



House Committee on Finance

February 23, 2012 – 12:00 p.m.

H.B. 2248, HD1

Relating to the Issuance of Special Purpose Revenue Bonds for Hawaii Pacific University

Testimony in Support

Chair Oshiro, Vice Chair Lee and Members of the Committee, my name is Geoffrey Bannister, and I am President of Hawaii Pacific University (HPU). HPU is a private, non-profit university consisting of three campuses: Hawai'i Loa, Waimanalo and downtown Honolulu. We currently have more than 4,500 undergraduate and 1,200 graduate students, plus over 2,000 members of the military, and, I am proud to say, are one of the most culturally diverse universities in America with the state's largest nursing, MBA and military servicing programs.

We respectfully provide the following testimony on H.B. 2248, HD1 and request that amendments be made to the bill to allow for maximum flexibility in financing and construction programs. Please see the attached suggested language changes for pages 2, 3, and 4 of the bill.

The purpose of H.B. 2248, HD1 is to request authorization for Special Purpose Revenue Bonds for HPU in an amount not to exceed \$120 million. These funds will be used to assist HPU and/or one or more of its not-for-profit affiliates in the financing of costs related to the acquisition and/or construction of its education facilities, including the renovation of existing facilities, the potential purchase of land and other improvements, and funding for other capital related projects. HPU's funding needs are discussed in more detail below.

Since joining HPU last year, one of my top priorities has been to address the university's present and future needs for housing, classroom space and other facilities. The demands in all three areas are extensive and, if not resolved, will negatively affect both HPU's short and long term growth plans.

By way of example, the traditional definition of a residential university calls for the provision of student bed-spaces to meet 50% of the needs of the full-time undergraduate population. With some 4,500 undergraduates, HPU has a student housing need that vastly outpaces the current 200 spaces and the projected provision of 400 new spaces at the Hawai'i Loa campus. Additionally, HPU's housing analysis has shown conclusively that the vast bulk of student demand is for downtown housing. Thus, even with

the current planned expansion at our Hawai'i Loa campus, in order to meet increasing needs, much, much more must be done at our other locations, with particular emphasis on our downtown location, if HPU is to maintain its educational standard of excellence.

Through our proposed legislation, HPU seeks bonds that will allow the University to proceed confidently with its current and future expansion plans. The bond funding will greatly assist HPU, either directly or through its affiliates, in the acquisition and/or construction of new facilities for housing, classroom space, athletic facilities, as well as many other uses.

While some of the funding needs are well defined at this time (e.g., the Hawai'i Loa campus), others will quickly take shape as HPU aggressively explores the many different potential expansion/acquisition opportunities. With approval of H.B. 2248, HD1, HPU will be able to take the next big steps necessary to meet the needs of our students and to further secure our place as the largest private university in Hawai'i. Ultimately, HPU's current and future expansion plans will provide benefits that flow well beyond HPU's own classrooms, facilities and campuses - with new construction and jobs, increased sales, and a revitalization of our local communities and surrounding areas, the interests of businesses and state and local governments will all be favorably impacted.

Thank you for the opportunity to testify. I am available to answer any questions you may have.

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Proposed Amendments

For purposes of this section, a limited liability company of which Hawaii Pacific University is the sole member shall be considered to be a not-for-profit affiliate of Hawaii Pacific University.

1 Hawaii Pacific University and any one or more of its not-for-
 2 profit affiliates, including, without limitation, any costs that
 3 are necessarily or advisably incurred in order to provide such
 4 assistance or that are directly or indirectly related to any of
 5 the foregoing items. The legislature hereby finds and
 6 determines that the aforementioned activities and facilities
 7 constitute a project as defined in part VIII, chapter 39A,
 8 Hawaii Revised Statutes, and the financing thereof is assistance
 9 to a not-for-profit private nonsectarian university that serves
 10 the general public.

11 SECTION 3. The special purpose revenue bonds and the
 12 refunding special purpose revenue bonds issued under this Act
 13 shall be issued pursuant to part VIII, chapter 39A, Hawaii
 14 Revised Statutes, relating to the power to issue special purpose
 15 revenue bonds to assist not-for-profit private nonsectarian and
 16 sectarian elementary schools, secondary schools, colleges, and
 17 universities that serve the general public.

18 SECTION 4. The special purpose revenue bonds issued under
 19 this Act may be issued in one or more series for a single
 20 project, multiple projects, a single-project party, or multiple-
 21 project parties pursuant to the authority of this Act or the
 22 combined authority of this Act and any one or more other

1 separate acts of the legislature pursuant to part VIII, chapter
2 39A, Hawaii Revised Statutes, and the department of budget and
3 finance may combine into a single issue of special purpose
4 revenue bonds, in one or more series, two or more proposed
5 issues of special purpose revenue bonds to be issued pursuant to
6 part VIII, chapter 39A, Hawaii Revised Statutes, separately
7 authorized, in the total amount not to exceed the aggregate of
8 the proposed separate issues of special purpose revenue bonds.

9 SECTION 5. The department of budget and finance is
10 authorized, from time to time, including times subsequent to
11 June 30, 2017, to issue special purpose revenue bonds in
12 whatever principal amounts the department shall determine to be
13 necessary to refund the special purpose revenue bonds authorized
14 in section 2 and to refund special purpose revenue bonds
15 authorized in this section, regardless of whether the
16 outstanding special purpose revenue bonds or refunding special
17 purpose revenue bonds have matured or are the subject of
18 redemption or whether the refunding special purpose revenue
19 bonds shall be bonds for the multi-project programs described in
20 section ~~2~~⁴. In making this determination, the department shall
21 comply with federal law relating to the exemption from federal

to the extent practicable,



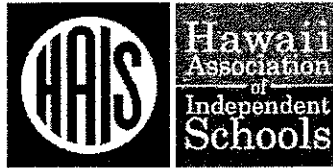
1 income taxation of the interest on bonds of the nature
2 authorized by this section.

3 SECTION 6. The authorization to issue special purpose
4 revenue bonds under this Act shall lapse on June 30, 2017.

5 SECTION 7. This Act shall take effect on July 1, 2012.

Interest on bonds issued under this Act may be excluded from gross income for federal income-tax purposes or included in gross income for federal income-tax purposes.





February 23, 2012
12:00 p.m.; Agenda #3
Conference Room 308

TESTIMONY TO
THE HOUSE COMMITTEE ON FINANCE

RE: HB 2248 HD1 – RELATING TO THE ISSUANCE OF SPECIAL PURPOSE
REVENUE BONDS FOR HAWAII PACIFIC UNIVERSITY.

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

My name is Robert Witt, executive director of the Hawaii Association of Independent Schools (HAIS), which represents 99 private and independent schools in Hawaii and educates over 33,000 students statewide.

HAIS is in strong support of this measure, introduced by one of our member schools, Hawaii Pacific University. HB 2248 HD1 authorizes the issuance of special purpose revenue bonds for Hawaii Pacific University for the construction, improvement, and equipping of its educational facilities.

The legislature deemed, and voters reinforced, that the issuance of special purpose revenue bonds to private schools is in the public interest. Private schools in Hawaii serve everyday families from all walks of life. Many of our students are the beneficiaries of robust financial aid programs that defray the cost of tuition and more importantly, broaden our reach. For the last decade, private schools have judiciously utilized special purpose revenue bonds as a financing tool to leverage capital funds for campus development and improvement projects. Special purpose revenue bonds do not divert funds from the public school system and this arrangement has generated many millions of dollars in construction on campuses large and small across the state.

Thank you for the opportunity to **strongly support HB 2248 HD1** and the good work and mission of Hawaii Pacific University.