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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 ENERGY, ECONOMIC DEVELOPMENT, AND
TOURISM
ON
SENATE BILL NO. 963

February 10, 2021
3:00 P.M.
Via Videoconference

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST HK MANAGEMENT, LLC.

The Department of Budget and Finance offers the following comments on Senate Bill No. 963 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 improving of surf industry center facilities 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.



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February 8, 2021

Chair, Glen Wakai
Vice Chair, Bennette E. Misalucha
Members, Chris Lee, Gil Riviere, and Kurt Fevella
Senate District 15
Hawaii State Capitol, Room 407
Honolulu, HI

RE: SB 963
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST
HK MANAGEMENT, LLC.

Aloha Distinguished Chair, Vice Chair, and Members,

My name is Kai Lawrence, and I am the Surfing Lawyer in Hawaii (www.hikailaw.com). I focus primarily on Appellate Law, but I have intentionally embraced my surf background and my love of the ocean and have made them an integral part of my practice.

I'm writing today in strong support of SB 963 as both an avid surfer and as an accomplished attorney. This bill would be a great way for more economic development and opportunity in our state without requiring State funds and resources. Not only will the above bill and the resulting development create annual revenue for the state, but it will create jobs, stimulate non-tourism related industries such as surf and film, it will support local retailers, and it will help our community stay focused on health and wellness. For these and other reasons, I strongly favor this bill.

Thank you for your time and attention. Have a great day.

Sincerely,

Kai Lawrence,

SB-963

Submitted on: 2/5/2021 3:08:40 PM

Testimony for EET on 2/10/2021 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dr Chloe Panizza	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-963

Submitted on: 2/5/2021 4:19:00 PM

Testimony for EET on 2/10/2021 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
John A Kojima	Individual	Support	No

Comments:

I am the CFO for HK Management, LLC and have been involved with this project for over 10 years, and have witnessed the growth of the surf park industry and Hawaii needs one of these facilities for locals and tourists alike. We have seen successful installations in Wales, Texas, Melbourne, England and South Korea with units in construction in Switzerland and Brazil. 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. It's time for Hawaii, the birthplace of surfing, to claim its stake as the "home of surfing champions" and provide the opportunity for the funding vehicle to make this dream a reality.

Thank you.

SB-963

Submitted on: 2/5/2021 4:36:11 PM

Testimony for EET on 2/10/2021 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Matthew 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-963

Submitted on: 2/5/2021 3:30:16 PM

Testimony for EET on 2/10/2021 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jeffrey W. James	Individual	Support	No

Comments:

I am in strong support of SB963 because it is a great way to stimulate the local economy without requiring the State's capital. This bill enables an innovative means to generate 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. This bill is aligned to pursuing revenue generation outside of tourism and the military, and is consistent with state energy goals via renewable generation sources. This is a no-brainer - pass this bill and allow the people of Hawaii to move beyond a tourism-based economy and ensure resilience for our future generations.

SB-963

Submitted on: 2/6/2021 7:11:19 AM

Testimony for EET on 2/10/2021 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Duke hashimoto	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.

To: Committee on Energy, Economic Development & Tourism
Sen. Glenn Wakai, Chair
Sen Senator Bennette Misalucha, Vice Chair

From: Teresa Bill

Re: SB 963, Special Purpose Revenue Bonds, Honokea Management
Date: Wed, Feb 10, 2021 3:00 pm – 2:30 pm Conf. Room 224
Position: SUPPPORT

Aloha Chair and Members of the Committee on Hawaiian Affairs –

I strongly support passage of SB963, requesting the State issue Special Purpose Revenue Bonds for the Honokea Surf Village. This is an opportunity for the State to support the local development of a new recreational and cultural attraction which requires NO state capital and no risk by the State. It allows Honokea to raise money through private investment. This offers a way to stimulate the local economy creating revenue for the State, and jobs in the film and surf industries. Honokea Surf Village brings new kinds of tourism as we look to “right size” tourism post-COVID.

It is nice to see a plan to bring something to Kalaeloa after so many years and missed opportunities.

Thank you for this opportunity to testify.

Teresa Bill
Honolulu, HI. 96816

SB-963

Submitted on: 2/8/2021 9:23:11 AM

Testimony for EET on 2/10/2021 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kenan Knieriem	Individual	Support	No

Comments:

I am in STRONG support of SB 963. 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.

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 a social impact encouraging healthy living, sustainable behavior, a 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.

I thank you for your consideration of this testimony and hope that you agree that supporting SB963 is in the best interest of our State!

SB-963

Submitted on: 2/8/2021 10:41:29 AM

Testimony for EET on 2/10/2021 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mike McMahon	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-963

Submitted on: 2/8/2021 2:07:41 PM

Testimony for EET on 2/10/2021 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Daniel Connor Burris	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.

The level of commitment to protecting the environment is great.