

NEIL ABERCROMBIE
GOVERNOR

DEAN H. SEKI
COMPTROLLER

SCOTT L. CHAN
MANAGER

LOIS M. MANIN
DEPUTY MANAGER



ALOHA STADIUM

An Agency of the State of Hawaii

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

February 27, 2014

Members Present:

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

Staff

Scott L. Chan	Liane S. Nakagawa
Lois M. Manin	Samantha Spain
Russell Uchida	Abe Keliinui
Andrew M. Chang	Ron Tsuzuki
Wesley Ueda	Shelly Shoji

Others:

Dean Seki, State Comptroller
Randall S. Nishiyama, Deputy Attorney General
Ben Jay, University of Hawaii (UH) Athletics.
Davy Murayama, Centerplate
Krysti Peacock, Centerplate
Glen Higa, Aloha Sports Properties
See Exhibit A (Sign-in Sheet)

I. CALL TO ORDER

A quorum being present, Chairman Charles Toguchi called the meeting to order at 10:03 a.m.

II. APPROVAL OF MINUTES

Approval of Minutes of the January 30, 2014 Regular Session and Executive Session.

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

A MOTION WAS MADE BY MEMBER FUJIMORI AND SECONDED BY MEMBER HASEGAWA TO ACCEPT THE MINUTES OF THE EXECUTIVE SESSION. THE MOTION WAS UNANIMOUSLY CARRIED

III. Public Testimony

Chairman Toguchi invited testimonies by the public. Tom Cooney said he would speak during the Swap Meet report.

Testimony by Jerry Garcia (Vendor)

- He came to discuss an incident that occurred at a December 4, 2013 vendors' meeting. He feels he and other vendors were discriminated against by not being allowed access to that meeting.
- He also thanked Member Long for taking the time to contact him and listen to their concerns which have not been addressed by Centerplate, Management, and the Stadium Authority over the past four years (specifically, items mentioned in the swap meet audit).
- Concerning marketing reports that have been provided about the Chinese market, etc., he said no one questions what is being done to bring that business to the swap meet. As vendors, business has not been good for the past two years and he questioned the marketing efforts. Mr. Garcia said the vendors would welcome the presence of Board members at the swap meet just to say hello and show that they care.

Manager Chan said management has been doing their best to serve all of its clients. We have given the swap meet our undivided attention by working with Centerplate during weekly meetings (every Wednesday) in an effort to address

all of their concerns on a timely manner. Although decisions may not always be in their favor, our efforts are focused on making it a better situation for all.

Member Fujimori inquired if there is a vendor's association. Mr. Garcia said efforts failed in putting one together several years ago due to many vendors with different languages and culture, but that they do talk among themselves for representation.

Tom Cooney

- Mr. Cooney said he shares the same concerns as Mr. Garcia. He tries to follow procedures but does not receive decent responses on vendor-related issues.
- Centerplate has done a poor job in managing the swap meet and he has a ton of facts to put in writing for the Board.
- He suggested the Board look at the numbers – in the past they had four years of rain and business then was still better than it is now.

Shannon Wood

Ms. Wood said Aloha Stadium has an incredibly important piece of property in terms of what can be done with it over the next 25-30 years. She suggested, prior to the Board putting together committees for future planning, to allow her to provide them with a list of about 25 qualified professionals who could help to make decisions over the next two or three years.

Chairman Toguchi thanked Ms. Wood for her willingness to assist and for also meeting with the consultants on the Optimization Report to express her interest in the future of Aloha Stadium.

IV. MONTHLY REPORTS

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

Chair said he will be discussing many items during the Executive Session.

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

Administration

Ryan Andrews, Assistant Events Manager, left the stadium to accept a position with the Kroc Center as their health and wellness director. He

was a tremendous asset not only in an administrative role but also carried our customer service program -- we hope to keep him engaged in that respect. Andrew Chang will be filling in temporarily. We have also hired Neal Sakamoto to cover Andrew's position temporarily until that position is filled.

Quarterly Report

There is very little change from the previous report. Manager Chan assured the Board that management is very mindful of its spending.

Events

The 2014 Pro Bowl (January 26) was very successful and had an attendance of 42,000 (one of its higher ratings for some time). Ohana Day (the day before Pro Bowl) had an attendance of 10,000.

The Great Aloha Run (February 17) was also very successful with registrations between 22,000 to 25,000.

We are gearing up for the high school graduations, the State Fair and youth football league games on Saturdays.

Legislature

We have provided updates (chart) in your packets on current Bills. There is nothing pressing at this time.

News Articles

Several articles of interest are in your packets (re: Pro Bowl and UH).

Honolulu Authority for Rapid Transit (HART)

- A Chronology of Events is provided to keep the Board informed on what has been done on the transit system at this point. Two diagrams of the Kam Lot area are included which show the layout where the station will sit.

C. APPROVAL OF EVENTS (Andrew Chang)

1. ESPN Regional Television – Sheraton Hawaii Bowl
Post Season Collegiate Football Game
December 24, 2014, 2015, 2016, 2017, 2018, and 2019

A MOTION WAS MADE BY MEMBER HASEGAWA AND SECONDED BY MEMBER TAMAYOSE TO APPROVE THESE EVENTS.

Discussion: Member Marcus wanted to clarify that the vote is for six years, the date is always on December 24, and it is consistent with previous years. Manager Chan confirmed his understanding.

THE MOTION WAS UNANIMOUSLY CARRIED.

2. Play Sports Hawaii
Youth Flag Football
June 28 & 29, 2014

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

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

Mr. Jay's monthly report is included with his special report under "New Business."

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

- Total January attendance decreased -5%
- Total Stall Count decreased -9%
- D,E,F, rows stall count decreased -15%
- A,B,C, rows stall count increased 15%

Mr. Murayama reported they had a 4% increase in attendance (generated on a Sunday). The stall sales in the ABC rows increased considerably.

Mr. Murayama said recently they have noticed a discrepancy in the increase in attendance and decrease in vendors, or vice versa. They did some investigating and it appears vendors are operating in stalls that belong to other vendors, which is a violation of their subletting rules. In some situations a vendor could purchase his stall for \$100 and then be selling it for \$200. Due to the seriousness of breaking the rules, management will be addressing this issue with the individuals involved. As a result of a violation, vendors can lose their permanent stalls and also be banned from the swap meet.

Member Chee inquired if the subletting issue was widespread. Mr. Murayama said previously it was widespread, but when they came on board they changed some rules and also created a lottery system for the outer rows (limited to 3 stalls per G.E.T. license) to improve the operations. The ABC inner rows do not have a lottery.

Testimony by Tom Cooney

With reference to Mr. Murayama's report:

- The G.E.T. situation may have occurred a long time ago. Currently he said the valuation of the stall is half of what is projected and does not feel anyone is selling their stalls for \$200.
- Sometime ago vendors were giving up their primary vendor stalls and merging with someone else because they were not making money; which is when Mr. Murayama required the G.E.T. licenses to be displayed.
- Permanent vendors are authorized three permanent stalls; and daily vendors have unlimited stalls (by the rules); Mr. Cooney said to check it all first.

Marketing – Krysti Peacock

- Ms. Peacock reported that the USA "101 Things to Do" ad section has ended. They will be putting together another proposal.
- In addition to advertising, Ms. Peacock said they work with the media and send out press releases. She provided a copy of an editorial which appeared in a Japanese magazine.

F. Aloha Sports Properties Monthly Report: Glen Higa

- In response to the Board's request, he presented a forecast of revenue numbers for the current football season. For the period July 1, 2013 to June 30, 2014, the Stadium Authority's revenue for the current football season will be \$688,125. Mr. Higa further explained the process in arriving at those numbers.
- For the month of February their sales were good. They locked in two of their larger renewal agreements through verbal confirmations and hope to have confirmation on a third one.

- They are at 75% of reaching their goal for the upcoming fiscal year. They are also working with stadium management on some new opportunities to refresh the look of the stadium and with new business partners to create new opportunities for stadium advertising.

G. UNFINISHED BUSINESS

None

H. NEW BUSINESS

1. A Report on University of Hawaii (UH) Athletics (Ben Jay)

- Post Season – pushing \$2.0 mil. of anticipated deficit at the end of the year (\$1.0 mil. more than the ceiling set by the Chancellor). They projected more, but were hit hard with a 1-11 season; the lack of attendance; and lack of ticket sales.
- UH has experienced other downturns with some revenue lines being less than previous years. They are in the renewal process of corporate sponsorships for next year and finalizing television/radio agreements for the coming years, which will result in a little more money than in the past.
- Their goal is to get to a point of revenue generation to at least break even with their operations. They don't have a spending problem – they have a budget of \$29.0 -\$30.0 mil. to run a 21-sport program, serving 475 student athletes. He is currently asking to cut spending by another 5-10% for the remainder of the year to see what kind of savings might result in their operating budget by June 30.
- 2014 Football Season
In a discussions with Manager Chan, Mr. Jay said he abandoned the idea of shutting down the upper decks due to physical issues, i.e. service would not be available for the fans in the brown loge sections. Instead they will be re-pricing some of the areas in the stands. In their game plan, they want to make sure they are valuing their season ticket holders. The “go green, stay green” discounted ticket program was not successful. As they restructure the pricing around the

stadium, new season ticketholders will probably be buying seats at a higher price and the individual game price will also go up.

- On the revenue generation side, Mr. Jay said he is working with Ahahui Koa Anuenue (AKA) and the UH Foundation. In terms of their agreement with AKA, it has been sanctioned by the Board of Regents (BOR) to allow them to entertain other fundraiser activities to help generate more revenue.
- Effective July 1, 2014 UH Athletics will take over the apparel sales and reap the benefits of net revenues, featuring their logo and products. Their goal for the first year is to net \$.5 mil. profit. They are in negotiations for a new store at the Ward Center that is four times larger than the current location. They are looking at featuring radio shows with 1420 ESPN.
- They have cut expenses to the bone to run their operations. Mr. Jay said he and some of his staff are spending weekends painting hallways and applying their own graphics. To some degree he is using his own money to purchase supplies for the redecorations. He said they need to change what they have been doing because he does not want to resort to taking opportunities away from their student athletes.
- Mr. Jay said he has to take UH's athletics program as far as he can to be considered for membership in one of the top five conferences in the country. Qualifying for one of those conferences would mean the difference in revenue sharing that occurs well over \$20.0 mil., and that would support UH for the long run.
- Currently he is working with UH Foundation and have 70 appointments scheduled to meet with individuals across the island requesting for funds. They will also be seeking assistance from the Legislature for CIP funds to renovate their facilities.

Member Long thanked Mr. Jay for sharing his report and wanted him to know that the Stadium Authority is very interested in the success of UH Athletics and that the ability to work together, be transparent, and keeping in mind the best interest of everyone in this state is highly important. The Board is concerned and has had discussions about hearing things after-the-fact of matters related to the stadium and UH. In order to avoid any misunderstandings, we see the need and would appreciate UH being very open and giving us access to these discussions.

In response to Member Long's comments, Mr. Jay said at times things happen very fast and perhaps he needs to do a better job of liaison with Manager Scott in terms of transmitting information about what goes on and suggested that they meet once a month, which Manager Chan welcomed.

Mr. Jay mentioned, together with Manager Chan, he was able to monitor the issue at Pole 11 and noted their plans for a separate tailgating area for the students failed. After monitoring several games last season he realized it is a social event to party and drink. As soon as the students arrive on the bus, they head directly to Pole 11. They are in the process of looking at other alternatives for the students.

Member Chee inquired if the students were involved in the planning of some of these activities. Mr. Jay reported that they have a Student's Attendance meeting once a month, and the Manoa Maniacs (official student group) meets weekly. The Manoa Maniacs also meet once a month with some of the coaches.

EXECUTIVE SESSION

AT 10:50 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 11:30 a.m.

2. Swap Meet Contract (potential extension)

Manager Chan said the Swap Meet contract expires on August 31, 2014. The original contract was for three years (2009 -2012); it also included two, 2-yr. options to renew. We are now reviewing the second (last) 2-yr. option, effective September 1, 2014 to August 31, 2016).

Manager Chan said the minimum requirements were reviewed and analyzed as follows:

- Realizing minimum annual revenues of \$4.0 mil., net of commission, to the Authority;
- Increased numbers of swap meet stalls, vendors, and public attendance through aggressive marketing/advertising the swap meet;
- Prior written approval for all disbursements developed and implemented at an annual \$150,000 advertising and marketing program to promote the swap meet.

Manager Chan said management is requesting that the contract be extended for the next two years.

Member Fujimori requested that the discussion be moved into executive session.

Mr. Garcia requested to make a comment. Chair Toguchi said the public portion was done and it will now be discussed with the Board.

Mr. Cooney asked if the public will have access to the numbers prior to this being done, i.e. how you justify the recommendation based on those factors.

Chair Toguchi said it will be discussed with the Board in executive session and the information can be available after the discussion.

Mr. Garcia asked if a decision would be made today. Manager Chan said we hope to have a decision by today.

3. Appoint new Board Member(s) to the existing Administrative Rules Committee and form a Legislative Committee.

Chair Toguchi requested to entertain a motion to add Member Fujimori to the Administrative Rules Committee. He said there are some things that need to be done before the end of the fiscal year and currently Members Marcus and Tamayose are on the committee. He asked Member Marcus to continue as Chairman, which he replied he would. Chairman Toguchi asked the committee to review the rental fees for uses inside the stadium. Manager Chan said there is a summary sheet with updates for committee use. The Chair said it is quite clear what needs to be addressed based on the work that the committee did earlier. It is just a matter of having your discussions and bringing your recommendations to the Board. Manager Chan noted that

Deputy Manager Manin and Administrative Services Officer Uchida are also members of that committee.

A MOTION WAS MADE BY MEMBER CHEE AND SECONDED BY MEMBER LONG TO APPOINT MEMBER FUJIMORI TO THE ADMINISTRATIVE RULES COMMITTEE. THE MOTION WAS UNANIMOUSLY CARRIED.

The Chair expressed the need to appoint a member to a Legislative Committee, to assist him in attending hearings on his behalf when necessary. He recommended Member Hasegawa.

A MOTION WAS MADE BY MEMBER FUJIMORI TO FORM A LEGISLATIVE COMMITTEE AND APPOINT MEMBER HASEGAWA TO THAT COMMITTEE. THE MOTION CARRIED UNANIMOUSLY.

V. Executive Session

AT 11:54 A.M., A MOTION WAS MADE BY MEMBER FUJIMORI 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 STADIUM OPERATIONAL ISSUES, THE EXTENSION OF THE SWAP MEET CONTRACT, THE FEDERAL DEED RESTRICTION, AND THE STADIUM OPTIMIZATION REPORT.

The meeting reconvened at 12:30 P.M.

A MOTION WAS MADE BY MEMBER LONG AND SECONDED BY MEMBER FUJIMORI TO EXTEND THE ALOHA STADIUM SWAP MEET CONTRACT FOR AN ADDITIONAL TWO-YEAR PERIOD EFFECTIVE SEPTEMBER 1, 2014 THROUGH AUGUST 31, 2016. THE MOTION WAS UNANIMOUSLY CARRIED.

A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER CHEE THAT A LETTER BE ISSUED BY COMPTROLLER DEAN SEKI TO THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION (HART) GRANTING THE CONSTRUCTION RIGHT-OF-ENTRY (ROE) FOR PURPOSES OF LAYDOWN AND STAGING ONLY AND SHALL NOT BE ALLOWED TO CONSTRUCT, PLACE, MAINTAIN OR INSTALL WITHIN THE DESIGNATED ROE AREA ANY BUILDING, STRUCTURE OR IMPROVEMENT OF ANY KIND AND DESCRIPTION, EXCEPT WITH THE PRIOR WRITTEN APPROVAL OF THE COMPTROLLER OF THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES (DAGS) AND THE

EXECUTIVE DIRECTOR OF THE STADIUM AUTHORITY AND UPON THOSE CONDITIONS THE COMPTROLLER AND EXECUTIVE DIRECTOR MAY IMPOSE. THE MOTION CARRIED UNANIMOUSLY.

A MOTION WAS MADE BY MEMBER BUKOSKI AND SECONDED BY MEMBER LONG TO AUTHORIZE THE STADIUM MANAGER TO NEGOTIATE WITH HART ON THE ISSUES CONCERNING THE RELOCATION OF UNIVERSITY OF HAWAII'S ALTERNATIVE PARKING FOR THE FOOTBALL SEASON TICKET HOLDERS AND THE COMPENSATION TO ALOHA STADIUM FOR LOSS OF REVENUE. THE MOTION CARRIED.

VI. NEXT MEETING

March 27, 2014

VII. ADJOURNMENT

AT 12:35 P.M.


CHARLES T. TOGUCHI
Chairman

Recorded by: Diana C. Ho

Date: March 27, 2014

Stadium Authority Board Meeting

Sign-In Sheet (please print)

Event Date: February 27, 2014

Public Testimony Notice: Please indicate if you wish to provide oral, public testimony. If you are, please indicate if you wish to speak at the beginning of the meeting, or if you choose to wait until the agenda topic is being discussed. Please limit testimony to no more than 3 minutes.

Print Name	Organization	Phone #	Email Address
Tom Cooney	Veador	271-5950	COONEY+007@Hawaii.com
Are you providing public testimony? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "Yes": <input type="checkbox"/> Beginning <input type="checkbox"/> Will Follow Agenda <i>where needed</i>			
Glen Higo	ASP	348-2767	glen.higo@cbscsp.com
Are you providing public testimony? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes": <input type="checkbox"/> Beginning <input type="checkbox"/> Will Follow Agenda			
Kristi Peacock	Marketing	295-7197	kristi.mixie@hawaii.com
Are you providing public testimony? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes": <input type="checkbox"/> Beginning <input type="checkbox"/> Will Follow Agenda			
JERRY CAREFA JR	S<	225-6392	JERRY6777@pl.com
Are you providing public testimony? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "Yes": <input type="checkbox"/> Beginning <input type="checkbox"/> Will Follow Agenda			
Shannon Wood	WAA	247-6366/24496	
Are you providing public testimony? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes": <input type="checkbox"/> Beginning <input type="checkbox"/> Will Follow Agenda			
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