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# HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT AN AUDIT OF THE ALOHA TOWER DEVELOPMENT CORPORATION, PARTICULARLY WITH REGARD TO ITS LAWSUITS RELATING TO ITS DEVELOPMENT CONTRACTS, PROJECTS, AND PROCUREMENT PRACTICES, AND THE JUSTIFICATION FOR ITS EXISTENCE.

1           WHEREAS, the Aloha Tower Development Corporation was  
2 created pursuant to Act 236, Session Laws of Hawaii 1981,  
3 codified as chapter 206J, Hawaii Revised Statutes; and  
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5           WHEREAS, section 206J-1, Hawaii Revised Statutes, states  
6 the legislative findings and purpose in creating the Aloha Tower  
7 Development Corporation, in pertinent part as follows:  
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9           The legislature finds that the area in downtown  
10 Honolulu on the waterfront, including the Hale  
11 Awa Ku Moku Building and Irwin Memorial Park,  
12 hereinafter called the Aloha Tower complex, is  
13 one of the most valuable properties in downtown  
14 Honolulu and that certain portions of this area  
15 should be redeveloped, renovated, or improved to  
16 better serve the economic, maritime, and  
17 recreational needs of the people of Hawaii; and  
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19           WHEREAS, the Aloha Tower Development Corporation is  
20 authorized under section 206J-5(9), Hawaii Revised Statutes, by  
21 itself, or in conjunction with qualified persons, to develop,  
22 construct, reconstruct, rehabilitate, improve, alter, or repair  
23 or provide for the development, construction, reconstruction,  
24 rehabilitation, improvement, alteration, or repair of any  
25 project, including projects or any portion thereof under the  
26 control or jurisdiction of qualified persons; to own, hold,  
27 assign, transfer, convey, exchange, lease, sublease, or encumber  
28 any project, including projects or any portion thereof under the  
29 control or jurisdiction of qualified persons; and  
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1 WHEREAS, the Aloha Tower Development Corporation has been  
2 involved in a lawsuit regarding completion of the initial  
3 marketplace development; and  
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5 WHEREAS, in 1988, developer Honolulu Waterfront LP sued  
6 Aloha Tower Development Corporation for breach of a development  
7 agreement executed in 1986, which was apparently settled; and  
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9 WHEREAS, the successor to the developer Aloha Tower LP and  
10 Aloha Tower Development Corporation are in mediation in an  
11 effort to resolve the respective issues contained in the lawsuit  
12 concerning Aloha Tower Marketplace parking, which is still  
13 pending; and  
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15 WHEREAS, in 2007, developer Hughes Development LP filed a  
16 demand for arbitration with Aloha Tower Development Corporation  
17 to resolve issues related to the proposed development of Piers 5  
18 & 6, which case is set for hearing in August of 2008; and  
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20 WHEREAS, the Aloha Tower Development Corporation was last  
21 the subject of a state audit in 1987 by the Auditor, whose  
22 Report No. 87-13, found in pertinent part: "The Aloha Tower  
23 redevelopment project is a concept that is flawed, and it should  
24 be shelved," citing a litany of systemic problems and erroneous  
25 assumptions; and  
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27 WHEREAS, a management, performance, and financial audit of  
28 the Aloha Tower Development Corporation is appropriate at this  
29 time; now, therefore,  
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31 BE IT RESOLVED by the House of Representatives of the  
32 Twenty-fourth Legislature of the State of Hawaii, Regular  
33 Session of 2008, the Senate concurring, that the Auditor is  
34 requested to conduct an audit of the Aloha Tower Development  
35 Corporation; and  
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37 BE IT FURTHER RESOLVED that the audit include, but not be  
38 limited to:  
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40 (1) A study of the aforementioned three litigated cases  
41 against the Aloha Tower Development Corporation; and  
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43 (2) A determination of whether chapter 206J, Hawaii  
44 Revised Statutes, relating to the Aloha Tower



1                   Development Corporation, should be repealed or  
2                   amended; and

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4                   BE IT FURTHER RESOLVED that the Auditor report to the  
5                   Legislature on findings and recommendations no later than twenty  
6                   days prior to the convening of the Regular Session of 2009; and

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8                   BE IT FURTHER RESOLVED that certified copies of this  
9                   Concurrent Resolution be transmitted to the Auditor, Chief  
10                  Executive Officer of the Aloha Tower Development Corporation,  
11                  the Director of Business, Economic Development, and Tourism, and  
12                  the Governor.

