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Chairperson
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ALOHA TOWER DEVELOPMENT CORPORATION

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BOARD MEETING ALOHA TOWER DEVELOPMENT CORPORATION

October 31, 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
Sidney Quintal - Vice-Chairperson, C & C of Honolulu
Barry Fukunaga – DOT
Neal Otani
Ted Liu – DBEDT (arrived at 12:12 p.m.)
- BOARD MEMBERS EXCUSED:** Laura Thielen – DLNR
Jason Okuhama
- ATDC STAFF PRESENT:** Sandra Pfund, Tom Otake, Deidre Harrison, Shari Ikeda
- OTHERS PRESENT:** Carol Hopkins, Kirt Pruyn, Andrew Gomes, Michael Formby, Mitchell Imanaka Esq., Owen Iida Esq., Paul Sheriff, Amy Anderson, Alexander Felix, Michelle Matson, Joe Farrell, Kyle Sakumoto
- 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 August 29, 2007

Chair Pavlicek called for a motion to adopt the Meeting Minutes for the meeting held on August 29, 2007. Director Quintal moved to adopt the minutes, and was seconded by Director Otani. 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. Hawaii Harbors Project

Harbor Modernization Plan (HMP) Initiative – Ms. Pfund gave a brief overview of the Administration’s proposed initiative to address the critical need to upgrade statewide harbor infrastructure due to long deferred improvements and the need to meet the demands of a growing State economy. She noted that the proposed role that ATDC is to provide is that of an implementing entity for the development projects.

Director Fukunaga commented that the plan is still formulative. Chair Pavlicek asked if the plan would be introduced by the Administration, and Ms. Pfund replied that it would be an Administration measure introduced by DOT.

Chair Pavlicek inquired as to why ATDC would be assisting DOT in this plan. Ms. Pfund replied that the proposed improvements to be undertaken are substantial and that DOT-Harbors would handle improvements to operations and management of the harbors, and ATDC would focus on development of the infrastructure.

Chair Pavlicek remarked that after introduction of the initiative, she would like to have discussion at the ATDC Board level before submitting testimony. Ms. Pfund agreed.

Chair Pavlicek asked if there were any questions from the directors. Director Quintal remarked that this is a significant expansion project. Ms. Pfund replied in the affirmative; there are about \$900 million in projects over 6-7 years.

Chair Pavlicek remarked that questions from the public would be taken before moving into Executive Session.

D. ITEMS FOR INFORMATION

1. Status Update on New World Divers, Inc. (NWD)

Ms. Pfund referred to the NWD status report in the Board packet. She noted that New World Divers was given an extended deadline to November 28, 2007 to establish evidence of its financing commitment.

Mr. Sheriff reported that NWD is in good shape and that they know who their lenders are going to be. Mr. Bob Berg and Sports Equity Group (SEG) are no longer involved with NWD because of a private lending situation, which creates a conflict of interest.

(Director Liu arrives at 12:12 p.m.)

Chair Pavlicek thanked Mr. Sheriff for his status update report and comments.

2. Report by the Piers 5 and 6 Public Advisory Group (PAG)

Ms. Pfund introduced Mr. Tom Otake, ATDC Development Director and the lead staff member working with the PAG. Mr. Otake introduced the PAG members present: Ms. Michelle Matson, Mr. Kyle Sakumoto, Ms. Amy Anderson, and Mr. Joe Farrell.

Mr. Otake reported that the PAG meets monthly and praised the members for their professionalism. The ATDC Board had requested a statement from the PAG on the project, which is included in the Board packet. Mr. Otake introduced Mr. Sakumoto to present the statement to the Board. Mr. Sakumoto gave a brief background on the PAG's collaborative efforts on the statement, and then read the statement. (Exhibit A)

Chair Pavlicek asked if the PAG had any suggestions on how to achieve the goals made in their statement. Mr. Sakumoto replied that yes, there had been much discussion during the meetings but they felt their statement should not include those possible solutions as there was no clear agreement on them.

Chair Pavlicek asked if the PAG intends to continue its work, and Mr. Sakumoto replied that the PAG is hoping to have input during the early stages of the project and that their work to this point has been with very preliminary plans by the developer.

Director Liu asked if the PAG has had any dialogue with the developer. Mr. Sakumoto replied that the PAG has had one introductory meeting with the developer. Director Quintal asked that the statement be transmitted to the developer.

Ms. Anderson presented a video presentation of possible solutions to the massing issue, which included a view of what the present proposed building will look like, and views of two alternate proposals. The alternate proposals would involve height changes to the present zoning rules.

Chair Pavlicek asked if Ms. Anderson’s proposed changes had been viewed by the PAG, and Ms. Anderson replied no. Chair Pavlicek suggested that some of the Board members attend the separate meeting when it is presented to the PAG.

Director Fukunaga commented that the Board is very impressed with the work the PAG has done.

Ms. Matson presented her personal prepared statement on the project to the Board. (Exhibit B)

Mr. Farrell commented on the Civic Center Plan that was written in the 1960’s regarding planning for the downtown Honolulu area and how it relates to the project area.

Chair Pavlicek thanked everyone for their comments and remarked that the Board is mindful of balancing planning concepts with ATDC’s statutory obligation to move forward with economic development for the area.

Chair Pavlicek asked to move to Executive Session before addressing the Items for Action on the meeting agenda.

F. EXECUTIVE SESSION

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

Mr. Kinkley, Ms. Pfund, Mr. Otake, Ms. Harrison and Ms. Ikeda were requested to be present for the Executive Session. Mr. Imanaka Esq., Mr. Iida Esq., and Mr. Formby were 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 12:35 p.m. and reconvened at 1:24 p.m.

E. ITEMS FOR ACTION

- 1. Discussion and/or Action on a Demand for Arbitration received from Ken Hughes, Inc.**

Chair Pavlicek reported that action on this item would be deferred until the next Board meeting, which may be a special Board meeting, called for in two weeks time.

- 2. Approval to Supplement the Special Legal Services Contract with Imanaka Kudo & Fujimoto, LLC, for Legal Services with respect to the Pacific Quay Project at Piers 5 and 6**

A motion was made by Director Otani and seconded by Director Quintal to approve a supplemental agreement to the State of Hawaii Agreement for Special Deputy Attorney General Services with Imanaka Kudo & Fujimoto, LLC to include the following:

- 1. Duration: The current agreement to expiration date of September 1, 2008 to remain as is.*
- 2. Cost: Additional \$150,000, total contract amount not to exceed \$450,000.*
- 3. Means of Funding: Aloha Tower Fund. Funds are available from the ATDC FY 08-09 budget.*
- 4. Any other requirements as may be determined by ATDC Chief Executive Officer.*
- 5. Subject to approval of the Director of DBEDT as its Chief Procurement Officer and the Attorney General.*

A vote was taken and the motion passed unanimously.

G. ADJOURNMENT

There being no further business, Chair Pavlicek asked for a motion to adjourn the meeting. Director Liu moved and Director Quintal seconded the motion for adjournment. The motion passed unanimously and the meeting was adjourned at 1:25 p.m.

Respectfully submitted,

/Sandra Pfund/
Recorder