

DAVID Y. IGE
GOVERNOR

DOUGLAS G. MURDOCK
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

December 18, 2014

Members Present:

Charles T. Toguchi, Chairman
Keith "Kika" G. Bukoski
Wilbert C.F. Chee
Odetta Fujimori
Edward Hasegawa

Michael L. Iosua
Scot Long
Amoreena "Reena" Rabago
Ross I. Yamasaki

Staff

Scott L. Chan
Lois M. Manin
Russell Uchida
Stephen Lee
Neal O. Sakamoto

Wesley Ueda
Samantha Spain
Charles Vitale
Ivan Nishimura

Others:

Randall S. Nishiyama, Deputy Attorney General
Ben Jay, University of Hawaii Athletics Department (UH)
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 Rajj, Foley & Lardner, LLP
Ted Bornstein, Foley & Lardner, LLP
See Exhibit A (Sign-in Sheet)

I. CALL TO ORDER

A quorum being present, Chairman Charles T. Toguchi called the meeting to order at 10:07 a.m.

II. PUBLIC TESTIMONY

Shannon Wood encouraged the Board to work to establish a formal relationship with the Board of Regents because of the fact that there are people at the State Capitol who would prefer to drop Intercollegiate Athletics (especially football), which she feels would have a significant impact on Aloha Stadium. Ms. Wood also said she is actively involved with the City's Transit-Oriented Development which has been talking about affordable housing at 18 transit stops. She inquired if Member Bukoski, as chairman of the Optimization Committee, has gotten involved on behalf of the Stadium Authority. The Chair recommended that a discussion between Ms. Wood and Member Bukoski be taken up later. Ms. Wood also expressed her concerns about the University of Hawaii's (UH) \$3.0 million loss this year and said she has had significant discussions with Jeff Portnoy (who chairs a committee in intercollegiate athletics).

The following comments were made in response to Ms. Wood's concerns:

- The Chair said we hear what Shannon is saying and we agree. The Board is having a lot of interaction with UH; also, two Board members and Manager Chan met with Athletics Director Ben Jay yesterday and had a very good meeting. These meetings are ongoing.
- The Chair also stated that he has met with UH's President, Mr. Lassner, and discussed a number of matters, including the stadium. In addition, both he and Member Bukoski have met with Jeff Portnoy. Relations with the UH has never been better and he expressed his appreciation to Mr. Jay, Mr. Lassner and Mr. Portnoy. In fact, the Chair said they have an open invitation from Mr. Portnoy to meet with the committee in January or February, 2015, which they will work on.
- Mr. Jay said, since last year, he and Manager Chan have been meeting monthly and talked about having more frequent communications about anything that comes up on either side.
- Mr. Jay also said the intercollegiate athletics committee (which is part of the Board that oversees athletics) meets monthly and has had good, ongoing dialogue with reference to the challenges they are facing in athletics. They're quite in-depth and knows what's going on and they will continue to have those discussions with all of you (members of this Board -ongoing).
- Member Fujimori stated, since Ms. Wood has expressed several times the need for a formal relationship between UH and the stadium that perhaps this matter could be brought up with Mr. Portnoy and his group. The chair said, unless there is a major problem, he does not feel there is anything else that they need to pursue with reference to a formal relationship.

- Manager Chan said he believes the stadium is being represented at these meetings with UH. He does not want to see our efforts being duplicated. If necessary, he said they do have the opportunity to share ongoing issues at the UH/Stadium monthly meetings.

Ms. Wood said she just does not want things to disappear in intercollegiate athletics, especially for the women, but that the money maker is the football game. The Chair agreed.

III. APPROVAL OF MINUTES

Approval of Minutes of the November 20, 2014 Regular Session and Executive Session.

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

IV. MONTHLY REPORTS

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

The Chair thanked the Board, members of the staff, and Ben Jay for a good season. He said the staff worked hard and did a great job in getting the stadium ready for the games. He also thanked the stadium staff for keeping the Board members informed – they appreciated the updates and heads-up on a number of issues.

Chairman said he will be commenting on various items as they appear on the agenda.

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

Manager Chan thanked the Chair and said it involves the effort of many to run a facility of this magnitude and he too expressed his appreciation to the staff and the state agencies for their assistance.

Audit Committee (AC)

We received a letter from the Office of the Auditor yesterday and will share it with the committee.

Optimization Committee (OC)

The committee met on December 16, 2014, and was fortunate to have our consultants Irwin Raij and Ted Bornstein from Foley & Lardner in attendance. To make the best use of their time, several meetings have been arranged with the committee and some of the legislators over the next two-three days. Mr. Raij provided the OC with a quick briefing on what is to be covered and how we are to proceed.

Mr. Raij and members of the OC attended several meetings that were set up over the past two days; more meetings are scheduled this afternoon and tomorrow. The purpose was to brief several legislators as to where we are on the Optimization Report.

Joint Legislative Senate Informational Briefing Re: Transit Stops

The purpose of this briefing was to receive an update from all state agencies/ organizations that own, manage or have land, buildings or other public amenities that are within or near a half-mile radius of each of the 21 transit stops. It was a very informative 4-hour session, which described what is happening with some of the other sites and their challenges. By pulling our resources together and unifying the group as one, as we face future challenges by the Honolulu Authority for Rapid Transit (HART) and Transit- Oriented Development (TOD). Our Chair and Member Bukoski were present and we were also supported by Chris Kinimaka and David DePonte of DAGS. Our stadium engineer, Charles Vitale was also present.

University of Hawaii (UH)

We attended the monthly UH/Stadium meeting and appreciate Mr. Jay making time to meet with us, as we are aware these are challenging times for UH. Members Long (our liaison) and Iosua were also present. Mr. Long will share some of the discussion that took place:

(Recessed for 5 minutes)

(Member Scot Long)

We met with Mr. Jay yesterday and confirmed and reviewed the revenue sharing opportunities which were provided to the Board last month. We also engaged with Mr. Jay to find out if there were any opportunities that we could help to improve our support for the Athletic Department (whether legislatively or operationally, as far as the facility) and what kind of support we can provide for the UH. Member Long said the Stadium Manager will be meeting with the president of Ahahui Koanuenue to again review the parking spaces that we provide for them. We also discussed some revenue growth opportunities by perhaps making available more skyboxes for the facility as well as UH. Manager Chan will need to identify the locations.

Manager Chan said they discussed ways to create a better experience for our guests. With the success they experienced this past season on the skyboxes, they would like to take advantage of that and work with the UH to see if it can be expand the area. We are

looking at loge sections on the north end, and sections E and EE at the south end. This would generate new revenue opportunities.

Member Long said they shared the concerns about the sound system. It is an old system and there are a lot of challenges to the support structure and it has been constantly looked at by the Authority on how we can improve it. He believes Mr. Jay has had a challenge in trying to figure out what the liabilities and is apprehensive about trying to put in any kind of bid or support. In closing, it has been (as you all know and read in the paper that the department is going through a transition at this time). Mr. Jay has more than accommodated whatever we've needed and the relationship has been good. We continue to look for opportunities on ways to support UH. It has been a great pleasure to work with him.

Administrative

We continue to work with the Attorney General's office to request for a legal opinion regarding the Executive Order 3427. I am working with Member Iosua on this matter. There is a lot of information there and we want to make sure that we craft the statement for the request properly.

Capital Improvement Projects (CIP)

We received a response from the Budget & Finance (B&F) Office on our request for funding regarding 2016–2017. The request by DAGS was for \$96.0 million for 2016; unfortunately, only \$20.0 million was appropriated, of which \$8.5 million goes straight to administrative costs. That only leaves \$12.0 million for all CIP projects. Therefore, DAGS will continue to support divisions by seeking other opportunities to increase budget funding.

Manager Chan reported the stadium's ongoing CIP projects will start in February, 2015 that will address Phase 3. We will be meeting tomorrow to discuss Phase 4 in preparation/support for the upcoming budget request.

The Chair reported we are in the process of making a request for repairs and maintenance (R&M) and will be appealing to the new administration and to the legislators. Please note we have met with, or will be meeting with the following:

- Sam Callejo (Senator Donna Mercado Kim)
- Representative Sylvia Luke (House Finance)
- Senator Jill Tokuda (Senate Ways & Means Chair)
- House Speaker, Joe Souki

In our meetings with the above, we will be pointing out to them how much we have; and tell them about the condition of the stadium; and what we need to do to keep the stadium running. The appeal continues with the meetings today.

Stadium Budget Report (Russell Uchida)

Mr. Uchida explained that the first column figures cover the prior year, which is a comparison to the column entitled "as of September 2014 Cumulative Amount." He then reported some of the significant changes as follows:

- Swap Meet Revenues decreased approximately \$33,000 (or 2.6%)
(Decrease - due to one less Saturday -- UH football game)
- Parking Revenue increased by \$32,000 (36%)
(Increase due to UH football games and the additional 50th State Fair days)
- Services on a fee basis increased by \$58,000 (89%)
(Attributed to Special Duty Police Officers)
- Central Services Assessment increased by \$27,000
(Represents two assessments: 1) 5% assessment on revenues or receipts received during the course of the year; and 2) Administrative assessment based on 1.9% of expenditures incurred during the course of the year)
- Miscellaneous Increase \$42,000 (49%)
(Attributed to some amplifiers that were purchased \$28,000 and \$8,500 in Workers Compensation)

This first quarter is representative of expenses we incurred in advance of us receiving reimbursements. We will experience more expenditure in this quarter vs. future quarters. That is because we front a lot of expenses and get reimbursed later.

Mr. Uchida concluded his report by responding to a few questions by Board members.

Events

Manager Chan said it has been a busy month – we just concluded the UH football season with a home game against UNLV. The high school football season has also come to an end. The 2014 Division I high school champions were Mililani and Division II, Iolani.

Swap Meet – The Christmas Package is in effect and will run through December 23 (with free admission).

Hawaii Bowl will be on December 24, with kick-off at 3:00 p.m.

Sales & Marketing (Samantha Spain)

- Swap Meet and Marketplace – began their Christmas package effective December 17-23, with free admission from 8:00 – 3:00 p.m. They will also open during the Hawaii Bowl from 8:00 to 3:00 p.m.
- Wrapping up all of our events and focusing on our 40th Anniversary next year. We are working with Centerplate on some new ideas, signage, and giveaways to make it a real great 40th Anniversary.

Member Fujimori said she is grateful for Ms. Spain’s weekly updates – it is very helpful.

C. APPROVAL OF EVENTS (Stephen Lee)

1. Student Sports, LLC
High School Football Game
January 4 or 5, 2016 (Monday or Tuesday)

Kealani Kimball was present to answer questions by the Board. The event is a national high school all-star football game. Included will be 90 of the top football players from across the country to spend a week in Hawaii. They will have practices, and it will culminate into a nationally televised high school all-star football game. Has the support from the Hawaii Tourism Authority. They hope to have eight athletics invited from Hawaii to participate. Ms. Kimball said it should provide a lot of exposure for all the athletes, as well as the local ones. Member Bukoski spoke highly of this event and gave his full support. Ms. Kimball said they hope to generate an attendance of approximately 20,000. They will be applying for their General Excise Tax license.

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

A MOTION WAS MADE BY MEMBER BUKOSKI AND SECONDED BY MEMBER IOSUA TO APPROVE THE EVENT. THE MOTION WAS UNANIMOUSLY CARRIED.

2. Showmakers, Inc.
Honolulu Music, Food, and Arts Festival (3 Days)
Lower Halawa Parking Lot
March 13, 14, and 15, 2015 (Friday, Saturday & Sunday)

Cornel Nicholas was present to answer questions by the Board. This is a community event benefitting the Kamaaina Kids @ 10% and they also receive the ticketing revenues. It is five events in one involving local artists for the music, local restaurants, arts and crafts vendors, a family-fun area and a beer tent. It will be an

inexpensive family event with circus acts, etc.; 12 and under are free; adults \$20; promotions and discounts will be available.

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

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

3. Barefoot League, LLC
Football Clinic
February 7, 2015 (Saturday)

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

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

4. Hawaii State Jr. Prep Sports Association
Youth Flag and Tackle Football
February 21 & 28, 2015 (Saturday)
March 7 & 28, 2015 (Saturday)
April 11, 2015 (Saturday)
May 2 & 16, 2015 (Saturday)

Mr. Lee said management is recommending approval of these events.

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

5. National Multiple Sclerosis Society – Hawaii
Walk MS – Annual Awareness and Fundraising Campaign
April 25, 2015 (Saturday)

Candice Schwalbach was present to answer questions by the Board. It is a family-oriented event held during the evening. It is an awareness event and people fundraise -- there is no admission fee.

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

A MOTION WAS MADE BY MEMBER FUJIMORI AND SECONDED BY MEMBER HASEGAWA. THE MOTION WAS UNANIMOUSLY CARRIED.

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

Of significant news, Mr. Jay said last week he announced his resignation as Athletics Director of the UH. I've agreed to stay on and assist with the transition of the new leadership and the search to find my successor. He thanked all the members of the Board and the stadium staff that has served UH well and collaborated well all year long in terms of their events at the stadium. Obviously it was not a season they had hoped for, which hurt the department financially; but again, he said there has been positive movement and the UH is looking forward to Coach Chow for the 2015 season.

In terms of what we have to look for in the future, again, is great communications, great collaboration --moving forward with whomever you're working with and I think there are things that Manager Chan, Members Long and Iosua and I talked about yesterday is that some of the things you are doing here at the stadium will enhance the experience.

Mr. Jay said he has engaged the Shidler College of Business (with the assistance of their students) to help UH with a survey to identify their fans, which began during the latter half of the season. He said up until now they did not have much data to rely on in terms of making decisions. They have preliminary results of the survey and will be sharing it with the rest of the Board. They will be engaging a lot of their marketing efforts and ticket sales efforts from some of the things they have learned from the study

Mr. Jay said there is a second study that he just received (preliminary results yesterday) and that is the economic impact of UH sports on the economy of Hawaii. It is very interesting, and as they move forward, there are a lot of good comments and information that Manager Chan and Members Long and Iosua will take a look at and work with our staff in the future.

Mr. Jay said he will be leaving shortly for the Legislature. He said they are at a critical point, financially – it is getting to the point where stopping their deficits is a hard thing to do. He said they have not been funded very well (in his opinion) for the last fourteen years...and they have suffered from deficits 12 of the last 14. Over the last two years they have made efforts to generate more revenues from every single revenue line and have taken over apparel from the UH. He said it's a good start and they project a six figure profit from those operations, but it's just a drop in the bucket from what they need to support the program.

Mr. Jay said on his departure, he will be leaving the Chancellor with a paper that he has been working on numbers, in terms of what the next three-year budget may

look like. Although this coming season is going to be tough to go to Ohio State and go to Wisconsin (two years ago he saw those games as necessary because of the pay-outs involved). UH is guaranteed \$1.2 million for the Ohio State game and \$1.2 million from the Wisconsin game. No one likes playing those games because of how physically tough that is on your team, but in light of where we stood (revenue wise), I think it was a necessity at this time to take them on. UH is playing Michigan at Michigan in 2016 to open up the season – that is a \$1.0 million pay-off. Given UH's financial situation, Mr. Jay said he could not ignore it because it has become difficult to attract teams to come to Hawaii because UH can only afford \$350,000 to \$400,000.

Mr. Jay concluded that the challenges ahead for the department and the UH are great but it is something that can be overcome, but it's going to take full and total support, for the state to get behind the UH for it to continue to be competitive and have the great games at the stadium that we all hope for.

The Chair thanked Mr. Jay and wished him and his family all the best and thanked him for working with the stadium.

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

- Total November attendance increased 21%
- Total Stall Count increased 11%
- D,E,F, rows stall count decreased 10%
- A,B,C, rows stall count increased 14%

Mr. Murayama reported that they had a good month. Regarding the 21% increase, they had an additional day in November which was a Sunday which is normally their busiest day (approximately 9,000 in attendance).

Marketing & Advertising

- Christmas Package started December 17 and will run through December 23.
- They will be open on December 24, from 8:00 a.m. to 3:00 p.m. (Hawaii Bowl). Vendors will exit the lot once all of the spectators for the game are parked. They estimate a total of 60 vendors will open.
- They are advertising their Christmas Package in their commercials. With Ms. Spain's assistance, they have passed the word to the concierge desks at hotels in Waikiki and gave them approximately 200 coupons each for free admission to distribute to their guests.

- The Department of Economic Development & Tourism (DBEDT) reports indicated that their domestic incoming passenger traffic was higher, with the exception of one day. They hope it will continue.

Member Bukoski inquired, "What is the highest number for vendor counts. Mr. Murayama said on Sundays, there are about 600, due to the garage sales. In answer to Member Chee's inquiry, the vendor count for the Christmas Package is approximately 65 and some of them have multiple stalls.

F. Aloha Sports Properties Monthly Report (Glen Higa)

- Our 2015 renewal campaign is continuing. For the month of December, they had a good number of meetings scheduled and met with a lot of key partners. They are scheduling more meetings and scheduling more proposals for January. That is still ongoing.
- New business is key to growing revenues for the upcoming year and they are continuing to talk to as many people as possible.
- Next month, Up Front Media Sports will have its annual sales meeting with their other properties around the country. It is a good opportunity for them to share ideas and brainstorm some new things. He looks forward to bringing back some new opportunities for their partners and for the fan experience.

Member Fujimori inquired if ASP hosts a reception for all corporate sponsors at the end of the year. Mr. Higa said they did that in the past, but prefers to meet with everyone individually to express their gratitude -- either over lunch or at a meeting.

V. UNFINISHED BUSINESS

A. Optimization Committee Report and Discussion

Member Bukoski, Chairman said he will turn the reporting over to Mr. Raji our consultant for the Optimization Plan. He has been working on providing the stadium and the state with the Comprehensive Site Summary for us to take a look at and give us some tools to decide what the future of the stadium and its related facilities might be.

Irwin Raji (Foley & Lardner LLP [F&L])

Mr. Raji said they just completed Phases 3 and 4, which covers the Request for Information (RFI) process. Since it's been a while, he will refresh F&L's tasks:

- Phase I – Due Diligence – F&L looked at every report that's ever been done on the stadium dating back to the 70's when the stadium was first opened (over 300 reports); after reviewing the reports they tried to summarize the important information for the Authority, the Community and Legislators for them to understand that these are the core issues that are related to the site;
- Phase II – Met with the stakeholders in the community; the military; users of the facility; high school associations; a few legislators; neighborhood associations. The point was to take the information they gathered from a diligence perspective – and develop a report from information received. On June 26, 2014, a report was made public.
- In July, 2014 they had a public hearing which he discussed the elements of the report.
- The next step forward, they went to the Request for Information (RFI) stage. They looked at the RFI's as an additional tool to obtain information from the private sector. It was a public RFI – anyone could submit (it is not an application and it is not a procurement). October 31st was the deadline for submission. They received five responses which is good.

When looking at the five responses, you start to see a theme developing when you look at the five responses. His comments about the five responses follow:

- The first was on-site development. Is it or is it not achievable? The general consensus was, it is achievable; it is realistic and it is worth contemplating.
- All five responses preferred "new stadium" -- not renovation. Mr. Raji said he is just stating the facts so that the Authority and others can make decisions.

Four of the five thought ancillary development was acceptable. They noted some key obstacles (i.e. we need to know the Deed Restriction (DR) which have been talked about for some time – Federal/City Deed Restrictions. They noted the need for government approvals; and there may be some challenges that relate to what will be done to the Kam Lot in the future.

- The respondents were in favor of developing on the northern and not on the southern side of the parcel. As HART is going to be on the northern side of the parcel they thought it was more valuable to actually put a mass development if that is going to happen on the northern side closer to HART which makes a lot of logical sense?
- Construction costs.
They all suggested building a smaller in the 30,000 to 35,000 range; one suggested that would make logical sense to build a 32,000-33,000 stadium with expandable (have a berm area where you could add another 10,000 for a special event you could house those people).

Just as a fresh point to add: Their June report notes that the average attendance over a 10-yr. period of the building was around 27,000 – so the seating capacity for even a smaller building would actually be more than what you average in attendance.

The cost in their report said \$130.0 mil. to \$192.0 mil (depending on the bells and whistles and favorable sizes) – the respondents came back and said it could be somewhere between \$134.0 mil. and \$300.0 mil., depending on the construction material (concrete or steel).

They indicated HART was going to be a blessing for the site -- and a challenge. It's a blessing because public transportation will be great. It is also taking away parking, and you need an operating facility and potentially you want ancillary development. With ancillary development, you have to take land and the facility needs parking to operate.

One respondent suggested building a parking with 5,000 parking spaces (garages).

Next Steps

We have to spend some time now doing some soul searching as to what we want and what is important (as we spend some time educating people on what is in the report and what we've learned):

- Do you want a 30,000 or a 50,000 seat stadium?
- What's the right number?
- Do you want a canopy or not?

- Do we want development or do not want development? (This requires more conversation with all those involved to learn again. We want to build consensus. This is a community asset and so you want the community's support for what you are trying to build – that is the next immediate task.)

I need to do some follow-up with the respondents to make sure we understand and have interpreted the information submitted in the right way. I have spoken to the chair about this and we can talk about it a little later. After we've gained some consensus, and defined what this project is, that's when it gets exciting.

As mentioned in June, there are significant H&S repairs that are necessary in this building, and it's only going to escalate. In this market today (according to DAGS' consultants) it is 12% increase a year (increase in construction cost). The H&S repairs are not revenue generators. Routine maintenance has to play in the thought process, whether to renovate or build a new one.

Just because the five responses say build a new building and the community says "no" that's not right for us, we're going to stay where we are and we're going to do the H&S – Mr. Raji said he is not sure what's the right decision – it would be the Board's decision which he will try to help and guide the Board in the best way that he can. He also noted that it is important to weigh in the factor of routine maintenance of the building – a major part of discussion.

Conclusion by Mr. Raji

Mr. Raji said that was his general overview and was open for questions. He said he shared some things with the Board that are truly accurate points and knows some of this is privileged perhaps will be discussed in executive session.

Member Bukoski inquired if the respondents noted any reasons why they preferred a new vs. a renovated stadium?

Mr. Raji said they were not specific, which is why he would like to follow up with them with questions.

Member Bukoski asked if their responses were based on them financing the construction of the new stadium. Mr. Raji said, no, they did not suggest that.

In answer to Member Chee's inquiry, Mr. Raji said no one suggested they would be financing a new stadium, but they did suggest there are significant economic development opportunities from the ancillary development that could generate tax dollars in a way that could help the stadium. Mr. Raji feels the reason is because there are a lot of unknowns.

Member Chee inquired if there are builders out there that might be able to package so that they can give the State of Hawaii a better deal on the construction of a facility. Mr. Raij said there are one or two others that have the ability to package it, but does not know if it would want to pay for the building. He said it is a unique time for the Stadium Authority and the community.

Mr. Raij said across the country the stadiums are getting smaller and more important to the National Football League are the amenities and functioning – locker rooms have to be state-of-the art. They indicated smaller is better than an empty 50,000.

Member Chee said it would appear that someone stepping in (based on maybe the opportunity of developing the rest of the property), offers to build the new stadium – it would appear that is not in the cards except if we lay out that option in the Request for Proposal (RFP). Mr. Raij said yes from an RFP perspective.

The Chair inquired, relative to what Member Chee is saying, could we include in the RFP that the Authority will consider (as a criteria) development rights to offset some of the cost?" Mr. Raij said he thinks it could be included in the RFP, but they would have to think it through with reference to the return on investment to the Authority.

He also said it would be an art on how to phrase it to encourage responses.

Member Bukoski said to the Chair, prior to F&L getting to the point of an RFP, is there some place in the process to better understand what the value of the land is (cost per acre or cost per foot) to develop? Member Bukoski feels before deciding what direction to go, we need to know what the value is that we are dealing with.

The Chair responded that we are dealing with some variables here. As an example, if we assume that the DRs are going to be lifted, it will mean we can go a certain direction. If not, we would have to build a certain stadium at a certain place in a certain way.

Mr. Raij said it's important to assess what the value of the property is for negotiations, but remember we haven't defined what you want on that site. If you want a high-rise, that's one value and do you want highest and best use? Highest and best use can mean a lot of different things. Also affordable housing highest and best use is very different than luxury housing, etc. That is why it is important to assess the value when we know what we want to put there.

Member Bukoski said he was thinking it would be good to know the value before we actually make the decision on direction. It it's strictly a policy decision, then that's

one thing. I think the cost of the development would play a role in anyone's consideration of what we are going to do with the site. We know with or without the DR -- not looking for some exacts but just some idea.

The Chair said at the same time and in addition to the DRs, we're going to have to know what we're planning for the total site -- that's what Irwin is talking about.

Mr. Raij said we are taking into account a variety of things; i.e. what the community has said and what the military has said. Military is saying there are height restrictions (multiple factors). That is why he is suggesting doing the value count.

Member Bukoski said if the decision is to go new or renovate, he feels the return on investment is something we want to try and understand better, which means we have to understand what we're dealing with. Right now he sees it as a decision of whether we're going to develop and what we're going to develop.

Member Chee said if you want to establish a value as a baseline, you can establish that right now, based on what the stadium is, what it generates, and what the land is worth as a parking lot -- then you move forward. After further discussions between Members Chee, Bukoski and Mr. Raij, it was determined that a baseline would be a reasonable soft approach. Mr. Raij said we haven't decided what we're going to do, so the stadium is focus: 1) Ancillary development, or maybe not -- you may decide you don't want to do a development -- so baseline makes sense, where beyond that come challenges.

Member Chee inquired, to what extent has public/private partnerships been proposed by developers, and if so, how successful have they been. Mr. Raij said we are seeing more of these for larger facilities because there is less public funding. He said the tools for financing buildings range from grants to bonds, etc. There is no consistent model of a public/private partnership here -- it is all over the place. Atlanta, for instance is building a building through public subsidy. They upped the entitled land; land that was worth \$1.00, they basically sold to the team (the team acquired it for a dollar and they are changing the zoning so the value of that land goes from \$1.00 to say \$100). Now, the development team (The Braves) and their development arm are actually going to build it all and take the upside of the increased zoning to pay off the state. That is an example of ancillary development.

Member Chee asked Mr. Raij, with reference to a building being separate to the ancillary development, would you say we are unique in the sense that potentially the building and ancillary development could come up at the same time? Is that something we have as an advantage?

Mr. Raj responded, what you have as an advantage that other places don't have is the rail. That is very unique, because places like New York had to spend \$4.6 million to expand the rail to their two stadiums. That moves people; you're going to have a commuter lot adjacent to your site. The uniqueness of having rail that is funded and coming right to your site is really a great opportunity. It also creates challenges because you're going to have the health and safety challenges where people walking from HART into your site.

Member Fujimori asked Mr. Raj (with reference to public/private partnerships) does he have a list of consultants that he has worked with or recommended that they look at developing the stadium? Mr. Raj said he collects the ratios of public/private investment for the professional teams and said there are a variety of groups that are actually looking, but that won't work in Hawaii. He said it is really important that whoever you actually partner with has to have a partner that has done work in Hawaii --because, it is different to build here than it is in places like Cleveland.

Member Bukoski inquired if the example Mr. Raj brought up about Atlanta could work at the stadium, and Mr. Raj replied "yes." He said right now the entitlement for this land is zero (you can't build), and potentially, your baseline is zero. Irwin – if you wanted to put in (for example) parks instead of housing, the park value is zero from an investment standpoint (with minimal revenue coming through). Right now you can't build anything in its current condition. Maybe you can build a garage, but you wouldn't be able to generate revenue. He said, however, if the DRs disappear and with your zoning at R5, you can do a lot of things. Maybe there is an even higher version of zoning that we can go after that creates value on the land and creates value to the developer; but that is something a public/private investor can do for you -- but in return, we get something back (whether it's money to the stadium, operating cost money. etc.). You're not going to just up-zone for free for the developer. That would not be a fair trade. When it comes to negotiating deals, the Board would take pride. I think we will all be fighting to get as much of the maximum value as possible (within the parameters that we have).

The Chair said there are some things that are related to this topic that we will be taking up in executive session.

VI. EXECUTIVE SESSION

The Chair requested a motion to go into a short Executive Session.

A MOTION WAS MADE BY MEMBER BUKOSKI AND SECONDED BY MEMBER

LONG TO GO INTO EXECUTIVE SESSION AT 12:05 P.M., TO CONSULT WITH THE BOARD'S ATTORNEY ON QUESTIONS OR ISSUES REGARDING THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITIES, LIABILITIES PURSUANT TO SECTION 92-5(A) (4), HAWAII REVISED STATUTES, REGARDING THE STADIUM OPERATIONAL ISSUES, INCLUDING THE SUBMITTALS FOR THE REQUEST FOR INFORMATION AND THE DEPUTY ATTORNEY GENERAL'S OPINION REGARDING THE FEDERAL AND CITY DEED RESTRICTIONS.

The regular session reconvened at 1:27 p.m.

VII. NEW BUSINESS

None

VIII. NEXT MEETING

January 29, 2015

IX. ADJOURNMENT

A MOTION WAS MADE BY MEMBER HASEGAWA AND SECONDED BY MEMBER LONG TO ADJOURN THE MEETING AT 1:29 P.M. THE MOTION WAS UNANIMOUSLY CARRIED.



CHARLES T. TOGUCHI
Chairman

Recorded by: Diana C. Ho

Date: January 29, 2015

Stadium Authority Board Meeting

Sign-In Sheet (please print)

Event Date: December 18, 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 Kinimata	DAGS-PWD	506-0409	Chris.Kinimata@yahoo.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			
David DePonte	DAGS PWD	506-0492	David.c.deponte@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			
Jennifer Parker	SCCA Hawaii	849-8813	jenn24parker@gmail.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			
Ted Bornstein	Foley & Lardner	202 945-6188 6188	Tbornstein@Foley.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			
Glen Hige	GSP	348-2767	glen.hige@outfrontmedia.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			
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			
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			
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			
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			
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			
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			