

DAVID Y. IGE
GOVERNOR

DOUGLAS MURDOCK
COMPTROLLER



ALOHA STADIUM

An Agency of the State of Hawaii

CHARLES T. TOGUCHI
CHAIRMAN, STADIUM AUTHORITY

SCOTT L. CHAN
MANAGER

RYAN G. ANDREWS
DEPUTY MANAGER

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

May 10, 2016

Members Present:

Charles T. Toguchi, Chairman
Keith "Kika" G. Bukoski, Vice-Chairman
Wilbert C.F. Chee
Odetta Fujimori
Edward Hasegawa
Michael Iosua
Ross Yamasaki

Members Excused

Keith Y. Amemiya
Scot Long

Staff

Scott L. Chan	Neal Sakamoto
Ryan Andrews	Ivan Nishimura
Russell Uchida	Andrew Chang
Stephen Lee	Liane Nakagawa
Charles Vitale	Samantha Spain

Others:

Randall Nishiyama, Deputy Attorney General (AG)
Davy Murayama, Centerplate
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 10:03 a.m. He stated this is a make-up meeting for April 28, 2016 (no quorum). He added the agenda has been shortened for today's meeting.

II. PUBLIC TESTIMONY

Shannon Wood expressed disappointment with today's meeting being held on a Tuesday and does not understand why the change was made. The Chair informed Ms. Wood that the date was selected based on the availability of the Board members and having a quorum. He added, the meetings for the remainder of the year will occur as scheduled.

III. APPROVAL OF MINUTES

A. Approval of the minutes for the March 31, 2016, Regular Session and Executive Sessions:

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

Discussion:

- a. Corrections by Member Fujimori: 1) Page 11, second bullet - replace the word sorts with sports; 2) Page 13, fifth paragraph, first line - rephrase end of sentence to read, "especially the possibility of extending an invitation to meet with the Hawaii Tourism Authority."
- b. Correction by Member Chee: Page 6, second paragraph, last sentence: Replace the word train with chain.

THE MOTION WAS UNANIMOUSLY CARRIED AS CORRECTED.

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

Discussion:

- a. Correction by Member Fujimori: Page 5, eighth bullet – replace the word delegate with delicate.

THE MOTION WAS UNANIMOUSLY CARRIED, AS CORRECTED.

IV. UNFINISHED BUSINESS

A MOTION WAS MADE BY MEMBER YAMASAKI AND SECONDED BY MEMBER IOSUA TO ADD TO THE AGENDA AN ACTION ITEM UNDER IV.A.1 -- THE OPTIMIZATION COMMITTEE'S RECOMMENDATION TO AUTHORIZE THE CHAIR AND MANAGER TO WORK WITH DAGS AND ALSO CONSULT WITH MEMBERS OF THE OPTIMIZATION COMMITTEE REGARDING THE DRAFTING OF THE RIGHT-OF-ENTRY (ROE) AND THE MEMORANDUM OF UNDERSTANDING (MOU) REVISIONS. THE MOTION WAS UNANIMOUSLY CARRIED.

A. Optimization Committee

1. Drafting of the ROE and MOU Revisions for HART

A MOTION WAS MADE BY MEMBER YAMASAKI AND SECONDED BY MEMBER CHEE TO AUTHORIZE THE CHAIR AND MANAGER TO WORK WITH DAGS AND THE OPTIMIZATION COMMITTEE ON THE FIRST DRAFT OF THE REVISION OF THE ROE AND MOU. THE MOTION WAS UNANIMOUSLY CARRIED.

3. Committee Report

Member Yamasaki reported that the committee met to evaluate the schedules regarding HART and the need for the ROE; and together with Ms. Kinimaka, they did some due diligence to better understand the current agreement. They learned that there are certain documents tied to each other which require updating. Further discussion will take place during the executive session with reference to the MOU, ROE, and the request for an easement.

The Chair asked Member Yamasaki to also report on the City Deed Restriction.

Member Yamasaki stated on April 20, 2016, Resolution 16-69 was presented to the full Council, recommending approval to lift the City Deed Restriction. A favorable decision was reached by the Council.

Member Iosua inquired about the process and the next steps to record the lifting of the deed restriction. Mr. Nishiyama said, to finalize the process, they will be working with Ms. Kinimaka and the Land Transportation Division of the Attorney General's office.

The Chair stated, the approval by the Council is the result of a lot of effort put forth by the Board. He added, they (the Chair, Member Iosua, and Manager

Chan) made themselves available to Council Members by providing them with information on the current situation.

The Chair said with reference to completing the process for the lifting of the Federal Deed Restriction, they have to first find out what is holding it up. He said once that is done, the focus will be on the Request for Proposal (RFP). He also noted the importance of seeking funding during next year's biennium budget and noted that the administration will start putting the budget together in August, 2016. With the approval of the City Deed Restriction, the Chair said that will add momentum as we seek funding during the upcoming year.

In answer to Member Iosua's inquiry concerning the last communications with the National Park Service (NPS) and what is the next step, Mr. Nishiyama responded: "Deputy Attorney General Linda Chow said she needs to update the Plan Usage Utilization Agreement, and now that the Legislative session is over, she will be working with Mr. Vitale and Ms. Kinimaka to update that agreement. Once completed, she will then communicate that to the NPS."

Member Iosua expressed the importance of finding out what the next steps are to make sure the lifting of the Federal Deed Restriction is finalized -- and to make sure this happens before the current Federal Administration changes. He also added, (as the Chair has mentioned several times) if the administration is on board to help us get this restriction lifted, he thinks our Congressional delegation would like to help out as much as possible -- they just have to know where they can help. Mr. Nishiyama said he will ask Ms. Chow about the next steps.

The Chair said the Governor has gone as far as to write to the President of the United States. He feels it is just a matter of following up on a few things and hopefully Ms. Chow will have some time to work with us.

B. Honolulu Authority for Rapid Transportation (HART)

No Report by HART

The Chair said there are several things pending which will be discussed in the executive session. He also said when HART arrives it may be an appropriate time to discuss the upcoming tour for the members.

C. Transit-Oriented Development (TOD)

No Report

D. Legislative Committee

Manager Chan said it has been one of the busiest Legislative Sessions we've experienced; they went up to the last hour tracking HB1847 SD1, CD1, which died in conference. He stated they may have to revisit it again next year.

Report by Russell Uchida, Administrative Services Officer:

- We tracked five (5) bills. As mentioned by Manager Chan, HB1847 died in conference.
- HB2229 (to establish a Hawaii Sports Task Force). That bill was not heard. In March it was referred to the Ways & Means Committee and it died. It will have to be resubmitted next year.
- HB2415 (the auditor's report recommended to refill the Kapolei Recreational Sports Complex [RSC] special fund). We submitted testimony in support and to delete all references to RSC in our existing statutes. All references to the RSC in our statutes were deleted.
- SB2928 (indirectly related to the stadium where special events operators are required to gather information on their sellers and report that into a database developed by the Department of Taxation). That bill also died in conference.
- HB1700 – no change in the operating budget and we had a \$10.0 million increase in Capital Improvement Projects (CIP)

The Chair added:

- HB1847 came out of the House and went into the Senate, limiting it to just a Sports and Entertainment Authority. The original bill had the Authority taking over the stadium; the Senate took out the stadium. The House still wanted the stadium to be a part of that Authority; the Senate just wanted to create a small marketing group to be attached to Department of Business and Economic Development & Tourism (DBEDT). The Chair said we put a lot of work into trying to change the bill so that it wouldn't impact the stadium and they couldn't compromise at the end. He believes the bill will be brought up again next year.

Member Fujimori commented:

- Suggested that instead of being listed as the Legislative Committee on the agenda, it should be listed as Legislative Report.
- Regarding the Governor's message on the appointment to the Board for the next four years, two individuals who were on the sports commission for the Lt. Governor were selected: David Uchiyama and John Fink. Member Hasegawa and I will be leaving.

The Chair added: The Governor's office suggested three names (all part of the public record). It is his understanding that those three names came from the Lt. Governor (LG). We were not involved. We knew Member Fujimori wanted to be back on the Board, but the LG submitted three different names. The Governor's decision was to go with two of the names: David Uchiyama who was formerly with HTA, and the second name was John Fink who is with a television station in town; and the third name, Scot Long was reappointed by the Governor. Those were the three names were confirmed by Senator Glenn Wakai's committee, effective July 1, 2016.

The Chair said Manager Chan will be coordinating an orientation with the new Board Members. They will also invite Irwin Rajj of Foley & Lardner LLP to provide an update to the members.

E. Stadium Manager's Evaluation Instrument

A MOTION WAS MADE BY MEMBER HASEGAWA AND SECONDED BY MEMBER FUJIMORI TO ADD TO THE AGENDA TO TAKE ACTION ON THE EVALUATION INSTRUMENT FOR THE STADIUM MANAGER. THE MOTION WAS UNANIMOUSLY CARRIED.

A MOTION WAS MADE BY MEMBER HASEGAWA AND SECONDED BY MEMBER FUJIMORI TO ACCEPT THE EVALUATION INSTRUMENT FOR THE STADIUM MANAGER. THE MOTION WAS UNANIMOUSLY CARRIED.

V. NEW BUSINESS

A. Football Season (2016) – Section E Loge Skybox

(Report by Samantha Spain)

Ms. Spain reported, for the 2016 football season, the Hawaii and Kauai Rooms in the skybox are almost sold out. With that positive response, we looking at creating two separate club boxes (similar to the skybox) in Section E – Loge Level, seating a total of 51 (27 & 24). This addition will create additional revenue, as well as satisfy the need expressed by many of the fans over the years. We are hopeful that it will be a good season and all of these VIP areas will be in high demand, including the field level boxes. We wanted to inform the Board that this addition can be completed in time for the season.

Member Yamasaki inquired if construction is involved.

Ms. Spain responded:

- Construction will be done in-house.
- Boxes will be semi-private, with a vinyl backdrop.
- Back row seats will be removed to allow for catering.
- A counter will be added (to stand up and socialize).
- It will have a club box appeal, rather than a luxury skybox.
- Food and beverages will be contained within the new areas.
- Guests will use the public restrooms on the level above.
- ADA access will be via the elevator.

In answer to the Chair's question on the estimated cost, Manager Chan said we have a rough estimate on what it might cost, based on our experience with the Baseball Press Box project. He stated management is proceeding with this idea because they feel:

- It is an opportune time.
- Corporations/companies are expressing interest.
- UH supports the idea.
- New revenue. We expect to recover the cost of the project within 2-1/2 seasons.
- This expansion will improve the overall guest experience.

Comments/questions by Member Chee:

- Are we eliminating seats for season ticket holders?

(Manager Chan said there were a few. Weak ticket sales allowed the opportunity to look at areas with the least amount of impact to season and occasional ticket purchasers. UH spoke to those who were affected by the change and relocated them to comparable seats.)

- Beyond affecting the season ticket holders, and with the stadium accommodating their relocations, he questioned the need for approval from the UH for this new area.

(Manager Chan addressed Member Chee by saying that it makes for a better partnership when we work together through the details, knowing that this impacts sales. Member Chee said philosophically, he thinks the stadium should be able to operate notwithstanding to what the UH feels. Manager Chan said for the most part we do.)

The Chair stated we will get some updates from time to time.

Member Fujimori inquired if this is not an action item, shouldn't it be listed under new business? Mr. Nishiyama said since there are no reports for this session, this was the only place that we could put it.

The Chair suggested that today's discussion can be under new business, and at the Board's discretion, the action can be listed under old business at a later meeting.

Manager Chan asked the Chair, if management has the support of the Board to proceed with this particular project. The Chair said, with costs involved, he is unsure if this requires Board action.

Member Chee said he personally feels this falls under the purview of the manager and sees no problem with planning the project; and if expenditure of funds becomes an issue later, then perhaps action may be required by the Board.

Manager Chan said the agenda item was just to inform and seek Board support.

Member Chee expressed his feelings again that UH's approval on this should not be requested, and that it belongs to the manager and staff.

The Chair stated he understands Member Chee's point. He also feels the manager has to work with the UH, and we need their help when it pertains to the tickets and relocating people. He added his main concern is how much of the proceeds will the UH request because they had to make some changes.

(Continuation of discussion after moving out of Executive Session)

The Chair informed the Board that Manager Chan will summarize the earlier discussions that took place for the benefit of Member Bukoski who was not present during those discussions.

Manager Chan reported that the stadium administration would like to expand on the skybox opportunity and we have identified two locations in Section E in (loge level), to be described as club seats for a total of 51 seats. The benefit is to generate new revenue and to also meet the needs of the interest that has been expressed for the past two years. We have had conversations with UH with regards to supporting our efforts and my staff and I have been working to put together a rough estimate to do this work in-house and to try and complete this in time for the upcoming football season. It was only brought to the board to seek support and discuss what we have done during the off-season in preparation for the upcoming season.

Member Fujimori inquired if we need a motion.

Member Bukoski inquired about the funding and estimated cost for this project. Manager Chan said it is being funded from the appropriations for this year's annual budget (repair and maintenance). Mr. Uchida said the (rough) estimated amount is \$75,000 (material and labor) for 51 seats, two rooms, (27 & 24 per box). It is a scaled-down version of the existing skyboxes, @ \$200/person.

Member Bukoski confirmed his understanding that a special appropriation request will not be necessary because it is coming out of the annual budget. Mr. Uchida said that was correct and it will be done in-house. He said there seems to be a question that this kind of renovation might require Board action or no Board action? Manager Chan said this was just information brought to the Board. If it deals with renovations, repair and maintenance, it really doesn't require Board action unless the Board feels it is necessary that you would like to have that in place – that would be up to the Board to decide that.

The Chair advised Member Bukoski that the same questions were brought up earlier and no one made any suggestions.

Member Yamasaki when we spoke earlier, Members Fujimori and Chee both noted that it is within the Manager's purview and we didn't want to micro-manage. Member Fujimori said she didn't think there were any objections – it was just how it got placed there, whether it was part of the manager's report or whether it was a new business item.

Member Bukoski commented:

- He feels the Board supports the manager's role and authority to generate revenue.

- The Board also has an obligation with matters such as alterations to the physical facility (i.e. removing seats and creating a new area). In that regard, obtaining Board approval might be wise (to cover our bases). In his mind, taking out a section is a material change to the facility.
- You are taking away from the public and creating a private venue for sale. He supports it, but recommends these matters be brought to the Board for action.
- Although the Board approved the budget, and the manager has the discretion to work within the budget, this money could have been earmarked for something different and now we are moving money from somewhere else to do this?

The Chair said at this point we have had sufficient discussion on this matter and would like the Board to decide if they wish to vote on this matter. He would first like to request information on the anticipated revenue that this project will generate. Mr. Uchida responded with the following:

- \$200 per person = \$10,200 per game (minus food costs)
- Approximately \$8,700 per game (the Chair stated \$40,000 for six games)
- Anticipated alteration costs = \$70,000 (approximately) – two seasons to recover costs.

A MOTION WAS MADE BY MEMBER FUJIMORI AND SECONDED BY MEMBER HASEGAWA TO ADD "ACTION" TO AGENDA ITEM V. NEW BUSINESS A. REGARDING SKY BOX. THE MOTION WAS UNANIMOUSLY CARRIED.

A MOTION WAS MADE BY MEMBER FUJIMORI TO SUPPORT STADIUM MANAGER'S PLANS TO MOVE FORWARD IN CREATING TWO SKYBOXES IN SECTION E (LOGE LEVEL).

Discussion

The Chair suggested adding a dollar amount to this project. Member Chee suggested \$100,000 (allowing for loss of revenue). Manager Chan said there is no loss of revenue for the stadium, other than the initial upfront cost to improve the area. As a result, no revenue sharing will be considered until the stadium recovers all costs for the sky boxes (approximately two seasons).

Member Iosua said he has no opinion either way; but whatever we decide, it will set a precedence for what limitations the manager has in the future. He further suggested that if the Board plans to approve these types of repairs and maintenance expenditures, perhaps it should set a threshold amount (example:

projects over \$50,000) so that the manager knows ahead of time what he is being approved for, (or what he has to come to the Board for) -- so that we don't pick and choose which ones we are approving. Chair said this can be taken up at another time.

Member Bukoski said he supports the manager's creativity for thinking out of the box, and finding new ways to generate new revenue. He said the comments that he brought up were out of caution, especially when a permanent change is made to the facility. He is also trying to make sure all of our bases are covered and we are doing our job and duties as board members.

Manager Chan said he would like to apologize if he overstepped the authority and/or boundaries of the manager. He said he is operating within the appropriated annual budget to improve/maintain the facility with the intent to provide a better guest experience and, more importantly, generate revenue.

The Chair informed Member Iosua, that they will bring his suggestion to the Board at another time. He believes that would give the manager some flexibility – also some guidance of what he needs to bring to the Board.

THE MOTION WAS UNANIMOUSLY APPROVED.

B. Stadium Authority Board Meeting: Recommend Time Change

The Chair said it was suggested by several Board members to change the meeting starting time due to their busy schedules. We are proposing to start our meetings at 10:30 a.m.

A MOTION WAS MADE BY MEMBER CHEE AND SECONDED BY MEMBER IOSUA TO MOVE THE BOARD MEETING START TIME TO 10:30 A.M. THE MOTION WAS UNANIMOUSLY CARRIED.

Member Fujimori inquired, and the Chair confirmed, that the new start time will be effective with the May 26, 2016 meeting.

(Break at 10:55 a.m.)

VI. EXECUTIVE SESSION

At 11:00 A.M., A MOTION WAS MADE BY MEMBER HASEGAWA AND SECONDED BY MEMBER YAMASAKI TO GO INTO EXECUTIVE SESSION TO CONSULT WITH THE BOARD'S ATTORNEY ON QUESTIONS OR ISSUES REGARDING THE BOARD'S POWERS, DUTIES,

PRIVILEGES, IMMUNITIES, AND LIABILITIES URSUANT TO SECTION 92-5(A) (4), HAWAII REVISED STATUTES, REGARDING THE STADIUM OPERATIONAL ISSUES; THE HONOLULU AUTHORITY RAPID TRANSIT MEMORANDUM OF UNDERSTANDING/CONSTRUCTION RIGHT-OF-ENTRY; THE MANAGER'S EVALUATION FORM (DISCUSSION/ACTION); THE U.S. SOCCER UPDATE; AND THE FOLEY & LARDNER LLC AMENDMENT TO CONTRACT.

THE MOTION WAS UNANIMOUSLY CARRIED.

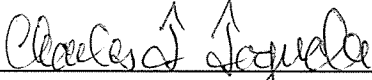
The meeting reconvened at 12:10 P.M.

VII. NEXT MEETING

May 26, 2016 (at 10:30 a.m.)

VIII. ADJOURNMENT

A MOTION WAS MADE BY MEMBER HASEGAWA AND SECONDED BY MEMBER CHEE TO ADJOURN THE MEETING AT 12:36 P.M. THE MOTION WAS UNANIMOUSLY CARRIED.



CHARLES T. TOGUCHI
Chairman

Recorded by: Diana C. Ho

Date: May 31, 2016