

SB 1042

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
ON
SENATE BILL NO. 1042

February 10, 2015

AUTHORIZING THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR SUNSTRONG LLC, A RENEWABLE ENERGY DEVELOPER SERVING THE GENERAL PUBLIC IN PROVIDING ELECTRIC ENERGY.

Senate Bill No. 1042 authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist SunStrong LLC, a renewable energy developer, for the provision of electric energy and installation of renewable energy projects in Hawaii pursuant to Part VI, Chapter 39A, Hawaii Revised Statutes.

The Department would like to advise the Legislature and prospective SPRB parties that should the legislation be approved, approval of SPRB issuance will require further discussion and satisfactory credit underwriting review of the financing components with respect to any proposed financing.

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

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The logo for SunStrong LLC is displayed in white text on a black rectangular background. The text "SunStrong" is in a bold, sans-serif font, and "LLC" is in a smaller, regular weight of the same font.

COMPANY INFORMATION

SunStrong LLC (“SunStrong”) is a special purpose entity operating with a mission of developing solar, wind, and related renewable energy projects in the Pacific Basin. One of its founding members, Brian M. Hayashida, has 30 years of experience in wind and solar project development and finance. In 1987, as president of Imua Kamakani Corporation, the managing partner of Kamaoa Wind Energy Partners, Hawaii’s first modern-day, utility-scale wind energy project was installed at South Point, island, county, and state of Hawaii. The Kamaoa Wind Farm Project was the first public-financed project in the U. S. when it floated special purpose revenue bonds for the debt portion of the project. SunStrong is requesting the 28th Session of the State of Hawaii Legislature to authorize \$50,000,000 of industrial development bonds to finance the renewable projects it is currently developing.

Gary Kitahata is SunStrong’s Director of Public Finance. His company, Kitahata & Company, with offices in Hilo, Hawaii and San Francisco, California, has been involved with bond issuances since 1993. Mr. Kitahata and his firm provide a full range of advisory services on debt financing, from analyzing and exploring financing alternatives to implementing and closing both competitive and negotiated deals. Mr. Kitahata was involved with the issuance of \$12,000,000 Special Purpose Revenue Bonds in 1987 for Kamaoa Wind Energy Partners.

SunStrong’s partner for development and structured financing of its solar energy projects is OCI Company. Technical and ancillary project development expertise will be provided by an Engineering, Procurement, and Construction (“EPC”) Company, Mortenson Construction.

The combination of a Hawaii-based project development company, SunStrong, and two deep-pocket investment and technological companies make for a formidable, proven, and reliable installer of wind and solar energy projects. SunStrong has extensive experience with and knowledge of HECO and the local-Hawaiian power market, including curtailment issues, and maintains ground personnel in Hawaii.

SunStrong is excited to combine its deep experience in wind and solar project development and finance with the investment experience and resource capabilities of OCI Company and Mortenson Construction to install renewable energy projects which will contribute towards Hawaii’s clean environment.



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February 9, 2015

To Whom It May Concern

From 1983-87 I was an investment banker in public finance with E.F. Hutton & Company in New York and San Francisco. In 1987 I worked on the issuance of \$12,000,000 Special Purpose Revenue Bonds by the State of Hawaii, which was underwritten in a negotiated sale by E.F. Hutton. I worked directly with Brian M. Hayashida, who was President of Imua Kamakani Corporation, the Managing Partner for Kamaoa Wind Energy Partners and the entity named in the sale of the above-referenced Special Purpose Revenue Bonds.

I am independent financial advisor on public finance with offices in San Francisco and Hilo. Should you have any questions about this letter, please contact me using the information shown on this letterhead.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Kitahata". The signature is fluid and cursive, with a horizontal line above the name.

Gary Kitahata
Principal