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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

**MARCH 22, 2017
8:30 A.M.
CONFERENCE ROOM 312**

**SENATE BILL NO. 1255
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 Senate Bill No. 1255. 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
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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
SENATE BILL NO. 1255

March 22, 2017

8:30 A.M.

Room 312

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

Senate Bill No. 1255 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 your consideration of our comments.

HONOKA'A LAND COMPANY, LLC

House Committee on Agriculture

Wednesday, March 22, 2017

8:30am

Conference Room 312

SB 1255 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 Kapuniai Rosehill, President of Rosehill & Associates. I represent Honoka'a Land Company, LLC and request favorable consideration for SB 1255.

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 Kia Manu . Honoka'a . HI 96727
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 Dairysm ("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.