

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

September 25, 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

Excused Absence

Ross Yamasaki

Staff

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

Others:

Randall S. Nishiyama, Deputy Attorney General
John McNamara, University of Hawaii (UH) Athletics Department
Davy Murayama, Centerplate
Krysti Peacock, Centerplate
Glen Higa, Aloha Sports Properties
Chris Kinimaka, Department of Accounting & General Services (DAGS)
David DePonte, Department of Accounting & General Services (DAGS)
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.

II. Public Testimony

Ms. Shannon Wood requested the dates of the meetings in November and December. Deputy Manager Lois Manin responded: November 20 and December 18.

III. APPROVAL OF MINUTES

Approval of Minutes of the August 28, 2014 Regular Session and Executive Session.

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

IV. MONTHLY REPORTS

A. Chairman's Report

Chairman Toguchi said he will be commenting on various items covered in the agenda.

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

Events

1. UH Football Games - Manager Chan said, per his report to the Board, the stadium experienced many challenges at the first game (8/30/14). Prior to the next game, management and staff met on several occasions to address those concerns. As a result, the UH vs. Oregon State game on 9/6/14 ran smoothly with no major issues.
2. The following events will take place over the weekend: X1 Martial Arts (Saturday); Play Sports Football and Sports Car Club of America (SCCA) - Sunday.

3. The third issue of the stadium's newsletter "Kahuapaani" was included in the handouts and Manager Chan reminded the Board that they are welcome to participate in future issues.

Sales & Marketing (Samantha Spain)

1. Pushing out our press releases to get the word out about the traffic pattern and what is taking place at our events.
2. We are still focusing on completing our mural project.
3. Our Stadium Stars program appeared on the "Inside OC16 Sports" half-hour show this past Monday which featured one of our student broadcasters.
4. Next year will be Aloha Stadium's 40th Anniversary and we will be creating some fun activities in celebration of this event.

C. APPROVAL OF EVENTS (Stephen Lee)

1. AWS Events Group LLC
2015 Aloha World Sevens Rugby Tournament
March 18-21, 2015 (Wed. - Sat.)

Mr. Lee said management is recommending approval of this event.
Mr. McKay Schwenke was present to answer questions by the Board.

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

2. University of Hawaii Rainbow Warrior Band
35th Meadow Gold Rainbow Invitational Marching Band Festival
November 10, 2014 (Monday)

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 EVENTS. THE MOTION WAS UNANIMOUSLY CARRIED.

3. Pacific Historic Parks
Use of parking for an event at the Pacific National Memorial Park
Lower Halawa Parking Lot
December 7, 2014 (Sunday)

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

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

4. Spartan Race Hawaii
Obstacle Course 5K Race
March 15, 2015 (Sunday)

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

Member Fujimori noted that the General Excise Tax (G.E.T.) license number was missing from the application. Mr. Lee said the licensee did provide a G.E.T. license number, and it was an oversight on his part.

Member Bukoski inquired about the results of last year's event. Mr. Lee said it ran smoothly and was a success.

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

(Chairman Toguchi informed the Board that all of the items in the "Approval of Events" are sent to the members one week prior to the monthly meetings. They are also included in their binders at today's meeting.)

D. University of Hawaii Athletic Department Monthly Report (John McNamara)

Mr. McNamara said UH football team has been very competitive in the games and they are feeling really good about this week's opponents. The bye week has also given them a chance to do some reflecting on the operational performance with events.

Mr. McNamara thanked Manager Chan and staff for all that they have done (from an operational standpoint) to make their home games run very smoothly, and also on the game presentation through Glen Higa of Aloha Sports Properties.

As UH moves into conference play, they are currently offering a four-game conference mini pack which is selling well.

They are hoping to announce a retro night, similar to last year.

Mr. McNamara noted, "Coach Chow said it might give the players a little charge coming out in those retro uniforms."

Member Long inquired if Mr. McNamara would be able to provide an update on how the Authority can address some of the issues that continue at Pole 11.

Mr. McNamara said this situation is going to require conversations with all involved. Last year, at the start of the season and through the efforts of government leaders (Chancellor's office, Student Activities' office, Athletic Director, Stadium, etc.) a tailgate area was designated for the students; however, they ended up going back to Pole 11. He does not know the answer to the solution and asked Manager Chan for his input.

Manager Chan noted they have had a lot of challenges in the past three weeks and:

- Have met with security;
- Increased the oversight and supervision in that area;
- Will follow procedures/policy – enforce rules/regulations;
- Will provide crowd control to make sure they don't encroach on the experiences that others should enjoy;
- We provide a safe environment for everyone;
- It is a situation we need to take control of as we continue to work with all involved.

Mr. McNamara said UH appreciates the efforts being made – they don't want to chase the students away, but at the same time they must be compliant with the rules and regulations.

Member Long said his greatest fear is for an underage student having an accident in that area. Mr. McNamara agreed and is also concerned about the influence by non-UH students in the same location. He said they will work with all the stakeholders to resolve the issues.

(5-minute recess)

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

- Total August attendance increased 1%
- Total Stall Count increased 4%
- D,E,F, rows stall count decreased -6%
- A,B,C, rows stall count increased 47%

Mr. Murayama reported, with the increase in attendance, it was a very good month for the swap meet. There was one less Saturday and one less Sunday compared to the same time last year.

Marketing (Krysti Peacock)

- Ms. Peacock provided the Board with a copy of their Marketing Update (2012 to 2014).
- Two new commercials (on video) were shown to the Board, which will be shown on Oceanic Time Warner Cable, Sunday, September 28.

Concessions

Mr. Murayama reported Centerplate has had difficulty in retaining some of their subcontractors that provide food at the games; their revenues are affected when the attendance is low. As a result, comments are being made by the fans about the lack in the variety of food.

Starting with the UH vs. Wyoming game on October 11, Centerplate will be preparing plate lunches (fried chicken, stews, curries, etc.) to increase the food selection for the fans, and to fill the void caused by the vendors that are no longer at the games.

Chair Toguchi inquired if vendors upstairs are affected by the low traffic. Mr. Maruyama said that is part of the problem, which is why Centerplate is forced to provide their food upstairs.

Manager Chan said the stadium does rely heavily on the success of its clients. We work with Centerplate very closely and are aware that they are having a tough time securing subcontractors. Also, Centerplate has to hire temporary part-time employees when they lack non-profit support to man the regular concession stands – increasing labor cost.

Member Chee inquired about the status of the Rainbowtique novelty shop. Mr. Maruyama said Centerplate has successfully worked out an arrangement with Under Armour.

F. Aloha Sports Properties (ASP) Monthly Report: Glen Higa

- Secured a few agreements with corporate partners during and after the first three home games. This brought them a little closer to last year's numbers.
- They have launched a campaign (in the last couple weeks) called mid-season forum, with prorated rates designed to reach prospects looking for in-season deals/bargains. This benefits corporate partners by receiving advertising benefits this year and being billed in 2015. It also allows ASP to start selling for the 2015 season – working on a combination package that drives revenues for this fiscal year and also the next fiscal year.

V. UNFINISHED BUSINES

A. Optimization Committee Report and Discussion

Member Bukoski, Chairman

- The committee continues to follow up on the Foley & Lardner (F&L) Comprehensive Summary Report, and the recently published Request for Information (RFI).
- To ascertain all options are explored, the committee has discussed with Stadium Management and DAGS to also include inquiries on renovating the existing stadium, and not just building a new stadium.
- Keeping current with the Transit-Oriented Development (TOD) and Honolulu Authority for Rapid Transportation (HART) issues (right-of-entry and easement).
- Exploring ways to expand the use of the stadium and to expand revenue sources.

Chair Toguchi asked Ms. Kinimaka for a more detailed summary on the status of the F&L contract, the Request for Information (RFI) and Request for Proposals (RFP).

F&L Contract (Report by Chris Kinimaka)

We reported at the last Board Meeting, we were:

- Working with F&L on the contract.

- We are now at the conclusion of Phase 3 (the issuance of a RFI to the public which includes developers and anyone else) to gather feedback and ideas, concepts on what the public would like developed at the site.
- Because the language they issued leaned towards a new stadium, they are now going to issue a clarification to include, "consideration for renovation and ancillary development will also be considered" (Phase 3 -- targeted to be completed at the end of October with a deadline for responses).
- Next step is Phase 4, which is the assessment and evaluation of the responses. Approval was given last month to add funding, which allows them to execute the contract to move into Phases 4, 5, and 6.
- Phase 5 - compilation of all the information from the RFI and development of an RFP. This is to determine what kind of development we want on-site. At this point, they do not know what that is until they get the RFI back.
- After the RFP is issued, we will evaluate the results of the RFP and move forward into a possible development agreement.
- Contractually, Ms. Kinimaka said they are currently in the process of allowing F&L to review the amendment, allowing them to continue Phases 3, 4, 5, 6 (up to the issuance and evaluations of the RFP). Upon completion of F&L's review, DAGS will then finalize and execute the amendment.

Chairman Toguchi summarized by saying everything discussed ties in with the CIP presentation and the recent change in the clarification that is being processed. As we meet with developers, it will not preclude them from being creative/innovative, such as, keeping the existing structure and doing various things, etc. The Chair also noted that we will be in a better position to respond to the Legislature and the new Administration on their questions concerning the future of the stadium.

Ms. Kinimaka stated that is correct because the previous studies had looked at renovating the stadium in place and did not have the opportunity for ancillary development which comes with the lifting of the deed restriction and other opportunities. It also gives the public more opportunities to provide us with ideas on what we can do.

B. Capital Improvement Projects (CIP) – Fiscal Years 2016 & 2017

Chairman Toguchi said there was a brief discussion on CIP's at last month's meeting and the members requested a more detailed presentation.

Manager Chan said the following presentations will be made:

1. Department of Accounting & General Services (DAGS)
(Chris Kinimaka and David DePonte)
2. Architects Hawaii (Joel Ganotisi)
3. Wiss, Janney & Elstner
(Aaron Erickson)

Presentation by Chris Kinimaka (DAGS) - (refer to Exhibit B for more details)

Ms. Kinimaka said her presentation will provide a refresher for the existing Board members and an introduction for the new members as to how DAGS and the Aloha Stadium work together; including how CIPs are funded and implemented.

1. DAGS – Public Works Department (PWD) Services

Their services include construction services for all of DAGS including its attached agencies (12) - the Stadium Authority is one of them. For administrative work (for example) through the Governor's office, all the communications go through the Comptroller. Ms. Kinimaka said she and David DePonte are here for the stadium, but also serve the other attached agencies as well as all the DAGS divisions with the following services:

- Planning
- Design
- Construction
- CIP Budget

2. CIP Budgets

Funded differently from operating funds – all CIP funds from the executive branch are under the purview of the Legislature. Budgets are assembled for the Governor who submits it every year for approval. The type of projects they look at are CIPs that increase the value of an existing fixed asset by increasing capacity, efficiency or extending the original useful life.

3. CIP Funding

Budgets are approved by the Legislature in two-year cycles.

Current Fiscal Biennium: July 1, 2015 – June 30, 2017
FY 2016, First Year: July 1, 2015 – June 30, 2016
FY 2017, Second Year: July 16 – June 30, 2017

Fiscal Biennium 2016-2017 Funds Lapse June 30, 2018

Lump Sum Health and Safety, Aloha Stadium

FY 2016: \$14 Million

FY 2017: \$13 Million

(Ms. Kinimaka noted there is a lot of flexibility in the budget appropriation language to go ahead and use all that money for all the identified critical projects.)

4. CIP Budget Cycle

Ms. Kinimaka described the Budget Cycle which starts in September:

September – PWD compiles all budgets for Comptroller, who then decides how they are prioritized.

October: Budgets are submitted to the Department of Budget & Finance (DB&F), who then issues their recommendations. By the end of October, agencies are given the opportunity to appeal the decisions and the PWD works very closely with staff to refine the budget and/or defend it for you.

November: Appeals are reviewed and the Governor's Executive Budget is presented. Most years the Governor's office gives us one more chance to appeal their decision. However, we also need to be mindful of the fact that last year we were not given that opportunity.

December: The Governor's final Executive Budget Request is submitted to the Legislature, which will then be reviewed from January - May. The House introduces an Executive Budget Bill and the Senate reviews it and makes the necessary changes. In April, the two finance committees negotiate what is going to be in the budget. Throughout the entire process DPW will be representing the entire department (including all of the attached agencies). It also supports all testimonies that are provided and assists with any background information needed to support the importance of each program.

Once we receive funding (which comes out in a budget bill around May), and if the Governor sees fit, he can either disapprove or approve the entire budget, or veto the entire budget. The appropriations are established by July 1.

5. Implementation of CIP

Aloha Stadium submits a Project Initiation Request which PWD then Initiates and administers projects:

6. Funds Appropriated 2005 – 2014

\$97 million appropriated for Critical Health & Safety (H&S).

\$87 million obligated to Planning, Design, and Construction.

\$10 million balance for Contingency for Current project & Future Health & Safety projects. *(Note: Ms. Kinimaka said they are in the process of using those funds for current projects and future H&S projects; a portion of which is going to be used as contingency for an ongoing project.)*

7. Stadium Health and Safety projects (2005 to date)

Replacement of the entire Metal Roof Deck and Field Lighting Transformers

Replacement (critical to the operations)

Concourse Bridge Stiffening

North & South Fixed Stands – Concrete Spall Repairs and Waterproofing

North & South Concourse Plaza – Waterproofing

Structural Strengthening and Recoating (starting with the outside of the stadium)

Replacement and Relocation of Primary Distribution Transformers

(Note: Ms. Kinimaka said the past projects that have been completed will be covered in the next presentation.)

8. Current H&S Project

A total of \$13.5 million was awarded this month; we will continue the structural work and address corrosion. We will also be doing some work that can continue year-round. Most of the work has been done during the off-season period, because the areas addressed were in use by clients.

Ms. Kinimaka re-summarized her report by stating, this coming session they are recommending:

- FY 2016 - \$14.0 million
- FY 2017 - \$13.0 million
- We have just under \$10.0 million to address some needed contingencies.
- Programming Future Work (construction Estimates)
(Anticipated over the next three years)
Health & Safety Phase 4: \$22.0 million
Health & Safety Phase 5: \$8.0 million

Comments by the Board

Member Bukoski inquired about the funds appropriated from 2005 – 2014 (\$97.0 million – H&S and \$87.0 million obligated).

(Ms. Kinimaka responded that it is a moving number because when the study was done in 2005, the entire renovation was for a total of \$120.0 million to do all the upgrades (and completed in three years). However, when the work is done piecemeal (\$5.0 or \$10.0 million a year) you surpass the window of what was affordable then. The longer we take to address the work, the more it costs. Right now, if we were to address all of the critical H&S projects to keep the stadium operational, we are still looking at \$150.0 million more. That's what happens over ten years of piecemeal work and keeping into account that currently we are in about 12% escalation in construction per year.

Member Chee questioned, "Hasn't the rusting been stabilized?"

(Ms. Kinimaka responded that it has with the coatings – what is deteriorating are the coatings that were initially installed (which is what they are addressing). In 2005, a good portion of the stadium could have been addressed, just by recoating over the existing coating that was installed as a preventive measure. Over time that protective coating is continuing to deteriorate, and when that happens, you need to sandblast all of the coating to bare metal and recoat again – very expensive. Literally, Ms. Kinimaka said the corrosion is continuing as we wait.)

At this time, Chairman Toguchi requested introductions of the consultants in attendance:

Wayne Arakaki	-	Principal, Architects Hawaii
Terry McFarlane	-	Principal, Architects Hawaii
Joel Ganotisi	-	Project Architect, Architects Hawaii
Aaron Erickson	-	Project Manager, Wiss, Janney, Elstner (WJE)
Bernie Wonneberger	-	Principal & Manager of Honolulu Office Wiss Janney, Elstner

Stadium Contract

Ms. Kinimaka defined the stadium contract:

1. Architects Hawaii is the primary firm for the current H&S renovation initiative.
2. Wiss, Janney & Elstner is operating as their sub-consultant, focusing on structural concerns and waterproofing – their services have been very critical for us, per

Ms. Kinimaka. She also noted that they have a separate planning project with WJE to insure that they maintain structural certification of the stadium; without that, they cannot assure our clients that we are providing a safe venue.

Chair Toguchi asked Ms. Kinimaka, "Is the stadium safe?" She responded, "We are safe today, but if we do nothing, we can't say the same thing in five years."

The following are some of the highlights of the power point presentations by Architects Hawaii and Wiss, Janney & Elstner (refer to **Exhibit C** for further details):

Presentation Overview (Joel Ganotisi)

- A.S. Overall CIP Plan Project Status
- Structural History (Recent work, since 2009)
- Completed Work (Non-structural)
- Upcoming Work (Structural)
- Upcoming Work (Non-structural) –H&S 3
- Future Work (H&S 4, H&S 5 and Beyond)
- A.S. Renovation – Project Status

Overall CIP Plan Project Status (Joel Ganotisi)

- Completed Work to Date (Planning, Design, Construction) - \$73,663,180
- Ongoing Projects (Sept. 2014 – July 20, 2016) - 13,542,000
- Total Future Work to keep Stadium Operational - 152,000,000
- Overall total - \$239,205,180

Structural Work (Aaron Erickson)

All of the structural work falls under an umbrella called the Structural Certification -- the completed tasks to date are:

- 3-D modeling of the stadium superstructure
- Wind tunnel study
- Seismic analysis
- Corrosion protection/coating study
- Assessment of all structural connections
- Vibration study
- Identification of overstressed components
- Conceptual repair pre-designs

Proposed Structural Certification Update (Aaron Erickson)

- Wind tunnel data processing for Components and Cladding loads
- Structural modelling updates

- Update Capital Improvement Schedule (CIS)
- Other items (actual scope still in development)

Upcoming Proposed Future Work (Non-structural) – Joel Ganotisi

- H&S Improvements – Phase 3
- H&S Improvements – Phase 4
- Health & Safety Improvements, Phase 5
- Other H&S Work Beyond...

Chairman Toguchi requested a discussion on what all of this means and how does it tie in with our current plans for the stadium. Ms. Kinimaka proceeded to summarize what has taken place thus far:

Chris Kinimaka

1. Earlier, we spoke about the major initiatives that started in 2005. It was concluded that (feasibility-wise) we would renovate the stadium and at that time the demand was for a 50,000 – 70,000 seating capacity. There was no inclination regarding the lifting of the Deed Restriction; therefore since the opportunities to generate revenues to support the stadium operations were very minimal, they proceeded with H&S work until 2011.
2. In 2011 when rumors surfaced about a new stadium being built, they were in question on whether to continue renovations vs. addressing minimal H&S issues. They do have budget figures from that time and have used that to provide comparative ideas of what they are looking at. From the beginning, and with a piecemeal budget, they have been forced to continue (to this day) to address the most critical H&S issues to keep the stadium operational. Unless we receive a huge chunk of money, we would continue with that kind of prioritization.
3. This year a lot of doors have opened and we are working towards the lifting of the Deed Restriction (DR). The City has committed to assist us in the lifting of the “City” DR, which means:
 - We will not be limited to only providing a stadium and public recreation.
 - It opens the opportunity for revenue-generating commercial uses on the property.
 - If and when that happens, we can revisit the opportunities to either renovate in place and build ancillary structures to generate more revenue, or, demolish and build a new structure.

4. Responses to the Optimization Study (completed earlier this year) indicated the preference now is to build a stadium with a 30-40,000 seating capacity vs. 60-70,000 as previously indicated. Most venues are interested in having a smaller sell-out venue vs. a huge stadium half-filled.
5. Until a firm determination is made for the future of the stadium, Ms. Kinimaka said we will need to keep the stadium operational (addressing all the structural, corrosion and architectural concerns). Regardless of when or if a decision is made to build a new stadium, it will take roughly five to seven years to implement and we want to have an operational venue until a new stadium is fully operational.
6. Ms. Kinimaka said the stadium will not be moving forward with upgrades or with any work that is not deemed critical. She added, at the rate we are proceeding (i.e. \$10.0 million a year), we will experience a lot of critical H&S work until we reach the \$150.0 million equivalent.
7. Ms. Kinimaka added: If we had the commitment today (or within the next year) for the development of a brand new stadium, we would then shift into minimal H&S work to keep the stadium operational for a limited time (five-seven years); we would then save roughly half of the \$150.0 million. This is just a projection, but informed the Board that DAGS is constantly trying to refine and update as they continue to assess the issues of the stadium. She also said they will not save the entire \$120.0 million that has been bounced around, but it is roughly half of what they are budgeting for at this point.

(Chair Toguchi stated, with the City building the mass transit, there are opportunities for Transit-Oriented Development (TOD) – which we will hear about in the next presentation.

Comments/Questions by the Board

Member Bukoski

1. How long will the corrosion mitigation work and previously completed work extend the life of the stadium structure and what does the maintenance schedule include?

(Ms. Kinimaka stated the intent of the design is to prolong the life of the stadium for an additional 40 years from the time of completion.)

(Mr. Erickson clarified it is not a maintenance-free 40 years. You still have to maintain coating, etc. The warranty on the coating is 15 years, but they anticipate it will last longer.)

2. Is the reinforcement of the structure basically in place?

(Ms. Kinimaka said yes.)

Member Iosua

1. Inquired, "With the \$150.0 million improvements and the proper maintenance, it could last 40 years? **Member Bukoski**, added, from 2011?

(Ms. Kinimaka said yes. Comparisons were done with old stadiums. They will provide the Board with the list of old stadiums.)

Member Chee

1. Will our existing stadium structure be able to accommodate more improvements (i.e. suites, etc.)? Also, are we looking at significant structural improvements, and (cost wise) a huge commitment?

(Mr. Erickson responded that many upgrade concepts were done completely separate -- like freestanding. As far as things added to the existing structure directly, they have to look at it on a case-by-case basis.)

(Ms. Kinimaka said in their 2005 review, they concluded that the existing box seats could be improved to look nicer, but to build more club seats on the existing steel would not be recommended without the additional structural reinforcement. That is when the concept to fill in the open wedges with additional seating and party decks was introduced.)

2. Is that question addressed in the 2005 study? Is it in the realm of feasibility?
(Ms. Kinimaka said yes.)

INTRODUCTION OF NEW MEMBER

Chairman Toguchi was pleased to introduce and welcome the Stadium Authority's newest member, Amoreena Rabago. He shared her extensive background on the Legislative side and also her involvement with youth sports, currently as a coach with a soccer team.

Member Rabago said she was born and raised in Pearl City, graduated and played soccer at Aloha Stadium. She lives in the community and is very pleased to get involved and be a member of the Stadium Authority.

C. Transit-Oriented Development (TOD) Presentation and Discussion

Chairman Toguchi introduced Raymond Young, Project Manager with the Department of Permitting & Planning (DPP), City & County (C&C) of Honolulu

Presentation by Raymond Young (DPP)

Mr. Young said he has been a planner with both the City and State for many years. He introduced Kathy Sokugawa, Chief Planning Officer for the City & County. He also explained that they have a large team, but unfortunately, they were unable to attend today's meeting, including Harrison Rue, Division Manager with the C&C and their consultant team RTKL.

1. Purpose of TOD Plan and Description of Neighborhood Planning Area

The TOD Plan is basically to take advantage of transit increase in pedestrian activity and increase land value. It directs the growth of community development so that it is not developed haphazardly and also addresses the City's General Plan which directs growth around the corridor. They want to establish planning for all of the rail stations, except for the ones that are under the jurisdiction of the Hawaii Community Development Association (HCDA). What they envision is, within the core area of the station (within 5-minute walking distance), affordable housing, open-space, parks, public and social services – to make it a desirable place to live.

2. Planning Process and Team Coordination

They have started several different plans at various stages. In August, they adopted a plan for the Waipahu area, which includes three stations. They met with the stadium staff and DAGS to discuss concerns on the direction of the plan. They also got the community involved and had stakeholder meetings during that week with their consultants. Currently, they are compiling the concerns and putting together a small summary package.

Mr. Young apologized that their consultants were not in town to attend this meeting and assured the board that they will be returning to make a better presentation at a future meeting.

They have renamed the stadium project to the "Halawa Makai TOD Plan" instead the Aloha Stadium TOD Plan, because the project is really about the neighborhood (which includes Halawa Valley, parts of Aiea, the military, etc.).

This process takes roughly six months to a year in order to get the draft plan out. They plan to involve communities through a series of workshops -- the first of which will be in the fall. As part of the community involvement, they plan to form a planning advisory committee consisting of volunteer stakeholders. The first draft of this plan will be out sometime next year, but the preliminary recommendations will be out either the latter part of this year, or early next year.

The next item to complete is a community needs survey which they will involve the stadium and DAGS for input. This is consistent with all of the TOD Plans so that an analysis can be done of the entire corridor.

If any of you attended the Ala Moana meeting, you would have seen some interesting preliminary planning designs.

Mr. Young said, assuming the restrictions are lifted for both the City and the State properties to maximize the values, it may help the stadium to pay for some of the anticipated loss due to the HART station being established in the parking lots. If the stadium is able to establish a mix of commercial uses and affordable housing, he believes it would help to take care of some of the revenue issues.

Comments/Questions by the Board

Member Fujimori

Will you be assisting the stadium in terms of trying to get the City deed cleared so that we can move forward on some of the activities?

(Mr. Young said they are not directly involved with that and said it is being handled by their corporation counsel in correlation with the DAGS office.)

Member Bukoski

What phase has TOD reached for the Halawa Makai Plan; and can TOD provide the Chair with a schedule of the TOD process so he can distribute it to the Board members?

(Mr. Young responded they are putting together the information they received from the various stakeholders and the next step is to complete their needs survey. He also said they can provide the Chair with a preliminary schedule.)

Chair Toguchi

1. He is interested in receiving a schedule of anticipated meetings. He also noted that some of the members are interested in sitting on some of the working committees.

(Mr. Young said he thinks the community-wide meeting and the first planning advisory committee meeting is going to happen sometime this fall (November or December). He will keep the Stadium Authority informed.)

2. Assuming we are successful in lifting the Deed Restrictions, (and in the process of deciding what is developed on our property), "Who makes the final decision among the different jurisdictions (the City, HART, landowner, etc.?)

Mr. Young responded:

Decision on:	Falls under the Jurisdiction
<i>Station Design/Hours of Operation/ Bike Racks, etc.</i>	<i>HART</i>
<i>Parking Structure</i>	<i>HART</i>
<i>Park-and-Ride</i>	<i>HART</i>
<i>Zoning/Sidewalks/Infrastructure/Roadway</i>	<i>TOD/CITY</i>
<i>What is developed on the Site (Hotel, Shopping Center, etc?)</i>	<i>Landowner has the final say.</i>

(Mr. Young added: The TOD Plan can encourage the landowner to take advantage of the zoning that eventually is implemented, but if part of the stadium parking lot is intended to be rezoned for mixed-use commercial (which could allow a hotel) that zoning will encourage it; but, it is really up to the state who owns the property to see that it is carried out. The plan does not force anyone to develop the way it is intended, but it encourages it and gives the opportunity for benefit. In fact if you want higher heights for a hotel, that is one of the opportunities with the new zoning.)

Chair Toguchi said it is very important that the landowners collaborate at an early stage with DPP and HART. Mr. Young agreed.

Member Chee

1. With respect to TOD being in part, like compensation for some of the losses and shortfalls that occur in and around the station as you go through the process, is that generally the philosophy of the TOD planning group?

(Mr. Young responded, in previous conversations with the stadium, one of the concerns was the loss of revenues due to loss of parking. In response to that, he believes Ray Soon replied in a letter to the Authority, saying these are some of the advantages of TOD which could result in higher densities, a greater mix of uses, and increased land values, etc. which will return back to the Authority or to the State (losses that would occur from HART's removal of parking).)

2. Mr. Chee said the real dilemma is that the final manifestation of TOD is about 15-20 years down the road and in the meantime there are some real issues we are struggling with that could be resolved with HART by them saying: 1) We're going to replace your parking; 2) We're going to give you a parking structure right next to the station, etc. We are trying to bring HART to the table on these kinds of issues because 15-20 years down the line does not help the stadium today or in the next five years. There is no doubt, however, that TOD brings a lot of benefits to all of the respective sites.

(Mr. Young said he can't speak on behalf of HART.)

3. As it proceeds, is TOD looking at predominantly mixed zoning? If so, will they be restricted by densities?

(Mr. Young said yes, generally in the corridor area. As part of their upcoming TOD Land Use Ordinance Implementation, they are looking at higher heights, but it is negotiable. They are now putting together a zoning bill that will implement the various strategies, including parking, allowing more flexibility. It will allow the decision-makers the opportunity to get more of what is needed.)

Kathy Sokugawa

There is already a bill adopted for an ordinance that allows for big projects with big ideas that need some reduction in the standards to be negotiated with the City. Under that permit process the City Council gives the final approval of the project. However, it has to be a fairly major/significant project and then they can negotiate everything...i.e. height, density, parking setbacks -- to meet TOD's goals and objectives.

Member Bukoski

1. Question to Kathy: Are you referring to the development agreement?

(Ms. Sokugawa said no, that the TOD permit was just passed a couple of months ago by the City Council. It is only available in the TOD corridor.)

Member Rabago

1. With reference to the Kam Drive-in project (rezoning), does that fall under TOD?
(because there is a station there)

(Mr. Young – Yes, that is one of the project stations under TOD, but it went on a separate agreement and it wasn't covered by the zoning bill.)

(Ms. Sokugawa said it was covered by the City's first development agreement process, so it predated the TOD process.)

Member Bukoski

1. Does the interim TOD permit replace the development agreement?

(Ms. Sokugawa said, no; they can still do either or.)

2. Will DPP be pursuing the interim TOD permit?

(Ms. Sokugawa said she believes the people might find it easier, but it will be up to the developer to initiate whichever process it wishes.)

(Mr. Young stated that the interim allows them to move forward as long as they comply with the draft plan; but, if the draft plan changes, sometimes it is advantageous to wait until the actual zoning occurs.)

Member Chee

1. With reference to infrastructure money, is it going to be on a first-come, first-serve basis, since there will obviously be a limit to the amount available by the City?

(Mr. Young said the primary way to fund that is there are various instruments they are considering now, like "TIF" (Tax Increment Financing). Also private development --if they have a major project they might add infrastructure. They are looking at various strategies on how to deal with that. It's not going to be entirely city or state-funded...it will be a combination.

Member Chee

1. Speaking selfishly on behalf of the stadium, the potential of having one or two very large developers is very high; so you could have potentially a situation where that could be part of the developer's package -- to provide the infrastructure funding. However, it is still a matter of whether or not the City can support that, even if the money is available.

(Ms. Sokugawa mentioned sewer capacity is an issue, especially in downtown Honolulu. It will not support a significant amount of new

growth. There are some neighborhoods that are now on a one-for-one basis (i.e., you got one bathroom, you can only put back one). They are looking at creative financing, where you distribute the cost. Mr. Young said their Dept. of Budget & Fiscal Services is looking at various packages.)

The Chair thanked Mr. Young and Ms. Sokugawa for a very informative presentation.

D. Federal and City Deed Restrictions – Status Update and Discussion

Chairman requested a report by Member Bukoski with reference to the 1967 issue from the Federal to the City.

Member Bukoski responded that he is not prepared to present an update, other than the Stadium Authority and DAGS are continuing their efforts to remove the Deed Restrictions with the City and Federal Governments. The only comment or suggestion he has is to perhaps ask the Board to get some kind of indication from the Department of Interior (DOI) on our ability to seek lease rent from HART, by entertaining a ground lease for ancillary use in servicing the State. He is uncertain if there has been any clarification or whether that is allowed by the DOI.

The Chair had further questions on the status of the Deed Restrictions (DR) and requested clarifications from Ms. Kinimaka.

Chris Kinimaka

- The Aloha Stadium is comprised of two parcels that were conveyed to the state; one half of that was formerly Federal land (owned by the Department of Interior-DOI) with their own DR requiring that the land be used for public recreational purposes.
- They conveyed that by Quitclaim Deed to the C&C of Honolulu which included the DR; then the City sold that land to the State (again as a Quitclaim Deed). They transferred the Federal DR as a requirement of their land acquisition. In addition to that they added another layer of restrictions – the City took it one step further and said, not only shall it be restricted to public recreation, but it should also be for purposes of a stadium. That was for one half of the land.
- The other half of the land was C&C property that they in turn sold to the State (I think for \$1) -- the Quitclaim Deed; but that same “more restrictive language” was included in that half of the parcel as well. So it is for public recreational purposes for a stadium. Ms. Kinimaka said that is why they are always talking about two DRs.

- On the Federal one, they are working with the DOI lift on just that half of the land; but even with that DR lifted, Ms. Kinimaka said they still have the City's more constrained DR that they have to address. That is something they are working on very closely with the City; and although Ray Young might not have been aware of it, his own supervisor, Harrison Rue was very instrumental in getting the City to help us. TOD did help us by going straight to the corporation counsel and at this point in time the chair of corporation counsel is working with one of our Land Division attorneys to address lifting of the City Deed Restriction. So that is an active ongoing supportive action by the City.

Member Bukoski asked Ms. Kinimaka if it has ever been clarified by the DOI that we can seek lease rent for the rail. Ms. Kinimaka said when we first approached them to lift the DR we asked about HART being on site and under what conditions would HART be allowed to be on site. She said it has been made very clear that HART would only be allowed to operate if they were ancillary providing another service for purpose of a stadium and public recreation; and under those terms at that time we were verbally told that we could not charge them; however, we do not have anything in writing.

Member Bukoski said it is unclear to him because in reading the DR, he thought it allowed us to collect lease rent with the approval of DOI under these circumstances which included ancillary services to the stadium which would include (in his opinion) parking, transportation to the stadium, and those types of services.

It was mutually agreed by the Chair, Member Bukoski and Ms. Kinimaka that more time is needed for further review and they will continue this discussion at a later date.

VI. NEW BUSINESS

A. Board Committee(s) Review

Chair Toguchi informed Board members of the various committees that have been established and encourage their participation in one that would be of interest to them. He said, per Manager Chan's request, we will need a committee to assist with the follow-up responses to the Office of the State Auditor, as a result of an audit that was done on the stadium approximately three years ago. Recommendations were included in the audit which requires a follow-up response once a year for a three-year period.

Manager Chan said part of the audit involves the Board itself and we want to make sure we have an opportunity to discuss it further. Please be aware that a response has been submitted to address the annual follow-up to the audit requested by the Legislators. A response has been submitted to address the first of three evaluation summaries. He noted that all Board members have a copy of the audit in their orientation binders.

- B. Proposed spring 2015 Concert – Manager’s Recommendations regarding rental charges for a proposed concert.

Manager Chan addressed the Board and said a copy of HAR 3-70-11 was passed out to them which relates to the recommendation he will be making today.

Manager Chan said he and his management team have tried to influence concert promoters (or anyone with the ability to bring in an event to the stadium) to hold a major concert at our venue. As you know, we have had little success with that endeavor. The U2 concert in 2007 was the last major concert held at Aloha Stadium.

Over a two-year span, we have had the opportunity to negotiate several agreements with talent that had a huge fan base and proven track record. Several entertainers (Elton John, Journey, Bruno Mars, and Arashi) have passed through the islands and knocked on our front doors. But in the final hour (for one reason or another), they all expressed why they chose not to come to the stadium -- the financial risk was just too great to bear along.

We have a promoter who is interested in bringing a major concert to Aloha Stadium during the spring of 2015 (sometime between February and April). We want the Board to understand that we have the ability and resources to put on a show that would exceed all expectations, whether on a small or large scale.

I believe this to be a great opportunity that would help us to establish a course of action that would secure future concerts. We are looking for revenue-generating opportunities. We would also like to be seriously considered in a competitive market to bring new, attractive and exciting talent that the people of Hawaii would like to see and enjoy.

I am asking for the Board to approve the Manager’s request (per HAR Section 3-70-11(g)) by giving him the authority to negotiate the contract and the details that may include waiving the rent charges in whole or in part for any national or international entertainment event. This is an opportunity that could possibly lock in a long-term arrangement for future concert events. I have been working

with Member Bukoski, along with Mr. Uchida, to develop a formula that we believe will be better received by promoters.

Member Bukoski said he appreciates all of the work that was done by Manager Chan and Mr. Uchida. He said he has a little background knowledge on these types of events and issues and what Manager Chan is saying is true. The intent is to try and expand the existing revenue sources for the stadium and to enhance what we are currently doing; also to expand our portfolio and our marketability, all within the guidelines of the current Administrative Rules. What Manager Chan is asking for is approval from the Board to give him the ability to try to secure this first act on a one-time basis. He believes this particular promoter is reputable and it could result in a long-term relationship between his entity and the stadium in bringing in a series of national entertainment events to the stadium. He is in complete support and feels Manager Chan is on the right track. It will generate a considerable amount of revenue (upwards of \$500,000 a year).

Mr. Nishiyama clarified that Manager Chan is asking for the Board's authorization to authorize him to waive rent.

A MOTION WAS MADE BY MEMBER BUKOSKI AND SECONDED BY MEMBER FUJIMORI TO AUTHORIZE THE RECOMMENDATION AS STATED BY THE STADIUM MANAGER TO GIVE HIM THE AUTHORITY TO NEGOTIATE WITH A CONCERT PROMOTER AND WAIVE RENTAL CHARGES IN WHOLE OR IN PART FOR A NATIONAL ENTERTAINMENT EVENT AT ALOHA STADIUM IN SPRING, 2015.

Discussion

Member Rabago clarified that Manager Chan is currently in negotiations and would like the Board to give him the authority so that he doesn't have to come back to the Board on this particular event only.

Member Bukoski said he is certain that Manager Chan will be coming back to the Board with the status.

THE MOTION WAS UNANIMOUSLY APPROVED.

VII. EXECUTION SESSION

None


VIII. NEXT MEETING

October 30, 2014

IX. ADJOURNMENT

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

Meeting was adjourned at 12:40 p.m.



CHARLES T. TOGUCHI
Chairman

Recorded by: Diana C. Ho

Date: October 30, 2014