



UNIVERSITY OF HAWAI'I SYSTEM

TESTIMONY

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

Testimony Presented Before the
House Committee on Higher Education

February 3, 2005

by

Jan Yokota
Director of Capital Improvements

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Chair Waters and Vice Chair Shimabukuro and Members of the Committee:

Re: HB 19– RELATING TO UNIVERSITY PROJECTS AND AUTHORIZING THE
ISSUANCE OF REVENUE BONDS FOR HOUSING UNITS

The purpose of this bill is to update chapter 306, Hawai'i Revised Statutes and its provisions relating to the issuance of revenue bonds and authorize the issuance of revenue bonds by the University of Hawai'i to finance the construction of student housing units. The proposed legislation would enhance the ability of the University to address the 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.

This bill would allow the University of Hawai'i to use sources other than revenues generated through the bond system to finance the development of student housing. The bill also increases the authorization to issue revenue bonds for student housing to \$250 million. Both provisions 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.

The University Administration has been working with the Department of Budget and Finance on these provisions relating to the student housing revenue bonds. We respectfully request that the bill be amended to remove section 3 (4) limiting disapproval of the bill to 30 days. Chapter 306-15 already compels the director of finance of the State to render full and complete assistance to the board in the preparation and sale of revenue bonds. The Department's continuing assistance will be necessary for the completion of the bond sale; therefore, a time period for this

review is not necessary. In addition, the University has agreed, with the Department, that the bond authorization limit should be established at \$250 million. We have attached an amended version of this bill including the suggested amendments as well as non-substantive technical and formatting changes.

Thank you for the opportunity to testify on this measure.