



GOV. MSG. NO. 1172

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

May 29, 2015

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 210
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on May 29, 2015, the following bill was signed into law:

HB139 HD1 SD2

RELATING TO THE ISSUANCE OF SPECIAL
PURPOSE REVENUE BONDS TO ASSIST
ANAERGIA INC.
ACT 072 (15)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

RECEIVED
THE SENATE
CLERK'S OFFICE
STATE OF HAWAII

'15 MAY 29 P5:12

RECEIVED
SENATE
OFFICE OF THE PRESIDENT

'15 MAY 29 P4:06

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A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST ANAERGIA INC.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that support for the
2 development of renewable and efficient energy systems in the
3 State, which is geographically isolated from sources of oil,
4 continues to be in the public interest. Anaergia Inc., is a
5 global leader in offering sustainable solutions for the
6 generation of renewable energy and the conversion of waste to
7 resources.

8 Anaergia Inc., through its affiliates or subsidiaries or
9 special purpose entities, proposes to build, own, and operate:

10 (1) A project located in central Maui that is designed to
11 process up to seven hundred tons per day of municipal
12 solid waste, green waste, and sewage sludge. The
13 features of this project include:

14 (A) A material resource recovery facility to recover
15 recyclable materials such as metal, cardboard,
16 and glass;



1 (B) Anaerobic digestion systems to break down organic
2 materials; and

3 (C) Other processing equipment necessary to convert
4 organics like municipal sludge, food waste, green
5 waste, and other materials to renewable methane
6 rich bio-gas, which is similar to natural gas;
7 and

8 (2) A project to be sited on approximately one thousand
9 eight hundred acres of fallow agricultural lands in
10 west Maui, where energy crops, such as low-cost and
11 low-maintenance plants harvested to make biofuels,
12 will be grown. This project will convert harvested
13 energy crops into renewable methane rich bio-gas or
14 renewable electricity through the use of anaerobic
15 digestion systems to be located in west Maui or
16 central Maui.

17 In support of the above projects, the requested issuance
18 amount of the special purpose revenue bonds considered by this
19 Act has been carefully considered and matches similar investment
20 marks for infrastructure projects of this type. In addition to
21 providing funding for the above renewable energy projects,



1 revenue secured from the special purpose revenue bonds will
2 offer Anaergia Inc., critical financial flexibility to support
3 various related projects and initiatives and the deployment of
4 internal capital. To continue Anaergia Inc.'s track record of
5 recruiting investors and effectively allocating investment
6 capital funds, the planned end-goal projects and initiatives for
7 the series of funding under this Act would include:

- 8 (1) Enhanced source separation initiatives allowing for
9 better recovery of recyclable materials;
- 10 (2) Out-year optimization allowing for enhanced
11 operational efficiencies, increased recovery of
12 recyclable materials, and improved adaptability to
13 future changes in waste composition and waste
14 generation quantities;
- 15 (3) More opportunities for mutually beneficial
16 collaboration with local firms, including recyclers,
17 farmers, and transportation companies;
- 18 (4) Enhanced and innovative revitalization efforts for
19 fallow agricultural lands, including expanded soil
20 erosion mitigation efforts, rehabilitation of depleted
21 and acidified soils, and implementation of sustainable



1 farming practices to include reduced pesticide usage
2 and implementation of organic farming practices;

3 (5) Advanced research and development efforts allowing
4 Anaergia Inc., to improve its ability to continually
5 maintain organizational efficiency and current
6 industry standards;

7 (6) A full environmental impact study, which is not a
8 requirement of the central Maui project but which
9 would allow for expanded public, community, and
10 governmental input on the proposed municipal waste
11 processing facility;

12 (7) Expanded public education and awareness programs
13 related to solid waste, material reuse, recycling,
14 sustainability, and renewable energy technologies as
15 well as expansion of community investment and
16 philanthropic activities; and

17 (8) Expansion of on-the-job training programs and higher-
18 level education scholarships.

19 The legislature finds that the development of the projects
20 outlined above, as well as the associated projects and



1 initiatives of Anaergia Inc., and its partners, would benefit
2 the State in several ways, including:

- 3 (1) Reduction of up to two hundred thousand tons of
4 greenhouse gas emissions per year;
- 5 (2) Reduction of up to eighty-five per cent of materials
6 deposited into the central Maui landfill and an
7 increase in the recovery of recyclable materials of
8 over ten times at the central Maui landfill;
- 9 (3) Reduction or stabilization of county landfill disposal
10 and operational costs over the long run;
- 11 (4) Alleviation of treated water disposal issues,
12 including the substantial reduction or elimination of
13 injection well use in west Maui through the use of
14 recycled water to irrigate energy crops;
- 15 (5) Creation of approximately sixty permanent local
16 technical and semi-technical jobs at both facilities
17 and approximately two hundred additional construction
18 jobs during the building phase;
- 19 (6) Production of renewable energy and renewable fuels
20 from both facilities for use in local communities,



- 1 which will help reduce the State's reliance on
2 imported fossil fuels;
- 3 (7) Assistance in meeting the State's renewable energy
4 goals by providing over ten megawatts of firm
5 renewable power; and
- 6 (8) Containment of dust clouds and reduction of soil
7 erosion from fallow agricultural lands on west Maui
8 farm lands.

9 Through the utilization of special purpose revenue bonds as the
10 means of funding, Anaergia Inc., may provide the benefits
11 outlined above without investment or operational financial risk
12 to the State or counties.

13 Accordingly, the legislature finds that the issuance of
14 special purpose revenue bonds under this Act for Anaergia Inc.,
15 is in the public interest and for the public health, safety, and
16 general welfare of the State.

17 SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised
18 Statutes, the department of budget and finance, with the
19 approval of the governor, is authorized to issue special purpose
20 revenue bonds in a total amount not to exceed \$90,000,000 in one
21 or more series, for the purpose of assisting Anaergia Inc., with



1 the establishment and funding of energy production, waste
2 recovery, and related facilities and projects on the island of
3 Maui. The outputs of these facilities shall be made available
4 by sale directly from Anaergia Inc., to viable off-takers, by
5 sale to electric utilities servicing the public, or both.

6 The legislature hereby finds and determines that Anaergia
7 Inc.'s planning, design, and construction of a material recovery
8 facility, an anaerobic digester, and a facility to convert
9 energy crops into renewable gas or renewable electricity
10 constitutes a project as defined in part V, chapter 39A, Hawaii
11 Revised Statutes, and the financing thereof is assistance to an
12 industrial enterprise.

13 SECTION 3. The special purpose revenue bonds and the
14 refunding special purpose revenue bonds issued under this Act
15 shall be issued pursuant to part V, chapter 39A, Hawaii Revised
16 Statutes, relating to the power to issue special purpose revenue
17 bonds to assist industrial enterprises.

18 SECTION 4. The department of budget and finance is
19 authorized, from time to time, including times subsequent to
20 June 30, 2020, to issue special purpose revenue bonds in
21 whatever principal amounts the department shall determine to be

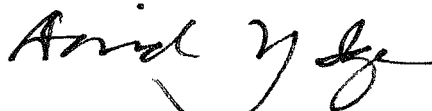


1 necessary to refund the special purpose revenue bonds authorized
 2 in section 2 and to refund special purpose revenue bonds
 3 authorized in this section, regardless of whether the
 4 outstanding special purpose revenue bonds or refunding special
 5 purpose revenue bonds have matured or are the subject of
 6 redemption or whether the refunding special purpose revenue
 7 bonds shall be bonds for the multi-project programs described in
 8 section 2. In making this determination, the department shall
 9 comply with federal law relating to the exemption from federal
 10 income taxation of the interest on bonds of the nature
 11 authorized by this section.

12 SECTION 5. The authorization to issue special purpose
 13 revenue bonds under this Act shall lapse on June 30, 2020.

14 SECTION 6. This Act shall take effect on July 1, 2015.

APPROVED this 29 day of MAY, 2015



GOVERNOR OF THE STATE OF HAWAII

