

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 HOUSE COMMITTEE ON FINANCE
HEARING ON FEBRUARY 26, 2021 AT 11:00AM VIA VIDEOCONFERENCE

IN SUPPORT OF

**HB 776, RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS
TO ASSIST PUEO DEVELOPMENT, LLC**

February 26, 2021

Aloha Chair Luke, Vice-Chair Cullen 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.

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 HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 776

February 26, 2021
11:00 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 House Bill No. 776 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.



HAWAIIAN HOMESTEADERS ASSOCIATION INC.

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

February 24, 2021

TO: Chair Sylvia Luke, Vice-Chair Ty J.K. Cullen and Members of the House Committee on Finance

MEASURE: HB 776
Friday, February 26, 2021
11:00 am
Via Videoconference
Conference Room 308

SUBJ: Testimony in Support of HB 776

Aloha Chair Sylvia Luke, Vice-Chair Ty J.K. Cullen and Members of the House Committee on Finance. My name is Perry Artates, President of the Waiohuli Hawaiian Homestead Association, Inc, and I submit the following testimony in support of HB 776

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 HB 776 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.

DATE: February 24, 2021

TO: Chair Sylvia Luke, Vice-Chair Ty J.K. Cullen and Members of the House Committee on Finance

MEASURE: HB 776
Friday, February 26, 2021
11:00 am / Conference Room 308
Via Videoconference

SUBJ: Testimony in Strong Support of HB 776

Aloha Chair Luke, Vice-Chair Cullen and Members of the House Committee on Finance. My name is Bob Hall, partner with Pueo Development, LLC, and I submit testimony in strong support of HB 776.

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 HB 776 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

HB-776

Submitted on: 2/25/2021 7:59:05 AM

Testimony for FIN on 2/26/2021 11:00:00 AM

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

Comments:

Aloha Chair,

I support HB 776 for the community of Waiohuli to pursue Waiohuli Economic Development Opportunities. Always being sensitive to afford we lessees social and economic growths as a community, I encourage the following and support they are requesting. Mahalo for your time!

Mahalo,

Jo-Addie Brown

HB-776

Submitted on: 2/25/2021 8:08:29 AM

Testimony for FIN on 2/26/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Alani Artates	Individual	Support	No

Comments:

The Future Economic Development will continue to perpetuate many generations to come in our Waiohuli Hawaiian Homesteads Community as well as opportunities for the greater whole.

HB-776

Submitted on: 2/25/2021 10:19:40 AM

Testimony for FIN on 2/26/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Danette Nakooka	Individual	Support	No

Comments:

Aloha,

I am in full support of HB776. I believe it would be in the best interest of our community, and our surrounding communities, and all who choose to share in the creativity of the positive outcome for the people.

Mahalo,

Danette Nakooka

HB-776

Submitted on: 2/25/2021 11:45:34 AM

Testimony for FIN on 2/26/2021 11:00:00 AM

LATE

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

Comments:

I support the vision for what the board has planned for the community.

LATE

HB-776

Submitted on: 2/25/2021 7:36:39 PM

Testimony for FIN on 2/26/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ernette Kaea-Prones	Individual	Support	No

Comments:

As a member of Waiohuli Hawaiian Homesteaders Assn Board of Directors & Leasee of this community, I support bill HB776. For the betterment of generations to come.