

# SB2397

**Measure Title:**

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST CASTLE MEDICAL CENTER AND ITS AFFILIATES.

**Report Title:**

Special Purpose Revenue Bonds; Castle Medical Center (\$)

**Description:**

Authorizes special purpose revenue bonds to assist Castle Medical Center.

**Introducer(s):**

TOKUDA, CHUN OAKLAND, Ige, Taniguchi

**Current Referral:**

HTH, WAM

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON HEALTH  
ON  
SENATE BILL NO. 2397

February 8, 2008

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO  
ASSIST CASTLE MEDICAL CENTER AND ITS AFFILIATES.

Senate Bill No. 2397 authorizes the issuance of special purpose revenue bonds to assist Castle Medical Center, and one or more of its nonprofit affiliates, to finance the construction and improvement of health care facilities pursuant to Part II, Chapter 39A, Hawaii Revised Statutes.

The Department recommends additional language be included in two Sections of the bill, as follows (new language underlined):

“SECTION 4. The department of budget and finance is authorized, from time to time, including times subsequent to June 30, 2013, to issue special purpose revenue bonds...”

“SECTION 5. The authorization to issue special purpose revenue bonds under this Act shall lapse on June 30, 2013.”

TO: Senate Committee on Health  
The Hon. David Y. Ige, Chair  
The Hon. Carol Fukunaga, Vice Chair

**Testimony In Support of Senate Bill 2397  
Relating to the Issuance of Special Purpose  
Revenue Bonds to Assist Castle Medical Center  
Submitted by Jack Hoag  
February 8, 2008, 1:15 p.m., Conf. Rm. 016**

Thank you for this opportunity to testify before your committee. My name is Jack Hoag, and I am on the governing board for Castle Medical Center. I am here to testify in support of Senate Bill 2397 relating to the issuance of special purpose revenue bonds to assist Castle Medical Center.

Castle Medical Center is a full-service medical center which offers a wide range of medical and surgical care to patients residing in Windward Oahu. Castle Medical Center is a leader in technology and innovation. It is continually adding new therapies and technologies and incorporating advancements in medical care to improve services to its patients. For example, innovations in imaging and scanning technology have allowed Castle Medical Center to provide its patients with the best treatments and care available. Its many outreach programs serve the medical needs of the Windward community.

The governing board works closely with the administration of Castle Medical Center in an effort to provide the highest quality patient-centered health care services to the Windward community. In addition to retaining qualified and dedicated physicians and other hospital staff, this effort requires capital in order for Castle Medical Center to continue to meet the health care needs of the community. The issuance of special purpose revenue bonds will allow Castle Medical Center access to lower cost loans as it continues to modernize its facilities and purchase state-of-the-art equipment to keep in step with advances in the health care field.

In order for Castle Medical Center to remain on the forefront of patient-centered health care, I urge you to support Senate Bill 2397. Thank you for the opportunity to testify in favor of this bill.

TO: Senate Committee on Health  
The Hon. David Y. Ige, Chair  
The Hon. Carol Fukunaga, Vice Chair

**Testimony In Support of Senate Bill 2397  
Relating to the Issuance of Special Purpose  
Revenue Bonds to Assist Castle Medical Center  
Submitted by David Randell, M.D.  
February 8, 2008, 1:15 p.m., Conf. Rm. 016**

Thank you for this opportunity to testify before your committee. My name is Dr. David Randell, and I am on the medical staff at Castle Medical Center specializing in Ophthalmology. I am here to testify in support of Senate Bill 2397 relating to the issuance of special purpose revenue bonds to assist Castle Medical Center.

Castle Medical Center is the primary health care facility on Windward Oahu, which includes residents living in Laie, Kaneohe, Kailua, and Waimanalo. Castle provides a full range of patient care services including a 24-hour emergency department, inpatient, outpatient, and surgical and intensive care services; specialized programs such as cardiopulmonary and diabetic services; diagnostic imaging and laboratory services; rehabilitation programs and services; and multi-specialties such as the surgical weight loss institute and the wellness and lifestyle medicine center.

Castle Medical Center's primary mission is to meet the needs of the community. It accomplishes this with modern facilities, state-of-the-art equipment, as well as board-certified physicians and other qualified and dedicated hospital staff.

The health care industry is very dynamic and technological advances occur frequently. In order to continue to maintain its status as a health care leader and to provide much needed services to the community, I urge you to support Senate Bill 2397. Thank you for the opportunity to testify in favor of this bill.



SENATE COMMITTEE ON HEALTH  
Senator David Ige, Chair

Conference Room 016  
Friday, February 8, 2008 at 1:15 p.m.

**Testimony in support of SB 2397.**

I am Rich Meiers, President and CEO of the Healthcare Association of Hawaii, which represents the entire spectrum of health care, including acute care hospitals, two-thirds of the long term care beds in Hawaii, as well as home care and hospice providers. Thank you for this opportunity to testify in support of SB 2397, which authorizes the issuance of special purpose revenue bonds (SPRBs) for Castle Medical Center.

State law authorizes the Department of Budget and Finance to issue SPRBs for certain types of projects that benefit the community. These projects include health care facilities that are provided to the general public by not-for-profit corporations.

SPRBs are attractive to corporations because they reduce the cost of financing capital projects. At the same time, they are attractive to investors because the interest income derived from them is exempt from State taxes.

It should be noted that the issuance of SPRBs does not involve any appropriation or expenditure of State funds, and does not affect the financial liability of the State. The bonds are backed by the revenue from the particular project funded by the non-profit corporation.

Castle Medical Center intends to use the SPRBs as a means of financing the outpatient infrastructure of the facility, including renovations to the emergency department, replacement of the pharmacy, and expansion of the imaging center. In providing financial support to Castle Medical Center, this bill will improve access to health care, especially to residents of windward Oahu.

For the foregoing reasons, the Healthcare Association of Hawaii supports SB 2397.