

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
JANUARY 26, 2023**

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

January 26, 2023

Members Present:

Brennon Morioka, Vice Chair
Kau'i Burgess
John Fink
Eric Fujimoto
Michael Imanaka
Camille Masutomi, DOE designee (ex-officio)
Claire Tamamoto
Michael Yadao
David Matlin, UH President's designee (ex-officio)

Staff:

Ryan Andrews
Andrew Chang
Wendy Ho
Stephen Lee
Colette May
Liane Nakagawa
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 Director, DBEDT
Franz Kraintz, Transit Oriented Development (TOD)
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)
Paxton Wang, Hawaii Sports Properties at Learfield

Members Excused:

Chris Sadayasu, DBEDT Director
(ex-officio)

Shelly Shoji
Trina Silva
Samantha Spain
Russell Uchida
Ebru Yilmaz-Pedro

Public:

Daryl Huff, Hawaii News Now
A'ali'i Dukelow, KITV News
Dave Reardon, Star Advertiser
Andrew Pereira, Commpac
James Abeshima

Sign- Sheet (See Exhibit A)

I. CALL TO ORDER

A quorum being present, Vice Chair Morioka called the meeting to order at 8:38 a.m.

II. APPROVAL OF MINUTES

A. Approval of minutes for the following date:

1. Regular Session – December 15, 2022

A MOTION WAS MADE BY MEMBER FINK AND SECONDED BY MEMBER YADAO 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. Manager Andrews provided an administrative report:

- a. Personnel: Manager Andrews is happy to report that the recruitment for the Administrative Services Officer position was successful. He introduced Ebru Yilmaz-Pedro, who started on January 19th. She comes to us most recently from the Office of Enterprise Technology (ETS) where she was the Senior Business Analyst on the state's new enterprise financial system. Prior to that, she held several positions with the Department of Health, including Fiscal Officer with their Administrative Services Office.

Ms. Yilmaz-Pedro provided some background on her experience and expressed her excitement to work with the stadium team.

- b. Administrative Updates: We recently had our budget briefings with the House Finance committee and with the Senate Ways and Means Committee. These hearings were focused on "round 1" budget requests that were prepared during the last Administration, and we didn't have any requests for round 1.

Moving forward, we have two requests:

- The first request is to increase our budget ceiling regarding the \$49.5M that was appropriated last year. There is an Omnibus bill (HB1018 and the companion bill SB1316) introduced by the Department of Budget and Finance (B&F) which seeks to extend the lapse date of those funds from June 30, 2023 to June 30, 2024. Without the ceiling increase, we will not be able to expend the funds.

- The second request is for a Contracts Director Position. We are not asking for funding, but for 0.5 FTE that will be matched with the 0.5 FTE from a vacant position. As we are undergoing a paradigm shift from a service delivery model to one of planning and contract management, this is the first position we need as we reorganize. This position will be responsible for oversight of contract development and procurement processes, inclusive of negotiating complex contracts to maximize revenue while minimizing risk and liability to the State. Ideally the individual that fills this position will have some legal background.

Manager Andrews asked Deputy Stadium Manager Russell Uchida to provide the Monthly Financial Update and provide an update on our Annual Audit.

- c. Annual Audit: Deputy Manager Russell Uchida shared that he was pleased to report that we put closure to our financial audit for fiscal year 2022 conducted by the accounting firm of N&K CPAs, Inc. N&K issued an opinion that the financial statements present fairly, in all material respects, the financial position of the Stadium Authority as of June 30, 2022 and the changes in financial position and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Deputy Manager Uchida recognized Stadium Fiscal Officer, Liane Nakagawa, who had the responsibility of working through all the details of an audit, including preparing and recording financial entries and transactions, answering questions from the Auditor, and providing the Auditor with information and reports in a timely manner. This year, the audit became an even greater task, as the Authority's receipt of \$2.3M in federal American Rescue Plan Act funds (ARPA) exceeded the \$750K single audit act threshold and required compliance with the single audit act of 1984. This work is in addition to our annual audit.

Mr. Uchida conveyed that the continued, recurring success of our financial audit carries even greater importance, credibility, and integrity as we move into the Legislative session with a clean and clear record. The audit report can be found online at: <https://auditor.hawaii.gov/summary/financial-and-compliance-audit-of-the-stadium-authority-2022/>

- d. Stadium Financial Update:

Deputy Stadium Manager Russell Uchida referred to attachment IV.B.2 which represents the fiscal year projection through 06/30/23 with actual data through 12/31/22.

This month's report continues the positive and robust revenue trend as we are on track to exceed pre-pandemic numbers.

- Over the past six (6) months, swap meet revenue continues to average a tick above \$450K per month as opposed to pre-pandemic average of approx. \$355K per month. The increase is attributed in large part to the increase in non-resident swap meet admission fees.
- The increase in parking revenue is attributed to parking fees received from the Christmas light show event that ran from December 1, 2022 through December 30, 2022.

Regarding expenditures, there have not been significant or material changes to the expenditure side of the projection. We do see increases in labor (Personal Services) costs when we have events as we increase usage of our Part-Time/Intermittent workers; however, this expense may also be offset by revenue earned from an event and in some cases, depending on the circumstances, may subsequently be reimbursed by the Licensee.

Barring any unforeseen emergent and/or large unplanned expenses, our projection reflects sufficient revenue to address fiscal year 2023 expenses and supports an ending cash balance to provide sufficient working capital to carry forward and start fiscal year 2024 in a sound financial position.

The one caveat that we remain mindful about is the uncertainty of any major and/or frequent unplanned emergent repairs that are necessary to continue operability of this facility through demolition. Any unexpected, relatively large incident could have major negative financial impact on our budget, so we remain cautious about our expenditures and very guarded with our reserve balance.

Manager Andrews continued with his monthly report:

- e. Scoreboard: The scoreboard has been discussed for quite some time and our intention is to transfer the scoreboard to the University of Hawaii (UH) when they are ready to receive it. This is a complicated transaction because the scoreboard is owned by our Advertising Partner, not by the Stadium Authority. The second complexity is that we want to ensure the warranty is maintained after the transfer, hence we are working to establish a contract with the manufacturer to disassemble the unit, package it and move it to UH. The manufacturer has recommended that the transfer not occur until UH is ready to install it, to avoid any situation where things could go missing due to long-term storage.

UH is underway on an expansion phase for Ching field, and part of this work includes engineering and building a structure and the related electrical infrastructure to support this scoreboard. We are in progress on a contract amendment with our advertising partner (IMG) to allow for this transfer. We are also working through a memorandum of understanding (MOU) with UH as well as on a procurement with Daktronics. Manager Andrews asked University of Hawaii Athletic Director, David Matlin, to add his comments about the scoreboard.

Mr. Matlin thanked the Stadium Authority for working together to get a signature item for the T.C. Ching Stadium. He confirmed that the target month to install is May and added that the grandstands are scheduled to be installed in April. They are working on the MOU with the Stadium and Learfield to come to an agreement with all three parties. UH is excited to move the scoreboard over as soon as possible for all the Hawaii football fans.

Vice Chair Morioka asked Mr. Matlin where the scoreboard will be located.

Mr. Matlin responded that it will be in the endzone on the Les Murakami side, on top of the Grand Slam Club. He added that there are about 30% of fans that cannot see the current scoreboard so with the additional scoreboard, everyone will be able to see the score. It will be a wonderful addition for the stadium, fans and athletes.

- f. E-Commerce Site: We are selling a variety of non-inventorial memorabilia and keepsake items. The items being sold on the e-commerce site are ones that do better with a set-price rather than an auction situation because of the quantity of items that we have. These are items like stickers, commemorative coins, small pieces of turf, etc. We've had quite a few sales already and hope to expand this in the coming weeks.
- g. Events: We have a busy month ahead with two concert events in February - both expecting to draw between 5000-8,000 people, as well as the 39th running of the Great Aloha Run, which will finish in our Lower Halawa Parking Lot and take place on President's Day (Feb 20, 2023).

Finally, we will have our open-house event [or closing-house] on February 25th. We've pushed this event back several times trying to have it coincide with the release of the stadium Request for Proposal (RFP). With the RFP being delayed several times, and other decommissioning work that can't continue to be pushed back, we are moving forward right now with the event. Manager Andrews introduced Marketing Specialist Samantha Spain to brief the board on the event. (See Exhibit B)

C. Internal Affairs Committee (IAC):

Committee Chair's Report – Committee Chair 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 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 getting started to expand Ching field to approximately fifteen thousand seats. He added that part of the project is to add grass fields and throw areas to support soccer and track teams. A.D. Matlin thanked

the Stadium Authority for their support while he's been the Athletic Director for the past eight years.

Member Fink asked where the additional six thousand seats would be located.

A.D. Matlin stated that they will be in the two end zones and the corners with the majority located in the Ewa end zone.

- b. Transit Oriented Development (TOD) – None
- c. Hawaii Interagency Council for Transit Oriented Development (HIC-TOD) – None
- d. HART – None

3. New Aloha Stadium Entertainment District (NASED) Committee Report
Chris Kinimaka, Public Works Administrator for DAGS provided an update.

a. Governance: Regular briefings have continued with Governor Green and his administration. Collaboration is going well to keep the project moving forward. There is also work on the Memorandum of Agreement (MOA) as required by Act 220 from Session Laws Hawaii 2022 which will outline the relationship between the Stadium Authority, DBEDT, and HCDA.

b. Financial: We are continuing collaborative work with the Department of Budget and Finance (B&F) especially for the Hawaii Revised Statutes, Chapter 37D requirements as it affects the RFP and future agreements. We are happy to be actively engaged with the bond counsel and B&F's Deputy AG to flesh out the language. Goldman Sachs is continuing with their final update on financials although the work that has been done so far has highlighted that despite the escalation in construction costs, with the recent changes in funding from Act 248 last year, we are still in a good financial position for our proposed Design-Build-Finance-Maintain (DBFM) procurement methodology.

For our key workstreams, as reported in the past, the Programmatic Environmental Impact Statement has been accepted and met final legal challenge, so it is a completed item.

We continue to work on the Request for Proposals (RFP) for both the stadium and real estate. We look forward to our goal to issue both within the first quarter of this year, so the administration is working very hard to meet that goal.

c. Communications and public engagement: In addition to the website, we have been sharing a New Aloha Stadium Community Newsletter since December 19th.

(See Exhibit C). This is not just a newsletter for the project, but also to integrate the entire district with the community. Each month we will highlight a speaker of the month and provide links that take you directly to related media coverage. Finally, it will be updated with the latest frequently asked questions. Ms. Kinimaka encourages everyone to join the e-newsletter mailing list to receive it via email. The newsletter can also be viewed in a web browser at: www.nased.hawaii.gov

d. Ms. Kinimaka shared a presentation that was provided to the Neighborhood Boards and the Aiea Community Association detailing the NASED funding expenditures.

(See Exhibit D) This exhibit was in response to a question that was asked regarding how much of the funding would be lost if we shifted gears and went with a different procurement methodology, as was suggested toward the end of last year by the Administration. We determined that roughly 30% of the work that had been

completed would still be useful [about \$6M] and about \$13M of our work would no longer be useful.

- e. Meetings were recently held with the City and County of Honolulu Department of Environmental Services (ENV) to confirm their status with wastewater system upgrades. The specific focus for discussion was the Honouliuli System that we are connected to, which resided in Waipahu. ENV confirmed that the Honouliuli treatment plant has the capacity to handle our future development needs, but that the limitation is with the pipeline to the treatment plant, which is undersized and unable to handle additional capacity. ENV has an eight-phase plan of upgrades from the treatment plant working eastward toward the stadium to increase capacity of the pipeline. ENV confirmed they are fully committed and funded to this upgrade and shared that they must perform this work for their own initiatives, regardless of the development we have proposed. They are working on their own TOD master plan efforts and this happily works side by side with our project. They are projecting this to be completed between 2032-2034. Ms. Kinimaka added that she is the representative from the Department of Accounting and General Services (DAGS) to participate on the Board of Water Supply's Commercial and State Advisory Group. The group met last week, and the Board of Water Supply gave an update and they are not putting a moratorium on water for development, but they did advise that in future years they are looking at potential cost of water increases because of the efforts they are going through with Red Hill and with getting more exploratory wells while preparing for the future. We are working on scheduling a meeting date to specifically discuss NASED.

Discussion

Member Tamamoto asked Ms. Kinimaka to expand on her comments about the recycling of the water and the efforts that are being made to be self-sufficient.

Ms. Kinimaka stated that one of the concepts that's been worked on with ENV and portions of the Department of Health (DOH) is looking at providing recycled water from our own on-site usage from having on-site wastewater treatment. BWS gets excited because we are projecting that if we do the full capacity recycled water for our usage in the district, we could reduce our potable water draw by 50%. We would be providing enough recycled water to provide for landscape irrigation, toilet flushing and for the surrounding community. Fortunately, we have the sewer pump station onsite that already feeds water up to a Halawa tank. If we can upgrade that system to an R1 level, we can pump our recycled water to that tank and that tank would provide recycled water to all users from Halawa Valley all the way to the airport. This would be a huge benefit not only to our project but also for our community. We continue to work with ENV and DOH to best see how we can implement those concepts.

Member Yadao commended Ms. Kinimaka and the team on the community outreach including the newsletter and he provided one recommendation. Member Yadao suggested to bring economic information from the website [i.e. ten thousand construction jobs over the next twenty years] to the newsletter along with the Green administration for housing to convey the bigger picture of all the benefits.

Ms. Kinimaka acknowledged his recommendation and will consider it for future newsletters.

4. **Legislative Update**

Senator Wakai stated that he is happy the Governor spoke about NASED and OCCC (Oahu Community Correctional Facility) at his State of the State address for the two major projects in his administration. He is pleased that the project is moving forward. Senator spoke to Manager Andrews and told him that he will be supporting the two budget requests by the Stadium Authority. He reminded the board to not introduce any legislative bills so that the project can move full steam ahead.

Vice Chair Morioka stated the meeting would move into executive session to provide an update on the status of the procurement as well as creating a Permitted Interaction Group (PIG) under New Business when the meeting returns out of executive session. The PIG will allow the Authority to review the Hawaii Administrative Rules (HAR) that pertain to the Stadium Authority.

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

Vice Chair Morioka called for a recess at 9:23 a.m.

(Recess: 9:23 a.m. – 9:31 a.m.)

V. **EXECUTIVE SESSION**

(Meeting reconvened at 10:18 a.m.)

VI. **NEW BUSINESS**

Vice Chair Morioka stated that a PIG needs to be established to review the HAR as it pertains to the Stadium Authority. The PIG would be comprised of Stadium staff Ryan Andrews, Russell Uchida, Ebru Yilmaz-Pedro, Stephen Lee and Stadium Authority Members Kau'i Burgess and Eric Fujimoto.

A MOTION WAS MADE BY MEMBER TAMAMOTO AND SECONDED BY MEMBER FINK TO CREATE A PERMITTED INTERACTION GROUP TO REVIEW THE HAWAII ADMINISTRATIVE RULES AS IT PERTAINS TO THE STADIUM AUTHORITY. THE MOTION WAS UNANIMOUSLY CARRIED.

VII. **ANNOUNCEMENTS**

Vice Chair Morioka stated that the next board meeting is scheduled for Thursday, February 23rd at 8:30 a.m. The meeting will continue to be hybrid with video conference and in-person attendance.

VIII. **ADJOURNMENT**

AT 10:20 A.M. A MOTION WAS MADE BY MEMBER FUJIMOTO AND SECONDED BY MEMBER FINK TO ADJOURN THE MEETING. THE MOTION WAS UNANIMOUSLY CARRIED.



Brennon Morioka
Vice Chair

Recorded by: Colette May
Date: February 23, 2023