

Highlights of January 14, 2004 HCDA Meeting

Following is a summary of actions taken at the January 14, 2004 meeting of the Hawaii Community Development Authority (HCDA).

Negotiations for a Cancer Research Center

HCDA members granted a second, conditional six-month extension to the period of exclusive negotiations with the University of Hawaii (UH) for the leasing of land for the development of a Cancer Research Center on the Kaka'ako Waterfront. In granting the extension, the Authority is requiring that the UH present a status report on the project every two months and that it obtains Board of Regents approval to proceed with a Request for Qualifications by the end of the exclusive negotiation period. In October 2002, the Authority granted its approval to enter into exclusive negotiations with the UH for the lease of a 5.5-acre parcel in Kaka'ako Makai, adjacent to the John A. Burns School of Medicine currently under construction. The UH is proposing the development of a comprehensive Cancer Research Center, which would include both research and clinical components. A six-month extension was granted in July 2003. During this time, the UH explored public/private partnership opportunities to develop the Center. The second extension will allow the University to conduct further discussion with various developers.

Nimitz Highway Beautification Project in Kaka'ako

The Authority approved the expenditure of up to \$400,000 towards the cost for the Kaka'ako portion of the Nimitz Highway Beautification Project. The funds are available from HCDA's Public Facilities Dedication Fund—monies collected from developers for the construction of public facilities in Kaka'ako. The City and County of Honolulu will undertake the Nimitz Highway Beautification Project to provide a more aesthetically pleasing and welcoming streetscape from the airport to Waikiki along Nimitz Highway and Ala Moana Boulevard. Landscape improvements contemplated by the City include medians where feasible, and sidewalk planters and landscaping. The Aloha Tower Development Corporation (ATDC) will fund a portion of the required matching funds to improve the portion of Nimitz Highway that runs through its jurisdiction and the HCDA will fund a portion of the required matching funds for its respective jurisdiction. The City will be responsible for the design and construction of the improvements. The HCDA will provide design input and approval of improvements for its area and the City will be responsible for the maintenance of the completed improvements. The HCDA expenditure is subject to the approval of the Governor to transfer funds to the City.

Refinancing of Improvement District Assessments Bond for Improvement Districts 1, 2 and 3

HCDA members gave a preliminary approval to initiate the refunding (refinancing) of Improvement District Assessment Bonds for Improvement

Districts 1, 2 and 3. For each of these infrastructure improvement projects, Kaka'ako property owners were assessed only for improvements that specially benefit them. To assist property owners in paying the assessments, the Authority arranged for the sale of assessment area bonds to provide financing for property owners who were unable to make a lump sum payment. Through this arrangement, landowners have the option of paying for their assessments (with interest) in installments over a period of up to 20 years. Recent financial proposals by investment underwriting firms reveal, preliminarily that it would be advantageous to the State, HCDA and the property owners and lessees within Improvement Districts 1, 2 and 3 to proceed with the refinancing of the existing assessment bonds in favor of the issuance of new bonds at lower interest rates for the remaining debt. The refinancing requires no additional work on the part of the landowners and lessees. The Authority's action authorizes the HCDA Executive Director to seek the preliminary approval of the Governor to proceed further with a detailed review by the appointment of an investment banking firm to underwrite the new bonds. The HCDA will also seek the appointment of bond (legal) counsel to further evaluate the structuring and feasibility of issuing refunding bonds. If the refunding opportunity proves beneficial, the Authority will need to give its final approval to proceed with the refinancing at a later date.