

JAN 26 2009

A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The University of Hawaii has been in the
2 process of addressing its capital facility needs through the
3 construction of new projects and the renovation and major repair
4 of existing facilities. These capital facility needs include
5 faculty and student housing, additional classroom, laboratory,
6 and office space, research facilities, utility facilities and
7 other infrastructure requirements, libraries, student support
8 facilities, and athletic facilities. Through Act 161, Session
9 Laws of Hawaii 2007, the University of Hawaii was granted the
10 authority to issue \$100,000,000 in revenue bonds to help address
11 the university's capital facility needs. Since that time, the
12 University of Hawaii has been identifying and prioritizing the
13 capital facility needs throughout the university system and
14 plans to use this authority to construct, renovate, and repair
15 one or more of the following listed projects or other projects
16 deemed necessary by the University of Hawaii depending on real
17 estate opportunities that may arise, market and economic
18 conditions, and changes in the university's priorities:

- 1 (1) Identify and acquire existing structure on Oahu for
- 2 conversion to faculty housing,
- 3 (2) Development of new faculty housing units on Oahu,
- 4 (3) Acquisition and conversion of apartments in Hilo for
- 5 student housing,
- 6 (4) Student housing renovations at Hale Aloha,
- 7 (5) University of Hawaii - West Oahu Kapolei campus
- 8 development,
- 9 (6) Waianae education center acquisition,
- 10 (7) Kauiokahaloa Nui faculty housing refinancing,
- 11 (8) Addition to University of Hawaii at Manoa biomedical
- 12 science building, and
- 13 (9) University of Hawaii at Hilo bookstore campus center
- 14 addition.

15 The university desires to extend the expiration date of the
16 university's authority to use the initial \$100,000,000 under Act
17 161. Moreover, the university is hereby seeking an additional
18 \$150,000,000 to complete as many of its priority capital
19 facility construction, renovation, and repair projects as
20 possible.

21 SECTION 2. Act 161, Session Laws of Hawaii 2007, is
22 amended by amending Section 6 to read as follows:

1 "SECTION 6. The board of regents of the University of
2 Hawaii, with the approval of the governor, is authorized to
3 issue revenue bonds from time to time to finance, in whole or in
4 part, the costs of construction or the costs of any university
5 project, including reserves therefor as the board of regents may
6 direct. The total principal amount of the revenue bonds
7 authorized by this Act shall not exceed [~~\$100,000,000~~
8 \$250,000,000; provided that neither revenue bonds issued to
9 refund revenue bonds heretofore issued, to the extent that such
10 refunding revenue bonds do not exceed the principal amount of
11 the revenue bonds being refunded, nor revenue bonds of the board
12 outstanding at the effective date of this Act shall cause the
13 amount of the above authorization to be decreased. The revenue
14 bonds shall be issued pursuant to the provisions of part VI of
15 chapter 304A, Hawaii Revised Statutes. The principal and
16 interest on the revenue bonds, to the extent not paid from the
17 proceeds of such bonds, shall be paid solely from and secured
18 solely by the revenue of the university as defined in chapter
19 304A-A, Hawaii Revised Statutes."

20 SECTION 3. Act 161, Session Laws of Hawaii 2007, is
21 amended by amending Section 7 to read as follows:

1 "SECTION 7. There is appropriated out of the revenue bond
2 proceeds authorized by this Act the sum of \$100,000,000 or so
3 much thereof as may be necessary [~~for fiscal year 2007-2008, and~~
4 ~~the same sum or so much thereof as may be necessary]~~ for fiscal
5 year 2008-2009, and the same sum, or so much thereof as may be
6 necessary for fiscal year 2009-2010, and the same sum, or so
7 much thereof as may be necessary for fiscal year 2010-2011, and
8 the same sum, or so much thereof as may be necessary for fiscal
9 year 2011-2012, and the same sum, or so much thereof as may be
10 necessary for fiscal year 2012-2013, to carry out the purposes
11 of section 6.

12 There is also appropriated from the proceeds of the revenue
13 bonds authorized pursuant to this Act, the additional sum of
14 \$150,000,000 or so much thereof as may be necessary for fiscal
15 year 2009-2010, and the same sum, or so much thereof as may be
16 necessary for fiscal year 2010-2011, and the same sum, or so
17 much thereof as may be necessary for fiscal year 2011-2012, and
18 the same sum, or so much thereof as may be necessary for fiscal
19 year 2012-2013, and the same sum, or so much thereof as may be
20 necessary for fiscal year 2013-2014, and the same sum, or so
21 much thereof as may be necessary for fiscal year 2014-2015, to
22 carry out the purposes of section 6 of this Act.

1 The sums appropriated shall be expended by the board of
2 regents of the University of Hawaii."

3 SECTION 4. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 5. This Act shall take effect upon its approval.

6

7

INTRODUCED BY: _____

8

BY REQUEST

Report Title:

University of Hawaii; Revenue Bonds

Description:

Authorize the Board of Regents to issue additional revenue bonds in the principal amount of \$150,000,000 for the purpose of financing the costs of construction or maintenance of capital improvement projects constituting university projects.

Appropriate the proceeds of the initial \$100,000,000 of such revenue bonds (as authorized by Act 161) , or so much thereof as may be necessary, in the current fiscal year and any of the fiscal years thereafter, to and including fiscal year 2012-2013. Appropriate the proceeds of the additional \$150,000,000 of such revenue bonds, or so much thereof as may be necessary, in the current fiscal year and any of the fiscal years thereafter, to and including fiscal year 2014-2015.

SB 991

JUSTIFICATION SHEET

DEPARTMENT: University of Hawaii

TITLE: A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII.

PURPOSE: Amend Act 161, Session Laws of Hawaii 2007, to: (1) increase the authorization to issue revenue bonds in a total principal amount not to exceed \$250,000,000 for the purpose of financing the construction and maintenance of qualifying capital improvement projects and (2) extend the University's authority to issue the initial \$100,000,000 authority granted pursuant to Act 161 (out of the \$250,000,000 total authorization) until fiscal year 2012-2013. The balance of the increased authorization (\$150,000,000) will remain in effect until fiscal year 2014-2015.

MEANS: Amend sections 6 and 7 of Act 161, Session Laws of Hawaii 2007.

JUSTIFICATION: An additional bond issuance authorization is necessary in order to enable the University to more quickly address its growing capital facility needs, including new projects and the major maintenance and repair backlog. Such increased authorization is also anticipated to better position the University to take advantage of real estate opportunities to help address its capital facility needs. Moreover, the University is planning on issuing revenue bonds for at least a portion of the initial \$100,000,000 authority granted under Act 161. Accordingly, the extension of the expiration date for this initial \$100,000,000 authority will allow sufficient time to encumber and expend those funds.

Impact on the public: The enactment of the new Act is expected to have minimal financial impact to the public since tax receipts will not be committed to the

payment of the University's revenue bonds. It is not currently contemplated that "non-university" revenues would be requested in supporting the repayment of the University's revenue bonds. University revenues are moneys generated through fees and charges, including tuition, imposed for the higher education services provided by the University. The University's revenue bonds will be payable only from University revenues as defined in chapter 304A, Hawaii Revised Statute.

Impact on the department and other agencies:

The enactment of the bill will provide the University with increased authorization to help address its capital facility needs, including new project construction and the major repair and maintenance backlog. The Act will also extend the period during which the revenue bonds may be issued, with the period for the initial \$100,000,000 authority being extended to fiscal year 2012-2013 and the remaining \$150,000,000 of the authority being extended to fiscal year 2014-2015. The Act will require greater budgetary diligence by the University since it will need to coordinate sources and uses of revenue more closely. Other agencies of the State should not be adversely affected by the enactment.

GENERAL FUND: None.

OTHER FUNDS: University revenue bonds. There is no present expectation of requesting other moneys.

PPBS PROGRAM
DESIGNATION:

UOH 100 UOH 200 UOH 300 UOH 500
UOH 700

OTHER AFFECTED
AGENCIES:

Office of the Governor, Department of Budget and Finance, and Department of Accounting and General Services.

EFFECTIVE DATE: June 30, 2009.