

ACT 3

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S.B. NO. 809

A Bill for an Act Relating to the University of Hawaii.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. This Act is recommended by the governor for immediate passage in accordance with article VII, section 9, of the Constitution of the State of Hawaii.

SECTION 2. The purpose of this Act is to increase the University of Hawaii'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 of Hawaii's priority capital facility construction, renovation, and repair projects that qualify for revenue bonds.

An increase in the University of Hawaii's authority to issue revenue bonds is necessary to enable the University of Hawaii to continue addressing its growing capital facility needs, including new project construction and the major repair and maintenance backlog of its older facilities, as well as to take advantage of opportunities for acquisitions, projects, and financing that may arise.

For example, the Culinary Institute of the Pacific at Diamond Head is fully entitled and phase I is ready to go out to bid for construction. Federal and private funds have been secured to match the revenue dollars needed for the phase I classrooms and laboratories. If the ability to issue the revenue bonds is delayed until after July 1, 2012, there may be a negative impact on bid and interest costs and matching federal and private funds may be put at risk.

The passage of this Act will provide sufficient financial flexibility to the University of Hawaii system to obtain additional funding to continue to improve and maintain its facilities for the successful accomplishment of its core education and research mission at a time when current interest rates are favorable due to existing economic conditions. In addition, passage of this Act will provide employment opportunities for those whose jobs have been impacted by the economic downturn. This Act will put people back to work and will help to increase economic growth in the State.

SECTION 3. Act 161, Session Laws of Hawaii 2007, sections 6 and 7, as amended by Act 94, Session Laws of Hawaii 2009, section 2, are amended to read as follows:

“SECTION 6. The board of regents of the University of Hawaii, with the approval of the governor, is authorized to issue revenue bonds from time to time to finance, in whole or in part, the costs of construction or the costs of maintenance of any university project, including reserves therefor as the board of regents may direct. The total principal amount of the revenue bonds authorized by this Act shall not exceed [~~\$200,000,000;~~] \$300,000,000; provided that neither revenue bonds issued to refund revenue bonds heretofore issued, to the extent that such refunding revenue bonds do not exceed the principal amount of the revenue bonds being refunded, nor revenue bonds of the board outstanding at the effective date of this Act shall cause the amount of the above authorization to be decreased. The revenue bonds shall be issued pursuant to the provisions of part VI of chapter 304A, Hawaii Revised Statutes. The principal and interest on the revenue bonds, to the extent not paid from the proceeds of such bonds, shall be paid solely from and secured solely by the revenue of the university as defined in section 304A-2671, Hawaii Revised Statutes.

SECTION 7. There is appropriated out of the revenue bond proceeds authorized by this Act the sum of \$100,000,000 or so much thereof as may be necessary for fiscal year 2008-2009 to carry out the purposes of section 6 of this Act; provided that any unexpended and unencumbered balance of the appropriation shall not lapse at the end of fiscal year 2008-2009 and shall lapse instead on June 30, 2013.

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

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There is also appropriated out of the revenue bond proceeds authorized by this Act, the sum of \$100,000,000 or so much thereof as may be necessary for fiscal year 2011-2012 to carry out the purposes of section 6 of this Act; provided that any unexpended and unencumbered balance of the appropriation shall not lapse at the end of fiscal year 2011-2012 and shall lapse instead on June 30, 2017.

The sums appropriated shall be expended by the board of regents of the University of Hawaii.”

SECTION 4. The University of Hawaii shall notify the legislature upon the issuance of the additional revenue bonds authorized by section 3 of this Act, including a detailed listing and description of all projects to be funded through the revenue bonds authorized pursuant to this Act.

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

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

(Approved February 13, 2012.)