



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

July 25, 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)
Neal Otani
Ted Liu - DBEDT

BOARD MEMBERS EXCUSED: Melissa Pavlicek – Chairperson
Jason Okuhama

ATDC STAFF PRESENT: Sandra Pfund, Tom Otake, Deidre Harrison

OTHERS PRESENT: Carol Hopkins, Owen Iida, Kirt Pruyn, Amy Anderson,
Paul Sheriff, Bob Berg

LEGAL COUNSEL PRESENT: Gregg Kinkley, Deputy Attorney General

A. CALL TO ORDER

Vice- Chair Quintal called the meeting to order at 12:04 p.m.

B. APPROVAL OF MINUTES

Regular Meeting of June 27, 2007

Vice-Chair Quintal called for a motion to adopt the Meeting Minutes for the meeting held on June 27, 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. **Project Reports**

New World Divers (NWD) – Ms. Pfund introduced Mr. Bob Berg of Sports Equity Group (SEG) who presented an update on the status of the project as well as his role in the project; which is to organize and facilitate the documentation of committed investors for the project. Mr. Berg reported that meetings with various investors have been very encouraging, and they are looking at a deadline at the end of November 2007 to determine project viability. At this point SEG is optimistic about the project. Mr. Berg gave a brief personal background of himself and his involvement in Hawaii through the start of the Hawaii Winter Baseball League and SEG's function as a conduit to investors in the sports world.

Director Liu asked about meetings with investors, and Mr. Berg replied that 50%-70% of them have a local presence. Director Liu then inquired about SEG's strategy between now and November 2007. Mr. Berg replied that Mr. Sheriff will continue to raise interest in the project, and he (Mr. Berg) will create action deadlines for investors. Director Liu asked if Mr. Berg is an investor in the project. Mr. Berg replied that he has some clients that are interested in the project, but that he personally is not an investor.

Vice-Chair Quintal asked for further clarification of Mr. Berg's role in the project, and Mr. Berg replied that he is the component brought in to finish the deal. Ms. Pfund remarked that having SEG as a third party in the project is a good structure to complete the deal. Mr. Berg remarked that his presence allows Mr. Sheriff to work with his personal contacts while he (Mr. Berg) applies deadlines to investors.

Director Liu inquired if Ms. Pfund will monitor the progress of the project, and she replied that ATDC staff will receive monthly reports from NWD and SEG.

Piers 5 & 6 Public Advisory Group (PAG) – Ms. Pfund introduced PAG member, Ms. Amy Anderson. Ms. Anderson reported that the PAG is comprised of an extraordinary group of professionals, involved in much discussion on the project, and that the group is preparing a collective statement to present to the ATDC Board. Vice-Chair Quintal inquired when the statement would be ready, and Ms. Anderson replied that the PAG meets next week and will work on the statement at that time.

Ms. Pfund reported that ATDC staff member, Mr. Tom Otake conducts the PAG meetings. Mr. Otake reported that the PAG members are very involved and professional. Vice-Chair Quintal commented that the Board will look forward to the PAG's comments at the next Board meeting.

D. ITEMS FOR ACTION

1. Election of ATDC Officers for Fiscal Year 2007-2008 (Chairperson and Vice-Chairperson)

Ms. Pfund referred to her staff report in the Board packet and described the procedures, pursuant to the by-laws, for election of officers, starting with nominations taken from the floor. Ms. Pfund reported that while Chairperson Pavlicek is not present, she expressed her willingness to serve again if voted to do so. Director Okuhama is also not present, but expressed his support of the present officers. Director Okuhama also expressed that he is willing to go along with any changes determined by the Board today.

Vice-Chair Quintal expressed his willingness to serve for another term of one year.

A motion to re-elect Chairperson Pavlicek and Vice-Chairperson Quintal to serve for a term effective from July 1, 2007 to June 30, 2008 was made by Director Liu, and seconded by Director Otani.

Discussion followed and Director Liu commented that the current slate of officers has exhibited good leadership.

A vote was taken and the motion passed unanimously.

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

Ms. Pfund reported that ATDC staff recommends an extension of time to negotiate the terms and conditions for the project. She suggested that the Board first move into Executive Session to hear Mr. Iida's report on the status of negotiations.

Director Liu inquired if there were any public comments before moving into Executive session. Ms. Anderson replied as a public member, not as a PAG member, and commented that the Board should carefully consider alternatives to the current project. Director Liu asked if Ms. Anderson has any knowledge of other alternatives. Ms. Anderson expressed concerns and urged careful thought

regarding development along the waterfront from a public access and working harbor perspective; she suggested review of waterfront developments in other states and internationally.

Vice-Chair Quintal asked if Ms. Anderson was not in favor of the project. Ms. Anderson opined that based on her research, the residential development of the waterfront privatizes the water. Psychologically people have a need to get to the water, so the downtown business area needs to see the water and this development will reduce the public level of access to the water and the value of the public space will be taken into the private realm.

Ms. Anderson commented that the developer has produced conceptual plans that do not change the original mass of the project or the public space.

Vice-Chair Quintal asked Ms. Anderson her view of the Aloha Tower Marketplace (ATM). Ms. Anderson replied that the relationship between the ATM and the cruise ships needs to be evaluated, and that there are no benches at the waterfront for public opportunity to sit and enjoy the water.

Director Liu thanked Ms. Anderson for her comments.

Ms. Hopkins suggested getting rid of the car parking in Irwin Park.

The Board moved to the next agenda item, Executive Session, and Mr. Kinkley clarified for the record that Ms. Anderson's comments were not be discussed during the Executive session; the subject matter being as identified on the agenda.

F. EXECUTIVE SESSION

Vice-Chair Quintal asked for a motion to move into Executive Session. Director Liu moved and Director Otani seconded a motion to enter into Executive Session. A vote was taken and the motion passed unanimously.

Mr. Kinkley, Ms. Pfund, Ms. Harrison and Mr. Tom Otake were requested to be present for the Executive Session. Mr. Iida was also 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 12:30 p.m. and reconvened at 12:49 p.m.

Continuation of the ITEMS FOR ACTION: Extension of Time to Negotiate a Project Component Option Agreement and Ground Lease for the UC URBAN Project at Piers 5 and 6

Vice-Chair Quintal asked Ms. Pfund for ATDC staff's comments regarding the extension of time. Ms. Pfund replied that staff recommends a three (3) months extension.

Vice-Chair Quintal asked Mr. Iida if three (3) months extension of time is reasonable, and Mr. Iida replied in the affirmative.

A motion was made by Director Liu and seconded by Director Otani to approve an extension of time to negotiate a Project Component Option Agreement and Ground Lease for the UC URBAN Project at Piers 5 and 6 for an additional three (3) month period from the approval date of this agenda item to October 31, 2007, subject to the conditions described in the Investigative Committee Recommendations dated June 22, 2006 and including all other conditions imposed by action of the Board to remain in full force and effect. A vote was taken and the motion passed unanimously.

Vice-Chair Quintal asked Ms. Pfund to follow-up with the developer on the website that was to be established for project updates.

Director Otani asked about agenda items for the next PAG meeting. Mr. Otake replied that the PAG would be working on a formal statement on the project to the ATDC Board. The PAG has expressed some frustration on the developer's willingness to consider their remarks. Mr. Otake remarked that one of PAG's concerns with the project is public access.

Director Liu remarked that the Board should have feedback from the PAG.

G. ADJOURNMENT

There being no further business, Vice-Chair Quintal asked for a motion to adjourn the meeting. Director Okimoto moved and Director Otani seconded the motion for adjournment. The motion passed unanimously and the meeting was adjourned at 12:56 p.m.

Respectfully submitted,

 /Sandra Pfund/
Recorder