

**Notice of Joint Meeting
UNIVERSITY OF HAWAI'I
BOARD OF REGENTS**

COMMITTEE ON INTERCOLLEGIATE ATHLETICS

Members: Regents Acoba (Chair), Westerman (Vice-Chair), Acopan, Bal, and Higaki

COMMITTEE ON BUDGET AND FINANCE

Members: Regents Sullivan (Chair), Moore (Vice-Chair), Nahale-a, Tagorda, and Westerman

Date: Thursday, February 4, 2021

Time: 9:00 a.m.

Place: Virtual Meeting

In light of the evolving COVID-19 situation, protecting the health and welfare of the community is of utmost concern. As such, this will be a virtual meeting and written testimony and oral testimony will be accepted in lieu of in-person testimony. Meetings may be monitored remotely via the livestream pilot project. See the Board of Regents website for information on accessing the livestream: www.hawaii.edu/bor. Mahalo for your consideration.

AGENDA

I. Call Meeting to Order

II. Public Comment Period for Agenda Items:

All written testimony on agenda items received after posting of this agenda and up to 24 hours in advance of the meeting will be distributed to the board. Late testimony on agenda items will be distributed to the board within 24 hours of receipt. Written testimony may be submitted via the board's website through the testimony link provided on the [Meeting Agendas, Minutes and Materials](#) page. Testimony may also be submitted via email at bor.testimony@hawaii.edu, U.S. mail, or facsimile at (808) 956-5156. All written testimony submitted are public documents. Therefore, any testimony that is submitted for use in the public meeting process is public information and will be posted on the board's website.

Those wishing to provide oral testimony for the virtual meeting may register [here](#). Given constraints with the online format of our meetings, individuals wishing to orally testify must register no later than 7:00 a.m. on the day of the meeting in order to be accommodated. It is highly recommended that written testimony be submitted in addition to registering to provide oral testimony. Oral testimony will be limited to three (3) minutes per testifier.

III. Agenda Items

- A. Review of the Findings and Recommendations of the Athletics Blue Ribbon Committee

- B. Future Financial Projections and Strategies for University of Hawai'i Athletics, including Potential Stadium Facilities Upgrades

IV. Adjournment



University of Hawai'i at Mānoa Athletics

Presentation to

Board of Regents
Committee on Intercollegiate Athletics
Committee on Budget & Finance

Strategic Visioning Committee
(Blue Ribbon Committee)
Update

February 4, 2021



Strategic Visioning Committee (SVC)

Overview

- Strategic Visioning Committee established
- Baseline information shared; series of full committee, subcommittee and ad hoc committee meetings and discussions; advisory recommendations developed
- SVC briefing provided to President Lassner on effort and results
- UHM Athletics working with advisory recommendations developed by the SVC
 - Proceeding with moving forward on selected recommendations
 - Developing plans for remaining recommendations



Strategic Visioning Committee (SVC)

Members & Organization Structure

Laura Beeman – *UH Women's Basketball Head Coach*

Michael Bruno – *UH Mānoa Provost*

Leslie Campaniano – *Directory of External Affairs, Hartung Brothers Hawai'i/AKA*

Tim Dolan – *UH Vice President of Advancement*

Susan Eichor – *Chief Operating Officer, aio*

Christian Fern – *Executive Director of UHPA*

Art Gladstone – *Executive Vice President and Chief Strategy Officer, Hawai'i Pacific Health*

Warren Haruki – *President and CEO, Grove Farm Company; Chairman & CEO, Maui Land and Pineapple*

Denis Isono – *Former 'Ahahui Koa Ānuenue Chair*

Randy Perreira – *Executive Director of HGEA*

Scott Sinnett – *UH Mānoa Athletics Faculty Advisor Representative*

Kent Untermann – *UH Mānoa student-athlete & graduate, Owner, Pictures Plus*

Kent Youel – *UH Foundation Board of Trustees/Retired Coast Guard*

Kalbert Young – *UH Vice President Budget and Finance/CFO*

- Full Committee --Oversight, group discussion & decision making
- Co-Chairs – Michael Bruno & Warren Haruki
- Subcommittees
 - Athletics Organization Structure
 - Facilities
 - Fundraising
 - Financial Model
 - Program Competitive Structure
- Process
 - Concurrent meetings of subcommittees and full committee meeting weekly since September 30th
 - Brainstorming ideas
 - Assessment, discussion, development
 - Recommendations



SVC Report & Summary

Opportunities Abound

- All SVC Recommendations are Included in this Report – **an Ala Carte Menu of Options**
- More analysis, feasibility determinations, union implications, conference approvals, legislative changes, and quantification are required.
- SVC's role is **advisory** and the ultimate decisions will be made by the UH AD, the Manoa Provost, UH President, and the Board of Regents.

Overarching Themes

- **Integrate academics and athletics**
- **Involve students more** in athletics
- Increase partnering with **community**
- Increase **partnering** with relevant entities such as Hawaii Tourism Authority
- Seek out marketing, event management and facility management **outsourcing firms** – and even look to outsource the training staff or other functions
- Increase reach into **Asia Pacific** to **benefit athletics**, increase **international student** enrollment, and to **market Hawai'i more broadly through athletics**.
- **Unprecedented times require bold leadership**, nimble actions, and new and innovative approaches. If not now, when?



Summary of Recommendations

Subcommittee	Title	Incremental Impact		
		Revenues	Expenses	Net
Athletics Organization Structure	• Labor Benefits Cost Reduction		\$1.7M	\$1.7M
	• Alternative Retirement Plans	TBD	TBD	TBD
	• Outsourcing Athletics Department Work	TBD	TBD	TBD
	• Optimizing Athletics Department Organization Structure		\$2.0M	\$2.0M
Facilities	• Fan Experience – Short Term	TBD	TBD	TBD
	• Fan Experience – Long Term	TBD	TBD	TBD
	• Increase External use of UH Venues	TBD	TBD	TBD
	• Partnership with Hawai'i Tourism Authority	TBD	TBD	TBD
	• Legislative Considerations	TBD	TBD	TBD
	• New Stadium Considerations	TBD	TBD	TBD
	• Integrated Plan and Marketing Strategy	TBD	TBD	TBD
	• Grant Support	TBD	TBD	TBD
	• Clubs and Community Support	\$0.1M		\$0.1M

Quantification of Impacts Dependent on Further Analysis by UHAD Staff



Summary of Recommendations

Subcommittee	Title	Incremental Impact		
		Revenues	Expenses	Net
Fundraising	• Licensing	\$0.8M		\$0.8M
	• Fundraising Structure	\$1.0M		\$1.0M
	• Increasing Fan Support	TBD	TBD	TBD
	• Targeted Estate Planning Campaign	TBD	TBD	TBD
	• Athletics Online Apparel Partner	TBD	TBD	TBD
	• “Save Athletics” Fundraiser	TBD	TBD	TBD
	• Value of UH Athletics and Strategic Vision	TBD	TBD	TBD
Financial Model	• Student Athletics Fees	\$1.6M		\$1.6M
	• Administrative Staff Compensation		\$0.7M	\$0.7M
	• Coaching Staff Compensation		\$0.7M	\$0.7M
	• Procurement Exemption		\$0.1M	\$0.1M
	• UH Athletics Bringing in Foreign Tourists		TBD	TBD
	• UH Athletics Media Exposure in the Pacific Rim	TBD	TBD	TBD
	• Administrative and Operating Cost Mgmt	TBD	\$4.0M	\$4.0M
Program Competitive Structure	• Collegiate Athletics Program	na	na	na
	• Competitive Level	na	na	na
	• Conference Alignment(s)	na	na	na
	• Conference Subsidies		\$1.2M	\$1.2M
	• Number of Sports Fielded*	na	na	na

* Recommendation is to not eliminate any sports unless needed as a “last resort”.



Athletics Organization Structure

Fundamental Recommendations

Factor	Description
Athletics Program	Important for University to continue to have an athletics program for University, students, student athletes, community and state.
Competitive Level	Continue to compete at the NCAA Division I level.
Conference Alignment	UHM Athletics should continue in current conference alignments.



Category of Recommendations

Recommendations offered by SVC can be organized into categories

Category	Examples of Recommendations by Category	
Basic Structure of Athletics	<ul style="list-style-type: none">• Athletics program• Competitive level• Conference alignment	<ul style="list-style-type: none">• Size of program• Conference subsidies
Direct Revenues	<ul style="list-style-type: none">• Student athletic fee• Increase external use of athletics' facilities• Licensing revenues	<ul style="list-style-type: none">• Partner with parties such as HTA• Market UH events to foreign tourists
Indirect Revenues	<ul style="list-style-type: none">• Fan engagement/experience• Marketing & communication strategies	<ul style="list-style-type: none">• Expand UH exposure in Pacific Basin
Fundraising	<ul style="list-style-type: none">• Fundraising structure• Estate giving program• "Save Athletics" initiative	<ul style="list-style-type: none">• Grant support
Direct Expenses	<ul style="list-style-type: none">• Labor benefits cost reduction• Alternative retirement plans• Outsourcing	<ul style="list-style-type: none">• Adjusting staff & coaches compensation and positions• Operating and administrative cost control
New Stadium	<ul style="list-style-type: none">• Increased revenues• Decreased expenses	<ul style="list-style-type: none">• Fan engagement/experience



Factors to Consider in Evaluating Recommendations

Factor	Description
Financial Impact	Size of potential financial impact to Athletics' bottom line
Timeframe for Benefits	How soon/long would it take to start realizing benefits from implementing the recommendation(s)
Resources to Implement	Nature and amount of resources required to implement the recommendation(s)
Enablers Required	Levels of approvals or other "enablers" that would be required in order for Athletics to move ahead with implementation of recommendation(s)
Conditions for Success	"Environmental" or other conditions that can contribute to success in implementation <ul style="list-style-type: none">• Including impacts of COVID (e.g., no fans attending events)

Considering the various factors when evaluating the recommendations offered, allows Athletics to plan how best to proceed with the opportunities presented



Initial Action on Recommendations

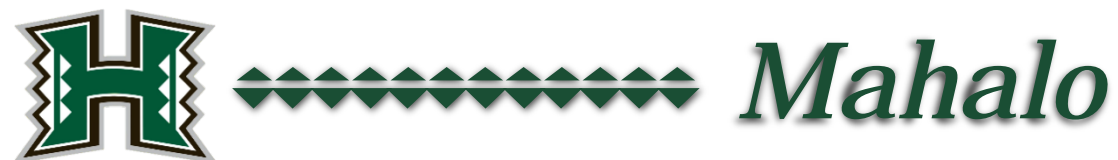
- Administrative and operating cost management
- Staff compensation and optimization
- Student athletics fee
- Licensing
- Partnership with HTA
- Targeting estate planning
- Fundraising structure
- External use of Athletics' facilities
- Legislative labor benefits cost reduction
- Legislative CIP and operating funding consideration
- Legislative alternative retirement benefits plan
- Foreign tourists at UH events
- New stadium



Outlook

Continue to build on the efforts of the Strategic Visioning Committee and the recommendations offered for consideration by UHM Athletics

- Continue to work on recommendations already being acted upon
- Develop plans on how to address all recommendations
- Continue to update UH and Board of Regents on progress





University of Hawai'i at Mānoa Athletics

Presentation to

Board of Regents
Committee on Budget & Finance
Committee on Intercollegiate Athletics

Financial Update
& Potential Stadium Facilities Upgrades

February 4, 2021



Financial Update



UHM Athletics

Adjusting to COVID-19 Impacts

COVID-19 resulted in significant reductions in revenues for UHM Athletics which have been partially offset by significant managed reductions in operating expenses

	<u>FY2021 Estimated</u>
Revenues	<u>(\$14,226,042)</u>
Expenses	
Salaries, Wages & Benefits	\$2,466,873
Reduced Team Travel Costs	2,632,493
Supplemental Meals Reduction	121,354
Administrative Department	524,562
Guarantees	1,472,325
Recruiting	540,060
Team (Materials & Supplies, Other)	287,421
Sport Camps & Facilities Rental	<u>630,000</u>
Total	<u>\$8,675,088</u>
Net Impact from COVID-19	<u>(\$5,550,954)</u>



UHM Athletics

Long Term Financial Results & Estimates

	2019 Pre-COVID	2020	2021	2022	2023	2024	2025
Budgeted/Projected (Pre-COVID)							
Revenues	--	\$39.9M	\$42.1M	\$41.3M	\$42.8M	\$41.1M	\$42.2M
Expenses	--	43.1M	44.9M	44.1M	45.4M	45.5M	46.9M
Net	--	(\$3.2M)	(\$2.8M)	(\$2.8M)	(\$2.6M)	(\$4.4M)	(\$4.7M)
COVID Impact							
Revenues	--	(\$1.9M)	(\$14.2M)	(\$2.1M)	(\$1.5M)		
Expenses	--	(1.3M)	(8.7M)	(0.0M)	(\$0.0M)		
Net	--	(\$0.6M)	(\$5.5M)	(\$2.1M)	(\$1.5M)		
Current Projections							
Revenues	\$40.3M	\$38.0M	\$27.9M	\$39.2M	\$41.3M	\$41.1M	\$42.2M
Expenses	43.2M	41.8M	36.2M	44.1M	45.4M	45.5M	46.9M
Net	(\$2.9M)	(\$3.8M)	(\$8.3M)	(\$4.9M)	(\$4.1M)	(\$4.4M)	(\$4.7M)
Stadium Change				(\$0.4M)	(\$0.4M)	(\$0.4M)	--
Strategic Visioning Committee							
Student Fees					0.4M	0.9M	1.3M
Labor Benefits Cost Reduction				1.7M	1.7M	1.7M	1.7M
Fundraising				0.3M	0.5M	0.8M	1.0M
Licensing					0.2M	0.4M	0.5M
New Stadium							2.0M
Net	(\$2.9M)	(\$3.8M)	(\$8.3M)	(\$3.3M)	(\$1.4M)	(\$1.0M)	\$1.8M

Illustrative example of possible impact and timing of SVC recommendations on future financial results. SVC recommendations are currently being reviewed for implementation.



Potential Stadium Facilities Upgrades

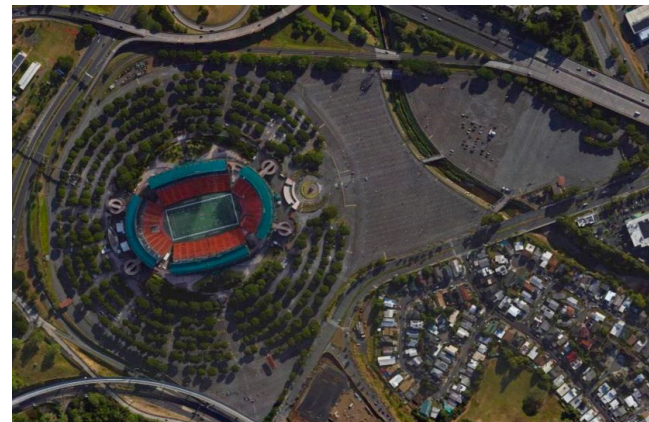


Aloha Stadium

Impact on UH Football

Impact of Aloha Stadium on UHM Athletics:

- “Home” for UH Football (6-7 home games annually)
- Revenues
 - Ticket sales & seat premiums - \$4.4M
 - Priority parking - \$0.7M
 - Venue for games allows UHM Athletics to realize other revenues such as TV, radio and corporate sponsorships
- Allows for large reserved section for students
- Key part of “package” in recruiting prospective student athletes to Hawai‘i



- Aloha Stadium provides “stadium-scale” seating, parking, concessions and other amenities
 - Seating Capacity: 50,000
 - Parking (tailgating space): 8,000 cars, 150 buses
- An effective facility over the years, but lacking in today’s standard amenities and in deteriorated condition
- Demolition of stadium requires UH to find a new home for UH Football



Factors/Alternatives Considered

Factors

A wide range of factors were considered when identifying a suitable location for hosting UH Football home games:

- Ability to meet health and safety of players and fans (including COVID protocols)
- Facilities that will meet NCAA and conference requirements, or qualify for waivers
- Opportunity to realize revenues
- Reasonable start up costs and controlled operational costs
- Minimize disruptions to surrounding communities
- Access for students to attend
- Improved control over the “fan/game day” experience for fans

Alternatives

Number of alternatives were considered as a way to address the lack of a “home field” for UH Football to play its home games. Among those considered were:

- All games on the “road”
- Existing fields that are off campus (e.g., high school fields)
- Neighbor island venues



Clarence TC Ching Athletic Complex

Summary of Selection

Decision to utilize the Clarence TC Ching Athletic Complex as the home field for UH Football (while the stadium is not available):

- Existing facility that could best be adapted, in short time, to meet minimum requirements to host UH Football games
- Access to UHM Athletics existing health and safety facilities on lower campus
- Convenient access for UH students
- Athletics' facilities have accommodated crowds similar to what might be expected for UH Football
- Provide opportunity for UH Football related revenues which is critical for all UHM Athletics' programs
- Continue to allow Hawai'i fans access to games either in person or on TV or radio
- Will allow greater control over the fan and game day experience associated with the games



UNIVERSITY of HAWAI'I NEWS

Academic Research People Community

UH football to host season games on Mānoa campus

January 11, 2021 UH News





Clarence TC Ching Athletic Complex

Getting it Game Day Ready

A team is identifying and managing all the changes needed to accommodate UH Football on campus. Given the short time to prepare to host home games, not all improvements might be in place for the first home game or season. Examples of improvements:

- Turf – Existing turf has passed service life and cannot continue to be adequately repaired and maintained. A replacement field is already in progress for installation.
- Seating – Current complex seating for 3,585. Hope to increase seating with additional bleachers along the makai side line and end zones with a target of 10,000 seats total.
- Restrooms – Supplement existing restrooms with temporary facilities to accommodate expected crowd size
- Pressbox – Build out existing complex areas to accommodate a pressbox
- Communications Infrastructure – Various communications needs such as communications cabling to and from the field and installation of a public address system
- Scoreboard – Purchase new or relocate the existing Aloha Stadium scoreboard
- Concessions/Merchandising – Provide food and beverage and merchandising options to accommodate fan expectations
- Space – Identifying existing and/or providing new temporary spaces such as: visiting team locker room, game officials locker room, shipping container and equipment storage, etc.

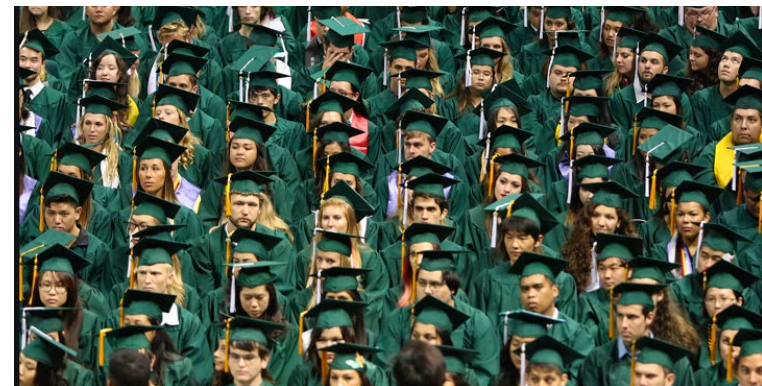
If unavailability of stadium extends beyond few years, then further improvements may be required.



Accommodating UH Football Fans on Lower Campus

Anticipate 10,000 fans attending a UH Football game can be accommodated based on:

- “Simplifi Arena at the Stan Sheriff Center” hosts games at its full capacity (10,000)
- Dual athletics events on campus (e.g., Baseball and Basketball) attract combined number of fans exceeding 10,000
- UH graduation ceremonies estimated to attract ~20,000 to campus
- When parking is expected to be exceeded in the parking structure in the lower campus, upper campus areas are made available
- Traffic flow for 10,000 has been accommodated regularly
- Expected that there will only be 6 – 7 home Football games a year





Clarence TC Ching Athletic Complex

Outlook

- Continue to develop plans for hosting UH Football at Clarence TC Ching Complex
- Identify improvements and develop estimates of costs
 - Work with Stadium Authority and other stakeholders to see what can be “borrowed” to minimize costs
- Identify funding that can offset costs
- Meet with the surrounding community and other stakeholders to provide information and identify concerns
- Address NCAA and conference requirements that may be impacted by playing at Clarence TC Ching Complex
- Continue dialogue with Stadium Authority and others regarding the new stadium plans



Clarence TC Ching Athletic Complex

Current Improvements Estimates

Description	Operating	CIP	Notes
Operating Fund (non personnel)			
Temporary Grandstands	\$1,800,000	- -	Note 1
Other (e.g., Porta Potties, Shuttles)	TBD		
CIP Funds – FY22			
Add benches to Ching Complex bleachers		\$200,000	
Relocate Aloha Stadium Scoreboards, Video Boards, and Game Clocks. Ewa Scoreboard and Sound System		\$1,163,593	
Pole Vault / High Jump Relocation		\$150,000	
Ching Complex Concession Rooms		\$712,000	
Consultant Estimate for Additional Improvements for Hosting Football (Press Box, Electrical, etc.)		\$2,000,000	Note 2
Total	\$1,800,000	\$4,225,593	
Note 1: Also required for FY22, FY23, FY24 (~\$5.4M), initial quote			
Note 2: Consultant estimate (MAI), \$1.65M plus escalation and contingency			

Identification of improvements is ongoing and cost estimates will continue to be refined





Aloha Stadium / New Stadium

Partnering for the Future

- UH remains committed to working with Stadium Authority as a new stadium is a “game changer” for any college program
- Significant opportunities with new stadium, for example:
 - Complex of surrounding businesses and entertainment that could lure fans and public to the area
 - Up-to-date stadium amenities to improve game day fan experience, generate revenues and encourage repeat attendance
 - Home field venue that can be an asset in attracting future recruits for UH Football
- Aloha Stadium / University of Hawai‘i partnership in bringing college football to Hawai‘i
 - Existing terms for UH use of Aloha Stadium compare unfavorably to peer college programs
 - New stadium presents opportunities for all parties with a “bigger pie”
 - University provided to Stadium Authority proposed improvement in its representation in the new stadium process, as well as future terms that would make UH more comparable across collegiate athletics





  *Mahalo*