

JAN 25 2012

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. Act 161, Session Laws of Hawaii 2007, which was
2 amended by Act 94, Session Laws of Hawaii 2009, authorized the
3 University of Hawaii board of regents to issue \$200,000,000 in
4 revenue bonds to help address the university's capital facility
5 needs. Construction of new projects and the renovation and
6 major repair of existing facilities have included, and will
7 continue to include, faculty and student housing; additional
8 classroom, laboratory, and office space; research facilities,
9 utility facilities, and other infrastructure requirements;
10 libraries; student support facilities; and athletic facilities.

11 The University of Hawaii is seeking an additional
12 \$100,000,000 to complete as many of its priority capital
13 facility construction, renovation, and repair projects as
14 possible.

15 SECTION 2. Act 161, Session Laws of Hawaii 2007 as amended
16 by Act 94, Session Laws of Hawaii 2009, is amended by amending
17 sections 6 and 7 to read as follows:

S.B. NO. 2881

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 maintenance of
5 any university project, including reserves therefor as the board
6 of regents may direct. The total principal amount of the
7 revenue bonds authorized by this Act shall not exceed
8 [~~\$200,000,000;~~] \$300,000,000; provided that neither revenue
9 bonds issued to refund revenue bonds heretofore issued, to the
10 extent that such refunding revenue bonds do not exceed the
11 principal amount of the revenue bonds being refunded, nor
12 revenue bonds of the board outstanding at the effective date of
13 this Act shall cause the amount of the above authorization to be
14 decreased. The revenue bonds shall be issued pursuant to the
15 provisions of part VI of chapter 304A, Hawaii Revised Statutes.
16 The principal and interest on the revenue bonds, to the extent
17 not paid from the proceeds of such bonds, shall be paid solely
18 from and secured solely by the revenue of the university as
19 defined in section 304A-2671, Hawaii Revised Statutes.

20 SECTION 7. There is appropriated out of the revenue bond
21 proceeds authorized by this Act the sum of \$100,000,000 or so
22 much thereof as may be necessary for fiscal year 2008-2009 to

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1 carry out the purposes of section 6 of this Act; provided that
2 any unexpended and unencumbered balance of the appropriation
3 shall not lapse at the end of fiscal year 2008-2009 and shall
4 lapse instead on June 30, 2013.

5 There is also appropriated out of the revenue bond proceeds
6 authorized by this Act, the sum of \$100,000,000 or so much
7 thereof as may be necessary for fiscal year 2009-2010 to carry
8 out the purposes of section 6 of this Act; provided that any
9 unexpended and unencumbered balance of the appropriation shall
10 not lapse at the end of fiscal year 2009-2010 and shall lapse
11 instead on June 30, 2015.

12 There is also appropriated out of the revenue bond proceeds
13 authorized by this Act, the sum of \$100,000,000 or so much
14 thereof as may be necessary for fiscal year 2012-2013 to carry
15 out the purposes of section 6 of this Act; provided that any
16 unexpended and unencumbered balance of the appropriation shall
17 not lapse at the end of fiscal year 2012-2013 and shall lapse
18 instead on June 30, 2019.

19 The sums appropriated shall be expended by the board of
20 regents of the University of Hawaii."

21 SECTION 3. The University of Hawaii shall notify the
22 legislature upon issue of the additional revenue bonds

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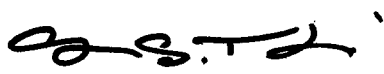
1 authorized by section 2 of this Act, including a detailed
2 listing and description of all projects to be funded through the
3 revenue bonds authorized pursuant to this Act.

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

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

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8

INTRODUCED BY: 

9

BY REQUEST

S.B. NO. 2881

Report Title:

University of Hawaii; Authorization of Revenue Bonds

Description:

Increase by \$100,000,000 the University of Hawaii's authorization to issue revenue bonds to a total principal amount not to exceed \$300,000,000 for the purpose of financing the construction and maintenance of qualifying capital improvement projects.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: University of Hawaii

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

PURPOSE: To increase the University's authorization to issue revenue bonds from a total principal amount not to exceed \$200,000,000, to a total principal amount not to exceed \$300,000,000, for the purpose of financing the University's qualifying priority capital facility construction, renovation, and repair projects.

MEANS: Amend sections 6 and 7 of Act 161, Session Laws of Hawaii 2007, as amended by section 2 of Act 94, Session Laws of Hawaii 2009.

JUSTIFICATION: The University issued revenue bonds in October 2010 at an interest rate of 3.7 per cent, the lowest rate for the University in recent memory. With that issuance, the amount of authorization previously provided to the University by Act 161, Session Laws of Hawaii 2007, as amended by Act 94, Session Laws of Hawaii 2009, has now been utilized. In addition to providing funding of construction and maintenance of the University's Cancer Research Center of Hawaii, projects financed included renovations and additions to the Manoa Campus Center, construction and equipment for an Information Technology Building, renovations to Sinclair Library and Edmonson Hall on the Manoa campus, further development of the West Oahu Campus and various energy conservation/efficiency projects on community college campuses of Oahu, Kauai, and Maui. Accordingly, an increase in the University's authority to issue revenue bonds is necessary to enable the University to continue addressing its capital facility needs, including new project construction and the major repair and maintenance backlog.

Impact on the public: The enactment of the bill is expected to have minimal financial impact to the public since the University does not anticipate committing or dedicating any general tax receipts to the payment of the University's revenue bonds. It is not currently contemplated that "non-university" revenues would be requested to support the repayment of the University's revenue bonds. University revenues are moneys generated through fees and charges imposed for the goods and services provided by the University. The University's revenue bonds will be payable only from University revenues as defined in chapter 304A, Hawaii Revised Statutes.

Impact on the department and other agencies: The enactment of the bill will provide the University with the ability to obtain additional funding to help address its capital facility needs, including new project construction and the major repair and maintenance backlog. The bill will require a continued budgetary diligence by the University. 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, and UOH 700

OTHER AFFECTED AGENCIES: Office of the Governor, Department of Budget and Finance, and Department of Accounting and General Services.

EFFECTIVE DATE: Upon approval.