



ALOHA STADIUM

An Agency of the State of Hawaii

Stadium Authority Meeting
99-500 Salt Lake Boulevard
Honolulu, Hawaii 96818
August 27, 2009

Members Present:

Kevin Chong Kee, Chairman
Alexander Kane, Jr.
Kenneth Marcus
Nelson Oyadomari
Lawrence K. W. Tseu, DDS
Alan Tamayose

Members Absent:

Kay Ahina
Kathryn Inouye
Marcia Klompus

Staff Present:

Scott Chan
Lois Manin
Deborah Ishihara
Stephen Lee
Andrew Chang

Ming Tan
Liane Nakagawa
Alan Arato

Others:

Russ Saito, Comptroller
Randall Nishiyama, Deputy Attorney General
Teri Chang, UH Athletics
Davy Murayama, Centerplate
Roseann Chang, Centerplate
Samantha Spain, PCF Virtual
Krysti Peacock, PCF Virtual
Glen Higa, Aloha Sports Properties
(See Exhibit A – Sign-in Sheet)

I. Call to Order

A quorum being present, Chairman Kevin Chong Kee called the meeting to order at 10:05 a.m.

II. Approval of July 30, 2009 Public Meeting, Executive Sessions No.1 and No.2;
August 13, 2009 Special Meeting.

A. A MOTION WAS MADE BY MEMBER KANE TO ACCEPT THE MINUTES
OF THE JULY 30, 2009 PUBLIC MEETING.

Member Marcus made the following corrections:

- Page 10, second paragraph, end of fourth line: replace the word to with “by.”
- Page 13, third paragraph from the bottom of the page, third line: add the word bareboat: ...on a bareboat charter basis....
- Page 15, last paragraph:
Sixth line, replace is with “as:”something that as a statutory matter we have
Thirteenth line, replace the word from with “on:”....Legislature on what we can ...

MEMBER OYADOMARI SECONDED THE MOTION. THE BOARD UNANIMOUSLY APPROVED THE MINUTES AS CORRECTED.

B. ON A MOTION MADE BY MEMBER TAMAYOSE AND SECONDED BY MEMBER KANE TO ACCEPT THE MINUTES OF THE JULY 30, 2009 EXECUTIVE SESSION NO. 1, THE BOARD UNANIMOUSLY APPROVED THE MINUTES.

C. ON A MOTION MADE BY MEMBER TAMAYOSE AND SECONDED BY MEMBER KANE TO ACCEPT THE MINUTES OF THE JULY 30, 2009 EXECUTIVE SESSION NO. 2, THE BOARD UNANIMOUSLY APPROVED THE MINUTES.

D. ON A MOTION MADE BY MEMBER TAMAYOSE AND SECONDED BY MEMBER KANE TO ACCEPT THE MINUTES OF THE AUGUST 13, 2009 SPECIAL PUBLIC MEETING, THE BOARD UNANIMOUSLY APPROVED THE MINUTES.

III. MONTHLY REPORT

A. Chairman's Report

1. Chairman Chong Kee congratulated Deborah Ishihara for being selected as the DAGS Manager of the Year and extended his gratitude on behalf of the Stadium Authority for a job well done

2. Chairman submitted summaries of the Manager's and Deputy Manager's annual evaluations for Board approval.

A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER TAMAYOSE TO ACCEPT THE EVALUATIONS AS WRITTEN. THE MOTION CARRIED.

Chairman said he will provide Board members with a signed copy.

B. Stadium Manager's Report

2009 UH Football Season

- Stadium will be accommodating UHAD Jim Donovan's request to open the gates one hour earlier at the September 4, 2009 Hawaii vs. Central Arkansas game to increase ticket sales and to enhance the tailgating experience for the guests. It was agreed that the Stadium may revert back to its previous hours should there be inappropriate behavior by the fans. Mr. Donovan will personally join the Stadium staff in the parking lots to promote good behavior and cooperation by everyone. The additional labor costs for the early opening are still being negotiated;
- To promote a positive experience, PSA's will be seen through the newly installed televisions and we are hopeful the Governor, Lt. Governor, Coach McMackin and Mr. Donovan will all participate in our efforts.

Pouring Rights

- We are happy to report that we finally secured the pouring rights with Pepsi. We were able to resolve the issue of bottle sales. In the interest of safety for our guests, the request to sell bottles exclusively was denied; and no bottles will be sold at the top levels to prevent and discourage fans from using them as projectiles or missiles. On the lower concourse, we agreed on a 50-50 arrangement to sell Pepsi bottles and fountain drinks. This arrangement is subject to change should challenges arise.

Member Dr. Tseu inquired, with the early opening, what are the benefits to the Stadium; Manager responded it is an effort to increase attendance by enhancing the tailgate experience. It also provides the concessionaire with revenue opportunities by marketing/promoting and encouraging guests to enter the facilities early to patronage the concessions and novelty booths.

Dr. Tseu inquired if the parking fees could be increased to offset the expense of opening earlier. Chairman Chong Kee advised it would require a rule change which is a very lengthy process.

New Parking Procedures

In an effort to speed up the process, we will begin scanning all parking passes at the UH football games. Some delay is anticipated during the first game, but management is confident that the new procedure will improve traffic surrounding the stadium.

Swap Meet Hours

We are working closely with the new contractor of the Swap Meet in addressing Saturdays and the UH games. We are still in discussions concerning adjustments that could possibly impact the Swap Meet operations. No official announcements have been made.

Swap Meet Vendors' Association

The first quarterly vendors' meeting (as described in the RFP) was held yesterday. Several items were discussed which will be explained in Centerplate's report.

C. Approval of Events

1. University of Hawaii
NCAA Division 1A Football Competition
September 4, 2009 (Friday)
October 10 & 24, 2009 (Saturday)
November 7, 14, 28, 2009 (Saturday)
December 5, 2009 (Saturday)

A MOTION WAS MADE BY MEMBER KANE AND SECONDED BY MEMBER TAMAYOSE TO APPROVE THIS EVENT. THE MOTION WAS UNANIMOUSLY CARRIED.

2. Tyler McClaughry – ESPN Rise
High School Football Testing Combine
January 30, 2010 (Saturday)

A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER OYADOMARI TO APPROVE THIS EVENT. THE MOTION WAS UNANIMOUSLY CARRIED.

D. UHAD Monthly Report

Teri Chang presented her report on behalf of Jim Donovan. The coordination meeting between UH and the Stadium Coordination for the new season was held yesterday and everything went well. She asked for the Stadium's assistance on

their last-minute requests. Glen Higa will be reporting on UH's promotional activities which will be very beneficial for UH. Opening the gates early will be very good for the fans and UH appreciates Stadium Management's help with the change.

E. Centerplate/Swap Meet Monthly Report

Report presented by Roseann Chang, Swap Meet Manager:

- July Monthly Attendance increased - 1.5%
- Slight Decrease in Paid Attendance - 0.2%
- Attendance decreased due to the 4th of July holiday falling on a Swap Meet day. A lot of vendors chose not to open.
- Rental Adjustment – Centerplate presented the proposed Swap Meet Rental Adjustment Plan (included in the RFP) for the Board's review. An itemized plan will be emailed to the Board two weeks prior to the September 24, 2009 meeting. The adjustments will be based on increases during high peak months (higher attendance) and a decrease during slower months (lower attendance). Although the vendors will experience an increase, the end result is that they are being charged \$2.00 less.

Comments

Member Tamayose requested the adjustment plan in written form. He also inquired which months are considered the busy months. Ms. Chang said the summer months are usually busy (June, July and December).

Deborah Ishihara recommended to Ms. Chang that she show a comparison of each month of the previous year next to the proposed increases on the rental adjustment plan.

Jim Cablay (Vendor) – He is happy with the quarterly meetings, but requested to be notified earlier than one week prior. He did not attend the meeting because he knew what was going to be discussed and preferred to meet with the Board (the decision makers). Stated he would also like to have a copy of Ms. Chang's adjustment plan and made the following comments:

- With the increase in utilities, rising gas prices, etc., management is cutting off his arm by shutting down the swap meet on the UH game days. He will experience one last pay check;
- He estimates the State can lose from \$30,000 to \$40,000 by shutting them down on any given day, for a total of approximately \$250,000. How can the State justify this, along with the lay-offs;

- Before increasing their rent, he would like to see an increase in attendance of 10-20%. He also stated, “for once he would like the Stadium to give him something – you have only continued to take and take from me for the last two years.”

Tom Cooney

- Appreciates the quarterly meetings;
- Agrees with J. Cablay’s comments;
- He has concerns about the increase being based on attendance, since attendance does not correspond directly to sales; three (3) years ago, the summer months were better for his sales, but during the last three (3) years his sales were better during the spring.

Neumann Shim

- Before a decision is made on the increases, Mr. Shim requested that a public hearing be held;
- Chairman responded that a public hearing is not required for rent increases;
- Deputy Attorney General Randall Nishiyama stated the vendors’ rent is set by the operators of the swap meet;
- Mr. Shim stated a public hearing was held for the admission charge; Mr. Nishiyama said those are two separate items; vendors’ rent is not part of the Administrative Rules – it is a decision of the swap meet operator. The RFP indicates the Stadium operator is responsible for the operations of the swap meet;
- Are gate fees (charged to the customers) part of the RFP. Mr. Nishiyama responded, no.

Jerry Garcia

Concerning the closing of the Swap Meet, he agrees with Mr. Cablay. During discussions at the last meeting, no one mentioned the loss of revenues as a result of shutting down the Swap Meet. You are handing the UH \$250,000 on concessions and losing another \$250,000 from the vendors’ rents; he feels the worst nightmare would be to increase vendor rents to make up for that loss in revenue. His main concern is that management may raise his rent and change its mind about decreasing it during the slower months.

Member Marcus

Member Marcus explained to Mr. Garcia that he is incorrect in one significant respect; the Stadium did not make a concession of \$250,000 in rent to UH. UH is

responsible for reimbursing us for all expenses incurred by the Stadium for the operations on game days and UH worked with the Stadium Manager to reduce those expenses (less police officers, etc.) and a lot of other things. That was the source of the reduced costs. There is nothing being surrendered by the Stadium in that regard. The fact that someone is losing money due to the closing of the Swap Meet on game days is a completely different issue. Mr. Garcia thanked Mr. Marcus for his clarification.

Vendor in D Row (Vuong)

He has been in the D row for ten years. At that time his rent was \$50 – now it will be increased to \$100 – it is more than a 40% increase. Before the Board makes a decision he asked that it reconsiders and be aware the vendors are not rich and everyone has a family – a 40% increase is too much. When he rented in Waikiki, the maximum increase was only 10%, but here during the last few years it has been 20-30%. Please reconsider and help the vendors to survive.

Member Oyadomari requested a recap from Ms. Chang of what is happening in the D row. She stated - three (3) months out of the year the rent will be \$50 per month; six (6) months out of the year the rent would be \$70 a month and three (3) months out of the year it will be \$90 per month. Currently his rent is \$72 on every swap meet day.

Mr. Murayama said they are following what is stated in the RFP – it says we are not going to raise prices on the vendors. He informed Mr. Vuong that with this new plan, the vendor is actually saving \$2.00 per day. He also said they did not take into consideration what Mr. Cooney mentioned and only looked at attendance. They are only increasing rents through the daily vendors in an effort to convince them to rent on a monthly basis. Right now the difference between a daily vendor and a monthly vendor is very minimal and it is causing monthly vendors a harder time because the daily vendors are getting better stalls and not putting in the time like the monthly vendors. We are presenting this to the Board for information purposes. Centerplate will then have discussions with the vendors as to the future plans. Right now nothing has been finalized.

Mr. Chan asked Mr. Murayama what is the theory behind this plan.

Mr. Murayama said they were trying to help the vendors with their cash flow, but after listening to Mr. Cooney, they may have to review it again and perhaps change their initial plan. He also suggested that the vendors schedule a meeting with him should they have further questions.

Tom Cooney

It's a good concept, but it will hurt his business a lot if the swap meet closes during the games. He also brought to the Board's attention that presently the rents for commercial properties in Waikiki are all being reduced. He prefers the rent to be lowered.

Member Marcus

In looking at the numbers during a poor economy and the vendors losing some very good dates (game days), he feels it is not unreasonable for them to hope for a marginal increase.

Deputy Manin

On UH game days, she understands there is a 60% participation by vendors; therefore, not all vendors will be affected by the change.

Ms. Manin said it was important to mention what the plans are to make up for the loss of six Swap Meet days. At last night's meeting PCF Virtual explained they are adding "black Friday" to make up for one of those days - the Swap Meet will be open on the day after Thanksgiving. PCF will be promoting that date. They will also be looking at other holidays, etc. to make up for those five other Saturdays.

Chairman Chong Kee & Deputy Attorney General Randall Nishiyama

The proposed rent adjustment plan by Centerplate will be provided to the Board at least two weeks prior to the next Board Meeting (September 24, 2009). It will also be attached to the agenda for the public's review six days prior to the meeting. It is a matter of information only at today's meeting.

Vendor (name unknown)

In his opinion, keeping the rent at a consistent rate is much easier for the vendors rather than what is being proposed. Also suggested a gradual increase rather than jumping to a higher amount at one time.

Report by Samantha Spain and Krysti Peacock of PCF Virtual on their marketing campaigns for the months of July and August:

- Reviewed their marketing and promotional plans with the vendors at the quarterly meeting last night;
- One of their goals is to bring more people to the Swap Meet;
- To encourage local residents to shop at the Swap Meet, they will offer half off admission price on the first Saturday of the month;
- Monthly give-away programs (coupons) with customers making direct contact with the vendors;
- Island Recycling program will be launched in November;

- September 5, 2009 event - customers are asked to bring in five recycling bottles for free admission; they will also receive a 1-cent return coupon they can use for recycling in November (only at the stadium);
- Creating a farmers' market, and exposing it to tour companies to bring in more customers;
- September 6, 2009 - Lucky Live in Hawaii Labor Day weekend celebration in three areas: 1) North Zone Plaza – keiki rides 2) Craft Fair 3) Beer Garden and local entertainment. 4) Lokahi Project. In touch with Cox Radio and Midweek to promote these events; kicking off the first skating event in the bus lot and setting up tents to encourage vendors to locate there also; Classic Car Show in Section 5 B – will have give-aways (coupons to shop at the Swap Meet - to benefit the vendors);
- The main purpose of the events is to give exposure to the vendors. If they find the programs are not successful, they will try other programs each month;
- Will be promoting shopping through PSA's at the games and also using the stubs from the games for free admission to the swap meet on Oct. 11;
- Promoting the swap meet through Monthly Press Releases; radio and television interviews; the website;
- In the process of creating a vendor log-in page to access all communications from PCF concerning the swap meet (i.e., special events, gate closures, etc.).
- Will be setting up commercials at different hotels to promote the swap meet;

Member Marcus said he is impressed and excited with the marketing and promotional programs.

F. Aloha Sports Properties Monthly Report (Glen Higa)

- Good news – the television installations were completed and well received at the Media Day event; we were featured in the Dave Reardon's column in the Star Bulletin; most radio shows that day and the next morning made positive comments about the changes that are taking place at the stadium;
- The pouring rights agreement has been awarded to Pepsi; a lot of time was spent with Centerplate to ensure bottles on the main concourse will be served properly for the benefit of the fans; thanked Davy and Roger for their assistance in getting Pepsi back on Board at Aloha Stadium;
- Some of the promotional activities this season: 1) Hawaii National Guard will bring a marketing trailer for the fans; will also have two inflatable football helmets at the mauka and makai entrances; 2) Midas will be giving out prizes through a prize wheel; 3) Two times a year GEICO will be bringing their gecko Mascot;

- On the video board kiss cam will be sponsored by Maunaloa Macadamia Nuts (a popular feature at other stadiums);
- Working with UH (J. McNamara and J. Donovan) to acknowledge their corporate partners on the video boards to help them with Koa Anuenue donations and season tickets sales for upcoming sporting events;
- Swap Meet spot on the scoreboard during the UH games;
- Added the following to the sponsor roster: 1) Jack-in-the Box; 2) Heineken (for events geared for adults only). With the exception of UH games and the Sheraton Hawaii Bowl, per Stadium policy, the signs will be taken down); 3) GEICO; 4) Mokulele Airlines; 5) Aloha United Way. In total this year 17 corporate partners have been signed, of which 9 are new to Aloha Stadium.

Member Comments

Member Marcus inquired about the status of Mr. Higa's accomplishments with the advertising program at this point. Mr. Higa stated they need to be better; they came in at a tough time where budgets have been set and due to the economy no one has the discretionary income that they had in the past. They are a little ahead of what was done before and are plugging along pretty well.

Mr. Chan said it has been a trying month or two, working with our new client, and they have been extremely cooperative. They have struggled with a few issues but it has all come together and he is very happy with the management staff.

IV. UNFINISHED BUSINESS – DISCUSSION AND APPROPRIATE ACTION

- A. Honolulu High Capacity Transit Corridor Project – Update on the rail transit stop at Aloha Stadium.

Comptroller Russ Saito introduced Faith Miyamoto of the City Department of Transportation Services, who then introduced Judy Aranda, Clyde Shimizu and Gary Takahashi, consultants. He said they are here to explain the status of the rail line project as it pertains to the Stadium.

Mr. Takahashi briefly presented the updated alignment based on the airport alignment and the four proposed stations (Aloha Stadium, Radford Drive, Airport, and Lagoon Drive).

Ms. Miyamoto stated for each of the stations, they are holding station design meetings involving all of the stakeholders and have invited the community's input. Currently they are in the process of finalizing the environmental impact statements and have a few more administrative details to review.

Member Oyadomari inquired how many parking stalls will be affected. Mr. Takahashi said it is very minimal – they try to use planter areas for the columns when possible. For the stadium approximately four stalls will be affected.

Comptroller Saito said the cooperation between the City, State, and the consultants on this project has been outstanding.

- B. Aloha Stadium Repair Work – Update from Comptroller Russ Saito on the Stadium Repair Work Project or any update involving Aloha Stadium.

Comptroller Saito prepared a summary to bring the Board up to date on the construction projects (Exhibit B attached). He anticipates construction continuing up until 2013.

Deed Restriction & Luxury Suites

Board members asked Comptroller Saito for the status of the Deed Restriction and about the possibility of having luxury suites.

Comptroller Saito stated the main objective is to complete the restoration of the stadium. Funding will be needed to do further enhancements (i.e. luxury suites). Those will be looked at after the Structural and Health & Safety projects are completed.

With reference to the Deed Restriction, Comptroller said we have an agreement with the Department of Interior. The agreement has been signed by him, as the person in charge of some of the operations, and by the Department of Land and Natural Resources as a deed holder. The agreement requires that State must find a land swap that is acceptable to the Deed Restriction, which the Comptroller is hopeful to accomplish this year. It would then mean that the entire stadium property could be used for purposes other than just recreational activities.

Television Advertisements (ads)

Comptroller briefly explained the ads that have been appearing on television concerning the hiring of mainland versus local workers for the stadium project. He said the ad was in reference to the Roof Replacement Phase I job that was just completed (approximately \$11.0 million). It was understood that the contractor for that job had to have two types of certifications: 1) A standard licensing for painting was required; 2) The process required the removal of hazardous materials before applying paint on the steel; therefore, a certification to apply was also

necessary. Because there are very few companies that are certified, Comptroller said they informed the paint companies that they would need the certification or advised them to associate themselves with a company that is certified. The local firms chose not to be certified. The low bidder won the bid, headquartered on the mainland, but has a local operation - non-union. Comptroller feels they exhausted their pool of local workers and had to hire from the mainland.

The union(s) responsible for the ads are advocating something unconstitutional (to ban out-of-state workers from working in the State of Hawaii). Comptroller stated, once the awarding company shows they are in compliance the State does not interfere with their hiring process.

Field Turf

Manager Chan said the field turf installation will be part of the stadium's budget request, in case efforts to obtain assistance from the Hawaii Tourism Authority (HTA) fall through.

V. NEW BUSINESS – DISCUSSION AND APPROPRIATE ACTION

None

VI. NEXT MEETING

September 24, 2009

VII. ADJOURNMENT

Meeting adjourned at 12:00 noon.


KEVIN CHONG KEE
Chairman

Recorded by: Diana C. Ho

Approval date: September 24, 2009

