

NEIL ABERCROMBIE
GOVERNOR

DEAN H. SEKI
COMPTROLLER



CHARLES T. TOGUCHI
CHAIRMAN, STADIUM AUTHORITY

SCOTT L. CHAN
MANAGER

LOIS M. MANIN
DEPUTY MANAGER

An Agency of the State of Hawaii

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

August 28, 2014

Members Present:

Charles T. Toguchi, Chairman
Keith "Kika" G. Bukoski
Wilbert C.F. Chee
Odetta Fujimori
Edward Hasegawa
Michael L. Iosua
Scot Long
Ross I. Yamasaki

Staff

Scott L. Chan	Shelly Shoji
Lois M. Manin	Samantha Spain
Russell Uchida	Wesley Ueda
Stephen Lee	Charles Vitale
Andrew Chang	Liane Nakagawa
Neal O. Sakamoto	Ivan Nishimura

Others:

Randall S. Nishiyama, Deputy Attorney General
Dean Seki, Comptroller
Davy Murayama, Centerplate
Krysti Peacock, Centerplate
Glen Higa, Aloha Sports Properties
Chris Kinimaka, Department of Accounting & General Services
David DePonte, Department of Accounting & General Services
See Exhibit A (Sign-in Sheet)

I. CALL TO ORDER

A quorum being present, Chairman Charles T. Toguchi called the meeting to order at 10:02 a.m.

BY THE RECOMMENDATION OF CHAIRMAN TOGUCHI, A MOTION WAS MADE BY MEMBER CHEE AND SECONDED BY MEMBER YAMASAKI TO AMEND THE AGENDA TO INCLUDE UNDER OLD BUSINESS, THE OPTIMIZATION COMMITTEE REPORT. THE MOTION WAS UNANIMOUSLY CARRIED.

Effective with today's meeting and all future meetings, the Chair requested that "Public Testimony" and the "Optimization Committee Report" be listed on the agenda.

II. Public Testimony

None

III. EXECUTIVE SESSION

A MOTION WAS MADE BY MEMBER FUJIMORI AND SECONDED BY MEMBER CHEE TO GO INTO EXECUTIVE SESSION AT 10:05 A.M. 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 AND EXTENSION OF THE FOLEY & LARDNER CONTRACT.

The meeting reconvened at 10:50 a.m.

IV. APPROVAL OF MINUTES

Approval of Minutes of the July 31, 2014 Regular Session and Executive Session.

- A MOTION WAS MADE BY MEMBER HASEGAWA AND SECONDED BY MEMBER IOSUA TO ACCEPT THE MINUTES OF THE REGULAR SESSION.

Discussion

Member Chee corrected the spelling of Deputy Lois Manin's name on page 15, paragraph 4, and line 4 from Main to Manin.

THE MOTION WAS UNANIMOUSLY CARRIED AS CORRECTED.

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

V. MONTHLY REPORTS

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

Chairman Toguchi said he will report on the Federal Deed Restriction under Unfinished Business.

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

Administration

Manager Chan introduced the stadium's new engineer, Charles Vitale, as of August 11, 2014. Mr. Vitale expressed appreciation for the welcome he has received by the employees and everyone at Aloha Stadium.

Training of ushers and parking attendants (approximately 500) for the upcoming football season has been completed. Near completion is the training for security (G4S) and Centerplate which was delayed due to the storm.

Events

For safety reasons, the Father Bray Classic was cancelled due to the hurricane warnings.

The Interscholastic League of Honolulu (ILH) will have a double-header on August 29, 2014, featuring St. Louis and Punahou.

The University of Hawaii (UH) vs. Washington football game will be held on August 30, 2014, with kick-off at 4:30 p.m.

The stadium received a couple of complaints regarding the noise level (music) during a car show/concert on August 18. Those issues were addressed.

Quarterly Budget Report - Manager Chan provided a brief update:

- There was a substantial increase in sales from \$180,000 to \$360,000 due to advertising income.
- Food & Beverage income increased to \$66,000.

- There was a decline in swap meet revenue due to three less business days this year vs. last year.

The Chair requested a highlight on some of the items under "Revenues Over/Under Expenses," which Manager Chan asked Russell Uchida to provide.

Budget Report (Russell Uchida)

The budget report includes prior and current year figures. On our revenues over expenditure position, we remained relatively stable as compared to the prior year.

Swap Meet Revenues declined a little over the past year. As stated by Manager Chan, that was due to lesser number of days it was open for business. The average per day is \$30,000, and roughly \$90,000 a week.

Food & Beverage experienced an increase of approximately \$66,000, of which \$58,000 was attributed to UH events.

Rental Income increased from \$97,000 to \$131,000, attributed to the installation of Cellular on Wheels (COWS) this past season for UH football, Hawaii Bowl, and Pro Bowl. With \$1,000/game/COWS, we netted approximately \$27,000.

Advertising Income increased (almost doubled), primarily attributed to no longer having a capital expenditure offset (that we previously had) to reimburse our advertising agency for capital expenditures that they put forth.

Personal Services had some collective bargaining adjustment increases (effective July, 2013-14), as well as incurring a full-year engineer's salary expense in 2013-2014, as opposed to prior year (2012-2013) where we incurred six months of salary expense.

Central Service Assessment increased by \$100,000 – attributed to Year 2014 not reflecting any overpayment amount, whereas prior Year 2013 reflects the offset of prior overpayment of central service assessment fees.

Comments by the Board

In answer to Chairman Toguchi's inquiry on, "What has been the trend in the working capital/cash balances over the past few years," Mr. Uchida responded that the stadium has a \$3.7 million cash carryover which is used to insure that we have enough working capital or cash to carry us through the fall season. It

primarily addresses the stadium's working capital requirements because of our cyclical nature of operations where we expend up front and recoup reimbursement from our events at a later date -- the heavy load is in the first six months of the year (we expend and collect after that).

Member Long inquired about the terms of the Union contracts and if we could quantify what the salary increases would be in future years. Mr. Uchida said they vary, depending on the agreed-upon terms between the State's collective bargaining office and the Union. He also noted quantifying is possible from the schedule that usually comes out, but Member Long said it was not necessary.

Member Long also inquired about the Cellular on Wheels Service (COWS). Mr. Uchida responded:

- In 2014, the stadium finalized contracts with three vendors, two of which had one COWS each day.
- The vendors are: Verizon, AT&T and T-Mobile.
- This service is to basically boost the signal into the bowl area. The process involved Stephen Lee working with the vendors to situate their COWS in the most optimum position. The exact locations had to be pre-determined by the contractors' technicians, based on unimpeded cellular signals.

Athletics Director, Ben Jay, said that COWS is helpful on game day for wireless equipment, including its effectiveness for emergency purposes.

Chairman Toguchi summarized Mr. Uchida's report as follows:

- We reviewed the 4th Quarter Report which shows \$209,000 is what the stadium made (revenues minus expenses); and \$200,000 is what we netted. Mr. Uchida said that was correct.
- We also reviewed the estimated current year budget. Mr. Uchida said that is basically the stadium's allocation for the year.
- Are expenses running higher? Mr. Uchida said relative to the prior fiscal year, they ran a little higher, but we are below our allocation.
- The biggest revenue was from the swap meet @ \$4.4 million; and we received additional revenues from parking, food and beverage, rent, etc. Mr. Uchida said that was correct.

Honolulu Authority on Rapid Transportation (HART) & Trans-Oriented Development (TOD) and University of Hawaii (UH) - We continue to have monthly meetings with TOD, HART, and UH.

Halawa Makai TOD (Aloha Stadium project) - This project is moving forward and a kick-off meeting was held on August 26, 2014, which Chris Kinimaka and Manager Chan attended. Manager Chan said this afternoon they are meeting with major stakeholders, including Chris Kinimaka, David Deponte and myself. TOD will provide an informational presentation at the next Board meeting.

Sales & Marketing (Samantha Spain)

- In preparation for the UH game this weekend, KHON2 and Hawaii News Now will be on property tomorrow morning to do their live segments (including interviews and entertainment).
- Current information regarding the games are on the website (i.e., parking times, gates open, maps, etc.). On Friday and Saturday, we will also be doing all of our social media and press releases on the games.
- Our new website is very close to being launched – it will have a new look consistent with all the other government agencies.

National Football League (NFL)

Manager Chan introduced Brett Diamond (NFL's new Director of Operations for Pro Bowl), David Wintergrass (Senior Events Director), and Jan Hori (Island Concierge). Mr. Diamond and Mr. Wintergrass said they are excited to be here and look forward to the opportunity to work with everyone and continue the great relationship that has been built over 20 years between the NFL and Aloha Stadium. He said he is personally excited to be a part of it and looking forward to getting involved with 2016 Pro Bowl. Mr. Wintergrass said Manager Chan and his team have always done a great job for NFL. He also said they are pleased with playing the Pro Bowl just prior to the Super Bowl, because the television ratings have skyrocketed and they have been rated number one in all-star games.

C. Approval of Events (Stephen Lee)

None

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

Mr. Jay said they are excited about the upcoming season - the teams are ready and the fans will see a different team this year. Their additions/changes with the coaching staff have added great experiences to their staff.

UH's financial condition remains to be troubling and is something they have to deal with. In their projected budget that was presented to the Board of Regents, at best, they are going to be anywhere from \$1.5 to \$3.0 million in the red this year. They have cut their operations significantly which is hurting UH's competitiveness and their ability to recruit. They will continue to work with their administration and talk with a number of different entities on this matter.

Mr. Jay said there is a people's fund (a separate grassroots fundraising effort not affiliated with UH) that is supporting Hawaii athletics. They are out to help UH raise \$3.0 million and their concept is get 100,000 people to donate \$30 each – a very simple concept. He will be meeting with that group to discuss their intentions.

Member Long said it is a group of people wanting to rally to help the athletics department, one of whom is a personal friend Raymond Noh. According to Member Long, Mr. Noh is in the preliminary stages and that Hawaii is known for having a community that rallies around issues of this nature. A P.O. Box has been established and Member Long feels they will progress and their theme is "we get'em."

Member Fujimori inquired about the success of UH's \$75 season ticket package. Mr. Jay said it is coming along - they are close to 17,000, but still below last year's numbers. On their mini package, they are about half of last year's total. Mr. Jay said last year's discount programs will not happen this year – it was not successful in the eyes of the season-ticket holders.

Chair Toguchi informed Mr. Jay that the Stadium Authority will continue its efforts to assist UH in anyway it can. He said Mr. Jay's statements brought up the need to kind of rally around UH, so we plan to do our part.

Mr. Jay said they have reached a critical point with their financial situation and have maxed out on all of their revenue lines. They did create some additional opportunities for Ahahui Koa Anuenue (AKA) to sell, but it is not adequate to keep the program viable for 21 sporting events.

Mr. Jay said they continue meeting monthly with Member Long and Manager Chan. Member Long mentioned in that regard, they have provided the Chair and Member Buskoski with a preliminary snapshot of the shared revenues.

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

- Total July attendance decreased -6%
- Total Stall Count decreased -1%
- D,E,F, rows stall count increased -3%
- A,B,C, rows stall count decreased -14%

Mr. Murayama said they experienced a decrease in attendance of about 5,800 from last year. Most of which were contributed to the three Junior Prep games that were not at the stadium this year, as opposed to last year. Rugby games were held, but unfortunately the higher attendance was in the evening. They did push more of their marketing funds to tourism (customers) and are researching to see if that is the reason for the decline in the A, B, C rows. When they determine the reason for the decline, they will then make the necessary changes to find a happy medium between tourism and the local business.

Marketing (Kristi Peacock)

- We are in the process of doing a new photo shoot of the swap meet. Once it is completed, they will be upgrading their ads in two versions – one for shoppers and another for vendors (focusing on the visitors as well as the local business).
- The photo shoot with Oceanic Time Warner Cable is still in production and hopefully they will be able to share it at the next meeting.
- Vendors' Quarterly meeting - August 20. They presented a marketing recap and opened it up for questions. There were a total of two (2) vendors in attendance. A copy of their power point marketing presentation was provided to the Board members.

Chair Toguchi inquired, "What has been the attendance mix (rough estimate) of visitors vs. locals. Mr. Murayama said about 1-1/2 years ago, they ran a survey for three days (Wednesday, Saturday and Sunday) and the results were 50/50.

F. Aloha Sports Properties Monthly Report: Glen Higa

- It continues to be a tough year (as previously reported), but they are still reaching out to their customers and potential partners. They did succeed in two last-minute deals.
- They do have plans for some incremental business coming up for the rest of the year and are also planning for next year as well.
- In August, they will work with their current partners on fulfillment of their agreements, making sure all signage is in place, and all their elements are in place.
- In addition to the kid's cam, the bongo cam, paddle cam, and the Mida's Hawaii dot races, Chevron has a toy car challenge this year and they've launched an internet website that fans can play along. Jack-in-the Box continues to give away two tacos when the Warriors score two touchdowns.
- Another addition this year is military appreciation cam, where active, reserve and retired military members are asked to stand during a one-minute segment and be recognized.
- They are also working with BJ Penn and will soon debut the flex cam.

VI. UNFINISHED BUSINESS

A. Update on Act 178 re: Ceded lands

Chairman Toguchi said the Department of Land & Natural Resources (DLNR) is doing a research on how Act 178 impacts the stadium. Manager Chan said to date no report has been provided – DLNR is still working on this matter.

B. Discussion/Decision-making re: extension of the Foley & Lardner (F&L) contract.

Report by Chris Kinimaka

For the F&L contract, the staff is recommending the completion of Phase 4 that will include:

- Advertising for a Request for Information (RFI).
- Evaluation of RFI's which will provide good information to move forward.

During their negotiations, F&L said the amount of time they are spending on contract exceeds the maximum fee range stated in the contract. Therefore, they will be billing us at the maximum range which will result in a shortfall of roughly \$45,000 in funds available to pay that contract. They haven't entered into Phase 4, so they are not yet in that shortfall range, but the recommendation is to allow them to go into Phase 4 to get the analysis.

The additional recommendation is to also move into Phases 5 & 6 of the contract and do the following:

- Issue an RFP (Request for Proposal) – where offer received will describe what can be done at the site; and Phase 6 is where they evaluate the RFP. It will result in a work product that will provide good recommendations as to what can be done with this property in the future.
- In order to accomplish this, F&L has agreed to hold their fee to the minimum quote of \$40,000 for Phase 5 and \$40,000 for Phase 6, for a total of \$80,000 for the contract fee. We are allowing \$30,000 for travel allowance, which is in comparison to what we have used for Phases 1-4. The total shortfall then for Phase 5 & 6 is \$110,000, which includes the fee and the travel allowance. Today, Ms. Kinimaka said we are asking for approval to allocate \$155,000 to allow us to work all the way to Phase 6.

In answer to Member Fujimori inquiry about the projects on the hand-out, Ms. Kinimaka noted the projections are in red because they do not have funds allocated for the work, but that is the commitment that F&L is giving us through Phase 6 on the fee schedule. The projections described in red for the travel are recommendations for an allowance that they will have to stay within, in order to receive payment for travel expense.

Ms. Kinimaka said they will have the full evaluations of the proposals that come in and recommended prioritization on the types of proposals received. She further explained, when doing an RFP, a committee is set up and it creates criteria for evaluating an RFP proposal. Based on the criteria and initiative directions, F&L will be able to assist in the analysis of the RFP's and provide recommendations of which ones appear to be viable.

Chair Toguchi inquired if the policy makers (Stadium Authority, Administration, and Legislature) will have some choices. Ms. Kinimaka said at that point there should be a summary of all of the proposals that were made and results of the

ranking of what they presented -- and the kinds of options to move forward for development.

Member Chee inquired about the expectations/timeline for completion of Phase 5 & 6. Ms. Kinimaka stated:

- Currently they are getting ready to issue the RFI (Phase 3) which should be going out at the end of September. They are allowing 45 days for responses.
- After the responses are received, they will need two months to evaluate the RFI and take that information to develop the RFP. The RFP will need some structure/direction as to the kinds of proposals they want to see from developers. At this point, they want a layout of financial backing, what kind of agreements they are offering, or what kind of opportunities are out there to make real developments happen at the stadium site (and not just ideas).

In answer to Member Chee's question, Ms. Kinimaka said completion of Phase 4 would be at the end of the year and Phase 5 & 6 in the following year.

Member Iosua, inquired: 1) Do we know how many potential developers are expected to respond to the RFI? 2) Is there a minimum of responses that you need in order to determine whether or not to move forward to the RFP process?

Ms. Kinimaka said at this point they do not know how many, but they do know there are a handful of international developers. The intention is to get as many responses as possible and DAGS will be doing the advertisements and working with the stadium to do press releases for the RFI; and they will probably do the same with the RFP. Their contacts will be sending out information to interested individuals. The RFI is just a call for information -- there is no minimum requirement.

Ms. Kinimaka said one of the benefits in working with the TOD as mentioned by the Chair, is that TOD (on the City side) is going out and polling the community. There are a lot of methods/initiatives to reach as many people as possible, not just for the stadium, but for the community. The stadium is a huge part of that community and we are very fortunate to get additional press from that. The RFI also does not limit responses to just developers -- anyone in the community can respond.

A MOTION WAS MADE BY MEMBER CHEE AND SECONDED BY MEMBER LONG THAT THE BOARD APPROVE THE \$45,000 FOR THE COMPLETION OF PHASE 4

AND ALSO THE ADDITIONAL \$110,000 TO EXECUTE PHASES 5 AND 6 AS PROPOSED IN THE FOLEY & LARDNER CONTRACT. THE MOTION WAS UNANIMOUSLY CARRIED.

C. Optimization Committee Report

Chair presented the report on behalf of Committee Chair Kika Bukoski.

The committee has been very busy working with various aspects of the Optimization Report. In addition to working with F&L, the Board and Manager Chan have been attending many meetings with HART, DAGS, and the City. We have had a number of interactions with different initiatives that are ongoing.

In addition, the Chair updated the Board on the Federal Deed Restriction. The Maui land that we are trying to use as an exchange was dedicated as a park on Maui. The official dedication ceremony occurred a month ago, but there are some potential legal complications with the land. The attorney has filed for an information request; there may also be a potential for a law suit. We will try to arrange for the Deputy Attorney General to attend out next meeting for a report on this matter.

D. Discussion of Capital Improvement Projects – Fiscal years 2016 & 2017

Manager Chan said a report will be presented to the Board at the next meeting with a detailed spreadsheet to justify the CIP request for the upcoming Legislative Session. The chair said that it will be on the agenda at the next meeting.

VII. NEW BUSINESS

A. Create an Administrative Committee of the Board to address matters pertaining to the stadium.

The Chair said no action will be taken at this meeting, but wanted to have a discussion with the Board with reference to their involvement in committees regarding stadium-related matters. Some of the areas that may require committees are listed below:

- Audit
- Evaluation of Stadium Manager

- Budgets
- Legislative Matters
- Attending various meetings that relate to your individual expertise (i.e. TOD, HART)

The Chair said the Board is not going to get in Manager Chan's way – we just want to go to some of the meetings and really understand what is happening in those areas. This would help the Board as it interacts on the different issues. There are also some responses that we need to prepare for the State Auditor.

Chair Toguchi said he would like the Board to be involved and to think about the areas where they feel they can assist the Board. Right now, of great importance, is our interaction with the UH.

Member Fujimori suggested that the Chair provide the Board with a suggested list of committees. The Chair said he will work with Manager Chan and maybe decide on how many investigative committees are needed.

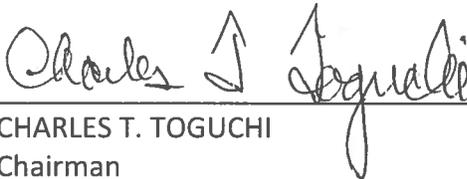
VIII. NEXT MEETING

September 25, 2014

IX. ADJOURNMENT

A MOTION WAS MADE BY MEMBER LONG AND SECONDED BY MEMBER HASEGAWA TO ADJOURN THE MEETING. THE MOTION WAS UNANIMOUSLY CARRIED.

Meeting was adjourned at 12:00 p.m.



CHARLES T. TOGUCHI
Chairman

Recorded by: Diana C. Ho

Date: September 25, 2014

Stadium Authority Board Meeting Sign-In Sheet (please print)

Event Date: August 28, 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
Christine Kirimaka	DACS-PWD	586-0499	Chris.Kirimaka@hawaii.gov
Are you providing public testimony? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes": <input type="checkbox"/> Beginning <input type="checkbox"/> Will Follow Agenda			
David DePonte	DACS-PWD	586-0492	david.c.deponte@hawaii.gov
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			
Krist Peavur	mkay	295-7197	
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			
Glen Higa	ASP	348-2767	glen.higa@csccsc.org
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			
TIM WOOD	personal	223-4481	jwood@hoku.com
Are you providing public testimony? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes": <input type="checkbox"/> Beginning <input type="checkbox"/> Will Follow Agenda			
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