



UNIVERSITY OF HAWAI'I SYSTEM

TESTIMONY

HB 19, HD 1
RELATING TO UNIVERSITY PROJECTS AND AUTHORIZING
THE ISSUANCE OF REVENUE BONDS FOR HOUSING UNITS

Testimony Presented Before the
House Committee on Finance

February 24, 2005

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Director of Capital Improvements

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Chair Takamine, Vice Chair Kawakami, and Members of the Committee:

The University of Hawai'i strongly supports HB 19, HD 1. The purpose of this bill is to update Chapter 306, Hawai'i Revised Statutes, its provisions relating to the issuance of revenue bonds, and to authorize the University of Hawai'i to issue up to \$250 million in revenue bonds for housing units. The proposed legislation would enhance the ability of the University to address critical housing needs of students in a tight rental market.

Student housing is a critical component of campus infrastructure. Current available student housing space is insufficient to meet increasing demands at the University. In addition, substantial renovation and/or reconstruction of these facilities are essential due to the age and current physical state of the buildings.

The University of Hawai'i recently issued a Request for Qualifications/Proposals (RFQ/P) to seek private developers for the construction and financing of student housing on the Mānoa campus. The first phase of this public/private partnership would involve the renovation and/or reconstruction of the site on which Frear and Johnson Halls and the International Gateway House are located to accommodate a minimum of 800 beds. It is expected that a developer would be selected for this project by April 2005, with the completion of the initial residence hall projected for Spring 2007. The University is also preparing a similar RFQ/P for the development of additional student housing units at the University of Hawai'i at Hilo. It is anticipated that the RFQ/P for the Hilo campus will be issued in March 2005.

The amendments in HB 19, HD 1 would allow the University of Hawai'i to pledge revenue sources other than those generated through the University Bond System. The ability to pledge other sources of revenue, not including general funds, has the potential to increase the University's debt capacity for financing projects such as student housing. Additionally, HB 19, HD 1 modernizes Chapter 306 to make it consistent with Chapter 39 (State Bonds).

The University Administration has been working with the Department of Budget and Finance and our Bond Counsel on the provisions of this bill and we respectfully request that HB 19, HD 1 be amended by retaining Section 306-2(4) and amending language so that the section reads as follows:

- (4) With the approval of the governor, issue revenue bonds; to finance, in whole or in part the cost of construction, or maintenance, or both, of any university project, including a university project included or to be included in a university system, and reserves;

HB 19, HD 1 also authorizes the issuance of \$250 million in revenue bonds for housing units. The provisions of HB 19, HD 1 are essential in providing the University with the capability and flexibility to meet critical student housing needs on its campuses. Without the passage of this bill, the University's capacity to finance the development of student housing will be severely limited. The proposed revisions are consistent with the spirit and intent of the constitutional amendment granting the University greater self-governance.

Thank you for the opportunity to testify on this measure.