

JOSH GREEN, M.D.
GOVERNOR

CHRIS J. SADAYASU
DIRECTOR, DBEDT



ALOHA STADIUM

An Agency of the State of Hawaii

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

October 20, 2022

BRENNON MORIOKA
VICE CHAIRMAN, STADIUM AUTHORITY

RYAN G. ANDREWS
STADIUM MANAGER

RUSSELL UCHIDA
DEPUTY STADIUM MANAGER

APPROVED MINUTES
REGULAR SESSION
OCTOBER 20, 2022

Members Present:

Brennon Morioka, Vice Chair
Kau'i Burgess
John Fink
Eric Fujimoto
Michael Imanaka
Claire Tamamoto
Michael Yadao
Mike McCartney, DBEDT Director (ex-officio)
Jim Stein, UH President's designee (ex-officio)

Staff:

Ryan Andrews
Andrew Chang
Wendy Ho
Stephen Lee
Colette May
Neal Sakamoto

Others:

Randall Nishiyama, Deputy Attorney General (AG)
Nishida
David DePonte, Department of Accounting & General Services (DAGS)
Gordon Wood, Department of Accounting & General Services (DAGS)
Davy Murayama, Centerplate
Susan Hirai, Deputy DBEDT Director
Franz Kraintz, City and County of Honolulu
Transit Oriented Development (TOD)
David Harris, WT Partnership
Stacey Jones, WT Partnership
Bridey Best, WT Partnership
Glenn Wakai, State Senator
Karen Dang, Senator Wakai's Office
Doreen Eddy, Rep. Johanson's Office
Jon Nouchi, Department of Transportation Services (DTS)

Members Excused:

Camille Masutomi, DOE
Superintendent's designee
(ex-officio)

Shelly Shoji
Trina Silva
Samantha Spain
Russell Uchida

Public:

Ross Yamasaki Natalie
Alan Sunio Greg Garcia
Charlene Chan
Josh Pacheco
Daryl Huff, HNN
Diane Ako, KITV
Jennifer Brink, KHON
Kevin Austin
Blaze Lovell
Alison Kato
Brian McInnis
Charlie Vitale
Jason Ubay
Harris Ichida

Sign- Sheet (See Exhibit A)

I. CALL TO ORDER

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

II. APPROVAL OF MINUTES

A. Approval of minutes for the following date:

1. Regular Session – September 29, 2022

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

III. PUBLIC TESTIMONY

None

IV. MONTHLY REPORTS

A. Vice Chair Report

Vice Chair Morioka stated that he did not have any updates at this time.

B. Stadium Manager's Report

1. Stadium Financial Update:

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

(Member Imanaka entered the meeting on zoom at 9:36 a.m.)

(Member McCartney entered the meeting in person at 9:37 a.m.)

2. Manager Andrews provided an administrative report:

- a. Stadium Auction: The first of several auctions ends on 10/26/22. The auctions are being managed by Oahu Auctions LLC and he encouraged everyone to go on the website: <https://oahuauctions.liveauctiongroup.com/auctionlist.aspx>. Auctions will continue through 2023 and items will become more interesting as we go and will include a wide variety of tools, food and beverage supplies, golf carts, heavy equipment, office furniture, etc.
- b. Swap Meet Transition: As we plan for redevelopment on our site, we need to ensure the swap meet can continue to operate. The swap meet will have to be relocated on the property and specific works will need to be completed to operate successfully. Specific works include installation of portable trailers for restrooms, office and a first-aid station, along with utility connections, and resealing and repairs of the asphalt. Manager Andrews stated that he sent a request to Director McCartney's office asking

for support and a recommendation to the Governor to allow us to transfer funds from the Authority to the Department of Accounting and General Services Public Works Division to oversee this work. This project is necessary regardless of which stadium procurement model is used.

Member McCartney stated that he signed the document and sent it over to the Governor's office.

- c. Budget requests – We submitted four budget requests for the Biennium (FY24 & FY25).
 - i. Budget ceiling increase for the vacant Human Resource Assistant IV position.
 - ii. 0.5FTE Position count for a Contracts Director Position. (funded through existing budget ceiling; using 0.5FTE from vacant Scoreboard position).
 - iii. Transfer Special Fund ceiling between cost elements (between Personal Services and Other Current Expenses).
 - iv. A ceiling increase to enable the deposit of general funds appropriated in FY22 into the Stadium Development Special Fund (goes along with a Budget & Finance legislative proposal to extend the lapse date through fiscal year 2024).

Vice Chair Morioka asked to expand on this subject since this is for the benefit of the members. While the legislature provided cash into the special fund of \$49.5M, we don't have the ability to spend it because we have a ceiling that doesn't allow us to do so. We must request legislative action next session to have access to that \$49.5M. Member McCartney stated that he is in the middle of evaluating that request and he plans to send it to the Governor to be part of the executive budget request as it goes forward to the legislature for the next biennium. This would start the discussion about being able to utilize those funds for the purposes intended by the legislature. AG Nishiyama confirmed that this is an accurate portrayal.

- d. San Diego State University (SDSU)- Snapdragon Stadium Review – Manager Andrews provided a slide show of his recent visit to Snapdragon Stadium and reviewed four key takeaways:
 - i. SDSU and their architect did a good job of using “weird and wonderful” spaces to create fun and social environments – including plazas, courtyards, bar, lounges, decks, etc., where fans could congregate.
 - ii. Their food and beverage program included well known and recognizable local brands. They also had multiple grab and go “convenience stores” and mobile ordering in certain premium areas. All food and beverage options were cashless.
 - iii. They had a “ladder” of seating options. This included standard seats (no bleachers), loge spaces, club spaces, and suites. 10% of their seating capacity went to these premium seating options. Some of these options were available to individual users without long-term commitments. SDSU also strongly recommended building an “experience center” early in the construction process to drive sales of these premium spaces.

- iv. They made several sensible compromises to stay within budget, including not having a roof, converting shipping containers into food and beverage concessions and using compacted dirt in certain plazas instead of concrete.

Manager Andrews thanked Athletic Director, David Matlin for arranging the very comprehensive Stadium Tour and scheduling meetings with the Executive Associate Athletic Director from San Diego State University and the stadium Director of Operations from their operator, Oakview Group. In addition, he thanked David Harris from WT Partnership who also attended the meetings and provided great insights stemming from his background in stadium development and stadium operations.

Discussion

Vice Chair Morioka mentioned that Snapdragon Stadium eliminated the concert rigging, however it's not as impactful to them as it would be to Hawaii since they can have equipment driven to them as opposed to us enduring expensive shipping costs. For Hawaii it would be a bigger revenue generation impact to have the concert rigging as part of our stadium scope.

Manager Andrews agreed and shared that not including the concert rigging was a tough decision for Snapdragon Stadium. He also agreed that the impact on revenues was much less for San Diego State by not including the rigging. He stated that although there are many similarities between what San Diego has done and what we are trying to achieve, the market conditions in San Diego are very different than Hawaii. The city of San Diego has over 1.5 million people and the county has approximately 3.5 million, so their market base for attracting and attending concerts and other entertainment events is much greater. In addition to our smaller population in Hawaii, we are also 2500 miles from anywhere, which makes event production so much more expensive since everything currently must be shipped here.

Member Tamamoto asked if we would have the same demand for as many luxury suites as San Diego.

Manager Andrews responded that the market study we completed noted that we could support between 16-20 suites, which is a less than San Diego. Additionally, our market study showed that we could support one to two club spaces, whereas San Diego had three. Interestingly, San Diego experienced that the market for both suites and club spaces went beyond the typical corporate partners and university donors and included the "younger" population who were seeking to experience events in different ways than what we might consider traditional. San Diego ended up creating packages for their club spaces where individuals could purchase two tickets with much shorter contract periods. This allowed people to try it at a lower cost without making a major long-term commitment.

Vice Chair Morioka asked Jim Stein of UH how many suites exist at T.C. Ching Field. Jim Stein responded that there are approximately ten to twelve.

Member Tamamoto referred to the lack of a roof at San Diego and asked if they made plans to build it in the future.

Manager Andrews responded that they did install the foundations to support a future roof, but he wasn't sure how far they took the design.

Vice Chair Morioka added that normally there would be some type of schematic to have done the foundation and to be able to accommodate a certain concept.

Manager Andrews stated they saved approximately \$70-100M from their budget by eliminating the roof from their scope. He further shared that it was an easier decision for them since they do not get much rain and because most of their events are in the evening when sun isn't a concern.

Member Burgess asked if Manager Andrews had an opportunity to speak to the stadium manager.

Manager Andrews stated that he met with the Executive Associate Athletic Director, who is the lead for Snapdragon stadium. He gave a tremendous tour and shared his experience with Snapdragon stadium as well as other stadium development projects he has worked on. He has a unique skillset in that he has operated several stadiums as well as been involved in several builds. We also met with the Director of Operations from their third-party private operator, Oakview Group. This individual provided information on the contractual arrangement with the university and shared their basic organizational structure. Overall, the meetings were very valuable.

Member Burgess stated that in one of the slides Manager Andrews mentioned that one of the parking lots is set aside for future housing. She asked how they concluded that having housing was beneficial and synergistic to the commercial activities with the stadium. She wanted to know why they are building housing next to the stadium. Manager Andrews responded that like us, they are trying to create a robust environment with a live, work, play concept. Obviously, housing is key to that concept as the people living there will also utilize and or patronize the other developments on-site, whether it is retail or office spaces. They are also developing some campus facilities on the site and one of the first developments is a technology innovation center.

Member Tamamoto asked if it would be university housing.

Manager Andrews responded that they are doing a mix of housing and he wasn't sure exactly what that mix included. Manager Andrews asked for clarity from David Harris who stated that he believes its housing for students, faculty and staff, as well as the community, and it includes 10% affordable housing and 90% market rate with a total of 4600 total units.

Member Burgess asked if Manager Andrews can ask them how they determine that the housing component would generate enough revenue that makes it worth it to develop housing.

Manager Andrews responded that he would follow up, but like us, they had to establish a master plan for the site and perform market studies to see what the market could absorb and the different revenues that would result from the different asset classes. He wasn't sure what their revenue models included but did share that

their entire project is funded differently than what we are proposing in that they (California State University System) sold revenue bonds to fund the development, and their model must have shown that they would generate enough revenue to cover their debt service. Interestingly, if they don't meet their revenue goals then the California State University system is going to have to serve as their financial backstop. A real key to why they have been successful thus far is leadership alignment between the California State University system leadership, the San Diego State University leadership and the San Diego State Athletic Department in terms of vision and risk tolerance.

Member Burgess asked what their seating capacity was.
Manager Andrews responded that it is 35,000 with 10%, or 3,500 going to premium and club space seating products.

C. Internal Affairs Committee (IAC):

Committee Chair's Report – Member Burgess stated that there were no meetings and the reports were sent out for review in the board packets.

1. Events
 - a. Summary of Monthly Events – Attached
 - b. Calendar of Events – Attached
2. Sales and Marketing - Attached
3. Security Report – Attached

D. External Affairs Committee (EAC):

Committee Chair's Report – Committee Chair Fink referenced the financial report and commended stadium management and staff for working under difficult circumstances and managing to keep the stadium profitable and to maintain the upkeep of the stadium. He stated the board reports were sent out for review in the board packets and noted that the vendors and attendees have increased from last year according to the Centerplate report.

1. Contractor Reports
 - a. IMG/Learfield/Hawaii Sports Properties – None
 - b. Centerplate – Attached
2. Stakeholder Reports
 - a. University of Hawaii - None
 - b. Transit Oriented Development (TOD) – None
 - c. Hawaii Interagency Council for Transit Oriented Development (HIC-TOD) – None

3. New Aloha Stadium Entertainment District (NASED) Committee Report
David DePonte, Engineer for the Department of Accounting and General Services, stated that the NASED team has paused working on the RFP. They continue to work on due diligence efforts for the project such as working with stakeholders and continuing to engage with the community. He stated the team is waiting for the details on the administration's proposal for a new plan for the redevelopment of the site and facility.

Vice Chair Morioka asked what the timeline is for the EIS to become final.

Mr. DePonte responded that he believes the legal challenge period ends on November 30th.

Member McCartney stated he did not have anything new to report and he wanted to thank the Board for coming to the meeting with the Governor. He stated that he met with Manager Andrews and Vice Chair Morioka for a four-hour meeting and stated he is working on the commitment he made about a timeline, working on a MOU, and looking at multiple paths to success on the project. He added it's a little early to share anything more except he feels it was a good meeting. Member McCartney also thanked members of the community for inviting him to their neighborhood board meetings and he plans on attending future meetings.

4. Legislative Update

Senator Wakai thanked the Board for having the opportunity to speak this month since he was not allowed to speak at last month's meeting. He stated that he wanted to correct some misstatements that the DBEDT Director made at the last Stadium Authority meeting.

The first was about the legislative intent for the bill that moved the Stadium Authority from DAGS to DBEDT. He stated that Mr. McCartney believes the interpretation of that law is putting him and DBEDT in charge of the program. That was never the legislative intent. The intent was to have the Stadium Authority as the sole driver and developer of this project. Senator Wakai cited Sunday's Star Advertiser article where other Senators stated the same message - that it was never the legislative intent to have DBEDT take over the control of the entire project.

The second point made by Senator Wakai was regarding procurement law and the earlier statement by Director McCartney where he stated that Act 146 gave him the powers to change the procurement and cancel the existing procurement. To date, \$25M has been spent to get to this point. Senator Wakai explained that he asked the Attorney General what legal grounds does Mr. McCartney and DBEDT have for making these pronouncements. Senator Wakai presented a letter from Attorney General Holly Shikada and proceeded to cite the letter which is pertinent to the Stadium Authority now and in the future regarding jurisdiction:

"the Stadium Authority owns the land under the existing stadium. The Department of Business and Economic Development and Tourism has the \$350M appropriated by the legislature to build the stadium. Without an agreement between both the Stadium Authority and DBEDT, the stadium cannot be constructed."

Senator Wakai continued to say that all the talk about going in a new direction, with perhaps UH or some other entity cannot happen without the Stadium Authority's agreement. It cannot be arbitrarily taken in a new direction.

Regarding the ability to cancel the RFP, Senator Wakai stated that the Attorney General's response was:

"the Department of Accounting and General Services issued the RFP and accordingly DAGS is the agency to cancel the RFP."

Senator Wakai concluded that it is not the DBEDT Director who is able to cancel the RFP. He wanted to share with the Board that they are fully in charge of where the project goes. There are no legal grounds to what Mr. McCartney has said in the past regarding a new direction or canceling the existing RFP.

Senator Wakai closed by asking Mr. McCartney to collaborate and to encourage the Governor, who has had the RFP on his desk since July 2021, to get the project moving because it is good for the people of Hawaii. He went on to say that making big pronouncements with no clear plan is only causing confusion and disrupting the progress of this project and that the public deserves better. He hopes that the Governor will issue the RFP and get moving on the project that the community really wants and deserves.

Vice Chair Morioka thanked Senator Wakai and provided an opportunity for the representative from Representative Johanson's office to speak. Doreen Eddy stated that she was at the meeting to observe and that she had no comments.

Vice Chair Morioka stated the meeting would move into executive session regarding a personnel matter and would provide a report when the meeting returns to regular session.

A MOTION WAS MADE BY MEMBER FUJIMOTO AND SECONDED BY MEMBER BURGESS TO MOVE INTO EXECUTIVE SESSION. THE MOTION WAS UNANIMOUSLY CARRIED.

Vice Chair Morioka called for a recess at 9:16 a.m.
(Recess: 9:16 a.m. – 9:24 a.m.)

V. EXECUTIVE SESSION

(Meeting reconvened at 9:31 a.m.)

VI. NEW BUSINESS

Manager Andrews stated that the Deputy Manager position is due to expire on December 31, 2022 and he asked the board to consider an extension of that position through June 30, 2023. If extended it will provide Manager Andrews assistance with the upcoming legislative session as well as ensuring support while seeking to fill the vacant Administrative Services Officer position.

A MOTION WAS MADE BY MEMBER BURGESS AND SECONDED BY MEMBER FUJIMOTO TO EXTEND THE DEPUTY MANAGER POSITION THROUGH JUNE 30, 2023. THE MOTION WAS UNANIMOUSLY CARRIED.

Member Fujimoto explained that the rationale [from his perspective] for originally placing an end date on the position was to be fiscally responsible. The stadium revenue is currently outpacing both the projection and year-to-year prior, therefore, he did not have any concerns with extending the Deputy Manager position. He further added that the need for Mr. Uchida's institutional knowledge over the next six-months is vital to lead us if we are in a position of change.

VII. ANNOUNCEMENTS

Vice Chair Morioka stated that the next board meeting is scheduled for Friday, November 18th at 8:30 a.m. The meeting will continue to be hybrid with video conference and in-person attendance.

VIII. ADJOURNMENT

AT 9:33 A.M. A MOTION WAS MADE BY MEMBER FUJIMOTO AND SECONDED BY MEMBER TAMAMOTO TO ADJOURN THE MEETING. THE MOTION WAS UNANIMOUSLY CARRIED.



Brennon Morioka
Vice Chair

Recorded by: Colette May
Date: December 15, 2022