ALOHA STADIUM

An Agency of the State of Hawaii

Stadium Authority Meeting
99-500 Salt Lake Boulevard
Honolulu, Hawaii 96818
April 30, 2009

Members Present:
Kevin Chong Kee
Kay Ahina
Alexander Kane, Jr.
Marcia Klompus
Kenneth Marcus
Nelson Oyadomari
Alan Tamayose

Members Absent:
Kathryn Inouye

Staff Present:
Scott Chan
Lois Manin
Deborah Ishihara
Liane Nakagawa
Andrew Chang
Stephen Lee
Shawn Nagata
Engel Garcia
Ming Tan
Alan Arato

Others:
Randall Nishiyama, Deputy Attorney General
Russ Saito, State Comptroller
Teri Chang, UH Athletics
Roger Reeves, Centerplate
Davy Maruyama, Centerplate
Roseann Chang, Centerplate
Samantha Spain, PCF Virtual Account Manager
Krysti Peacock, PCF Virtual Account Manager
Glen Higa, General Manager of Aloha Sports Properties
See attached sign in sheet

I. CALL TO ORDER

A quorum being present, Chairman Kevin Chong Kee called the meeting to order at 10:08 a.m.

II. APPROVAL OF MINUTES – March 19, 2009 Meeting

ON A MOTION MADE BY MEMBER KANE TO ACCEPT THE MINUTES OF THE MARCH 19, 2009 MEETING AND SECONDED BY MEMBER TAMAYOSE, THE BOARD UNANIMOUSLY APPROVED THE MINUTES.

III. MONTHLY REPORT

A. Chairman's Report

- Chairman Chong Kee thanked Comptroller Russ Saito and his department, stadium staff, Mr. Chan, Ms. Manin, Ms. Ishihara, Mr. Tan, Mr. Lee, and Centerplate's staff, Roger, Davy, Rosie and Delores for attending the legislative hearings relating to the stadium and for their support at the confirmation hearing.

- Governor's Message GM 285, 289, 290, 291, Members Ahina, Kane, Klompus, and Oyadomari were approved to advise and consent. GM 286, Chairman Chong Kee, was approved to advise and consent with reservations. The sixth new member of the board that has been confirmed to advise and consent is Dr. Lawrence K.W. Tseu, replacing Marvin Fong's seat through 2012.

- During a legislative hearing, an issue arose regarding the posting of board minutes on the stadium website. Chairman Chong Kee stated that the minutes and agendas will be posted. It was suggested that minutes of the last three years be posted, however, it will depend on whether the web site can hold the files. Member Ahina asked whether all state agencies have minutes of their board meetings posted. After some discussion, Comptroller Saito stated that what is required by law is that the agenda of all meetings opened to the public be filed with the Office of the Lt. Governor six calendar days prior to the meeting.

- Chairman Chong Kee noted that to help keep proper minutes, starting from today's board meeting, all members of the general public need to sign in.

- Deputy Stadium Manager Manin is continuing her investigation of a comment made from a swap meet vendor and will report on it at a future meeting.

- Mr. Saito was called upon to update the board on SB382, revising the appointment process for the Stadium Authority. Mr. Saito reported that the bill changed by adding voting members to the board. According to the latest draft, S.B. 382 C.D. 1, the nine voting members would increase to 13. It

would include the University of Hawaii President, the Dept. of Education Superintendent, a member representing an interest of the swap meet vendors which will be from a list submitted by the Senate, and one member representing the interest of the surrounding community which will be submitted by a list by the House. The bill would also provide for the next three vacancies to be filled based on the first member selected from a list submitted by the Senate President, the second one from a list submitted by the Speaker of the House, and the third by the Governor. The conference committee hearing is scheduled at 2 p.m. today.

B. Stadium Manager's Monthly Report (reports distributed)

- Mr. Chan congratulated the board members that were reappointed. Member Ahina thanked Scott and his staff for their support.

- Mr. Chan noted that they have been busy being involved with the legislative session and currently working on four major contracts—swap meet, elevator, air-conditioning and security.

- CIP projects include the replacement of roof, strengthening north and east side bridges. And there is ongoing discussion with the Hawaii Tourism Authority regarding the field turf.

- Mr. Chan noted that reports from staff will include a monthly budget report if the board agrees to it. The board had some questions regarding the budget report which were answered by Stadium Fiscal Officer Liane Nakagawa:
  - Under Expenses, "personal" services means "personnel" services
  - Examples of a "services on a fee basis" are contracted services such as the security contract with Wackenhut or special duty
  - Licensees are billed back for a portion of the utilities such as electric, telephone, water/sewer charges
  - UH and Sheraton Hawaii Bowl paid; no one owes the stadium money
  - Ms. Nakagawa will include an accounts receivable column or an outstanding report as requested by Member Marcus
  - Encumbrances are similar to reserves which are set aside for estimated expenses
  - Under Revenues, "Miscellaneous" is income earned from prior years but payment is made during the next fiscal year. For example, the 50th State Fair runs in May through June but payment is made sometime in July which is the next fiscal year.
  - "Interest" earned is from the state investment pool. State allocates interest to different programs.

- All invoices need to be paid within 30 days
- The "cash balance" is placed in a Special Fund. The stadium management identifies projects that they would like to use the funds for. It is cash that the stadium has in an account but can be taken away by the legislature.
- Mr. Nishiyama stated that the amount on the table under consideration by the legislature is taking $2 million from the stadium special fund. Mr. Saito explained that the legislature appropriates a ceiling for programs. The stadium stays within that ceiling, however, periodically, the legislature takes the amount above the ceiling.

The Board thanked Ms. Nakagawa for a fine report and requested that she provide a budget report at each board meeting.

C. Approval of Events

1. Sports Car Club of America
   Driving Skills Contests
   Lower Halawa Parking Lot
   October 4, 18, November 1, December 13, 2009
   January 10, 24, February 21, March 7, April 4, 2010 (Sundays)

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

2. Oahu Pop Warner
   Football Playoffs, Championship,
   Goodwill Bowl
   November 8, 15, 22, 29, 2009 (Sundays)

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

D. UHAD Monthly Report

Teri Chang thanked the stadium staff for a successful Warrior Spring Bowl. She reported that football renewals went out mid-April through May 11 and that the UH baseball and tennis teams are doing well in their tournaments.

E. Centerplate/Swap Meet Monthly Report (report distributed)

Report presented by Roseann Chang, Swap Meet Manager

- Attendance was down 13.6% from March 2008 to March 2009. Paid attendance was also down 12.3%. There was one less swap meet day on Saturday. Total stall sales also declined 13.7%. Due to the heavy rains on March 15, the DLNR Boat Safety seminar was cancelled.

- Member Ahina voiced concern about the negative numbers that is reported each month and asked about Centerplate's strategy to turn things around. Rosie reported that they are focusing on the local community. The last 30 days included the Food Drive on April 18-19 and Honoka'a Jazz Band on April 18. Admission did increase over the last month which Rosie attributes to the car show and the free admission with a canned good for the Foodbank. A craft fair is scheduled for May 10 and a bone marrow drive for May 17. In June, a car show and miniature golf is scheduled for Father's Day with another bone marrow drive and recycling program to be held that month.

- Member Klompus suggested that Centerplate's report start with positive accomplishments. Rosie reported that the D,E,F rows were sold out the last two weekends due to an increase of new vendors. Vendors are excited about the upcoming craft fair on May 10. And the swap meet's marketing firm has helped with upcoming events and website.

- Member Oyadomari asked about the market for potential vendors. Rosie stated that A,B,C rows are promoted through word of mouth and that flyers are also distributed in residential areas. The cost is $15 for vendors.

Samantha Spain and Krysti Peacock of PCF Virtual continued the report:

- They are advertising in visitor publications. They are working with VIP Transportation to distribute flyers to passengers visiting Pearl Harbor. They also faxed and emailed the calendar of events to hotel concierges and received positive responses.

- For local families, they are creating a consistent message with non-profit groups. In June, there will be a "go green" program with a recycling firm with interviews on KUMU radio. They also collected 282 pounds of canned goods for Foodbank. The Mother's Day Craft Fair will be under the Aloha Tent. On June 6, they will kick off the Summer with Eastside Cruisers, 100-150 showcase cars, along with miniature golf and live spots with KUMU radio. The bone marrow registry will also continue. In July, a skateboarding event with Local 808 Entertainment and Adidas Hawaii is planned.

- The swap meet website should be up soon with a list of activities. It will be linked to the stadium's website.

- Member Klompus asked them to consider working with the Hawaii Humane Society's adoption program. Member Ahina asked about the possibility of doing a produce market similar to the one that Kapiolani Community College holds on Saturdays. Rosie stated that they are looking at the logistics of having a farmer's market and have met with the Farmers' Market Association.

- Member Klompus would like the marketing agency to emphasize how great the Aloha Stadium Swap Meet looks.

F. Aloha Sports Properties – Update from General Manager Glen Higa on the progress of the Stadium's Advertising and Marketing Contract

Mr. Higa stated that they are targeting the Level 1 & 2 corporate partners and anticipate reaching their goal of $1 million in sponsorship by August 1. Although they have not officially signed anyone yet, they have received about $900,000 in proposals. They are currently working on the soft drinks pouring rights with Mr. Reeves, Mr. Maruyama, and Mr. Chan and expect to make an announcement very soon. The CIP project for this year is the installation of televisions. West Region Manager, Garret Dorn will be in Hawaii next week to meet with the local company who submitted a proposal—they have received two proposals from the mainland. Mr. Higa noted that the reaction from the current companies are favorable. The businesses like the emphasis on reinvesting back into Aloha Stadium. Mr. Higa expects that the public will also enjoy seeing the new improvements. Member Klompus asked if news conferences will be planned when everything is in place. Mr. Higa replied that announcements will be scheduled to highlight the improvements that the corporate partners are helping with.

IV. UNFINISHED BUSINESS

A. Aloha Stadium Administrative Rules – Discussion and review of current Administrative Rules and Fees at Aloha Stadium

After a short discussion, Member Marcus stated that the draft of the rules was circulated to committee members and Mr. Nishiyama. Mr. Nishiyama stated that the committee wanted to transition most of the detailed work that the board is now doing and move that responsibility over to the stadium manager. The board will concentrate on policy decisions and have the stadium manager do the detailed work. Mr. Nishiyama set as an example the issue of approving events. Currently, the stadium administrative rules require that all stadium events be approved by the board. The revised rules would place limits on what the board shall approve and what the stadium manager can approve. Any large events would still be approved

by the board. Mundane events like the Pop Warner football playoffs or the Sports Car Club driving skills contest would be handled by the stadium manager. This revision would also give the stadium manager the authority to negotiate contracts and in the negotiations the stadium manager would have the authority to handle the processing of expenses. Currently under the stadium statutes, all revenues must be deposited into the stadium special fund. In terms of negotiations, there is no flexibility with revenues only on the expense side. The proposed rule amendments would give the stadium manager the authority to adjust the expense rate thus making negotiations more attractive.

The proposed rules also relate to guest conduct and parking regulations which were not circulated to board members. Mr. Nishiyama stated that these proposed rules are more housekeeping in nature. Before any of these rules can be enacted, it has to go through public hearing.

There was a lengthy discussion regarding the proposed rule amendments. Points of discussion were as follows:

- Member Marcus voiced concern that the board will be giving the stadium manager a great deal of discretion without any guidelines on how the board would be able to review the manager's negotiations or decisions. Requiring the stadium manager to report to the board at the monthly meetings was suggested

- The proposed amendment would allow the stadium manager to approve any event with an attendance under 25,000. Member Marcus felt that the threshold is too high and would be more comfortable with 1,000.

- Mr. Chan stated that management would be able to move faster on events and negotiations with clients with these proposed rule amendments. He also commented that having the ability to approve events by repeated licensees would build on the good relationship that has been developed over the years. However, board members questioned this rationale commenting that time is not a real obstacle since there is sufficient time in approving repeated events. They believe that if a client required an immediate response that the stadium manager has the ability to make a decision and a special board meeting could be scheduled if necessary.

- Member Klompus stated that she is not agreeable to relinquishing the authority to approve events. She believes that the board's purpose is to govern the stadium.

- Member Marcus noted that at the last meeting, the board seemed to accept the notion of giving the stadium manager the authority to approve small events. However it was not the intent of the committee to have events

with high attendance. Member Klompus stated that the examples given at the time were graduations and did not consider other kinds of events. Mr. Chan noted that graduations have about 10,000 in attendance; however, Member Klompus reiterated that repeated events such as graduations are different from small concerts.

- Chairman Chong Kee stated that the Board should deal with policy and have the stadium manager run the stadium.

Mr. Nishiyama asked the board for direction and suggested that the subject of who has authority to approve events be postponed for further discussion. However, if it is acceptable to the board, he will move forward about the expense section and circulate the proposed rules for formal approval.

At 12:09 p.m., the board took a short recess and reconvened at 12:18 p.m.

At this time, Mr. Nishiyama read the proposed rule amendment. He also stated that the board continues to discuss the issue of discretion given to the stadium manager. The other proposed rules relate to guest conduct and parking regulations. Guest conduct addresses prohibited items coming into the stadium. The proposed changes would include the following items: umbrellas, balloons, confetti, poles and sticks, banners which would be consistent with the current list of prohibited items. Mr. Nishiyama stated that this would make it easier to enforce the rules as guests enter the stadium.

Member Marcus cautioned that if the rules are too rigid the board will no longer have any discretion to allow these items or the flexibility to add something in the future. The matter for the proposed rules will be deferred to the next meeting which at that time, Mr. Nishiyama will have a draft of the proposed rules for the board to review.

At this time, Chairman Chong Kee asked to jump to item IV. C. Aloha Stadium Repair Work Project.

B. Aloha Stadium Swap Meet RFP – report on progress for new Aloha Stadium Swap Meet RFP Contract. Discussion and action on amendment for new Swap Meet Contract.

At 12:53 p.m., MEMBER AHINA MADE A MOTION TO ENTER INTO EXECUTIVE SESSION TO CONSULT WITH COUNSEL TO DISCUSS AN ADDITIONAL ITEM ON THE SWAP MEET RFP. MEMBER TAMAYOSE SECONDED THE MOTION. THE MOTION WAS UNANIMOUSLY CARRIED.

The Board reconvened at 1:23 p.m.

A MOTION TO AMEND THE RFP FOR THE STADIUM SWAP MEET BY ADDING AN ADDENDUM THAT WAS PROPOSED BY THE COMMITTEE BE ADOPTED WAS MADE BY MEMBER TAMAYOSE. MEMBER OYADOMARI SECONDED THE MOTION. THE MOTION WAS PASSED WITH A 5 TO 1 VOTE WITH MEMBER MARCUS VOTING NO.

C. Aloha Stadium Repair Work – Update from Comptroller Russ Saito on the Stadium Repair Work Project or nay update involving Aloha Stadium.

Mr. Saito distributed two handouts. The first handout "Necessary Capital Improvements" showed the dollar amounts that were appropriated to be expended during a particular fiscal year. The figures were color-coded according to the fiscal year that the money was encumbered. The second handout was a color-coded picture of stadium repairs by calendar year. Mr. Saito also reported that all bridges are currently being stiffened.

Mr. Saito gave an update for the operational costs for the stadium. The department asked for $8.993 million for FY 2009-10; $8.918 million for FY2010-11. The House accepted the numbers; the Senate decreased it by approximately $40,000 a year. For the CIP, the department asked for an additional $15 million for FY 2020; $55.597 million for FY2011. The House gave $15 million in FY2010 and $30 million for FY2011. The repairs should be done by 2016. Elevators could go between the gaps between the stands. Additional restroom facilities could be installed in this area.

Member Ahina inquired about the lifting of the deed restrictions. Mr. Saito stated that he has met with the Dept. of the Interior and have come to an agreement that if the state is able to meet the conditions and the Dept. of the Interior agrees that the land that the state proposes to set aside for recreational purposes is equivalent in value to the stadium's 56 acres, they will lift the deed restrictions. The state needs to find land that is not currently in recreational use that will be dedicated in perpetuity for recreational use. The Dept. of Land and Natural Resources has several pieces of property with value equal of or more than stadium property. The time frame is mid-2010. Mr. Saito also noted that he is meeting with the city planners regarding mass transit.

Chairman Chong Kee returned to item IV. B. Aloha Stadium Swap Meet RFP.

V. NEW BUSINESS – Discussion and Appropriate Action

A. Stadium Manager and Deputy Manager Evaluation Reports for Fiscal Years 2007-2009.

Chairman Chong Kee deferred this item to the next board meeting.

VI. NEXT MEETING
May 28, 2009

VII. ADJOURNMENT
1:29 p.m.

KEVIN CHONG KEE
Chairman

Recorded by: Susan Bannister

Approval date: May 28, 2009