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ALOHA TOWER DEVELOPMENT CORPORATION

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BOARD MEETING ALOHA TOWER DEVELOPMENT CORPORATION

March 28, 2007

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

MINUTES OF MEETING

BOARD MEMBERS PRESENT: Melissa Pavlicek - Chairperson
Glenn Okimoto – DOT
(designee for Barry Fukunaga, Director)
Robert Masuda – DLNR (arrived at 12:19 p.m.)
Ted Liu – DBEDT
Jason Okuhama (arrived at 12:22 p.m.)
Neal Otani

BOARD MEMBERS EXCUSED: Sidney Quintal - Vice-Chairperson, C & C of Honolulu

ATDC STAFF PRESENT: Sandra Pfund, Tom Otake (arrived at 12:55 p.m.), Deidre Harrison

OTHERS PRESENT: Carol Hopkins, Sumner Howard, Andrew Gomes,
James Stubenberg

LEGAL COUNSEL PRESENT: Gregg Kinkley, Deputy Attorney General

A. CALL TO ORDER

Chair Pavlicek called the meeting to order at 12:02 p.m.

B. APPROVAL OF MINUTES

Regular Meeting of February 28, 2007

Chair Pavlicek called for a motion to adopt the Meeting Minutes for the meeting held on February 28, 2007. Director Otani moved to adopt the minutes, and was seconded by Director Liu. 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. 2007 Legislature

House Bill 250, HD1, SD1 – Senate Ways and Means Committee voted to approve an amendment, Senate Draft 2 (SD2), to add Kewalo Basin and adjacent lands to the DOT-ATDC harbor development partnership. The official amendment is not posted to date. Kewalo Basin currently falls under the jurisdiction of the Hawaii Community Development Authority (HCDA), and this amendment appears to be in reaction to Kewalo Basin harbor user concerns over HCDA’s recent proposals to set new rules and increase harbor user fees once it assumes management in July 2007.

Chair Pavlicek commented that it would be to ATDC’s benefit to assist DOT-H if needed.

Director Neal Otani – A confirmation hearing has been scheduled for March 30, 2007 at 2:45 p.m., for reappointment of Director Otani to another 4-year term to expire June 30, 2011. Chair Pavlicek, Director Liu, and Ms. Pfund, have submitted testimony in support and will attend the hearing.

2. Project Reports

New World Divers – Mr. Paul Sheriff is very close to completion of requirements for this project, and will report at the next Board meeting.

Young Brothers (YB) – Work is progressing on the demolition of the Pier 40 shed. Director Otani asked why the shed was removed. Ms Pfund replied that YB requires more open yard cargo space as the industry trend is to move away from Less-than-Container-Load service. She noted that a recent PUC hearing was held regarding YB’s desire to phase out of this service; YB ultimately agreed

to continue the service, subject to a settlement whereby DOT-H agreed to remove the shed to assist YB in expanding available harbor space.

D. ITEMS FOR INFORMATION

Ms. Pfund 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

Ms. Pfund reported that ATDC staff met with Mr. Ken Hughes, who provided additional information on the project, and is continuing to provide more detailed data for the project. Further information will be covered during Executive Session.

The Developer's appraisal report has been submitted and reviewed by ATDC's real estate consultant. Information on this item will be covered during Executive Session.

R.M. Towill, Planning Consultant, is set to start work on the update of the ATDC Hawaii Administrative Rules and Development Plan.

The Public Advisory Group (PAG) held a meeting on March 1, 2007 that was well attended. Mr. Gary North, Senior Vice-President, Matson Navigation, gave a PowerPoint presentation that was very informative about the status of the nine commercial harbors in the State. Chair Pavlicek asked if the public can participate in the PAG meetings, and Ms. Pfund replied in the affirmative. Chair Pavlicek asked if the PAG meeting dates could be posted on the ATDC website, and Ms. Pfund replied that the dates will be posted.

Mr. James Stubenberg, Esq. commented that the Developer's permit application package was filed today, March 28, 2007 with Mr. Tom Otake, ATDC's Development Director.

Ms. Pfund reported that zoning requirements such as heights and other regulatory items are within the ATDC jurisdiction. As the developer goes into phased permitting, the City and County will not look at their building permit applications until ATDC has signed-off on them. As conditional permits are processed, ATDC has the opportunity and responsibility to ensure compliance before submittal to the City and County.

(Director Robert Masuda arrived at 12:19 p.m.)

Director Liu asked if once permits are submitted, is there a timeframe that ATDC must respond to the developer. Ms. Pfund replied that yes, there is a timeframe of 60-days if a permit is to be denied.

Director Liu asked if there has been a situation where the Development Permit has been deemed approved without a Development Agreement or Lease. Mr. Stubenberg replied that Development Permit is a misnomer, as it is more of a zoning check-off. Ms Pfund replied that the ATDC wears two hats; one as a regulator under its Hawaii Administrative Rules, and the other hat as a landowner; therefore, a Development Permit can be theoretically issued as a regulator, absent a Development Agreement or Lease which is a function of the landowner.

Chair Pavlicek asked if there were any questions to discuss during the public portion of the meeting. Director Liu asked if the PAG had seen the latest set of drawings from the developer. Chair Pavlicek replied no, that the drawings had just been received today at the Board meeting. Ms. Pfund commented that the next PAG meeting is on April 5, 2007.

(Director Jason Okuhama arrived at 12:22 p.m.)

Chair Pavlicek asked if there were any public questions or comments. There were none.

F. EXECUTIVE SESSION

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

Mr. Kinkley, Ms. Pfund, Ms. Harrison and Mr. Tom Otake were requested to be present for the Executive Session. (Mr. Otake arrived at 12:55 p.m.)

- 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 12:23 p.m. and reconvened at 1:07 p.m.

G. ADJOURNMENT

There being no further business, Chair Pavlicek asked for a motion to adjourn the meeting. Director Masuda moved and Director Otani seconded the motion for adjournment. The motion passed unanimously and the meeting was adjourned at 1:08 p.m.

Respectfully submitted,

 /Sandra Pfund/
Recorder