

DAVID Y. IGE
GOVERNOR

CURT T. OTAGURO
COMPTROLLER

ROSS I. YAMASAKI
CHAIRMAN, STADIUM AUTHORITY

RYAN G. ANDREWS
STADIUM MANAGER



ALOHA STADIUM

An Agency of the State of Hawaii

Stadium Authority Regular Session
99-500 Salt Lake Boulevard
Aiea, Hawaii 96701

May 26, 2022

APPROVED MINUTES
REGULAR SESSION
MAY 26, 2022

Members Present:

Ross Yamasaki, Chair
Kau'i Burgess
John Fink
Eric Fujimoto
Michael Iosua
Claire Tamamoto
Camille Masutomi, DOE Superintendent's designee (ex-officio)
Jim Stein, UH President's designee (ex-officio)

Members Excused:

Michael Imanaka
Brennon Morioka

Staff:

Ryan Andrews
Andrew Chang
Wendy Ho
Stephen Lee
Colette May
Liane Nakagawa

Neal Sakamoto
Shelly Shoji
Trina Silva
Samantha Spain
Russell Uchida

Others:

Randall Nishiyama, Deputy Attorney General (AG)
Curt Otaguro, Comptroller
Audrey Hidano, Deputy Comptroller
Glenn Wakai, State Senator
Karen Dang, Senator Wakai's Office
Chris Kinimaka, Department of Accounting & General Services (DAGS)
David DePonte, Department of Accounting & General Services (DAGS)
David Harris, WT Partnership
Davy Murayama, Centerplate
Duane Shimogawa, KITV
Michael Yadao, Hawaii Masons' and Plasterers' Unions Stabilization Fund

I. CALL TO ORDER

A quorum being present, Chair Yamasaki called the meeting to order at 8:36 a.m.

II. PUBLIC TESTIMONY

None

III. APPROVAL OF MINUTES

A. Approval of minutes for the following date:

1. Regular Session – April 28, 2022

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

IV. MONTHLY REPORTS

A. Chairman's Report

1. Chair Yamasaki stated that he did not have anything to report.

B. Stadium Manager's Report

1. Stadium Financial Update – Attached
Administrative Services Officer (ASO) Russell Uchida reported: (See Exhibit A)

Chair Yamasaki asked Mr. Uchida if he could present the budget for the next fiscal year at the June board meeting.

Mr. Uchida responded that he was planning to close out the last year and show the carry over for the next fiscal year where the projections come into play.

2. Manager Andrews provided a brief legislative update. He stated that two bills were passed by the legislature that impact the Authority and NASED. These bills are now awaiting signature or veto (line-item veto for HB1600/Budget bill) from Governor.

a. SB3334:

- Transfers the Stadium Authority from being an attached agency of the Department of Accounting and General Services (DAGS) to being attached to the Department of Business, Economic Development & Tourism (DBEDT).
Overall the bill aims to aggregate enterprise agencies and land management functions for the State within one department to create efficiencies.

Manager Andrews noted that this transfer will result in a lot of initial tasks impacting Stadium staff and DAGS staff with transferring various personnel, fiscal and contractual files and documents, updating various software databases, such as the payroll system, and establishing new relationships with DBEDT for processing certain work and gaining various approvals. We hope to initiate many of these works in the coming week or two.

- The bill clarifies the make-up of the Authority Board to include the Director of DBEDT as a voting member. In total, the board will still have eleven (11) members, nine (9) voting and two (2) ex-officio. Of the nine (9) voting, eight (8) are appointed by the Governor, the ninth of course being the Director of DBEDT. Of the eight (8) appointed by Governor, two (2) will have residential requirements, with one (1) member residing in the Aiea district and another in what they are calling the West Honolulu district.
- The bill also amends Act 268, SLH 2019, Section 6 to reduce the GO Bond appropriation from \$170M down to \$20M to address existing expenditures and obligations to consultants.

b. Budget Bill - HB1600:

- Appropriates \$350M to DBEDT to fund the stadium (district) re-development
- Provides an additional \$50M, of which \$49.5M is deposited into the Stadium Development Special Fund by Proviso Section 17.3 for the costs of operations, maintenance, and contract costs to developers of the stadium. The balance of \$500,000 in general funds remains in the Stadium's operating budget with a lapse date of 06/30/23.
- This bill also deletes 14.00 permanent positions in alignment with the Stadium's workforce reduction in force plan

a. Transition Projects:

Manager Andrews shared a listing of projects for board member awareness in case more details are desired for a presentation at a future meeting. These projects include:

- i. Inventory transfers/disposal/auction
- ii. Facility decommissioning activities
- iii. Temporary offices and storage during site redevelopment
- iv. Stadium open house and farewell event
- v. Swap Meet transition during construction period

- vi. Planning for transition to DBEDT (personnel, fiscal, contracts, IT, HIP, etc.)

Manager Andrews shared that a lot of planning by stadium staff has occurred and will continue to occur with each project. Each project is quite complex and the timeline for implementation for most of these projects hinges on the release of the two requests for proposals (RFP'). One project in particular he shared was regarding the future swap meet operation.

- Future swap meet operation will require some site works, including repairs to our asphalt parking lots, re-stripping of the stalls, the establishment of portable restroom trailers with utility connections to include sewer, water and power. This work cannot begin until we have a firm future location, which won't be known until we are in the RFP stage and get some feedback from the prospective offerors.

Manager Andrews went on to provide the board with two other announcements:

- The Stadium implemented the shopper fee increase for the Swap Meet on May 1, 2022 and implementation has gone very well. On the positive side, it is helping our revenues and providing us real time statistics in terms of the make-up of our attendance, whether a local person or a visitor - which also helps us decide how to invest our advertising dollars. The only complaints we have received were from a few local attendees who weren't happy about having to show their identification in order to get the \$1 discount.
- Manager Andrews shared that meetings have occurred between the DAGS, Honolulu Authority for Rapid Transportation (HART) and stadium management on revising the language of our existing Memorandum of Understanding (MOU) as well as the development of future easements. The easement for the bus interface and Park and Ride lot will be term-easements because we will need to renegotiate them at a future point - the next point being once we have a development plan for that area. The station and guideway easements will be permanent easements. We are expecting drafts to review by the end of June. Manager Andrews thanked Member Imanaka for attending the last meeting. Lastly, he mentioned he will be asking that HART and the Department of Transportation Services (DTS) to provide a presentation at a future meeting. We used to have a regular presence by HART at these meetings, and that ended when

they went through some staffing changes.

Finally, Manager Andrews provided event updates:

- The Stadium hosted the Aiea Graduation this past Thursday night in the parking lot. The event went well, and Aiea High School was very happy with the outcome. Approximately 1600 cars came through for this event, and considering this event began at 6:00pm [when traffic is at a peak even without an event], it went very smoothly. Manager Andrews stated he is very proud of his team for managing this well and keeping the cars flowing without any large back-ups.
- The 50th State Fair kicks off on Friday, May 27, 2022 and will continue through the July 4, 2022 weekend.

C. Internal Affairs Committee (IAC):

1. Committee Chair's Report – Committee Chair Iosua stated the reports were sent out for review in the board packets and he did not have anything to add.
2. Events
 - a. Summary of Monthly Events - Attached
 - b. 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):

Committee Chair John Fink stated the board reports were sent out for review in the board packets. Chair Fink stated that in April there was a 38% attendance increase for the Swap Meet.

1. Contractor Reports
 - a. IMG/Learfield/Hawaii Sports Properties – None
 - b. Centerplate – Attached
2. 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

3. NASED Coordination Committee Report

Chris Kinimaka, Public Works Administrator for the Department of Accounting and General Services stated that she and State Comptroller Otaguro met with the Governor to gain some insight into some considerations going on with Senate Bill 3334 (SB3334) and House Bill 1600 (HB1600). Much of the discussion had to do with the language regarding the funding and the lapsing of the prior appropriations and how that engages with the new appropriations.

Financial:

The NASED team is following up on the modeling to review both the costs of the proposed scope and the projected revenues. In addition, we are reviewing how the language of HB1600 would affect the application of the funding to our project.

Schedule of Key Work Streams/Programmatic Environmental Impact Statement (PEIS):

The Governor did have questions regarding our PEIS and requested clarification. We have been working with the Environmental Review Program (ERP) and our own technical team, and we have the information to reassure him of some of the concerns he had. We will be following up with the Governor and hopefully get approval to publish the PEIS.

Communication and Public Engagement:

One of the key meetings was with Director Lau from The Board of Water Supply (BWS). In that meeting, Director Lau reiterated that they do not anticipate putting a moratorium on water usage and that they will not be restricting their future development plans at this time.

Discussion

Member Iosua asked what some of the Governor's concerns were with the EIS. Ms. Kinimaka stated that he was concerned that we initially started the EIS process talking about the three proposed locations for the new stadium, and as we proceeded, we filtered down to one location, which was Option B (mauka of the current stadium). The reason for selecting Option B is that it was the most viable option and the most impactful. When you do an EIS you try to vet all the potential impacts, and more closely study and evaluate the option that would create the most disturbance and the most potential impact. The Governor was concerned that the language might limit us from Option A, which is building the new stadium on its existing footprint. We reassured him that during our Programmatic Environmental Impact Study (PEIS) process we did work very closely with the ERP to clarify that as long as a developer stayed within that envelope of Option B, [keep in mind that Option A has less disturbance], they'll be fine. Ms. Kinimaka went on to say that she collaborated with the Environmental Review Program Director, and he also confirmed our understanding of applying that process, that is, to analyze in detail the effects of the most impactful option (Option B), even if this may not end up being the

preferred option), allows the developer more flexibility in proceeding without the need for further environmental review, and that this approach makes sense and is reasonable. The ERP team did loop in their own state office of planning within DBEDT, so they are on the same page.

Member Iosua asked Ms. Kinimaka if she anticipated the Governor to be in favor of her response.

Ms. Kinimaka stated that she is anticipating he will be because ERP is the jurisdictional oversight on the whole Chapter 343 environmental review process as part of the public disclosure and ensuring that we have done our due diligence to be able to address and be transparent on all the potential impacts and potential remediation requirements. Within that envelope, we are comfortable with it being the only concern he expressed and hopefully we can communicate that and get a “green light” to proceed and publish the report.

Member Burgess asked Ms. Kinimaka what the state review process looks like and are there any additional needs for the RFP.

Ms. Kinimaka stated that our team has gone through and looked at the procurement requirements, what procurement codes we fall under [depending on the agreement and methodology of procurement] and clarified legally all the requirements, and we are in alignment of those requirements. One of the factors that is necessary for the stadium is a finance agreement under Hawaii Revised Statutes Chapter 37D, and this is because we are proposing a Public Private Partnership (P3). The use of this type of financing agreement requires approval from both the Department of the Attorney General (AG) and the Department of Budget and Finance (B&F). The B&F Director needs to approve the final finance agreement before it is executed and that will not be finalized until we know what the Priority Listed Offerors propose in their response to our RFP. This is one of the reasons we are trying to push forward with the stadium RFP because everything we’ve done so far is just modeling and hypothetical information. By issuing the RFP, we will have actual industry responses and that information will lead into the final legal agreement with all the financial parameters that B&F needs to review and endorse. Right now, we need to update our financial modeling, both because this project has been delayed two years, and also because we now know what the actual funding looks like for this project. This updated modeling can be provided to B&F, and hopefully that will be sufficient for their approval, so we can issue the RFP.

Senator Wakai asked Chair Yamasaki to contact the Governor for a signing ceremony so that we inform the public that this project is real and moving ahead as quickly as possible. He asked Ms. Kinimaka how long it would take after the Governor signs the bills for B&F to finalize the RFP.

Ms. Kinimaka responded that we need B&F to provide technical input on the financial parameters that our respondents must stay within. We need to know what our affordability rate is and how much the state is going to apply to the

project. We estimate it will take about a month given the amount of feedback we need from B&F, and then some additional time to put it into legal language.

Senator Wakai asked what the timeline is for the next step.

Ms. Kinimaka stated that if the RFP is issued by mid-summer, then we will get responses back by early 2023 because the Priority Listed Respondents have asked for roughly eight months to do a really good job. We are keeping them up to date and giving them as much information as we can at present.

E. Governance Committee

Chair Yamasaki commented that SB3334 will be eight (8) appointed members and he will make a request to the Governor on how members are cycled on and off the board. We currently have 3 appointees on each cycle and a gap year for the fourth year. Moving forward, should the bill pass, and we have eight members, it would be better to stagger it to two per year for four years.

AT 9:04 A.M. A MOTION WAS MADE BY MEMBER IOSUA AND SECONDED BY MEMBER BURGESS TO MOVE INTO EXECUTIVE SESSION TO CONSULT WITH THE BOARD'S ATTORNEY PURSUANT TO SECTION 92-5(a)(2) AND (4), HAWAII REVISED STATUTES, REGARDING:

- (1) Discussion on the Board's powers, duties, privileges, immunities, and liabilities regarding Irwin Rajj, the Stadium's Subject Matter Expert legal counsel, who is changing law firms.

Recess: 9:04 a.m. – 9:08 a.m.

V. EXECUTIVE SESSION

Meeting reconvened at 10:12 a.m.

VI. NEW BUSINESS

- A. Manager Andrews stated we have an outside subject matter expert (SME) legal counsel contract that supports our stadium redevelopment planning. The contract is currently with Irwin Rajj of O'Melveny and Myers LLP (OM&M).

Background: In 2013, the Stadium Authority authorized DAGS and the Department of the Attorney General to provide the necessary services to hire and guide a subject matter expert consultant firm with technical and legal expertise and experience in stadium development. At the time, the contract went to Irwin Rajj of Foley & Lardner LLP (F&L). In 2017, Mr. Rajj left F&L and moved to the law firm of O'Melveny & Myers LLP. At that time, this board made a recommendation to the Department of the Attorney General to move the contract with Mr. Rajj from F&L to OM&M.

We have a similar situation once again because on May 14th of this year, Mr. Rajj resigned from OM&M to become the co-chair of the Entertainment, Sports and Media Industry Group at Sidley Austin LLP. Please note that his other co-chair at Sidley Austin LLP is another attorney who recently left OM&M for Sidley Austin LLP.

Due to this development, this board needs to make a recommendation to the AG on how it wants to proceed with its subject matter expert legal counsel contract.

There are three options that the board can take:

1. Retain OM&M as the legal and technical subject matter expert to the Authority.
2. Authorize OM&M to release all matters and files to Sidley Austin LLP to the attention of attorney Mr. Irwin Rajj to continue providing counsel as the legal and technical subject matter expert to the Authority.
3. Select a different lead counsel to the Authority (new solicitation).

Manager Andrews recommended to authorize OM&M to release all matters and files to Sidley Austin LLP to the attention of Mr. Rajj, so he can continue to provide counsel as the legal and technical subject matter expert to the Stadium Authority.

He added that as part of this transfer, we require that Mr. Rajj retain OM&M as co-counsel through the financial close of the current RFP process assuming the availability payment structure remains intact. This is important to avoid delays as the other attorneys from OM&M have expertise with the P3 Availability Payment model.

Manager Andrews wants to include in the recommendation that the Authority should not pay any fees to bring other Sidley Austin LLP attorneys up to date with this project.

Manager Andrews provided key reasons for this recommendation:

- We have had an almost 10-year professional relationship with Mr. Rajj and he wants to ensure that we retain the institutional and historical process on stadium development.
- Mr. Rajj is an expert in stadium development and in sport-anchored public-private partnerships for both professional and collegiate stadiums with ancillary development construction and financing.
- Mr. Rajj also has a lot of experience that benefits the Authority such as expertise in tenant agreements, concession agreements, operational and service contracts, ticketing arrangements and promotional and advertising agreements, including naming rights.

A MOTION WAS MADE BY MEMBER IOSUA AND SECONDED BY MEMBER BURGESS TO APPROVE THE STADIUM MANAGER'S RECOMMENDATION AND WORK WITH THE ATTORNEY GENERAL'S OFFICE TO MAKE THE TRANSFER. THE MOTION WAS UNANIMOUSLY CARRIED.

Member losua commended Manager Andrews for laying out his recommendation and reasons behind it since the stadium manager will be tasked to work with legal counsel for this transition. From Member losua's experience, he stated that it is common for attorneys to move from firm to firm and the client-attorney relationship is most important.

Chair Yamasaki added that in all the years of the relationship with Mr. Rajj, even prior to the years before NASED, we have had excellent counsel from him. Chair Yamasaki

supports Manager Andrews assessment and thinks it's important to have the institutional knowledge of where the stadium has been for so many years with the development. It would be a shame to lose that knowledge especially when we are right at the finish line.

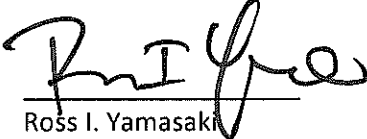
Chair Yamasaki asked Manager Andrews to follow through with Mr. Raij, OM&M, and Sidley Austin to ensure there are no issues with the timeliness of the transition since we cannot afford to lose time on the NASED project. Manager Andrews concurred.

VII. ANNOUNCEMENTS

Chair Yamasaki stated that the June meeting will continue to be hybrid with video conference and in-person.

VIII. ADJOURNMENT

AT 10:21 A.M. A MOTION WAS MADE BY MEMBER BURGESS AND SECONDED BY MEMBER FINK TO ADJOURN THE MEETING. THE MOTION WAS UNANIMOUSLY CARRIED.



Ross I. Yamasaki
Chairman

Recorded by: Colette May

Date: June 30, 2022