



KA HĀLĀWAI KŪMAU A KE KŌMIKE MO'OHELU KĀLĀ, 'OIHANA KĀLĀ,
A ME KE KIKOWAENA HĀLĀWAI O HAWAII
KE'ENA KULEANA HO'OKIPA O HAWAII

**BUDGET, FINANCE, AND CONVENTION CENTER
STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY**

HĀLĀWAI KELEKA'A'IKE
VIRTUAL MEETING

Pō'akolu, 24 Ianuali 2024, 9:30 a.m.
Wednesday, January 24, 2024 at 9:30 a.m.

E ho'olele 'iwa'ia ka hālāwai ma o ka Zoom. Meeting will be live streaming via Zoom.

<https://us06web.zoom.us/j/81606748960>

E noi 'ia paha 'oe e kāinoa me kou inoa a leka uila paha. E 'olu'olu, e ho'okomo i kou inoa piha akā hiki nō iā 'oe ke ho'ohana i ka inoa kapakapa e like me kou makemake.

You may be asked to enter your name or email. The Board requests that you enter your full name, but you may use a pseudonym or other identifier if you wish to remain anonymous.

Kelepona / Call In: 1-669-444-9171
Helu Hālāwai / Webinar ID: 816 0674 8960

Hiki i ka lehulehu ke hō'ike mana'o ma o ka palapala a i 'ole ma o ka waha. E kau palena 'ia ka hō'ike mana'o waha (ma ke kino a i 'ole ma o ka Zoom) he 'elima minuke ka lō'ihī no kēlā me kēia kumuhana. E kāinoa no ka hō'ike mana'o waha ma ke pākaukau ho'okipa ma ka lumi hālāwai. E kāinoa no ka hō'ike mana'o waha ma o ka Zoom ma o ke pihi "Q&A."

Members of the public may provide written or oral testimony on agenda items. Oral testimony (in-person or via Zoom) will be limited to five minutes for each testifier per agenda item. Signup for oral testimony via Zoom will be accepted through the Q&A feature on Zoom.

E ho'ohui 'ia nā palapala hō'ike mana'o i hiki ma ka pū'olo hālāwai. E leka uila 'ia nā palapala iā Carole Hagihara-Loo ma carole@gohta.net, a i 'ole, e lawe kino 'ia i ke ke'ena. No nā palapala hō'ike mana'o i hō'ea mai ma hope o ka pa'a o ka pū'olo hālāwai (he 48 hola ma mua o ka hālāwai), e kāka'ahi 'ia nā kope i ke kōmike a e mākaukau no ka 'ike 'ia e ke anaina ma ka hālāwai.

Written testimony received ahead of the preparation of the committee packet will be included in the packet. Email written testimony to Carole Hagihara-Loo at Carole@gohta.net or hand-deliver or send via postal mail to the Hawaii'i Tourism Authority office, 1801 Kalākaua Avenue, 1st Floor, Honolulu, HI 96815. Written testimony received after the issuance of the board packet (48 hours ahead of the meeting) will be distributed to the committee.

AGENDA

1. *Ho'omaka a Wehena*
Call to Order and Opening Protocol
2. *Kikolā*
Roll Call to Announce Name of Participating Board Members and to Identify Who Else is Present with Board Member if Location is Nonpublic
3. *'Āpono Mo'olelo Hālāwai*
Approval of Minutes of the November 20, 2023 Budget, Finance, and Convention Center Standing Committee Meeting
4. *Hō'ike'ike, Kūkā, a Hana no ko ke Ke'ena Kuleana Ho'okipa o Hawai'i Mo'olelo Kālā no Kēkēmapa 2023*
Presentation, Discussion, and Action on the Hawai'i Tourism Authority (HTA's) December 2023 Financial Report; Recommend Approval
5. *Hō'ike'ike, Kūkā a Kī'ina Hana no ko ke Kikowaena Hālāwai o Hawai'i Palapala Hō'ike Kālā no Kēkēmapa 2022 a me ka 'Ikepili Hou ma ko ke Kikowaena Hālāwai o Hawai'i Papa Hana CIP no 6 Makahiki*
Presentation, Discussion, and Action on the Hawai'i Convention Center's December 2023 Report and Update on the Hawai'i Convention Center's 6-Year CIP Plan; Recommend Approval
6. *Ho'oku'u*
Adjournment

*** *Aha Ho'okō: Ua hiki i ka Papa Alaka'i ke mālama i kekahi hālāwai kūhelu i kū i ka Hawai'i Revised Statutes (HRS) § 92-4. E mālama 'ia kēia hālāwai kūhelu nei ma lalo o ka § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) no ka pono o ko ka Papa Alaka'i kūkā a ho'oholo 'ana i nā nīnūnē a nīnau i pili i ko ka Papa Alaka'i kuleana me ko ka Papa Alaka'i loio. He hālāwai kūhelu kēia i 'ole paulele 'ia ka 'ikepili a i mea ho'i e mālama kūpono ai i ko Hawai'i 'ano, he wahi i kipa mau 'ia e nā malihini.*

*** **Executive Meeting:** The Board may conduct an executive meeting closed to the public pursuant to Hawai'i Revised Statutes (HRS) § 92-4. The executive session will be conducted pursuant to HRS § 92-5 (a) (2), § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) for the purpose of consulting with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities; to consider hiring and evaluation of officers or employees, where consideration of matters affecting privacy will be involved; and to discuss information that must be kept confidential to protect Hawai'i's competitive advantage as a visitor destination.

Inā he lawelawe a mea like paha e pono ai ke kīnānā, e ho'oka'a'ike aku me Carole Hagihara-Loo ma (808)-973-2289 a ma ka leka uila e like me ka wikiwiki i hiki, 'a'ole ho'i a ma 'ō aku o ka 'elua lā ma mua o ka hālāwai. Inā 'ike 'ia he noi i ka lā ma mua o ka hālāwai, e ho'ā'o mākou e

'imi i ka lawelawe a mea like paha, 'a'ole na'e ho'i e hiki ke ho'ohiki 'ia ke kō o ua noi lā. Ua noa pū kēia ho'olaha ma nā kino 'oko'a e like me ka mea pono.

If you need an auxiliary aid/service or other accommodation due to a disability, contact Carole Hagihara-Loo at (808) 973-2289 or carole@gohta.net as soon as possible, preferably no later than 2 days prior to the meeting. **Requests made as early as possible have a greater likelihood of being fulfilled.** Upon request, this notice is available in alternative/accessible formats.

E like nō me ka 'ōlelo o ke Kānāwai Hawai'i i ho'oholo 'ia māhele 92-32.7, e mālama ana ke Ke'ena Kuleana Ho'okipa o Hawai'i i kekahi wahi e hiki ai ka po'e o ka lehulehu ke noho a komo pū ma nā hālāwai ma o ka ho'ohana 'ana i ka 'enehana pāpaho (ICT). Aia ana kēia 'enehana pāpaho ma ka papahale mua o ka lumi ho'okipa i mua o ke Ke'ena Kuleana Ho'okipa o Hawai'i ma ke Kikowaena Hālāwai O Hawai'i. 'O 1801 Kalākaua Avenue, Honolulu, Hawai'i, 96815 ka helu wahi.

In accordance with HRS section 92-3.7, the Hawai'i Tourism Authority will establish a remote viewing area for members of the public and board members to view and participate in meetings held using interactive conference technology (ICT). The ICT audiovisual connection will be located on the 1st Floor in the Lobby area fronting the Hawai'i Tourism Authority at the Hawai'i Convention Center at 1801 Kalākaua Avenue, Honolulu, Hawai'i, 96815.

3

Approval of Minutes of the November 20, 2023 Budget, Finance, and Convention Center Standing Committee Meeting



Ke'ena Kuleana Ho'opipa O Hawai'i
1801 Kalākaua Avenue
Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
hawaii tourismauthority.org

**BUDGET, FINANCE, AND CONVENTION CENTER STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Monday, November 20, 2023, at 1:30 p.m.**

Virtual Meeting

MINUTES OF THE BUDGET, FINANCE & CONVENTION CENTER STANDING COMMITTEE MEETING

MEMBERS PRESENT:	David Arakawa (Chair), Kimberly Agas (Vice-Chair), Blaine Miyasato, Mike White
MEMBERS NOT PRESENT:	Jame McCully, James Tokioka (Ex Officio, DBEDT Director)
NON-VOTING MEMBERS:	Dylan Ching, Stephanie Iona
HTA STAFF PRESENT:	Daniel Nāho'opi'i, Kalani Ka'anā'anā, Isaac Choy, Caroline Anderson, Talon Kishi, Ilihia Gionson, Maka Casson-Fisher
GUESTS:	Teri Orton, John Reyes
LEGAL COUNSEL:	John Cole

1. Call to Order and Opening Protocol

Mr. Kishi called the meeting to order at 1:31 p.m. Mr. Casson-Fisher opened the meeting by analogizing the moon phases and saying that traditional knowledge helps guide the Board members.

2. Roll Call to Announce Name of Participating Board Members and to Identify Who Else is Present with Board Member if Location is Nonpublic

Mr. Kishi did the roll call. All confirmed in attendance, and that they were alone.

3. Approval of Minutes of the October 25, 2023, Budget, Finance, and Convention Center Standing Committee Meeting

Chair Arakawa made a motion to approve the October 25, 2023, minutes, and Ms. Agas seconded. There were no comments from the committee members nor the public. Mr. Kishi did the roll call, and the motion passed unanimously.

4. Presentation, Discussion, and Action on the Hawai'i Tourism Authority (HTA's) October 2023 Financial Report; Recommend Approval

Chair Arakawa made a motion to recommend the approval of the HTA's October 2023 Financial Report, and Ms. Agas seconded.

Mr. Choy said the financial statement is standard for the month, with the same format as used before. They are spending slightly more money. Funds are still the same. Nothing on the balance sheet or income statement is unusual. There were no questions.

Mr. Choy said the only cash movement was the Emergency Fund, which had not been spent as of October 31, 2023. \$4 million is sitting in the Bank of Hawaii's investment account. \$1 million is with Mr. Kishi in the Bank of Hawai'i account, which Mr. Kishi has control over. Mr. Miyasato said the committee responsible for allocating the Emergency Funds has been meeting weekly and putting in a lot of effort. He understood they had already selected a firm, SMS, to help them with data. The price tag is \$75,000. He asked if that came out of the Emergency Fund. Mr. Choy said he had heard no word of that.

Chair Arakawa said the process is that the appropriate staff handling the contract would send the contract, invoice, or paperwork to the accounting office, Mr. Kishi and Mr. Choy. Therefore, they would not know that until the staff responsible sent them the information. Mr. Miyasato said he was led to believe that the funding would come out of the Emergency Fund. Mr. Ka'anā'anā said the \$250,000 is for the various expenses related to the shelter, FedEx, etc. Mr. Choy said these were for all transactions through October 31, 2023. The items Mr. Ka'anā'anā spoke about are in November 2023 and will be reported in the following month. Ms. Anderson said the SMS contract is \$99,000 from the Maui DMAP budget line item. Mr. Miyasato noted that the request to issue the study came out of the Disaster Response PIG. Ms. Anderson said she thought she could not use the \$5 million yet, so she used the DMAP funds. Mr. Choy said the governor removed the \$64 million for the HCC roof repair. It will go to the Maui wildfire recovery efforts. He said there is no cause for concern as the BFCC has included \$64 million in their ask for capital improvement funds in the next legislature. The project is not in jeopardy and is still on budget and schedule. They will be using the leftover money from the \$15 million bond funds for the consultants. The timeline has not changed. The project manager and

construction manager have been contracted. They are looking for an architect for the plans. They should have the working plans ready to bid by June 2024, when they enter into contracts with the contractor. This will probably take another year for permits and supplies. They will begin construction at the end of 2025, which should be done by mid- or late 2026. Chair Arakawa said they asked all the presenters to do a bullet sheet.

Mr. Miyasato asked if Mr. Nāho'opi'i could figure out a way from a PR perspective to encapsulate what Mr. Choy had just said. Mr. Choy said it was clearly articulated in this morning's newspaper. Mr. Nāho'opi'i said the media reached out for comments and provided the same information that Mr. Choy mentioned. Chair Arakawa said they can elaborate on the bullet point summary before the BOD. There were no further questions. Mr. Kishi did the roll call, and the motion passed unanimously.

5. Presentation, Discussion, and Action on the Hawai'i Convention Center's October 2023 Report and Update on the Hawai'i Convention Center's 6-Year CIP Plan; Recommend Approval

Chair Arakawa made a motion to recommend the approval of the HCC October 2023 report and update the HCC 6-year CIP plan. Ms. Agas seconded. Chair Arakawa opened the floor for discussions.

Ms. Orton said that the HCC saw a mix of citywide conventions and local bookings for October. She welcomed back two citywide events, the American College of Chest Physicians and National Pest Management. They hosted thirty-five licensed events in October, which is ten more than initially budgeted. In addition, they continued to house the Department of Economic Development and the Federal Emergency Management Association in support of the Maui fires. The total facility revenue exceeded \$2.6 million, which included \$176,000 of other income, which Mr. Choy asked them to keep separate. The net income was \$353,500 for the month. It is the fourth consecutive month of hosting positive bottom-line revenue.

She highlighted the other income from transferring R&M funds from the savings account into a government treasure obligation, which yielded higher returns, almost 5%, meaning a \$1 million interest income for the year. She spoke about the HCC FY reforecast versus budget. For FY2024 they are reforecasting gross revenues of \$22.7 million, the highest grossing revenue the HCC has seen since opening. This includes a \$1.1 million interest income mentioned and a facility net loss of \$2.4 million, which is \$3 million under budget. Even adjusting for removing the \$1.1 million interest, they forecast a very strong financial year compared to the budget. ROI is \$23.16. The historical ROI has increased since having citywides in-house.

Ms. Orton highlighted recent HCC events. The 2023 Fall Honolulu National College Fair has about 5,000 attendees. The Hawai'i Food & Wine Festival had about 700 attendees. The Society for Social Studies of Science Annual Meeting had over 1,000 attendees. Upcoming events include the Honolulu Mineral, Fossil, Gem & Jewelry Show, a repeat event with about 10,000 attendees. They are hosting Applied Materials FTC 2023, a citywide event with nearly 1,300 attendees. The forecast for food and beverage is peaking at \$1 million. They are repeat customers. The 2023 Honolulu Marathon Expo takes place at the end of the year. She shared a video about food and beverage for the sales team to get more business in the HCC.

Ms. Orton spoke about the Carbon Offset Program. The last two citywide conferences participated in the program. Participating events included:

- CHEST 2023 (42 trees)
- 2023 International Conference on Machine Learning (36 trees)

Local events included:

- 2023 Made in Hawai'i Festival (12 trees)
- 2023 Okinawan Festival (11 trees)

The program is an opt-out program, and they share the benefits of participating in the programs with the meeting organizers. It is based on rentable space. The more space they use, the more trees they plant. Some CHEST physicians went out and planted the trees themselves.

She highlighted R&M programs on behalf of Ms. Tait. The top project was the exterior building painting. They have received two proposals and are working with the project management company to map out logistics. They will hopefully complete evaluations by the end of November. The replacement chillers have arrived on the island, and the permit applications have been submitted. They are targeting installation in Q2 of 2024. The third-floor exterior planter project includes the third-floor planters on the Kalākaua Avenue and Ala Wai Canal side of the building, all the planters in the parking lot, and the eye-level grand staircase area. The RFP was awarded to D&D Construction, and they are in the middle of finalizing the contract. The escalator replacement has been an ongoing struggle to keep them up and running during events in the convention center. The project was moved out because they were focused on the leak repair projects, but since then, they have moved it up. The RFP is in the final stages of review, and they are aiming to issue the RFP by the end of the year to start phasing the replacement of all the escalators in the building, which are mostly twenty-five years old. House sound and LED lighting upgrade proposals, are due mid-December. They hope to get those projects moving as well. They will issue a design bid and bill RFP for the ballroom and lobby glass project and the Kalākaua exterior wall repair for the next month or two. They will request qualifications for architectural services as well. Mr. Kishi did the roll call, and the motion passed unanimously.

6. Presentation and Discussion Regarding an Update of the Meetings, Conventions and Incentives Market Activity and Pace Report, and Hawai'i Convention Center Activity and Local Sales

Mr. Reyes said there was \$600,000 towards Maui's recovery. He gave an update. They identified four strategic partnerships. One was with North Star Meetings, a premier global travel industry publication. Destination Hawai'i was held on November 7 through November 9 in Maui. They had over thirty-eight customers and were able to upgrade their sponsorship. They did a global webinar on Maui promoting the visitation to Maui for meetings, conventions, and incentives, and it was run the previous week with great attendance. They are going to formalize two additional strategic partnerships. Many people have spoken about the importance of corporate. CEEMA will reach the end-user on the corporate side. He said they are one of three sponsors in Philadelphia and Boston, presenting to 30 and 35 corporate event marketers to discuss Maui. Incentive businesses account for 38% of the total room night production, and many customers attend the Incentive Research Foundation. They are looking to form a strategic partnership with them. He said that they saved two groups for Maui through the retention dollars. One is the need for transportation, and the other one is the Maui Gym Invitational, which was important. It is coming back to Maui the following year. They had to ensure the invitational did not go to California or North Carolina.

For Sales Production, the two reports are for a new volume of events and room nights for any future year. Consumption is what is on the books and where they fall through the year. Room nights on a monthly perspective are down 19%, but they still had good definite room night production for October compared to 2022. Definite room nights from 2023 to 2022 are over 78%, with 106,000 definite room nights that fall into different years. The exciting part is the opportunity for tentative room nights, up by 53%. From a Future Pace consumption, they are 128% ahead of pace in 2024. That means that based on historical forecasting, they should be at about 68,205 but are at 87,000, so they are ahead. Regarding booking trends, the good news is that they have added one new event for 2024, 2025, and 2027. They went from fifty-nine events the previous month to sixty-two events. He reminded the committee that the HCC is about collaborating on production and event goals. For 2024, they have introduced individual event goals to ensure they focus on room nights and events. They are targeting tentative events for 2026, 2028, and 2029. From a future-paced definite event, they have fourteen events on the books, with their target being nine. They are 56% ahead. They want to book more events, and their goal is to book 28 citywide events, so they have 14 left to book. 2026, 2028, and 2029 show that they have to be focused as a team in those areas. For 2024, they are trying to close four events; for 2025, they want five events; and for 2026, they want to close three events.

Chair Arakawa asked Mr. Reyes to elaborate on the Marketing Opportunity Fund and why it is important in helping to close major deals. He said that is the MFF, the Marketing Flexibility Fund. They wanted to ensure they were using that incentive fund to close business. Every major destination has an incentive fund, but as a citywide team, they use it when they are up against other destinations. Three significant obstacles are the perception of a Las Vegas destination, the cost of having a citywide event through logistics and tradeshow, transportation of goods through freight, and the length of planning. They have a budgeted MFF per year, and they review it. There is a worksheet formula where they must have a minimum of four times return to the state, or the center has to make money. The MFF allows them to be competitive. There is currently \$850,000. Mr. Ka'anā'anā noted that the MFF was reduced in the FY2024 budget and FY2025, and the constraints with their budget have continued to force many of the budget lines to become smaller.

Mr. Miyasato said he supports prioritizing from a budget perspective, spending with ROI attached. He asked if there is a correlation between booking trends and FIT. Mr. Reyes said there is a strong correlation between the two.

Ms. Agas asked about insights for the drop in 2026. Mr. Reyes said it was because customers had to postpone events. He said the team is positive about 2025 because customers are behind schedule, and there is a better opportunity to book more events for 2026. San Diego is an aggressive competitor as it is getting a new convention center and hotel.

Chair Arakawa suggested working on a message to go out to the public about bookings on time and within budget and that repairs will not be delayed. However, the money has been adjusted, and the source is different. He said third-party validation is helpful. Ms. Orton said that after the first article in Pacific Business News she received a lot of calls from concerned meeting planners. She said factual information needs to be obtained with assurances that funding will take place and the project will move forward as planned; it will put the minds of a lot of meeting planners at rest.

Mr. Nāho'opi'i said they rely on their contractors to push out to the industry level. Mr. Gionson said Mr. Monahan had requested a letter to that effect on Friday. Chair Arakawa mentioned Form B. He asked about the status of hiring the corporate citywide seller. Mr. Reyes said they have an all-star they are talking to at the moment. Mr. Ka'anā'anā said the incremental funding related to hiring that person and the programmatic funds tied to it depends on Board action on November 30. Once that is done, they can proceed with contract paperwork.

7. Discussion and/or Action on Funding of the Additional Marketing Services Approved by the Board to Address Recovery in FY24

Mr. Kishi shared the file, which was also posted on the website. Chair Arakawa said for those branding incremental requests they need to look at how they will be funding them. Some will be from money that has not been spent yet, from program savings, and some from program cuts. There were comments about sporting event spending. He said the staff and members of the Branding Standing Committee agreed that they should save funding for major sports events that showcase and bring people to Hawai'i. The Branding Standing Committee asked that they look at the timing of certain events to save funding for certain events. The program cuts were discussed in the Branding Standing Committee meeting. Chair Arakawa recommended a motion to support the recommendations of the Branding Standing Committee on the incremental requests, savings, cuts, and sources list. Ms. Agas seconded. Mr. Nāho'opi'i suggested an amendment. Since they are in the BFCC, they are looking at only the fiscal year 2024 funding and the cash flow. Anything outside the FY2024 should not be included in the request and put it into the FY2025, which will be shown at the Board meeting as well. Mr. Kishi did the roll call, and the motion was passed unanimously.

8. Presentation, Discussion, and Action on Form A (FY 25 Supplemental Budget Request to DBEDT) and Form B (B&F and Governor's Budget to Departments)

Form A asks for \$69 million for the HTA. Mr. Choy elaborated. Form A is the departmental budget. For Form B, the BNF Director and governor will take Form A and modify it. In December, they will have an opportunity to modify the budget at the next Board meeting. That testimony will go to the legislative branch of government. They are currently going through this exercise in the executive branch of government. The budget starts with the House of Representatives, which will deliberate on that and may change it. After that, it goes to the Senate, and the HTA will have another opportunity to see the changes the House made and testify for the amount. Both chambers then go into a conference and come out with the final say. By that time, they will know the budget. The governor will get that request and could still line item or veto the budget. Until July, they will not know what the exact budget will be.

Chair Arakawa said that Form B includes \$64 million for the roof within the process. They will be discussing offline how to inform the relevant stakeholders. Mr. Miyasato said they need to spend time discussing this section in the BOD meeting. Chair Arakawa said they need to prioritize the \$69 million. There were no further comments.

9. Presentation, Discussion, and Action on HTA Budget Issues, Comments, and Suggestions Raised by Legislators, Board Members, Staff, Stakeholders, etc., Such as:

a. Status of Use of the Tourism Emergency Special Fund

Chair Arakawa said this is a status report. He said the Branding Standing Committee and the BFCC voted on the worksheet, and Ho'okahua Hawai'i still has to do it. It is open for discussion at the full Board. There were no further comments.

b. Status of Response to House Tourism Chair Quinlan's Review Comments on FY 2024 Operating Budget

Chair Arakawa said the staff is working on the response. Mr. Nāho'opi'i said he had a meeting with Rep. Quinlan the following day.

c. Update on Campaign Effectiveness, Cost/Benefit Ratio, and ROI for Incremental Budget Requests

Mr. Nāho'opi'i said they will ensure these issues are covered in the contracts for incremental increases. He said that now that they are finalizing the scope, they will also be doing the calculations for the existing programs. The staff is collecting the information and summarizing it. They should have some information at the full Board meeting and will need a bit more time to gather final information. Mr. Miyasato added that for the 2025 budget heavy lifting, they must understand programs across the Board and the ROI and have as much data as possible. Mr. Nāho'opi'i said it is part of their tasks and is structured into how they develop the tourism management plan every year. They need to finish collecting more information as some programs are starting to wrap up. Chair Arakawa said they could ask for future Branding Standing Committee meetings to bring up the incremental proposals and ongoing contracts to see if the ROIs or KPIs should be revised. There were no further comments.

d. Status of HTA Past Due Accounts

Chair Arakawa said he was contacted by two large vendors about outstanding amounts, but they have all been paid now. The staff is working on policies and procedures to ensure no outstanding funds in the future. Mr. Choy said the past due accounts at the HTA were systemic, and they will have to find a systemic solution. Some staff commented that they were behind on the work they had to do. Mr. Choy said he is monitoring the invoices now. Mr. Nāho'opi'i said increased monitoring also includes increased staffing. Chair Arakawa said they will try to standardize the agenda for every meeting to save on meeting times. Mr. Choy said they need to prepare better for meetings to save staff time. Mr. White added that in addition to a staff shortage, they are increasing the number of committee meetings and the extra PIGS. The Board has to respect the amount of time the staff has for this job and their own jobs. Every time there is another meeting, there is an extra workload. Mr. Miyasato reiterated that they have a staff shortage. Mr. Miyasato said they could discuss

how to streamline all the meetings. Chair Arakawa said that should end up in the Administrative Audit Committee meeting. There were no further comments.

e. Status of Contracts and Payments for all Branding Incremental Requests

Chair Arakawa said work on the U.S. market had been done, and there was a first payment on the invoice. He said that sometimes work gets done before the contract gets signed, but they must work on the contract process in the future.

Mr. Ka'anā'anā clarified that one of the existing processes is the retroactive memo. If a contract has to be executed after the work has begun or is finished, there is a memo signed by the CEO and deputy AG for that retroactive work, as in the \$2.6 million contract that was done. He added that the contract was recently executed, and the initial payment of \$2.34 was going through FY for processing. The final payment is the 10%, which is \$260,000, and it will be processed after they receive deliverables. Chair Arakawa said it is not good practice to require the contractor to start work before they have a contract. They must not let that happen again.

Mr. Ka'anā'anā said that for the remaining contracts that were discussed under the earlier agenda item, number 7, the Board's action pending on November 30 will help them finalize and get the contract for the remaining incremental programs.

f. Status of Executive Employment Contracts and Bonuses

Mr. Nāho'opi'i said information has been sent to the Administrative Committee Chair White.

g. Status of Communication for any Outside Requests About the Budget, Including the Legislature

Chair Arakawa said that at the last meeting at the legislature, Ms. Agas said she did not receive the letter. Mr. Miyasato said they would ensure everything was sent to the members. Mr. Nāho'opi'i said it is all a work in progress. Mr. Miyasato will work with the vice-chair to coordinate the Board, communications, organizations, etc. Mr. Choy said they received a good audit report from the legislative office.

h. Status and Discussion on Travel Policies and Procedures

Mr. Nāho'opi'i said they are participating with the DBEDT deputy and director. The DBEDT department has recorded a travel report log. Since DBEDT approves travel, they are tracking the information and prepared to give a report and spreadsheet from the legislature if needed. The governor delegates to the DBEDT director, and the director delegates to the CEO of the HTA. All overseas travel goes through the DBEDT director.

i. Status and Discussion on Contract Modifications Policies and Procedures

Mr. Choy said this is another issue with processes and the shortage of employees. Chair Arakawa said this is a work in progress and will be sorted out. It has been brought up in a few instances. He said they must talk with the contractors to ensure no unintended consequences to the contracts.

10. Adjournment

Chair Arakawa adjourned the meeting at 3:28 p.m.

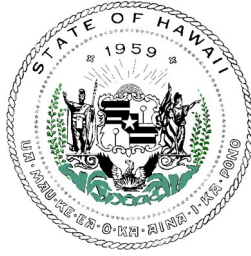
Respectfully submitted,



Sheillane Reyes
Recorder

4

**Presentation, Discussion, and Action on the
Hawai'i Tourism Authority (HTA's)
December 2023 Financial Report;
Recommend Approval**



The State of Hawai`i
Department of Business, Economic Development, and Tourism
Hawai`i Tourism Authority
Financial Statements
December 31, 2023

These financial statements have been prepared by HTA management (unless otherwise noted) for information purposes only. See notes to the financial statements.

Prepared by: Talon Kishi

Budget and Fiscal Officer

HAWAII TOURISM AUTHORITY

Hawaii Tourism Authority
December 31, 2023

TABLE OF CONTENTS

Balance Sheet3
Statement of Revenues, Expenditures, and Changes in Fund Balances4
Selected Management Disclosures5
Supplementary Information:
Bank of Hawaii Tourism Emergency Special Fund Trust and Checking Account Bank Statements.....8
Hawaii Convention Center Financial Statements (prepared by AEG Management HCC)11

**Hawaii Tourism Authority
Balance Sheet
As of December 31, 2023**

	Tourism Funds	Convention Center Funds	Convention Center Roof Repairs	Tourism Emergency Special Fund	Federal Funds	Total Funds
Assets						
General funds	36,155,539	8,499,420	-	-	-	44,654,959
Special funds (restricted)	14,188,850	47,321,473	-	-	-	61,510,323
Federal grants	-	-	-	-	13,574,717	13,574,717
Generabl obligation bonds	-	-	14,871,000	-	-	14,871,000
Cash and cash equivalents	-	-	-	1,555,077	-	1,555,077
Investments	-	-	-	1,078,655	-	1,078,655
Accounts Receivable*	250,693					250,693
Total assets	50,595,082	55,820,893	14,871,000	2,633,732	13,574,717	137,495,424
Liabilities and Fund Balances						
Fund balances						
Encumbered - GOB	-	-	670,000	-	-	670,000
Encumbered - General funds	25,760,505	2,095,063	-	-	-	27,855,568
Encumbered - Special funds	7,662,673	3,540,999	-	-	6,000,345	17,204,017
Unencumbered	17,171,904	50,184,831	14,201,000	2,633,732	7,574,372	91,765,839
Total fund balances	50,595,082	55,820,893	14,871,000	2,633,732	13,574,717	137,495,424
Total liabilities and fund balances	50,595,082	55,820,893	14,871,000	2,633,732	13,574,717	137,495,424

Hawaii Tourism Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Month Ended December 31, 2023
Ending Fund Balance as of December 31, 2023

	Tourism Funds	Convention Center Funds	Convention Center Roof Repairs	Tourism Emergency Special Fund	Federal Funds	Total Funds
Revenues						
Change in fair value	-	-	-	6,295	-	6,295
HCC operations	-	-	-	-	-	-
Interest and dividends, net	-	-	-	6,934	-	6,934
TAT	-	11,000,000	-	-	-	11,000,000
Total revenues	-	11,000,000	-	13,230	-	11,013,230
Expenditures						
Administrative	22,362	-	-	955	-	23,317
Branding	2,109,216	-	-	2,340,000	-	4,449,216
Destination management	4,249,118	-	-	-	-	4,249,118
Governance and org-wide*	315	-	-	-	-	315
HCC marketing	-	-	-	-	-	-
HCC operations	-	-	-	-	-	-
HCC repairs and maintenance	-	-	-	-	-	-
Natural resources	300,000	-	-	-	-	300,000
Perpetuating Hawaiian culture	330,261	-	-	-	-	330,261
Planning & evaluation	-	-	-	-	-	-
Resident and Industry Communications	749	-	-	-	-	749
Safety & Security	-	-	-	-	-	-
Salaries	215,348	-	-	-	-	215,348
Sports	-	-	-	-	-	-
Workforce	4,000	-	-	-	-	4,000
Total expenditures	7,231,369	-	-	2,340,955	-	9,572,324
Change in fund balances	(7,231,369)	11,000,000	-	(2,327,725)	-	1,440,906
Fund balances						
Beginning of month	57,826,451	44,820,893	14,871,000	4,961,457	13,574,717	136,054,518
Ending fund balance	50,595,082	55,820,893	14,871,000	2,633,732	13,574,717	137,495,424

* Refer to notes of the financial statements for more information.

Selected Management Disclosures

The Financial Reporting Entity

The Hawaii Tourism Authority (HTA or Authority) was established on January 1, 1999, by Act 156, Session Laws of Hawaii 1998. It was placed within the State of Hawaii, Department of Business, Economic Development, and Tourism, for administrative purposes only. The Authority is responsible for developing a strategic tourism marketing plan and developing measures of effectiveness to assess the overall benefits and effectiveness of the marketing plan and progress toward achieving the Authority's strategic plan goals. In addition, effective July 1, 2000, control and management of the Hawaii Convention Center (HCC) were transferred to the Authority from the Convention Center Authority (CCA) by Executive Order No. 3817. Effective July 1, 2002, the Center, by statute, became the responsibility of the Authority. The Center opened to the public in June 1998 and is used for various events, including conventions and trade shows, public shows, and spectator events. The Center offers approximately 350,000 square feet of rentable space, including 51 meeting rooms.

The Authority is governed by a board of directors comprising 12 voting members, including those recommended by the State Legislature. The Governor of the State appoints the 12 voting members.

Funds

The Authority's major funds are as follows:

Tourism Funds:

- **Tourism Special Fund (TSF)** –The Tourism Special Fund accounts for functions related to developing and promoting the tourism industry. Effective January 1, 2022, pursuant to Act 1 Special Legislative Session 2021, the TSF was sunset and discontinued the ability to expend any new funds. Funds encumbered as of June 30, 2021, can be spent. Included in the TSF's encumbered fund balance is \$5,948,568 for the Center for Hawaiian Music and Dance.
- **General Funds** – The 2023 State legislature did not provide HTA an operating budget for fiscal year 2024. As such, the Governor approved the transfer of \$60,000,000 in general funds from Section 5 of Act 164, SLH 2023, to HTA on July 1, 2023. Funds will lapse on June 30, 2024.

Convention Center Funds:

- **Convention Center Enterprise Special Fund (CCESF)** – Under Section 201B-8, the Convention Center Enterprise Special Fund accounts for functions related to the operation and management of the Hawaii Convention Center (HCC). Unencumbered funds are unavailable to spend because the 2023 Hawaii State Legislature did not provide the CCESF an expenditure ceiling to fund the operations of the HCC.
- **General Funds (operations)** – The 2023 State legislature did not provide the HCC an operating budget for fiscal year 2024. As such, the Governor approved the transfer of \$11,000,000 in general funds from Section 5 of Act 164, SLH 2023, for the HCC on July 1, 2023. Funds will lapse on June 30, 2024.
- **General Funds (CIP)** - Pursuant to Act 164, SLH 2023, \$64,000,000 of general funds were provided for long-term repairs of the HCC rooftop terrace deck. Per Executive Memorandum 23-08, dated October 30, 2023, the Department of Budget and Finance (B&F) transferred HTA's

Hawaii Tourism Authority
December 31, 2023

\$64,000,000 CIP appropriation to aid in the Maui Wildfire Recovery efforts. The Legislature should reappropriate the funds as general obligation bonds for fiscal year 2025.

- **General Obligation Bonds** – Pursuant to Act 248, SLH 2022, \$15,000,000 of general obligation bond funds were provided for the temporary repairs of the HCC roof repair and other items. The Governor authorized the release of funds on February 22, 2023. The funds will lapse on June 30, 2024.

Tourism Emergency Special Fund:

- **Tourism Emergency Special Fund** – The Tourism Emergency Special Fund accounts for functions related to maintaining a tourism emergency fund. Per Section 201B-10, revenues prescribed by Section 237D-6.5(b) and all investment earnings are credited to the fund's assets. Funds are currently held at the Bank of Hawaii. Funds must be exclusively used to respond to a tourism emergency under Section 201B-9. On August 19, 2023, the governor declared a tourism emergency in the sixth emergency proclamation relating to the Maui wildfires. The Governor extended the tourism emergency in the ninth emergency proclamation dated January 5, 2024. The Authority has spent approximately \$251,000 on Maui wildfire response efforts. To date, the Authority has spent \$2,340,000 on an emergency marketing campaign for Maui.

Federal Funds:

- **Economic Development Administration (EDA) Tourism Grant** – Official Name: ARPA-EDA Tourism Grant (Non-Competitive ARPA State Tourism Grant for the State of Hawaii) – The Authority was awarded \$14,024,372 on December 8, 2021. Grant rules required the approval of the Grant Administration Plan (GAP) before the commencement of work. EDA approved the Authority's GAP on March 21, 2023. The Authority will share approximately \$7,200,000 of the grant with the Department of Land and Natural Resources (DLNR) to enhance and develop Hawaii's outdoor recreational assets. All work must be completed by May 31, 2027, and money spent by September 30, 2027. To date, the Authority has spent approximately \$449,000.

Basis of Accounting

The Governmental Funds' financial statements are reported using the modified-accrual basis of accounting.

Governance & Org-Wide Expenditures

Governance and organization-wide expenditures primarily consist of board meeting costs - including board member inter-island travel, audit expenses for the Authority and the HCC, and HCC facility insurance.

Encumbrances

Generally, encumbrances are obligations in the form of purchase orders, contracts, or other commitments that only become liabilities once the performance of the conditions stated in the commitment is completed.

Transient Accommodations Tax (TAT)

Under Section 237D-6.5, \$11,000,000 shall be allocated to the Convention Center Enterprise Special Fund annually. The annual TAT distribution was completed in December 2023.

Investments

The Authority's investments are reported at fair value.

The TSF and CCESF participate in the State's investment pool program directed by B&F.

Employees' Retirement System of the State of Hawaii (ERS)

On June 30, 2022, management estimated the net pension liability of approximately \$5,733,000 for its proportionate share of the State's net pension liability. An actuarial valuation determined the net pension liability as of June 30, 2021.

For the year ended June 30, 2022, the Authority recognized pension expenses of approximately \$488,000. On June 30, 2022, management estimated the deferred outflows and deferred inflows of resources related to pensions of approximately \$590,000 and \$972,000, respectively. Based on last year's pension expense, management estimates the June 30, 2023, pension expense to be approximately \$500,000.

Hawaii Employer-Union Health Benefits Trust Fund (EUTF)

On June 30, 2022, management estimated the net other post-employment benefits (OPEB) liability of approximately \$4,989,000. An actuarial valuation measured the net OPEB liability as of June 30, 2021.

For the year ended June 30, 2022, the Authority recognized OPEB expenses of approximately \$115,000. On June 30, 2022, management estimated the deferred outflows and deferred inflows or resources related to OPEB of approximately \$212,000 and \$503,000, respectively. Based on last year's OPEB expense, management estimates the OPEB expense for June 30, 2023, to be approximately \$120,000.

Accrued Vacation

On June 30, 2022, management estimated the accrued vacation liability was approximately \$413,000, with a current liability of approximately \$129,000. Based on last year's accrued vacation liability, management estimates accrued vacation as of June 30, 2023, to be approximately \$420,000, with a current liability of approximately \$130,000.

Use of Estimates

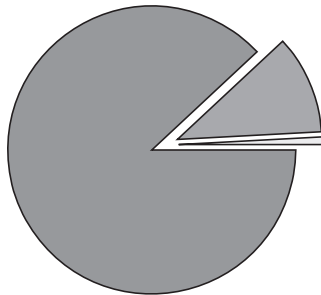
Preparing these financial statements required management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Other Matters

HTA expects to be reimbursed by the Federal Emergency Management Agency (FEMA) for approximately \$251,000 for expenditures related to the immediate response to the Maui wildfires. All funds reimbursed by FEMA will be deposited to the General Fund.

Summary Of Investments

Investment Allocation



0.8%	CASH	9,848.54
11.1%	CASH EQUIVALENTS	136,004.42
88.1%	FIXED INCOME	1,078,654.50
100.0%	TOTAL	1,224,507.46

Investment Summary

	Market Value	%	Estimated Income	Current Yield
CASH	9,848.54	0.80	0	0.00
CASH EQUIVALENTS	136,004.42	11.11	7,113	5.23
FIXED INCOME	1,078,654.50	88.09	25,875	2.40
Total Fund	1,224,507.46	100.00	32,988	2.69

Schedule Of Investments

UNITS	DESCRIPTION	BOOK VALUE	MARKET VALUE	% OF CATEGORY
	CASH	1,882.74	1,882.74	19.12
	ACCRUED INCOME	7,965.80	7,965.80	80.88
	TOTAL CASH	9,848.54*	9,848.54*	100.00*
	CASH EQUIVALENTS			
	CASH MANAGEMENT			
136,004.42	DREYFUS TREASURY OBLIGATIONS CASH MANAGEMENT FUND	136,004.42	136,004.42	100.00
	FIXED INCOME			
	U S TREASURY OBLIGATIONS			
585,000	US TREASURY NOTES 2.5% 01/31/2024	582,517.13	583,654.50	54.11



Statement Period
Account Number

12/01/2023 through 12/31/2023
BANK OF HAWAII
AGENT U/A DATED 10/31/2018 FOR
HAWAII TOURISM AUTHORITY -
TOURISM EMERGENCY TRUST
FUND

Schedule Of Investments

UNITS	DESCRIPTION	BOOK VALUE	MARKET VALUE	% OF CATEGORY
500,000	US TREASURY NOTES 2.25% 04/30/2024	497,754.55	495,000.00	45.89
	TOTAL U S TREASURY OBLIGATIONS	1,080,271.68*	1,078,654.50*	100.00*
	Total Fund	1,226,124.64*	1,224,507.46*	100.00*

Last statement: November 30, 2023
 This statement: December 31, 2023
 Total days in statement period: 31

Account: 0091-585227
 Page 1 of 2
 Number of Enclosures: (0)

Click here for inserts:
www.boh.com/agreements

Direct inquiries to:
 888 643-3888

HAWAII TOURISM AUTHORITY
 TOURISM EMERGENCY SPECIAL FUND
 1801 KALAKAUA AVE 1ST FL
 HONOLULU HI 96815

BANK OF HAWAII
 111 S KING ST
 HONOLULU HI 96813

Bank of Hawaii

WISHING YOU AND YOUR OHANA PEACE, LOVE AND JOY THIS HOLIDAY SEASON AND THROUGHOUT THE NEW YEAR. THANK YOU FOR BANKING AT BANK OF HAWAII. MEMBER FDIC.

Analyzed Business Checking

Account number	0091-585227	Beginning balance	\$749,307.48
Low balance	\$749,307.48	Total additions	3,000,000.00
Average balance	\$1,488,648.87	Total subtractions	<u>2,340,083.36</u>
		Ending balance	\$1,409,224.12

CHECKS

<u>Number</u>	<u>Date</u>	<u>Amount</u>	<u>Number</u>	<u>Date</u>	<u>Amount</u>
1006	12-20	2,340,000.00			

DEBITS

<u>Date</u>	<u>Description</u>	<u>Subtractions</u>
12-27	Account Analysis Fee ANALYSIS ACTIVITY FOR 11/23	83.36

CREDITS

<u>Date</u>	<u>Description</u>	<u>Additions</u>
12-15	ACH Credit BANK OF HAWAII PAYMENT 231215 XXXXX8102	3,000,000.00

DAILY BALANCES

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
11-30	749,307.48	12-20	1,409,307.48		
12-15	3,749,307.48	12-27	1,409,224.12		

Hawaii Convention Center
Consolidated Balance Sheet
December 31, 2023 and December 31, 2022
(In Whole Numbers)

	Unaudited 12/31/23	Audited 12/31/22
Assets		
Current Assets		
Cash	42,239,178	36,503,735
Accounts Receivable, Net	2,191,916	23,544,851
Prepaid	130,253	223,254
Deposits	0	0
Total Current Assets	44,561,347	60,271,840
Fixed Assets		
Building Improvements	1,044,164	167,290
Furniture & Fixtures	85,480	0
Machinery & Equipment	295,277	0
Computer Equipment	62,787	29,090
Work in Progress	1,954,061	111,745
Total Fixed Assets	3,441,769	308,125
Total Assets	48,003,116	60,579,965
Liabilities		
Current Liabilities		
Accounts Payable	989,865	869,655
Accrued Expenses	2,374,637	1,200,525
Advance Deposits	2,046,325	2,081,645
Total Current Liabilities	5,410,827	4,151,825
Equity		
Funds Remitted	(218,462,342)	(214,859,910)
Funding Received	413,590,488	423,154,765
Retained Earnings	(154,471,462)	(149,771,767)
Net Income (Loss)		
HCC Facility	2,397,787	(1,657,786)
HCC Sales & Marketing	(462,182)	(437,162)
Total Net Income (Loss)	1,935,605	(2,094,948)
Total Equity	42,592,289	56,428,140
Total Liabilities and Equity	48,003,116	60,579,965

Hawaii Convention Center

Cash
As of 12/31/2023
(In Whole Numbers)

As of 12/31/2023

Cash	
Cash Operating-Facility	71,790
Cash Operating-Sales & Marketing	395,673
Cash Revenue	2,046,325
Cash Repairs & Maintenance Fund	39,718,890
Petty Cash	4,000
Change Fund Parking	2,500
Total Cash	<u>42,239,178</u>

Hawai'i Convention Center

Accounts Receivable Aging

December 31, 2023

(In Whole Numbers)

Facility			
Time	Amount	%	1/14/2024
Current	143,444	7%	116,319
Over 30	1,527,128	70%	64,273
Over 60	128,709	6%	113,619
Over 90	392,635	18%	392,618
	<u>2,191,916</u>	<u>100%</u>	<u>686,829</u>

Over 90:

119,601	American Red Cross-Shelter Assistance	In contact with agency
47,458	DEBDT-FEMA COMM CENTER	In contact with agency
40,518	DBEDT-DBEDT COMM CENTER	In contact with agency
39,944	AAU Global Games	In contact with client
16,449	HPE HTA Tourism Conference	In collections, contractor paying slowly.
8,052	Hawai'i Conservation Alliance	In contact with client
7,140	DBEDT-DBEDT COMM CENTER	In contact with agency
6,365	HVCB	In contact with partner
3,901	RNDC	In contact with client
332	Destiny MMA	In contact with client
308	Southeastern Delegation of the AMA	In contact with client
80	American College of Obstetricians	In contact with client
58	Punahou School	In contact with client
<u>290,205</u>		
<u>(9,224)</u>	Allowance for doubtful accounts	
<u><u>280,980</u></u>		

Hawaii Convention Center

Statement of Cash Flows

As of 12/31/2023

(In Whole Numbers)

	<u>Current Month</u>	<u>Year-To-Date</u>
Cash Flow from operating activities		
Net Income/(Loss)	(767,545)	1,935,604
Accounts Receivable	319,415	716,980
Deposits and other assets	89,425	(51,026)
Accounts payable	154,733	(618,195)
Accrued expenses	1,175,657	1,365,215
Advance deposits	883	(179,240)
Total Cash Flow from operating activities	<u>972,568</u>	<u>3,169,338</u>
Cash Flow from investing activities		
Capital Assets	<u>(284,779)</u>	<u>(2,085,956)</u>
Total Cash Flow from investing activities	<u>(284,779)</u>	<u>(2,085,956)</u>
Cash flows from financing activities		
Contributions received from the State of Hawaii	0	2,500,580
Funds remitted to the State of Hawaii	<u>(1,231,407)</u>	<u>(3,372,459)</u>
Total Cash flows from financing activities	<u>(1,231,407)</u>	<u>(871,879)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(258,839)</u>	<u>2,297,458</u>
Cash and cash equivalents at beginning of period	42,782,796	42,027,677
Cash and cash equivalents at end of period	<u><u>42,239,178</u></u>	<u><u>42,239,178</u></u>

Hawaii Convention Center
Facility
Income Statement
From 12/01/2023 Through 12/31/2023
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Direct Event Income								
Rental Income (Net)	194,471	260,149	(65,678)	229,467	1,939,465	1,568,866	370,599	1,293,950
Service Revenue	47,424	32,660	14,764	129,710	1,068,284	502,465	565,819	665,165
Total Direct Event Income	241,894	292,809	(50,914)	359,177	3,007,750	2,071,331	936,418	1,959,114
Direct Service Expenses	207,091	161,553	(45,538)	158,837	1,785,061	1,275,499	(509,562)	1,029,598
Net Direct Event Income	34,803	131,256	(96,452)	200,340	1,222,689	795,832	426,857	929,516
Ancillary Income								
Food and Beverage (Net)	191,774	228,684	(36,910)	170,533	6,251,462	3,581,292	2,670,170	2,321,509
Event Parking (Net)	66,810	85,116	(18,306)	95,510	541,028	601,322	(60,294)	428,591
Electrical Services	2,497	1,000	1,497	1,000	170,025	93,600	76,425	25,905
Audio Visual	26,256	17,880	8,376	30,185	356,278	202,030	154,248	247,028
Internet Services	3,849	0	3,849	493	63,310	0	63,310	1,831
Rigging Services	1,500	500	1,000	480	46,222	15,500	30,722	50,117
Business Center	0	0	0	0	0	0	0	0
Security Commissions	0	0	0	0	0	0	0	0
First Aid Commissions	0	0	0	0	0	0	0	0
Total Ancillary Income	292,685	333,180	(40,495)	298,202	7,428,325	4,493,744	2,934,581	3,074,982
Total Event Income	327,489	464,436	(136,947)	498,541	8,651,014	5,289,577	3,361,437	4,004,498
Other Operating Income								
Non-Event Parking	60	433	(373)	828	1,000	2,598	(1,598)	2,672
Other Income	174,508	10,042	164,466	9,396	659,362	60,252	599,110	62,546
Total Other Operating Income	174,568	10,475	164,093	10,224	660,362	62,850	597,512	65,218
Total Gross Income	502,057	474,911	27,146	508,766	9,311,376	5,352,427	3,958,949	4,069,716
Net Salaries & Benefits								
Salaries & Wages	469,443	526,916	57,473	359,175	3,009,995	3,228,185	218,190	2,162,367
Payroll Taxes & Benefits	153,949	155,908	1,959	135,613	847,124	933,318	86,194	628,771
Labor Allocations to Events	(64,210)	(46,447)	17,763	(35,299)	(544,606)	(376,286)	168,320	(319,263)
Total Net Salaries & Benefits	559,182	636,377	77,195	459,489	3,312,512	3,785,217	472,705	2,471,876
Other Indirect Expenses								
Net Contracted Services	95,356	38,707	(56,649)	59,032	331,508	236,041	(95,467)	359,610
Operations	14,008	13,099	(909)	10,914	134,523	78,594	(55,929)	64,372
Repair & Maintenance	100,332	110,021	9,689	131,372	524,460	660,126	135,666	517,597
Operational Supplies	28,611	58,121	29,510	54,560	432,531	447,365	14,834	279,949
Insurance	19,637	23,935	4,298	20,021	172,995	176,644	3,649	125,684
Utilities	246,109	229,400	(16,709)	218,695	1,552,078	1,491,931	(60,147)	1,505,591
Meetings & Conventions	189	954	765	3,783	16,321	12,974	(3,347)	10,224
Promotions & Communications	0	6,266	6,266	2,887	0	37,596	37,596	16,362
General & Administrative	58,518	35,103	(23,415)	29,474	222,805	226,013	3,208	187,837
Management Fees	19,433	19,433	(0)	19,033	116,600	116,598	(2)	114,200
Other	67,842	4,733	(63,109)	17,899	97,256	28,398	(68,858)	74,200
Total Other Indirect	650,035	539,772	(110,263)	567,670	3,601,077	3,512,280	(88,797)	3,255,626
Net Income (Loss) before CIP Funded Expenses	(707,160)	(701,238)	(5,922)	(518,393)	2,397,786	(1,945,070)	4,342,857	(1,657,786)
CIP Funded Expenses	67,005	0	67,005	0	67,605	0	67,605	384
Net Income (Loss) from Operations	(640,155)	(701,238)	61,083	(518,393)	2,465,392	(1,945,070)	4,410,462	(1,657,402)
Fixed Asset Purchases	0	25,000	25,000	0	70,602	150,000	79,398	100,969
Net Income (Loss) After Fixed Asset Purchases	(640,155)	(726,238)	86,083	(518,393)	2,394,790	(2,095,070)	4,489,860	(1,758,371)

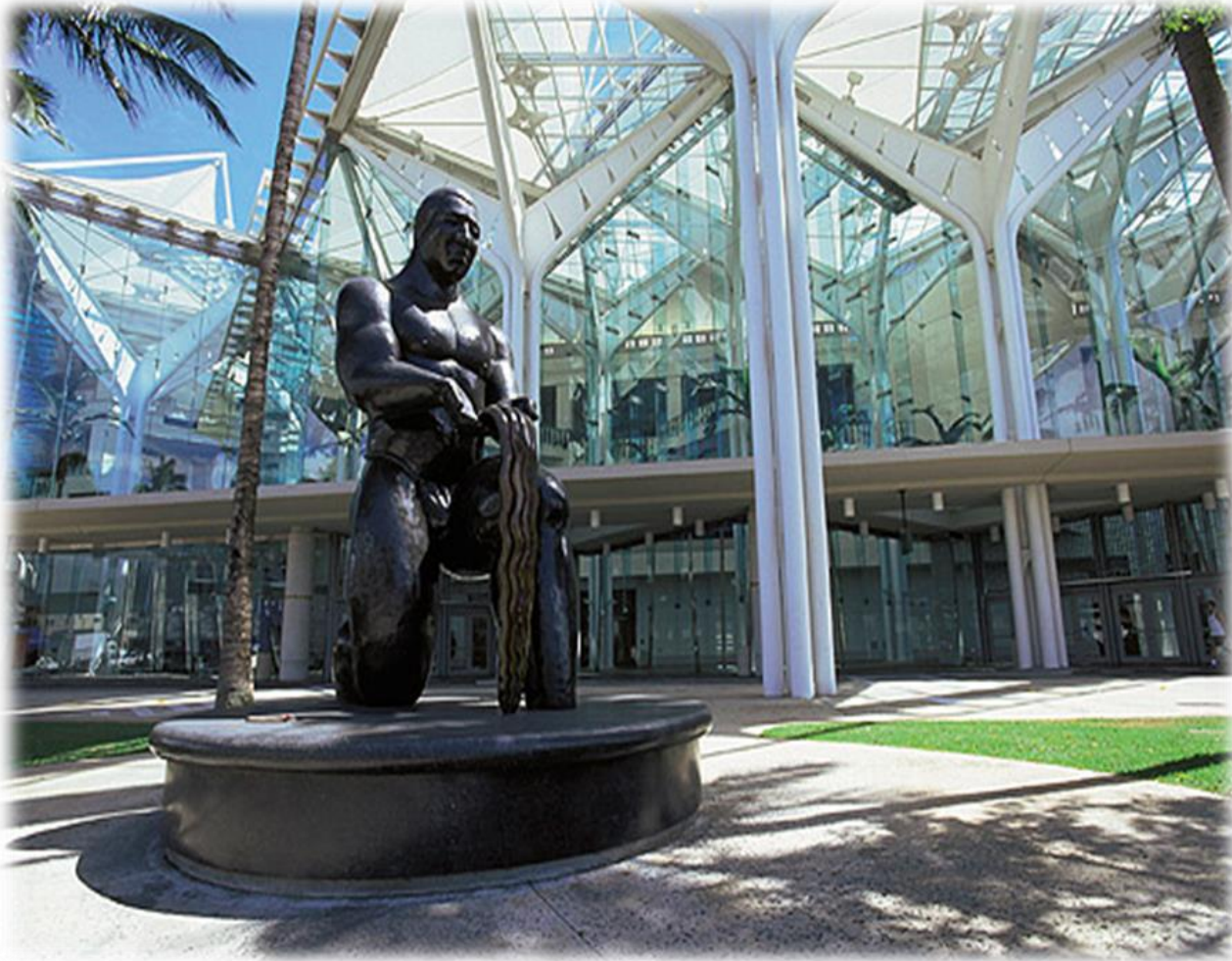
Hawaii Convention Center
 Facility
 Income Statement
 From 12/01/2023 Through 12/31/2023
 (In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Revenues								
Food & Beverage	476,733	428,917	47,816	497,097	9,615,515	6,787,620	2,827,895	3,994,688
Facility	532,838	420,744	112,095	508,851	4,927,084	3,156,740	1,770,344	2,865,970
Total Revenues	<u>1,009,571</u>	<u>849,661</u>	<u>159,911</u>	<u>1,005,948</u>	<u>14,542,599</u>	<u>9,944,360</u>	<u>4,598,239</u>	<u>6,860,658</u>
Expenses								
Food & Beverage	462,994	392,791	(70,203)	487,001	4,762,848	4,514,119	(248,729)	2,490,896
Facility	1,253,738	1,158,108	(95,630)	1,037,339	7,381,965	7,375,311	(6,654)	6,027,548
Total Expenses	<u>1,716,732</u>	<u>1,550,899</u>	<u>(165,833)</u>	<u>1,524,340</u>	<u>12,144,813</u>	<u>11,889,430</u>	<u>(255,383)</u>	<u>8,518,444</u>
Net Income (Loss) before CIP Funded Expenses	<u>(707,160)</u>	<u>(701,238)</u>	<u>(5,922)</u>	<u>(518,393)</u>	<u>2,397,786</u>	<u>(1,945,070)</u>	<u>4,342,856</u>	<u>(1,657,786)</u>
CIP Funded Expenses	<u>67,005</u>	<u>0</u>	<u>67,005</u>	<u>0</u>	<u>67,605</u>	<u>0</u>	<u>67,605</u>	<u>384</u>
Net Income (Loss) from Operations	<u>(640,155)</u>	<u>(701,238)</u>	<u>61,083</u>	<u>(518,393)</u>	<u>2,465,391</u>	<u>(1,945,070)</u>	<u>4,410,461</u>	<u>(1,657,402)</u>
Fixed Asset Purchases	<u>0</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>70,602</u>	<u>150,000</u>	<u>79,398</u>	<u>100,969</u>
Net Income (Loss) after Fixed Asset Purchases	<u><u>(640,155)</u></u>	<u><u>(726,238)</u></u>	<u><u>86,083</u></u>	<u><u>(518,393)</u></u>	<u><u>2,394,789</u></u>	<u><u>(2,095,070)</u></u>	<u><u>4,489,859</u></u>	<u><u>(1,758,371)</u></u>

5

**Presentation, Discussion, and Action on the
Hawai'i Convention Center's December 2023
Report and Update on the Hawai'i Convention
Center's 6-Year CIP Plan; Recommend Approval**

Hawai'i Convention Center



Update for
December 2023
For
(January 2024 meeting)

Financial Update

	Dec-23 Actual	FY 2024 Reforecast	FY 2024 Budget	Variance	FY 2023 Actual	FY 2022 Actual
Facility Number of Events	20	243	225	18	273	213
Facility Operating Revenue	\$835,100	\$22,765,200	\$18,354,500	\$4,410,700	\$14,310,800	\$7,178,200
Facility Other Income	\$174,500	\$1,532,200	\$125,700	\$1,406,500	\$135,700	\$78,500
Facility Total Revenue	\$1,009,600	\$24,297,400	\$18,480,200	\$5,817,200	\$14,446,500	\$7,256,700
Facility Operating Expenses	-\$1,649,700	-\$25,085,800	-\$23,812,600	-\$1,273,200	-\$18,412,200	-\$11,842,500
Facility Net Income/(Subsidy)	-\$640,100	-\$788,400	-\$5,332,400	\$4,544,000	-\$3,965,700	-\$4,585,800
Local S&M Operating Expenses	-\$60,400	-\$1,223,700	-\$1,223,700	\$0	-\$959,400	-\$522,600
HCC Net Income/(Subsidy)	-\$700,500	-\$2,012,100	-\$6,556,100	\$4,544,000	-\$4,925,100	-\$5,108,400

ROI December 2023 FYTD

HCC Revenue + State Revenue
+Tax Revenue
= \$265.4 M

HCC Expense + HVCB MCI
Expense = \$14.3 M

	<u>FYTD 2024 ROI</u>	<u>CW's FYTD</u>
	07.23-12.23	\$18.52 (10)
	07.23-11.23	\$20.63 (10)
	07.23-10.23	\$23.16 (8)
	07.23-09.23	\$18.62 (6)
	07.23-08.23	\$25.91 (5)
	07.23	\$30.74 (4)
	<u>FY 2023 ROI</u>	
	07.22-06.23	\$4.19 (7)

***ROI = For every dollar spent,
\$18.52 returned to the State***

Recent Events @ Hawai'i Convention Center

- Sony Open Gala Dinner, Jan 11, 2024, 1,000 attendees
- Hawaii Royale Winter '24, Jan 13-14, 800 attendees (Sports)
- TransPacific Volleyball Championships 2024, Jan 13-15, 2024, 12,000 attendees (CW/Sports)



Upcoming Local/Citywide Events

- Hawai'i Dental Convention, Jan 25-26, 3,000 attendees
- Hawaiian AAU Grand Prix 2024, Feb 17-19, 4,000 attendees (CW)
- Joy of Sake, Feb 23, 1,000 attendees



HCC in the News



Honolulu Star Advertiser, Jan 8, 2024

NEWSMAKERS

HIRES and PROMOTIONS



Edwin Torres

OUTRIGGER HOSPITALITY GROUP

Edwin Torres is general manager at the Outrigger Kā'anapali Beach Resort, effective in September.

Torres' appointment follows Outrigger Hospitality Group's acquisition of the 11-acre, 432-room Kā'anapali Beach Hotel in July. He previously served as complex general manager, overseeing both the Outrigger Waikiki Beachcomber Hotel and Ohana Waikiki East by Outrigger. He also served as general manager at the Outrigger Waikiki Beachcomber and began his career with Outrigger as food and beverage director at the Outrigger Guam Beach Resort. Other



Alexander Figler

CASTLE HOSPITALITY GROUP

Alexander Figler was named Castle Vacation Rentals Hawai'i (CRVH) operations manager in

September. CRVH markets vacation rental units throughout the state using exclusive distribution technology. Figler will focus on guest and homeowner satisfaction. He will also coordinate operations and guest services, including housekeeping, maintenance and repairs. Previously, Figler served as guest experience manager at the Ala Moana Hotel.



Brooke Tadana

HAWAII CONVENTION CENTER

The Hawai'i Convention Center in April welcomed Executive Chef Brooke Tadana to direct the

center's culinary offerings. Tadana has more than a decade of culinary leadership experience, most recently working as executive sous chef at the Hilton Hawaiian Village starting in 2014. He also served as an executive sous chef at Moana Surfrider, A Westin Resort & Spa, and as a banquet chef at the Hilton Hawaiian Village. Tadana earned his associate degree in occupational studies from the Culinary Institute of America in New York and attended Kapi'olani Community College in Honolulu.

directing all front office operations. He also held management positions at Alohilani Resort Waikiki Beach, Enterprise, Vive Hotel Waikiki and Hyatt Hotels Corp.

Hawai'i Hospitality Magazine, Winter '23-24 issue

Carbon Offset Program

- This is a first-of-its-kind Carbon Offset Program that provides meeting organizers with the opportunity to offset the carbon footprint of their meeting.
- Participating events include:
 - CHEST 2023 (42 trees)
 - 2023 International Conference on Machine Learning (36 trees)
 - 2023 Made in Hawaii Festival (12 trees)
 - 2023 Okinawan Festival (11 trees)



Total Contributions	Partner Trees Planted
\$21,840.67	9,129
<u>HCC Carbon Offset Trees Planted</u>	
270	



ICML
International Conference
On Machine Learning



9,399
Total Legacy Trees Planted



262.76
MTCO₂e
Carbon Offset

As of November 2023
(total carbon offset costs)



Repair, Maintenance and Replacement Projects Update

Repair, Maintenance and Replacement Projects

6-Year Plan (page 1)

Project Number	Project Title	Estimated Project Cost	Priority	Prior Expenses to Dec 23	FY24	FY25	FY26	FY27	FY28	FY29	Total
001	Rooftop Terrace Deck Full Repair	\$ 64,000,000	1	\$ -	\$ 2,000,000	\$ 30,000,000	\$ 32,000,000				\$ 64,000,000
011	Ballroom Gutter, Foyer Transom Glass Roof Repair and Soffit R	\$ 7,706,791	1	\$ 71,071	\$ 7,635,720						\$ 7,706,791
013	Ballroom Roof Repairs	\$ 2,271,093	1	\$ 29,519	\$ 2,241,574						\$ 2,271,093
012	Parapet Roof Repairs	\$ 3,066,470	1	\$ 25,555	\$ 3,040,915						\$ 3,066,470
003	Kalākaua Kitchen Exterior Wall Repair	\$ 2,440,752	1	\$ 313,460		\$ 2,127,292					\$ 2,440,752
007	Kitchen Hood Control Panel Replacement	\$ 341,407	1	\$ 18,770	\$ 322,636						\$ 341,406
008	Pantry 348 Walk-in Refrigerator Replacement	\$ 135,443	1	\$ 54,637	\$ 80,806						\$ 135,443
009	Slate Tile Repair	\$ 2,142,108	1	\$ 150,018	\$ 1,992,090						\$ 2,142,108
010	Chiller Replacement	\$ 6,909,252	1	\$ 180,912	\$ 6,728,340						\$ 6,909,252
014	Lobby Water Feature	\$ 1,086,810	3	\$ 3,932			\$ 1,082,878				\$ 1,086,810
015	House Sound Audio System Upgrade	\$ 2,973,864	1	\$ 38,020	\$ 2,935,843						\$ 2,973,863
022	Chill Water Pipe Reinsulation	\$ 677,894	1	\$ 306,864	\$ 371,030						\$ 677,894
023	Air Wall Repairs	\$ 282,058	1	\$ 16,155	\$ 265,903						\$ 282,058
024	Roll-up Door Replacement	\$ 225,000	2	\$ 23,656		\$ 201,344					\$ 225,000
025	Ballroom and Meeting Room Wallpaper Replacement	\$ 203,531	1	\$ 147,721	\$ 55,810						\$ 203,531
026	IT Network Upgrades	\$ 125,000	3	\$ -		\$ 55,000	\$ 70,000				\$ 125,000
027	Ice Machines Replacement	\$ 500,000	1	\$ -	\$ 500,000						\$ 500,000
028	Theatre 310 and 320 Furnishings Upgrade	\$ 750,000	3	\$ -			\$ 375,000	\$ 375,000			\$ 750,000
029	Theatre 310 and 320 Seating Upgrade	\$ 500,000	3	\$ 155			\$ 249,845	\$ 250,000			\$ 500,000
030	FB China and Equipment Upgrade	\$ 5,300,000	1	\$ -	\$ 2,500,000	\$ 2,800,000					\$ 5,300,000
031	Ala Wai Waterfall Repair	\$ 1,071,501	3	\$ 2,362			\$ 1,069,139				\$ 1,071,501
036	Water Intrusion Remediation	\$ 400,000	1	\$ 166,165	\$ 233,835						\$ 400,000
037	Exterior Security Camera Upgrade	\$ 231,348	1	\$ 155,504	\$ 75,844						\$ 231,348
041	Children's Courtyard Repair	\$ 329,162	1	\$ -			\$ 329,162				\$ 329,162
042	Kahakai/Atkinson Drywell Rehabilitation	\$ 351,113	1	\$ -	\$ 351,113						\$ 351,113
043	Air Handler Unit 9 and 10 Replacement	\$ 401,382	2	\$ 377		\$ 401,005					\$ 401,382
044	Fire Sprinkler Line Refurbishment	\$ 343,394	1	\$ -	\$ 100,000	\$ 125,000	\$ 118,394				\$ 343,394
045	Escalator Modernization	\$ 15,865,737	1	\$ 9,058	\$ 6,900,000	\$ 2,640,000	\$ 6,316,678				\$ 15,865,736
046	LED Light Upgrade	\$ 4,781,506	1	\$ 68,293	\$ 4,713,213						\$ 4,781,506

Current project
Cumming-managed project
HCC-managed project
CM/PM - to be assigned

Repair, Maintenance and Replacement Projects

6-Year Plan (page 2)

Project Number	Project Title	Estimated Project Cost	Priority	Prior Expenses to Dec 23	FY24	FY25	FY26	FY27	FY28	FY29	Total
048	Electrical Harmonics Testing	\$ 100,000	3	\$ -			\$ 100,000				\$ 100,000
049	Main Kitchen Dishwasher Replacement	\$ 421,315	1	\$ 219,521	\$ 201,794						\$ 421,315
050	Main Kitchen Flooring Replacement	\$ 600,000	1/3	\$ 19,019	\$ 200,000	\$ 380,981					\$ 600,000
051	PBX System Replacement	\$ 90,505	1	\$ -	\$ 90,505						\$ 90,505
052	Ride-on Sweeper Replacement	\$ 55,000	1	\$ 100	\$ 54,900						\$ 55,000
054	Boardroom Upgrade	\$ 1,099,549	3	\$ 73,263			\$ 1,026,286				\$ 1,099,549
055	Elevator #2 Upgrade	\$ 250,000	3	\$ -			\$ 250,000				\$ 250,000
058	Kitchen Hood Fire Suppression System Replacement	\$ 341,407	1	\$ 18,770	\$ 322,636						\$ 341,406
060	Lobby Sail Repair and Maintenance	\$ 179,000	1	\$ 41,196	\$ 61,021	\$ 76,783					\$ 179,000
061	ADA Lift (#320) Replacement	\$ 165,000	1	\$ 387	\$ 164,613						\$ 165,000
064	F&B Equipment	\$ 1,266,870	1	\$ 12,640	\$ 1,254,230						\$ 1,266,870
065	Transformer Replacement	\$ 140,297	1	\$ 294	\$ 140,002						\$ 140,296
066	Kitchen Boiler Replacement	\$ 130,000	1	\$ -	\$ 130,000						\$ 130,000
068	3rd Floor Planter Repair and Exterior Planter Repair	\$ 11,048,647	1	\$ 34,545	\$ 4,415,590	\$ 6,598,512					\$ 11,048,647
069	Parking System Equipment Upgrade / Parking Flooring Sealing	\$ 616,515	1	\$ 28,382	\$ 20,000	\$ 568,133					\$ 616,515
070	Parking Garage Floor Sealing	\$ 250,000	1	\$ -		\$ 250,000					\$ 250,000
071	Access Control Upgrade	\$ 2,000,000	2	\$ -		\$ 1,000,000	\$ 1,000,000				\$ 2,000,000
072	Ride-on Scrubber Replacement	\$ 82,400	1	\$ -	\$ 82,400						\$ 82,400
073	Common Area Furniture Upgrade	\$ 200,000	1	\$ -		\$ 200,000					\$ 200,000
074	Ice Rink and Equipment	\$ 500,000	1	\$ -	\$ 500,000						\$ 500,000
075	Exterior Building Painting	\$ 2,416,382	1	\$ -	\$ 1,188,316	\$ 1,228,066					\$ 2,416,382
076	Main Kitchen Freezer Repair	\$ 500,000	1	\$ -	\$ 500,000						\$ 500,000
077	Interior Building Painting	\$ 7,000,000	1	\$ -	\$ 7,000,000						\$ 7,000,000
078	Pot Wash Machine Replacement	\$ 180,000	1	\$ -	\$ 180,000						\$ 180,000
079	Digital Signage Upgrade	\$ 6,150,000	1	\$ 20,390	\$ 30,000	\$ 6,099,610					\$ 6,150,000
081	Facility Equipment Replacement	\$ 1,000,000	1	\$ -	\$ 500,000	\$ 500,000					\$ 1,000,000
082	Escalator and Elevator Repairs	\$ 1,000,000	1	\$ 131,376	\$ 300,000	\$ 568,624					\$ 1,000,000
	Legal Retainer	\$ 151,094		\$ 112,768	\$ 38,326						\$ 151,094
	GRAND TOTAL	\$163,346,597		\$ 2,494,855	\$60,419,005	\$ 55,820,350	\$43,987,382	\$ 625,000	\$ -	\$ -	

Repair, Maintenance and Replacement Projects

Major Project Update

Exterior Painting

- Planning work schedule around HCC events and building access logistics

Exterior Planter Repair

- Planning investigative work logistics
- Reviewing scheduling around HCC event schedule

Chiller Replacement

- Chillers received and are on island
- Construction started, cut access opening in outside wall, scaffolding to be erected

House Sound Audio Upgrade

LED Lighting Upgrade

- Bidders presented proposals to evaluation committees
- Final selection by end January

Escalator Modernization

- RFP issued mid-January, proposals due end February
- Site walk conducted this week

Repair, Maintenance and Replacement Projects

CUMMING GROUP Priority Projects

- *Kitchen Hood Control Panel and Fire Suppression Upgrade*
- *Slate Tile Repair*
- *Chiller Replacement*
- *Main Kitchen Dishwasher Replacement*
- *Ballroom Roof Repairs*
- *House Sound Audio Upgrade*
- *Ballroom Gutter, Foyer Transom Glass and Soffit Repair*
- *3rd floor and Exterior Planters Repair*
- *LED Lighting Upgrade*
- *Walk-in Refrigerator Replacement*
- *Main Kitchen Flooring Replacement*
- *Exterior Building Painting*
- *Kalākaua Kitchen Wall Repair and Atkinson Drywell Replacement*
- *Main Kitchen Freezer Repair*
- *Interior Building Painting*
- *Pot Wash Machine Replacement*
- *Parking Garage Equipment Upgrade and Floor Sealing*

Repair, Maintenance and Replacement Projects Completed (since 2020)

COMPLETED 2020

- *Gutter Trough, Roof Repairs; \$8.3M*
- *Boiler Replacement; \$585k*
- *Ala Wai Waterfall Repairs; \$185k*
- *Chiller 4 Repairs; \$55k*
- *#320 Roof Repairs; \$1.4M*
- *Banquet Chairs/Tables Upgrade; \$2.25M*

COMPLETED 2021

- *Cooling Tower Replacement; \$3.2M*
- *Theatre LED Lighting Upgrade; \$77k*
- *Roof Overflow Drain Repairs; \$16k*
- *Jockey Chiller Repairs; \$28k*
- *ADA Lift Replacement; \$71.5k*
- *Emergency Generator Repairs; \$32k*
- *Window Repairs – Vandalism; \$177k*

COMPLETED 2022

- *Leak Repairs – 12/21-1/22; \$396k*
- *Chiller Repairs; \$69.3k*
- *Trellis Renovation; \$4.7M*
- *Lobby Glass Replacement; \$25k*
- *New Security Camera, Access Control; \$1.56M*
- *Kitchen AC Compressor Replacement; \$16.5k*

COMPLETED 2023

- *Event Stage ADA Ramp; \$41k*
- *Escalator #1 Handrail Replacement; \$64k*
- *Exterior Sign Refurbishment; \$50k*
- *Leak Repair Remediation; \$168k*
- *Forklift Replacement; \$175k*

COMPLETED 2024

- *Water Intrusion Remediation; \$400k*

A close-up photograph of a sailboat's rigging. The image shows a wooden mast, white ropes, and a wooden boom with a sail. The text "Mahalo Nui Loa" is overlaid in white. The background is slightly blurred, showing other boats and greenery.

Mahalo Nui Loa