energy. Kaiuli’s management team is comprised of Hawaii business leaders with the necessary experience critical to the project’s success. My background includes a wide range of projects in Hawaii from residential subdivisions to hospitality industry development. As a member of a family with a multi-generational development background, I’ve worked on both small and large scale projects in Hawaii. In addition, Rob Iopa, president of WCIT Architecture, has extensive experience and expertise in entitling, designing and construction large complex projects in Waikiki and urban Honolulu. Ray Soon has over 40+ years consulting and delivering on construction projects in Hawaii. Darryl Nakamoto was the former CFO of Hoku Corporation with a diverse experience in alternative energy, finance, and raising funds for large scale ventures.

Thank you for the opportunity to share our thoughts with you.



edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 18, 2013 7:58 AM
To: edbtestimony
Cc: peacesubhadra@gmail.com
Subject: *Submitted testimony for SB215 on Mar 19, 2013 09:00AM*

SB215

Submitted on: 3/18/2013

Testimony for EDB/WAL on Mar 19, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
D. Corcoran	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov