

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
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 CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 715, S.D. 1

**February 16, 2021
10:00 A.M.
Via Videoconference**

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST PUEO DEVELOPMENT, LLC.

The Department of Budget and Finance offers the following comments on Senate Bill No. 715, S.D.1, which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist Pueo Development, LLC, a Hawaii limited liability company, with the proposed master planned development that will include low- and moderate-income homes; rental housing units; elderly care units; alternative energy development; and infrastructure development, including roads and utilities pursuant to Part IX, 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.

DAVID Y. IGE
GOVERNOR
STATE OF HAWAII

JOSH GREEN
LT. GOVERNOR
STATE OF HAWAII



WILLIAM J. AILA, JR.
CHAIRMAN
HAWAIIAN HOMES COMMISSION

TYLER I. GOMES
DEPUTY TO THE CHAIRMAN

**STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS**

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF WILLIAM J. AILA, JR, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
DECISION MAKING ON FEBRUARY 16, 2021 AT 10:00AM VIA VIDEOCONFERENCE

IN SUPPORT OF

**SB 715, SD1, RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE
BONDS TO ASSIST PUEO DEVELOPMENT, LLC**

February 16, 2021

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) supports this bill authorizing the issuance of special purpose revenue bonds for a master planned development proposed by Pueo Development, LLC on Hawaiian Home Lands.

The Hawaiian Homes Commission (HHC) voted in August 2019 to approve the issuance of a Right of Entry permit to Waiohuli Hawaiian Homesteaders Association, Inc. (WHHA) for approximately 150 acres of Hawaiian home lands for the purpose of conducting due diligence studies including but not limited to project master plan, business plan, and related Chapter 343, HRS compliance requirements and Chapter 6E, HRS compliance requirements.

WHHA submitted a land use request to DHHL on December 3, 2018 with a proposed plan including development of residential and agricultural lots, economic and educational opportunities, energy projects, and water source development through collaboration and partnerships which would result in career development and employment opportunities. A beneficiary consultation meeting was conducted on May 30, 2019 to collect beneficiary input and feedback on WHHA's land use request. A beneficiary consultation report was submitted to the HHC in July 2019 for acceptance.

Thank you for your consideration of our testimony.

DATE: February 13, 2021

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

MEASURE: SB 715 SD1
Tuesday, February 16, 2020
10:00 am
Conference Room 211

SUBJ: Testimony in Strong Support of SB 715 SD1

Aloha Chair Donovan M. Dela Cruz, Vice-Chair Gilbert S.C. Keith-Agaran and Members of the Senate Committee on Ways and Means. My name is Bob Hall, partner with Pueo Development, LLC, and I submit testimony in strong support of SB 715 SD1.

This measure was introduced at last year's Legislative Session and received the support of your committee. However, due to COVID-19, the 2020 Legislative Session was suspended, and the measure stalled from advancing. We appreciate your committee's consideration to confer on this measure again.

Special Purpose Revenue Bonds provide loan financing to assist qualifying private capital improvement projects in the public interest. The bonds do not constitute a general obligation of the State and are not State monies.

Waiohuli Hawaiian Homestead Association, Inc. (WHHA) is a non-profit, 501(c)3 organization, who has partnered with Pueo Development, LLC, a Hawaii-based company to seek Hawaii State Legislature's authorization for a \$80M Special Purpose Revenue Bond (SPRB) to support WHHA's "Project: WE-DO" (Waiohuli Economic Development Opportunities). The goal of Project: WE-DO is to create long-term, economic development opportunities for WHHA's community THROUGH development.

WHHA was issued Right of Entry (ROE) #688 from the Department of Hawaiian Home Lands (DHHL) on January 7, 2020 to conduct necessary due diligence and project feasibility to develop a master plan on approximately 150 acres of DHHL located adjacent to the existing Waiohuli Hawaiian Homesteads, Kula, Maui. The master plan proposes to create an array of homestead opportunities and services, including new housing and agriculture as an end product of this initiative. The initial due diligence period is 36-month, during which time Pueo Development, LLC plans to assemble a financing package for the master plan, inclusive of a Special Purpose Revenue Bond.

Respectfully, Pueo Development, LLC, in partnership with WHHA, requests to amend SB 715 SD1 to include "agriculture" as well as the addition of Part IV of chapter 39A "Processing Enterprises". Waiohuli's initial conceptual vision for a master-planned community included agriculture as an economic opportunity. The effects of COVID-19 have heightened the need for a more diversified economy lending focus to the State's goal of 30% food sustainability by 2030. Pueo Development and Waiohuli seeks to broaden investment interests in ag production and distribution to support economic development.

Mahalo for the opportunity to provide testimony.



Bob Hall
Pueo Development, LLC



HAWAIIAN HOMESTEADERS ASSOCIATION INC.

P.O. Box 698 Kula, Hawai'i 96790-0698

February 12, 2021

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

MEASURE: SB 715 SD1
Tuesday, February 16, 2021
10:00 am
Conference Room 211

SUBJ: Testimony in Strong Support of SB 715 SD1

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran and Members of the Senate Committee on Ways and Means. My name is Perry Artates, President of the Waiohuli Hawaiian Homestead Association, Inc (WHHA), and I submit the following testimony in strong support of SB 715 SD1.

This measure was introduced at last year's Legislative Session and received the support of your committee. However, due to COVID-19, the 2020 Legislative Session was suspended, and the measure stalled from advancing. We appreciate your committee's consideration on this measure again.

WHHA is a non-profit, 501(c)3 organization, who has partnered with Pueo Development, LLC, a Hawaii-based company to seek Hawaii State Legislature's authorization for a \$80M Special Purpose Revenue Bond (SPRB) to support WHHA's "Project: WE-DO" (Waiohuli Economic Development Opportunities).

Historically, WHHA received a land disposition from the Department of Hawaiian Home Lands (DHHL) in 2005 to a 17-acre parcel of land in Waiohuli Homesteads, Kula, Maui. Since then, WHHA has received strong support from the Legislature through the Grant in Aid Program. WHHA has leveraged community participation to create multiple facilities and infrastructure, including a certified commercial kitchen, patio banquet area, hale halawai, cultural garden and open amphitheater. Prior to COVID-19, these facilities have provided rental revenue which WHHA is using for educational scholarships. WHHA anxiously awaits overall relief from this pandemic.

As a result of their development experience, WHHA has focused on a new initiative, "Project: WE-DO". The goal of Project: WE-DO is to create long-term, economic development opportunities for WHHA's community THROUGH development including:

- career mentoring and employment opportunities associated with development



HAWAIIAN HOMESTEADERS ASSOCIATION INC.

P.O. Box 698 Kula, Hawai'i 96790-0698

- collaboration with DHHL to create homestead opportunities and services, including new housing
- leveraging private and public financing commitments

DHHL issued WHHA a Right of Entry (ROE) #688 on January 7, 2020 to conduct necessary due diligence and project feasibility to develop a master plan on approximately 150 acres of DHHL located adjacent to the existing Waiohuli Hawaiian Homesteads. The initial due diligence period is 36-month, during which time WHHA's partner, Pueo Development, LLC plans to assemble a financing package for the master plan, inclusive of a Special Purpose Revenue Bond.

Special Purpose Revenue Bonds provide loan financing to assist qualifying private capital improvement projects in the public interest. The bonds do not constitute a general obligation of the State and are not State monies.

Pueo Development, LLC, in partnership with WHHA, requests to amend SB 715 SD1 to include "agriculture" as well as the addition of Part IV of chapter 39A "Processing Enterprises". Waiohuli's initial conceptual vision for a master-planned community included agriculture as an economic opportunity. The effects of COVID-19 have heightened the need for a more diversified economy lending focus to the State's goal of 30% food sustainability by 2030. Pueo Development and Waiohuli seeks to broaden investment interests in ag production and distribution to support economic development.

In closing, we seek your continued support for this measure to provide WHHA a chance to further self-sufficiency as Prince Jonah Kuhio envisioned.

Perry Artates
President
Waiohuli Hawaiian Homesteaders Association, Inc.

LATE

SB-715-SD-1

Submitted on: 2/15/2021 1:14:01 PM

Testimony for WAM on 2/16/2021 10:00:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|--------------------------------------|--|---------------------------|---------------------------|
| Juanita Mahienaena Brown Kawamoto | Testifying for Hawaiian Affairs Caucus of the Democratic Party of Hawai'i | Support | No |

Comments:

We support this bill.

SB-715-SD-1

Submitted on: 2/12/2021 1:50:51 PM

Testimony for WAM on 2/16/2021 10:00:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|----------------------|---------------------|---------------------------|---------------------------|
| Pohaikealoha Artates | Individual | Support | No |

Comments:

I support the vision and mission of this bill.

SB-715-SD-1

Submitted on: 2/13/2021 8:52:00 AM

Testimony for WAM on 2/16/2021 10:00:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Jo Addie Brown | Individual | Support | No |

Comments:

Dear Sirs:

My husband, Edward Brown, and I support WE-DO, Waiohuli Economic Development Opportunities! Waiohuli Hawaiian Homesteaders Association continues to pursue the visions we lessees dreamed of what we wanted for our community. Our premise has always been to engage in projects that will benefit the greater good, Waiohuli, Maui Nui, and the State of Hawaii.

We support SB715! Mahalo for your time and consideration!

Sincerely yours,

Jo-Addie Brown