

DAVID Y. IGE  
Governor

SHAN S. TSUTSUI  
Lt. Governor



State of Hawaii  
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SCOTT E. ENRIGHT  
Chairperson, Board of Agriculture

PHYLLIS SHIMABUKURO-GEISER  
Deputy to the Chairperson

TESTIMONY OF SCOTT E. ENRIGHT  
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE

FEBRUARY 10, 2017  
8:30 A.M.  
CONFERENCE ROOM 312

HOUSE BILL NO. 1333  
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS  
TO HONOKAA LAND COMPANY, LLC

Chairperson Creagan and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 1333. The purpose of this bill is to authorize the issuance of special purpose revenue bonds to provide financing to assist the Honokaa Land Company, LLC, with acquiring, developing, and renovating agricultural facilities and structures. The department is in support of this measure.

The department supports bona fide attempts to grow agriculture in the state. The authorization of special purpose revenue bonds will allow the development of new infrastructure with minimal impact to the State's finances. The company proposes new and exciting products that would positively help the State move toward better food security.

Thank you for the opportunity to testify on this measure.



DAVID Y. IGE  
GOVERNOR



WESLEY K. MACHIDA  
DIRECTOR

LAUREL A. JOHNSTON  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**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)

**WRITTEN ONLY**

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON AGRICULTURE

ON HOUSE BILL NO. 1333

**February 10, 2017**

**8:30 A.M. – 11:30 A.M.**

**Room 312**

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO  
HONOKAA LAND COMPANY, LLC.

House Bill No. 1333 authorizes the issuance of Special Purpose Revenue Bonds (SPRB) up to \$50,000,000 to assist the Honokaa Land Company, LLC, with the acquisition, development, and renovation of agricultural facilities and structures pursuant to Part X, Chapter 39A, Hawaii Revised Statutes.

The Department is providing comments only to advise the Legislature and prospective SPRB parties that should the legislation be approved, approval of the SPRB issuance and conduit loan will require further review of the financing proposal to ensure compliance with all federal, state and credit underwriting requirements. For additional information, please consult our FAQ located at the following link:

<http://budget.hawaii.gov/wp-content/uploads/2012/11/SPRB-FAQ.pdf>.

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

House Committee on Agriculture

Friday, February 10, 2017

8:30am

Conference Room 312

HB 1333 Relating To The Issuance of Special Purpose Revenue Bonds  
to Honoka'a Land Company, LLC

Chair Creagan, Vice Chair DeCoite and members of the Agriculture committee:

Thank you for the opportunity to testify. I am Linda Kapuniaia Rosehill, President of Rosehill & Associates. I represent Honoka'a Land Company, LLC and request favorable consideration for HB 1333.

**HAWAII AGRICULTURE, ENERGY & EARTH PRODUCTS - HONOKA'A LAND COMPANY TESTIMONY**

**1. Who we Are:**

Honoka'a Land Company, LLC was formed as a subsidiary of Hawaii Agriculture, Energy and Earth Products Company ("HAEE") for the purpose of developing Hawaiian commercial businesses in the areas of agriculture, energy and earth products while creating jobs, contributing locally grown organic food products to Hawaii's economy, and enhancing the communities in which we operate.

*A Hawaii Agriculture, Earth Products and Energy Company*

**2. General Plan for the Company:**

45-158 Kila Manu . Honoka'a . HI 96727  
200 Public Square . Suite 3210 . Cleveland . OH 44114 . 440-914-9655

The Haina Mill acquisition was completed by HAEE in 2014 with the intent to re-develop this site into our earth products facility. This re-development plan includes

updating and renovating existing structures, along with the restoration and development of 28 acres of the site's composting soils and bagasse left behind from the former sugar mill operations (known on the internet as "The Largest Compost Pile in the World"). This diversified facility will produce commercially distributed soils, compost and other earth products.

*Hawaii's Favorite Dairy<sup>sm</sup>* ("HFD") is the site of the current Cloverleaf Dairy. This acquisition under the HAEE companies is targeted to complete its ownership transition in June of 2017. The conversion of HFD to operating as a Certified Organic Dairy is anticipated to be completed by 2019, operating continuously during this conversion. At full production, HFD anticipates producing 2 million gallons annually of locally produced organic milk. HFD expanded operations contemplates 4 total HFD dairies throughout Hawaii producing more than 10,000,000 gallons per year of locally produced organic milk, cheese, yogurt and ice cream.

### **3. Benefits to the Community:**

The economic impact of HAEE's successful implementation develops extraordinary expansion of Hawaii's food production, has been scored by US Government standards to develop more than 500 direct, indirect and induced jobs and will generate expanded local and state tax revenue. HAEE's commitment to organic farming, renewable energy and providing enhanced earth products availed to others in Hawaii is unparalleled.

### **4. Use of Funds:**

The funds will be directed to the acquisition of property, infrastructure development and production of products and services of HAEE. This includes - but is not limited to - the reparation as well as new construction of buildings; acquisition of existing farms and planting of new crops; improving and expanding dairy operations; formulation of earth products and facilities for creating such products; approvals to expand renewable energy (e.g. solar, wind, hydro-electric, capture methane to electricity, etc.); establishing an eco-tourism trail; and creating structures for an academic environment that ties and expands HAEE's work to education, research & development.