



ALOHA TOWER DEVELOPMENT CORPORATION

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BOARD MEETING ALOHA TOWER DEVELOPMENT CORPORATION

April 28, 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: Jason Okuhama – Vice-Chair
Russell Tsuji – DLNR
Neal Otani
Ted Liu – DBEDT

ATDC BOARD MEMBERS EXCUSED: Sidney Quintal – Chairperson, C & C of
Honolulu
Michael Formby - DOT

HMG BOARD MEMBERS PRESENT: Ian Birnie – Hawaii County
Ed Enos, Jr.
Georgina Kawamura – B&F
Gary North

HMG BOARD MEMBERS EXCUSED: Mahina Martin – Maui County
Gary Heu – Kauai County

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

OTHERS PRESENT: Michelle Matson, Jeff Low, Sumner Howard

LEGAL COUNSEL PRESENT: Gregg Kinkley, Deputy Attorney General

A. CALL TO ORDER

Vice-Chair Okuhama called the meeting to order at 9:46 a.m., and thanked everyone for their attendance.

Ms. Pfund introduced the public members in attendance: Ms. Matson of the Public Advisory Group (PAG), Mr. Low of Young Brothers, and Mr. Sumner Howard of Government Efficiency Teams.

B. APPROVAL OF MINUTES

1. Regular Meeting of March 31, 2010

Vice-Chair Okuhama asked if there were any changes to the meeting minutes; there were none.

A motion was made by Director North and seconded by Director Otani to adopt the minutes from the March 31, 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 financials that were included in her Board report.

2. Media Reports

Ms. Pfund reported that there were many media articles published regarding the State Auditor's report on the agency. Copies of those articles were included with her written report.

3. Aloha Tower Project Area and Complex

Ms. Pfund reported that the Governor has signed Act 017 (SB2676), the Hughes Settlement Bill which had been enrolled by the Legislature. Staff is working with various fiscal departments to prepare the settlement payment by the deadline date established by the Federal Court.

Director Kawamura advised the Allotment Request for this payment has left Budget & Finance offices and was sent to the Governor's office. Ms. Pfund reported that the Aloha Tower Marketplace (ATM) will be discussed during Executive Session.

The agency has approved two zoning permits at ATM.

D. ITEMS FOR INFORMATION

1. Harbors Modernization Plan

a. Project Updates

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

i. Kapalama Container Terminal – Honolulu Harbor

Mr. Fujikami reported on the site improvements at Pier 35. DOT-Harbors has agreed to UH SOEST's request to cover the expense of closing the open drain culvert, which adds an additional \$2 million to the project budget. The design consultant, R.M. Towill, has been asked for a fee proposal for the additional design cost, estimated at \$80,000. The additional work will also add time to the project schedule.

The Building Improvements at Pier 35 are progressing with the consultant, Pacific Architects, meeting with UH tomorrow to discuss the design of the building interior.

The Environmental Assessment contract for the Pier 35 area has been awarded to consultant, TEC. ATDC prepared the draft contract for DOT-Harbors; revisions were requested and made and the contract is undergoing internal reviews.

Mr. Yoshimura reported that the Relocation of Tenants at Pier 35 is progressing. The contract for the appraiser is being finalized, and there is a meeting set with Horizon Lines/Hawaii Stevedores to discuss the appraisal process and project timeline.

Mr. Fujikami reported that the Demolition of Existing Structures at KMR is progressing. Plans and specifications are being reviewed by ATDC and DOT-Harbors, and ATDC is reviewing the draft NPDES. Pictures were shown of Building 924. The loading dock

will be left in place for future demolition as the demolished material may be used as fill material during construction of the cargo yard.

Mr. Yoshimura reported on the Relocation of UH-SOEST to Sand Island, which coincides with the Pier 35 move.

Mr. Fujikami reported that the Environmental Assessment at KMR requires a supplemental contract with consultant Belt Collins. This requires an internal movement of funds. Funds are being reverted from HMG back to DOT-Harbors since the original contract was with HHP.

ii. Piers 12-15 – Honolulu Harbor

Mr. Fujikami reported that the fee proposal for the consultant for the Relocation of Tenants to Piers 12 and 15 is at DOT-Harbors for review.

iii. Pier 23-28 Development Plan – Honolulu Harbor

Mr. Yoshimura reported that the consultant's report regarding the feasibility of Pacific Shipyard relocating to Kalaeloa is completed and the conclusion is against the move, as Kalaeloa lacks suitable area and is subject to tidal surge that would be detrimental for the drydocks. Ms. Pfund reported that the final report will be presented to the stakeholders.

iv. Pier 39 - Honolulu Harbor

Mr. Fujikami reported that the demolition of the Young Brothers (YB) shed at Pier 39, Phase 1 is completed. The two acre shed is gone, and the area has been released to YB for its container operations. Phase 2 includes light pole installation; we are awaiting the delivery of the light poles in June, installation targeted for July 2010.

v. Hana Harbor – Maui

Mr. Yoshimura reported that meetings have been held, facilitating community outreach on the project. Community sentiments are consistent, with the community wanting to retain pier usage for recreation and emergencies, and use of the small boat ramp. The next community-wide meetings are scheduled for May 17-18, to

report the findings and recommended options, opportunities and constraints.

Ms. Pfund commented that for safety and liability reasons, DOT-Harbors is moving to coordinate with DLNR to improve the small boat ramp in the area, and to replace fencing on the pier during the first week of May.

Director Kawamura asked what the community response is to the fencing on the pier. Mr. Yoshimura responded that the community sentiment is that they will enter the pier area if they want to, despite the new fencing.

Director Birnie commented about the new fencing being a temporary measure until the pier is repaired. He inquired about a time-frame for the permanent upgrades to the pier.

Ms. Pfund responded that staff is looking at pier usage for emergencies, possibly RO/RO barge operations, and this pier upgrade would be a long-term project.

Director North inquired if the new fencing is an expensive project. Ms. Pfund responded in the negative. Director North remarked that it may be better to repair the hazards than to put up a fence that the community will tear down. Mr. Yoshimura commented that was ATDC's position.

Ms. Matson asked if the pier will be demolished and replaced. Ms. Pfund responded that different options will be given, such as a smaller pier since it is for emergency uses only.

Ms. Matson inquired if there will be more intense usage of the pier other than for emergencies. Director Enos commented that the consultant, Group 70 has done a good job fulfilling the wants of Senator English and the community. It seems that the community desires a smaller project for emergencies, and it would be beneficial to tear down and construct the new pier at the same time. There would be savings on equipment and crews in the area at the same time.

Ms. Matson inquired about the vision for the project. Ms. Pfund responded that community input is done, and now the technical experts will be engaged to provide specific options that the community can react to.

Ms. Matson asked if Senator English has been supportive of the project. Ms. Pfund responded affirmatively. Mr. Yoshimura commented that the final report will be completed later this year.

vi. Kahului Harbor – Maui

Mr. Yoshimura reported a meeting will be held next week on the continued feasibility assessment regarding the acquisition of Parcel B. Ms. Pfund commented that this would require Alexander and Baldwin (A&B) to move certain operations on the site to an adjoining property.

vii. Kawaihae Harbor – Big Island

Mr. Fujikami reported on the location of the DOT-Harbors office, and that Harbors seems agreeable to the South Gate location. Staff and the consultant are awaiting official word from Harbors before continuing. The office will be a double-wide trailer.

The project also involves the relocation of the comfort station, and installation of fencing on the boundary between DOT/DLNR/DOD. Director Birnie commented that the new fencing will allow recreational users to access the recreational harbor areas without security constraints.

Mr. Fujikami reported that we are awaiting Harbors decision on the location of the office and comfort station.

Director Birnie inquired if there are two consultants on the project. Mr. Fujikami responded in the affirmative, that consultant SSFM is working on the master plan, and Wesley R. Segawa & Associates is the consultant for the office/comfort station relocation.

viii. Hilo Harbor – Big Island

Mr. Fujikami reported that there were issues with the gap between Piers 3 and 4, which were brought to staff's attention by comments made at the previous Board meetings. After review the outcome is alright for now, but discussion opened the possibility of including capabilities at Pier 4 for new fuel lines.

Director North agreed that the comments shared in the previous Board meetings were good, and commended DOT-Harbors on

coordinating with the users and the fuel pipeline group on the matter. DOT-Harbors has been asked to conduct another follow-up meeting on the matter of providing fuel line capabilities at Pier 4.

Ms. Pfund commented that the current draft 2025 Plan for Hilo Harbor shows that improvements for additional cruise ship berthing at Pier 3 is not in the planning horizon, therefore, fueling at Pier 3 would not be impacted or temporarily moved to Pier 2.

Director Enos remarked that Harbors needs to finalize plans for the future and share with the stakeholders. Ms. Pfund commented that the design project is at 35%, and past the deadline to get back to the consultant, so we are urging Harbors to conduct the meeting with the fuel pipeline people and get the project back on schedule with the bond sale schedule.

Mr. Fujikami commented that Harbors will have the dredging project ready at the end of the year, and this project will go hand-in-hand with that.

Director Tsuji asked if the Chapter 343 for the coral dredging is done. Ms. Pfund responded in the affirmative, and that the EA is all-encompassing.

Director Birnie asked what the current proposed length of Pier 4 is. Mr. Fujikami responded that it is 600 feet. Director Birnie commented that it is alright for now with the current configuration and gap with Pier 3. Mr. Fujikami commented that future changes may be made making Pier 3 wider and longer. Director Birnie commented that then the angle of the pier would need to be changed.

Mr. Fujikami reported that the Kumau Street project NTP is done, and the project is progressing.

2. Legislature 2010 – Updates on Legislation Affecting ATDC, including but not limited to SB2942, SB2676, HB2200, and HCR47

Mr. Sadayasu provided his legislative update report.

Mr. Sadayasu distributed the portion of HB 2200 and its committee report that pertains to ATDC, and reported that the House of Representatives agreed to the Senate's position on the ATDC budget so there is no

operating budget for ATDC for next year. A copy of a proviso affecting ATDC was also distributed. The validity and effect of the proviso are being researched by the AG's office, and meetings are being held with B&F also.

SB 2942 died in conference, so the ATDC statutes remain as is, but with no funding. This is a unique situation and is being reviewed.

Mr. Sadayasu asked if there were any comments or questions from the public members. Mr. Howard thanked Mr. Sadayasu and Ms. Pfund for their assistance so that he could comment on the matter to the Legislature.

Ms. Matson asked that given the proviso, is there any indication about what will happen to the Aloha Tower complex. Ms. Pfund responded that the measure is still being reviewed. The agency is in a unique position of having an unfunded mandate.

Ms. Matson remarked that staff needs to stay working on the projects, and she has many concerns with HCDA taking over things as they are not as advanced with receiving public input as ATDC has been.

Ms. Pfund commented that staff will bring information to the Board as more is learned on the matter.

Mr. Sadayasu commented that the proviso is not a line item that can be vetoed by the Governor.

Director Tsuji commented that no staff positions are provided for after June 30, 2010. Director Enos asked how that will affect the projects, and to whom will the consultants report. Director Kawamura remarked that a meeting will be held with the AG's staff to review options on the matter.

Vice-Chair Okuhama asked if there were any comments on the committee report. Director Liu advised that the report is written by the committee Chairs and references a transfer, but that bill died so now there is no transfer.

Mr. Howard commented that there are no updates on the legislative website on SB 2942.

(A recess was called by Vice-Chair Okuhama at 10:55 a.m. to 11:06 a.m., and the HMG directors were excused.)

F. EXECUTIVE SESSION

Ms. Pfund, Mr. Sadayasu, Mr. Otake, Mr. Vo 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.
2. 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 Matter of the Application of Honolulu Construction and Draying Company, Limited, Land Court Application No. 787, Circuit Court of the First Circuit, State of Hawaii.

The Board entered into Executive Session at 11:07 a.m. and reconvened at 11:32 a.m.

The Board released the following statement regarding the matter of the application of Honolulu Construction and Draying Company, Limited, Land Court Application No. 787, Circuit Court of the First Circuit, State of Hawaii:

The Board commends ATDC staff for settling the issue. It understands that the Office of the Attorney General seeks to appeal the narrow issue of the award of attorneys fees against the State based on the private attorney general doctrine. The Board is in support of the greater interests of the State of Hawaii to appeal the award; the Board therefore defers to the Attorney General to appeal the issue of the award of attorney fees only.

G. ADJOURNMENT

A motion was made by Director Liu and seconded by Director Otani to adjourn the meeting at 11:34 a.m. A vote was taken and the motion passed unanimously.

Respectfully submitted,

 /Sandra Pfund/
Recorder