

SUMMARY - SPECIAL MEETING

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

State of Hawaii

July 17, 2002 - 9:00 a.m.

Hawaii Community Development Authority
677 Ala Moana Boulevard, Suite 1000, Conference Room
Honolulu, Hawaii 96813

ATTENDANCE

Members Present: Christine Camp; Patrick Kubota; Allan Los Banos, Jr.; Glenn Okimoto; Brian Minaai; Sharon Narimatsu (for Seiji Naya)

Members Absent: Lori Ann Lum; James Kometani; Michael Goshi; Gary Kondo; Stanley Shiraki

Others Present: Jan Yokota; Melvin Nishimoto; Teney Takahashi; Matthew Akamu; Neal Imada; Cal Machida; Susan Tamura; Sandy Pfund; Marvin Uehara; Miko Dargitz; Aileen Fukunaga (also, see Meeting Attendance Record)

I. ROLL CALL

The special meeting of the Hawaii Community Development Authority was called to order on July 17, 2002 by Acting Chair Christine Camp at 9:00 a.m. with the following roll call:

Member Narimatsu	Present
Member Los Banos	Present
Member Okimoto	Present
Acting Chair Camp	Present
Member Kubota	Arrived at 9:05 a.m.
Member Minaai	Arrived at 9:05 a.m.
Chair Lum	Absent
Member Kometani	Absent
Member Goshi	Absent
Member Kondo	Absent
Member Shiraki	Absent

MATERIALS DISTRIBUTED

1. Agenda for July 17, 2002 Special Meeting;
2. Action Item: Approval to Expend Funds for Temporary Relocation to Tenants of the Produce Center Development, Ltd.; and
3. Information Item: Presentation by Cooper, Robertson and Partners.

Note: The items were taken out of order and the Item for Information was taken up first.

III. ITEM FOR INFORMATION

A. Presentation by Cooper, Robertson and Partners.

Sanford Murata, Director of Commercial Assets for Kamehameha Schools (KS), was introduced to the Authority.

Mr. Murata thanked the Authority for the opportunity to make this presentation.

He noted that, starting in the fall of 2001, he began working with HCDA staff to encourage the University to relocate its medical school to Kakaako Makai. KS was encouraged by the University President Evan Dobelle to retain the urban design firm of Cooper Robertson and Partners, which has done extensive work around colleges specifically with respect to medical schools and medical complexes. Keith Orlesky and Max Voigt of Cooper Robertson were introduced to the Authority.

Sedway Group was also retained to help KS to understand the market and financial realities of the strategy being developed by Cooper Robertson. Tom Jirovsky and Darcy Kotun from the Los Angeles and San Francisco offices were introduced to the Authority.

Mr. Murata noted that Pauahi Place, the most recent project done by Kamehameha Schools, was engineered and planned by Belt Collins, planner of the KS Kakaako properties for the past 25 years. Jim Bell of Belt Collins was introduced to the Authority.

Mr. Murata said that he and John Peterson, Asset Manager for KS, completed the planning team.

He also commented that the draft plan being presented by Cooper Robertson has been shown to various groups, including the University community, the Legislature and the KS trustees.

Mr. Murata said that Kamehameha Schools will work with HCDA to implement their proposals and a final plan will be completed over the next few months.

The consultants used a Power Point presentation to illustrate the draft plan. The following is a brief summary of their presentation.

Mr. Orlesky said that their involvement began with the University's decision to relocate the medical school to Kakaako. He noted that there has been a long-standing interest in creating an "urban village" in Kakaako, returning to what it was in the past, but with new uses, new building forms and new economic realities. One important benchmark for Kamehameha Schools is the entitlement for Pauahi Place with about 6 million square feet of development, including about 2 million square feet for housing. That plan had little market support so the current challenge is to determine what the economic effects of the new proposal will be for the district and how to structure the growth that will occur.

Ms. Kotun said that the approach taken by Cooper Robertson and Sedway was based on the development of the medical school and its implications for the growth of Hawaii's nascent biotech industry. They discovered that, although there was a limited market for conventional land uses, such as office and hotel uses, there were encouraging signs with respect to certain aspects of retail and residential development. She noted that there are also some planned public improvements, such as the BRT, which they believed to be fundamental in bringing the framework plan to reality. She remarked that the consultants were impressed by Kakaako's incredible location, as a prime urban district between Waikiki and downtown.

Ms. Kotun also noted that part of their work was to research bioscience parks on the mainland and determine the locational factors or attributes that were indicative of their success. She said that Kakaako shares many of these attributes. These included: proximity to a premier medical school; current and future availability of appropriate and cost-effective office space; access to high quality labor; business infrastructure; and the presence of affordable and quality housing. Incubator space was extremely important, as well as the availability of multiple land uses within the bioscience park. The parks studied by the consultants were actually urban villages with a bioscience focus, and included offices, lab research space, housing, parking, and hotel conferencing facilities. Finally, Ms. Kotun noted that, on an economic or financial basis, there is merit in moving forward with development today,

rather than allowing land to remain vacant or unused in expectation of a higher return later.

Mr. Orlesky said that the consultants' approach to the plan was as a framework strategy and not as a master plan. The framework focuses on the existing streets and open spaces, with a strong pedestrian environment. One concern expressed was that Ala Moana Boulevard is a dividing line between the mauka and makai parts of Kakaako and is very difficult to cross. By increasing the right-of-way on Ala Moana Boulevard by 20 or 30 feet, a landscape median could be added in the center to reduce the visual impact of the traffic and also to allow pedestrians to stop before proceeding to the other side. Mr. Orlesky also remarked that a key focus of the design strategy in Kakaako should be on the quality of the streets. He felt that the City's proposed BRT system is very positive and should be put in place as soon as possible.

Mr. Orlesky said that the initial study area for the framework strategy was extended in the Ewa direction to include Fort Armstrong because of the recognition of the potential for a future land use change. The consultants wanted to ensure that current decisions regarding redevelopment of the land recognized that future potential.

The framework strategy plan is based on four quadrants of development. Quadrant 1 is a mixed-use area focusing on Ala Moana Boulevard, Cooke Street and Mother Waldron Park. Education is one possible primary use for this area. Among the possible tenants are Hawaii Pacific University and Kamehameha Schools. Quadrant 2 is focused around the extension of Ward Centre, and generally includes the Ward lands. Quadrant 3 is focused on Kewalo Basin, the area with the potential for greatest change. Quadrant 4 is the area around the U.H. Medical School.

Ms. Kotun noted that change will occur in Kakaako regardless of the participation or proactiveness of the respective landowners in the area. Therefore, it is particularly important to acknowledge the requirements of the bioscience industry and how the area has the potential to change for the better with HCDA's active participation. She said that Kakaako has sufficient land to accommodate bioscience expansion, as well as complementary uses, in the makai and mauka areas of Kakaako, particularly with the implementation of some of the proposals for Ala Moana Boulevard that would create a more pedestrian-friendly environment. She emphasized that this is a 20+-year plan and will require great stewardship on everyone's part for a successful completion.

Mr. Orlesky added that the consultants found that there was enough land area not only to support a successful U.H. project, but also to support an expansion and development of that industry. In addition, they found that, within a 5- or 10-minute walk from the U.H. medical school, more than 2 million square feet of no more than four-story space could be built. Virtually the entire study area is within walking distance of the campus.

Mr. Jirovsky reported that a residual land value analysis was used to examine the feasibility of all the potential land uses for Kakaako. Several land uses were analyzed including the following: high-rise offices up to a 400-foot height limit; 3- and 4-story low-rise offices; single-tenant retail; multi-tenant retail; luxury condominiums; and conventional apartments and business hotels. His conclusion was that, although the profit returns may not be as high as desired, it is important to the overall success of the area to get development started now.

Mr. Murata thanked the team members for their presentation.

Jeff Dinsmore of Victoria Ward, Limited was introduced to the Authority. Mr. Murata noted that both Mr. Dinsmore and Mitch D'Olier were instrumental in helping to craft the plan. Francis Oda of Group 70 was also introduced to the Authority. Mr. Murata noted that Mr. Oda had provided assistance from a physical planning point of view.

Mr. Murata said that the next step would be getting support for the principles envisioned in the framework plan and the land use strategy analyses. The development of lands synergistic with the U.H.'s medical campus would be encouraged and endorsed. If the medical campus is successful, the spillover will benefit everyone in the area. He noted that consideration will be given to both low- and high-density uses to maximize the value of the properties. Mr. Murata stated that, overall, the focus of the plan is to create an urban village where people can work, live and play.

As a final comment, Mr. Murata proposed the creation of a Kakaako-focused subcommittee as an extension of the public/private collaboration that has taken place. This would allow public and private interests to continue to work together for the benefit of the Kakaako community.

Mr. Murata thanked everyone for their participation. He said that, as responsible community builders, Kamehameha Schools needs to look at the long term and

not only at what offers financial value but also at what provides social value.

Acting Chair Camp thanked the team for its presentation.

The meeting was recessed at 9:55 a.m. and resumed at 10:00 a.m.

II. ITEM FOR ACTION

1. Approval to Expend Funds for Temporary Relocation to Tenants of the Produce Center Development, Ltd.

Ms. Pfund summarized the Action Item report distributed to the Authority concerning this matter.

Member Kubota asked whether the funds will also be used to move tenants out of Building B to Building A, and subsequently to the Makai Warehouse.

Ms. Pfund answered in the affirmative, since any tenant utilizing the Makai Warehouse will need to move twice before July 30, 2004, the date until which HCDA has committed to assist the tenants with temporary relocation sites.

Member Minaai asked whether the funds can be used only for Produce Center tenants under the legislative appropriation.

Ms. Yokota confirmed that the legislative appropriation is specifically for the relocation of Produce Center tenants.

Member Narimatsu wanted to know what kinds of expenses could be anticipated on an equitable allocation basis under the third priority listed for expenditure in the Action Item.

Ms. Pfund said that the funds could be used for additional upgrades for the Makai Warehouse or possible assistance towards eligible tenant costs.

Member Narimatsu asked whether the U.H. medical school intended to use the Makai Warehouse for a parking garage.

Ms. Yokota said that it is still being considered for use as a parking garage. She noted that, in contrast with a prior proposal to expend all of the \$1.75 million to upgrade the Makai Warehouse, the current proposal is to use whatever balance remains after the temporary relocation funds are allocated (possibly about \$400,000-\$500,000), to redo the electrical

system or make other improvements that can be used for the long term.

Ms. Pfund noted that, of the 5 remaining subtenants, only 2 plan to move to the Makai Warehouse. The rest are very close to finalizing their own relocation sites.

It was moved by Member Kubota and seconded by Member Minaai to authorize the Executive Director to expend an amount not to exceed \$1.75 million for temporary relocation assistance to the Subtenants of Produce Center Development, Ltd. under the allocation plan described in the Action Item. Expenditure of these funds is subject to the availability of appropriated funds and the approval of the Governor.

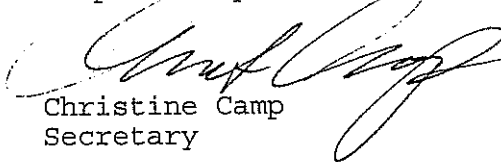
There being no further questions, Acting Chair Camp called for a vote.

The motion passed unanimously.

IV. ADJOURNMENT

There being no other business, it was moved by Member Narimatsu and seconded by Member Okimoto to adjourn the special meeting at 10:15 a.m. The motion passed unanimously.

Respectfully submitted;



Christine Camp
Secretary