



Senate Committee on Ways and Means

February 23, 2012 – 9:00 a.m.

S.B. 2525, SD1

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

Comments

Chair Ige, Vice Chair Kidani 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 comments on SB 2525, SD1 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 page3 of the bill.

The purpose of SB 2525, SD1 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 S.B. 2525, 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 your consideration.

Contact: Linda Chu Takayama, Attorney at Law

Phone number: (808) 545-3060

Email: Ltakayama@hawaii.rr.com

Proposed Amendment

1 June 30, 2017, to issue special purpose revenue bonds in
 2 whatever principal amounts the department shall determine to be
 3 necessary to refund the special purpose revenue bonds authorized
 4 in section 2 and to refund special purpose revenue bonds
 5 authorized in this section, regardless of whether the
 6 outstanding special purpose revenue bonds or refunding special
 7 purpose revenue bonds have matured or are the subject of
 8 redemption or whether the refunding special purpose revenue
 9 bonds shall be bonds for the multiple projects described in
 10 section ~~2~~.⁵ In making this determination, the department shall,
 11 to the extent practicable, comply with federal law relating to
 12 the exemption from federal income taxation of the interest on
 13 bonds of the nature authorized by this section. Interest on
 14 bonds issued under this Act may be excluded from gross income
 15 for federal income-tax purposes or included in gross income for federal income-tax purposes.

16 SECTION 5. The special purpose revenue bonds issued under
 17 this Act may be issued in one or more series for a single
 18 project, multiple projects, a single-project party, or multiple-
 19 project parties pursuant to the authority of this Act or the
 20 combined authority of this Act and any one or more other
 21 separate Acts of the legislature pursuant to part VIII, chapter
 22 39A, Hawaii Revised Statutes, and the department of budget and

