



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Higher Education
and
Senate Committee on Health
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by
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INFORMATIONAL BRIEFING
Cancer Research Center of Hawai'i
Project Development Status

Chairs Tokuda and Ige, and Members of the Senate Committees on Higher Education and Health:

Thank you for this opportunity to provide a status of the planned Cancer Research Center of Hawai'i project.

Through a request for proposals, the University selected Townsend Capital, LLC, as the prospective development partner of new Cancer Research Center of Hawai'i project. A site next to the John A. Burns School of Medicine in Kaka'ako was selected and a ground lease from the Hawai'i Community Development Authority was successfully negotiated and executed late last summer.

Townsend, with its design team, experienced in cancer research projects throughout the United States, has just completed the programming stage of design, which formulated the spatial requirements for the research phase of the project. This was accomplished by seeking input from the CRCH research staff and projecting the future research requirements that will be needed to maintain our current NCI designation and move toward the goal of earning the comprehensive cancer center designation. We are currently refining the design, including evaluating cost saving measures in spatial requirements, design alternatives, and construction methods and systems.

We are currently negotiating our development agreement with Townsend. Because of the uncertainty in the current credit market, the University and Townsend have tentatively agreed in concept that the University could structure the project development to take advantage of the most favorable financing alternatives available at the time such project financing is needed. To date, project planning has been focused on creating a public-private partnership in which Townsend would finance, own, and lease back the

building to the University. However, if the University is able to obtain more favorable financing on its own (e.g., through revenue bonds, reimbursable GO bonds, or GO bonds), then the University could finance and own the building and pay the debt service. Our business plan is based upon financing this project entirely with the cigarette tax proceeds.

The design phase is estimated to be completed by mid- 2010, at which time we will proceed into construction. The construction will take approximately 30 months, with a projected opening date in late 2012 or early 2013.

Thank you for this opportunity to provide the status of this exciting project.