

JOSH GREEN, M.D.
GOVERNOR

CHRIS J. SADAYASU
DIRECTOR, DBEDT



ALOHA STADIUM

An Agency of the State of Hawaii

BRENNON MORIOKA
VICE CHAIRMAN,
STADIUM AUTHORITY
RYAN G. ANDREWS
STADIUM MANAGER
RUSSELL UCHIDA
DEPUTY STADIUM MANAGER

APPROVED MINUTES
REGULAR SESSION
DECEMBER 15, 2022

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

December 15, 2022

Members Present:

Brennon Morioka, Vice Chair
John Fink
Eric Fujimoto
Michael Imanaka
Claire Tamamoto
Michael Yadao
Chris Sadayasu, DBEDT Director (ex-officio)
David Matlin, 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)
David DePonte, Department of Accounting & General Services (DAGS)
Chris Kinimaka, Department of Accounting & General Services (DAGS)
Davy Murayama, Centerplate
Dane Wicker, Deputy DBEDT Director
Franz Kraintz, Transit Oriented Development (TOD)
Sam Moku, City & County of Honolulu
Stacy Ferreira, Budget Chief, Hawaii State Senate
Collin Scott Peros, Budget Analyst, Hawaii State Senate
David Harris, WT Partnership
Bridey Best, WT Partnership
Glenn Wakai, Hawaii State Senator
Richard Mizusawa, Senator Wakai's Office
Matt Scanlon, Honolulu Authority for Rapid Transportation (HART)
Jon Nouchi, Department of Transportation Services (DTS)
Paxton Wang, Hawaii Sports Properties at Learfield

Members Excused:

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

Shelly Shoji
Trina Silva
Samantha Spain
Russell Uchida

Public:

David Cho
Casey Harlow, HRP
Daryl Huff, Hawaii News Now
Duane Shimogawa, KITV News
Staff Reporter, KHON2 News

Sign- Sheet (See Exhibit A)

I. CALL TO ORDER

A quorum being present, Vice Chair Morioka called the meeting to order at 8:32 a.m.

II. APPROVAL OF MINUTES

A. Approval of minutes for the following date:

1. Regular Session – October 20, 2022

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

2. Executive Session – October 20, 2022

A MOTION WAS MADE BY MEMBER FUJIMOTO AND SECONDED BY MEMBER FINK TO ACCEPT THE MINUTES OF THE EXECUTIVE 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. Manager Andrews provided an administrative report:

- a. **Fee Title:** The fee title for the stadium lands was officially transferred from the Department of Land and Natural Resources to the Stadium Authority. This action was completed on October 18, 2022.

This transfer is important as it gives this body (Stadium Authority) full oversight of the development and various use agreements that will take place on this land.

Manager Andrews stated that staff will need to be added in the future to oversee the various land management duties. Until such time, we will be receiving some additional support from the Department of the Attorney General's Office. Manager Andrews also shared that the Hawaii Community Development Authority (HCDA) has offered support in the interim with land transactions. He thanked the HCDA Executive Director, Craig Nakamoto for this support.

- b. **Auction:** The first auction closed on November 2, 2022 with 534 of 551 items being sold. Financial numbers will be available at a future meeting. Proceeds from the auctions go to the Stadium Development Special Fund for current operations and transitional activities. The next auction is set for January and will have a focus on seating - with UH season ticket holders getting the first opportunity.

- c. **Swap Meet Transition:** We are still working on Swap Meet transition planning. As we begin construction on the property, we will have to relocate the Swap Meet. This involves the purchase of portable restroom trailers, utility connections for the portable trailers, and re-coating and restriping the upper Halawa parking lot. Much of this work is being coordinated through the Department of Accounting and General Services (DAGS) Planning Branch, however the stadium will be taking the lead on the procurement of the restroom trailers. We anticipate this procurement taking place next month knowing that there is a long lead time to have these trailers manufactured and delivered.
- d. **Personnel:** We are in progress on the interviews for the Administrative Services Officer 1 position and aim to complete the interview process before the end of the year.
- e. **Events:** The Holiday Lights show is currently underway. It's an exciting offering this year and much more comprehensive than the drive-thru event of the past two years. This year there is a snow zone, a train ride, a zip line, pictures with Santa, much more food and beverage offerings, etc. We have received a few noise complaints from the surrounding neighborhood. Although the Licensee has been within the allowable decibel limits per the City and County of Honolulu noise ordinance, managing sound is challenging as there are many variables, including wind direction that can change how sound travels. The Licensee continues to make modifications as requested to mitigate the noise and it is a nightly effort. We are doing our best to maintain a balance of fulfilling our mission by hosting events and generating revenue while also being good neighbors.
- f. **Facility:** We have been enduring several challenges related to water leaks in lines underneath our parking lot as well as "grounding" issues with electrical wiring in our parking lots. Like our stadium structure, everything dates back 50 years, and irrigation pipes get old and brittle, and as we discovered, the electrical wiring that was installed back in 1975 (or earlier) was simply buried underground without any conduit. In short, these types of issues have now become regularly occurring and they impact our operations in the parking lot as well as our budget.

Discussion

Member Yadao requested an update on the Memorandum of Understanding (MOU) process with DBEDT.

Manager Andrews stated that the MOU process has not been completed. He said the last action was that he sent a preliminary draft to former board member, Mike McCartney, and it has not progressed from there. He will now work with Chris Sadayasu, the new Director of the Department of Business, Economic Development and Tourism.

Member Yadao asked if the draft is similar to the previous MOU.

Manager Andrews stated that the last MOU was between the stadium, DAGS and HCDA and it will be similar in simply identifying the roles and responsibilities of each agency.

Member Sadayasu commented that he had not heard about the MOU and he would like to schedule a meeting to move it forward if it's in the best interest of both parties.

Vice Chair Morioka took a moment to introduce the newest board member and DBEDT Director Chris Sadayasu. He apologized for not introducing him at the beginning of the meeting.

Member Sadayasu thanked Vice Chair Morioka and stated that he is excited to be the new DBEDT Director. He noted that he has worked with Manager Andrews and Deputy Manager Uchida on previous events. He introduced Dane Wicker as the new DBEDT Deputy Director.

Manager Andrews added that he and Member Sadayasu have worked together on several events including soccer in the past and he's looking forward to working together in the future. He is planning a stadium orientation meeting with Member Sadayasu on December 28th.

2. Stadium Financial Update:
Administrative Services Officer (ASO) Russell Uchida reported: (See Exhibit B)

C. Internal Affairs Committee (IAC):

Committee Chair's Report – Vice Chair Morioka 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 stated the board reports were sent out for review in the board packets.

1. Contractor Reports
 - a. IMG/Learfield/Hawaii Sports Properties – None
 - b. Centerplate – Attached
2. Stakeholder Reports
 - a. University of Hawaii (UH)
Athletic Director David Matlin stated that UH is preparing for the expansion of Ching field, which is scheduled to begin on January 4, 2023. The expansion will include

seating to accommodate 15,000 spectators. He is also working with Manager Andrews on the logistics for moving the scoreboard from Aloha Stadium to Ching field.

- b. Transit Oriented Development (TOD) – None
- c. Hawaii Interagency Council for Transit Oriented Development (HIC-TOD) – None
- d. HART – Matt Scanlon, Director of Design and Construction (See Exhibit C)

3. Legislative Update

Senator Glenn Wakai stated that there is a lot of optimism right now and he looks forward to working with Chris Sadayasu, Dane Wicker and Keith Regan. He noted that this legislative session there will be no new bills introduced related to the Stadium Authority. He stated that if we need money, he will work with Ways and Means as well as the finance chairs to keep things moving.

4. New Aloha Stadium Entertainment District (NASED) Committee Report

Chris Kinimaka, Public Works Administrator for DAGS, welcomed Chris Sadayasu and Dane Wicker.

She shared that on December 8th the green light was given to release the NASED Request for Proposal (RFP) and thanked this administration and all who have offered support.

Another highlight Ms. Kinimaka shared is that the Programmatic Environmental Impact Statement (EIS) was accepted on September 23, 2022, and as of November 22nd, the EIS is free and clear. That is a huge due diligence milestone and a great bonus for the priority listed respondents as they move forward with their proposals.

Ms. Kinimaka wanted to make a correction on the report regarding the communication with the public engagement in that neighborhood board #20 (Aiea), and neighborhood board #18 (Aliamanu/Salt Lake/Foster Village) are both in recess for December so they will not meet until January.

Ms. Kinimaka offered to provide an impromptu presentation to clear up questions that have surfaced recently in the media.

One of the main questions is, "What is a P3?"

Ms. Kinimaka explained that P3 stands for a Public-Private-Partnership, and these types of arrangements have been around for a long time. P3's started in the United Kingdom where they have been using them for decades. They are also used routinely in Australia and Canada. They started being used more frequently in the United States in the last decade for large procurements like infrastructure and/or large facilities. In our specific situation, we are using it to deliver a district.

When DAGS started in this endeavor, we did our own due diligence and educated ourselves in P3s. The first thing the team learned is that there is no such thing as a typical P3. This is because a P3 involves a long-term relationship that must be built and collaborated on with the private entity to come up with a successful project. Hence, each P3 is unique. We are moving forward with NASED in a unique relationship which cannot be compared to any other template.

The other thing is that P3 is not “P-Free”. We cannot put everything on the developers and expect them to pay for it and make their own money back, but instead, the owner has some participation in the cost for the project. (See Exhibit D)

Vice Chair Morioka wanted to clarify [to clear up recent reports in the public] about the stadium developer having rights to develop the surrounding stadium property which is not true. They are two very separate independent contracts, and the stadium builder is only building the stadium and not developing the other 70+ acres.

Ms. Kinimaka confirmed that he is correct. Unlike the real estate project, the stadium developer will not be getting a land lease and they will not have any rights to develop and generate revenue. Their responsibility after construction of the stadium will be to maintain the stadium for the thirty years in the contract, which is an important detail of the P3 we are proposing as it places the burden of maintenance on the private developer.

Ms. Kinimaka stated that another question that is routinely raised is whether there is enough infrastructure to support this project. She clarified that the proposed stadium is projected to have 25,000-30,000 seats, a large reduction from the current 50,000 seat stadium. This creates excess capacity, so there are no infrastructure challenges with the new stadium build and the project team has already confirmed that water, sewer, and electricity are not a problem. With the reduction in stadium size, the excess capacity gets rolled over into the first phase of the real estate project. That of course is not enough for the full build out, so in addition to that, the project team has been working with the City and County of Honolulu Department of Environmental Services (ENV), and the Board of Water Supply (BWS) as well as with the State Department of Health, to look at doing on-site wastewater treatment. The NASED team has seen the benefits of this potential as portrayed on page 5 of Exhibit D.

Ms. Kinimaka also clarified that ENV does not make a profit on running the sewer system, and the more NASED reduces our use, the more wastewater capacity is available for the rest of the system [especially housing being proposed all along the rail].

Discussion

Member Sadayasu asked if the numbers for the sewer capacity were only for the stadium or if it was for the entire master plan for the full acreage of Aloha Stadium.

Ms. Kinimaka responded that the numbers are for the anticipated full development in *our* conceptual master plan. This includes the stadium, commercial retail and residential [approximately 4,000 residential units], and any other community spaces on-site. She said that they will work with the developers on their conceptual master plan as well as the county and state agencies to get this moving as quickly as possible.

Member Sadayasu stated that Governor Green has made it clear that affordable housing is one of his main priorities. He asked if more affordable housing units are added, would it throw off the payment schedule and when would this information be available?

Ms. Kinimaka stated that one of the reasons the team is excited to move forward is the one partner that has not come to the table yet is “the industry”. This is where the rubber meets the road and we find out what they can do. The real estate development *must* generate revenue for the Authority for this project to succeed. That’s where the balance

on housing gets developed. As we work through that, certainly we must look at the full capacity of the infrastructure. We have been working with the Hawaii Interagency Council on Transit Oriented Development, and this council has been working very closely with the county as well on how much infrastructure we will need all along the rail. All our numbers for this site have been in the 3,000-4000 range for residential units and that's what ENV has been considering. Ms. Kinimaka added that she doesn't think anyone believes that putting 100,000 or even 20,000 affordable housing units *on this site* will be a benefit to the community. There are twenty-one miles of rail, and the more we can spread affordable housing over the entire length, the better it is in terms of revitalizing all the communities so that people can continue to live and work and play in the communities they live in now. We are looking at less than 10,000 units because even 10,000 units is beyond the capacity of this site. We are not focusing only on affordable housing units either, as there is a big need for workforce housing – and that is the gap that is not being addressed.

Vice Chair Morioka wanted to clarify that when speaking about housing units that we are really talking about a mix of market, workforce, affordable types of residential units. Ms. Kinimaka confirmed he is correct.

Vice Chair Morioka stated that this is where the balance must come in since we, as the state must look at the development of revenue for the state from this contract, because that is what we will be using to pay for the stadium construction and long term cost of maintenance. The stadium construction is an expense to the state whereas the surrounding real estate development contract is a revenue generator for the state. Ms. Kinimaka confirmed that he is correct, and it's not just the initial first cost of the stadium, but its continued maintenance of the stadium for 30+ years, so at the end of 30 years we are not demolishing the stadium and starting from scratch again. Our finances right now show that with this development we will surpass the requirement to pay back the financing and the maintenance, so we will have more revenue coming back to the state that can be used for other programs [both on this site and elsewhere within the state]. This is a great way to leverage the development for the benefit for the entire state.

Member Tamamoto referred to the sewer and the proposed on-site wastewater treatment and asked if we would eventually connect to the city sewer once the City & County of Honolulu complete their sewer upgrades.

Ms. Kinimaka stated that this is not necessarily something that we have to do, but it's something that we are able to be flexible with and see where we stand at that time.

Ms. Kinimaka reiterated that we are working with the City & County regarding this issue.

Member Yadao commended Ms. Kinimaka and her team for dotting all the I's and crossing all the T's and working well with all the consultants. He appreciates her clarifying that P3's do not have a template, but that we've developed this one to our site and tailored it for this particular development.

Member Fink added that he believes there's been a semantics problem since people seem to be solely focused on the Stadium, rather than the entire district. This project is not just

about Aloha Stadium, it's about the New Aloha Stadium Entertainment District where thousands of people will work and play. We need to continue to move forward with this in mind.

Member Yadao commented that from a communications perspective we need to consider the amount of local construction jobs that are being created that will be a benefit to our economy. This is also a benefit that will last over the next 15-20 years.

Ms. Kinimaka stated that this information is also on the NASED website and we anticipate the jobs starting with planning and design and moving into construction that will last over 20 years.

Vice Chair Morioka asked Ms. Kinimaka to address the timing for getting the phase II of the procurements out for both the stadium and the real estate projects.

Ms. Kinimaka responded that as we have been working with Governor Green, we not only have his endorsement, but also his directive to get the two RFPs out in January 2023. The project team is doing the final due diligence and will need to work with Budget and Finance and the Department of the Attorney General to get feedback and input before the RFP's are issued. Both RFP's (real estate and stadium) will be issued around the same time and the turnaround time for receiving the proposals is approximately seven months. From there we will go into an evaluation phase, and then eventually a contracting phase. Both projects should be complete by the end of 2023. By January of 2024 we will have agreements in place and both projects can proceed.

Vice Chair Morioka asked Ms. Kinimaka to comment on questions as to why the stadium is not being torn down now.

Ms. Kinimaka responded that it has been looked at from all angles to see what is most beneficial. There is tremendous benefit in including the demolition with the Design, Build Finance, & Maintain (DBFM) contract for the stadium because they will have to determine what materials they save and what they re-use. There is also a big minus to doing the demolition early on and letting the site sit over time. It becomes an eye-sore and people become frustrated because they feel as though nothing is being done. In all aspects, while it will be exciting to see it come down, it is a cost and it will result in time saving to include it with the DBFM project and for the stadium developer to complete the task and to own the risks that come with it.

Vice Chair Morioka added that there will probably be a lot less finger pointing if the builder is the one who is also performing the demolition since they can't blame anyone else for taking it down incorrectly. It preserves some of the potential relationships that could be in conflict in the future.

Ms. Kinimaka agreed and added that it is especially beneficial to have the developer take the risk of demolition since they will handle the recycling and the disposal of the debris. The more the developer has control over what they save and what they dispose of, and how they track it, the better. It ends up being a huge cost savings for the state.

V. NEW BUSINESS

None

VI. ANNOUNCEMENTS

Vice Chair Morioka stated that the next board meeting is scheduled for Thursday, January 26th at 8:30 a.m. The meeting will continue to be hybrid with video conference and in-person attendance.

VII. ADJOURNMENT

AT 9:26 A.M. A MOTION WAS MADE BY MEMBER FINK AND SECONDED BY MEMBER TAMAMOTO TO ADJOURN THE MEETING. THE MOTION WAS UNANIMOUSLY CARRIED.



Brennon Morioka
Vice Chair

Recorded by: Colette May
Date: January 26, 2023