

SUMMARY - MEETING NO. 312
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
State of Hawaii

December 6, 2006 – 9:00 a.m.

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

ATTENDANCE

Members Present: C. Scott Bradley; Amanda Chang; Grady Chun; Barry Fukunaga (for Rodney Haraga, DOT); Michael Goshi; Paul Kimura; Jonathan Lai; Theodore Liu (DBEDT); Kay Mukaigawa; and Russ Saito (DAGS).

Kalaeloa Members: William Aila, Jr.; Henry Eng (DPP); and Maeda Timson.

Members Absent: Micah Kane (DHHL Kalaeloa Member); Georgina Kawamura (B&F); and Evelyn Souza (Kalaeloa Member).

Others Present: Daniel Dinell; Melvin Nishimoto (Deputy AG); Matthew Akamu; Gloria Chong; Pearlyn Fukuba; Neal Imada; Richard Kuitunen; Lilinoe Lindsey; Cal Machida; Deepak Neupane; Teney Takahashi; and Jill Sugihara; (also, see Meeting Attendance Record).

I. ROLL CALL

The meeting of the Hawaii Community Development Authority (HCDA) was called to order on December 6, 2006, by Chairperson Michael Goshi at 9:00 a.m. with the following roll call:

Chairperson Goshi	Present
Member Bradley	Present
Member Chang	Present
Member Chun	Present, arrived at 9:10 a.m.
Member Fukunaga	Present
Member Kimura	Present
Member Lai	Present, arrived at 9:03 a.m.

Member Liu	Present
Member Mukaigawa	Present
Member Saito	Present
Member Aila	Present, left at 9:42 a.m.
Member Eng	Present, left at 9:42 a.m.
Member Timson	Present, left at 9:42 a.m.

MATERIALS DISTRIBUTED

1. Agenda for December 6, 2006, Meeting;
2. Summary Minutes of Authority Meeting of November 1, 2006;
3. Report of the Executive Director;
4. Kalaeloa Status Report;
5. Information Item: Update from University of Hawaii on Cancer Research Center of Hawaii, John A. Burns School of Medicine Phase II, Regional Biosafety Laboratory, and Other Related Projects;
6. Action Item: Proposal to Contract with Consultant to Review, Revise, and Update the Reserved Housing Rules Based on the Recommendations Provided by the Housing Task Force;
7. House Concurrent Resolution 30 (distributed at the meeting); and
8. University of Hawaii Life Sciences at Kakaako Master Plan (distributed at the meeting).

Chairperson Goshi announced that Member Stanley Shiraki, designee for Budget and Finance, retired on December 1, 2006. Although Member Shiraki was not in attendance, Chairperson Goshi wanted to acknowledge Member Shiraki's contribution to the Authority.

II. APPROVAL OF MINUTES

1. Minutes and Summary

Chairperson Goshi asked whether there were any corrections to the minutes of the regular meeting of November 1, 2006, and noted that Member Lai joined the meeting. Member Saito requested a correction to page 32, second to the last paragraph of the minutes to clarify that his silence on the vote was meant to be an abstention. The minutes were changed to read, "The motion was unanimously approved 7 to 0, with 1 abstention (Member Saito), 1 excused (Member Chun) and excluding Kalaeloa Members." It was moved by Member Aila and seconded by Member Eng to approve the minutes as amended. The motion passed 12 to 0, with 1 excused (Member Chun).

III. REPORT OF THE EXECUTIVE DIRECTOR

Daniel Dinell noted that the full Executive Director's report was enclosed in the packet distributed to the Authority Members, and highlighted and updated the following:

- Mr. Dinell announced that the HCDA website was updated and was now easier to navigate. Information on HCDA, upcoming meetings as well as activities in Kakaako and Kalaeloa are posted.
- Member Kimura, Member Eng and Mr. Dinell attended the Open House at the Children's Discovery Center which was well attended by many elected officials and community leaders who support that institution. The Center plays a big part of the "live, work, play, learn and visit" vision for Kakaako.
- On December 5, 2006, Mr. Dinell attended the Hawaii 2050 sustainability community meeting. The process is similar to the one that is set up for the Waterfront Advisory Committee – very inclusive with a goal of establishing guiding principles first. The effort is guided by a 25-member committee and is attempting to shape a desirable future for Hawaii.
- Mr. Dinell also attended the Governor's inauguration on December 4, 2006. The Governor's remarks were focused on fundamentally changing Hawaii's economic structure toward one built on ideas and human capital. Mr. Dinell noted that both the Kakaako and Kalaeloa districts have much to contribute in this regard. Examples include the medical school in Kakaako as a catalyst for the life sciences/innovation sector, while in Kalaeloa there is opportunity to contribute to alternative energy production and serve as a model for environmental sustainability.
- A community meeting is scheduled for Tuesday, December 12, 2006, at the McKinley High School Cafeteria from 6:00 p.m. to 8:00 p.m. The purpose of the meeting is to present urban design concepts and to obtain community feedback on proposed changes to the Mauka Area Plan and Rules. All interested parties were invited to attend and participate.
- The application process for the 63 reserved units in Keola Lai continues. Numerous requirements such as income and residency must be met. There were 2,051 prospective applicants who picked up packages with 211 eligible potential buyers submitting completed applications thus far. A lottery is scheduled for December 19, 2006.

- The replacement of drinking fountains and parking lot striping at Kakaako Waterfront Park has been completed. Point Panic parking lot re-striping will be next. Staff continues to coordinate volunteer clean-up efforts that help extend HCDA's efforts to make the parks safe, clean and enjoyable. A sweep of the park was conducted by HCDA's contractor, Star Protection Agency, in the last week of November. The park and the continued presence of security overnight between 10:00 p.m. and 6:00 a.m. has noticeably decreased trespass incidents. Staff is evaluating the budget and will put together a plan on how to best continue into the second half of the fiscal year.
- The parking lot on the Diamond Head side of the Historic Pump Station at the corner of Ala Moana Boulevard and Keawe Street is complete. A fence will be installed along the area palms to enhance security while allowing the small parking lot to be utilized. Any revenue generated is segregated for reinvestment into stabilizing and improving the pump station.
- During the holiday season, the Pump Station will once again be lit with holiday lights to create a more festive atmosphere.
- Relative to road improvements in the Makai Area, Ahui Street opened on November 9, 2006. Koula Street, between Ilalo and Olomehani Streets, is now permanently closed. Construction of two new parking lots and landscaped area along the realigned Ohe Street, and irrigation and expansion of the Makai Gateway Park are due to be completed early next year.
- Relative to road improvements in the Mauka Area, staff is still reviewing updated construction pricing due to delays and cost escalation for the Improvement District 11 project. Staff expects to have a complete status report at the January Authority meeting.
- Townscape, Inc. has started its Phase I community outreach program and is conducting a series of small group meetings with stakeholders as discussed at the November Authority meeting. Staff has asked Townscape to provide an update to the Authority in January. As part of the deliverables for the contract, Townscape will be providing: (1) a written summary of each of the stakeholder meetings and interviews, and a summary of the key themes and issues identified in the meetings and interviews, and (2) written guidelines for the Advisory Group regarding its roles, responsibilities, procedures, and a process for selecting the consultant for Phase II.
- In follow-up to a request by Member Saito last month, the Office of the Attorney General is reviewing the language of House Concurrent Resolution 30 (HCR 30) adopted by the 2006 Legislature. Mr. Dinell asked Deputy

Attorney General Melvin Nishimoto for a verbal update. Mr. Dinell distributed a copy of HCR 30.

Deputy Attorney General Nishimoto reported that at the November meeting, he erroneously assumed that the term, “Kakaako Makai,” meant the entire area Makai of Ala Moana Boulevard. However, upon close reading of HCR 30, the second “whereas clause” defines the area Makai of Ala Moana Boulevard to be between Kewalo Basin and the University of Hawaii John A. Burns School of Medicine (JABSOM). Since the Diamond Head edge of JABSOM is on Cooke Street, the boundaries the Legislature specified are from Cooke Street to Kewalo Basin.

- On December 4, 2006, staff received a request from the Office of Information Practices stating that should any boards or commissions have any suggestions on amendments to the State’s Sunshine Law, to notify them.
- The next Authority Meeting will be held on January 10, 2006.

Chairperson Goshi requested the minutes reflect that Member Chun joined the meeting and asked whether Members had any questions for the Executive Director. There were none.

V. ITEMS FOR INFORMATION

A. Kalaeloa Status Report

Pearlyn Fukuba summarized the Information Item distributed to the Authority concerning this matter.

Ms. Fukuba reported that Townscape Inc. continues to work on formulating Kalaeloa Administrative Rules and has begun their information gathering process. The process includes reviewing the Kakaako Administrative Rules; the Kalaeloa Master Plan; conducting site visits at Kalaeloa; and attending the public safety and community network meetings.

The Kalaeloa public safety meetings continue to meet monthly, the most recent one was held on November 16, 2006, with the next planned for December 21, 2006. Sixteen people attended from various Federal, State and City agencies.

Highlights from the meeting were:

- The Honolulu Police Department (HPD) started an island-wide traffic enforcement campaign. In Kalaeloa, they plan to particularly focus on Roosevelt and Enterprise Avenues.
- The Department of Transportation (DOT) completed its assessment of Roosevelt Avenue. A work order will be submitted to re-stripe the crosswalks at the four-way stop on Roosevelt and Enterprise Avenues and improve the signage along the roadway.
- DOT also announced that their staff is taking action to place the last remaining Kalaeloa road, the West Perimeter Road, under its jurisdiction onto the State highway system. Earlier in the year, Enterprise, Coral Sea and Roosevelt roadways were formally placed on the State highway system. The significance of this action is that DOT can now utilize State highway funds and request Federal funds for repair and maintenance.
- HCDA staff and DOT will be drafting a list of possible non-essential roadways that could be temporarily blocked off for safety reasons. This issue was raised previously by the Authority. The list will then be reviewed by the appropriate public safety agencies, such as the fire department, police department and emergency medical services. This is to ensure that the effort to enhance public safety, doesn't limit necessary access.

The Kalaeloa Community Network is another community group initiated by HCDA. The network held its first meeting on November 2, 2006. Those attended included representatives from: Barbers Point Elementary School, Carmel Partners, Department of Hawaiian Home Lands (DHHL), DOT, Ford Island Housing, Hawaii Army National Guard, Hawaii Public Housing Authority (HPHA), Navy Region Hawaii, Onemalu Transitional Shelter, U.S. Coast Guard and the West Oahu Federal Credit Union. It was a time to share information and meet one another. The meeting was well received and it was agreed to schedule regular meetings on the first Thursday of each month. The next meeting is scheduled for December 7, 2006. Since there are about five agencies that attend both the community network and public safety meeting, there is good communication within the groups. Issues raised on infrastructure, utilities and public safety will be discussed at the public safety group meetings.

Several stakeholders are looking to expand or improve their facilities; however, some of the structures are eligible for placement on the Federal or

State Register of Historic Places so they had questions regarding the designations' impact on their modernization plans. Staff plans to work with the affected parties and help facilitate contacts with appropriate agencies. Other issues that were brought up related to the carrier strike group, communications and how changes may impact the stakeholders. HCDA staff will continue to serve as facilitator/point of contact.

On November 19, 2006, the Chaminade University Business students held a litter pick up in Kalaeloa. This group has been very faithful; this is their third service project in the district over the last year. Additionally, several church organizations have volunteered for community clean-ups.

Staff reviewed a Draft Environmental Assessment for the renovations at the Barbers Point Veteran's Housing complex. The only exterior change would be to install an elevator that will make the facility compliant with the Americans with Disabilities Act. The Veteran's Housing complex will be expanded from 40 units to 78 units by converting large open areas such as the lounge, cafeteria, and dining hall, into smaller individual living units. The housing complex provides affordable and low-income housing for the American Veterans. Staff responded with a letter indicating that the approving authority should be the Hawaii Housing and Finance Development Corporation (HHFDC), but that HCDA would like to be kept informed as a consulted agency.

Chairperson Goshi asked whether there were any questions.

Member Timson commented that it was mentioned earlier that there was a beach sweep in Kakaako, she would like to see a beach sweep done in Kalaeloa as well. Some of the State people tried to get the people off the beach and into the transitional housing in Kalaeloa; however, the people do not want to leave because they do not want to follow the shelter rules. That being the case, those people living on the beach should not be there. Member Timson also suggested that an Authority Meeting be held in Kalaeloa with a tour to follow, either in February or March. She thinks that it is important for all Authority Members to know the region. At that time, the public safety group and stakeholders group could also be invited to attend.

Member Chang stated that it was mentioned that the first floor of the transitional housing was going to be ready around Thanksgiving in time for families to move in. She wanted to know if that happened.

Ms. Fukuba responded in the affirmative. The renovation of the first floor completes the renovation of the Onelauena transitional housing facility.

Nineteen additional families have moved in bringing the total to 200 individuals with approximately half being children. She noted that Brian Johnson of the Hawaii Public Housing Authority is in attendance and will provide an update and address additional questions on the homeless subject.

B. Kalaeloa Navy Report

Ms. Fukuba introduced Lynn Tanaka from the U.S. Navy.

Ms. Tanaka provided a short update on the facilities and activities at Kalaeloa. The Navy is in discussion with Barbers Point Aquatics, who is partnering with the U.S. Coast Guard, to see whether they can make arrangements for the organization to run the Kona Breeze Pool. Barbers Point Aquatics is a recognized entity with the Morale, Welfare and Recreational organization. They are currently submitting a revised business plan to the Navy. It is hopeful that they can provide a business plan that the Navy can accept so they can start operating the pool. There is no status update on the adjacent fitness center.

On the short-term leasing program, SWR has large tent structures to house cars for deployed service members. Colliers Monroe and Friedlander has selected a potential tenant for the Auto Hobby Shop, which has utilities. The other two parcels that have received interest are the Coral Rose housing area and the chapel. Part of the Navy's process requires an environmental screening. The documents expired last year, so they will need to be redone, it is anticipated that those three parcels will be occupied by spring.

Under the new Defense Authorization Act which was recently signed by the President, the Navy is looking at ways and strategies to move forward with disposition of the Navy "brokered" lands. The BRAC staff are reviewing the land conveyances.

Chairperson Goshi asked whether there were any other questions.

Member Timson expressed her frustration that it has been seven years and the lands have not been conveyed yet and remain under Navy control.

Ms. Tanaka responded that they are working on releasing some of the lands.

Member Timson reiterated her suggestion for a future Authority meeting to be held at Kalaeloa and that the Navy ranking personnel should also be asked to attend.

Chairperson Goshi asked whether there were any further questions. There was none.

C. Hawaii Public Housing Authority Status Report

Mr. Dinell explained that in response to Member Timson's suggestion at the November meeting, Brian Johnson from the Hawaii Public Housing Authority (HPHA), Homeless Branch, was asked to provide an update and answer questions. This will be a standing agenda item until such time as deemed unnecessary.

Mr. Johnson reported that four buildings in Kalaeloa, Buildings 32, 39, 48 and 50, are shelters for the homeless. Buildings 32, 39 and 48 have been homeless shelters for about five to six years and they have been running smoothly.

Building 50 (called Onelauena) is the new shelter being managed by the non-profit agency, Waianae Community Outreach. Initially there were 33 families with an estimated 150 individuals on the second and third floors. Recently, the first floor renovations were completed bringing the total to 52 families, a population of 210 of which 102 are children.

All the children have been enrolled into public schools. Mr. Johnson noted that a challenge is that no public buses operate in Kalaeloa near the shelters. He believed that it was a City and County issue because the buses cannot run if there are no established sidewalks. Having City bus routes in Kalaeloa would help the people in the shelter.

The initial responsibility for the homeless individuals living on the beach falls under the outreach agency of the Waikiki Health Center. Since the Waianae Community Outreach manages the Onelauena shelter, they do once-a-week checks at the beaches at Kalaeloa. Four families that were living on White Plains Beach were moved into the new shelter. The outreach agencies have established contact and work with the families on the beach and try to transition them to the shelters. It is a challenge because they don't do enforcement.

Another challenge in opening the new Building 50 facility was connecting the utilities. Water and electricity lines were established, but telephone lines and cable were not, and the Navy is not approving these cables to piggyback on their underground lines. Hawaiian Telcom will have to establish a whole new connection with poles. HPHA is hopeful that they can work with the Navy on those issues.

Chairperson Goshi asked whether there were any questions.

Member Timson commented that the community's biggest concern was transportation and this was relayed to Kaulana Park. The State cannot expect the City to put in a whole new bus line. Member Timson raised this issue many times and was told that a shuttle service would be provided to help the homeless families get in and out of the area. She said that she picked up a woman and her children who were walking from the area at 6:20 p.m. and dropped them off at the shopping center, but she didn't know how they would get back. The transportation problem was what the community was concerned about and it is now becoming a reality. The State cannot expect to just place individuals there; it needs to follow-up with services to help support the people there. As far as the people on the beach, they should be kicked off the beach because they do not want to follow the rules. Member Timson commented that the City should not have to spend thousands of dollars to create new bus stops because they were not in agreement. She asked Mr. Johnson for a plan.

Mr. Johnson replied that the non-profits have shuttles, but it is not enough to take care of everyone's needs.

Member Timson commented that the shuttles' limited hours often prevent the people from doing what they need to do.

Mr. Johnson responded that they will work with the non-profit agencies and as far as the enforcement, from a HPHA standpoint, they have no enforcement powers.

Member Timson replied that HCDA does, which is what will be worked on.

Mr. Dinell clarified that in Kakaako, HCDA has administrative rules that specify that the park is closed between the hours of 10:00 p.m. and 6:00 a.m. and that is what is being enforced. Staff will need to research the issue at White Plains Beach and since HCDA has no administrative rules and doesn't own the land, staff will have to work with the land owners. Mr. Dinell replied that staff will look into it and report back to the Authority.

Member Timson stated that it shouldn't matter what time of day it is because you can clearly see they are living on the beach since they have generators.

Member Chang commented that she is glad that the shelter has been able to accommodate more families, but expressed her concern whether the State school buses are picking and dropping off the children.

Mr. Johnson replied that he would have to check on that.

Member Chang wondered whether or not the buses are picking or dropping off the children at school and what would it take to have the shuttle bus running from the housing to public transportation. She also asked Mr. Johnson how the HPHA operations are connected with Kaulana Park's work as the Governor's HEART (Homeless Efforts Achieving Results Together) Homeless Solutions Team Leader.

Mr. Johnson replied that they work together.

Chairperson Goshi asked whether the shelter services are funded by HPHA or through non-profits.

Mr. Johnson replied that the State funding goes to the non-profit agency to manage the shelter and included in the agency's budget it usually purchases a used bus that it operates within its budget.

Chairperson Goshi commented that with the cost of the City services, it seemed like the only alternative is for people to drive on site. He asked Mr. Johnson to report back at the next meeting what the costs are.

Mr. Johnson reported that at the Kakaako Next Step Shelter the population was now up to 300 people. A meeting is held every two weeks with surrounding businesses and agencies. For a facility that is housing 300 people, there have been no major incidents and the operations seem to be running smoothly thanks to the job that the non-profit agency is doing. Showers were installed in October in a mobile trailer, which decreased the use of the showers in the park.

Chairperson Goshi thanked Mr. Johnson for his work and expressed his appreciation for his agency's efforts on the housing concerns.

There being no further comments, Chairperson Goshi called for a recess at 9:42 a.m. to allow the Kalaehoa Members (Members Aila, Eng, and Timson) to depart, as the remaining agenda items were Kakaako-related. Scott Bradley recused himself from the Public Hearing. Chairperson Goshi entered into Public Hearing on the Proposed Modification of View Corridor Setbacks for the Keola Lai Project (M 2-06) by A&B Kakaako LLC.

Chairperson Goshi reconvened the meeting at 10:15 a.m.

D. Update from University of Hawaii on Cancer Research Center of Hawaii, John A. Burns School of Medicine Phase II, Regional Biosafety Laboratory, and Other Related Projects

Deepak Neupane summarized the Information Item distributed to the Authority concerning this matter.

Mr. Neupane explained that in June of 2006, the University of Hawaii (UH) provided an update to the Authority on the John A. Burns School of Medicine (JABSOM) Phase II, Regional Biosafety Laboratory (RBL), Cancer Research Center of Hawaii (CRCH), and parking and expressed that it needed more time to prepare a comprehensive master plan for the project.

The University has prepared a master plan for the project. Mr. Neupane introduced Gary Ostrander, Vice Chancellor for Research and Graduate Education, UH Manoa, to present the University's master plan.

Dr. Ostrander explained that he has many roles; he is also the Interim Dean of the JABSOM and Director of the Pacific Biosciences Research Center (PBRC), all of which relate to issues in Kakaako. UH is a billion dollar a year enterprise and last year UH received a little over \$400 million in outside research monies.

JABSOM, CRCH, and PBRC, collectively bring in over \$100 million of that \$400 million. Dr. Ostrander introduced Dr. Jim Gaines, Vice President of Research for the entire University system. Dr. Ostrander then proceeded to explain the various entities and how each related to the Kakaako Master Plan.

JABSOM Phase II

Dr. Ostrander stated that the current reality is that UH does not have the resources to build out an additional 190,000 square feet of JABSOM. He and the faculty were disappointed; they would like to see more research facilities, but it is not currently the University's highest priority. Its highest priority is stabilizing JABSOM and getting the Cancer Research Center off the ground. While there are plans for a build out, the site starting with the RBL, it is not something that is in the immediate future.

School of Public Health

The School of Public Health closed around the year 2000. When it was closed, the plan was to re-open and re-emerge it and that remains

the plan. Dr. Ostrander has maintained his commitment to do that; however, the reality is the greater need to first get JABSOM and the Cancer Research Center on solid financial and academic footing. There are also accreditation issues that need to be addressed. The University has been long on vision, but has not filled in the infrastructure as quickly as it should have. Dr. Ostrander plans to re-emerge the School of Public Health, but realistically sees it as four or seven years in the future. The remnants of the School of Public Health received funding by the National Institute of Health (NIH) last year for \$100,000 to develop a plan to re-emerge the school. There is a lot of support from the Centers for Disease Control, NIH and Hawaii's Congressional delegation to do that and last year, the group generated \$2.47 million in research funding. Dr. Ostrander sees the School of Public Health as being an integral part of Kakaako in the future.

Regional Biosafety Laboratory (RBL)

The RBL is a State of Hawaii facility. However, the University will have responsibility for it. The RBL will be a first defense for the State when dealing with pandemics such as Severe Acute Respiratory Syndrome (SARS), avian influenza A (H5N1) also known as the bird flu, or some other infectious agent that will likely come through the State at some time, whether it is transmitted through birds or one of the over 7 million tourists that visit the State. The State is currently not equipped to deal with a situation like this. The RBL will also serve as a research facility for the University's faculty. UH has placed a strong emphasis on infectious disease research, which is one of four core areas that it is concentrating its resources.

Dr. Gaines led an effort that resulted in a 2005 award from NIH for \$25 million for an NIH-supported RBL. As a requirement, the State had to share in the cost and the University received an additional \$12.5 million bringing the total to \$37.5 million, which projected in 2004 would be able to build and equip the RBL facility. However, construction costs have increased considerably since 2004 so in reality, it can't be completed with that funding. The current best projections for construction of the RBL are now estimated in the \$50 to \$55 million range, which would totally exhaust the \$37.5 million.

Dr. Ostrander contracted outside the University to develop a business plan for operation of the RBL. The initial start up cost including equipment over five years has risen from approximately \$6 million to the \$9 to \$10 million range. The University is working with developer Townsend Capital on the project. Even if the developer could get the

project closer to \$50 million, the University will still be short \$20 million.

As a contingent of the \$25 million, the NIH requires the RBL to be a stand alone facility. Other options were looked at such as adding the facility on top of JABSOM and that was rejected by the NIH. NIH is also adamant about an August 1, 2010 opening, or the funding lapses. A NIH Senior Program Officer will be visiting with UH officials the week of December 11, 2006, and will assess the situation and provide guidance to the University.

The University continues to have support from the leadership in the State government and there is a possibility of acquiring additional funding. There is also the potential to raise outside funding. However, in the end, NIH has the final decision. Since these grants were competitively sought throughout the country, any deviation from the grant might cause the other entities across the country to object. Thus, NIH has to take that into consideration.

Cancer Research Center of Hawaii (CRCH)

Dr. Ostrander stated that the CRCH is more than just the University's cancer research center. UH is striving to develop a National Cancer Institute (NCI) designated comprehensive research center. There are only 41 of these in the country. Currently at UH, they primarily do research and limited clinical trials, but when it goes to the next level by partnering with the community, there will be research, administration, clinical trials and treatment programs. Fifteen percent of cancer patients in major cities have the opportunity to go into cutting edge clinical trials; however, in Hawaii it is far below five percent. This type of facility increases the availability of cancer care and cutting edge technology for the State of Hawaii. Funding for the CRCH is in good shape; there is funding from UH, NCI, the State of Hawaii, the Federal government and Townsend Capital.

Parking

The significant challenge is providing 1,700 to 1,800 new parking stalls in Kakaako. The University will present two schemes that will be a combination or mix of surface parking, podium parking and a stand alone parking structure.

Pacific Biosciences Research Center (PBRC)

The PBRC is located at Point Panic. The current lease expires in 23.5 years, but in reality the University knows it will not be there for that

long because the site plays an important role in the development of the Waterfront. This is a unique site for the University and supports cutting edge, internationally known, research with a strong reputation. The work that is being done at PBRC cannot be readily transferred to UH's Coconut Island or Palmyra Island facilities. The University is asking to start a conversation to renegotiate the lease and to be able to vacate in seven years. They suspect that the Waterfront build out will not happen as quickly as envisioned earlier. The seven years provide the opportunity to close out the research and transition to other research programs. The building has an estimated 10 to 12 years of useful life and the University has no resources or intention to rebuild the facility.

In summary, Dr. Ostrander noted that there are three challenges that are impacting the University's thinking: 1) the cost of the RBL facility; 2) the cost of parking to the end users projected to be \$400 a month; and 3) ceded land issues.

Located on the JABSOM Phase I site are the research/biomedical and educational buildings. Louis Kiang of Townsend Capital and their design/development team people have spent a considerable amount of time on positioning the Phase II site with regards to the prevailing winds for the most energy efficiency and sustainability in the future.

Vehicular accessibility from Ala Moana Boulevard and Ward Avenue are adequate with anticipation of a possible future connection to Punchbowl Street. The University supports HCDA's vision to create a pedestrian friendly area with pedestrian and bicycle access. The site is also serviced by the City bus. Nothing that the University proposes will interfere with HCDA's plans and vision.

Dr. Ostrander proposed two schemes: one with the RBL and one without. Once the question has been answered in regards to whether or not to move forward with the RBL, the University will know which scenario it will go with.

NIH requirements for the RBL are for 30,000 net square feet so it is 40,000 gross square feet, but the University is actually hoping for 40,000 gross square feet and 24,000 net square feet. Both schemes will include future build out to address HCDA's concerns about maximizing the use of the area. In both cases, there will be clinical, research, administrative uses, a cancer center with 325,000 gross square feet and parking, one with 1,700 stalls and the other with 1,750 stalls.

Scheme 1 with the RBL

UH is proposing that the RBL facility would be a three-level building of approximately 40,000 gross square feet with 24,000 net square feet, (although the NIH requirement is 30,000 square feet). Future research laboratory, intended for future growth of JABSOM or the Cancer Center, would be built out to an additional 120,000 gross square feet with about 60 surface parking stalls.

The Cancer Research Center of Hawaii facility is a five-level building approximately 240,000 gross square feet with two levels of a parking podium of 500 stalls. At this point, the University is identifying partners in the community, physicians, and service facilities for a Hawaii Cancer Institute. This would consist of about 90,000 square feet, which will include clinics, ancillary services as well as office space for physicians.

A stand-alone six-level parking structure with 200 stalls per level will have a total of 1,200 parking stalls.

Scheme 2 without the RBL

Scheme 2 does not include the RBL facility. Three levels of research laboratory for JABSOM Phase II would be built to an additional 120,000 gross square feet above three levels of parking with 750 stalls. An additional 60 surface parking will be on the JABSOM site.

Although the location of the Cancer Research Center facility changes from Scheme 1, the site figures remains the same at approximately 240,000 gross square feet and 90,000 square feet for the Hawaii Cancer Institute. How the CRCH and HCI facilities will be merged still remains to be seen. The five-level research facility will be built over a two-level parking podium with 400 parking stalls.

A stand-alone parking structure with four-levels of parking at 150 stalls each level will give a total of 600 parking stalls.

As far as placement of the facilities, the University is open to further conversation.

Common to both proposals is a pedestrian bridge over Keawe Street.

Chairperson Goshi asked the Members whether they had any questions.

Member Liu asked Dr. Ostrander what the proposals lead to and specifically whether the University would be asking the Authority for a ground lease.

Dr. Ostrander replied that the University would have to come to the Authority for a lease, but at this point in time, they were trying to see whether the Authority would support their concepts. He anticipates some discussion on the PBRC and that needs to be brought to closure. Dr. Ostrander was hoping that he would have already known whether the RBL would be included in their plans or not. Since the people who were designing the labs were in Hawaii, he wanted to know whether the Authority had any fundamental problems with the concepts that were being presented.

Member Lai asked for clarification that the exclusive negotiations were never signed.

Mr. Dinell responded in the affirmative and passed out to Members the copy of the agreement that was sent in December 2005 that was not executed. He asked Dr. Ostrander where the Board of Regents stand on the concepts since there would be a big gap in funding of the RBL. Mr. Dinell asked what the plan was.

Dr. Ostrander replied that he is prepared to stop development on the RBL if the funding doesn't emerge quickly. He does not want to give NIH back the \$25 million or return the \$12.5 million to the State, but the NIH has many constraints. They are looking at alternatives to move forward with the RBL in the future, but right now it comes down to a timing issue and the RBL is slowing down the Cancer Center. Dr. Ostrander and Dr. Gaines met with the UH President and he is on board with everything that is being presented to HCDA. Some faculty members are not happy with the possibility that certain things might not happen, but Dr. Ostrander does not want to slow down the Cancer Center. Also they will need to move forward for their next program review because they have a five-year NCI grant that currently funds the cancer center and they are expecting significant progress in the next year.

Mr. Dinell stated that he attended the Kakaako/Ala Moana Neighborhood Board meeting on November 28 and the Board was anxious to hear about the plans for the RBL. The subject was on their agenda; however, there was no one representing the University there. Mr. Dinell urged Dr. Ostrander that once the RBL status is known, to meet with the Neighborhood Board.

Dr. Ostrander replied that he was told about the meeting just before the date and he couldn't juggle his schedule.

Mr. Dinell asked that without the RBL, whether the University looked at siting the Cancer Research Center on the JABSOM Phase II site.

Mr. Kiang of Townsend Capital responded that they looked at that. He explained that there are some physical constraints on the Phase II site, one of which is parking and another is a height restriction of 100 feet. In order to get 320,000 square feet plus the parking for all facilities (roughly about 1,700 stalls), there would need to be some leeway on the height. The University is still refining the cancer center program whether to include additional space for build out later so the height restriction on the JABSOM Phase II site becomes an issue.

Mr. Dinell commented that the University should figure out how much patient parking they would need adjacent to the center and then have staff and others park in a central structure. He suggested partnering with Kamehameha Schools because they have parking requirements as well. A recurring theme is looking into mechanical parking to maximize the limited and valuable real estate in the area.

Mr. Kiang replied that he has been in contact with HCDA staff, Deepak Neupane and Teney Takahashi, over the last couple of months on the parking study. He knows that HCDA has commissioned a parking study for the general area, but does not know whether that has been completed. Mr. Kiang's initial conclusion is that that the code over-parked the area for the intended use. The 1,700 to 1,800 stalls that are being proposed is strictly a code issue. If the reality suggests less parking, that would be a good thing for the University but at the same time, there is a need to be cognizant of market conditions. One of Dr. Karl Vogel's concerns is for a cancer patient coming in for treatment and they have to park half a mile away. The other thing is parking is always an issue. The first project can build surface parking, but the last project has to solve parking for projects that have already been built. The whole area needs a parking solution, which is where HCDA is headed with a district parking solution. The \$400 a month parking stall is based on a development model. If the parking is approached from a parking district solution, the options are much more flexible, i.e. different financial schemes that can amortize over 60 years will bring costs down. Mr. Kiang said that is something he can't push; it would have to be HCDA or a consortium. Also they would like to start discussions with HCDA on granting height waivers, but they currently do not know what it would be.

Member Fukunaga commented that it seemed like the classic problem, making their problem, into our problem. He wanted to know how the community felt about the shortfall of parking.

Mr. Kiang stated that he didn't intend it that way. If the parking is his problem, the University will solve that problem.

Dr. Ostrander commented that it seemed like everybody was having that problem.

Mr. Kiang added that to work toward a solution, more stakeholders should get involved. He didn't envision taking additional lands. It is a cost benefit analysis issue and also taking a look at what the other parking needs are.

Member Fukunaga clarified that the determination on the RBL will be made sometime this year and that would drive the University to Scheme 2.

Mr. Kiang wanted to elaborate on the RBL since he had the most discussions with the NIH. The RBL rules dictate what can and cannot be done. The NIH requires that the RBL be a free standing building that requires a 250 feet setback from traffic, 100 feet setback from adjoining building, and 40 feet setback from pedestrian traffic. The driving force is security. However, for the site there isn't 250 feet around the building so they work with NIH on interpreting the rules.

Member Fukunaga commented the physical requirements are addressed in the layout, but until there is enough funding to include the RBL, the University would then delete the RBL from the project and pursue Scheme 2.

Mr. Kiang replied in the affirmative.

Member Saito questioned whether there was a timeline for the RBL and CRCH. Dr. Ostrander stated that if a decision isn't made by a certain deadline, the project would be halted.

Member Fukunaga asked what the timeline is for the RBL, given that the University hadn't talked to the community about that project. If a decision were to be made not to move forward on the RBL today, at what point would there be a ground breaking.

Mr. Kiang responded that in the absence of the RBL, the first thing would be to refine the financial plan, then get the site plan approved through HCDA assuming there are no waivers being requested because they are staying within the envelope of the development and start with construction of parking. Without the RBL, parking is on both sides of the development. Parking on the JABSOM II site relieves pressure from the parking on the CRCH side,

which currently has 430 stalls that would be displaced right away. Parking structures, on the mainland, take anywhere from six to nine months for a two-level deck and for the JABSOM II site, which is actually a three-level deck, it is estimated it will take about a year to construct. At the same time, the design process for the CRCH would take 9 months to 1 year and construction would take 2.5 to 3 years, so they estimate a total of about three to four years.

Member Saito asked for the source of funding and whether it was going to be a public/partnership or HCDA funded.

Mr. Kiang responded that it has been almost two years since Townsend was awarded the RFP and at that time, the University was flexible as to the transaction structure. Funding will come from various sources. There are some federal dollars that already exist and there is optimism for additional federal dollars going forward. Townsend would propose to finance the project based on the strength of the lease from the University. Townsend would need to own the property for a certain period of time. If the University wants an option to buy somewhere down the road and has the desire to do so, they could structure something so that Townsend gets the return it needs. But whenever the University exercises the purchase option, it will go through General Obligation (GO) bonds based on the lease of the University. Townsend would be the borrower; the University would be the tenant. That is one way, it all depends on what the University desires and then to structure it appropriately.

Member Saito asked how much funding does the University have so far.

Dr. Ostrander responded that they probably have over \$30 million and they have access to other funds. For example, many of those research grants that they bring in have a return of indirect costs that gets allocated to the University so they are using that now to pay for this project. The University also has some revenues that will come in through the cigarette tax. UH President McClain, Dr. Gaines, and Dr. Ostrander feel good about financing the cancer center and they also anticipate partners in the community. The RBL poses a challenge because they did not anticipate the costs to increase as much as it has.

Member Saito asked how much would the facility cost if they predict prices to increase by the time the facility is completed.

Mr. Kiang stated that they are currently projecting \$700 a square foot for the building alone, and the parking would be separate. Total estimated cost is \$230 million, which is with parking at \$50,000 per stall times 1,700.

Mr. Kiang said that they had looked into mechanical parking systems and there was only one in the entire United States in Dayton, Ohio, which is a test facility. Most of the systems have been used overseas – Germany has two companies that produce them. He didn't want to be the one testing that system. A more proven and operational system are those that are two-level stacking systems. It's a rack that just stacks them one on top of each other. From an operational perspective that is more labor intensive, but the cost of the rack on the mainland is about \$10,000 a stall, so arguably the cost is cheaper per stall. The numbers are based on fairly preliminary programs, it may increase or it may decrease, but they won't know until it is bid out. Steel is an issue everywhere, with copper being a bigger concern – firm pricing is not available until the contract to purchase is signed and that is a key issue. There are two sand quarries in Hawaii used for concrete and one of those quarries just closed, so concrete is going to be an issue as well. That is all factored into the cost. On the mainland, Townsend is projecting one percent per month compounded. In Hawaii, their projection is more like one and half percent per month. On the mainland, the housing side is slow so the acceleration and escalations levels off. Mr. Kiang doesn't see that happening in Hawaii.

Member Liu asked if the RBL is eliminated when would the University come to the Authority to start the process for ground lease of the site.

Dr. Ostrander responded in two weeks.

Member Liu asked that if the RBL is constructed, wouldn't the timing remain the same so that the cancer center can proceed.

Mr. Kiang stated that the CRCH would proceed regardless of the RBL.

Dr. Ostrander added that from his perspective the CRCH would proceed.

Mr. Kiang commented that the key to RBL is determined whether he could put parking on the JABSOM II site. If the RBL is a reality, he couldn't put parking there which would necessitate some additional consideration of where to put the \$400 per month parking spaces that are displaced.

Member Saito questioned how far down below grade would the parking be.

Mr. Kiang responded in terms of below grade, not that far because the water table is 2.5 feet. It can be done, but the cost to waterproof and insurance makes it unfeasible.

Dr. Ostrander commented that there is much pressure on the University from an academic and financial point to get this project started. The last decision is based on the RBL.

Chairperson Goshi thanked Dr. Ostrander and Mr. Kiang for their update.

V. ITEM FOR ACTION – DISCUSSION AND/OR DECISION MAKING

2. Proposal to Contract with Consultant to Review, Revise, and Update the Reserved Housing Rules Based on the Recommendations Provided by the Housing Task Force

Teney Takahashi summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Mr. Takahashi explained that at the November 1, 2006 Authority meeting, staff indicated that the Housing Task Force proposed that HCDA hire outside consultants to expedite the review and revision of the reserved housing rules contained in the Mauka and Makai Area Plan and Rules.

In response, the Authority suggested that staff first confer with the Hawaii Housing Finance and Development Corporation (HHFDC) to combine its respective resources and expertise, thereby minimizing the cost of outside consultants to the extent possible. Staff has done that and determined that there are areas for potential collaboration, and will partner with HHFDC to take advantage of that opportunity.

- HCDA and HHFDC will jointly develop the scope of work for the project.
- HHFDC will review and comment on recommendations from the Housing Task Force and public input on proposed amendments to the rules;
- HHFDC will also introduce its stable of developers and partners for interview; and
- HHFDC will make available its previous studies and notes on affordable housing, of which they have 19 studies in the past 13 years.

However, due to limited resources in both agencies, and the need for research and economic models, staff still anticipates a need for outside assistance.

Therefore, in addition to the HCDA-HHFDC collaboration, staff proposes to contract with a knowledgeable consultant to complete the tasks, which cannot be done by the partnership. The scope of work will include researching other jurisdictions with similar rules, generating economic models for reserved housing to determine appropriate formulas for bonuses, cost and the like. The consultant will conduct interviews with developers, professional organizations, lenders, land use experts who work in the area of affordable gap group housing and make recommendations for change.

If the Authority grants approval, the HCDA-HHFDC consortium, will select a lead consultant from the current Professional Services listing. Staff proposes a maximum cost of \$100,000, but is confident that a lower cost can be obtained after a more detailed scope of work is developed.

The reason for this project is one of timing. Staff is trying to complete the housing issue on a parallel track with the revisions of the Mauka Plan and Rules.

Staff recommends approval to authorize the Executive Director to contract with a consultant to assist in revising the reserved housing rules for a maximum contract amount of \$100,000. The funds would come from the reserved housing sub-account of the HCDA Revolving Fund, and would be subject to the approval and release of those funds by the Governor.

Member Saito asked whose rules are being modified.

Mr. Takahashi responded that the rules are embedded in the HCDA Makai and Mauka Plan and Rules.

Member Saito questioned how do the rules overlap the rules for the development corporation.

Mr. Takahashi replied that the rules do not overlap. HHFDC is a developer of affordable housing, and HCDA is not. All of HCDA's affordable housing is reserved housing that comes through inclusionary zoning which means there must be a development project before any reserved housing is produced. There is a big difference between HHFDC's interests and HCDA's interests.

Member Saito expressed his reservation that staff is asking the Authority to approve hiring a consultant for \$100,000 and asked whether the end result would be a set of rules that needed to be modified and questioned whether the rules already existed.

Mr. Takahashi explained that there was a focus group consisting of outside professionals, developers, and members of the public that took a look at what was wrong and what needed to be fixed. Concurrently, an intern ran an internal study that reached the same conclusion, that HCDA's mostly 20 year old rules are obsolete. There is a continuing complaint that the rules are antiquated and they need updating. Staff also wants to confirm whether the rules are meeting the HRS 206E mandate of providing the type of housing that it is supposed to provide. Staff started off by doing it internally and the Authority was the one that said, "let's review this and do a good job of updating it." That is where staff got bogged down. Staff is hoping to have this project conclude at the same time with the Mauka Area Plan and Rules so that it can be inserted into the Mauka Rules.

Mr. Dinell added that behind tab 2 on page 2, there are six bullet points on the work plan that is expected of the consultant. The Housing Task Force came up with numerous ideas and the consultant will help validate those concepts.

Member Saito asked what section of the HRS the set of rules is in.

Mr. Dinell replied that reserved housing is in the Hawaii Administrative Rules, under HCDA's Mauka Area Plan and Rules. The statutory authority comes from Chapter 206E of Hawaii Revised Statutes (HRS).

Member Saito stated that it won't take 30 days to do the selection of a consultant so the Authority can vote to approve to proceed, but that the Authority would like to be briefed on what is being delivered at the next meeting.

Mr. Dinell asked for clarification, whether Member Saito wanted staff to report back on the process it went through.

Member Saito stated that the Authority would leave it to staff's discretion on who to select, he wanted to know what was going to be delivered and when it would be completed.

Mr. Takahashi replied that starting from here, assuming that the Authority approves the action item, HHFDC and HCDA has to develop the scope of work. Currently, there are just broad ideas of what needs to be done, and the details are substantial so HCDA and HHFDC would have to jointly develop the scope of work. Member Saito's point is appropriate and staff can probably do that at the next Authority meeting.

Chairperson Goshi requested a motion to adopt staff's recommendation. It was moved by Member Saito and seconded by Member Liu to adopt the staff's recommendation. Chairperson Goshi asked whether there were any additional comments.

Orlando "Dan" Davidson, Executive Director of HHFDC, commented that Nani Medeiros of his staff has been working closely with Deepak Neupane. Mr. Davidson stated that simply coming up with the rules is not difficult and not time consuming; what is difficult and what will fall back on the Authority is coming up with rules that work and also address the objectives that the Authority wants. There are major policy issues such as whether the Authority will address the gap group or whether to bring it down to a more affordable level or, whether to promote rentals, or only promote for sale. Those are the kinds of things that can be fleshed out and will ultimately be brought back to the Authority. HHFDC and HCDA will work jointly to devise something good that will deliver housing units not just pieces of paper.

Member Fukunaga asked for clarification that the policy should not be in place prior, but that the Authority would actually come up with the rules.

Mr. Davidson replied that the Authority would have to make some policy decisions as the process moves forward.

There being no further discussion, Chairperson Goshi reminded Members that there was a motion on the table and called for a vote. The motion was unanimously approved 10 to 0, excluding Kalaeloa Members.

V. ADJOURNMENT

There being no further business, it was moved by Member Lai and seconded by Member Mukaigawa to adjourn the meeting at 11:24 a.m. The motion passed 10 to 0, excluding the Kalaeloa Members.

Respectfully submitted,

/s/

Jonathan Lai
Secretary