

DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
DIRECTOR

KEN N. KITAMURA
ACTING 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
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

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
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1971, H.D. 2, S.D. 1

March 29, 2018
10:50 A.M.
Room 211

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

House Bill No. 1971, H.D. 2, S.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 expansion of 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



SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

PHYLLIS SHIMABUKURO-GEISER
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE SENATE COMMITTEE ON WAYS & MEANS

**MARCH 29, 2018
10:50 A.M.
CONFERENCE ROOM 211**

**HOUSE BILL NO. 1971 HD2 SD1
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
KUNOA CATTLE COMPANY, LLC**

Chairperson Dela Cruz and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 1971 HD2 SD1, 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.





P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

March 29, 2018

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON HB 1971, HD2, SD1
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
KUNOA CATTLE COMPANY, LLC

Room 211
10:50 AM

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, 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 strongly supports HB 1971, HD2, SD1, 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.



March 28, 2018

Senator Donovan Dela Cruz
Chair, Senate Ways & Means Committee
Hawaii State Capitol, Room 208
Honolulu, HI 96813

Aloha e Senator Dela Cruz:

I am writing in strong support of HB1971 HD2 SD1, 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 harvest and processing facility in Kapolei, HI (formerly, Hawaii Livestock Cooperative).

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

We have grown from two employees in 2015 to 26 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 and pork, 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 education, and renewable energy components.

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

A handwritten signature in black ink, appearing to read 'Jack Beuttell', is positioned above the typed name.

Jack Beuttell, CEO
Kunoa Cattle Company, LLC



Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS & MEANS
Thursday, March 29, 2018 — 10:50 a.m. — Room 211

Ulupono Initiative Strongly Supports HB 1971 HD 2 SD 1, Relating to the Issuance of Special Purpose Revenue Bonds to Kunoa Cattle Company, LLC.

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, 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 2 SD 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-SD-1

Submitted on: 3/28/2018 9:54:04 AM

Testimony for WAM on 3/29/2018 10:50:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------|---|--------------------|--------------------|
| Melodie Aduja | Testifying for Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i | Support | No |

Comments:

To the Honorable Donovan M. Dela Cruz, Chair; the Honorable Gilbert S.C. Keith-Agaran, Vice-Chair, and Members of the Committee on Ways and Means:

Good morning. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") on Legislative Priorities of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on **HB1971 HD2 SD1** relating to the Kunoa Cattle Company; Capital Improvement Programs; Special Purpose Revenue Bonds; and an Appropriation.

The OCC on Legislative Priorities is in favor of **HB1971 HD2 SD1** and supports its passage.

HB1971 HD2 SD1 is in accord 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 expansion of renewable energy assets.

The Platform of the Democratic Party of Hawai'i, 2016, provides that "[a]griculture in our state must be preserved and its future strengthened. Sufficient prime agricultural lands must be maintained for the health, economic well-being and sustenance of the people. We believe in an integrated approach to agricultural innovation and sustainability.

This approach includes, but is not limited to, the adoption of the native Hawaiian concept of ahupua'a, an integrated approach to land management. This could also include development of economic, land and ocean use policies that foster sustainable crops both for local consumption and for export, policies to foster agriculture-related infrastructure at shipping points, and increased inspection to protect against invasive species and to encourage reduced holding times.

We will promote ethical and safe production of livestock, dairy products, poultry and eggs. (Platform of DPH, P. 2, Lines 76-78, 82-88 (2016)).

Given that **HB1971 HD2 SD1** 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 expansion of renewable energy assets, it is the position of the OCC on Legislative Priorities 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, Text/Tel.: (808) 258-8889