

DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
ACTING DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

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

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

WRITTEN ONLY

TESTIMONY BY LAUREL A. JOHNSTON
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1971, H.D. 1

February 16, 2018
2:00 P.M.
Room 308

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
KUNOA CATTLE COMPANY, LLC.

House Bill No. 1971, H.D. 1, authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist Kunoa Cattle Company, LLC, to fund the construction of a multi-species livestock farm, expansion of the slaughter and processing infrastructure, development of distribution assets and agritourism services, and expanding renewable energy assets 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 your consideration of our comments.

DAVID Y. IGE
Governor

DOUGLAS S. CHIN
Lt. Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
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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 FINANCE

**FEBRUARY 16, 2018
2:00 P.M.
CONFERENCE ROOM 308**

**HOUSE BILL NO. 1971 HD1
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
KUNOA CATTLE COMPANY, LLC**

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 1971 HD1, relating to the issuance of special purpose revenue bonds to Kunoa Cattle Company, LLC, to fund the construction of a multi-species livestock farm, expansion of slaughter and processing infrastructure development, development of distribution assets and agritourism services, and expanding renewable energy assets. The Department strongly supports this bill.

Kunoa Cattle Company is committed to land stewardship, holistic management and renewable energy to provide a sustainable future. They have purchased the slaughterhouse on Oahu and intend to expand the current slaughter and processing operations which will open new options for Hawaii ranchers and farmers to raise more livestock for local consumption and encourage food sustainability.

Thank you for the opportunity to testify on this measure.



HB-1971-HD-1

Submitted on: 2/15/2018 8:07:36 AM

Testimony for FIN on 2/16/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawaii	Support	No

Comments:

**PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAII
TO THE COMMITTEE ON FINANCE
THE HOUSE OF REPRESENTATIVES
TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018
Friday, February 16, 2018
2:00 p.m.**

Hawaii State Capitol, Conference Room 308

RE: Testimony in Support of HB 1971 HD1 RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO KUNOA CATTLE COMPANY, LLC.

To the Honorable Sylvia Luke, Chair; the Honorable Ty J.K. Cullen, Vice-Chair and the Members of the Committee on Judiciary:

Good afternoon, my name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on House Bill No.1971 HD1 relating to Kunoa Cattle Company, Capital Improvement Programs; and Special Purpose Revenue Bonds;

The OCC Legislative Priorities Committee is in favor of House Bill No. 1971 HD1 and supports its passage.

House Bill No.1971 HD1 is in alignment with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it authorizes the issuance of special purpose revenue bonds to assist Kunoa Cattle Company, LLC, to fund the construction of a multi-species livestock farm, expansion of the slaughter and processing infrastructure, development of distribution assets and agritourism services, and expanding renewable energy assets.

The DPH Platform states that "[a]s an island state, securing affordable food for all is a priority. We support healthy, sustainable, and diversified local food production, and "Buy Local" strategies to assure greater food security and food safety." (Platform of the DPH, P. 2, Lines 97-99 (2016)).

We will promote the ethical and safe production of livestock, dairy products, poultry, and eggs.(Platform of the DPH, P. 2, Line 88 (2016)).

Given that House Bill No. 1971 HD1 appropriates funds to the Department of Agriculture for the establishment and administration of the Agriculture Grant Program to support local food production in the State, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Tel.: (808) 258-8889



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February 16, 2018

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON HB 1971, HD1
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
KUNOA CATTLE COMPANY, LLC

Room 308
2:00 PM

Aloha Chair Luke, Vice Chair Cullen, and Members of the Committee:

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interests of our diverse agricultural community.

The Hawaii Farm Bureau supports HB 1971, HD1, which authorizes the issuance of special purpose revenue bonds to assist Kunoa Cattle Company, LLC, to fund the construction of a multi-species livestock farm, expansion of the slaughter and processing infrastructure, development of distribution assets and agritourism services, and expanding renewable energy assets.

Hawaii's livestock industry faces numerous challenges. These challenges have been a contributing factor to the decline of the state's livestock industry. Sustainability, self-sufficiency and growing agriculture are popular concepts seen in many of the measures before the legislature this year.

Kunoa Cattle has shown a commitment to Hawaii agriculture and has demonstrated their capacity to grow and expand their business. This operation will provide a basis for other livestock products and is a good example of agriculture acting as an economic engine to grow Hawaii's economy. This request is designed to provide not only needed capacity but also allow new technologies to enhance energy and waste management, food safety and animal welfare.

Thank you for this opportunity to provide our opinion on this important matter.



Email: communications@ulupono.com

HOUSE COMMITTEE ON FINANCE
Friday, February 16, 2018 — 2:00 p.m. — Room 308

Ulupono Initiative Strongly Supports HB 1971 HD 1, Relating to the Issuance of Special Purpose Revenue Bonds to Kunoa Cattle Company, LLC.

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee:

My name is Kyle Datta and I am General Partner of Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and better management of waste and fresh water. Ulupono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono strongly supports HB 1971 HD 1, which authorizes the issuance of special purpose revenue bonds to assist Kunoa Cattle Company, LLC, because it aligns with our goal of creating more locally produced food.

In Hawai'i, there is a shortage of slaughter and processing facility infrastructure, which hinders local protein production. The slaughterhouses on Hawai'i Island are running at full capacity. Similarly, the additional new cattle initiative in Maui will require a further capacity expansion. Against this backdrop, the 5,000 head capacity of Kunoa Cattle Company should not only allow O'ahu to rebuild its cattle industry, but also support the neighbor islands by alleviating capacity constraints.

Our pasture-raised beef joint venture with Parker Ranch, Paniolo Cattle Company, intends to both expand production and ship cattle to Kunoa on O'ahu to alleviate Hawai'i Island's capacity constraints.

As Hawai'i's local food production issues become more complex and challenging, organizations need additional resources and support to address and overcome them. We appreciate this committee's efforts to look at policies that support local food production.

We believe that by collaborating, we can help produce more local food and support an economically robust homegrown agriculture industry, which strengthens our community with fresh, healthy food. Thank you for this opportunity to testify.

Investing in a Sustainable Hawai'i



Respectfully,

Kyle Datta
General Partner

HB-1971-HD-1

Submitted on: 2/15/2018 10:24:27 AM

Testimony for FIN on 2/16/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Randall Francisco	Individual	Support	No

Comments:



Hawaii Cattlemen's Council, Inc.

LATE

**COMMITTEE ON FINANCE
Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair**

DATE: Friday, February 16, 2018
TIME: 2:00 P.M.
PLACE: Conference Room 308

**HB 1971 – RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
KUNOA CATTLE COMPANY, LLC.**

Authorizes the issuance of special purpose revenue bonds to assist Kunoa Cattle Company, LLC, to fund the construction of a multi-species livestock farm, expansion of the slaughter and processing infrastructure, development of distribution assets and agritourism services, and expanding renewable energy assets.

Chair Luke, Vice Chair Cullen, and Members of the Committee:

My name is Dale Sandlin, and I am Managing Director of the Hawaii Cattlemen's Council. The Hawaii Cattlemen's Council, Inc. (HCC) is the Statewide umbrella organization comprised of the four county level Cattlemen's Associations. Our 150+ member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of approximately 25% of the State's total land mass.

The Hawaii Cattlemen's Council **supports** HB 1971, HD1 as this measure will provide funding to improve the processing infrastructure for livestock in Hawaii.

As the cattle industry in Hawaii is undergoing a renaissance with more cattle being produced for local consumption, the weakest link in our chain is processing capacity. This SPRB would provide funding to improve the processing capacity for livestock in our state, as well as other potential plans for agro-tourism and energy production.

With the mandate to doubling food production, the cattle industry is poised to meet this challenge. High demand, consumer interest and expanding markets are promising signs for our industry's success. Anything we can do to provide an increase in processing capacity is a step in the right direction.

We respectfully ask this committee to pass this measure and we appreciate the opportunity to testify on this important matter. We apologize for not being able to provide this testimony in person as our industry is currently meeting in Phoenix for the National Cattlemen's Beef Association Convention.



LATE

HB-1971-HD-1

Submitted on: 2/16/2018 11:01:08 AM
Testimony for FIN on 2/16/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Cathy Goeggel	Animal Rights Hawai'i	Oppose	No

Comments:

Over the past 20 years we have seen livestock industry dunning the taxpayers for an unsustainable business- Please look back at all the failures before you approve this bond- if it were really a worthwhile endeavor, why won't the banks risk a loan?



February 16, 2018

Representative Sylvia Luke
Chair, House Committee on Finance
Hawaii State Capitol, Room 306
Honolulu, HI 96813

Aloha e Representative Luke:

We are writing in strong support of HB1971, Relating to the Issuance of Special Purpose Revenue Bonds to Kunoa Cattle Company, LLC (Kunoa).

Kunoa is a vertically integrated, Hawaii-Grown meat company co-located on Oahu and Kauai. We manage 2,000 head of cattle on our Kauai ranch, and we operate the State's largest animal harvesting and processing facility in Kapolei (formerly, Hawaii Livestock Cooperative).

An essential part of our business model is aggregating from ranchers on the neighbor islands, providing them with a new market for their animals. We currently work with more than two dozen producers on Oahu, Kauai, Maui, and Big Island. We also provide third-party processing services for Parker Ranch and Kualoa Ranch, among others.

We have grown from two employees in 2015 to 27 employees today. We have opened new markets in Hawaii for local meats, including Times Supermarkets, Don Quijote, and the US Military Commissaries, replacing imports and displacing mainland beef market share. Our products are all-natural and healthier alternatives to conventional beef, both for the environment and for human health.

To multiply these benefits, we are seeking a SPRB to finance additions to our current operation in Kapolei, including expanded livestock infrastructure and production, agritourism, and renewable energy components.

We are grateful for your support of our efforts to double Hawaii's food production.

Robert J. Farias, Jr. & Jack Beuttell, Co-founders
Kunoa Cattle Company, LLC