

Testimony Presented Before the  
House Committee on Finance

February 26, 2004

by  
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**HB 1747 HD 1      RELATING TO UNIVERSITY PROJECTS AND PURPOSES**

Chair Takamine and Members of the Committee:

The purpose of this bill is to grant additional flexibility to the University Board of Regents in the financing and administration of capital projects within the jurisdiction of the University. Act 115, SLH 1998, commonly referred to as the "Autonomy Bill", afforded the University of Hawaii substantial flexibility in managing our resources. Consistent with the Autonomy Bill, this bill would allow greater self-governance authority by expanding the Board's authority to borrow funds as part of the University's financing plan.

We request that the bill be modified by amending subsection 6 of **§ -2 Powers of the board** as follows:

- (6) Without further authorization or approval, issue, and there is hereby authorized, revenue bonds under this chapter in such principal amount as may be required to finance in whole or in part the cost of construction, or the cost of maintenance or both, of any university project, the principal amount of any university project, including funding reserves therefore; provided that the principal amount of any outstanding bonds issued by the board under this chapter shall total no more than \$25,000,000. Any principal amount outstanding as of the date of enactment of this chapter, or any revenue bonds issued to refund any outstanding principal amount, shall not count against this limitation;

The University's outstanding revenue bonds currently totals \$168M including revenue debt authorized for the construction of the Medical School Facility. As currently drafted, it appears that the University would already be in violation of the proposed \$25 million ceiling and would be precluded from issuing refunding bonds to refinance existing revenue bonds.

The University strongly supports passage of this bill as amended as it would permit more effective use of bond financing. The University would control the entire bond issuance process and could be more responsive to changing interest and market condition when bonds are issued.

Thank you for the opportunity to testify.