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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 RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON TRANSPORTATION
ON
SENATE BILL NO. 652, S.D. 1

March 15, 2019
10:30 A.M.
Room 423

RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST KEAHOLE FBO I
LLC.

Senate Bill No. 652, S.D. 1, authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist Keahole FBO I LLC, a Hawaii corporation, with planning, designing, constructing, equipping, and operating facilities for aviation and aviation-related services at Ellison Onizuka Kona International Airport at Keahole pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department is providing comments only to advise 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.



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
DEREK J. CHOW
ROSS M. HIGASHI
EDWIN H. SNIFFEN

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
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March 15, 2019
10:30 a.m.
State Capitol, Room 423

S.B. 652, S.D.1
RELATING TO RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST
KEAHOLE FBO I LLC.

House Committee on Transportation

The Department of Transportation (DOT) **supports** S.B. 652, S.D. 1 which authorizes the issuance of special purpose revenue bonds (SPRB).

The proceeds of the proposed bonds will be used to provide a portion of the financing for the Kona Jet Center that will be a multifaceted General Aviation project situated on a 16-acre development at the south end of Ellison Onizuka Kona International Airport at Keahole.

The project will contract services from various local Hawaii contractors and consultants. Over the twenty-month build cycle, the completed project will include 6 acres of new ramp, a 6,500 square foot fixed based terminal, a 36,000 square foot state of the art hangar, a 50,000 gallon above ground fuel facility, as well as all roads, parking and utility connections brought to the site. The project will create hundreds of jobs during the construction period and employ up to thirty permanent positions once in operation.

The proposed SPRB would be special limited obligations of DOT Airports payable and secured by a pledge of revenues to be received from lease arrangements with Keahole FBO I LLC. The bonds do not constitute a debt or pledge of the full faith and credit of the State of Hawaii or the DOT. DOT is not responsible nor obligated in any way for the payment of principal and interest on the bonds. The bondholders bear the risk of loss; if Keahole FBO I LLC fails to make payments of interest and principal on the bonds.

Thank you for the opportunity to provide testimony.

SB-652-SD-1

Submitted on: 3/13/2019 10:10:49 AM

Testimony for TRN on 3/15/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephanie Donoho	Kohala Coast Resort Association	Support	No

Comments:

KEAHOLE FBO I LLC

**THE HONORABLE HENRY J.C. AQUINO, CHAIR
THE HONORABLE TROY N. HASHIMOTO, VICE CHAIR
HOUSE COMMITTEE ON TRANSPORTATION
30th Hawaii State Legislature
Regular Session of 2019
State of Hawai`i**

March 15, 2019

RE: SENATE BILL 652 SENATE DRAFT 1; RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST KEAHOLE FBO I LLC.

Chair Henry J.C Aquino, Vice Chair Troy N. Hashimoto, and members of the House Committee on Transportation, Keahole FBO I LLC, submits the following testimony in support of Senate Bill 652 Senate Draft 1.

Senate Bill 652 Senate Draft 1 authorizes the issuance of special purpose revenue bonds to assist Keahole FBO I LLC with planning, designing, constructing, equipping, and operating facilities for aviation services and aviation-related services at Ellison Onizuka Kona International Airport at Keahole.

Keahole FBO I LLC is an aviation company that has a lease with the Department of Transportation, State of Hawaii (“DOT”) for 15.15 acres at Ellison Onizuka Kona International Airport. The company will develop hangars, a fuel farm, and aviation infrastructure for aviation and aviation-related services for mainly private jets that will cost the company tens of millions of dollars. Keahole FBO I LLC will also develop several millions of dollars of infrastructure for the DOT such as but not limited to taxiway, ramp, road, and utilities that would ordinarily be developed by the DOT, not the private sector.

Our project is generating revenue and jobs for the State of Hawaii in areas such as but not limited to aviation services, aviation-related services, fuel, energy, food and beverage, ground transportation, tourism, architecture, engineering, law, finance, accounting, construction, landscaping, and building maintenance. Further, our development and operations will generate multimillions of dollars in revenue for the DOT and State of Hawaii through taxes, fees, and our lease (in addition to the lease fee, the DOT will generate revenue from 2% of our income, \$0.04/gallon of Jet A fuel we sell, and a portion of any subleases).

Please keep in mind that Keahole FBO I LLC will still have to be qualified by the Department of Budget and Finance and a large third-party financial institution. If the company uses the special purpose revenue bonds, it will be only for the amount it needs.

For the reasons stated above, Keahole FBO I LLC supports Senate Bill 652 Senate Draft 1. Thank you for the opportunity to testify on this matter.



Airport Business Solutions

"Valuation and Consulting Services to the Aviation Industry"

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March 14, 2019

Representative Henry J.C. Aquino, Chair
Representative Troy N. Hashimoto, Vice Chair
House Transportation Committee
House of Representatives
The Thirtieth Legislature, Regular Session of 2019
State of Hawai'i

RE: Senate Bill 652, Senate Draft 1; Relating to Special Purpose Revenue Bonds to Assist Keahole FBO I, LLC

Chair Henry J.C. Aquino, Vice Chair Troy N. Hashimoto, and members of the House Transportation Committee, on behalf of *Airport Business Solutions*, I submit the following testimony in **support** of Senate Bill 652, Senate Draft 1 regarding Keahole FBO I LLC.

Senate Bill 652, Senate Draft 1 authorizes the issuance of special purpose revenue bonds to assist Keahole FBO I LLC with planning, designing, constructing, equipping, and operating facilities for aviation services and aviation-related services at Ellison Onizuka Kona International Airport at Keahole. Keahole FBO I LLC is an aviation company that has a lease with the Department of Transportation, State of Hawai'i ("DOT") for 15.15 acres at Ellison Onizuka Kona International Airport and will spend tens of millions of dollars to develop hangars, a fuel facility, and other aviation infrastructure to provide aviation services for private aircraft visiting the State of Hawai'i. Keahole FBO I LLC will also develop several millions of dollars of infrastructure for the DOT's benefit, to include taxiway, ramp/apron, roads, and utilities that would ordinarily be developed by the DOT.

This project is generating revenue and jobs for the State of Hawai'i through the provision of aviation services, as well as from sources such as fuel, energy, food and beverage, ground transportation, tourism, architecture, engineering, law, finance, accounting, construction, landscaping, building maintenance. Further, the development and operations will generate multiple millions in revenue for the DOT and State of Hawai'i through taxes, fees, and the lease (land rental, 2% of gross revenue generated, and \$0.04/gallon of fuel sold). I have been involved with this project for several months, and it is one of the most economically significant and beneficial projects with which I have ever been involved in my 30 years in the aviation industry.

For the reasons stated above, *Airport Business Solutions* **supports** Senate Bill 652, Senate Draft 1. Thank you for the opportunity to testify on this matter.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "m. hodges", is written over a faint, larger signature.

Michael A. Hodges, MAI
President/CEO

Solutions as Unique as the Problems . . .

SB-652-SD-1

Submitted on: 3/14/2019 7:37:43 AM

Testimony for TRN on 3/15/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Matthew	Individual	Support	No

Comments:

Aloha, Writing to support bill SB652 before you today. My name is Matthew Clayton, and I am one of the founders of AV8 Partners LP and Keahole FBO LLC - the lease holder at Ellison Onizuka International in Kona. Our project will have a positive impact on State of Hawaii and become the largest GA project in the State ever constructed. The construction will span over 20 months and employ hundreds of workers and local Hawaiian contractors in the process. Once operational it will require 30 plus employees at the facility and fulltime jobs. The project requires infrastructure of roads and utilities, which AV8 is responsible to pay for and turn back over to the State. The Jet Center will be able to accomodate the growing demand of visitors to the Big Island we are seeing year over year, and it is our hope that we are successful with Bill 652 before you tomorrow.

Much aloha and mahalo..

Matthew D Clayton

AV8 Partners LP

SB-652-SD-1

Submitted on: 3/14/2019 4:05:34 PM

Testimony for TRN on 3/15/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Adam Wickstead	Individual	Support	No

Comments:

March 14, 2019

Dear: HONORABLE HOUSE CHAIR AQUINO

Respective members House Transportation Committee, concerned citizens and vested parties

With regard to State bill SB 652 SD1

It is my honor and appreciation of this assembled Committee, to give support testimony to move this bill forward.

I am an active Partner with AV8 Partners LP, and have been a founding member of the company. From inception of this journey to build a world class commercial aviation terminal at KOA Ellison International Airport.

My partners and I have long heald a vision to create a viable business in response to the growing demand for services and facilities at KOA.

With community support , local involvement , employment and oportunity we will prosper as a collective and build this project as the pride of KOA, and Hawaii.

I have deep ties to the Aviation community in Hawaii and have been fortunate to have worked with many aviation professionals on all islands, I am proud of the Hawaiian aviation heritage and rich traditions that while simple are unique to Hawaii and capture the spirit of the islands and people the moment our guests arrive.

I am most grateful to be surrounded by like minded partners, professionals and subject matter experts to succeed in building this project.

I respectfully and passionately support SB652 SD1.

Sincerely yours,

Adam J. Wickstead