



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
on
February 27, 2008 at 2:30 pm
by
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HB 2429, HD 1 – RELATING TO RECREATION

Chair Oshiro, Vice Chair Lee and Members of the Committee:

The University supports the concept that the Aloha Stadium should generate net income which should support the intercollegiate athletics program of the University of Hawai'i. Toward this end, the University is willing to operate and manage Aloha Stadium. However, the University objects to being made responsible for the repair and maintenance and improvement of the Stadium. Adding this liability to the already large capital renewal and deferred maintenance burden of the University would not be economically feasible and would be to the detriment of the University.

This bill, as currently worded, would create a University of Hawai'i stadium corporation which would be a part of the University of Hawai'i. Since the duties of the corporation include maintaining and improving the Aloha Stadium, any liabilities relating to these duties and any budgetary requests for funding will become part of the University of Hawai'i's budget. Also, the bill states that capital improvement projects for Aloha Stadium shall be funded by the Aloha Stadium special fund or general obligation bonds. In either case, the liability for related costs or debt service requirements may become the responsibility of the University. Accordingly, we cannot support this bill in its current form.

Also, we have no detailed information regarding the current physical condition of the stadium, which could impact the operating costs of the Stadium even if the maintenance and improvement liability were separated. For example, the cost of, and even the ability to obtain, adequate insurance to cover the facility, events, operations and liability risks is uncertain. Additionally we have no information as to the historical financial operations and status of the Stadium, which could reveal other issues and concerns. Accordingly, we would need to be allowed the ability to do a significant amount of investigation into these and other matters prior to being given the responsibility for operations.

We would be willing to work with the committees on potential wording to address these concerns. In addition, there are several procedural issues with regard to the operation of the bill which we can address at that time.

Thank you for the opportunity to present this testimony.