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ALOHA TOWER DEVELOPMENT CORPORATION

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BOARD MEETING ALOHA TOWER DEVELOPMENT CORPORATION

December 27, 2006

No. 1 Capitol District
250 S. Hotel Street
Executive Office on Aging, Conference Room 410
Honolulu, Hawaii 96813

MINUTES OF MEETING

BOARD MEMBERS PRESENT: Melissa Pavlicek, Chairperson
Barry Fukunaga – DOT
Jason Okuhama
Sidney Quintal, Vice-Chairperson, C & C of Honolulu

BOARD MEMBERS EXCUSED: Neal Otani
Ted Liu - DBEDT
Robert Masuda – DLNR

ATDC STAFF PRESENT: Sandra Pfund, Tom Otake, Shari Ikeda

OTHERS PRESENT: Carol Hopkins, Sumner Howard, Ed Bybee, Senator
Gordon Trimble, Nina Wu, Jon Pang, Esq.

LEGAL COUNSEL PRESENT: Gregg Kinkley, Deputy Attorney General

A. CALL TO ORDER

Chair Pavlicek called the meeting to order at 12:00 p.m.

B. APPROVAL OF MINUTES

Regular Meeting of November 29, 2006

Chair Pavlicek called for a motion to adopt the Meeting Minutes for the meeting held on November 29, 2006. Director Fukunaga moved to adopt the minutes, and was seconded by Director Quintal. The motion passed unanimously.

C. REPORT OF THE CHIEF EXECUTIVE OFFICER

Ms. Pfund referred to her report in the Board packet and highlighted key matters of concern.

1. Legislative Proposal

Ms. Pfund reported that the Governor's Office is reviewing a legislative proposal to formalize the partnership between ATDC and DOT for continuation of harbor infrastructure development projects.

2. Communications

Ms. Pfund reported that a presentation was made to the Laborers Union on the Pacific Quay and Hawaii Harbors Projects. A second presentation was made to the Hawaii Building & Construction Trades Council.

Chair Pavlicek informed the Board that a member of the public asked to be considered as an addition to the Public Advisory Group (PAG). An extensive screening and selection process was conducted to select members to the PAG, so Chair Pavlicek suggested that rather than making any additions to the PAG, members of the public should attend the Board meetings and participate on an ad hoc basis. Chair Pavlicek asked for comments from the Board, there were none.

D. ITEMS FOR INFORMATION

Mr. Tom Otake referred to the report in the Board packet and highlighted key matters of concern.

1. Status Report on the UC URBAN Project at Piers 5 and 6

Mr. Otake reported that meetings have been held with Special Legal Counsel, Jon Pang on the draft Amended Development Agreement. The contract for the Real Estate Consultant/Appraiser has been executed with the firm Leshner, Chee, Stadlbauer, Inc., and should be encumbered by early January 2007. R.M. Towill Corporation has been selected as the Planning Consultant.

The PAG had its first meeting, and will conduct future meetings at the beginning of the month, so they occur after the ATDC Board meetings.

ATDC is awaiting comment from various government agencies in response to the Developer's Project Eligibility application. The public hearing on the

Developer's Modification Request was held and will be discussed in the Items for Action on the agenda of today's meeting.

Chair Pavlicek recognized meeting attendees Mr. Ed Bybee, PAG member and Senator Gordon Trimble (R), District 12.

E. ITEMS FOR ACTION

1. Decision on the Request for Modification of Certain Provisions in the ATDC Administrative Rules Pertaining to the UC URBAN Project at Piers 5 & 6

Chair Pavlicek asked Ms. Pfund to present a summary of the public hearing and her recommendations to the Board as the Hearings Officer.

Ms. Pfund referred to the staff report. She noted that the Public Hearing was conducted with seven (7) testimonies in favor of the project, one (1) testimony in favor with concerns, and one (1) testimony opposed.

The testimony in favor, with concerns, was from AHI Aloha Associates (AHI), owner of Aloha Tower Marketplace and involves the impact of terminating the parking lot at Piers 5 & 6 during construction and after completion of the project. The testimony in opposition was from Senator Gordon Trimble (R), District 12 who has harbor security concerns and advocates restrictive use of the area for maritime purposes only.

Ms. Pfund reported that staff recommends approval of UC URBAN's modification request as it meets the criteria in Section 15-26-128, HAR and approval of UC URBAN's application for modification of specific provisions in Section 15-26-127, HAR, subject to the following conditions:

- a) ATDC and AHI Aloha Associates, Inc. shall fulfill its respective obligations to each other under the Parking License Agreement and UC URBAN shall work with ATDC to address to ATDC's satisfaction any and all impacts from the development that may impact ATDC's ability to honor its obligations under the Parking License Agreement.
- b) UC URBAN shall be required to satisfy all applicable maritime security requirements in effect in Honolulu Harbor and shall fully disclose to buyers of residential interests, in sales and conveyance documents, any and all potential effects of residing in close proximity to a working commercial harbor.

Chair Pavlicek asked if there were any questions from the Board members; there were none. Chair Pavlicek asked if there were any public comments; there were none.

Chair Pavlicek asked for a motion to accept the recommendation to approve UC URBAN's modification request as it meets the criteria in Section 15-26-128, HAR and UC URBAN's application for modification of specific provisions in Section 15-26-127, HAR, subject to the following conditions: a) ATDC and AHI Aloha Associates, Inc. shall fulfill its respective obligations to each other under the Parking License Agreement and UC URBAN shall work with ATDC to address to ATDC's satisfaction any and all impacts from the development that may impact ATDC's ability to honor its obligations under the Parking License Agreement. b) UC URBAN shall be required to satisfy all applicable maritime security requirements in effect in Honolulu Harbor and shall fully disclose to buyers of residential interests, in sales and conveyance documents, any and all potential effects of residing in close proximity to a working commercial harbor.

Director Quintal moved to accept the recommendation to approve UC URBAN's modification request and was seconded by Director Okuhama. The motion passed unanimously.

Chair Pavlicek asked for public comment before going into Executive Session. Mr. Sumner Howard congratulated the Board on the creation of the PAG and expressed his best wishes for 2007.

E. EXECUTIVE SESSION

Chair Pavlicek asked for a motion to move into Executive Session. Director Fukunaga moved and Director Quintal seconded a motion to enter into Executive Session. The motion passed unanimously.

Mr. Kinkley, Mr. Otake, Ms. Ikeda, Ms. Pfund and Special Legal Counsel Jon Pang were requested to be present for the Executive Session.

- 1. Discussion and Deliberation Regarding ATDC's Rights and Responsibilities Under the Development Agreement Relative to the Proposed UC Urban Project, Pursuant to Section 92-5(a)(4), Hawaii Revised Statutes**
- 2. Discussion and Deliberation Regarding the Status of Negotiations Under the Mediation Proceedings with AHI ALOHA ASSOCIATES, LLC Pursuant to Section 92-5(a)(3) and 92-5(a)(4), Hawaii Revised Statutes**

The Board entered into Executive Session at 12:17 p.m. and reconvened at 12:58 p.m.

G. ADJOURNMENT

There being no further business, Chair Pavlicek asked for a motion to adjourn the meeting. Director Quintal moved and Director Okuhama seconded the motion for adjournment. The motion passed unanimously and the meeting was adjourned at 1:00 p.m.

Respectfully submitted,

 /Sandra Pfund/
Recorder