



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
February 27, 2009 at 9:00am

by

Howard Todo

Vice President for Budget & Finance/CFO, University of Hawai'i

SB1674 SD1 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Kim, Vice Chair Tsutsui and Members of the Committee:

Thank you for the opportunity to testify in support of this measure.

This bill amends Act 161, Session Laws of Hawaii 2007, to increase the authorization to issue revenue bonds to a total principal amount not to exceed \$150,000,000 for the purpose of financing the acquisition, construction, renovation and major repairs of facilities, and to extend the expiration date for the initial \$100,000,000 authority.

The University is in the process of issuing the \$100 million of revenue bonds granted under Act 161. We have been working with our bond underwriter, bond counsel, the State Department of Budget and Finance and the State Department of Attorney General on the issuance. The current financing schedule we have jointly agreed to and are following results in the issuance of the bonds at or around March 31. In accordance with this financing schedule, on February 25 we made presentations to three bond rating agencies, Standard & Poor's, Fitch and Moody's and we are optimistic that we will receive ratings from them that will allow us to proceed with the bond offering as scheduled. The extension of the expiration date for the initial \$100 million authority will allow sufficient time to encumber and expend those funds after the bonds are issued.

The additional bond issuance authorization is necessary to enable the University to more quickly address its growing facility needs and major repair and maintenance requirements. The current projects that have been approved by the Board of Regents as university projects for which the revenue bond proceeds may be used total an estimated \$202 million in costs. Accordingly, the Board of Regents directed University administration to request additional authorization from the Legislature of \$150 million to allow the University to pursue opportunities and needs which may arise between legislative sessions. While we appreciate the additional \$50 million that SD 1 as currently drafted would authorize the University to issue, we respectfully ask that you consider increasing that additional authority to \$150 million in order to cover the more than \$202 million of projects we have already identified as needing to be funded. In addition, that will allow us to address new opportunities that may arise between legislative sessions.

Also, the additional authority to issue bond expires at the end of fiscal year 2009-2010. We would much prefer and request that this authority be granted for the biennium, ending in FY 2010-2011.

Let me take this opportunity to thank you for providing us the initial \$100 million of authority, which will allow us to address some critical needs of the University, while at the same time helping us to stimulate the economy by generating work which otherwise would have required waiting until after the Legislative session at least, to begin the bond issuance process. We now ask for your support in extending the expiration date of the initial authorization and providing us with additional authority.

Thank you for your support of the University of Hawaii.