



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

---

Testimony Presented Before the  
House Committee on Economic Development  
February 16, 2022 at 10:30 a.m.

by  
Kalbert K. Young  
Vice President for Budget and Finance/Chief Financial Officer  
University of Hawai'i System

### HB 2470 – RELATING TO GOVERNMENT OPERATIONS

Chair Quinlan, Vice Chair Holt, and members of the committee:

Thank you for the opportunity to present testimony today on HB 2470. The University of Hawai'i (UH) supports HB 2470, to the extent that Section 7 allows the UH President to be a voting member of the Stadium Authority.

Considering that the new stadium project is primarily for, and will rely on the UH use of the stadium as a major activity, it is prudent to ensure that UH is a contributing participatory decision maker in the Authority decisions.

The inclusion of the UH President to the Stadium Authority Board originated out of the recognition that UH athletics was a primary anchor of the stadium and a foremost purpose for the stadium itself. This purpose remains a prominent component of the planned new stadium and the broader stadium district project. Having the UH President, or their designee, serve in a full capacity on the Stadium Authority will ensure that the broader project and eventual operation of the completed project has the governance input and involvement of one of the primary users and beneficiaries.

Thank you for this opportunity to testify.

**DAVID Y. IGE**  
GOVERNOR

**CURT T. OTAGURO**  
COMPTROLLER



*An Agency of the State of Hawaii*

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

**RYAN G. ANDREWS**  
DEPUTY MANAGER

TESTIMONY  
OF  
RYAN G. ANDREWS, ACTING STADIUM MANAGER  
ALOHA STADIUM  
STADIUM AUTHORITY  
TO THE  
HOUSE COMMITTEE  
ON  
ECONOMIC DEVELOPMENT

FEBRUARY 16, 2022, 10:30 A.M.  
CONFERENCE ROOM 312 BY VIDEOCONFERENCE

H.B. 2470

RELATING TO GOVERNMENT OPERATIONS

Chairs Quinlan, Vice Chair Holt, and members of the committee, thank you for the opportunity to submit this testimony with comments on H.B. 2470.

With much recognition and appreciation, the Stadium Authority (Authority) would like to take this opportunity to thank the legislature and the Department of Accounting and General Services (DAGS) for its many years of continuous support toward building a New Aloha Stadium Entertainment District (NASED) that includes redevelopment of its surrounding land into a vibrant and robust entertainment district. We would not be at this stage of development if not for the collective and coordinated support from these entities working together to reach project completion. Thank you for your continued support.

From a macro perspective, the Authority understands the intent of the legislature in aggregating enterprise agencies as well as centralizing land development expertise and functions under the Department of Economic Development and Tourism (DBEDT). The Authority is supportive of all efforts to continue the positive progress and momentum that has been established that will drive this project's development through completion.

The Authority greatly appreciates the \$350,000,000 in general obligation bond funding required to support the completion of the State of Hawaii's new sports and entertainment facility.

The Authority also offers the following comments on various Sections of this measure and would respectfully appreciate the legislature's consideration of these recommendations:

**Regarding Section 5:** The Authority respectfully asks for the legislature's support in exempting the Stadium Development Special Fund from its pro-rata share of the departmental administrative assessment. As the NASED project continues on course through project completion, resources are required to provide for and ensure a seamless transition from its current operating model, through an interim decommission/demolition operation, and finally to a new NASED operating model. During this multi-phase process, the Authority recognizes that it will continue to require funding such that every effort to increase revenue and decrease expenses/fees is imperative; this would include an exemption of the administrative assessment fee. An exemption will most assuredly help the Authority address its operating requirements and expenses related to the entire multi-phase transition management process that it now faces and will continue to face in the months ahead. Exemption from the administrative assessment fee will help reduce the need for the Authority to seek additional funding to address the transition management funding requirements.

**Regarding Section 7:** The Authority currently values the presence and participation of the University of Hawaii and the Department of Education as non-voting members. As regular tenants of the facility, the Authority notes that amending their participation to be "voting" members may increase the perceived and/or real conflict of interest in the execution of the Board's responsibilities. Furthermore, there are no other regular tenants currently seated on the board; therefore, the Authority recommends that the ex-officio members from the two agencies remain as non-voting members of the Authority.

It is our understanding that, by separate measure, the Legislature is proposing to amend language in Section 109-1(a) that clarifies and identifies the total number of board members that comprise the Stadium Authority, the district in which two (2) board members represent, as well as defines the area in which two (2) members shall reside. We understand and appreciate the Legislature's support in its review and update of existing statutory language and its alignment with any proposed language that will meet Legislative intent.

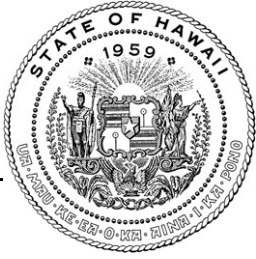
**Regarding Section 11:** Act 146, SLH 2021 designated the Authority as the expending authority for capital improvement projects authorized by this Act. It allows for delegation of this expending authority to other State agencies with the approval of the Governor. This provision has allowed the Authority to delegate the transfer of funds and project implementation to the subject matter expert – DAGS.

We have concern that the proposed language in Section 11 to replace the Authority as the expending agency and transfer this responsibility to DBEDT may be problematic, specific to funds already appropriated, delegated to, and encumbered by DAGS. The Authority respectfully requests that it remain as the expending agency, to include the option to delegate implementation and

transfer of funds to facilitate project completion. We believe this will allow the process to continue seamlessly and minimize the likelihood of delays in sorting out a new process.

The Authority defers to DAGS and the Legislature on the appropriate language that will allow the Authority to receive the additional combination of funding necessary to ensure project completion.

On behalf of the Stadium Authority Board, I thank you for your ongoing support of the NASED project and respectfully ask for your consideration of our concerns noted above. Thank you for the opportunity to provide this testimony with comments on H.B. 2470.



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

**DAVID Y. IGE**  
GOVERNOR  
**MIKE MCCARTNEY**  
DIRECTOR  
**CHUNG I. CHANG**  
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: [dbedt.hawaii.gov](http://dbedt.hawaii.gov)

Telephone: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**MIKE MCCARTNEY**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT**

Wednesday, February 16, 2022  
10:30 AM  
State Capitol, Conference Room 312 & Videoconference

In consideration of  
**HB2470**  
**RELATING TO GOVERNMENT OPERATIONS.**

Chair Quinlan, Vice Chair Holt and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports the intent of HB2470, which establishes the DBEDT director as an ex-officio voting member of the Hawaii Tourism Authority, Stadium Authority and the School Facilities Authority Boards and transfers the Stadium Authority and the School Facilities Authority to DBEDT.

DBEDT agrees with centralizing state functions to gain efficiencies and expertise and will continue discussions to evaluate the current state of personnel, funding, and contracts of the Stadium Authority and the School Facilities Authority to ensure proper transfer of these agencies to DBEDT without operational interruption should these transfers occur.

Thank you for the opportunity to testify.



STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

**Date:** 02/16/2022

**Time:** 10:30 AM

**Location:** 312 Via Videoconference

**Committee:** House Economic  
Development

**Department:** Education

**Person Testifying:** Keith T. Hayashi, Interim Superintendent of Education

**Title of Bill:** HB 2470 RELATING TO GOVERNMENT OPERATIONS.

**Purpose of Bill:** Establishes the Director of Business, Economic Development, and Tourism, or a designee of the Director, as an ex-officio, voting member of the Hawaii Tourism Authority and the School Facilities Authority Board. Transfers the Stadium Authority and the School Facilities Authority from the Department of Accounting and General Services and Department of Education, respectively, to the Department of Business, Economic Development, and Tourism. Requires that administrative expenses incurred for the stadium development special fund be deducted. Increases the amount of general obligation bonds that may be issued for the Stadium Development District.

**Department's Position:**

The Hawaii State Department of Education (Department) provides comments on HB 2470.

The Department has established and maintains an effective working relationship with the School Facilities Authority and its staff. Regardless of where the School Facilities Authority resides, the Department is confident that this relationship will continue and is committed to ensuring adequate facilities for the needs of public school students.

Thank you for the opportunity to provide testimony offering comments on this measure.

DAVID Y. IGE  
GOVERNOR



CURT T. OTAGURO  
COMPTROLLER  
AUDREY HIDANO  
DEPUTY COMPTROLLER

**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**  
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY  
OF  
CURT T. OTAGURO, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE

HOUSE COMMITTEE  
ON  
ECONOMIC DEVELOPMENT

WEDNESDAY, FEBRUARY 16, 2022, 10:30 A.M.  
VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 2470

RELATING TO GOVERNMENT OPERATIONS

Chair Quinlan, Vice Chair Holt, and Members of the Committee, thank you for the opportunity to testify on H.B. 2470. The Department of Accounting and General Services (DAGS) support the overall intent of this bill and offers the following comments and concerns .

DAGS appreciates the legislature's overall support of the New Aloha Stadium Entertainment District (NASED) and the additional \$180,000,000 in general obligation funding. We are concerned, however, that the proposed language in Section 11 may not achieve the desired intent to support seamless progress on the Stadium Development District's progress for the following reasons:

1. Revising the expending authority for the previously appropriated funds may negate the transactions undertaken for funds already delegated by the Stadium Authority to DAGS that are encumbered, especially where encumbered to existing contracts. Instead, DAGS recommends keeping the Stadium Authority as the expending agency, as this designation will be retained wherever they are administratively attached.

2. Further, increasing the authorization to issue general obligation bonds from \$170,000,000 to \$350,000,000 by amending Act 268, Session Laws of Hawaii 2019, section 6, as amended by section 5 of Act 4, Session Laws of Hawaii 2020, as amended by section 18 of Act 146, Session Laws of Hawaii 2021, may not allow for assigning a new funds lapse date of June 30, 2024, as we understand that the lapse date is determined by the project authorization date, not the funds appropriation date. Therefore, merely amending the acts related back to Act 268, Session Laws of Hawaii 2019, may lock the funds lapse date at June 30, 2022. Instead, DAGS recommends that a new project appropriation be established in this bill for the Stadium Development District in the differential amount of \$180,000,000 comprised of \$130,000,000 in general obligation bonds for necessary design and construction costs, and \$50,000,000 in general funds to support the interim operations of the Stadium Authority and the Stadium Development District.

DAGS also concurs with, supports, and defers to the Stadium Authority for consideration to address their additional valid concerns as enumerated in their testimony. At this infancy stage of the New Aloha Stadium Entertainment District, the utmost care must be given to ensure the best, most professional opportunities for success are established.

DAGS will continue to coordinate closely with the Stadium Authority and stakeholders to ensure our on-going project efforts coincide with the future goals to bring benefit in the best interests of the State and its people.

Thank you for the opportunity to testify on this matter.





Hawai'i Convention Center  
1801 Kalākāua Avenue, Honolulu, Hawai'i 96815  
**kelepona** tel 808 973 2255  
**kelepa'i** fax 808 973 2253  
**kahua pa'a** web [hawaii-tourism-authority.org](http://hawaii-tourism-authority.org)

**David Y. Ige**  
*Governor*

**John De Fries**  
*President and Chief Executive Officer*

Statement of  
**JOHN DE FRIES**

Hawai'i Tourism Authority  
before the

**COMMITTEE ON ECONOMIC DEVELOPMENT**

February 16, 2022  
10:30 A.M.  
State Capitol  
via videoconference

In consideration of  
**HOUSE BILL NO. 2470**  
**RELATING TO GOVERNMENT OPERATIONS**

---

Aloha Chair Quinlan, Vice Chair Holt, and members of the Committee on Economic Development,

The Hawai'i Tourism Authority appreciates the opportunity to offer comments on HB2470, which in Part II establishes the Director of Business, Economic Development, and Tourism, or a designee of the Director, as an ex-officio, voting member of the Hawai'i Tourism Authority board. Our comments today are limited to Part II of the act.

As an agency administratively attached to the Department of Business, Economic Development, and Tourism, our staff has and continues to work closely with the Director and his team. We welcome the Director or the Director's designee's membership on our board to further deepen the relationship and involvement in the policy and oversight discussions that take place as part of the board operations.

We appreciate the opportunity to provide these comments on HB2470. Mahalo.

**HB-2470**

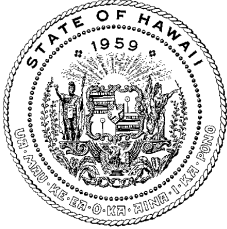
Submitted on: 2/15/2022 10:05:55 AM

Testimony for ECD on 2/16/2022 10:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Christine Kinimaka	DAGS	Support	Yes

Comments:

I will be available to comment on DAGS' written testimony as submitted.



## SCHOOL FACILITIES AUTHORITY

c/o 869 Punchbowl Street, 5<sup>th</sup> Floor, Honolulu, Hawai'i, 96813

IN REPLY REFER TO: **HB2470 ECD**

David Y. Ige  
Governor

Alan Oshima  
Chairperson

February 16, 2022  
10:30 A.M.  
State Capitol, Teleconference

**LATE**

### H.B. 2470 RELATING TO GOVERNMENT OPERATIONS

House Committee on Economic Development

The School Facilities Authority (SFA) provides **comments on part IV of this measure** that proposes to transfer the SFA from the Department of Education to the Department of Business, Economic Development, and Tourism.

The SFA takes no position on the proposed transfer, but notes that the SFA is in its first six months of operations and is currently in the process of promulgating administrative rules on practice and procedure. In addition, the SFA is initiating the process to recruit its first executive director and hire three staff positions. The SFA respectfully requests your committee defer consideration of part IV of the bill until such time that the SFA is well established and fully operational as the operations over the next year can better inform future decisions on the appropriate placement of the authority.

Thank you for the opportunity to provide these comments.