



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
January 30, 2014 at 2:00 PM

by
Howard Todo
Vice President of Budget & Finance, and Chief Financial Officer
University of Hawai'i System

HB 1855 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Choy, Vice Chair Ichiyama, and Members of the House Committee on Higher Education:

Thank you for the opportunity to express concerns on this measure.

HB 1855 proposes to prohibit the sale or gift of the University of Hawai'i at West O'ahu land acquired pursuant to Act 294, Session Laws of Hawai'i 1996 without prior consent of the Legislature.

The University does not have immediate plans to sell any of its lands at UH West O'ahu. Currently, a vision is being developed relating to the use of the lands that includes a business plan. The primary objective of this business plan will be to identify financial options with the goal towards UH West Oahu's operational self-sufficiency.

The Board of Regents is currently updating its Board policy on land sales and its statements on their purposes, which include the promotion and support of the University's educational and research mission while advancing the principals of environmental stewardship and sustainability. This legislative measure may conflict with the University in meeting its mission.

The University's current focus is on ground leasing opportunities of its lands, but needs the flexibility to sell land if a development opportunity which is compatible with the University campus should arise. For example, the City's current zoning calls for a significant portion of the lands surrounding the campus to be for residential development. In order for this to be practical, those lands would need to be sold in fee, since leasehold residential development is not feasible. These land sales proceeds would be applied against outstanding revenue bonds or loans, resulting in reducing its current debt service obligations within UH West Oahu's operating budget.

Should the University be required to obtain the Legislature's approval for land sales, the timely closing of any sale may be jeopardized, especially when the Legislature is in recess.

Accordingly we request that this measure be deferred.

Thank you for the opportunity to testify on this measure.