

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR  
  
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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 CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 1412, S.D. 1

**February 17, 2021**  
**10:00 A.M.**  
**Via Videoconference**

**RELATING TO SPECIAL PURPOSE REVENUE BONDS FOR THE HONOKEA SURF  
VILLAGE**

The Department of Budget and Finance offers the following comments on Senate Bill No. 1412, S.D. 1, which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist HK Management, LLC, a Hawaii limited liability company, with the planning, designing, constructing, reconstructing, renovating, acquiring, equipping and improvement of the Honokea Surf Village pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department would like to inform 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.

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

DATE: Wednesday, February 17, 2021

TIME: 10:00 A.M.

Place: Conference Room 211, and via Videoconference

From: Brian Keaulana President  
HK Management LLC

**Re: Testimony in Support of S.B. No. 963 RELATING TO SPRBs**

I am writing today as the President of the HK Management (Honokea), an organization I have led since 2012. Honokea is in STRONG support of SB 1412 and is responsible for seeking its introduction. We believe that the bill is in the best interest of the State of Hawaii because it will not cause the state any financial risk or cost the state any capital but instead relies on private investment to finance this industry center which will generate the income for the State, significantly advance Hawaii's surf and film industries, and create over two hundred local jobs on State lands.

Honokea is dedicated to sharing the core values of Hawaii's culture and its surf history. We will create over 200 local green jobs, create new surf industry and film industry opportunities, pay Hawaii taxes, pay lease rents to the State, align with Hawaii smart tourism initiatives, increase the value of Kalaeloa, and protect and promote the unique cultural heritage of Hawaii's Surf History in a way that no other organization in Hawaii. We do this through a network of education, partnerships, programming, operations, sustainability and wellness initiatives, and events for all ages in a variety of skill based Olympic sports. The center's surf and aquatic film studio, in combination with the state's natural ocean environment, will provide world-class filming opportunities to support local film projects and also help to attract national and international film projects. The revenue bond authority could finance development costs down the line after feasibility and entitlements are completed.

We are a purpose-driven organization that was brought into being by our vision for a better Hawaii and the Hawaiian values we all share. Although we will provide Olympic level training for six sports, Surfing, the sport created through Hawaii's culture will be the featured sport. Currently surfing is undergoing a strong transformation where artificial technology is creating learning environments outside of the ocean all around the world. Prominent surf contests such as the Pipe Masters are now rivaled in artificial surf lagoons. Our current 2021 Olympic surfers John John Florence and Carissa Moore have to travel to Texas, California or abroad to surf in these game changing training facilities. Younger local Olympic hopefuls who don't have access to that type of money are falling behind those who can drive to or have the money and support for extensive travel to log the wave lagoon training time. That training time allows for more time on a surfboard in an hour than most surfers get in a week.

We utilize the popularity of surfing to create social impact encouraging healthy living, sustainable behavior, celebration of family and culture. This wave lagoon serves also as a platform to teach water and ocean safety and team building. We create pipelines to career paths by utilizing the popularity of surfing and the partnerships with educational organizations at all levels to encourage education in engineering, surf industry fields, sustainable design, medicine, alternative energy, film industry, competitive athletics, sports science and medicine, Hawaiian cultural practices, and entrepreneurship. Currently, high school surfing, a varsity sport in our state, suffers poor attendance from athletes due to non ideal surfing conditions during events and would greatly benefit from a consistent and safe place to hold surf meets.

On behalf of our employees. I thank you for your consideration of this testimony and hope that you agree that supporting SB1412 is in the best interest of our State!

Think Green, Dream Blue,

Brian Keaulana,

*Brian Keaulana*

President, HK Management LLC



**HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY**

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DAVID Y. IGE  
GOVERNOR

JOHN WHALEN  
CHAIR

DEEPAK NEUPANE, P.E., AIA  
EXECUTIVE DIRECTOR

Statement of  
**DEEPAK NEUPANE, P.E., AIA**  
**Executive Director**

Hawaii Community Development Authority  
before the

**SENATE COMMITTEE ON WAYS AND MEANS**

Wednesday, February 17, 2021

10:00 AM

State Capitol, Conference Room 211 & Videoconference

In consideration of

**SB 1412, SD1**

**RELATING TO SPECIAL PURPOSE REVENUE BONDS FOR THE HONOKEA SURF  
VILLAGE.**

Chair Dela Cruz, Vice Chair . Keith-Agaran, and members of the Committee.

The Hawaii Community Development Authority (HCDA) offers **comments on SB 1412, SD1** that authorizes the state to issue a special purpose revenue bond not to exceed \$95,000,000 for the planning, design, construction, etc. of the Honokea Surf Village.

To clarify, HCDA did not give HK Management approval to develop the Honokea Surf Village on state lands as stated in SB 1412, SD1. During the January 8, 2020 HCDA Kalaeloa Authority Meeting, authority members authorized the executive director to enter into an Exclusive Negotiations Agreement (ENA) and Right of Entry Agreement (ROE) with HK Management for a period of **18-months** to provide site control to conduct due diligence and further explore the possibility of the proposed Honokea Surf Village project at the site.

The ENA and ROE **do not obligate HCDA** or HK Management to move forward with the proposal. Such a development would still require further review and public hearings as required by HCDA's development permit process.

Thank you for the opportunity to testify.

**SB-1412-SD-1**

Submitted on: 2/16/2021 6:40:38 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Matt Lozano	Individual	Support	No

Comments:

I am in strong support of this bill because it is a great way to stimulate the local economy without requiring the State's capital. This will create revenue for the State, create jobs, stimulate the film and surf industries, support local retailers, and help our community stay healthy. Hawaii is the birthplace of surfing, and this project helps us to maintain our place in surfing history. COVID-19 has highlighted the need to be less reliant on tourism and this project helps achieve that goal.

**SB-1412-SD-1**

Submitted on: 2/16/2021 6:55:49 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Yancy Medeiros	Individual	Support	No

Comments:

I am in strong support of this bill because it is a great way to stimulate the local economy without requiring the State's capital. This will create revenue for the State, create jobs, stimulate the film and surf industries, support local retailers, and help our community stay healthy. Hawaii is the birthplace of surfing, and this project helps us to maintain our place in surfing history. COVID-19 has highlighted the need to be less reliant on tourism and this project helps achieve that goal.

**SB-1412-SD-1**

Submitted on: 2/16/2021 6:59:43 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Christopher Michael Flaherty	Individual	Support	No

Comments:

I am in strong support of this bill because it is a great way to stimulate the local economy without requiring the State's capital. This will create revenue for the State, create jobs, stimulate the film and surf industries, support local retailers, and help our community stay healthy. Hawaii is the birthplace of surfing, and this project helps us to maintain our place in surfing history. COVID-19 has highlighted the need to be less reliant on tourism and this project helps achieve that goal.

**SB-1412-SD-1**

Submitted on: 2/16/2021 7:02:45 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Christopher Moore	Individual	Support	No

Comments:

I am in strong support of this bill because it is a great way to stimulate the local economy without requiring the State's capital. This will create revenue for the State, create jobs, stimulate the film and surf industries, support local retailers, and help our community stay healthy. Hawaii is the birthplace of surfing, and this project helps us to maintain our place in surfing history. COVID-19 has highlighted the need to be less reliant on tourism and this project helps achieve that goal.

As a father and coach of a professional surfer. I understand the additional benefit our local Hawaiian surfers would have for training. I feel it is essential to have a facility like this to stay competitive in the next few decades.

thank you for taking this bill into consideration.



**SB-1412-SD-1**

Submitted on: 2/16/2021 7:33:44 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kenan Knieriem	Individual	Support	No

Comments:

Aloha Chair Dela Cruz and Committee Members,

I am in very strong support of this bill. This is a non-tourism-related way to strengthen and diversify our economy without costing the state capital or financial risk.

This project doesn't require any state capital while creating revenue, jobs, and supporting a network of local retailers and community members who would directly benefit from the development including the film and surf industries.

Great way to support the surfing industry in the birthplace of the sport, and help propel this part of Native Hawaiian culture/history into the future.

Mahalo for the opportunity to testify,

Kenan Knieriem

**SB-1412-SD-1**

Submitted on: 2/16/2021 7:50:25 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ben Creps	Individual	Support	No

Comments:

I am in strong support of this bill because it is a great way to stimulate the local economy without requiring the State's capital. This will create revenue for the State, create jobs, stimulate the film and surf industries, support local retailers, and help our community stay healthy. Hawaii is the birthplace of surfing, and this project helps us to maintain our place in surfing history.

Additionally, I know the folks behind this project and they are what I call community builders. They have a strong track record of engaging and empowering the community around them.

**SB-1412-SD-1**

Submitted on: 2/16/2021 7:58:48 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Will Housel	Individual	Support	No

Comments:

I am in strong support of this bill because it is a great way to stimulate the local economy without requiring the State's capital. This will create revenue for the State, create jobs, stimulate the film and surf industries, support local retailers, and help our community stay healthy. Hawaii is the birthplace of surfing, and this project helps us to maintain our place in surfing history. COVID-19 has highlighted the need to be less reliant on tourism and this project helps achieve that goal.

**SB-1412-SD-1**

Submitted on: 2/16/2021 8:06:40 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sean Imai	Individual	Support	No

Comments:

I am in strong support of this bill because it is a great way to stimulate the local economy without requiring the State's capital. This will create revenue for the State, create jobs, stimulate the film and surf industries, support local retailers, and help our community stay healthy. Hawaii is the birthplace of surfing, and this project helps us to maintain our place in surfing history. COVID-19 has highlighted the need to be less reliant on tourism and this project helps achieve that goal.

**SB-1412-SD-1**

Submitted on: 2/16/2021 8:39:54 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
David Hayashida	Individual	Support	No

Comments:

I am in strong support of this bill because it is a great way to stimulate the local economy without requiring the State's capital. This will create revenue for the State, create jobs, stimulate the film and surf industries, support local retailers, and help our community stay healthy. Hawaii is the birthplace of surfing, and this project helps us to maintain our place in surfing history. COVID-19 has highlighted the need to be less reliant on tourism and this project helps achieve that goal.

**SB-1412-SD-1**

Submitted on: 2/16/2021 8:44:50 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alma Grocki	Individual	Support	No

Comments:

I strongly support this bill because it will allow for a business and project that will NOT require any funds or capital from the State. As the birthplace of surfing, Hawaii has a long and illustrious history of surfing. This center will allow so many people who may not have the skills and knowledge of surfing to engage in this sport in a controlled environment, and learn slowly and safely before venturing out into the ocean. This center would assist in diversifying our economic base as it would be available to local citizens as well as tourists, and provide necessary employment for hundreds. The opportunity for education of our local culture and history with this center is tremendous.

I strongly support this bill. Thank you for your time and consideration for this important bill.

**SB-1412-SD-1**

Submitted on: 2/16/2021 8:54:12 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Torkel Patterson	Individual	Support	No

Comments:

I am in strong support of this bill because it will help stimulate the local economy without requiring the State's investment. This will generate revenue for the State through increased tax revenue, create jobs, stimulate the film and surf industries, support local retailers, and help our community stay healthy. Hawaii is the birthplace of surfing, and this project helps us to maintain our place in surfing history. COVID-19 has highlighted the need to be less reliant on tourism and this project helps achieve that goal.

This project has been thoroughly thought thru and is ready to go ahead. It will bring excitement to kids and surfing affecianados of all ages. It could serve as a venue for national and international competitions during the off-season in Hawaii. The team doing this project are from Hawaii and are committed to Hawaii and to surfing. We should do it! Torkel Patterson

**SB-1412-SD-1**

Submitted on: 2/16/2021 9:05:52 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Emilee Turner	Individual	Support	No

Comments:

Dear Senators,

I am in strong support of this bill SB1412 for many reasons and primarily because it is a great way to stimulate the local economy without requiring the State's capital. I support the mission of this bill and strongly believe the passage of this bill will benefit the community of Hawaii in many ways immediately and for years to and years to come. The passage of this bill will create revenue for the State, create jobs, stimulate the film and surf industries, support local retailers, and help our community stay healthy. Hawaii is the birthplace of surfing, and this project helps us to maintain our place in surfing history. This bill will create a sustainable revenue and increase education opportunities for locals and visitors about Hawaiian history, culture, sustainability, surfing, and ocean and water safety.

Thank you for your time and support of this bill.



**SB-1412-SD-1**

Submitted on: 2/16/2021 9:28:41 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
James F Moonier	Individual	Support	No

Comments:

I am in strong support of this bill because it is a great way to stimulate the local economy without requiring the State's capital. This will create revenue for the State, create jobs, stimulate the film and surf industries, support local retailers, and help our community stay healthy. Hawaii is the birthplace of surfing, and this project helps us to maintain our place in surfing history. COVID-19 has highlighted the need to be less reliant on tourism and this project helps achieve that goal.

**SB-1412-SD-1**

Submitted on: 2/16/2021 9:31:58 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Aaron Boodman	Individual	Support	No

Comments:

Hello,

I want to voice my strong support for this bill. Creating a professional-class surf park in Hawaii will enable our sport to grow and our local riders to remain competitive as these facilities are built worldwide. It will also reduce impact on our ocean spots, providing a place that is always breaking and great for beginners.

As an beginner surfer myself, I'm excited to have a place to practice and grow my skills that is safe and out of the way of more advanced surfers. I think this will be a great thing for the community in general.

Thanks,

Aaron Boodman  
Kailua, HI

**SB-1412-SD-1**

Submitted on: 2/16/2021 9:51:23 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
joseph	Individual	Support	No

Comments:

I am in strong support of this bill because it is a great way to stimulate the local economy without requiring a capital investment from the State of Hawaii. This will create revenue for the state, create jobs, stimulate the film and surf industries, support local retailers, and help our community stay healthy. Hawaii is the birthplace of surfing, and this project helps us to maintain our place in surfing history. COVID-19 has highlighted the need to be less reliant on tourism and this project helps achieve that goal.

Keno and Brian are great people who care deeply about Hawaiian culture and community wellness, as shown by their continued commitment to organize social events, community cleanups, and small business craft markets. Helping them accomplish their goals will pay dividends the community, and this is why I support this legislation.

**SB-1412-SD-1**

Submitted on: 2/16/2021 9:54:16 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Theodore Peck	Individual	Support	No

Comments:

I am in strong support of this bill because it is a great way to stimulate the local economy without requiring the State's capital. This will create revenue for the State, create jobs, stimulate the film and surf industries, support local retailers, and help our community stay healthy. Hawaii is the birthplace of surfing, and this project helps us to maintain our place in surfing history. COVID-19 has highlighted the need to be less reliant on tourism and this project helps achieve that goal.

I have known Keno since he was a midshipman at the Naval Academy. I have the highest regard for his character, business acumen, perseverance, and vision, and know that the surf park is a stroke of brilliance for Hawaii, and Keno, Brian, and the Honokea team are the right folks to bring this to pass. Please pass this bill.

Ted Peck

**SB-1412-SD-1**

Submitted on: 2/16/2021 10:00:18 AM

Testimony for WAM on 2/17/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lars Fitter	Individual	Support	No

Comments:

I am in strong support of this bill because it is a great way to stimulate the local economy without requiring the State's capital. This will create revenue for the State, create jobs, stimulate the film and surf industries, support local retailers, and help our community stay healthy. Hawaii is the birthplace of surfing, and this project helps us to maintain our place in surfing history. COVID-19 has highlighted the need to be less reliant on tourism and this project helps achieve that goal.

**SB-1412-SD-1**

Submitted on: 2/16/2021 11:36:26 AM

Testimony for WAM on 2/17/2021 10:00:00 AM



<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Travis C. Richardson	Individual	Support	No

Comments:

I very highly support this bill to bring in mass revenue to stimulate the local economy. This will create additional revenue fo the State, create local jobs, stimulate the film and surf industries, support local retailers, and help our community stay healthy both mentally and physically. Hawaii is the birthplace of surfing and this project helps the islands maintain their place in surfing history. COVID-19 has highlighted the need to be less reliant on tourism and this project will help achieve that goal. Island residents have been doing a great job supporting local economy, even during these limited tourism times. This project can deliver another avenue for personal recreation. Perpetual perfect waves promote perfect performance in real life, perpetually.