

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 2702, S.D. 1

February 19, 2014

RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST SEAWATER AIR  
CONDITIONING PROJECTS ON OAHU

Senate Bill No. 2702, S.D. 1, amends Act 113, SLH 2009 (the "ACT") by extending the authorization to issue \$77 million of special purpose revenue bonds (SPRB) for the Honolulu Seawater Air Conditioning, LLC (HSAC), for the purpose of design and construction of a seawater air conditioning district cooling system in downtown Honolulu for an additional five years, or until June 30, 2019.

The Department has no position on the extension of the authorization to issue SPRBs as reflected in this bill. However, the Department recommends that the language deleted in SSCR 2340 be reinserted to be consistent with Section 39A-117, HRS, which states, among other things, that no authorization shall be made for a period exceeding five years of its enactment, and to also allow the Department to refund the SPRBs authorized under the ACT subsequent to June 30, 2019.

Accordingly, SECTION 4 of the ACT should read as follows:

"SECTION 4. The department of budget and finance is authorized, from time to time, including times subsequent to [~~June 30, 2014~~] June 30, 2019, to issue special purpose revenue bonds..."

Please note 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.



Honolulu Seawater Air Conditioning, LLC  
1132 Bishop Street, Suite 1410  
Honolulu, Hawaii 96813

Tel 808.531.7922  
Fax 808.531.7923  
www.honoluluswac.com

*Affiliate of Renewable Energy Innovations, LLC*

Testimony on  
**S.B. NO. 2702, S.D. 1**  
**RELATING TO SEAWATER AIR CONDITIONING**

Before the  
Hawaii State Senate  
COMMITTEE ON WAYS AND MEANS  
Wednesday, February 19, 2014

By  
Eric Masutomi, CEO and President  
Honolulu Seawater Air Conditioning, LLC

Chair Ige, Vice Chair Kidani, and members of the Committee:

Honolulu Seawater Air Conditioning (HSWAC) strongly supports S.B. 2702, S.D. 1 which extends the authorization to issue \$77 million in special purpose revenue bonds (SPRBs) for Honolulu Seawater Air Conditioning, LLC for the design and construction of a seawater air conditioning district cooling system on Oahu.

Over the past several sessions, the Hawaii State Legislature authorized a total of \$145M in SPRBs for the HSWAC project. \$77 million of the total were authorized by the Legislature in 2009 and expire June 30, 2014. This bill extends the 2009 SPRB authorization, from June 30, 2014 to June 30, 2019.

HSWAC's Downtown Honolulu Seawater Air Conditioning project will service approximately 14 million square feet of downtown building space. In addition to the compelling environmental and renewal energy benefits associated with deep water cooling, the project will generate close to \$250 million of dollars in construction spending and create more than 1,500 construction jobs in 2014 through 2016. In addition, it would create long-term, high-value employment opportunities and establish the State as a leading authority on the development and installation of seawater air conditioning systems throughout the Asia-Pacific region. Other local economic benefits would accrue from money that stays in Hawaii and is not exported outside the State to purchase oil.

Earlier, unprecedented disruptions in the financial markets caused HSWAC to postpone the earlier sale of SPRBs. Current markets have improved and there is now suitable interest in financing this renewable energy project. In addition to State of Hawaii SPRBs, the balance of HSWAC funding consists of taxable revenue bonds and equity investment. With an anticipated construction start later this year, HSWAC

expects to use all of its authorized SPRBs within the next three years. The requested SPRBs are an important element in providing economically feasible project financing.

Thank you for this opportunity to testify.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [mendezj@hawaii.edu](mailto:mendezj@hawaii.edu)  
**Subject:** \*Submitted testimony for SB2702 on Feb 19, 2014 09:25AM\*  
**Date:** Sunday, February 16, 2014 9:50:28 AM

---

**SB2702**

Submitted on: 2/16/2014

Testimony for WAM on Feb 19, 2014 09:25AM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	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](mailto:webmaster@capitol.hawaii.gov)