
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, THE JUSTIFICATION FOR ITS EXISTENCE, AND ITS MISSION.

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 embroiled in at least three lawsuits concerning its development
3 agreements since its inception; 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, in 2002, developer Aloha Tower LP sued Aloha Tower
10 Development Corporation for breach of a development agreement
11 concerning Aloha Tower Marketplace parking, which is still
12 pending; and
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14 WHEREAS, in 2007, developer Hughes Development LP sued
15 Aloha Tower Development Corporation for breach of a development
16 agreement executed in 2004, which case is set for hearing in May
17 of 2008; and
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19 WHEREAS, in its twenty-seven year history, the Aloha Tower
20 Development Corporation has entered into the aforementioned
21 three development agreements, all of which have culminated in
22 lawsuits that have stalled, vitiated, or otherwise eviscerated
23 development plans for the area; and
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25 WHEREAS, it is believed that Aloha Tower Development
26 Corporation does not have any current new projects, and exists
27 presently to defend itself against the aforementioned pending
28 litigation; and
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30 WHEREAS, the Aloha Tower Development Corporation was last
31 the subject of a state audit in 1987 by the Auditor, whose
32 Report No. 87-13, found in pertinent part: "The Aloha Tower
33 redevelopment project is a concept that is flawed, and it should
34 be shelved," citing a litany of systemic problems and erroneous
35 assumptions; and
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37 WHEREAS, a management, performance, and financial audit of
38 the Aloha Tower Development Corporation is appropriate at this
39 time; now, therefore,
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41 BE IT RESOLVED by the House of Representatives of the
42 Twenty-fourth Legislature of the State of Hawaii, Regular
43 Session of 2008, the Senate concurring, that the Auditor is



1 requested to conduct an audit of the Aloha Tower Development
2 Corporation; and

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4 BE IT FURTHER RESOLVED that the audit include, but not be
5 limited to:

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7 (1) A study of the aforementioned three litigated cases
8 against the Aloha Tower Development Corporation;

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10 (2) A determination of whether chapter 206J, Hawaii
11 Revised Statutes, relating to the Aloha Tower
12 Development Corporation, should be repealed or
13 amended; and

14
15 (3) The appropriateness of any added responsibilities to
16 the original mission of the Aloha Tower Development
17 Corporation; and

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

22
23 BE IT FURTHER RESOLVED that certified copies of this
24 Concurrent Resolution be transmitted to the Auditor, Chief
25 Executive Officer of the Aloha Tower Development Corporation,
26 the Director of Business, Economic Development, and Tourism, and
27 the Governor.

