



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

Testimony Presented Before the  
House Committee on Finance  
February 24, 2011 at 12:30 p.m.

by

Howard Todo

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

### HB 1603 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Oshiro, Vice Chair Lee and Members of the Committee:

The University strongly supports the passage of this measure.

The purpose of this bill is to amend Sections 6 and 7 of Act 161, Session Laws of Hawai'i 2007 as amended by Section 2 of Act 94, Session Laws of Hawai'i 2009 to increase the University's authorization to issue revenue bonds from a total principal amount not to exceed \$200,000,000 to a principle amount not to exceed \$300,000,000. This increase of \$100,000,000 is necessary for the anticipated financing requirements of the University's qualifying priority capital improvement projects including new facility construction and major renovation and repair projects.

In October 2010, the University issued revenue bonds and was successful in securing a low effective interest rate of 3.7%. With that issuance, the amount of authorization previously provided to the University by Act 161, Session Laws Hawai'i 2007, as amended by Act 94, Session Laws Hawai'i 2009, was fully utilized.

For the \$100 million authorized under Act 161, Session Laws Hawai'i 2007, Section 7, the Series 2009A bonds issued were allocated to the funding of the following projects:

|  |                     |
|--|---------------------|
| - Acquisition and conversion of apartments in Hilo for student housing | \$17,000,000        |
| - UH Hilo College of Pharmacy  | \$3,000,000         |
| - Mānoa student housing renovations at Hale Aloha dormitories          | \$16,513,861        |
| - UH West O'ahu Kapolei Campus development                             | \$20,000,000        |
| - Wai'anae Education Center acquisition                                | \$2,000,000         |
| - Additions to UH Mānoa Biomedical Science building                    | \$22,500,000        |
| - UH Hilo Bookstore Campus Center addition                             | \$7,000,000         |
| - Kau' iokahaloa Nui faculty housing refinancing                       | <u>\$13,391,631</u> |
|  | \$101,405,492       |

For the \$100 million authorized under Act 94, Session Laws Hawai'i 2009, Section 2, the Series 2010B-1 and 2010B-2 bonds issued have been allocated for the funding of the following projects:

|   |                     |
|---|---------------------|
| - Sinclair Library basement renovations           | \$6,000,000         |
| - Regional Bio-Containment Laboratory             | \$12,500,000        |
| - Community Colleges Energy Conservation projects | \$33,500,000        |
| - UH West O'ahu Campus development                | <u>\$48,000,000</u> |
|   | \$100,000,000       |

Accordingly, an increase in the University's authority to issue revenue bonds is necessary to provide the opportunity and financial flexibility to enable the University to continue to address its capital improvement needs, including new construction requirements and the repair and maintenance backlog of its older facilities, and to take advantage of opportunities for acquisitions, projects and financing that may arise.

The increase is expected to have minimal financial impact to the general public as the University is committed to repayment of the revenue bonds with University revenues, i.e. monies generated through fees and charges, imposed for the goods and services provided by the University.

The passage of this amending measure will provide sufficient financial flexibility to the University of Hawai'i System to obtain additional funding to continue to improve and maintain its facilities for the successful accomplishment of its core education and research mission.

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