

WRITTEN TESTIMONY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION  
ON  
SENATE BILL NO. 1633, S.D. 2

March 19, 2009

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST  
EPOD, INC., IN THE DEVELOPMENT OF RENEWABLE ENERGY ON THE ISLAND OF  
OAHU

Senate Bill No. 1633, S.D. 2, authorizes the issuance of special purpose revenue bonds to assist EPOD, Inc. in the planning, design, construction, equipping and operating of a solar farm power plant on the island of Oahu pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department has a technical comment on this bill. Under Section 144 of the Internal Revenue Code of 1986, as amended, tax exempt financing for industrial projects are limited to \$10 million. We recommend that the project party consult with a bond counsel firm to determine if the project may qualify, under certain exemptions, for the full amount of tax-exempt financing.

Bill No. 1633

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Bill No. 1633

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TO: House Committee on Energy and Environmental Protection  
Honorable Representative Hermina M. Morita, Chair  
Honorable Representative Denny Coffman, Vice Chair

RE: Testimony in Support of SB1633 SD2 Relating To The Issuance of Special Purpose Revenue Bonds to Assist Epod, Inc. In The Development of Renewable Energy on the Island of Oahu.  1  2  WI

HEARING: Thursday, March 19, 2009, 10:00 a.m.

Madam Chair and members of the Committee:

I appreciate this committee's consideration of SB1633 SD2, and welcome this opportunity submit testimony in support of it.

My name is Larry Gilbert, and I am the Managing Director and Chief Executive of Sennet Capital LLC. Sennet Capital is a Hawai'i merchant bank that focuses entirely on providing and arranging funding for Hawai'i companies and renewable energy projects. We have become one of the leading experts in Hawai'i in solar project financing, and recently completed one of the largest solar project financings done in Hawai'i when we arranged the financing for Hoku Solar to put solar panels on all of the Neighbor Island airports for the State of Hawai'i Department of Transportation.

Epod Inc. has established itself as a successful innovator in the development and manufacturing of low-cost solar panels to convert sunlight into electricity, as well as a vertically integrated business which also deploys those panels in solar parks to provide communities and utilities with access to clean, safe renewable energy from the sun. Epod has demonstrated its ability to successfully implement this formula, having established a manufacturing facility in Wales in the United Kingdom, and having built and installed at least two successful solar parks in Germany which are supplying energy to the grid as we speak.

Epod has identified Hawai'i as an ideal place to establish its second manufacturing facility as well as install additional solar parks. Upon completion, Epod's manufacturing facility and solar parks will bring badly needed jobs to Hawai'i's workers, providing them with long term employment opportunities at living wages, as well as contribute to moving Hawai'i away from its dependency on imported oil.

Financing is the crucial first step to helping Epod successfully establish these manufacturing and solar park facilities in Hawai'i. Sennet Capital has been engaged by Epod to assist in the financing process, and the special purpose revenue bonds proposed in SB1633 SD2 will greatly contribute to the ability to quickly and successfully finance these projects.

Because special purpose revenue bonds are financed by the revenues of the projects they support, they pose little if any cost or risk to the State, and hence are a great way

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for the State of Hawai'i to demonstrate its support and commitment for renewable energy projects here even during these difficult economic times.

For all of these reasons, Sennet Capital strongly supports SB1633 SD2, and urges this Committee to recommend its passage to the Senate and the Legislature.

Thank you for the opportunity to submit this testimony, and please feel free to contact me if I can be of further assistance.

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