

**HB2740 HD1**

**Date:** 03/08/2010

**Committee:** Senate Education and  
Housing

**Department:** Education

**Person Testifying:** Kathryn Matayoshi, Interim Superintendent of Education

**Title of Bill:** HB 2740, HD1 RELATING TO SCHOOLS.

**Purpose of Bill:** Directs the department of education to enter into a financing agreement for the planning and design of Royal Kunia Elementary School II using certificates of participation. Effective July 1, 2020. (HB2740 HD1) (\$)

**Department's Position:** The Department of Education would be supportive of this bill if the funds to make the required payments on the certificates of participation were appropriated to the Department of Budget and Finance, which has the responsibility for the state's debt service payments. If the Department of Education were responsible for the required payments on the certificates of participation, the department would not support this bill.

The Department of Education notes that the paragraph that begins on line 13 of page 2 is not accurate. The construction of the elementary schools in the Maui Lani and Ocean Pointe developments has been completed, using the proceeds from general obligation bonds authorized by the legislature for CIP appropriations for these two schools.

Thank you for the opportunity to testify.

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON EDUCATION AND HOUSING  
ON  
HOUSE BILL NO. 2740, H.D. 1

March 8, 2010

RELATING TO SCHOOLS

House Bill No. 2740, H.D. 1, directs the Department of Education to enter into a financing agreement with a private developer for the planning and design of the Royal Kunia Elementary School II at Kunia, Oahu, Hawaii, using certificates of participation (COPS).

The Department has technical comments on this bill. While there are benefits to COPS financing, COPS financing is more costly than traditional general obligation bond financing as it entails appropriation risk for the annual lease payments. In addition, an appropriation under Section 3 of this bill is premature at this time, as payment under a financing agreement can only be made upon completion and occupancy of a facility. Furthermore, Section 3 of the bill appropriates funds from the Statewide Educational Facilities Improvement (SEFI) fund for lease payments. As the SEFI fund is currently funded with tax-exempt general obligation bond proceeds, it cannot be used to pay for operating expenses such as lease payments.

March 5, 2010

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The Honorable Norman Sakamoto, Chair  
and Members of the House Committee on Education  
Hawaii State Capitol  
Honolulu, Hawaii 96813

**RE: HOUSE BILL HB 2740 HD1 – Relating to Schools  
(Royal Kunia Elementary School II)**

Dear Chair Oshiro and Members of the Committee:

My name is Kathryn Inouye, Chief Operating Officer of Kobayashi Group. I am writing this letter to support the utilization of Certificates of Participation (COPS) financing as a funding mechanism in order to facilitate the construction and development of the Royal Kunia Elementary School II.

I represent RKES LLC, the entity that owns the parcel on which the future school would be built. We had overseen the development of the Kapolei Middle and High Schools in a public-private partnership and have the expertise to oversee the design and development of these types of facilities.

We understand the urgent need for an additional elementary school in this community and the currently over-crowded situation that exists in the first elementary school. We have met with the community and would be willing to develop this school for the community utilizing COPS.

Your support of this legislation would be much appreciated by the future families and students of Royal Kunia.

Sincerely,

Kathryn W. Inouye

Please submit to : Senate Committee on Education and Housing  
Hearing Date: Monday, March 8, 2010  
Time: 1:15 PM  
Place: State Capitol Room 225

March 8, 2010

Testimony on HB 2740, HD1: Relating to Schools

Mr. Chairman and Members of the Committee:

Mr. Chairman and members of the Committee. My name is Richard Oshiro and I am a resident of Waipahu. Although, I am a member of the Waipahu Neighborhood Board, my testimony is presented as a private citizen since the Board has not taken a position on this bill.

HB 2740 proposes a method to expedite construction of a new Royal Kunia Elementary School. The community has waited many years for a new school.

A new school will provide needed relief to the current schools serving the community as well help to meet the needs of the community in the future. We don't need more overcrowded schools as the community continues to grow.

Your favorable consideration of this bill is appreciated. Thank you.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard Oshiro". The signature is written in a cursive style with a large initial "R" and "O".

Richard Oshiro