



UNIVERSITY OF HAWAI'I SYSTEM

TESTIMONY

HB 21
RELATING TO FINANCING AGREEMENTS

Testimony Presented Before the
Committee on Higher Education

February 3, 2005

by

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Director of Capital Improvements

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

HB 21 - RELATING TO FINANCING AGREEMENTS

The purpose of this bill is to grant the Board of Regents flexibility to enter into agreements pursuant to chapter 37D, Hawai'i Revised Statutes without the approval of the director and the attorney general.

The University of Hawaii has worked with the Department of Budget and Finance on an expedited approval process with the director of finance for projects like student housing, the Cancer Research Center of Hawai'i, the University of Hawai'i Center at West Hawai'i and the University of Hawai'i-West O'ahu. As part of this expedited process, the University of Hawaii would no longer have to obtain the approval of the attorney general for these projects.

As State funding for University projects becomes increasingly limited, it is imperative that non-traditional sources of funding be explored as a means of developing critical University facilities. To this end, the University of Hawai'i's Board of Regents has authorized initiation of the process of seeking private developers for student housing on the Mānoa campus, a new Cancer Research Center of Hawai'i facility, and a new West O'ahu campus through the issuance of Requests for Qualifications. The University is also pursuing the possibility of leasing space for the University of Hawai'i Center at West Hawai'i in a proposed development adjacent to property owned by the University in Kona. It is essential that the University have the ability to approve and implement financing agreements for such projects in a timely manner.

The proposed legislation would facilitate and expedite administrative review of these financing agreements, thus allowing the University to move forward with potential public/private partnerships as quickly as possible. The proposed revisions are consistent with the spirit and intent of the constitutional amendment granting the University greater self-governance.

The University respectfully requests that the bill be amended to reflect the language in HB 748. This amendment would authorize the board of regents of the University of Hawaii to enter into financing agreements with only the approval of the director of finance and the approval of the general counsel of the University of Hawaii as to form and legality. We have attached the suggested amendments to this bill.

Thank you for the opportunity to testify on this measure.