



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'aluā, 16 Iulai 2024, 10:00 a.m.
Tuesday, July 16, 2024, 10:00 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/81742233637>

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: 17193594580
Helu Hālāwai / Webinar ID: 817 4223 3637

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 ('elua lā 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 committee packet (two business days prior to the meeting) will be distributed to the committee.

AGENDA

1. *Wehena a Ho'omaka*
Opening Protocol and Call to Order
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 June 24, 2024, Budget, Finance, and Convention Center Standing Committee Meeting
4. *Noi, Hō'ike'ike, Kūkā a Ki'ina Hana no ko ke Kikowaena Hālāwai o Hawai'i Palapala Hō'ike Kālā no Iune 2024 a me ka 'Ikepili Hou ma ko ke Kikowaena Hālāwai o Hawai'i Papahana Ho'oponopono me ka Mālama 'Ana no 6 Makahiki*
Motion, Presentation, Discussion, and Action on the Hawai'i Convention Center's June 2024 Financial Report and Update on the Hawai'i Convention Center's 6-Year Repair and Maintenance Plan; Recommend Approval
5. *Noi, Hō'ike'ike, Kūkā a Ki'ina Hana no ke Noi Mo'ohelu Kālā i ka 'Aha'ōlelo no ka Makahiki Kālā 2026 me 2027*
Motion, Presentation, Discussion, and Action for Fiscal Year 2026 and 2027 Legislative Budget Request
6. *Noi, Hō'ike'ike, Kūkā a Ki'ina Hana no ka Mo'ohelu Kālā Hana FY25*
Motion, Presentation, Discussion, and Action on Fiscal Year 2025 Hawai'i Tourism Authority Operating Budget; Recommend Approval
7. *Noi, Hō'ike'ike, Kūkā a Ki'ina Hana no nā Mo'ohelu Kālā Hana me Hokona FY25 no ke Kikowaena Hālāwai o Hawai'i*
Motion, Presentation, Discussion, and Action Regarding the Fiscal Year 2025 Hawai'i Convention Center (HCC) Operating and Sales and Marketing Budgets
8. *Noi, Hō'ike'ike, Kūkā a Ki'ina Hana no ka Ho'ihoi Kālā Pekelala*
Motion, Presentation, Discussion, and Action on Federal Reimbursement for Maui Wildfire Expenditures
9. *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 4 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/accessibile 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 June 24, 2024 Budget, Finance, and Convention Center Standing Committee Meeting



Ke'ena Kuleana Ho'opipa O Hawai'i
1801 Kalākāua Avenue
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**BUDGET, FINANCE, AND CONVENTION CENTER STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Monday, June 24, 2024, at 1:30 p.m.**

Virtual Meeting

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

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|-----------------------------|--|
| MEMBERS PRESENT: | David Arakawa (Chair), Kimberly Agas (Vice-Chair), Jame McCully, Blaine Miyasato, Mike White |
| MEMBERS NOT PRESENT: | James Tokioka (Ex Officio, DBEDT Director) |
| HTA STAFF PRESENT: | Daniel Nāho'opi'i, Isaac Choy, Tallon Kishi, Caroline Anderson |
| GUESTS: | Teri Orton |
| LEGAL COUNSEL: | John Cole |

1. Call to Order and Opening Protocol

Chair Arakawa called the meeting to order at 1:33 p.m. Mr. Casson-Fisher was not present at the meeting to do the Opening Protocol.

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 May 17, 2024, Budget, Finance, and Convention Center Standing Committee Meeting

Chair Arakawa made a motion to approve the minutes, and Ms. Agas seconded. Mr. Kishi did the roll call, and the motion passed unanimously.

4. Motion, Presentation, Discussion, and Action on the Hawai'i Tourism Authority (HTA's) May 2024 Financial Report; Recommend Approval

Chair Arakawa motioned to approve the HTA's May 2024 Financial Report, and Ms. Agas seconded.

Mr. Choy pointed out that the format of the Financial Statement had changed because the Fiscal Department understood the importance of providing maximum information to the public about how funds were being used. The report would show how much had been spent, the amount encumbered, and the total budget for each fund. Mr. Choy thanked Mr. Kishi for his work in preparing this report and asked him to make the presentation to the Committee.

Mr. Choy also noted that expenditure on the roof project would not be given during this agenda item but would be covered later.

Mr. Kishi provided Committee members with a detailed expenditure statement for each fund. He noted that the first column showed expenditure for May, the following two columns showed the actual Year-To-Date (YTD) amount expended and remaining encumbrances, and the final columns showed the budget for the Fiscal Year along with the difference between the amount budgeted and the amount spent.

The bottom line showed that \$10 million had been spent in May, bringing the YTD total to \$48 million and \$10.9 million in remaining encumbrances. The budget had been \$60 million, and as of May 31, 2024, a cash balance of \$10.9 million had remained.

Chair Arakawa noted that Branding had ended May with \$220,401 under budget and asked whether the Fiscal Department had information about the reason for this. Mr. Kishi responded that he would obtain detailed information from the Branding Committee.

Chair Arakawa went on to ask if, in the future, there will be major variances between the actual and the budgeted expenditures, which should be explained at Board meetings. He stated that this might be an issue related to timing.

Mr. Kishi reminded Committee members that YTD referred to FY2024, from July 1, 2023, to May 31, 2024. YTD values were reviewed every month by the Fiscal Department.

Chair Arakawa noted that \$220,000 could be considered relatively insignificant in terms of a multibillion-dollar budget. The variance was to be reviewed by the Branding Committee. Chair

Arakawa noted that no expenditure had been recorded for Administration although there were placeholders, and asked about the budget for the CEO. Mr. Kishi replied that salaries were drawn from a separate fund.

Mr. Miyasato asked whether the cash balance of \$11.9 million was encumbered. Mr. Kishi replied that the remaining encumbrances totaled \$10.9 million plus underspending of \$1 million. It was noted that expenditure on the roof project was becoming “hot and heavy,” and there were concerns about whether it could be achieved for the budgeted amount of \$64 million. Mr. Miyasato thanked Mr. Kishi for his detailed report.

Mr. Miyasato noted that Mr. Choy had changed the financial report. Mr. Kishi explained that the format of the report had been changed to include a separate page for the activity of each fund, enabling more detail to be shown. The present status of each fund was summarized.

Chair Arakawa summarized the report format as follows: page 5 showed the Convention Center General Fund, page 6 the Roof Project and Roof-Related Repairs, page 7 showed the Economic Development Administration (EDA) Tourism Grant, page 8 the Tourism Emergency Special Fund, page 9 the Tourism Special Fund, and page 10 the Convention Center Enterprise Special fund. He was happy that the data was presented this way, given that an audit was taking place and Program IDs had to be complied with.

Mr. Choy suggested that the goal of the Fiscal Department was to present a 100-page report each month. Chair Arakawa asked whether the variances in funds were significant, and Mr. Kishi replied that they were not.

Mr. McCully reported that he was now in attendance and was alone.

Chair Arakawa asked for a vote on the motion. Mr. Kishi conducted the roll call, and the motion was carried unanimously.

5. Motion, Presentation, Discussion, and Action on the Hawai'i Convention Center's May 2024 Financial Report and Update on the Hawai'i Convention Center's 6-Year Repair and Maintenance Plan; Recommend Approval

Chair Arakawa proposed a motion to approve the HCC May 2024 Financial Report and Update on the HCC 6-year Repair and Maintenance Plan and to recommend its approval by the full Board. Mr. McCully seconded the motion.

Ms. Orton presented the financial report for May. She pointed out that this had been a very good month, during which the Hawai'i Convention Center (HCC) had hosted six back-to-back city-wide events for various market sectors, including educational, fraternal, sporting, technical, and corporate. In addition, the HCC had hosted 21 local events. This meant that the HCC staff had been very busy but were happy that the HCC was back in full swing.

Total facility revenue for May had been more than \$4 million, with a net income of \$1.1 million. May 2024 was the eighth month in the present fiscal year in which a positive net income had been posted.

Ms. Orton pointed out that this result showed the importance of city-wide business's economic and fiscal impact. During the previous 11 months, the HCC had hosted 20 city-wide events, resulting in benefits for both the HCC and the State. Ms. Orton believed that this record fiscal year was due to a strong market mix of city-wide bookings. By the end of the fiscal year, the HCC would have hosted 21 city-wide events, generating \$390 million in economic impact and \$45 million in tax revenue for the State.

By the end of the fiscal year, the forecast growth revenues for the HCC were expected to reach \$28.8 million, including \$1.5 million of interest, with a net income of \$3.1 million. This would be the best financial performance in the history of the HCC if the results continued, saving the State over \$8.6 million in State subsidies in the present year. Ms. Orton anticipated that the HCC would continue this trend until the end of the fiscal year.

Chair Arakawa congratulated Ms. Orton. She replied that her team had worked hard to host five back-to-back city-wide events, which led to FestPAC, followed by a three-day break before welcoming the Association for Plant Biology Conference, which had just started.

Ms. Orton presented the running total for Return on Investment (ROI) for the 20 city-wide events hosted this fiscal year. The ROI stood at \$16.04 for every dollar spent. The fiscal year was expected to close out with 21 city-wide bookings, comprising 116,000 contracted room nights, a total attendance of 56,500, and an economic impact of almost \$400 million to the State. The total Transient Accommodation Tax (TAT) generated only from offshore business had been nearly \$46 million.

Chair Arakawa expressed his hope that a similar economic analysis for local events could be presented at next month's meeting. It was important to assess how much local events benefited the State.

Ms. Orton responded that the HVCB had recently developed new software to track room nights for city-wide events that did not sign hotel contracts to be used for sports events, local events,

and festivals that brought in offshore visitors. Hotels needed to link to the software, and event organizers had to ensure that visitors used this website to make bookings. If this were done, tracking hotel bookings by offshore visitors for local and sporting events would be possible. This would relieve meeting planners from arranging hotel contracts since the website would link directly to the specific hotel websites.

Mr. Miyasato pointed out that the TAT generated by visitors' room nights demonstrated the financial benefit of visitors using HCC. Events hosted by the HCC also conferred the non-monetary benefit of building the HTA brand. It was important to track the benefits of tourism to the local community.

Ms. Orton presented a list of recent events hosted by the HCC. She noted that the Festival of Pacific Arts and Culture (FestPAC) had recently ended, with the Association for Plant Biology Conference taking place at present. Upcoming events included the Indoor Air Institute during the first week of July, a city-wide event, along with the return of the Na Hoku Hanohano Awards on August 3 with an expected attendance of 1,000. In mid-August, the HCC was to host the Pokémon World Championship, another city-wide event, with an anticipated attendance of more than 50,000. This was a full concession event, with multiple food and beverage outlets throughout the HCC. This would be followed by the Made in Hawai'i Festival, hosted by the HCC for the second year, with an expected attendance of 60,000. This year, the festival was to occupy all three exhibition halls, and more than 500 exhibit booths were expected. Over the next three months, the HCC was expected to host 34 local and four city-wide events.

The Carbon Offset program had been responsible for planting 339 trees as of April, and participating conferences had contributed 28,000 in carbon offset dollars, equating to 328.73 metric tons of carbon dioxide absorbed.

Mr. McCully asked about the impetus for the divergence between the budgeted revenue and the actual revenue, apart from hard work. Ms. Orton replied that a major factor was the market mix, as it was more profitable in the years that had more corporate business. Corporate events paid a portion of rent and had high food and beverage revenues, some up to \$1 million. Revenue benefited from a good mix of offshore associations and corporate businesses. Corporate events also helped the State because participants usually stayed at high-end hotels. Corporate events were incentive programs for top salary earners, most of whom stayed in beachfront hotels. Ms. Orton reminded the Committee that it was important for the sales team to push more corporate business to the HCC. Ms. Susanna Flores had recently been hired for corporate sales. This position had been vacant for the past two years. Ms. Orton expressed the hope that business would continue to improve now that HVCB had an entire team of sellers.

Mr. McCully stated his understanding that these bookings were usually programmed from two to five years in advance. He asked whether something anomalous had occurred this year. Ms. Orton replied that HVCB usually booked events for the next 13 months, after which the sales team aimed to fill the gaps with local events. They had done an excellent job finding new, repeat businesses to fill the gaps. Ms. Orton pointed out that during her ten years at the HCC, revenue from local businesses had increased from \$4 million to \$12 million. Relying only on city-wide events was good when there was business, but local events were needed to fill the calendar.

Mr. McCully pointed out that the difference between \$12 million and \$4 million was the variance between the predicted and the actual revenue. Mr. Miyasato stated that the data proved that HCC business had improved, notwithstanding the leaking roof. The link between the HTA brand and the HCC meant that event participants were satisfied and proud of the location. He repeated his congratulations to Ms. Orton and her team. When the roof would have been repaired, performance would be even better.

Ms. Orton gave an outline of Repair, Maintenance, and Replacement projects on behalf of the HCC Director of Operations, Ms. Mari Tait, who was unwell. Tile pavers were one option for the rooftop terrace, and a team had recently visited the Waikīkī Marriott Main Pool deck, which had been installed with these pavers. During a discussion with the chief engineer, the team had been told the advantages and disadvantages of pedestal pavers. A new dishwasher had been installed, and this meant that the kitchen team no longer had to take all dishes to be washed in the Kalakaua kitchen in Exhibit Hall 1, before hauling the dishes back to the main kitchen. Portable warmers were purchased to keep food and beverages warm while moving throughout the HCC. Table-top refrigerators had also been purchased because these were in demand by many meeting planners. The new chillers had been installed. Insulation on the chilled water pipes throughout the building had been replaced because damage to this allowed condensation to drop in the parking garage and other public areas. Some sections of this piping still need to be completed.

Flooring for dance and cheerleading groups had recently been purchased. These groups used to ship their own flooring over. The marketing flexibility and capital improvement funds had been used to purchase this flooring, adding to the HCC's sporting equipment. Some gymnastics groups also used this flooring.

The grand staircase from the Ala Wai promenade had recently been painted. This was not part of the exterior painting project. These planters had previously contained full-grown palm trees but had now been removed. The team had tried as much as possible to waterproof the planters, which had then been filled up and covered with Astroturf. This was how the planters

would remain until the 6-year plan for planters was completed. In the meantime, they had been repainted to improve their appearance.

Power-washing around the exterior of the building had been conducted in preparation for the exterior painting project, which was to start at the end of this week and would run through the next year, navigating around events. The helix area was also power washed and improved. Ms. Orton gave a detailed list of current projects, divided into three categories: those that would improve visitor experience, those that would improve the building, and those that would improve efficiency.

The rooftop repair project was the top priority and would be explained by Mr. Choy in a subsequent agenda item.

Ms. Orton presented the 6-year maintenance plan, which included details of cash flow, estimates, and tentative completion dates. Chair Arakawa asked Ms. Orton to congratulate Ms. Tait and her team.

Those assigned to the project management company Cummings have been highlighted in the list of projects. A second project manager had been brought in, and they would be assigned to oversee specific projects. A list of projects that had been completed since 2020 was presented.

Chair Arakawa asked about specific floors required for various sports. Ms. Orton informed the Committee that the floor for volleyball could also be used for basketball, and the HCC had standard facilities for both these sports. The newly purchased dance floors could also be used for cheerleading and gymnastics. The HCC was purchasing 45 pickleball floors due to arrive in September, and was negotiating the hosting of two pickleball championships, one in November 2024 and the other in April 2025. A contract was to be negotiated with the O'ahu Pickleball Association, which would help manage local tournaments and local play-by-the-hour pickleball.

Chair Arakawa asked about the theater upgrades and was informed that both Theater 320 and Theater 310 were to undergo renovation. This project had been delayed because of cash flow since leakage repair had to be addressed first. Some improvement projects had been postponed because of funding and priority.

Chair Arakawa called for a roll call vote to approve the motion. Mr. Kishi took the vote, and the motion was carried unanimously.

6. Motion, Presentation, Discussion, and Action for Policies and Procedures on Operating Budget Amendment Procedures

Chair Arakawa proposed a motion to approve policies and procedures for operating budget amendments. Mr. White seconded the motion.

In their information packets, committee members were provided details of these policies and procedures. The budget passed by the legislature had specified Program IDs, which meant that the HTA no longer had the flexibility to reassign funds that it had previously possessed. This meant new policies and procedures for operating the budget had to be developed.

Mr. Choy explained the operating budget policy and noted that the only change related to No. 6 was that, unless approved by the Board, reallocation between budget categories was not allowed. In previous years, it had been possible to make budget amendments. Secondly, it had previously been possible to amend the operating budget, but the new budgeting policy meant this was no longer possible. Mr. Choy stated his hope that there would be no Program IDs in subsequent years so the budget would be more flexible. He explained that, instead of eliminating all policies and procedures, he had adapted them with the hope that next year, there would be more flexibility and the previous policies and procedures would be applicable. Mr. Choy had reproduced the previous policy and deleted item 6, which was no longer permissible. This would form the operating budget procedure for the present year.

Mr. Choy explained that in the past, the Board had been permitted to make amendments to the budget, which was reflected in the original procedures.

Mr. Miyasato asked whether, technically, the policy was in operation since the Governor had not signed it. However, since the Governor had already issued a list of items to be vetoed, and no HTA items were listed, this implied that no HTA line items were to be vetoed.

Mr. Miyasato stated that the budget was a single package, and if the Governor were to veto line items, he would already have done so. It seemed that HTA autonomy had been abolished, and Mr. Miyasato wondered aloud how this had occurred.

Chair Arakawa explained that the HTA had been affected by program 19, which imposed severe restrictions. During the past two years, the legislature had not approved a budget for the HTA, and this meant that the authority had to ask the Governor to allocate funding. The HTA was restricted this year, and it must abide by the restrictions, at least for this year.

The legislature wanted the HTA to identify how they were spending money and to hold them to it. Mr. Nāho'opi'i stated that Program IDs are related to budget categories, not budget line items. The budget categories were specified in the budget. He suggested that the procedures

could be revised before the Thursday Board meeting to refer to Program IDs, or this could be done during the July meeting.

Mr. Nāho'opi'i stated that Chair Arakawa had asked him to follow up with the Attorney General and other concerned departments to ensure this would be allowable and what restrictions would be imposed in the future.

Mr. Choy stated that Mr. Cole and the Department of Budget and Finance would clarify the situation, and committee members were free to email for guidance on interpreting and applying Program IDs and budget worksheets. It was necessary to define how the HTA was to operate and whether any flexibility was allowed regarding budget line items. Chair Arakawa noted that over the past two years, the HTA has operated with funds provided by the Governor. These were lump sums, and the budget was a "bucket," but the present system used Program IDs specified by the legislature.

Mr. Nāho'opi'i pointed out that the legislature had approved the present budget, and it was not an administrative budget, but for the past two years, the budget had been provided from the administrative budget with different rules.

In the previous year, the HTA asked the Governor for \$64 million, and he allocated \$60 million from funds provided for his administration by the legislature. Explanations had been given in many public meetings that the HTA budget had not been voted on by the legislature but had been given by the Governor.

Chair Arakawa informed the Committee that the present documents had been produced by the HTA staff and approved by the HTA Board. He felt it was not too early to provide these policy and procedure documents since the Board had already discussed changes in the Fiscal Year 25 budget. The previous rules were still in operation as long as new procedures and policies were not submitted and approved. This was a major issue that should have been discussed by Committee members. The documents and the necessity for them had already been discussed. Item 6 and procedures had changed but were not yet applicable.

Mr. Choy had prepared an outline or worksheet explaining what had to be done when changes to the budget or the time track were proposed, there was no need for approval of this document since it covered a procedure that everyone agreed had to be used. It will be discussed and approved in July.

Chair Arakawa informed the Committee that three proposals for changes had been submitted. The worksheet could be used as a checklist. He stated that the discussion would be put on the agenda for the July meeting.

Two documents were reviewed, one of which offered a budget policy. The second document had a red heading and contained Item 6 relating to procedure, which had been revoked pursuant to HB1800 HD1 SD1 CD1 2024. This document was to remain in the procedures handbook even though it was inapplicable. After further revision, it might come back into operation later.

Chair Arakawa stated that the Board would discuss policies and procedures during the July meeting. The agenda for the next meeting has already been finalized.

Chair Arakawa proposed a motion to approve policies and procedures for operating budget amendments. Mr. White seconded the motion.

Mr. Miyasato pointed out that it was premature to vote on the motion because additional information was needed from the Attorney General. At the moment, the budget was not a statute but was still a bill. The motion could not be approved until the necessary information had been received.

Chair Arakawa withdrew the motion and postponed the discussion to the next meeting. Mr. White withdrew his second motion.

Chair Arakawa stated that he expected staff to prepare procedures incorporating information from the Attorney General and the Budget and Finance Department to allow implementation of the new policy, including Item 6. Mr. Nāho'opi'i was to ask for necessary information from the Attorney General and the Budget and Finance Department, and Mr. Choy would attach the worksheet that he had prepared. Agenda Item 6 was to be deferred to a subsequent meeting.

7. Motion, Presentation, Discussion, and Action for the President and CEO Search Committee Budget

Mr. Choy made a recommendation and said perhaps a motion is unnecessary as he is unsure of the price for a headhunter. They will know the price by the middle of July when the RFP comes in. They should have a presentation and discussion, though. Mr. Nāho'opi'i said they should also consider other costs associated with the process, e.g. meetings, travel, etc. Chair Arakawa said there will not be a motion. Mr. Choy said they put an RFP out to manage a search for the CEO. It is based on qualifications and costs 60/40. It is based on 1-100 applicants and 200 and above. Depending on how many people apply for the job, they will be charged for the two categories. The advertising costs will be a separate item. There may be additional costs like travel, etc. The RFP is due mid-July. Mr. Choy said they are complying with the whole process. Mr. Miyasato said they must be programmatic about the process. Mr. Choy said that once the RFP is finished, he will send the Board members a memorandum outlining the ethics, rules,

procedures, etc. It is a very secretive process and a government process. Lobbying is not permitted for those on the selection committee.

Chair Arakawa said many of the previous RFP issues arose after the applicants bid on the RFPs. He asked how much it cost the previous time. Mr. Choy said it cost \$89,500. Chair Arakawa asked how much is in the budget, and Mr. Choy said there is zero. Chair Arakawa told Mr. White they needed to find the money. Mr. White said this could come out of the salary budget. There were no questions.

8. Motion, Presentation, Discussion, and Action on Fiscal Year 2025 Hawai'i Tourism Authority Operating Budget; Recommend Approval

Mr. Choy said they were strict about the members voting and approving items in prior years. To be proactive on the 2025 budget, he wanted to ensure they memorialize it. Chair Arakawa said that while the HTA budget is not on the Governor's veto list, it is not in effect yet. Chair Arakawa said the legislature gave the HTA \$63 million with Program IDs. Mr. Kishi explained the restrictions on that amount, as they do not actually have \$63 million to spend. BNF usually imposes a 10% restriction on general funded budgets, so they will likely only have \$56.7 million in spending.

Mr. Miyasato asked if there was any dispensation for the HTA as originally funded through the TAT and not general funds to avoid the 10%. If that were possible, what mechanism could they use. Mr. Choy said the restriction is for general funds, not special funds. The TAT allocation was special funded. The HTA no longer had TAT funding, but they have TAT for the HCC. They lost the TAT funding on January 1, 2022, and it was done through statute.

Chair Arakawa said they could address this with the AG. Mr. White said they must remember that these monies are for marketing to generate all the funds from the other state departments to operate off on. Mr. Choy said the tax department brings in revenue, and the HTA is general funded, and they get the 10% restriction. Mr. White said they bring in what is mandated. Chair Arakawa said he would ask them all and email the relevant people to get their questions, responses, and arguments. Mr. Miyasato said if they do not believe it is the HTA's kuleana to hold up the institution, what are they tasked to do. Chair Arakawa said he would present members' questions about why the HTA should not be subject to the 10%.

Mr. Kishi said the restriction is made up of two components. There is a 5% hard restriction, \$3,150,000, so no matter what, this amount has reduced the HTA's budget. There is another 5% contingency restriction where BNF will reduce the HTA's budget by another \$3.1 million, but they may allot the money back to the HTA in FY2025. Historically, BNF has not returned that 5% contingency since FY 2019, so he recommended that staff do not anticipate that to happen. He

recommended that programs develop trigger plans if BNF returns the money. BNF will allot up to \$56.7 million at the start of the fiscal year, depending on the allotment request the HTA makes to BNF at the start of the year. Currently, they plan to apply the 10% restriction on the budget line-item basis if possible. Mr. Kishi said it is a recommended practice. He said that must be included in the AG's questions.

Mr. Miyasato said that if they are subject to Program IDs, that makes a difference regarding where the 10% comes from. If it is done across the board, it is unhealthy. Mr. Choy said the moral of the story is that when they do their budget negotiations, they should all be on the table to discuss all the ramifications. Chair Arakawa said that discussions could be held with Mr. McCully.

Mr. White asked if the HTA has flexibility with BNF on which of the new Program IDs they want the money to come from to add up to 10% or if 10% can be done across the board on each program ID. He asked if the HTA would also be reducing salaries by 10%. Mr. Choy said every program ID is going to get restricted. The salaries could also be reduced. Mr. Kishi said BNF has the flexibility to allocate the restrictions within the Program ID's. Mr. White said the HTA should be able to allocate as they see fit if there is such a big budget cut. He wants the administration to produce an allocation recommendation. Mr. Miyasato questioned the need for budget cuts. Playing with salaries is not appropriate. Mr. Choy said the salary portion is DBEDT's opinion. Exempt positions are subject to salary cuts but not union positions. Mr. White and others agreed that they should not be changing salaries.

Mr. Kishi said the HTA will have to spend \$36.7 million for multi-year contracts executed in prior fiscal years, including FY2024. The HTA has \$3.5 million allocated for the DMAPs. They have \$3.1 million for all Program ID salaries. There is \$1 million for all Program ID administrative and governance expenditures such as travel, meetings, conventions, subscriptions, membership fees, Board meeting minutes, and office expenses. Mr. White asked if the \$3.1 million for salaries is after the 10% cut. Mr. Nāho'opi'i said that number is before the 10% cut. Mr. Kishi said the HCC budget includes:

\$64 million was appropriated in CIP funds for the roof repair project.

\$34 million expenditure ceiling for the CCESF (the 10% does not apply)

\$5. million for operations, 1.6 million for sales and marketing, \$26.7 million for repairs and maintenance, and \$700,000 for insurance.

Mr. Nāho'opi'i reminded everyone that of the \$26.7 million for R&M in FY2025, only \$20 million is non-recurring.

Mr. Kishi highlighted the amount the budget is made up of - \$63 million for Program IDs. This did not include the 10% restrictions.

Mr. Choy said the Department of Human Services has a \$2 billion budget for 1,000 employees and only 15 Program IDs.

Mr. Kishi spoke about the Program ID slide. For Administrative and Governance BED 113, they started with \$3.7 million and now have \$1.7 million remaining.

Chair Arakawa said item 380, the Marketing Opportunity Fund, is described as USA MMA MCI other markets FY2025 \$2.696 million, but in the descriptions in the committee draft it was identified as a carry-over to take care of FY2024 carry-over funds. The HTA will be asking about that as well because the Branding Committee, in their last meeting, spoke about using those funds, and he voted aye based on the understanding that Mr. Choy and Mr. Kishi approved it, but since then, Mr. Choy and Mr. Kishi said there might be restrictions on that as well. Before presenting it to the full Board, he asked Mr. Kishi to clarify that it was not part of the Opportunity Fund.

Chair Arakawa said they will be discussing the action that the Branding Committee took for the Fall Saturation program, so they will wait on the advice from the AG and Committee.

9. HCC Roof Repair Project

- a. Status of HCC Roof Repair Project**
- b. HTA Project Timeline and Dashboard**
- c. Staff Assignments**

Mr. Choy said they have finished the schematic design and are on budget. They are down to \$27 million for the basic construction out of \$64 million. The detailed design phase will be coming up. Regarding the schedule, construction will happen from January 1, 2026, to October 31, 2026. The HCC events will be stopped during that time as it would be too costly to try shuffle events and construction around. The contract will be out in September or October 2025, giving the contractors sixty to ninety days to submit. The contractors will have ten months to complete the project; if they go over that time, they will have to work around the events from the end date.

Mr. Choy was hopeful that it would finish in time. Ms. Agas asked Ms. Orton about the forecast for a loss of business and if she anticipated some event organizers booking another date. Ms. Orton said that in 2026, they only have five city-wide events to move out. She clarified on Mr. Choy's comment that although the construction project is to the end of October 2026, they are moving groups out until the end of 2026, anticipating that construction will take longer than

planned for. The first call to action would be to try to flip the event with another city. If that is not something they can do, they will move them out to their next open year. They are doing all they can not to lose this business. They have calls scheduled with the clients in the coming week to make necessary plans. The same goes for local events. During that time, they will avoid using the rooms under the third-floor rooftop terrace deck.

Mr. Miyasato asked about the penalty the construction team will pay if they do not finish in time. He questioned if it lined up with the amount of money they were losing in business. Mr. Choy said it is nowhere near that amount. Mr. Choy said it is between \$8 million and \$30 million. He asked Ms. Orton to give him a January to December 2026 proforma. Chair Arakawa said closing down the city-wide events for areas under the roof is drastic. He asked Mr. Choy to explain the cost the contractors would charge them if they stopped construction during certain events. Mr. Choy said they were informed that if they do stop, the subcontractors will charge them for those days lost. Mr. White asked if there would be penalties for the contractor to pay if they were not finished in time. Mr. Choy said there would be liquidated damages, but they would also be awarded if completed earlier. Chair Arakawa asked for clarification as soon as possible.

10. Status and Recent Communication Relating to the HTA FY 25 Budget Request to the Legislature

Chair Arakawa deferred the agenda item until they get memorandums from BNF and WAM so they can send them to the Board members for further discussions later.

11. Status and Communications Regarding the Hawai'i Convention Center (HCC) FY 25 Budget

- a. FY 25 HCC Budget Request to the Legislature**
- b. FY 25 HCC Operating Budget**
- c. FY 25 HCC Sales and Marketing Budget**

Mr. Choy said they approved the HCC budget. It was a negative budget. He allowed them to modify the budget, but it remained as is. He asked for approval of the budget item in the July 2024 meeting.

12. Tourism Emergency Special Fund

- a. Status of Use of the Tourism Emergency Special Fund**
- b. Policies, Procedures, and Reports Relating to the Use of the Tourism Emergency Special Fund**

Ms. Anderson gave a recap of the \$5 million, how it was budgeted, contracted, paid to date, and what remains. The Board approved everything. \$2.6 million was for HVCB's recovering marketing program in the fall of 2023. The \$250,693 was for the shelter costs and the return of bags to visitors in Maui. The rest were the recovery plans projects the Board approved in December 2023.

The U.S. Maui Recovery Marketing Program #2 for \$900,000 was a contract amount and paid to date is \$900,000. Under 1b, there was the enhancement of the gohawaii.com site, the Maui pages, and the HTA subsidized reduced participation fees at HTUSA's travel events in California and New York. That was \$200,000. All of that was contracted and paid for. The Mākaukau Maui Campaign targeted Maui residents, secondary to Hawai'i residents and potential visitors. That project was budgeted at \$350,000, and the majority of the funds will be used.

The Kinetic contract was \$141,000, and they are returning about \$3,400 due to their travel costs being under budget. The remaining funds of about \$208,000 were used for the various news stations, advertisements, radio, print, etc., and they are paying off the final invoices.

There were no questions.

Ms. Anderson spoke about the post-arrival visitor communication and education activities that Kilohana did. All those funds contracted for \$300,000 would be used. The status of the final deliverables is under review with Mr. Ka'anā'anā. At the past Branding Committee meeting, they presented the outcomes of the efforts, and now they will present to the full Board.

Ms. Anderson spoke about \$400,000 for the effort to support Maui small businesses and made-in-Hawai'i products. They wanted to develop a marketplace that was targeted at vendors and businesses in the Lahaina area that were affected. They worked with the county and identified the CNHA to help move the project forward. They contracted with them for \$100,000, but unfortunately, the effort taken by the CNHA to reach out to businesses was unsuccessful in securing a lease and place within the timeframe. The last \$100,000 was unspent.

She spoke about the following item: supporting and providing longer-term housing for wildfire-impacted households living in visitor-type accommodation by appealing to TVR owners. She asked Mr. Nāho'opi'i to elaborate. Mr. Nāho'opi'i said the first was the promotion to get residents to participate in housing programs available in Maui. They presented a while back in social media and advertising. That was completed for \$25,000. They received final reports and information, and it was entered for processing. The second one was to work with community organization to help those still in visitor type accommodation and expand on resources available for Maui residents. The HTA was unable to settle on a contract. There was paperwork and scope to be done within a certain timeframe, but they were unable to do this. The

additional \$25,000 allocated was not spent. At this point, the Board could decide if they want to revisit this if there are still issues on Maui that need addressing and for which the emergency funds can be used. After that, they can discuss extending the existing plan for a longer period of time or get additional information on other types of issues or projects that need to be addressed. The balance is currently \$125,000.

Chair Arakawa said they must check if they can reprogram the funds. Mr. Nāho'opi'i said it is their internal funds. Chair Arakawa asked for Mr. Nāho'opi'i's recommendation. Mr. Nāho'opi'i recommended that the Board revisit the issues needed to support Maui. Ms. Anderson said she would check with the county to see what they suggest.

Mr. Nāho'opi'i asked the Committee if the staff should do more research, identify the issues, and bring back a recommendation in July where the Board could then decide. Chair Arakawa asked that they do this for both items. Mr. Nāho'opi'i said they would present this to the Ho'okahua committee first.

There were no further questions.

c. Status of Federal Reimbursement for Wildfire Budget Requests

Mr. Choy said they have approximately \$700,000 in receivables from FEMA. For the HTA to get that money, they have to pay because the federal grant is a reimbursement grant. The HTA has to pay \$1 million to the HCC and give that receipt to the federal government, and they will reimburse 90% of the amount. The legislature said any money reimbursed from the federal government is going to a trust fund to benefit the Maui wildfire, and the HTA does not get that money back. If the \$1 million is not paid, the HTA can save that money. He asked for guidance on this.

Ms. Orton asked if they already funded that in their financials. Mr. Choy said the receivable is still booked under the HCC. Chair Arakawa wanted to talk to the legislative budget chairs about this. He said they must do the report, write it up, and make a recommendation the following month. Mr. Kishi said he would take that money from the operational budget.

13. Branding Incremental Budget Requests

- a. Update on Campaign Effectiveness, Cost/Benefit Ratio, and ROI for Incremental Budget Requests**
- b. Status of Contracts and Payments for all Branding Incremental Requests**

Chair Arakawa deferred this item, but Mr. Nāho'opi'i spoke about the incremental amounts and said the information would be distributed to the Board members.

- 14. Status, Discussion and/or Action Relating to HTA Budget & Finance Issues, Policies and Procedures, etc.**
- a. HTA Past Due Accounts**
 - i. Status**
 - ii. Policies and Procedures**
 - b. HTA Contract Modifications**
 - i. Status**
 - ii. Policies and Procedures**
 - c. HTA Executive Employment Contracts and Bonuses**
 - i. Status**
 - ii. Policies and Procedures**
 - d. HTA Travel Policies**
 - i. Status**
 - ii. Policies and Procedures**

Chair Arakawa deferred this agenda item. Mr. Choy said they must keep this meeting to an hour and a half and have two budget committee meetings as they need lengthy discussions. One meeting should be on budget and the other on operations.

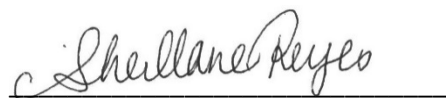
- 15. Presentation, Discussion, and Action on HTA Budget Issues, Comments, and Suggestions Raised by Legislators, Board Members, Staff, Stakeholders, etc., including:**
- a. HTA Response to House Tourism Chair Quinlan’s Review Comments on FY 2024 Operating Budget: Status, Policies, Procedures and Board Approval**
 - b. HTA Policies and Procedures for Communications Regarding HTA Budget, including Prompt Transmittal to the Board, Timely Responses, and Follow-up Actions on Matters Including Possible Violations of Laws or Contracts**

Chair Arakawa deferred this agenda item.

16. Adjournment

Chair Arakawa motioned to adjourn the meeting, and Mr. Miyasato seconded it. The meeting adjourned at 4:08 p.m.

Respectfully submitted,



Sheillane Reyes
Recorder