

NEIL ABERCROMBIE
GOVERNOR

DEAN H. SEKI
COMPTROLLER



ALOHA STADIUM

An Agency of the State of Hawaii

SCOTT L. CHAN
MANAGER

LOIS M. MANIN
DEPUTY MANAGER

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

January 30, 2014

Members Present:

Charles T. Toguchi, Chairman
Wilbert C.F. Chee
Odetta Fujimori
Edward Hasegawa
Scot Long
Kenneth B. Marcus
Alan S. Tamayose

Member Absent

Keith "Kika" G. Bukoski

Staff

Scott L. Chan
Lois M. Manin
Russell Uchida
Stephen Lee
Andrew M. Chang
Wesley Ueda

Liane S. Nakagawa
Samantha Spain
Chuck Beck
Ron Tsuzuki
Shelly Shoji

Others:

Dean Seki, State Comptroller
Randall S. Nishiyama, Deputy Attorney General
Ben Jay, University of Hawaii (UH) Athletics.
Davy Murayama, Centerplate
Glen Higa, Aloha Sports Properties
Chris Kinimaka, Department of Accounting & General Services (DAGS)
David DePonte, Department of Accounting & General Services (DAGS)
Irwin P. Rajj, Foley & Lardner
Tyler Paramore, Foley & Lardner
Ted Bornstein, Foley & Lardner
Joseph L. Colaneri, Foley & Lardner
See Exhibit A (Sign-in Sheet)

I. CALL TO ORDER

A quorum being present, Chairman Charles Toguchi called the meeting to order at 10:07 a.m. and extended his best wishes to everyone for a "Happy New Year."

II. APPROVAL OF MINUTES

Approval of the December 19, 2013 Regular Session Minutes.

A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER CHEE TO ACCEPT THE MINUTES OF THE REGULAR SESSION. THE MOTION WAS UNANIMOUSLY CARRIED.

III. Public Testimony

Chairman Toguchi invited testimonies by the public. There were none.

IV. MONTHLY REPORTS

A. Chairman's Report (Charles T. Toguchi)

Chair Toguchi said he will be adding his comments to other reports throughout the meeting.

B. Stadium Manager's Report (Scott L. Chan)

Administration

An annual audit of Aloha Stadium was performed by Kobayashi, Kenetoku, Doi, Lum & Yasuda, CPAS LLC and we are pleased to report there were no major audit findings. However, the firm did make three recommendations, two of which involved internal controls and the other involved capital assets being reported between DAGS and the stadium. All three items have been addressed to their satisfaction. The report is available for review by the Board upon request.

State Auditor's Report No. 12-02 (March 2012)

Investigation of the Stadium Authority's Swap Meet Operations

As a follow up to the recommendations made in the Auditor's Report, the Legislature requested that a set of questions be answered by the Stadium Authority and the Stadium Manager. Manager Chan informed the Board that all questions were properly addressed and it served as an annual response to let them know the status of those recommendations.

Events

1. It's been a month filled with events. In addition, management has been working with the consultants with reference to the Optimization Report.
2. Sheraton Hawaii Bowl – December 24, 2013 - we had a successful event with a crowd of 18,000 in attendance and look forward to their 2014 event.
3. 2014 Pro Bowl – the Pro Bowl was highly successful, with 47,200 in attendance (a near sell-out). The format was entirely different and brought a new appeal to the game. With the positive comments received from the fans and NFL players, we are hopeful dialogue will continue in an effort to bring the Pro Bowl back to Hawaii.

Chairman Toguchi said he was at the stadium during the Pro Bowl week and did not realize how much details are involved for the preparation of this event. He thanked Manager Chan and the stadium staff for doing such a great job. Manager Scott said the job could not have been done without the support of the Board and other State Agencies and our staff – it is an amazing effort by many.

4. Administrative Trip
Several staff members, along with two Board Members and representatives from DAGS, were able to take a trip to visit Candlestick Park, AT&T Park and Levi's Stadium. The purpose was to work with an administration that will undergo a similar transition that we may be faced with in the near future.

Presentation (Power Point) by Lois Manin

The general purpose in visiting the three parks was to network and do on-site inspections and seek operational information from those involved at those locations. The entire trip was made possible by Centerplate because they are the concessionaire for all three locations.

Travelling together were:

Stadium Authority: Will Chee and Keith "Kika" Bukoski. Stadium Staff: Lois Manin, Stephen Lee, Andrew Chang, and Shelly Shoji. DAGS Public Works: Chris Kinimaka and David DePonte. Centerplate Staff: Davy Murayama and Dara Barcelona-Petelo.

Candlestick Park

Our first stop was at Candlestick Park, which has a lot of similarities to Aloha Stadium. It is a city-owned facility which has a lot of challenges. Maintenance issues are addressed on an as-needed basis. The facilities will eventually be demolished. The 49ers spent 53 seasons there.

Although there were many areas of interest, Ms. Manin said her report will focus on a few, as follows:

1. Parking and Traffic Management – consistent with Aloha Stadium operations.
2. Tailgate Enforcement – similar challenges as Aloha Stadium; the difference is their enforcement begins when the lot starts to fill up. Manager Chan said in contrast (due to lack of parking for a 50,000 arena) the stadium prefers to enforce the rules early, rather than having to ask the fans to dismantle their set-up in the middle of their tailgating activities.
3. Turnstile Entry Procedures – consistent with Aloha Stadium's. procedures except for their clear bag policy and metal detection screening.
4. Security – prohibited items and fan code of conduct is consistent with Aloha Stadium's. Their security office includes holding cells and their security operations are supported by multiple agencies and organizations.
5. Command Post -- seats 24 people. They use the In-Stadium solutions software for incident management, text communication, lost and found, etc. Ms. Manin noted that Aloha Stadium looked into this prior to the trip and concluded it would be difficult to justify a costly program at this time.
6. Food and Beverage Operations – consistent with Aloha Stadium except for bottled water and soda which were higher. There were 239 concession points and it was very difficult to get through the lines.

7. Experience at the Game (Candlestick Park)

- Exiting the game took 1-1/2 hrs.
- The Portable pedestrian bridge, allowing pedestrians to exit over the roadway to not disturb traffic flow was noted as a possible option for the Kam Lot @ Salt Lake Blvd., and/or Kamehameha Hwy.

AT&T PARK

- Home of the S.F. Giants
- Viewed Luxury Suites w/adjoining entertainment rooms.
- Many amenities with optional seating and a large interactive play area.
- Mini ball park.

Levi's Stadium

- Provided a picture of a rendering of the future stadium located in Santa Clara (40 miles from City of San Francisco) – 75% completed and completion is anticipated by 2014.
- Home of San Francisco 49ers
- Home of Super Bowl – February 2016
- Capacity: 68,500 (expandable to 75,000)
- Construction estimated at \$1.2 billion (shared investment and revenues between the 49ers and the City of Santa Clara)
- Naming Rights were purchased @ \$220 mil. over the next 20 yrs.
- Luxury Suite Tower with 166 suites, presold (109,000 sq. ft.)

- Many club memberships available (allowing access to different areas throughout the entire facility), allowing different functions (wedding, receptions, etc.).
- Scoreboard – (200 ft. wide by 48 ft. tall – largest “High Definition” scoreboard in the world - a little over 9, 558 sq.ft.
- Largest building registered with the US Green Building Council.
- 75% of non-hazardous waste is being diverted, recycled or salvaged during construction.

Stadium Comparison

	<u>Levi's Stadium</u>	<u>Candlestick Park</u>	<u>Aloha Stadium</u>
Cost to Build	\$1.2 Billion	\$32 Million	\$37 Million
Capacity	68,500 (to 75,000)	69,000	50,000
Parking Stalls	21,000	18,000	8,000
Elevators	17	3	2
Escalators	30	6	2

Member Chee said his understanding of the on-site parking capacity was about 6,700 to 7,000 and the remainder of the 18,000 is in the surrounding areas, which would be comparable to the stadium's situation. Ms. Manin confirmed that earlier this month they secured an agreement with the City of Santa Clara golf course to park on the fairways.

Member Chee also noted that out of the \$1.2 billion that is financed, they estimate that about \$800 mil. of that has been recaptured (through the suite sales and the purchase of seats) and their stadium is not even finished.

Chair Toguchi said he is hopeful that some of the things learned can be applied later to improve our situation.

5. Capital Improvement Projects (CIP)

Remains the same – we are still waiting for a response. We will inform the Board when we receive confirmation.

6. Sales & Marketing (Samantha Spain)

- We are moving forward on events for the first quarter and with Centerplate on a couple of events.
- On February 9 (at the No. Plaza) we will be celebrating Chinese New Year's with the traditional lion dance.

7. Legislative Session

We are submitting testimony in support of SB 2437, which is being heard by Senator Donovan Dela Cruz (Chairman of the Economic Development, Government Operations and Housing Committee). The Bill requires all state agencies within one-half mile of proposed rail

stations to enter into a Memorandum of Understanding (MOU) with each other and convene working groups together with the Honolulu Authority on Rapid Transportation (HART) to address how the transit station will affect the surrounding work force and housing areas. Hearing is on Monday, February 3.

C. Approval of Events (Stephen Lee)

1. Felix Y. Manalo Foundation, Inc. (New)
Walkathon
February 15, 2014 (Saturday)

Licensee found another venue and withdrew its application.

2. Aloha Stadium Swap Meet (New)
Airplane Toss (a skills contest)
Field
July 26, 2014 (Saturday)

Les Higa of Centerplate was present to answer questions by the Board. Mr. Higa said the proceeds from this event will go to United Cerebral Palsy.

Mr. Lee said stadium management is recommending approval of this event.

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

3. Street Dreams Hawaii
 - a. Car, Truck, Bike 4x4Show/Concert (New)
Lower Halawa Parking Lot
April 12, 2014 (Saturday)
 - b. Car, Truck Bike, 4x4 Show, Super Motto Stunt, Trike Drift,
4x4 Car Smashing (Repeat)
Lower Halawa Parking Lot
August 16, 2014 (Saturday)

Thomas Sampaga was present to answer questions by the Board.

Mr. Lee said stadium management is recommending approval of this event.

A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER TAMAYOSE TO APPROVE THE EVENTS. THE MOTION WAS UNANIMOUSLY CARRIED.

4. Hawaii State Jr. Prep Sports Association (Repeat)
Youth Football Tackle Games
February 22, 2014
March 1,8,15,22,29,2014 (Saturday)

Mr. Lee said stadium management is recommending approval of this event.

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

5. Sports Car Club of America (Repeat)
Driving Skill Contest
Lower Halawa Parking Lot
2014: July 27, Sept. 28
2015: Jan. 4, 17, 18, 19; Feb. 1, 22; Mar. 8, 29; Apr. 19

Mr. Lee said stadium management is recommending approval of this event.

MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER HASEGAWA TO APPROVE THE EVENTS. THE MOTION WAS UNANIMOUSLY CARRIED.

6. Color Vibe LLC (Repeat)
5K Run
Lower Halawa Parking Lots & Other Lots
November 11, 2014

Mr. Lee said stadium management is recommending approval of this event.

MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER HASEGAWA TO APPROVE THE EVENT. THE MOTION WAS UNANIMOUSLY CARRIED.

7. Fernandez Events LLC (Repeat)
50TH State Fair

2015

May 22,23,24,25,29,30, and 31

June 4,5,6,7,12,13,14,19,20,21,26,27, and 28

July 3,4, and 5

2016

May 27,28,29, and 30

June 3,4,5,9,10,11,12,17,18,19,24,25, and 26

July 1,2,3,4,8,9, and 10

2017

May 26,27,28, and 29

June 2,3,4,8,9,10,11,16,17,18,23,24,25, and 30

July 1,2,7,8, and 9

Mr. Lee said stadium management is recommending approval of this event.

Chair inquired about the annual revenue from this event. Manager Chan said depending on the number of dates/attendance, revenue could range between \$200,000 to \$250,000.

MOTION WAS MADE BY MEMBER HASEGAWA AND SECONDED BY MEMBER FUJIMORI TO APPROVE THE EVENT. THE MOTION WAS UNANIMOUSLY CARRIED.

EXECUTIVE SESSION

AT 10:46 A.M., A MOTION WAS MADE BY MEMBER HASEGAWA AND SECONDED BY MEMBER TAMAYOSE TO GO INTO EXECUTIVE SESSION TO CONSULT WITH THE BOARD'S ATTORNEY ON QUESTIONS OR ISSUES REGARDING THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITIES, AND LIABILITIES PURSUANT TO SECTION 92-5(a) (4), HAWAII REVISED STATUTES, REGARDING THE FEDERAL DEED RESTRICTION, THE STADIUM OPTIMIZATION PLAN, AND STADIUM OPERATIONAL ISSUES.

The meeting reconvened at 11:10 a.m.

D. University of Hawaii Athletic Department Monthly Report (Ben Jay)

Chairman Toguchi said Mr. Jay is going to give a brief monthly report, and he has been asked to be on the February agenda. Chair said he is very interested and supportive of what he is doing at the UH. He has a great challenge and we want to see how the stadium can help him to achieve some of his goals.

Mr. Jay reported:

- It was an interesting season and he has learned a lot along the way. He has asked his staff to take a look at everything (i.e. ticket pricing, seating sections, find a way to show value/support to their season ticket holders, etc.).
- Discussing with Manager Chan the idea of possibly shutting down the upper decks and moving people to the lower bowl for several reasons: 1) From the crowd factor it would help to have a home game atmosphere with crowd noise; 2) Potential operational savings they would receive by shutting down the upper deck. He is very aware of the many challenges this idea may create (i.e., with the concessions, restrooms, etc.)
 - Will be studying repricing of seats—need to think of pricing according to yard lines vs. seat levels.
 - Overall emphasis right now is that they are down in terms of football projected revenues – something that he has to address in their budget.
 - Chancellor is wanting to keep their deficits at \$1.0 million or less and Mr. Jay is finding that extremely hard to do. Going back to the drawing board as to what they can do to raise ticket revenues with all of their sports.
 - Working with Koa Anuenue and UH Foundation in trying to create other fundraising events.
 - With reference to operations for the season, Mr. Jay said the stadium staff was very responsive. Anything that occurred was quickly responded to – he experienced no issues.
 - He has had discussions re: Pole 11 with Manager Chan and the stadium was able to keep the area contained, with the assistance of the sheriffs and police; but admitted he did not realize the

social impact of Pole 11 and they failed in their attempts to set up a tailgate area for the students. Lessons have been learned from that and they are monitoring that and trying to come up with some ideas.

- Continuing their recruiting and working towards a better season including changes with the coaching staff.
- Thanked Manager Chan, Deputy Manager Manin and staff for a great year – very pleased with things.

Member Fujimori passed on comments to Mr. Jay from season ticket holders about wanting discounts (perhaps with parking) as a result of the reduction in ticket prices to the general public. He replied that the parking is tough to do due to the demand, but definitely agreed that they need to improve the value to season ticket holders.

E. Centerplate's Swap Meet Monthly Report (Davy Murayama)

- Total December attendance decreased -18%
- Total Stall Count decreased -2%
- D,E,F, rows stall count decreased -2%
- A,B,C, rows stall count increased 10%

Mr. Murayama reviewed in detail the Swap Meet December 2013 Attendance Summary (hand-out). He noted the two rainy Sundays (Dec. 1 & 15) significantly reduced the number of buyers by approximately 6,000. He also added that there were three less swap meet days from the previous year which contributed to the decreased numbers noted above.

Mr. Murayama mentioned the email from Mr. Jerry Garcia (Vendor – Consolidated Sports Products Hawaii) stating his discontent with procedures at the Quarterly Vendor's meeting and Christmas Package Lottery on December 4, 2013. Mr. Murayama stated that, due to low attendance at the Quarterly Vendor Meetings, he decided to combine the Quarterly Vendor's Meeting with the Christmas Package Lottery (approximately 150 people). He explained that he did close and lock the doors of the Hospitality room at approximately 5:07 p.m., to begin the meeting and in accordance with standard lottery procedures. This was apparently prior to Mr. Garcia's arrival, which sparked the email.

Mr. Murayama assured that he would address the email with Mr. Garcia and ask for clarification on some of the statements he made in his email

since it is somewhat unclear exactly what he is requesting from Centerplate, Stadium Management and the Stadium Authority Board.

Member Long expressed concerns to Chairman Toguchi that perhaps some of the issues that have occurred in the past (prior to his term) may not have been addressed or resolved and asked if the Board needs to step in.

Manager Chan responded that the procedure regarding vendor issues requires the vendors to first discuss their concerns directly with Swap Meet Management. If unresolved, vendors have the option of bringing their concerns before the Board, which is what Mr. Garcia is currently doing.

Member Marcus said some of the items mentioned by Mr. Garcia are not new and have previously been discussed with the Board. He also noted it is apparent that Mr. Garcia is dissatisfied with the management of the swap meet and continues to express his concerns. Member Marcus said this is the most politically charged issue that has faced the Board and that Mr. Garcia has a real problem with his relationship and dealings with Mr. Murayama.

Chairman Toguchi and Member Long expressed their interest in attending the next quarterly meeting. Manager Chan suggested the idea of also inviting the Foley & Lardner consultants to that meeting to allow us to further reach out to the vendors.

F. Aloha Sports Properties Monthly Report: Glen Higa

- He just attended the CBS Collegiate Sports Property annual meetings at Charlotte No. Carolina with all our senior managers and general managers throughout the country. It was a great opportunity for them to connect and share ideas of things that they do at their respective properties.
- This month they continued their renewal meetings – responses have been very positive. They also look forward to some of their partners returning on higher levels.
- They will continue their new business developments in the next months ahead.

- Member Marcus requested the 2013 net revenue amount for advertising. Manager Chan said as of June 2013 the cumulative amount for advertising is \$182,573. Mr. Higa confirmed additional amounts are still outstanding and will be carried over to the next fiscal years.

Member Marcus said his recollection was that previously the annual payments were in the vicinity of \$300,000 a year and are we experiencing a decline, or is there something missing in that number.

Mr. Uchida said he does not have the capex info readily available but can prepare an analysis for him. Mr. Marcus said he knows it is a function where we recapture scoreboard costs and he thought it occurred last year because last year was so low. He wants to figure out what the stabilized revenue looks like.

Part of it is what Glen mentioned –where lot of it is based on a cash basis report that I'm looking at right now.

Member Marcus said he wants to know how much we will make based upon the revenues from this past football season.

Mr. Uchida said he does not have that information in front of him. Mr. Higa confirmed it is based upon receivables which come at the end of the fiscal year. Manager Chan said due to financial procedures, the actual amount may not be reflected in FY 2013.

Member Marcus said he is not sure where it is being reflected. He wants to find out how much we expect to make for the year that began July 1, 2013, assuming there are no bad debts, etc.

Member Marcus inquired if we have a projection for what our share will be for the end of the F/Y 2014.

Mr. Higa said he does not have a projection and he has to go back and inquire. Member Marcus requested that he provide the projection at the next meeting. Mr. Higa confirmed that he would.

Testimony by Shannon Wood

Ms. Wood said she was very pleased to hear Ben Jay's vision. She said that is the primary thing she was concerned about, having

worked with specific Legislatures with regard to funding for intercollegiate athletic programs (particularly this facility). She has been doing some significant research to build a brand new stadium which would amount to about a half a billion to seven hundred and sixty million dollars. She does not see that ever happening down at the State Capitol.

V. UNFINISHED BUSINESS

None

VI. NEW BUSINESS

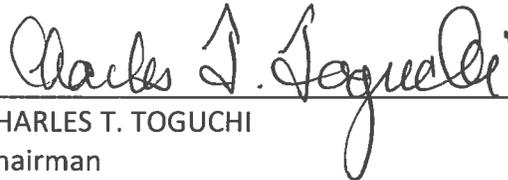
None

VII. NEXT MEETING

February 27, 2014

VIII. ADJOURNMENT

AT 12:03 P.M. A MOTION WAS MADE BY MEMBER CHEE AND SECONDED BY MEMBER TAMAYOSE TO ADJOURN. THE MOTION WAS UNANIMOUSLY CARRIED.



CHARLES T. TOGUCHI
Chairman

Recorded by: Diana C. Ho

Date: February 27, 2014