



**TESTIMONY BY:**

JADE T. BUTAY  
DIRECTOR

Deputy Directors  
LYNN A.S. ARAKI-REGAN  
DEREK J. CHOW  
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**STATE OF HAWAII**  
**DEPARTMENT OF TRANSPORTATION**  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

February 6, 2019  
1:15 p.m.  
State Capitol, Room 225

**S.B. 652**  
**RELATING TO RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST**  
**KEAHOLE FBO I LLC.**

Senate Committee on Transportation

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The Department of Transportation (DOT) **supports** S.B. 652 which authorizes the issuance of special purpose revenue bonds (bonds). The proceeds of the proposed bonds will be used to provide a portion of the financing for the Kona Jet Center that will be a multifaceted General Aviation project situated on a 16-acre development at the south end of Ellison Onizuka Kona International Airport at Keahole.

The project will contract services from various local Hawaii contractors and consultants. Over the twenty-month build cycle, the completed project will include 6 acres of new ramp, a 6,500 square foot fixed based terminal, a 36,000 square foot state of the art hangar, a 50,000 gallon above ground fuel facility, as well as all roads, parking and utility connections brought to the site. The project will create hundreds of jobs during the construction period and employ up to thirty permanent positions once in operation.

The proposed bonds would be special limited obligations of DOTA payable and secured by a pledge of revenues to be received from lease arrangements with Keahole FBO I LLC. The bonds do not constitute a debt or pledge of the full faith and credit of the State of Hawaii or the DOT. DOT is not responsible nor obligated in any way for the payment of principal and interest on the bonds. The bondholders bear the risk of loss if Keahole FBO I LLC fails to make payments of interest and principal on the bonds.

Thank you for the opportunity to provide testimony.

# **KEAHOLE FBO I LLC**

**THE HONORABLE LORRAINE R. INOUE, CHAIR  
THE HONORABLE BREENE HARIMOTO, VICE CHAIR  
SENATE COMMITTEE ON TRANSPORTATION  
30th Hawaii State Legislature  
Regular Session of 2019  
State of Hawai'i**

February 3, 2019

**RE: SENATE BILL 652; RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST KEAHOLE FBO I LLC.**

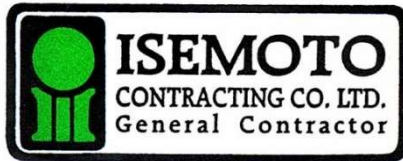
Chair Lorraine R. Inouye, Vice Chair Breene Harimoto, and members of the Senate Committee on Transportation, Keahole FBO I LLC, submits the following testimony in **support** of Senate Bill 652.

Senate Bill 652 authorizes the issuance of special purpose revenue bonds to assist Keahole FBO I LLC with planning, designing, constructing, equipping, and operating facilities for aviation services and aviation-related services at Ellison Onizuka Kona International Airport at Keahole.

Keahole FBO I LLC is an aviation company that has a lease with the Department of Transportation, State of Hawaii ("DOT") for 15.15 acres at Ellison Onizuka Kona International Airport. The company will develop hangars, a fuel farm, and aviation infrastructure for aviation and aviation-related services for mainly private jets that will cost us tens of millions of dollars. Keahole FBO I LLC will also develop several millions of dollars of infrastructure for the DOT such as but not limited to taxiway, ramp, road, and utilities that would ordinarily be developed by the DOT, not the private sector.

Our project is generating revenue and jobs for the State of Hawaii in areas such as but not limited to aviation services, aviation-related services, fuel, energy, food and beverage, ground transportation, tourism, architecture, engineering, law, finance, accounting, construction, landscaping, building maintenance. Further, our development and operations will generate multimillions of dollars in revenue for the DOT and State of Hawaii through taxes, fees, and our lease (in addition to the lease fee, the DOT will generate revenue from 2% of our income, \$0.04/gallon of Jet A fuel we sell, and any subleases).

For the reasons stated above, Keahole FBO I LLC **supports** Senate Bill 652. Thank you for the opportunity to testify on this matter.



Contractor's License No. ABC1036

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THE HONORABLE LORRAINE R. INOUE, CHAIR  
THE HONORABLE BREENE HARIMOTO, VICE CHAIR  
SENATE COMMITTEE ON TRANSPORTATION  
30th Hawaii State Legislature  
Regular Session of 2019  
State of Hawai`i

February 4, 2019

RE: SENATE BILL 652; RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST KEAHOLE FBO I LLC.

Chair Lorraine R. Inouye, Vice Chair Breene Harimoto, and members of the Senate Committee on Transportation, Isemoto Contracting Co., Ltd. ("Isemoto"), submits the following testimony **in support of Senate Bill 652.**

Senate Bill 652 authorizes the issuance of special purpose revenue bonds to assist Keahole FBO I LLC with planning, designing, constructing, equipping, and operating facilities for aviation services and aviation-related services at Ellison Onizuka Kona International Airport at Keahole.

Isemoto is the largest Big Island-based general contractor, with around 200 employees and in business since 1926. We have seen the growth on West Hawaii Island, and been fortunate to have been part of it.

We support Keahole FBO I LLC, an aviation company that has a lease with the Department of Transportation, State of Hawaii ("DOT") for 15.15 acres at Ellison Onizuka Kona International Airport. The company will develop hangars, a fuel farm, and aviation infrastructure for aviation and aviation-related services for mainly private jets that will cost tens of millions of dollars. Keahole FBO I LLC will also develop several millions of dollars of infrastructure for the DOT such as but not limited to taxiway, ramp, road, and utilities that would ordinarily be developed by the DOT, not the private sector.

Their project is generating revenue and jobs for the State of Hawaii in areas such as but not limited to aviation services, aviation-related services, fuel, energy, food and beverage, ground transportation, tourism, architecture, engineering, law, finance, accounting, landscaping, building maintenance. Further, their development and operations will generate multimillions of dollars in revenue for the DOT and State of Hawaii through taxes, fees, and lease income.

Specifically for Isemoto and the construction industry, it will provide construction jobs. Simple stated, this is a good project for the community and it complements DOT's Airport Modernization Plan.

For the reasons stated above, **Isemoto Contracting Co., Ltd. supports Senate Bill 652.** Thank you for the opportunity to testify on this matter.

A handwritten signature in black ink, appearing to read "Loren Tsugawa".

Loren Tsugawa, Vice President of Finance

**SB-652**

Submitted on: 2/1/2019 2:08:49 PM

Testimony for TRS on 2/6/2019 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b>                            | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|--|---------------------------|---------------------------|
| Stephanie Donoho    | Testifying for Kohala Coast Resort Association | Support                   | No                        |

Comments:

February 5, 2019

**THE HONORABLE LORRAINE R. INOUE, CHAIR  
THE HONORABLE BREENE HARIMOTO, VICE CHAIR  
SENATE COMMITTEE ON TRANSPORTATION  
30th Hawaii State Legislature  
Regular Session of 2019  
State of Hawai'i**

**RE: SENATE BILL 652; RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST  
KEAHOLE FBO I LLC**

Sinclair Range Inc. is an international consulting firm with a particular strength in corporate finance, interim executive services and assisting businesses in rapid transition, including unique project finance and development. Sinclair Range, in addition to other roles, provides the undersigned as Chief Financial Officer of Keahole FBO I LLC ("Keahole"). Keahole is the counterparty (Lessor) with the Department of Transportation, State of Hawaii ("DOT") for 15.15 acres at Ellison Onizuka Kona International Airport.

Sinclair Range and I have been integral in forming, documenting and communicating the company's development and business plan. Keahole is developing a fixed base operations (FBO) facility at Kona Airport that includes a terminal, hangars, fuel farm and infrastructure beneficial to the DOT, all of which is intended to improve service and support private jet tourism and air shuttle traffic to Kona.

Keahole's business provides jobs in many industries related to both the development and permanent operations of the FBO. It provides revenue to the DOT and State of Hawaii through taxes, fees and revenue participation detailed in the Lease. It provides other value to the State such as enhanced infrastructure and support of the travel and tourism industries. Senate Bill 652 will greatly assist Keahole's plans.

For the reasons stated above, the undersigned and Sinclair Range Inc. **support** Senate Bill 652. Thank you for the opportunity to testify on this matter.

Yours Very Truly,  
**Sinclair Range Inc.**



Scott Sinclair, CPA, CA  
President

**LATE**

**SB-652**

Submitted on: 2/6/2019 2:25:15 AM

Testimony for TRS on 2/6/2019 1:15:00 PM

| <b>Submitted By</b>     | <b>Organization</b>  | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|-------------------------|--|---------------------------|---------------------------|
| De MONT R. D.<br>CONNER | Testifying for<br>Ho'omanapono Political<br>Action Committee<br>(HPAC) | Support                   | Yes                       |

Comments:

**WE STRONGLY SUPPORT THIS BILL.**

February 5, 2019

**RE: SENATE BILL 652; RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST KEAHOLE FBO I LLC.**

I Adam J. Wickstead – Partner and founding member of Keahole FBO I LLC, Partner with AV8 LLC, President and CEO of Aeronigma Solutions Inc., submits the following testimony in **support** of Senate Bill 652.

Senate Bill 652 authorizes the issuance of special purpose revenue bonds to assist Keahole FBO I LLC with planning, designing, constructing, equipping, and operating facilities for aviation services and aviation-related services at Ellison Onizuka Kona International Airport at Keahole.

Keahole FBO I LLC is a project that I remain most proud to be part of and as a Founding Member I have been engaged with the project since 2014. I am a Canadian based business professional, that has deep roots to the Hawaii Islands, within my Aviation Career. My first trip the Hawaiian Islands was in 1992 , where I was the Regional director of Cargo for Canadian Charter Carrier Canada 3000. I believe our early hard work in promoting a twin engine jet program has in many ways paved the way for others to follow in our success.

Pioneering is not easy, however with our embrace of the Islands and the people we were able to achieve great things and build a sustainable business with a strong economic impact to the local economy. The natural beauty of land and people make Hawaii compelling for so many people – we are affording greater access and experience that begs a return to the Islands.

It is with great passion and admiration that we pursue our project based in Kona, I am fortunate to be surrounded by vested professionals that are focused in building a business worthy of State and community pride.

I encourage the support and endorse all efforts to pass Senate Bill 652 to Assist Keahole FBO I LLC become a reality.

We embrace the spirit of Aloha each and everyone of us , with the knowledge and understanding that our collective can make positive change to community, in employment, education, culture and sustainability.

For the reasons stated above, I Adam J. Wickstead **support** Senate Bill 652. I am most grateful for the opportunity to testify on this matter.

Respectfully, Adam J. Wickstead

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**LATE**

February 5, 2019

THE HONORABLE LORRAINE R. INOUE, CHAIR  
THE HONORABLE BREENE HARIMOTO, VICE CHAIR  
SENATE COMMITTEE ON TRANSPORTATION  
30th Hawaii State Legislature  
Regular Session of 2019  
State of Hawai`i

RE: SENATE BILL 652; RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST KEAHOLE FBO I LLC.

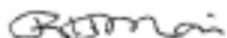
Chair Lorraine R. Inouye, Vice Chair Breene Harimoto, and members of the Senate Committee on Transportation, I, Randall Mori, submits the following testimony **in support of Senate Bill 652**. Senate Bill 652 authorizes the issuance of special purpose revenue bonds to assist Keahole FBO I LLC with planning, designing, constructing, equipping, and operating facilities for aviation services and aviation-related services at Ellison Onizuka Kona International Airport at Keahole.

I've been involved in the construction and development industry for over 30 years and have been a witness to and a part of this tremendous growth in West Hawaii. I support Keahole FBO I LLC, an aviation company that has a lease with the Department of Transportation, State of Hawaii ("DOT") for 15.15 acres at Ellison Onizuka Kona International Airport. The company will develop hangars, a fuel farm, and aviation infrastructure for aviation and aviation-related services for mainly private jets that will cost tens of millions of dollars. Keahole FBO I LLC will also develop several millions of dollars of infrastructure for the DOT such as but not limited to taxiway, ramp, road, and utilities that would ordinarily be developed by the DOT, not the private sector.

Their project will generate revenue and jobs for the State of Hawaii in areas such as but not limited to aviation services, aviation-related services, fuel, energy, food and beverage, ground transportation, tourism, architecture, engineering, law, finance, accounting, landscaping, building maintenance. Their development and operations will generate multimillions of dollars in revenue for the DOT and State of Hawaii through taxes, fees, and lease income.

Thank you for the opportunity to testify on this matter.

Randall H. Mori



Independent Construction and Development Consultant