

DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the House Committee on
FINANCE**

**Friday, February 26, 2016
1:00 P.M.
State Capitol, Conference Room 308**

**In consideration of
HOUSE BILL 2059, HOUSE DRAFT 1
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR
KEHALANI OFFSITE RETENTION BASIN**

House Bill 2059, House Draft 1 proposes to authorize the issuance of special purpose revenue bonds to assist the owner of the Kehalani Offsite Retention Basin (Basin), make safety improvements to the facility which would benefit the public's health, safety and general welfare. **The Department of Land and Natural Resources supports this measure as it would assist the dam owner with an economic means to bring their facilities in compliance with current safety standards and reduce the risk of a dam failure to the surrounding community.**

The Basin is located in Central Maui and is a regulated dam under Hawaii Revised Statutes Chapter 179D, (Hawaii Dam Safety Act of 2007). Construction on the dam and retention basin began in 2003 and is still not completed. The Basin serves as a storm retention basin for the Kehalani Subdivision and does receive mauka offsite flows in addition to those from the subdivision. The dam has a height of 30 feet and maximum storage area in excess of 490 acre feet (approx. 160 million gallons). Land use in the downstream drainage includes new residential construction and existing residential development in the town of Wailuku. Due to its location, the Basin is classified as a high hazard structure. A high hazard structure is defined as a dam or reservoir whose failure will result in probable loss of human life.

Thank you for the opportunity to testify on this measure.

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

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DAVID Y. IGE
GOVERNOR



WRITTEN ONLY

WESLEY K. MACHIDA
DIRECTOR

RODERICK K. BECKER
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
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2059, H.D. 1**

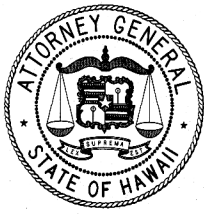
February 26, 2016
1:00 P.M.

**RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR
KEHALANI OFFSITE RETENTION BASIN**

House Bill No. 2059, H.D. 1, authorizes the issuance of Special Purpose Revenue Bonds (SPRB) up to \$5,570,250 to provide financing to assist RCFC Kehalani, LLC, with Kehalani offsite retention basin improvement work pursuant to House Bill No. 2058 (2016).

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 will require further discussion and satisfactory credit underwriting review of the financing components with respect to any proposed financing.

Thank you for the opportunity to provide testimony on this measure.



TESTIMONY OF THE DEPARTMENT OF THE ATTORNEY GENERAL TWENTY-EIGHTH LEGISLATURE, 2016

ON THE FOLLOWING MEASURE:

H.B. NO. 2059, H.D. 1, RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR KEHALANI OFFSITE RETENTION BASIN.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Friday, February 26, 2016

TIME: 1:00 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): Douglas S. Chin, Attorney General, or
Randall S. Nishiyama, Deputy Attorney General

Chair Luke and Members of the Committee:

The Department of the Attorney General provides the following comments regarding this bill.

This bill proposes to authorize the issuance of special purpose revenue bonds in a total amount not to exceed \$5,570,250 to provide financing to assist RCFC Kehalani, LLC, a Delaware limited liability company, for consultant work, permits, and construction for the Kehalani offsite retention basin.

We have two comments regarding this bill.

First, this bill references House Bill No. 2058 (2016) ("H.B. No. 2058") as the enabling statutory authority language for chapter 39A, Hawaii Revised Statutes, to issue special purpose revenue bonds to assist dam and reservoir owners. Based on discussions with Hawkins, Delafield & Wood, the State's bond counsel, we believe that Act 147, Session Laws of Hawaii 2012 ("Act 147") should be referenced instead of H.B. No. 2058 in this bill as the statutory framework to issue special purpose revenue bonds to assist dam and reservoir owners because while Act 147 was signed into law in 2012, and ratification of the amendment to Article VII, section 12, of the Hawaii State Constitution did not occur until 2014, Act 147 is the valid implementing legislation to the subsequently ratified constitutional amendment. Accordingly, we believe that H.B. No. 2058 is not necessary.

Second, because we believe that H.B. No. 2058 is not needed, we advise that the following references to H.B. No 2058 be replaced with Act 147:

1. Section 2, p. 1, ln 5;
2. Section 2, p. 1, ln 14; and
3. Section 3, p. 2, ln 3.

We respectfully ask the Committee to pass this bill with the recommended amendments.