
A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST KEAHOLE MANAGEMENT GROUP LLC.

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

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

5 SECTION 2. Pursuant to part IV, chapter 39A, Hawaii
6 Revised Statutes, the department of budget and finance, with the
7 approval of the governor, is authorized to issue special purpose
8 revenue bonds in a total amount not to exceed \$10,000,000, in
9 one or more series, for the purpose of assisting Keahole
10 Management Group LLC, a Hawaii limited liability company, with
11 planning, designing, constructing, and equipping facilities for
12 the manufacturing and processing of products such as but not
13 limited to the production of value-added agricultural products.
14 The legislature hereby finds and determines that the planning,
15 designing, constructing, and equipping of facilities for the
16 manufacturing and processing of products such as the production
17 of value-added agricultural products constitutes a project as



1 defined in part IV, chapter 39A, Hawaii Revised Statutes, and
2 the financing thereof is assistance to a processing enterprise.

3 SECTION 3. The special purpose revenue bonds and the
4 refunding special purpose revenue bonds issued under this Act
5 shall be issued pursuant to part IV, chapter 39A, Hawaii Revised
6 Statutes, relating to the power to issue special purpose revenue
7 bonds to assist processing enterprises.

8 SECTION 4. The department of budget and finance is
9 authorized, from time to time, including times subsequent to
10 June 30, 2021, to issue special purpose revenue bonds in
11 whatever principal amounts the department shall determine to be
12 necessary to refund the special purpose revenue bonds authorized
13 in section 2 and to refund special purpose revenue bonds
14 authorized in this section, regardless of whether the
15 outstanding special purpose revenue bonds or refunding special
16 purpose revenue bonds have matured or are the subject of
17 redemption or whether the refunding special purpose revenue
18 bonds shall be bonds for the multi-project programs described in
19 section 2. In making this determination, the department shall
20 comply with federal law relating to the exemption from federal



1 income taxation of the interest on bonds of the nature
2 authorized by this section.

3 SECTION 5. The authorization to issue special purpose
4 revenue bonds under this Act shall lapse on June 30, 2021.

5 SECTION 6. This Act shall take effect on July 1, 2016.



Report Title:

Special Purpose Revenue Bonds; Keahole Management Group LLC

Description:

Authorizes the issuance of special purpose revenue bonds to assist Keahole Management Group LLC with planning, designing, constructing, and equipping facilities for the manufacturing and processing of products. (SD1)

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





WRITTEN ONLY

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**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
ON
SENATE BILL NO. 2301 S.D. 1**

March 17, 2016
10:00 A.M.

**RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST KEAHOLE MANAGEMENT GROUP LLC.**

Senate Bill No. 2301, S.D. 1, authorizes the issuance of Special Purpose Revenue Bonds (SPRB) up to \$10,000,000 to assist Keahole Management Group LLC with the planning, designing, constructing, and equipping facilities for the manufacturing and processing of products pursuant to Part IV, 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 the 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.

KEAHOLE MANAGEMENT GROUP LLC

**THE HONORABLE DEREK S.K. KAWAKAMI, CHAIR
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawai`i**

March 17, 2016

RE: S.B. 2301 S.D. 1; RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST KEAHOLE MANAGEMENT GROUP LLC.

Chair Derek S.K. Kawakami, Vice Chair Sam Satoru Kong, and members of the House Committee on Economic Development & Business, Keahole Management Group LLC, submits the following testimony in **support** of Senate Bill 2301 Senate Draft 1 (“S.B. 2301 S.D.1”).

S.B. 2301 S.D.1 authorizes the issuance of special purpose revenue bonds to assist Keahole Management Group LLC with planning, designing, constructing, and equipping facilities for the manufacturing and processing of products. Specifically, we are planning to build the facility in Kona, Hawaii and intend to process value-added agricultural products from Hawaii to play a role in providing niche and high value products for not just our State, but overseas in North America, Asia, and Europe, which in turn will bring in revenue for the State of Hawaii. The facilities will provide automated packaging and bottling, and coordinate shipping and logistics. Clients of the facilities will be farmers, value-added agriculture producers, and entrepreneurs. Our goal is to develop more middle class jobs and help Hawaii’s overall economy to be more self-sustainable.

For the reasons stated above, Keahole Management Group LLC **supports** S.B. 2301 S.D.1. Thank you for the opportunity to testify on this matter.



ORIGINAL
JCA 03-15-2016

March 15, 2016

Attention: THE HONORABLE DEREK S.K. KAWAKAMI,
CHAIR HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
Twenty-Eighth State Legislature Regular Session of 2016 State of Hawai'i

RE: S.B. 2301 S.D. 1; RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST KEAHOLE MANAGEMENT GROUP LLC.

Dear Chair Derek S.K. Kawakami, Vice Chair Sam Satoru Kong, and members of the House Committee on Economic Development & Business,

Aeronigma Solutions Inc., a Vancouver Canada based International Logistics Firm, submits the following testimony in support of Senate Bill 2301 Senate Draft 1 ("S.B. 2301 S.D.1").

S.B. 2301 S.D.1 authorizes the issuance of special purpose revenue bonds to assist Keahole Management Group LLC with planning, designing, constructing, and equipping facilities for the manufacturing and processing of products.

Aeronigma Solutions Inc., is looking to expand our trade between Canada and Hawaii, Product development and manufacturing from the Kona Airport are strategic to our plans to afford better access to the International market place, whereas Aeronigma Solutions inc., and its global Agents can increase Hawaiian exports with effective Logistical solutions in cooperation with local Hawaiian owned and operated business located at the KOA Airport , under the management and support of the Keahole Management Group LLC., with new facilities built at the Airport.

Aeronigma Solutions Inc. supports S.B. 2301 S.D.1.

Respectfully yours

Adam J. Wickstead – President and CEO
AERONIGMA SOLUTIONS INC.

KOA KANE LIMITED LIABILITY CO.

**THE HONORABLE DEREK S.K. KAWAKAMI, CHAIR
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawai`i
March 17, 2016**

**RE: S.B. 2301 S.D. 1; RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE
BONDS TO ASSIST KEAHOLE MANAGEMENT GROUP LLC.**

Chair Derek S.K. Kawakami, Vice Chair Sam Satoru Kong, and members of the House Committee on Economic Development & Business, Koa Kane Limited Liability Co., submits the following testimony in **support** of Senate Bill 2301 Senate Draft 1 ("S.B. 2301 S.D.1").

Koa Kane is a business development and investment company based in Kailua-Kona, Hawaii that is currently working with several clients to develop manufacturing and agriculture based businesses. Having new facilities at the KOA airport to serve these businesses would be a tremendous benefit for the local economy and serve to provide new and sustainable skilled and unskilled jobs to the employment market that is in need of more diverse job opportunities outside of the tourism and hospitality industries. Furthermore, the proposed facilities to be built by Keahole Management Group LLC will provide the opportunity for training of local residents in many valuable employment areas such as aviation repair, manufacturing of finished goods and agricultural processing that help educate and keep skilled local workers in Hawaii.

Koa Kane is currently contracted to work with clients in the manufacturing of tea and fruit beverages and the client is also interested in using tea and fruit in various other products including food, cosmetics, soaps and shampoos, etc... We also have clients looking to manufacture sandals, hiking back packs, fashion apparel and other footwear and clothing in Hawaii. These clients would be well served by the new facilities at KOA airport and they would bring much needed investment capital and job creation to the Big Island. We have also been in negotiations with other business owners that own restaurants and other services that are eager to purchase space in or around the airport to serve this new influx of workers and consumers.

For these reasons we are happy to be allowed to show our support for this special revenue bond S.B. 2301 and Koa Kane appreciates the chance to testify on behalf of the bond approval.