

**DAVID Y. IGE**  
GOVERNOR

**CURT T. OTAGURO**  
COMPTROLLER

**ROSS I. YAMASAKI**  
CHAIRMAN, STADIUM AUTHORITY

**RYAN G. ANDREWS**  
DEPUTY STADIUM MANAGER



**ALOHA STADIUM**

*An Agency of the State of Hawaii*

APPROVED MINUTES  
REGULAR SESSION  
OCTOBER 28, 2021

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

October 28, 2021

Members Present:

Ross Yamasaki, Chair  
Kau'i Burgess  
John Fink  
Eric Fujimoto  
Michael Imanaka  
Michael Iosua  
Brennon Morioka  
Camille Masutomi, DOE Superintendent's designee (ex-officio)  
Lois Manin, UH President's designee (ex-officio)

Members Excused

Keith Amemiya

Staff:

Ryan Andrews  
Wendy Ho  
Stephen Lee  
Colette May  
Liane Nakagawa  
Ivan Nishimura

Neal Sakamoto  
Shelly Shoji  
Trina Silva  
Samantha Spain  
Russell Uchida

Others:

Candace Park, Deputy Attorney General (AG)  
Curt Otaguro, Comptroller  
Aaron Johanson, State Representative  
Doreen Eddy, Office of Representative Johanson  
Karen Dang, Senator Wakai's Office  
Chris Kinimaka, Department of Accounting & General Services (DAGS)  
David DePonte, Department of Accounting & General Services (DAGS)  
Franz Kraintz, Transit Oriented Development (TOD)  
Davy Murayama, Centerplate  
Paxton Wang, Learfield/IMG College  
Riley Fujisaki, State Capitol

David Harris, WT Partners  
Blaze Lovell, Civil Beat  
Rebecca Kang, Public Citizen

I. CALL TO ORDER

A quorum being present, Chair Yamasaki called the meeting to order at 8:31 a.m.

II. PUBLIC TESTIMONY

None

III. APPROVAL OF MINUTES

A. Approval of minutes for the following date:

1. Regular Session – September 30, 2021

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

2. Executive Session – September 30, 2021

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

Chair Yamasaki stated that DAGS requested to move their NASED update and report up on the agenda due to a schedule conflict.

A MOTION WAS MADE BY MEMBER FINK AND SECONDED BY MEMBER IOSUA TO TAKE ITEM IV.D.4 OUT OF ORDER TO ACCOMMODATE DAGS' TIME CONSTRAINT. THE MOTION WAS UNANIMOUSLY CARRIED.

D. External Affairs Committee

4. NASED Coordination Committee Report - Attached

Chris Kinimaka stated that NASED successfully posted part 1 of the real estate request for proposals (RFP) on October 12, 2021. A pre-response conference webinar was conducted yesterday for all the potential proposers and it was well attended. We continue to work on the final steps for the final Environmental Impact Statement (EIS) which we intend to publish before the end of the year. Lastly, we are finalizing the stadium RFP part II where we ask the priority listed respondents to give their proposals on what they would develop for our stadium.

Ms. Kinimaka introduced David Harris from WT Partners to provide more detail.

Mr. Harris stated that they have been working hard on the RFP for the stadium and it is near the finish line. They've been working closely with stadium management and DAGS to confirm financial matters for the stadium project. The exercise is broadly complete, and we have a revised and confirmed set of financial parameters which

we must work within. We are issuing the stadium RFP to our current priority listed respondents before the year's end. One of the actions that we have not finalized is ensuring that the minimum required scope fits within the financial parameters. To do this we need to have some important conversations about key scope items and how important they are to the Stadium Authority and its stakeholders. The outcome for our next set of discussions is to structure the RFP in a way that elicits the best outcomes from the Priority Listed Respondents ensuring we get the best bang for our buck while ensuring flexibility in the future.

While we do need to be fiscally responsible, we also need to consider other matters such as patron safety and comfort, the ability to accommodate an array of events, and not detract from the revenue generation potential of the stadium and district.

Key areas being discussed include:

- Stadium capacity
- Configuration of the seating bowl, and the types of seats included
- Extent of the roof coverage of the stadium
- Team Facilities/Locker rooms

While the outcome of this process might not get us everything we want, we will ensure that we will have everything we need for the new stadium.

Part of the art of structuring the RFP will be to incentivize our Priority Listed Respondents to give us as many of the "wants" as possible within the affordability and budget cap that we set out for them. It is important to note that for any of the "wants" that we miss out on, that we allow for the possibility of expansion and capability in the future, if additional funds become available. We have an approach laid out to work through this process to communicate with the board, management, and key stakeholders including the University of Hawaii in the coming weeks to lock down the scope and confirm the RFP is ready for release prior to the end of the year.

#### Discussion

Member Morioka addressed wants vs. needs and asked if the stadium will be built in a manner such that the enabling infrastructure will be put in place, so it facilitates future expansion or installation of a roof or additional seats [for example].

Mr. Harris confirmed that this will be included in the RFP and added that we intend to evaluate how easily any expansion item could take place. We want to make sure that in the case of additional seats, or a roof [for instance], that it can be readily accommodated in the RFP and we will ask the bidders to tell us how that can be accomplished.

Chair Yamasaki asked Mr. Harris to speak more on the financial parameters and if it was a standard part of planning and procedures in projects like this to have to revise scope due to financial parameters. Chair Yamasaki further asked Mr. Harris how

this process links with the real estate RFP that was just released and if he could elaborate on how it all works together.

Mr. Harris stated that one of the things that is slightly different from a typical construction is that we don't actually set a limit for design or construction costs, or the cost to deliver the stadium. Our limit that we are proposing to set is based on the extent of the availability payment, which would be ongoing for the term of the agreement, likely 30 years. The availability payment comprises the cost of finance for the portion of stadium design and construction paid for by the private developer, plus the cost for them to maintain the asset for the 30-year period. We use those costs to inform what the availability payment will be. We have clarity on what design and construction cost should be aiming for and that does have corresponding impacts on the financing costs and the maintenance cost as well. We have very clear parameters in which we need to work within. This is normal for a project like this as we get to the end and we confirm budget parameters.

Chair Yamasaki concluded that we are getting more refined to align the design program with the budgetary constraints. Someone may ask if we are getting a lesser stadium and Chair asked if Mr. Harris could elaborate on that thought.

Mr. Harris responded that there are a whole array of things that make up a great stadium, such as patron safety and comfort, ensuring it's a nice venue to attend for all types of events such as UH football, soccer, rugby, concerts, graduations and other various events held at the stadium. It's all about finding the balance to get the best patron comfort as well as ensuring we don't detract from revenue generation potential of the stadium.

Member Iosua asked if we are considering some of our main stakeholder's requirements [such as UH and soccer] when determining the difference between wants and needs.

Mr. Harris confirmed that now is the time to have those conversations with key stakeholders, including University of Hawaii, in the next four to six weeks, so everyone's views are reflected in the RFP.

Chair Yamasaki asked if the team is taking into consideration the feedback from management regarding revenue generation opportunities to maximize the best opportunity for concerts and other tenants to maximize the use of the space to generate revenue.

Mr. Harris responded that one of our key considerations is that we don't want to take too much scope out of the stadium to the extent where other events cannot be held. This will be a paramount focus as we go through this exercise to ensure that we are not limiting the capacity of the venue to hold new events and definitely not limiting the capacity of the stadium to maximize its commercial program through things like partnerships, signage, corporate suites, etc.

Member Fujimoto stated that we value all stakeholders and asked what the process would be for UH's athletic program to speak about what they feel is necessary in the stadium as it's being proposed.

Mr. Harris responded that we are planning weekly meetings with the university to present where we are in our process and to ask about some key focus areas.

Chair Yamasaki added that a couple weeks ago the United Soccer League was in town and had some meetings with our team and discussed some of their programmatic wants and needs. We are hoping that we can gather as much information as the team can to structure the RFP as best we can.

Ms. Kinimaka added that when they meet with the stakeholders they are being very candid with the challenges, making it clear what the constraints are, what the goals and needs are, and then tasking them to prioritize their essential needs versus what can be accommodated in the future. We are taking the same level of scrutiny with the stakeholders as we are with ourselves.

#### IV. MONTHLY REPORTS

##### A. Chairman's Report

Chair Yamasaki reported that we continue to move forward with NASED and getting the RFP's issued.

##### B. Stadium Interim Manager's Report – Attached

###### 1. Stadium Financial Update - Attached

Administrative Services Officer (ASO) Russell Uchida reported: See Exhibit A

Member Fujimoto asked how we are taking the necessary steps for documentation of the American Rescue Plan Act (ARPA) funds.

Mr. Uchida responded that the funds are intended to address the negative economic impact caused by a public health emergency that resulted in a shortfall in our budget. We must track where funds were expended and retain supporting documentation to that effect. We have started charging our APRA funds and subsequently reimbursing our special fund for expenses incurred. Moving forward, we will continue the practice of charging and reimbursing expenses accordingly.

Member Burgess asked if there is any limitation on the time to spend the ARPA funds.

Mr. Uchida stated that the deadline is December 2024. We were appropriated \$4.4M for this fiscal year, of which we applied through Budget and Finance (B&F) and received \$2.3M of the \$4.4M appropriation. For the next fiscal year, we

were appropriated \$1M and based on past practice, we will probably have to apply for this money to B&F and justify the need for the funds.

2. Interim Manager Andrews:
  - a. We previously implemented additional mitigations with our Swap Meet to address the spike in the infection rate of the Delta variant. One was a restriction on the number of shoppers allowed at any one time, and the other was a restriction on the daily, or one-off vendors. This weekend we are in the process of relaxing these added mitigations. The Swap meet is still in compliance with all other restrictions related to outdoor markets.
  - b. We did submit a request towards the end of September for the assignment of a Deputy Attorney General to provide guidance and assistance to this board related to land management issues involving the Stadium Development District. I'm pleased to announce that the request was approved by the State's Attorney General. We have not received any formal notice yet, but my understanding is that this guidance or counsel may be provided by several different AG's depending on the specific request being made.

Currently, we are requesting:

- Concurrence on our full interpretation and understanding of the full breadth and scope of authority and responsibility bestowed on the board through ACT 146.
  - Assistance in building a roadmap for the different types of land transactions we will likely encounter, with additional assistance in establishing policies and procedures for how we review and approve the various transactions.
- c. Inventory Transfer to UH is essentially Complete - Per the board's request, attached is a spreadsheet identifying all the items that were transferred in support of their temporary stadium facility at Ching Field. You will note that it's a mix of inventorial and non-inventorial items. Values are shown only for the inventorial items - and those values are the original purchase price of the asset.
  - d. Annual Audit - In our annual audit, management has been working, with guidance from our auditors, to assess whether the Aloha Stadium facility is impaired, and if so, the basis for impairment, factors responsible for impairment, and the degree of impairment.

Mr. Uchida provided an executive summary of the impairment: See Exhibit B

#### Discussion

Member Iosua asked if there was a total estimated value for the transfer of assets to UH.

Interim Manager Andrews responded that for the inventorial items it is approximately \$300K. If we were to include the non-inventory it would be significantly higher. There were about 1,800 items that were transferred over to UH in total.

Mr. Uchida added that we will effectuate the transfer of items through a memorandum of agreement (MOA) with the university.

Member Burgess referenced the request for a Deputy AG to be assigned and she wanted to know the timeline of that request.

Interim Manager Andrews stated that based upon his understanding, the process is that we will make a request through our Deputy AG Randall Nishiyama, and he will proceed to request for the Deputy AG that has the specific expertise that we require. Although this will be on an as needed basis, for now we have quite a few items that will require his or her attention or the following:

- We need a concurrence on a full understanding of the interpretation of the scope of the authority and responsibilities of the board through Act 146.
- We will need help in developing the road map for the different types of land transactions that we will encounter and setting up those policies and procedures to handle those types of transactions.
- Eventually we might need to establish staffing to handle the land management process.

Impairment continued:

Mr. Uchida added, in summary, it will be a non-cash entry onto our annual financial statements. It will appear as though there is a huge negative loss on the income statement. It doesn't affect our cash.

Interim Manager Andrews also added that the \$73M in value that remains is made up of past capital improvement projects (CIP), and not the original value of the structure.

#### C. Internal Affairs Committee (IAC):

1. Committee Chair's Report – Member Iosua stated that the IAC did not meet this month and the reports were sent out for review in the board packets.
2. Events
  - a. Approval of Events
    - i. Skills Driving, LLC  
Events Manager Stephen Lee introduced the proposed event:
      - Driver safety program.
      - Date: November 5, 2021.

- 400' x 400' space in upper Halawa lot.
- 17 employees learning how to maneuver vehicles in a low speed course.
- Similar to other safety programs previously held in the lot.

A MOTION WAS MADE BY MEMBER IOSUA AND SECONDED BY MEMBER BURGESS TO APPROVE THE SKILLS DRIVING EVENT TO BE HELD ON NOVEMBER 5, 2021. THE MOTION WAS UNANIMOUSLY CARRIED.

- b. Summary of Monthly Events - Attached
- c. Calendar of Events - Attached

3. Sales and Marketing - Attached

4. Security Report – Attached

5. Capital Improvement Projects/Engineering & Maintenance Report - Attached

D. External Affairs Committee (EAC):

1. Committee Chair's Report

Member Fink stated that the IAC did not meet this month and the reports were sent out for review in the board packets.

2. Contractor Reports

- a. IMG/Learfield/Hawaii Sports Properties – None
- b. Centerplate – Attached

3. Stakeholder Reports

- a. University of Hawaii – None
- b. Honolulu Authority for Rapid Transport (HART) – None
- c. Transit Oriented Development (TOD) – None
- d. Hawaii Interagency Council for Transit Oriented Development (HIC-TOD) – None

4. NASED Coordination Committee Report – (moved out of order to accommodate DAGS)

E. Governance Committee

Chair Yamasaki stated that the Governance Committee did not meet. We are looking forward to the next legislative session and rounds of appointments.

AT 9:18 A.M. A MOTION WAS MADE BY MEMBER MORIOKA AND SECONDED BY MEMBER FINK TO MOVE INTO EXECUTIVE SESSION TO CONSULT WITH THE BOARD'S ATTORNEY ON QUESTIONS OR ISSUES REGARDING THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITES AND LIABILITIES



PURSUANT TO SECTION 92-F(A)(4), HAWAII REVISED STATUTES, REGARDING: STADIUM OPERATIONAL/PERSONNEL MATTERS.

Recess: 9:18 a.m. - 9:20 a.m.

V. EXECUTIVE SESSION

Meeting reconvened at 9:57 a.m.

VI. UNFINISHED BUSINESS

None

VII. NEW BUSINESS

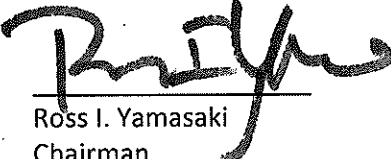
None

VIII. ANNOUNCEMENTS

Chair Yamasaki added that next month's board meeting will be held a week early due to the Thanksgiving holiday. It is scheduled for November 18, 2021 and will be held via Zoom at 1:00 p.m.

IX. ADJOURNMENT

AT 10:00 A.M. A MOTION WAS MADE BY MEMBER MORIOKA AND SECONDED BY MEMBER BURGESS TO ADJOURN THE MEETING. THE MOTION WAS UNANIMOUSLY CARRIED.



Ross I. Yamasaki  
Chairman

Recorded by: Colette May  
Date: November 18, 2021

Board 10/28/2021

FY 2021 FINANCIAL INFORMATION

Monthly updated financial report as of September 30, 2021.

We continue to operate in an extremely dynamic environment and economy.

Where we previously operated under:

- More restrictive operating policies to slow the spread of COVID-19 in the community.
- More restrictive travel policies intended to slow the spread into the State of Hawaii, and
- Uncertainty of whether disposable income would be banked or blown,

We are now resetting our operations and gearing up for the positive impact of less restrictive operating policies that also include:

- An increase in managed indoor and outdoor capacity,
- Relaxed restrictions on travel,
- Spending of disposable income, and conversely, adhering to
- Compliance with COVID-19 requirements on entering and conduct business on State property that is applicable to Contractors, Licensees, and visitors.

Now, two-months later and a little more desensitized, we continue to operate in compliance with governor and mayor's evolving changes following a sustained lower level of infection rates and hospital bed occupancy, while also being mindful and cautious of the repercussions that could ensue based on relaxed restrictions.

**PROFIT/LOSS:**

September's update reflects a revenue and expenditure projection of a net loss of **(\$1.415M)** for FY '22. When we overlay our existing cash balance, coupled with revenue earned over the course of FY '22, and then add-in our ARPA net allocation, we project to end the year with a carryover cash balance of \$1.79M to start FY '23. In order to realize this outcome, we will continue to be mindful of maintaining a lean and practical pattern of expenditure.

Finally, while our ending cash position is looking better with each passing month, I believe it is worth repeating and important to understand that we have trimmed back our operating budget significantly from pre-COVID-19 levels and at our current expenditure reporting level, we are no-where near what it takes to operate and maintain this facility on a full-scale recurring basis. We remain in survival mode and continue to remain in this mode out of necessity. This point is critical for me to communicate as there has been an impact to operating in survival mode and to the operation of the facility.

**IMPAIRMENT SUMMARY**

As part of stadium's annual financial audit, it is management's responsibility to present financial statements that provide a fair representation of our financial condition. It is the responsibility of the auditor to express an opinion on the stadium's financial statements with reasonable assurance that management's financial statements are free from material misstatements.

A number of major factors have affected the overall useful life of the stadium structure, including the COVID-19 pandemic and related restrictions imposed on activities to minimize spread of the virus, insufficient funding to maintain and repair the facility, and the planned redevelopment of the site. Due to these major factors, the Stadium Authority Board voted to decommission the facility and subsequently demolish the stadium. These factors and the impact to the useful life of the stadium structure necessitated an assessment on whether the Aloha Stadium facility continues to maintain its existing net value or whether the marked changes warranted an assessment of impairment of the facility.

This assessment of impairment is a two-step process that included identifying potential impairments, and then testing for impairment.

The indicator of impairment in this case was a change in the manner or the expected duration of use of the capital asset.

We then performed the impairment test and used a service utility approach (we evaluated data in the bowl area: number of events, attendance, and bowl revenue) combined with restrictions on large gatherings imposed by the Governor of the State of Hawaii and the Mayor of the City and County of Honolulu.

Based on management's findings, it concluded that these factors are significant and unexpected and the basis for supporting full impairment of the facility.

Given the aforementioned major factors coupled with the stadium no longer being used as originally intended, and with a projected demolition date within two (2) years, the process of demolition is considered permanent destruction of the asset and results in a fair value of zero. Based on the foregoing, Stadium will recognize an impairment loss totaling \$73,324,765.

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- **Non-cash entry**
  - **Reflect on income statement as a loss.**
  - Reached out to Budget & Finance, Office of the Auditor, and discussed with Randall. There is no impact to bond rating, credit rating, and no material impact to the State's Annual Comprehensive Financial Report.
-