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BOARD MEETING ALOHA TOWER DEVELOPMENT CORPORATION

March 31, 2010

9:30 a.m.

**TOPA Financial Center, Bishop Street Tower
700 Bishop Street, Suite 1701
Honolulu, Hawaii 96813**

MINUTES OF MEETING

ATDC BOARD MEMBERS PRESENT: Sidney Quintal – Chairperson, C & C of Honolulu
Jason Okuhama – Vice-Chair
Russell Tsuji – DLNR
Neal Otani
Michael Formby - DOT

ATDC BOARD MEMBERS EXCUSED: Ted Liu – DBEDT

HMG BOARD MEMBERS PRESENT: Ian Birnie – Hawaii County
Ed Enos, Jr.
Gary Heu – Kauai County
Georgina Kawamura – B&F (arrived at 9:35 a.m.)
Gary North

HMG BOARD MEMBERS EXCUSED: Mahina Martin – Maui County

ATDC STAFF PRESENT: Sandra Pfund, Tom Otake, Deidre Harrison, Chris Sadayasu, Dung Vo, Derek Fujikami, Shari Ikeda, Margaret Toba

OTHERS PRESENT: Bob Loy, Cedric Oda, Michelle Matson, Marshall Ando, Carter Luke, Jeff Low, Reg White, Ray Ramones

LEGAL COUNSEL PRESENT: Gregg Kinkley, Deputy Attorney General

A. CALL TO ORDER

Chair Quintal called the meeting to order at 9:34 a.m., and thanked everyone for their attendance.

B. APPROVAL OF MINUTES

1. Regular Meeting of February 24, 2010

Chair Quintal asked if there were any changes to the meeting minutes; there were none.

A motion was made by Director North and seconded by Director Okuhama to adopt the minutes from the February 24, 2010 meeting. A vote was taken and the motion passed unanimously.

C. REPORT OF THE CHIEF EXECUTIVE OFFICER

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

1. Administration and Financial Reports

Ms. Pfund reviewed the ATDC and ATM financials that were included in the Board packet.

(Director Kawamura arrived at 9:35 a.m.)

The 2009 Annual Report was distributed to legislators and others on the DBEDT/State distribution list.

Ms. Pfund introduced Margaret Toba, new HMG secretary.

2. Aloha Tower Project Area and Complex

A PAG meeting was held on March 19, 2010. Mr. Otake will share information from that meeting later during the For Action item.

The JTB trolley bus will be leaving the ATM area; the marketplace is actively marketing for a replacement.

Ms. Pfund concluded her report and asked if there were any questions; there were none.

D. ITEMS FOR INFORMATION

1. Harbors Modernization Plan

a. Project Updates

Ms. Pfund introduced Mr. Fujikami, ATDC Project Manager to present the HMG status update report.

i. Kapalama Container Terminal – Honolulu Harbor

Mr. Fujikami reported on the site improvements at Pier 35, and remarked that there is an issue with the open drain culvert, and referred to its location on the projected visual slide. UH wants it closed, so the question of whether DOT-Harbors will fund that closure is being discussed.

Ms. Pfund commented that ATDC has met with UH staff, who want the closure as it would provide better usage by providing a uniform grade for the area. Harbors seems inclined to go along with the closure. Director Formby agreed and is looking at the cost estimates that were discussed at the meeting on this matter. Ms. Pfund commented that the amount discussed was \$2.5 million. Director Formby remarked that Harbors will be contacting Dean Taylor of UH to discuss the matter.

Ms. Pfund commented that the design budget will also need to be increased by \$80,000 for the drain culvert closure. Chair Quintal asked if ATDC is obligated for this closure. Director Formby responded in the negative, but that in return for UH giving up seventeen (17) acres at SOEST, they have to be accommodated.

Director Kawamura asked if there are enough funds in the allotment for this additional closure to the project. Ms. Pfund replied in the negative. Director Kawamura advised to give a very thorough explanation about what is being provided to the university and why.

Mr. Fujikami reported that the Pier 35 Environmental Assessment contract is being reviewed by Harbors.

The contract for the Relocation of Tenants at Pier 35 for the HSI relocation is being finalized by the Attorney General's (AG) office. Ms. Pfund commented that meetings have been held with HSI on appraisal items, and discussions are on-going while awaiting the AG's contract review.

Mr. Fujikami reported that the draft NPDES is being reviewed, and the preliminary demolition plan of existing structures at KMR is at about 35%, and will be sent to the agency in one week. Pictures were shown of Building 924.

The Environmental Assessment for KMR is under review and there is a processing issue involving the supplemental funding. Originally the contract was issued by DOT-Harbors under HHP, and the supplemental contract will be with HMP by DBEDT. Staff is awaiting word from DAGS if the supplemental can be done by DBEDT, since the original contract was by DOT. Director Kawamura remarked that this seemed like a “red tape” type of issue.

Ms. Pfund commented that at issue is DBEDT amending the initial DOT contract. Director Kawamura suggested letting DOT amend the contract. Ms. Pfund commented that this would require that funding be reversed back to DOT, and asked if this was the best way to proceed. Director Kawamura responded in the affirmative.

Mr. Fujikami referred to a visual slide photo of Building 924 and the site at KMR.

ii. Piers 12-15 – Honolulu Harbor

Mr. Fujikami reported that staff is negotiating the fee proposal with the consultant for the Relocation of Tenants to Piers 12 and 15, and referred to a photo slide of the area.

iii. Pier 23-28 Development Plan – Honolulu Harbor

Ms. Pfund reported that the consultant’s report regarding the feasibility of Pacific Shipyard relocating to Kalaeloa is at Harbors for review.

The consultant, KPFF, will return in May to finalize the relocation study to move Pacific Shipyard and Atlantis.

She further reported that Staff is working on the allotment release for appraisal of the site.

Director Enos inquired on an estimate of the appraiser’s report timeline. Ms. Pfund responded that it may be one month before the allotment is completed, so the report may be completed at the end of summer.

Director Kawamura inquired if the allotment is being delayed at Budget and Finance (B&F). Ms. Pfund responded in the negative, that the allotment has not reached B&F yet.

iv. Pier 39 - Honolulu Harbor

Mr. Fujikami reported that the demolition of the Young Brothers (YB) shed at Pier 39 is 90% complete. The structure has been demolished, the concrete yard has been patched, and we are now pending the 4-months lead time on fabrication and delivery of the light poles.

Mr. Jeff Low of Young Brothers commended ATDC on a very well run project, and commented that there was no disruption or interference with their operations during the construction.

v. Hana Harbor – Maui

Ms. Pfund reported that Mr. Yoshimura, ATDC Project Manager, traveled to Hana to attend meetings with the community there. The sentiment of the community has been consistent throughout the meetings to keep the pier, either through repair or restoration. The community does want the pier for some form of emergency use, but not for regular commercial usage. The next step is to return to the community with improvement options for reaction and comment, then to hold meetings and include the surrounding communities for their comments.

Chair Quintal inquired if Senator English attended any of the meetings. Ms. Pfund responded in the negative, neither Senator English nor Representative Carroll was present due to legislative duties, but they have been kept apprised, and staff has been in communication with them.

Staff has met with YB regarding barge operations, and will meet with Sause Brothers as well. There are liability issues with the pier due to its deteriorating condition. Staff is working with Harbors and discussing the matter with DLNR.

Director Formby commented that Harbors is meeting with DLNR to draw jurisdictional lines in the area, as Act 200 was very broad in its language on splitting the harbor areas based on the respective jurisdictions.

(Director Tsuji arrived at 9:58 a.m.)

Harbors will partner with DLNR to improve the small boat harbor and some other projects in the area.

Chair Quintal asked if this would be for emergency or commercial use. Director Formby responded that the DOT portion is awaiting the outcome of the community meetings that ATDC staff is conducting with the consultant, but that it appears that the community sentiment is not for regular barge service and commercial usage.

vi. Kahului Harbor – Maui

Ms. Pfund reported on the Kahului Harbor Development Plan and Land Acquisition, and remarked that it appears that Parcel B may be the final choice. Alexander & Baldwin (A&B) is looking at a study to shift sugar operations from Parcel B to Parcel A. Staff will obtain and share a scope of work with Harbors to decide how much area will be available for usage, and whether the State should proceed with this parcel.

vii. Kawaihae Harbor – Big Island

Mr. Fujikami reported that the Notice to Proceed (NTP) has been issued to SSFM. Staff and Harbors have met with SSFM and Wes Segawa.

Ms. Pfund reported that there are two options from SSFM: 1) a site by the South Gate that was being looked at, but has been determined as not a good option due to flooding in the area; and 2) a site on the other side of the harbor area. The study will be shared with Harbors upon completion.

Mr. Fujikami reported on the temporary location for the Harbors office, and remarked that the consultant is meeting with the Harbormaster today. Ms. Pfund commented that with many mobile modular offices being returned to Hawaii Modular on completion of construction projects, there is one that is on-site which is being reviewed for use. If that is not suitable, others are currently available at significant savings.

viii. Hilo Harbor – Big Island

Mr. Fujikami reported that Pier 4 work is at 35% completion and a submittal to that effect will be sent to ATDC next week. Ms. Pfund remarked this conceptual plan was shared with HHUGs, and

that YB had comments about connecting with Pier 3, for a RO/RO berth. Director North commented that HHUGs also has comments regarding the RO/RO berth, as well as fuel tankers.

Director Birnie commented that the original plan for Pier 4 called for it to run parallel. Ms. Pfund asked Director Birnie to refer to the area on the visual slide. Ms. Pfund then asked Mr. Ando for any comments. Mr. Ando responded that Director Birnie is referring to the Master Plan, and that it was intended for a RO/RO berth, but it is not in the present design due to funding issues as it will further require other structural work on the Pier 3 bulkhead. Harbors had extended Pier 3 berth seaward a few years ago.

Director Birnie remarked that at the last Board meeting in February, he had commented on this matter himself, as well as Directors Enos and North. Director Birnie commented on some of the particulars at issue. Director Enos remarked that there appears to be huge gaps being discovered in the proposed plans, and conflicts with the users on a multiple-use pier. Director Enos shared some similar problems encountered at Nawiliwili Harbor a few years ago.

Mr. Ando commented that the size of the fuel barges is increasing, and with this new information there may be modifications that need to be made. Director Enos remarked that fuel ships are increasing in size. On the question if whether the YB dock can be moved further away from Pier 3, Director Birnie commented on the footage to the DLNR lot. Mr. Ando remarked that it is at the minimal length allowed.

Chair Quintal asked if with this new information on increased size to the fuel barges, we were designing a project that will have problems in the future. Mr. Low commented that there must be a 300 foot safety zone around the manifold when pumping fuel. Director Enos commented on possibly moving the fuel manifold.

Director North suggested a meeting with ATDC, Harbors, HHUGs and other users regarding these issues, so that the collective needs will be met. Director Enos commented that this is an excellent idea, as we are realizing conflicts that need to be resolved before construction.

Mr. Fujikami remarked that this is why we have an HMG Board. Director Enos commented that these discussions were not possible in the past, and so problems would be realized after the project was underway/completed.

Mr. Fujikami reported that the Kumau Street project is progressing. Staff is hoping to have an executed contract on the project before the next Board meeting.

Director Enos inquired about the status of the Pier 29 project. Ms. Pfund referred to Mr. Ando; he reported that a Tiger grant had been received for the project. Bids for the project have been received, but the award has been held-off awaiting grant receipt. Harbors is currently working with the federal agencies/MARAD on the details for receiving the grant agreement.

Ms. Pfund introduced Mr. Carter Luke, newly appointed Chief Engineer at DOT-Harbors. Mr. Luke commented that staff is working on IDPP work, or contamination environmental consent voluntary response agreement work.

Director Formby remarked that Mr. Luke was selected from a list of well-qualified applicants for the position, and Harbors is pleased to announce his new position.

Ms. Pfund remarked that this concluded the HMP status update and asked if there were any questions or comments; there were none.

Ms. Pfund asked to please submit the names of users and others for the Hilo Piers 3 and 4 meeting. Director Enos asked about DLNR staff attending the meeting. Director Tsuji suggested contacting Mr. Kenneth Moore, DLNR Chief for the Big Island.

2. Legislature 2010 – Updates on Legislation Affecting ATDC, including but not limited to SB2942, HB2961, SB2676, HB2523, GM226, HB2737 and HCR47

Mr. Sadayasu reviewed the legislative bills matrix included in the Board packet, and distributed a copy of SB2695 DS1 HD1 as proposed.

Ms. Pfund commented that the House concurred with the ATDC budget restoration included in the Governor's budget. Changes for SB2676 included wording to allow that this is a one time appropriation change for the Hughes settlement. The bill was finalized and routed to the Governor for signing. Mr. Sadayasu remarked that Mr. Vo is working on preparing payment, so when the bill is signed and completed we can make the payment.

Mr. Sadayasu reported his update on SB2942, and advised that HCR47 has a hearing tomorrow. SB2695 SD1 HD1(proposed) is the bill which proposes to raid many special funded programs, including \$750,000 from ATDC. ATDC will testify in opposition. Ms. Pfund commented that the University of Hawaii holds \$56 million of the \$95 million of the proposed funds to be raided.

Director Tsuji had a question about the reason for the deferral of SCR72. Mr. Sadayasu and Director Formby both responded that the reason is not known.

Ms. Pfund commented that SB2942, to abolish ATDC, will be heard in conference in the next few weeks.

Chair Quintal thanked Mr. Sadayasu for his report and moved to the next agenda item, Items for Action.

E. ITEMS FOR ACTION

1. Approval of the ATDC Strategic Plan

Mr. Otake reviewed and gave a status briefing on the ATDC Strategic Plan. At the PAG meeting, it was reiterated that the plan is very conceptual and a consultant study for feasibility reviews should be the next step. The change in the plan as an outcome of the PAG meeting was to delete the land swap for Irwin Park.

Ms. Pfund introduced the following public members in attendance: Ms. Matson, Mr. Loy, Captain White, and Mr. Yanoviak; and asked if they had any comments. Ms. Pfund stated that the public members provided thoughtful and valid comments and that this was appreciated very much.

Ms. Matson commented that there is a restoration plan for the park, once the parking situation is settled and the park can be returned from parking to a park again. There is opposition to the land fill-in plan for Piers 6 and 7, and there is support for TOD at the two stops in ATDC's jurisdiction.

Captain White voiced opposition to the land fill-plan for Piers 6 and 7, as it would result in a loss of berthing space. Ms. Pfund commented that the agency has looked at alternate berthing space with the plan, and checked with the U.S. Coast Guard about the plan. The proposed plan would provide the same berthing space, but it would be in a linear berthing configuration. Current problems at the site with loading and unloading passengers can be avoided with proper planning that included maritime security requirements in the design.

Ms. Matson commented that this is conceptual, and Ms. Pfund agreed that this is very preliminary. Ms. Matson inquired as to the cost of these changes. Director Tsuji responded that would be part of what is included in the future planning study. Director Formby commented that he supports a future study, and that a large issue is federal coral mitigation in the harbor.

Director Tsuji commented that DLNR Aquatics division offered no comments on the strategic plan. Ms. Pfund replied in the affirmative. Director Enos commented that the federal mandate for coral mitigation is a large issue, and Director North concurred. Director Formby remarked that Pier 4 work in Hilo has been delayed for quite some time due to this issue, as well as fish and the entire spectrum of natural resources.

Mr. Otake remarked that the plan was proposed, and the feasibility study will look at all options, and then issue its report.

Ms. Matson commented that the PAG is looking at the Chinatown TOD for future development. She also recommended having resource people for coral review for the mitigation issue.

Director Enos commented that it is important that future developers deal with maritime security issues, and to preserve current linear pier space.

Director Tsuji asked Director Formby about usage of the former Super Ferry terminal. Director Formby responded that it is being used as a lay berth; that there is limited berthing space in the harbor and that this is a national issue at other major ports as well.

A motion was made by Director North and seconded by Director Enos to approve the final ATDC Strategic Plan, and proceed with the procurement of a planning and feasibility consultant to assess and coordinate aspects of the plan. A vote was taken and the motion passed unanimously.

(A recess was called at 10:51 a.m. to 11:03 a.m., and the HMG directors were excused.)

F. EXECUTIVE SESSION

Ms. Pfund, Mr. Sadayasu, Mr. Otake and Ms. Harrison were requested to be present for the Executive Session.

- 1. Pursuant to section 92-5(a)(4), HRS, to consult with ATDC's attorneys on questions and issues pertaining to ATDC's powers, duties, privileges, immunities and liabilities regarding the Mediation proceedings with AHI ALOHA ASSOCIATES, LLC.**

The Board entered into Executive Session at 11:03 a.m. and reconvened at 11:54 a.m.

G. ADJOURNMENT

A motion was made by Director Tsuji and seconded by Director Otani to adjourn the meeting at 11:55 a.m. A vote was taken and the motion passed unanimously.

Respectfully submitted,

 /Sandra Pfund/
Recorder