

STAND. COM. REP. NO.

2085

Honolulu, Hawaii

FEB - 9 2010

RE: S.B. No. 2544

S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Energy and Environment, to which was referred S.B. No. 2544 entitled:

"A BILL FOR AN ACT RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST HONOLULU SEAWATER AIR CONDITIONING LLC PROJECTS ON THE ISLAND OF OAHU,"

begs leave to report as follows:

The purpose of this measure is to extend the lapse date for the authorization to issue special purpose revenue bonds for Honolulu Seawater Air Conditioning, LLC, from June 30, 2010, to June 28, 2015.

Testimony in support of this measure was submitted by one private organization and one private corporation.

Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that the special purpose revenue bonds (SPRBs) in this measure will provide a portion of the funding for the design and construction of a seawater air conditioning district cooling system on Oahu, which will serve more than 14,000,000 square feet of downtown Honolulu office, residential, and retail space.

In 2005, the Legislature authorized \$48,000,000 in SPRBs for the project, with an expiration date for the SPRBs in 2010. Since that time, unprecedented disruptions in the financial markets have

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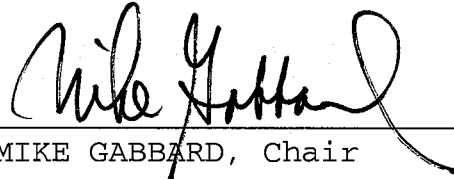


made it prudent to postpone the sale of SPRBs. Your Committee understands that current markets have improved substantially and there is significant interest in financing this renewable energy project. In addition to State of Hawaii SPRBs, the balance of funding consists of \$10,750,000 in local and offshore first round equity investment completed in January of 2008, future taxable bonds, and a second round of equity investment. With an anticipated construction start in the fourth quarter of this year, the company expects to use all of its authorized SPRBs within the next three years.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2544, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2544, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy and
Environment,


MIKE GABBARD, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* SB 2544	Committee Referral: ENE, WAM	Date: 4 Feb 2010		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	/			
ENGLISH, J. Kalani (VC)	/			
GREEN, M.D., Josh				/
HOOSER, Gary L.	/			
IHARA, Jr., Les				/
KOKUBUN, Russell S.				/
HEMMINGS, Fred	/			
TOTAL	4			3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: J. Kalani English				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes