



LINDA LINGLE
Governor
MELISSA PAVLICEK
Chairperson
SANDRA PFUND
Chief Executive Officer

ALOHA TOWER DEVELOPMENT CORPORATION

600 Fort Street, Pier 10 Terminal, 2nd Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Website: www.alohatower.org

Telephone: (808) 586-2530
Fax: (808) 586-3046
E-mail: atdc@alohatower.org

BOARD MEETING ALOHA TOWER DEVELOPMENT CORPORATION

January 31, 2007

No. 1 Capitol District
250 S. Hotel Street
DBEDT Conference Room 436
Honolulu, Hawaii 96813

MINUTES OF MEETING

- BOARD MEMBERS PRESENT:** Sidney Quintal - Vice-Chairperson, C & C of Honolulu
Glenn Okimoto – DOT
(designee for Barry Fukunaga, Director)
Jason Okuhama
Neal Otani
Mark Anderson – DBEDT (arrived at 12:05 p.m.)
(designee for Theodore E. Liu, Director)
- BOARD MEMBER EXCUSED:** Robert Masuda – DLNR
Melissa Pavlicek – Chairperson
- ATDC STAFF PRESENT:** Sandra Pfund, Tom Otake, Deidre Harrison
- OTHERS PRESENT:** Jim Stubenberg, Allan Dowsett, Jon Pang, David Kirkpatrick, Paul Sheriff, Ken Marcus, Nina Wu
- LEGAL COUNSEL PRESENT:** Gregg Kinkley, Deputy Attorney General

A. CALL TO ORDER

Vice-Chair Quintal called the meeting to order at 12:00 p.m.

B. APPROVAL OF MINUTES

Regular Meeting of December 27, 2006

Vice-Chair Quintal called for a motion to adopt the Meeting Minutes for the meeting held on December 27, 2006. Director Otani moved to adopt the minutes, and was seconded by Director Okuhama. 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. Fiscal Year 08-09 Budget

Ms. Pfund reported that ATDC is not seeking any additional funding to its operating budget (other than mandatory collective bargaining increases) or any Capital Improvement Project (CIP) funding.

2. Legislative Proposal

Ms. Pfund reported that the Governor's legislative proposal package includes a bill to formalize the partnership between ATDC and DOT for continuation of harbor infrastructure development projects. Ms. Pfund has been meeting with various legislators, accompanied by Mr. Glenn Okimoto, DOT-Harbors Administrator. There seems to be favorable support for continuation of the collaboration in Honolulu, but there is hesitancy to broaden the scope of work to Kalaehoa Harbor, Kahului Harbor and other areas.

3. Communications

Ms. Pfund referred to attached media articles included in her report referring to ATDC.

Ms. Pfund asked if there were any questions 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 advised that information on the status of the draft Amended Development Agreement (ADA) would be discussed during today's Executive Session. Leshner, Chee, Stadlbauer, Inc., the real estate consultant/appraiser is proceeding with its work and has requested additional project information in order to adequately perform its duties.

ATDC has received comments from various government agencies in response to the Developer's Project Eligibility application. The list of responding agencies

and their comments are attached as Exhibit B. Ms. Pfund commented that the Department of Transportation has requested a traffic study, and the other government agencies had no major remarks. The project continues with design/development.

The Public Advisory Group (PAG) is scheduled to have its second meeting on February 8, 2007.

Vice-Chair Quintal asked what the PAG is doing at this time. Mr. Otake responded that the PAG will review and discuss the conceptual plans at their next meeting. The PAG will focus on design and financial aspects of the project.

E. ITEMS FOR ACTION

1. Extension of Time to Negotiate a Component Development Agreement and Ground Lease for the UC URBAN Project at Piers 5 and 6

Ms. Pfund referred to the staff report.

She noted that the ATDC Board of Directors authorized staff a period of six (6) months to negotiate a component Development Agreement and Ground Lease for the project. During that time, staff has been engaged with securing contracts for an appraiser and special legal counsel to proceed with the negotiations. Staff also processed the Developer's Project Eligibility application and modification request. Negotiations between the Developer and ATDC continue and additional time is required to come to terms and finalize documents.

(Mr. Mark Anderson, representative for Director Liu, joined the meeting at 12:05 p.m.)

Ms. Pfund reported that staff recommends that the ATDC Board of Directors extend the time to negotiate a component Development Agreement and Ground Lease for the UC URBAN Project at Piers 5 and 6 for an additional six (6) months period from the date of the approval of this agenda item, until July 25, 2007.

Director Anderson asked if six (6) months is a sufficient extension of time. Mr. Stubenberg remarked that he would prefer if the time frame is less than six (6) months and instead proceed as soon as possible. Vice-Chair Quintal said that the matter would be discussed further in Executive Session.

Director Anderson suggested discussing the matter in Executive Session before acting on the matter. Vice-Chair Quintal concurred to defer the vote to after the Executive Session.

Ms. Pfund offered Mr. Sheriff, New World Divers, an opportunity to address the Board and provide any comments on its project. Mr. Sheriff stated that the Sub-license Agreement has been signed, and he and Mr. Ken Marcus will discuss parking concerns.

F. EXECUTIVE SESSION

Vice-Chair Quintal asked for a motion to move into Executive Session. Director Anderson moved and Director Okuhama seconded a motion to enter into Executive Session. The motion passed unanimously.

Mr. Kinkley, Mr. Otake, Ms. Pfund, Ms. Harrison 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 12:15 p.m. and reconvened at 1:40 p.m.

Vice-Chair Quintal called for a motion to extend the time to negotiate a component Development Agreement and Ground Lease for the UC URBAN Project at Piers 5 and 6 for an additional six (6) months period from the date of the approval of this agenda item, until July 25, 2007, with the following directives:

- 1) The Board expresses its continued desire that the project proceed;*
- 2) The six (6) months extension shall be an outside date to complete negotiations but that negotiations should be completed as soon as possible; and*
- 3) The Developer should negotiate with staff.*

The motion was made by Director Anderson and seconded by Director Otani.

The Vice-Chair called for discussion. Hearing no further discussion, the Vice-Chair requested a vote. The motion passed unanimously.

G. ADJOURNMENT

There being no further business, Vice-Chair Quintal asked for a motion to adjourn the meeting. Director Anderson moved and Director Okuhama seconded the motion for adjournment. The motion passed unanimously and the meeting was adjourned at 1:42 p.m.

Respectfully submitted,

 /Sandra Pfund/
Recorder