

JAN 19 2007

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. Chapter 304A, Hawaii Revised Statutes, is
2 amended by adding a new subpart to part VI to be appropriately
3 designated and to read as follows:

4 "UNIVERSITY PROJECTS AND PURPOSES

5 **§304A-A Definitions and interpretations.** Whenever used in
6 this subpart:

7 "Appropriation" means moneys appropriated or allocated by
8 the legislature to the board, the university, any university
9 project, any university system, any network, or any combination
10 thereof, from any revolving or special fund that consist of
11 rates, rentals, and charges, or user taxes, which is permitted
12 to be expended for the cost of construction, cost of
13 maintenance, debt service on revenue bonds, or any combination
14 thereof.

15 "Board" or "board of regents" means the board of regents of
16 the University of Hawaii, which is hereby declared to be a
17 public corporation.



1 "Construction" or "contract" includes acquisition,
2 purchase, planning, construction, reconstruction, remodeling,
3 renovation, improvement, betterment, and extension.

4 "Cost of construction" includes all costs and estimated
5 costs related to construction, including but not limited to:

6 (1) All costs and estimated costs of the preparation and
7 issuance of revenue bonds and the obtaining of a loan;

8 (2) Costs of land acquisition;

9 (3) All costs and estimated costs related to construction
10 of a university project, university system, network,
11 or any combination thereof, including engineering,
12 architectural, supervisory, inspection, fiscal,
13 administrative, travel, and clerical fees, costs, and
14 expenses;

15 (4) Interest estimated to accrue during the construction
16 period and for six months thereafter on money obtained
17 by loan or through the issuance of revenue bonds;

18 (5) Moneys necessary to establish or increase reserves;

19 (6) Costs of utilities, equipment, fixtures, and apparatus
20 necessary or convenient for the use and occupancy of
21 the university project, university system, or
22 university network or any combination thereof; and



1 (7) The initial furnishings of the university project,
2 university system, or network, or any combination
3 thereof in the determination of the board.

4 "Cost of maintenance" includes all costs or estimated costs
5 of the maintenance of a university project, university system,
6 or network or any combination thereof; including but not limited
7 to, salaries, wages, and fees of officers, employees, and
8 contractors of the board engaged in the maintenance of a
9 university project, university system, or network or any
10 combination thereof, the cost of all supplies and equipment, and
11 all operational and administrative expenses.

12 "CUSIP" means the numbering system adopted by the Committee
13 for Uniform Security Identification Procedures formed by the
14 Securities Industry Association.

15 "Maintenance" or "maintain" includes repairs, upkeep,
16 replacement, renewals, maintenance, operation, and
17 administration.

18 "Network" means any university system or systems or
19 university purpose or purposes that, at the election of the
20 board, are consolidated into a single network. A network may
21 include various university projects and university purposes in



1 any one or more of the areas under the jurisdiction of the
2 board.

3 "Reserves" means reserves required or permitted in the
4 covenants in the resolution or resolutions of the board
5 authorizing the obtaining of loans or issuance of revenue bonds
6 under this subpart.

7 "Revenue bonds" means revenue bonds, interim certificates,
8 commercial paper, notes, debentures, or other evidence of
9 indebtedness of the board authorized by or issued under this
10 subpart.

11 "Revenue of the university" means all income, receipts,
12 revenue, and moneys of whatever nature received by the
13 university, or that it is entitled to receive, from its
14 ownership or operation and management of the university,
15 including any appropriation, other than general appropriations
16 or gifts the terms of which preclude their being used for
17 payment of the cost of construction or cost of maintenance of a
18 university project, a university system, or a network or any
19 combination thereof.

20 "University" means the University of Hawaii, every
21 community college established and governed by the board under



1 this chapter, and any and every other educational institution
2 under jurisdiction of the board.

3 "University project" means any undertaking or improvement,
4 including, except as otherwise provided in this subpart, any
5 university purpose designated by the board as a university
6 project that is constructed or maintained by the university, in
7 furtherance of a university purpose. A university project
8 includes, but is not limited to, land, fixtures, appurtenances,
9 improvements, utilities, equipment, and furnishings necessary or
10 convenient for the use and occupancy of a university project for
11 the purposes for which it was constructed or is used.

12 "University purpose" means any undertaking or improvement
13 by the board reasonably related to the development and promotion
14 of the university as an institution of higher learning or a
15 related action, improvement, or undertaking.

16 "University system" means two or more university projects
17 from which the university generates revenue of the university,
18 other than appropriation and other than university purposes,
19 operated and maintained jointly as a system.

20 **§304A-B Powers of the board.** Notwithstanding any law to
21 the contrary, the board may:



- 1 (1) Designate as a university project, any undertaking,
2 improvement, university purpose, or facility on any
3 one or more of the areas in one or more of the
4 educational institutions under the jurisdiction of the
5 board;
- 6 (2) Without further authorization or approval, construct
7 and maintain a university project;
- 8 (3) Combine two or more university projects into a
9 university system, other than a university purpose on
10 one or more of the areas on any one or more of the
11 educational institutions under the jurisdiction of the
12 board, and to maintain the system;
- 13 (4) Combine one or more university projects into a
14 network, including university purposes designated by
15 the board as a university project, and university
16 system on any one or more of the areas on any one or
17 more of the educational institutions under the
18 jurisdiction of the board, and to maintain the
19 network;
- 20 (5) Prescribe and collect rents, fees, and charges for the
21 use of or services furnished by any university project
22 and the facilities thereof, or pledge any



1 appropriation to any university project and the
2 facilities thereof that in aggregate, produces revenue
3 of the university at least sufficient to comply with
4 section 304A-K;

5 (6) Without further authorization or approval, issue
6 revenue bonds under this subpart in a principal amount
7 as may be required to finance in whole or in part the
8 cost of construction or the cost of maintenance of any
9 university project, including funding reserves
10 therefor;

11 (7) Pledge to the punctual payment of revenue bonds and
12 interest thereon, all or any part of the revenue of
13 the university, including any appropriation, in an
14 amount sufficient to pay the revenue bonds and
15 interest as the same become due and to create and
16 maintain reasonable reserves therefor;

17 (8) Establish a loan program or a commercial paper program
18 upon terms and conditions that the board may
19 determine; and

20 (9) Advance moneys of the university, not otherwise
21 required, and do any and all other lawful acts as may



1 be necessary, convenient, or desirable, for carrying
2 into execution and administering this subpart.

3 **§304A-C Designation and authorization of university**
4 **projects, university systems, networks; authorization of revenue**
5 **bonds.** The designation and authorization of construction and
6 maintenance of a university project, university system, or
7 network, and the authorization for issuance of revenue bonds
8 under this subpart shall be by resolution of the board by a
9 majority of all the members of the board then in office. Any
10 resolution may be adopted at the same meeting at which it is
11 introduced and shall take effect immediately upon adoption.

12 **§304A-D Revenue bonds; details, sale, legal investment.**

13 (a) Revenue bonds:

- 14 (1) Shall be issued in the name of the board;
15 (2) May bear interest at a rate payable at such time or
16 times;
17 (3) May be issued in one or more series;
18 (4) May be in a denomination or denominations;
19 (5) May bear a date or dates;
20 (6) May mature at such time not exceeding fifty years from
21 their respective dates;



- 1 (7) May be payable in a medium of payment and at a place
- 2 within or without the State;
- 3 (8) May carry registration privileges;
- 4 (9) May be subject to terms and conditions of redemption
- 5 or to tenders for purchase or to purchase prior to the
- 6 stated maturity, at the option of the board or the
- 7 holder;
- 8 (10) May contain terms, covenants, and conditions; and
- 9 (11) May be in any form and printed in any manner including
- 10 typewritten;

11 as the resolution authorizing the issuance of the revenue bonds
12 may provide.

13 (b) The board may acquire policies of insurance and enter
14 into banking arrangements upon any terms and conditions that the
15 board deems appropriate, at the time of delivery of an issue of
16 revenue bonds or at a later date that the board deems in the
17 best interest of the university, including but not limited to,
18 contracting for a support facility under section 304A-E, and
19 contracting for interest rate swaps, swaptions, interest rate
20 floors, and other similar contracts to hedge or reduce the
21 amount or duration of payment, rate, spread, or similar risk or



1 to reduce the cost of borrowing when used in conjunction with
2 revenue bonds issued pursuant to this subpart.

3 (c) The board may make appropriate arrangements for the
4 sale of each issue of revenue bonds or part thereof as are
5 issued pursuant to this subpart, including but not limited to,
6 arranging for the preparation and printing of the revenue bonds,
7 the official statement, and any other documents or instruments
8 deemed required for the issuance and sale of revenue bonds and
9 retaining financial, accounting, and legal consultants, all upon
10 terms and conditions as the board deems advisable and in the
11 best interest of the State and the university. The board may
12 offer the revenue bonds at competitive sale or may negotiate the
13 sale of the revenue bonds to any person or group of persons, to
14 the United States of America, or any board, agency,
15 instrumentality, or corporation thereof, to the employees'
16 retirement system of the State, to any political subdivision of
17 the State, or to any board, agency, instrumentality, public
18 corporation, or other governmental organization of the State or
19 of any political subdivision of the State.

20 The sale of the revenue bonds by the board by negotiation
21 shall be at the price and upon the terms and conditions, and the
22 revenue bonds shall bear interest at the rate or varying rates



1 determined from time to time in the manner, as approved by the
2 board.

3 The sale of the revenue bonds by the board at competitive
4 sale shall be at the price and upon terms and conditions, and
5 the revenue bonds shall bear interest at the rate or rates or
6 varying rates determined from time to time in the manner as
7 specified by the successful bidder. The revenue bonds shall be
8 sold as provided in section 39-55.

9 (d) The board may delegate the responsibility for the sale
10 and the fixing of the terms and details of revenue bonds and
11 such other determinations or actions, as may be provided by
12 resolution of the board, to the chairman, the president, or
13 another designated officer.

14 (e) The purpose of this subsection is to authorize any
15 person, firm, corporation, association, political subdivision,
16 body, or officer, public or private, to use any funds owned or
17 controlled by them, including sinking, insurance, investment,
18 retirement, compensation, pension, trust funds, and funds held
19 on deposit, for the purchase of any revenue bonds issued under
20 this subpart. All public officers and bodies of the State, all
21 political subdivisions, all insurance companies and
22 associations, all banks, savings banks, and savings



1 institutions, including building or savings and loan
2 associations, all credit unions, all trust companies, all
3 personal representatives, guardians, trustees, and all other
4 persons and fiduciaries in the State who are regulated by law as
5 to the character of their investment, may legally invest funds
6 within their control and available for investment in revenue
7 bonds issued under this subpart.

8 **§304A-E Support facility for variable rate revenue bonds.**

9 If revenue bonds issued pursuant to this subpart are issued
10 bearing interest at a rate that varies from time to time or with
11 a right of holders to tender the revenue bonds for purchase, or
12 both, the board may contract for the support facility and
13 remarketing arrangements as are required to market the revenue
14 bonds to the greatest advantage of the board and the university
15 upon terms and conditions that the board deems necessary and
16 proper.

17 The board may enter into contracts or agreements with the
18 entity providing a support facility; provided that any contract
19 or agreement shall provide that any amount due and owing by the
20 board under the contract or agreement on an annual basis shall
21 be payable from the revenue of the university; provided further
22 that any obligation issued or arising pursuant to the terms of



1 the contract or agreement in the form of revenue bonds, notes,
2 or other evidences of indebtedness shall only arise at such time
3 as:

4 (1) Moneys or securities have been irrevocably set aside
5 for the full payment of a like principal amount of
6 revenue bonds issued pursuant to this subpart; or

7 (2) A like principal amount of the issue or series of
8 revenue bonds to which the support facility relates
9 are held in escrow by the entity or entities providing
10 the support facility.

11 **§304A-F CUSIP identification numbers.** The board may
12 provide that CUSIP identification numbers shall be printed on
13 revenue bonds issued under this subpart. If numbers are printed
14 on any such revenue bonds:

15 (1) No number shall constitute a part of the contract
16 evidenced by the particular revenue bond upon which it
17 is printed; and

18 (2) No liability shall attach to the board or any officer
19 or agent thereof or the State or any officer thereof,
20 including any fiscal agent, paying agent, or registrar
21 for revenue bonds, by reason of the numbers or any use
22 made thereof, including any use thereof made by the



1 board or any officer or agent thereof, the State, any
2 officer or agent thereof, or by reason of any
3 inaccuracy, error, or omission.

4 The board may require that all cost of obtaining and
5 printing the CUSIP identification numbers shall be paid by the
6 purchaser of the revenue bonds.

7 **§304A-G Covenants in resolution authorizing revenue bonds.**

8 Any resolution authorizing the issuance of revenue bonds under
9 this subpart may contain covenants as to:

10 (1) The purpose to which the proceeds of the sale of the
11 revenue bonds may be applied; the use and disposition
12 of the proceeds; the investment thereof pending the
13 use and disposition; and the use and disposition of
14 the income from the investment;

15 (2) The use and disposition of the revenue of the
16 university pledged to the payment of the revenue
17 bonds, including the creation and maintenance of
18 reserves; the investment of the revenues and of the
19 moneys in the reserves; and the use and disposition of
20 the income from the investments;

21 (3) The minimum amount of revenue of the university to be
22 produced by the university project, university system,



- 1 or network or any combination thereof over and above
2 the amount required to be produced by section 304A-K;
- 3 (4) The use and disposition of the proceeds of the sale of
4 any university project, university system, or network
5 or any part thereof;
- 6 (5) The construction and maintenance of any university
7 project, university system, or network or any
8 combination thereof for the construction or
9 maintenance for which revenue bonds are issued or the
10 university system or network in which latter
11 university projects are to be included;
- 12 (6) The issuance of other or additional revenue bonds and
13 the revenue of the university from which additional
14 revenue bonds shall be payable;
- 15 (7) The maintenance of the university projects, university
16 system, or network or any combination thereof,
17 including the creation by the board of supervisory
18 positions, which shall not be subject to chapter 76,
19 as are necessary to facilitate the issuance of revenue
20 bonds to ensure the adequacy of revenue of the
21 university;



- 1 (8) The insurance on a university project, university
2 system, or network or any combination thereof, and the
3 use and disposition of insurance moneys;
- 4 (9) Books of account and inspection and audit thereof;
- 5 (10) A procedure by which the terms and conditions of the
6 resolution may be subsequently amended or modified by
7 the board with or without the consent of the holders
8 of revenue bonds or any proportion of the holders, or
9 any trustee thereof; and
- 10 (11) The terms and conditions upon which the holders of
11 revenue bonds, or any proportion of the holders, or
12 any trustee thereof, shall be entitled to the
13 appointment of a receiver by any court of competent
14 jurisdiction, and the receiver may enter and take
15 possession of the university project, university
16 system, or network, maintain them, prescribe rents,
17 fees, and charges, and collect, receive, and apply all
18 revenue of the university thereafter arising therefrom
19 in the same manner as the board itself may do;
20 provided that the receiver shall have no power, to
21 mandate appropriations, or to use, or permit the use
22 of, any university project, university system, or



1 network or any combination thereof, other than in a
2 manner consistent with and in furtherance of the
3 purposes of the university.

4 This subpart and any resolution shall be deemed a contract
5 with the holders of revenue bonds issued under this subpart.

6 The duties of the board and any resolution shall be enforceable
7 by any bondholder by mandamus or other appropriate suit, action,
8 or proceeding in any court of competent jurisdiction.

9 **§304A-H Execution and validity of revenue bonds.** Revenue
10 bonds issued under this subpart shall bear the manual signatures
11 or facsimile of the signatures of the chairperson and secretary
12 of the board, and shall be sealed with the seal of the board or
13 in lieu thereof shall bear a facsimile of seal. If the board
14 designates a registrar other than itself for the revenue bonds,
15 the resolution authorizing the revenue bonds may provide that
16 none of the revenue bonds shall be valid or obligatory for any
17 purpose unless authenticated by the registrar. If the
18 resolution provides, all signatures of the board upon the
19 revenue bonds may be facsimiles of the signatures, and the
20 revenue bonds shall be valid and obligatory only if
21 authenticated by the manual signature of an authorized officer
22 or signatory of the registrar. Revenue bonds bearing the



1 signature of officers in office at the date of the signing
2 thereof shall be valid obligations, notwithstanding that before
3 the delivery thereof and payment therefor any or all of the
4 persons whose signatures appear thereon shall have ceased to be
5 officers. The validity of the bonds shall not depend on or be
6 affected by the validity or regularity of any proceedings
7 relating to the construction or maintenance of the university
8 project, university system, or network for which the revenue
9 bonds were issued. The resolution authorizing the issuance of
10 revenue bonds may provide that the bonds shall contain a recital
11 that they are issued pursuant to this subpart, which recital
12 shall be conclusive evidence of their validity and of the
13 regularity of their issuance.

14 **§304A-I Pledge of revenue of the university.** The
15 resolution authorizing the issuance of revenue bonds may pledge
16 to the payment thereof all or any part of the revenue of the
17 university, and the pledge shall constitute a lien on revenue of
18 the university to the extent and in the manner provided in the
19 resolution prior and paramount to any claim or other obligation
20 of any nature against the revenue of the university so pledged
21 subsequently arising or incurred. The board may provide in the
22 resolution that all revenue bonds of the same issue be equally



1 and ratably secured without priority by reason of number, date,
2 or maturity of the bonds, date of sale, execution, or delivery
3 thereof. Any pledge of revenue of the university contained in
4 any resolution adopted under this subpart shall be valid from
5 and after the adoption of the resolution without physical
6 delivery of the revenue of the university pledged or the
7 necessity of any further action by the State or the board, or
8 any officer or agent of the State or the board.

9 **§304A-J Payment and security of revenue bonds; revenue**
10 **bonds not a debt of the State.** Revenue bonds issued under this
11 subpart shall be payable from and secured by the revenue of the
12 university pledged to the payment thereof, and the revenue of
13 the university shall be applied to the payment in accordance
14 with this subpart and the resolution authorizing the issuance of
15 the revenue bonds. The university, or any university project,
16 university system, or network shall constitute a public
17 undertaking, improvement, or system, and any appropriation shall
18 constitute revenue of the university under the constitution and
19 laws of the State. No holder of any revenue bonds issued under
20 this subpart may compel any exercise of the taxing power of the
21 State or the making of any appropriation to pay the revenue
22 bonds, or interest thereon. Each revenue bond shall recite in



1 substance that the revenue bond, including interest thereon, is
2 payable from and secured by the revenue of the university
3 pledged to the payment thereof, and that the revenue bond does
4 not constitute a general or moral obligation or indebtedness of
5 the State within the meaning of any law.

6 **§304A-K Imposition of rates, rents, fees, and charges;**
7 **pledge, allocation of appropriation.** (a) The board shall
8 impose and collect rates, rents, fees, and charges for the use
9 or enjoyment and services of the facilities of each university
10 project, and shall revise rates, rents, fees, and charges
11 whenever necessary, or allocate all or any portion of
12 appropriation for each university project, so that, in
13 aggregate, the revenue of the university with respect to all
14 university projects, university systems, or networks shall
15 produce revenue of the university at least sufficient:

16 (1) To pay the cost of maintenance of all university
17 project, university system, or network or any
18 combination thereof, including reserves therefor;

19 (2) To pay when due all revenue bonds and interest
20 thereon, for the payment of which all or any part of
21 the revenue of the university is or has been pledged,



1 charged, or otherwise encumbered, including reserves
2 therefor;

3 (3) To reimburse the general fund of the State for
4 principal and interest on general obligation bonds
5 issued for university project, university system, or
6 network or any combination thereof, or to refund of
7 general obligation bonds, to the extent required by
8 law; and

9 (4) To carry out all covenants and provisions of the
10 resolution authorizing the issuance of revenue bonds.

11 (b) Nothing in this subpart shall preclude the making of
12 appropriations to the university or board, including any
13 appropriation, or the acceptance of gifts by the board or the
14 use of funds derived from the sale of stocks, bonds, or other
15 assets in the possession of the board to pay all or part of the
16 cost of construction or maintenance of any or all university
17 projects, university systems, or networks.

18 **§304A-L Revenue bond anticipation notes.** In anticipation
19 of the issuance under this subpart of revenue bonds and of the
20 receipt of the proceeds of sale of revenue bonds, the board may
21 issue and sell, without further authorization or approval, bond
22 anticipation notes for the purposes for which the revenue bonds



1 have been authorized, the maximum principal amount of which
2 notes shall not exceed the authorized principal amount of the
3 revenue bonds. The notes shall be payable from and secured by
4 the proceeds of the sale of the bonds in anticipation of which
5 the notes are issued, or the revenues of the university from
6 which would be payable and by which the revenue bonds would be
7 secured, or any combination thereof; provided that to the extent
8 the principal of the notes is paid from moneys other than the
9 proceeds of sale of the revenue bonds, the maximum amount of
10 revenue bonds in anticipation of which the notes are issued that
11 has been authorized shall be reduced by the amount of the notes
12 paid in such manner. The issuance of the notes and the details
13 thereof shall be governed by this subpart with respect to
14 revenue bonds insofar as applicable; provided that:

- 15 (1) Each note, together with all renewals and extensions
16 thereof, or refunds thereof by other notes issued
17 under this section, shall mature within five years
18 from the date of the original note; and
- 19 (2) The notes may be sold at public or private sale, as
20 the board may determine.

21 **§304A-M University project, university system, networks,**
22 **and revenue bonds exempt from taxation.** The revenue of the



1 university and the property of any university project,
2 university system, or network shall be exempt from all taxation
3 and assessments by the State or any county or other political
4 subdivision thereof. Revenue bonds issued under this subpart
5 and all income therefrom shall be exempt from all taxation by
6 the State or any county or other political subdivision thereof,
7 except inheritance, transfer, and estate taxes.

8 **§304A-N Powers herein additional to other powers.** The
9 powers conferred by this subpart shall be in addition and
10 supplemental to the powers conferred by any other law concerning
11 any university project, university system, or network or any
12 combination thereof, or the issuance of revenue bonds. Revenue
13 bonds may be issued pursuant to this subpart for those purposes
14 notwithstanding that any other law may provide for the
15 acquisition, purchase, construction, reconstruction,
16 improvement, betterment, or extension of a like undertaking or
17 the establishment, maintenance, or extension of a like
18 university project, university system, or network or any
19 combination thereof, or the issuance of revenue bonds, without
20 regard to the requirements, restrictions, limitations, or other
21 provisions contained in any other law. Except as expressly
22 provided in any other law, this subpart shall control.



1 §304A-O Funding and refunding revenue bonds; authorization
2 and purpose. (a) The board, without further authorization or
3 approval, may provide for the issuance of revenue bonds (herein
4 referred to as refunding bonds) for the purpose of refunding,
5 redeeming, or retiring at or at any time before maturity or at
6 any time before the first date upon which the outstanding
7 revenue bonds to be refunded may be called for redemption, any
8 revenue bonds issued under this subpart, including any revenue
9 bonds that the holders may consent to be paid or refunded even
10 though the revenue bonds are not matured or are not callable or
11 redeemable, and for the purpose of funding indebtedness not
12 evidenced by revenue bonds but that was incurred for purposes
13 for which revenue bonds may be issued pursuant to this subpart.
14 The rate of interest borne by the refunding bonds shall not be
15 affected or limited by the rate of interest borne by the revenue
16 bonds to be refunded or the indebtedness to be funded.

17 All provisions of this subpart applicable to the issuance
18 of revenue bonds shall be complied with in the issuance of
19 refunding bonds. Refunding bonds shall be sold as provided in
20 section 304A-D, or the board may provide for the exchange of
21 refunding bonds for a like principal amount of outstanding
22 revenue bonds for the refunding of which the issuance of the



1 refunding bonds has been authorized, whether or not the interest
2 rate on the refunding bonds is higher than the interest rate on
3 the bonds refunded.

4 (b) Refunding bonds may be issued in a principal amount
5 sufficient to provide funds for the payment of all revenue bonds
6 or indebtedness to be funded or refunded, and for the payment of
7 all expenses paid or incurred in connection with the calling,
8 redeeming, retiring, or paying of indebtedness or outstanding
9 revenue bonds, and the issuance of refunding bonds. The
10 expenses may include the amount necessary for the payment of
11 interest upon the indebtedness to be funded or the revenue bonds
12 to be refunded to the maturity or redemption date thereof, the
13 amount necessary for the payment of interest upon the refunding
14 bonds from the date of delivery thereof to the date upon which
15 the principal of the outstanding revenue bonds to be refunded
16 will be paid whether at maturity or pursuant to a call for
17 redemption thereof, or pursuant to agreement with the holders
18 thereof, plus in any case the amount of any premium required to
19 be paid in order to call or retire the revenue bonds.

20 **§304A-P Fiscal agents.** The director of finance of the
21 State, when requested by the board, shall render full and
22 complete assistance to the board in the preparation and sale of



1 revenue bonds issued pursuant to this subpart. The director of
2 finance shall be the fiscal agent of the board for the payment
3 of all principal and interest, and for the transfer, of revenue
4 bonds. Sections 36-3 and 39-12 shall apply to this subpart.

5 The director of finance shall set up in the treasury of the
6 State suitable accounts for:

7 (1) Deposit of all revenues of university projects,
8 university systems, or networks and for the payment of
9 all revenue bonds and the interest thereon;

10 (2) Deposit of all other payments provided or required by
11 this subpart, or any resolution or resolutions of the
12 board; and

13 (3) Holding of all reserves created under this subpart, or
14 pursuant to any resolution of the board.

15 **§304A-Q Validation of proceedings.** All proceedings taken
16 with respect to the contracting of revenue bonded indebtedness
17 and the issuance, sale, execution, and delivery of revenue bonds
18 by the board are deemed validated, ratified, approved, and
19 confirmed, notwithstanding any defects or irregularities in any
20 proceedings or in the issuance, execution, sale, or delivery,
21 The revenue bonds so issued or to be issued are and shall be
22 valid obligations of the board.



1 §304A-R Limitation of authority. Notwithstanding any law
 2 to the contrary, nothing in this subpart shall be construed to
 3 authorize the board to incur any indebtedness contrary to the
 4 State constitution or to incur any indebtedness that would be
 5 required to be included in the calculation of the total
 6 indebtedness of the State."

7 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is
 8 amended by adding a new section to be appropriately designated
 9 and to read as follows:

10 "§304A- University revenue-undertakings fund. (a)
 11 There is established a special fund for the University of Hawaii
 12 to be known as the university revenue-undertakings fund into
 13 which all revenue of the university under subpart of part VI,
 14 including any appropriation allocated pursuant to section
 15 304A- , received from, or related to, university projects,
 16 university systems, or networks or any combination thereof,
 17 constructed or maintained by the board under subpart of part
 18 VI shall be deposited. At the direction of the board, there may
 19 be established accounts in the university revenue-undertakings
 20 fund as required by the resolution authorizing revenue bonds.

21 If revenue bonds are issued under subpart of part VI
 22 payable from the revenue of a university parking facility or the



1 revenue of a university system that includes a university
2 parking facility, the board in the resolution authorizing
3 revenue bonds may direct that all or any part of the moneys
4 required by this chapter to be paid into the university parking
5 revolving fund created by section 304A-2275 shall be deposited
6 in the university revenue-undertakings fund in lieu of being
7 deposited in the university parking revolving fund.

8 (b) All moneys in the university revenue-undertakings fund
9 shall be applied in accordance with the resolution of the board
10 authorizing the issuance of revenue bonds under subpart of
11 part VI, as follows:

12 (1) To provide for all costs of construction, operation,
13 repair, and maintenance of a university project,
14 university system, network, or any combination
15 thereof, including reserves therefor;

16 (2) To pay when due all revenue bonds and interest
17 thereon, for the payment of which all or any part of
18 the revenue of the university is or has been pledged,
19 charged, or otherwise encumbered, including reserves
20 therefor;

21 (3) To reimburse the university for all moneys advanced to
22 pay the expenses incurred in making the preparation



- 1 for the initial issuance of revenue bonds under
- 2 subpart of part VI;
- 3 (4) To reimburse the general fund of the State for
- 4 principal and interest on general obligation bonds
- 5 issued for a university project, university system,
- 6 network, or any combination thereof, or issued to
- 7 refund any of general obligation bonds, to the extent
- 8 required by law; and
- 9 (5) To provide a reserve for betterments and improvements
- 10 to and renewals and replacements of, university
- 11 projects, university systems, networks, or any
- 12 combination thereof.

13 If adequate provision is made for all the foregoing
 14 purposes, and if permitted by law and the covenants in the
 15 resolution authorizing the issuance of revenue bonds under
 16 subpart of part VI, any moneys remaining in the university
 17 revenue-undertakings fund at the end of a fiscal year may be
 18 expended by the board in subsequent years in furtherance of any
 19 of the purposes of the university.

20 (c) The following terms used in this section shall be as
 21 defined in section 304A-A: "appropriation", "board",
 22 "construction", "cost of construction", "maintenance",



1 "network", "reserves", "revenue bonds", "revenue of the
2 university", "university project", and "university system".

3 SECTION 3. Section 304A-2167, Hawaii Revised Statutes, is

4 repealed.

5 [{"304A 2167} University revenue undertakings fund. (a)

6 there is hereby created a special fund to be administered by the

7 university and shall be known as the university revenue

8 undertakings fund, into which all revenue derived from a

9 university project or university system under subpart A of part

10 VI shall be deposited. The university may deposit other revenue

11 of the university into the fund. At the direction of the board,

12 there may be established such accounts in the university

13 revenue undertakings fund as required by the resolution or

14 resolutions authorizing revenue bonds. In the event that

15 revenue bonds are issued under subpart A of part VI payable from

16 the revenues of a university parking unit or the revenues of a

17 university system that includes a university parking unit, the

18 board in the resolution or resolutions authorizing such revenue

19 bonds may direct that all or any part of the moneys required by

20 sections [304A 2275] and [304A 2602] to be paid into the

21 university parking revolving fund created by section [304A 2275]

22 shall be deposited in the university revenue undertakings fund



1 ~~in lieu of being deposited in the university parking revolving~~
2 ~~fund, and thereafter all such moneys or such part thereof as the~~
3 ~~board has directed shall be deposited in the university revenue~~
4 ~~undertakings fund in lieu of being deposited in the university~~
5 ~~parking revolving fund. All moneys in the university revenue~~
6 ~~undertakings fund are appropriated and shall be applied in~~
7 ~~accordance with the provisions of the resolution or resolutions~~
8 ~~of the board authorizing the issuance of revenue bonds under~~
9 ~~subpart A of part VI.~~

10 ~~(1) To provide for all costs of construction, operation,~~
11 ~~repair, and maintenance of university projects or~~
12 ~~university systems, including reserves therefor,~~

13 ~~(2) To pay when due all revenue bonds and interest~~
14 ~~thereon, for the payment of which the revenue is or~~
15 ~~has been pledged, charged, or otherwise encumbered,~~
16 ~~including reserves therefor,~~

17 ~~(3) To reimburse the university for all moneys advanced to~~
18 ~~pay the expenses incurred in making the preparation~~
19 ~~for the initial issuance of revenue bonds under~~
20 ~~subpart A of part VI,~~

21 ~~(4) To reimburse the general fund of the State for all~~
22 ~~bond requirements for general obligation bonds that~~



1 ~~are or shall have been issued for a university project~~
2 ~~or university system, or to refund any of those~~
3 ~~general obligation bonds, except insofar as the~~
4 ~~obligation of reimbursement has been or shall be~~
5 ~~canceled by the legislature, the bond requirements~~
6 ~~being the interest on term and serial bonds, sinking~~
7 ~~fund for term bonds, and principal of serial bonds~~
8 ~~maturing the following year;~~

9 ~~(5) To provide a reserve for betterments and improvements~~
10 ~~to, and renewals and replacements of, university~~
11 ~~projects or university systems. If adequate provision~~
12 ~~has been made for all the foregoing purposes, and if~~
13 ~~permitted by the covenants in the resolution or~~
14 ~~resolutions authorizing the issuance of revenue bonds~~
15 ~~under subpart A of part VI, any surplus moneys~~
16 ~~remaining in the university revenue undertakings fund~~
17 ~~at the end of any fiscal year may be expended by the~~
18 ~~board in subsequent years in furtherance of any or all~~
19 ~~of the purposes of the university.~~

20 ~~(b) The following terms used in this section shall be as~~
21 ~~defined in section [304A 2501]: "board", "cost of~~
22 ~~construction", "maintenance", "reserves", "revenue bonds",~~



1 ~~"revenue of the university project or university system",~~
2 ~~"university", "university parking unit", "university project",~~
3 ~~and "university system."]~~

4 SECTION 4. Chapter 304A, part VI, subpart A, Hawaii
5 Revised Statutes, is repealed.

6 SECTION 5. On the effective date of this Act, all moneys
7 deposited in the university revenue-undertakings fund
8 established pursuant to section 304A-2167, Hawaii Revised
9 Statutes, and any encumbrances thereon shall be transferred to
10 the university revenue-undertakings fund established pursuant to
11 section 2 of this Act.

12 SECTION 6. In codifying this Act, the revisor of statutes
13 shall substitute appropriate section numbers for the section
14 designations used in this Act.

15 SECTION 7. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 8. This Act shall take effect on July 1, 2007.

18

INTRODUCED BY:

William Sakamoto

19



Report Title:

University of Hawaii Projects and Purposes

Description:

Enacts a new part in chapter 304A, University of Hawaii, to provide for facilities improvement and university development; repeals existing University of Hawaii facilities improvement and university development law.

