



KA HĀLĀWAI KŪMAU A KE KŌMIKE MO'OHĒLU 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**

**Po'akolu, 19 Pepeluali 2025, 3:00 p.m.
Wednesday, February 19, 2025, 3:00 p.m.**

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

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.

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**Kelepona / Call In: 1 669 444 9171
Helu Hālāwai / Webinar ID: 818 2649 3709**

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 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 Tourism Authority office, 1801 Kalākaua Avenue, 1st Floor, Honolulu, HI 96815. Written testimony received after the issuance of the committee packet (two business days before 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 the Minutes of the September 12, 2024, November 20, 2024, December 13, 2024 and January 21, 2025 Committee Meetings
4. *Noi, Hō'ike'ike, Kuka, a Ho'oholo i ka Mo'olelo Kālā no Kekemapa 2024*
Motion, Presentation, Discussion, and Action on the Hawai'i Tourism Authority's (HTA) January 2025 Financial Report; Recommend Approval
5. *Hō'ike'ike, Noi, Kūkā, a Ho'oholo i ka Mo'olelo Kālā a me ka Papa Hana Ho'oponopono o ke Kikowaena Hālāwai o Hawai'i no Kekemapa 2024*
Motion, Presentation, Discussion, and Action on the Hawai'i Convention Center's (HCC) January 2025 Financial Report and Update on the HCC's 6-Year Repair and Maintenance Plan; Recommend Approval
6. *Hō'ike'ike, Noi, Kūkā, a Ho'oholo i ke Kū'ē Lula Mo'ohelu Kālā*
Motion, Presentation, Discussion, and Action on Budget Exceptions for Program BED114 (HTA Branding and Marketing)
7. *Hō'ike'ike, Kūkā, a Ho'oholo no nā Kuleana a me nā Mana'o 'Ē A'e e Pili ana i ka Mo'ohelu Kālā HTA i Hāpai 'ia e nā Lālā o ka 'Aha'ōlelo, ka Papa Alaka'i, nā Limahana, nā Kāko'o, apwa, e La'a Ho'i me:*
Presentation, Discussion, and Action on HTA Budget Issues, Comments, and Suggestions Raised by Legislators, Board Members, Staff, Stakeholders, etc., including:
 - a. *Nūhou no ke Noi i ka 'Aha'ōlelo i Pili i ka Mo'ohelu Kālā Kū Makahiki 'Elua o ka 2025-2027*
Status Update on the Fiscal Biennium 2025-2027 Budget Request to the Legislature

- b. *Ka Papa Hana a Lawelawe 'ana o ka Ho'oka'a'ike e Pili Pū ana i ko ka HTA Mo'ohelu Kālā, ke 'Ano e Lawelawe aku i ka Papa Alaka'i, a me ka Pane a Ho'oholomua Koke*
HTA Policies and Procedures for Communications Regarding HTA Budget, including Prompt Transmittal to Board, Timely Responses, and Follow-up Actions

- c. *Ka Nūhou no ke Noi Hō'oiā a ka 'Aha'ōlelo i Pili Ho'i i ka HRS 23-13*
2023 Legislative Audit Pursuant to HRS 23-13
 - i. *Ka Nūhou no ka 'Ikepili e Kū nei, ka Mo'ohelu Kālā, a me nā Nīnūnē o ka Mālama Mo'ohelu Kālā a 'Oihana Kālā*
Status and Budget, Finance, and Accounting Issues

- d. *Ke Kālā Pōulia 'Oihana Ho'okipa*
Tourism Emergency Special Fund
 - i. *Ka Nūhou no Ke Kulekele Ho'olilo Kālā Pōulia*
Status of Use of the Tourism Emergency Special Fund

 - ii. *Ka Papa Hana, Lawelawe 'ana, a me nā Palapala e Pili Pū ana i ke Kālā Pōulia*
Policies, Procedures, and Reports Relating to the Use of the Tourism Emergency Special Fund

- e. *Ke Noi Kālā 'Āpanakahi no ke Kāko'o iā Maui*
Wildfire Incremental Budget Requests
 - i. *Ka Nūhou no ka Māhuahua o ke Noi Kālā 'Āpanakahi no ke Kāko'o iā Maui*
Update on Campaign Effectiveness, Cost/Benefit Ratio, and ROI for Wildfire Incremental Budget Requests

 - ii. *Ka Nūhou no nā Palapala 'Aelike 'Āpanakahi e Kāko'o ana iā Maui a me ka Uku*
Status of Contracts and Payments for all Wildfire Branding Incremental Requests

f. *Nā Nīnūnē Mo'ohelu Kālā o ka HTA, ka Papa Hana, a Lawelawe 'ana*
HTA Budget & Finance Issues, Policies and Procedures

- i. *Nā Waihona Kālā Lohi: ka Nūhou, Papa Hana, Lawelawe, a Palapala 'ana*
HTA Past Due Accounts: Status; Budget & Finance Policies and Procedures, and Reporting
- ii. *Na Loli o nā Palapala 'Aelike HTA: ka Nūhou a Kūkā no ka Papa Hana, Lawelawe, a 'Āpono o ka Papa Alaka'i, a me ka Palapala 'ana o ka 'Oihana Kālā*
HTA Contract Modifications: Status and Discussion; Budget & Finance Policies and Procedures, Board Approval, and Reporting
- iii. *Nā Kūlana Ho'okō a me ka Uku Keu: ka Nūhou a Kūkā no ka Papa Hana, Lawelawe, a 'Āpono o ka Papa Alaka'i, a me ka Palapala 'ana o ka 'Oihana Kālā*
HTA Executive Employment Contracts and Bonuses: Status and Budget & Finance Policies and Procedures, Board Approval, and Reporting
- iv. *Ka Papa Hana Huaka'i HTA: ka Nūhou a Kūkā no ka Papa Hana, Lawelawe, a 'Āpono o ka Papa Alaka'i, a me ka Palapala 'ana o ka 'Oihana Kālā*
HTA Travel Policies: Status and Discussion on Budget & Finance Policies and Procedures, Approval, and Reporting

g. *ā Nīnūnē 'Oihana Kālā no ke Kikowaena Hālāwai o Hawai'i*
Hawai'i Convention Center Budget & Finance Issues

8. *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 5 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.

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Approval of the Minutes of the September 12, 2024, November 20, 2024, December 13, 2024, and January 21, 2025 Committee Meetings



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**BUDGET, FINANCE, AND CONVENTION CENTER STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Thursday, September 12, 2024, at 10:45 a.m.**

Virtual Meeting

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

MEMBERS PRESENT:

David Arakawa (Chair), Kimberly Agas (Vice-Chair), James McCully, Blaine Miyasato, James Tokioka (Ex Officio, DBEDT Director), Mike White

HTA STAFF PRESENT:

Daniel Nāho'opi'i, Kalani Ka'anā'anā, Isaac Choy, Talon Kishi, Caroline Anderson, Iwalani Kūali'i Kaho'ohanohano

LEGAL COUNSEL:

John Cole

1. Opening Protocol and Call to Order

Chair Arakawa called the meeting to order at 10:49 a.m.

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 conducted the roll call. All confirmed their attendance and said that they were by themselves except for Chair Arakawa, who was in the HTA conference room.

3. Motion, Presentation, Discussion, and Action on the Hawai'i Tourism Authority July and August 2024 Financial Reports; Recommend Approval

Chair Arakawa deferred Agenda 3 and went on to Agenda 4.

4. Report on the Branding Standing Committee Meeting Held on September 9, 2024, Relating to the Proposed Final Draft of the Fiscal Year 2026 and 2027 Hawaii Tourism Authority Operating Budget for Branding and Marketing (BED114)

Chair Arakawa proposed the motion to approve the recommendation of the Branding Standing Committee Meeting about the FY26/27 HTA Operating Budget for Branding and Marketing, BED114.

The Chair noted that this corresponded to a total budget for the HTA for FY26/27 of \$80 million. It did not correspond either to the \$70 million plus Supplemental 1 of \$10 million or to the proposal for \$70 million, \$10 million, and \$10 million.

The proposal was seconded by Mr. Miyasato.

Chair Arakawa added that many of the members present had also taken part in the earlier meeting of the Branding Standing Committee. He asked Mr. Miyasato whether he had any points to add or to emphasize.

Mr. Miyasato responded that emphasize was a good word because he believed that the issue boiled down to terminology. In his mind, the words Supplemental and incremental implied a loss of priority. He recalled the robust conversation about Form A at the Branding Standing Committee meeting. The form was to be used as a vehicle to obtain a budget that would reflect the funds the staff said were needed to complete the mission of the agency.

Mr. Miyasato reminded members that the HTA was the only revenue-generating entity in the State, even though housing and construction had a large economic impact. In reality, tourism was the only economic driver, and the deficits in the council revenues forecast demonstrated the downturn in tourism and the associated drop in tax collection. These considerations led to the development of a \$70 million plus \$10 million plus \$10 million budget or an \$80 million base budget.

Chair Arakawa expressed his appreciation for Mr. Miyasato's explanation. He also apologized for not informing committee members of his recent discussions with staff of the Department of Business, Economic Development, and Tourism (DBEDT) and the Department of Budget and Finance (DBF) regarding Form A. They had confirmed that Form A could be submitted with a base budget and, on the same document, Supplementals 1 and 2 of \$10 million each. The DBEDT and DBF staff confirmed that these requests could all be submitted in a single document, which DBEDT, DBF, the Governor, and the Legislature would then review.

Chair Arakawa reminded members that this had been the question posed by Vice-Chair Agas at the recent meeting of the Branding Standing Committee.

Mr. McCully asked whether Chair Arakawa suggested a starting point or a \$70 million, an \$80 million, or a \$90 million recommendation from the Board.

Mr. Arakawa responded that Mr. McCully had correctly identified the issue upon which the final vote was to be taken. The Branding Standing Committee had recommended an \$80 million budget request.

Mr. McCully replied that he had been trying to clarify how far the conversation still had to go.

Chair Arakawa assured him that the issue would be clarified.

Mr. Miyasato pointed out that this was not a new conversation. He recalled that the previous year, during his tenure as Chair, he had asked if the independence of the HTA included the budget process. Along the way, Board members learned that the autonomy of the HTA, including budgeting, had been stripped away. Other recent conversations had propounded the notion that budgets were built, and the departments had to shoehorn their activities to fit the budget. The committees with *kuleana* for any function should be given the authority and the ability to ask for what was needed in consultation with, and at the direction of, the HTA staff. That should be how the budget was built. Mr. Miyasato repeated that this was not a new conversation, and all discussions could be reviewed by the public.

Chair Arakawa thanked Mr. Miyasato for his comments.

Mr. White thanked the Chair and expressed his opinion that it was important to ask for as much money as possible. He agreed that the HTA needed to give a more effective account of the financial benefits to the coffers of the State that would result from their incremental spending. Such an explanation would address the choice between a \$70 million base budget with two \$10 million Supplementals, an \$80 million budget alone, or an \$80 million budget with a \$10 million Supplemental. The case to be made to the Legislature and the Governor depended on the projected return on investment (ROI). Studies based on more limited marketing programs were available, and it was important to revisit these statistics to persuade the Legislature of the ability of the HTA to rescue the State from its bad situation. This would make clear that the HTA was the best place to invest money.

Mr. White asked whether it was possible to submit an \$80 million plus \$10 million budget instead of a \$70 million, \$10 million, \$10 million budget, or an \$80 million budget alone.

Chair Arakawa responded that this might be possible, but there was no second \$10 million since the \$10 million of Supplemental 1 had been included in the \$80 million budget. He understood that there was no additional \$10 million.

Mr. Nāho'opi'i pointed out that the \$80 million was specifically related to branding and marketing, and together with items recommended by the Ho'okahua Standing Committee, the total would amount to \$80 million.

Chair Arakawa responded that there was \$4.3 million in the budget for Supplemental 2, thus becoming Supplemental 1. This meant that there would be an \$80 million base budget proposal from Branding and Marketing with \$4.35 million Supplemental. He explained that this was

described in the handout, with the base budget of \$69.9 million on page 51, Supplemental 1 of \$9.9 million on page 52, and Supplemental 2 of \$4.35 million on page 53.

Chair Arakawa stated that Mr. White's question was possible and would be voted on during the meeting about the BFCC recommendation.

Dir. Tokioka apologized for being late and reminded members about the message they had received at the previous Board meeting from Director Luis Salaveria of DBF. Dir. Tokioka had been meeting with the Cabinet and the Governor to examine the five-year plan and how the income tax cut could be financed. Like Mr. Miyasato, Dir. Tokioka also wished that there was autonomy and that the budget was more than \$100 million, but this was not the case. Over the years, they have seen how the Legislature has adjusted the expenditure of the HTA, up to the previous budget cycle in which program IDs were defined. This restricted what could be done when some program IDs concerned items that had to be paid for first.

Dir. Tokioka believed that the budget suggested by the Chair, of \$70 million with an additional \$10 million with priorities, was a good way to present the budget to the Legislature. He reminded committee members that the budget submission process was from HTA to DBEDT, DBEDT to DBF, and then DBF to the Governor. Anywhere along the line, there would be opportunities for members of the public to appeal to DBEDT, DBF, the Governor, and, when the legislative session started, the Legislature. The present meeting was not the end but the starting point for the budget submission to the Legislature. The legislators would be aware of their fiscal restraints and the availability of extra money. Dir. Tokioka believed this was the best way to present the budget and thanked Chair Arakawa for allowing him time to speak.

Asked for his comments by the Chair, Mr. McCully requested clarity that the present motion was to accept the recommendation of the Branding Standing Committee for an \$80 million budget. Chair Arakawa confirmed that this was the case and stated that after the present motion, there would be a succession of subsequent motions intended to conclude. Mr. McCully called for a vote on the motion.

Chair Arakawa called for a vote on the motion to approve the recommendation from the Branding Standing Committee for the FY26/27 HTA Operating Budget, identifying specific amounts of \$80 million.

The Chair asked Mr. Kishi to conduct the roll call vote. Votes were cast as follows:

Chair Arakawa, Nay
Vice-Chair Agas, Nay
Mr. McCully, Nay
Mr. Miyasato, Aye
Dir. Tokioka, Nay

Mr. White voted Aye but stated that he would rather vote on the \$80 million-plus budget, and Chair Arakawa reminded him that this was still to be tabled.

Mr. Kishi reported that the motion had not been carried.

5. Report on the Ho'okahua Hawai'i Standing Committee Meeting Held on September 12, 2024

a. Discussion and Action on Fiscal Year 2025 Budget BED 116 – Destination Management – DMAP (Destination Management Action Plans) Implementation Use

Chair Arakawa stated that Agenda 5a considered using and implementing Destination Management Action Plans.

Ms. Anderson introduced the presentation and referred committee members to the information handout that had been circulated. The present agenda item referred to the FY25 budget, BED 116, relating to destination management action plan implementation.

Ms. Anderson explained that she would define the proposed use of the funds and seek the committee's approval for this program. It was proposed that the funds be used for information gathering, thus providing opportunities for the visitor industry and community stakeholders to provide input. The program would facilitate meetings to further the development of the DMAPs. The information would also help to inform the tourism strategic plan and the tourism functional plan. This program was in alignment with the governance study's recommendations. Ms. Anderson requested that \$400,000 be used from the \$500,000 line item assigned for this activity.

Chair Arakawa explained that the Ho'okahua Standing Committee had approved this proposal in a meeting earlier that day, and it was consistent with the line item to implement the DMAPs, for which this type of planning was required.

Chair Arakawa proposed a motion to approve the FY25 budget BED116 Destination Management, destination management action plans (DMAPs), and implementation use as described by Ms. Anderson. The motion was seconded by Mr. McCully.

Mr. Miyasato asked whether a vote had taken place on the FY26/27 budget at the same meeting of the Ho'okahua Standing Committee.

Chair Arakawa replied that this would be the next agenda item

There was no further discussion.

Mr. Kishi conducted the roll call vote, and the motion was carried unanimously.

b. Discussion and Action on the Proposed Final Draft of the Fiscal Year 2026 and 2027 Hawaii Tourism Authority Operating Budget for Destination Stewardship (BED115, BED116, BED117)

Chair Arakawa pointed out that this was the issue Mr. Miyasato had referred to.

Chair Arakawa proposed a motion to approve the recommendation of the Ho'okahua Standing Committee concerning the FY26/27 HTA Operating Budget for Destination Stewardship (BED115, BED116, BED117).

Chair Arakawa explained that when added to the proposal of the Branding Standing Committee, this would give a total budget of \$80 million,

The motion was seconded by Mr. Miyasato.

Mr. McCully asked for the page reference in the handout, and Mr. Kishi explained that pages 51 and 52 gave a total of \$80 million.

Mr. McCully commented that this was \$69.9 million, and Chair Arakawa responded that it was the same idea as the branding budget.

Chair Arakawa asked Ms. Paishon for highlights and clarified that all the itemized requests from the Ho'okahua and Branding Standing Committees were detailed in the base budget plus Supplementals 1 and 2 that had been circulated with recommendations of staff during the previous meeting.

Ms. Paishon responded that there were no particular highlights since the budget requests stood on the justifications presented by staff and Ho'okahua committee members. They believed that the budget reflected what was needed, not what was wished for. Ms. Paishon believed that the budget would allow the HTA to move forward in their responsibility for destination stewardship management as newly codified in the statute.

Chair Arakawa asked for further discussion and noted that the staff had done an excellent job. During the preceding meeting, sports, signature events, the sports opportunity fund, and workforce development programs had been mentioned, and these were all very important for the success of tourism in Hawai'i. The Chair thanked Ms. Paishon and her committee. All these items were in either base budget, Supplemental 1, or Supplemental 2 under the \$70 million, \$10 million, and \$ 10 million plan.

The Chair called for a vote on the motion to approve the proposal of the Ho'okahua Standing Committee, which gave a total budget request of \$80 million.

The Chair asked Mr. Kishi to conduct the roll call vote. Votes were cast as follows:

Chair Arakawa, Nay
Vice-Chair Agas, Nay

Mr. McCully, Nay
Mr. Miyasato, Aye
Dir. Tokioka, Nay
Mr. White, Aye

Mr. Kishi reported that the motion had not been carried.

Chair Arakawa reminded members that Dir. Salaveria had asked for ROIs to be provided. He pointed out that some items did not include ROIs under the change from \$70 million, \$10 million, \$10 million to \$80 million. That might mean further work for the staff. The Chair thanked the staff for preparing ROIs for the other items.

6. Motion, Presentation, Discussion, and Action relating to HTA's Fiscal Year 2026 and 2027 Legislative Budget, Process, Issues, and Request

Chair Arakawa introduced the motion related to the HTA's Fiscal Year 2026 and 2027 Legislative Budget. This referred to the \$70 million base budget plus \$10 million Supplemental 1 plus \$10 million Supplemental 2 request. The information handout showed a request of \$4.35 million for Supplemental 2. The Chair noted that the detailed documentation was part of the record, with the \$69.9 million base budget on page 51, Supplemental 1 of \$9.9 million on page 52, and Supplemental 2 of \$4.35 million on page 53.

The Chair explained that the motion was to approve the \$70 million base budget plus \$10 million plus \$10 million, to include all the updated information that the staff had developed for the Ho'okahua and the Branding Standing Committees. Committee members were reminded to ensure that their information had been updated. Chair Arakawa commented that he believed that this would give the greatest probability of approval of the budget, including all the Supplemental requests.

The motion was seconded by Mr. McCully.

Mr. Miyasato clarified that, notwithstanding the two votes just taken, notwithstanding the subject matter committees having carried the motions with yes votes, this motion was to replace the recommendations of the subject matter committees and was \$70 million, \$10 million, \$10 million, and not an \$80 million base budget.

Chair Arakawa responded that this had been the original recommendation by the BFCC, and it would now include additional new information from the Branding and Marketing and Ho'okahua Standing Committees.

The Chair asked Mr. Kishi to conduct the roll call vote. Votes were cast as follows:

Chair Arakawa, Aye
Vice-Chair Agas, Aye

Mr. McCully Aye
Mr. Miyasato, Nay
Dir. Tokioka, Aye
Mr. White, Nay

Mr. Kishi reported that the motion had been carried.

Chair Arakawa thanked everyone for their time.

The Chair asked the staff to include all the descriptions and information developed in individual committees in the \$70 million, \$10 million, and \$10 million packets.

Mr. Miyasato asked whether the entire process would be reviewed during the meeting of the full Board for the benefit of those who were not present. He hoped to reconcile what had been recommended by the subject matter committees with what was to be presented to the full Board.

Chair Arakawa responded that the BFCC committee recommendations would be up for a vote by the full Board at the Board meeting. He believed that the recommendations from the Ho'okahua and Branding Standing Committees could also be discussed.

Mr. Nāho'opi'i stated that it was not on the agenda but could be included in the discussion.

Chair Arakawa asked for further questions.

Mr. McCully wanted to be recorded as stating that the members of every committee shared the same goals. Their differences did not concern principle but related to the best process of getting to the HTA's shared goal, which was a well-funded effort to improve tourism in the State of Hawai'i. It had pained him to vote "No" to a good thing, but he believed that his ultimate goal was best served by the vote that he had been able to support. He thanked Chair Arakawa for allowing him to speak.

Dir. Tokioka echoed Mr. McCully's comment. As Director of DBEDT, he understood that the position of DBF was to keep the budget at the status quo, but he had just voted for a budget that was \$7 million higher than the status quo. The HTA had been advised to create a status quo budget but intended to request a larger amount. The Legislature and the Governor would have the opportunity to increase it if they saw fit, with whatever finances would be available, either at the time of submission of the budget or at the time of the final vote on the budget.

Mr. Miyasato responded that there was no suggestion that Board members were not acting in good faith or did not wish to ensure the viability of the HTA. That was the responsibility of Board members. There might be a to-and-fro debate about the process. Mr. Miyasato found it hard to understand the notion of starting lower with the hope of obtaining more funds. He had never witnessed this. He pointed out that if the Board stated that this was the amount needed, and the subject matter experts had justified the request, the requests were submitted through

DBEDT, and the Governor decided to cut the budget request, well and good. However, Mr. Miyasato did not believe that cutting should occur at the Board. He was looking forward to a full Board conversation. He believed that the issue did not concern different interests, but it concerned the mechanics by which the goals of the HTA were attained. He failed to understand starting with a low request, especially when the subject matter committees had given justified requests. In his opinion, the arbitrary reduction of these justified requests defied logic.

Chair Arakawa referred to the statements made by the State Director of Budget and Finance during the previous Board meeting. He believed that everyone had received the proposed minutes from the Executive Session. He commented that this process was not easy for anyone. The staff had justified their recommendations, intending to obtain every dollar necessary to make the HTA successful. Everything had been prioritized, and items could be justified. He pointed out that some disagreements related more to style than substance. The substance was the same, but the mode of proposal was different. Everyone was searching for the best chance for the HTA to obtain what was needed. People might differ on methods. Dir. Salaveria had reminded the Board of the importance of providing ROIs to justify requests.

Mr. White echoed the earlier comments. All three proposals moved the HTA in a positive direction. The issue was about the method of requesting funds most likely to give the required result. Mr. White looked forward to a robust discussion the following day and expressed his hope that the discussion would end in a unanimous vote. He explained that it was undesirable for a budget vote to end on a slim margin. The vote should have been unanimous.

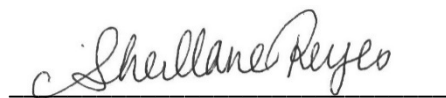
Dir. Tokioka thanked Chair Arakawa for his hard work. Everyone knew that his job was not easy. Chair Arakawa had put in much work with the staff, and Board members appreciated his efforts, even if everyone did not agree with his conclusions. However, everyone agreed that he had worked hard on today's proposals.

Mr. McCully stated that Chair Arakawa was the hardest-working Board member, carrying out his duties with brevity. Mr. Miyasato commented that this was the first time there had been brevity.

7. Adjournment

The meeting adjourned at 11:33 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sheillane Reyes". The signature is written in black ink and is positioned above a horizontal line.

Sheillane Reyes
Recorder



Ke'ena Kuleana Ho'opipa O Hawai'i
1801 Kalākaua Avenue
Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
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**BUDGET, FINANCE, AND CONVENTION CENTER STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Tuesday, November 20, 2024, at 1:30 p.m.**

Virtual Meeting

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

MEMBERS PRESENT:	Kimberly Agas (Vice-Chair), Blaine Miyasato, Roy Pfund
MEMBERS NOT PRESENT:	David Arakawa (Chair), James McCully, James Tokioka (Ex Officio, DBEDT Director)
HTA STAFF PRESENT:	Isaac Choy, Talon Kishi
GUEST:	Terri Orton
LEGAL COUNSEL:	John Cole

1. Opening Protocol and Call to Order

Vice Chair Agas called the meeting to order at 1:32 p.m.

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 conducted the roll call. All confirmed their attendance and said that they were by themselves.

3. Approval of the Minutes of the August 6, 2024, August 20, 2024, August 26, 2024, and September 12, 2024 Committee Meetings

- 4. Motion, Discussion, and Action on the Hawai'i Tourism Authority's (HTA's) July 2024 and August 2024 Financial Reports; Recommend Approval**

- 5. Presentation, Motion, Discussion, and Action on the HTA's September and October 2024 Financial Report; Recommend Approval**

- 6. Motion, Discussion, and Action on the Hawai'i Convention Center's (HCC's) July 2024 and August 2024 Financial Reports; Recommend Approval**

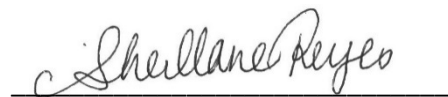
- 7. Presentation, Motion, Discussion, and Action on the HCC's September and October 2024 Financial Report and Update on the Hawai'i Convention Center's 6-Year Repair and Maintenance Plan; Recommend Approval**

8. Adjournment

Since there is no quorum met, and no pressing agenda items to discuss, Vice Chair Agas suggested discussing today's agenda in the regular BOD meeting scheduled on November 26, 2024.

The meeting adjourned at 1:37 p.m.

Respectfully submitted,



Sheillane Reyes
Recorder



Ke'ena Kuleana Ho'opipa O Hawai'i
1801 Kalākaua Avenue
Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
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**BUDGET, FINANCE, AND CONVENTION CENTER STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Friday, December 13, 2024, 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), Roy Pfund, James Tokioka (Ex Officio, DBEDT Director), Mike White
MEMBERS NOT PRESENT:	Blaine Miyasato
NON-VOTING MEMBERS:	Todd Apo
HTA STAFF PRESENT:	Daniel Nāho'opi'i, Kalani Ka'anā'anā, Isaac Choy, Talon Kishi, Caroline Anderson, Jennifer Bastiaanse, Lindsay Sanborn
GUESTS:	Jay Talwar, Jeffrey Eslinger, Tyler Gomes, Ka'i'ini Aranaydo, Aaron Salā
LEGAL COUNSEL:	John Cole

1. Call to Order and Opening Protocol

Chair Arakawa called the meeting to order at 1:31 p.m., and Mr. Nāho'opi'i conducted the opening cultural 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 conducted the roll call. All confirmed that they were in attendance and were by themselves apart from Chair Arakawa who was in the HTA conference room.

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

Chair Arakawa proposed a motion to approve the November 2024 Financial Report, and Ms. Agas seconded the motion.

Mr. Kishi noted that the presentation was not included in the committee information package but would be provided via handouts containing detailed financial statements. He began with the FY25 budget, year-to-date up to November 30, 2024, reporting that \$7.363 million had been paid out, with an encumbrance balance of \$12.778 million and a \$6.3 million budget restriction. The sum of these three items was \$26.441 million, leaving a remaining budget of \$36.558 million. Mr. Kishi was in the process of developing a report to show the extent to which the HTA's current financial status conformed to expectations.

The distribution of the FY25 budget was illustrated by a pie chart showing the following breakdown:

- Branding and marketing 62%
- Sports and signature events 12%
- Destination stewardship and community . 12%
- Regenerative tourism development..... 6%
- Administration and governance 6%
- Workforce development 2%

Chair Arakawa asked whether it would be possible to separate sports from signature events, as had been discussed during the previous day's meeting of the Branding Standing Committee. Mr. Nāho'opi'i commented that some community events were sports-related and assured the Chair that before the next meeting, he would work with the chairs of the Branding and the Ho'okahua Standing Committees to improve definitions, including some signature events whose categories seemed ambiguous.

Mr. Ka'anā'anā noted that the August 24, 2024, staff report for sports contained the detail that Chair Arakawa requested. He promised to update the August report before the January meeting of the committee and would identify sports events related to community enrichment, those defined as signature events, and standalone sports events such as those that had been discussed the previous day.

Chair Arakawa thanked Mr. Ka'anā'anā for his contribution and asked if the updates could be shown on the pie chart. Mr. Ka'anā'anā expressed the hope that this would be agreeable to the Finance Department, since the categories in the pie chart were aligned with Program IDs. The Chair's request implied that Program ID 115 would be split up.

Mr. Isaac Choy, the HTA Vice President in charge of Finance, responded that these labels were tied to the Program IDs that had been presented to the legislature, but he understood that the committee might need more granular information, although it would involve additional work for staff.

Chair Arakawa asked whether the provision of Program IDs was new. Mr. Choy replied that the intention was to consolidate the Program IDs to three the following year to avoid definitional issues.

Chair Arakawa responded that sports and signature events would be represented by two separate sections of the pie chart. At present, both were under Program ID 115, and could remain as they were. However, perhaps the legislature could be asked to define two separate Program IDs for sports and signature events.

Mr. Kishi had provided a line-by-line budget breakdown, and this enabled various sports and signature events to be identified on pages 17 and 18 of the financial statements. He agreed that the pie chart could be broken down into more detail.

Mr. Ka'anā'anā pointed out that some sports programs were supported as community enrichment under the SEP program, which was completely separate from signature events and standalone sports events. This meant that sports projects might form part of three separate categories.

Chair Arakawa thanked Mr. Ka'anā'anā for this reminder.

Mr. Kishi presented a bar graph comparing the FY25 and FY24 budgets to illustrate the changes in allotments of the various programs.

The summary of the various funds and expenditures to date included:

- Fiscal Year 2024 Tourism General Funds Year to Date Expenditures: \$7,547,556
 - Funds:\$693,248
 - Encumbrances:.....\$690,301
- Tourism Special Fund Year to Date Expenditures: \$131,299
 - Cash balance:\$8,395,250

- Encumbrances:.....\$852,025

Mr. Kishi reminded committee members that only the encumbrance could be spent, as the cash balance was unavailable at the time.

- Tourism Emergency Special Fund Year to Date Expenditures: \$195,368
 - \$157,749 remaining from Maui Disaster Response Plan #1 of \$5,000,000
 - \$40,000 remaining from Maui Disaster Response Plan #2 of \$130,000

Chair Arakawa inquired whether the HTA was not subject to the Tourism Special Fund.

Mr. Kishi confirmed that this was the case, adding that it was still being spent down.

Chair Arakawa referred to the \$8.395 million that could not be spent because the fund was no longer operational but noted that the \$852,000 that had been encumbered for contracts was still available.

Mr. Pfund inquired about the status of the efforts to refresh the Tourism Emergency Fund, mentioning that the HTA had intended to encumber the balance in order to request an additional \$5 million.

Mr. Choy replied that a letter had just been sent to the Director of the Department of Budget and Finance (B&F) to request release of the fund, and this was the second letter to be sent. However, it appeared the B&F Director was finding it difficult to release the additional \$5 million at that time.

Chair Arakawa asked whether the remaining balance had been spent up or encumbered.

Mr. Choy responded that there was very little money left since most of the balance had been spent up.

Chair Arakawa reassured Mr. Pfund that nearly all the balance had been spent, and the HTA had now made two requests to B&F for the additional \$5 million. He noted that Mr. Pfund had raised an important issue which should be revisited during the following month's meeting, as well as at the meeting of the full Board.

Dir. Tokioka expanded on Mr. Choy's comments, stating that the legislature was concerned about the extension of the emergency proclamations in terms of the definition of an emergency. Dir. Salaveria had hoped to resolve this issue. Dir. Tokioka believed that this request would be approved, but it was likely to be the last emergency fund to be released in response to the Maui wildfire.

Chair Arakawa acknowledged the situation, noting that the emergency fund statute provided an example in terms of the need to move visitors off an island or out of an area during an immediate emergency, not two years later. He thanked Dir. Tokioka for the warning that the legislature might be doubtful, but also pointed out that Maui still had a shortage of visitors. On the other hand, the \$5 million might be needed if there were a new emergency.

Mr. Kishi informed members that Mr. Apo was now taking part in the meeting.

Chair Arakawa referred to the federal Economic Development Administration – American Rescue Plan Act (EDA-ARPA) State Tourism Grant.

Mr. Kishi explained that the primary purpose of the grant had been in response to the COVID-19 pandemic, and it was being used by the HTA and the Department of Land and Natural Resources (DLNR) to develop outdoor tourism-related activities. He presented the following information about this grant:

- EDA-ARPA State Tourism Grant Year to Date Expenditures = \$2,780,000
 - Funds.....\$8,776,717
 - Encumbrances.....\$5,720,345

Mr. Nāho'opi'i stated that Ms. Anderson would give a detailed presentation of the EDA-ARPA grant in Agenda Item No. 8.

Mr. Kishi presented the following information about the HCC funds for FY24:

- Convention Center General Funds = \$2,078,262
 - Encumbrances = \$2,078,262
- Convention Center Enterprise Special Fund Year to Date Revenue = \$11,666,348, including \$11 million TAT and some operating revenue and miscellaneous items.
 - Cash balance \$59,421,037
 - Reserved for Fiscal Year 2025 operations \$34,000,000
 - Reserved for transfer to B&F \$11,000,000

Mr. Kishi explained that the \$11 million had been spent in respect of FY24 HCC operations and the transfer would probably be completed in FY26.

Mr. Kishi explained that the HCC Rooftop Repair Project had two main sources of funds as follows:

- Act 248, SLH 2022, appropriated \$15,000,000 for the rooftop terrace deck repair project.
 - Year to date Expenditures\$171,944
 - Remaining Funds.....\$14,400,444
 - Encumbrances.....\$716,345
- Act 230, SLH 2024 appropriated \$64,000,000

Mr. Kishi added that the HCC was to request \$13.8 million from the legislature during the current year.

Chair Arakawa stated that he had already informed legislators that \$13 million from the HCC funds had lapsed. The money could be reissued as a substitute not an addition. It was hoped that on this occasion the application would be successful with a different definition.

Chair Arakawa recalled that in 2022 funding of \$15 million had been allocated for a temporary rooftop terrace deck repair project. The HCC had now been awarded \$64 million for a long-term renovation. Mr. Choy reminded Chair Arakawa that there was no such thing as a permanent repair, so this had to be termed a "long-term renovation". The use of the word "permanent" would have created questions from B&F.

Chair Arakawa thanked Mr. Choy for the explanation but pointed out that there would always be questions. The purpose of the \$64 million was to execute a long-term fix. The HTA was to request the lapsed \$13.8 million as part of a long-term renovation of the rooftop terrace.

Mr. Kishi added that the allotment of \$64 million for the roof repair had been approved by the Governor so the project was back on schedule.

Chair Arakawa understood that there were no questions about the monthly financial report from committee or Board members, or the public. He reminded the online public that the financial slide deck had been posted in the committee materials as "Slide Deck."

Mr. Kishi added that the Governor's approval of the release of the 2025 allotment of \$63 million would have a 10% restriction of \$6.3 million, resulting in an operating allotment of \$56.7 million from which the HCC would be able to start processing payments.

Chair Arakawa pointed out that the capital investment project (CIP) allotment for the roof repair had also been released and asked Mr. Kishi to remember to mention this to the full Board. Mr. Kishi reminded committee members that the ability to pay invoices might be limited because the full allotment had only recently been approved.

Chair Arakawa reminded committee members that both the operating allotment of \$63 million and the CIP allotment of \$64 million for the roof repair had been approved in November 2024.

Mr. Kishi conducted the roll call vote, and the motion was carried unanimously.

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

Mr. Choy requested the deferral of Agenda Item No. 4 because the HCC staff was not prepared to provide the information at that time. He pointed out that the present BFCC meeting was earlier in the month than usual, and the HCC staff were working hard on contracts and other items. However, the report would be ready for the meeting of the full Board the following week, or it could be deferred to the subsequent month if necessary.

Chair Arakawa agreed to defer the HCC report and hoped that it would be ready for the meeting of the full Board. He agreed that the report could be addressed in the subsequent meeting if it were not ready by that time. He noted that the BFCC Standing Committee usually met during the third or fourth week of each month, so this meeting was taking place one week early. The HCC report had to be compiled from many different sources, and it usually took at least three weeks to do so, so the team's difficulties were understandable.

Chair Arakawa stated that the submission of the HCC financial report would be deferred until the January meeting.

5. Presentation, Discussion, and Action on the L.A. Rams 2025 Program

Chair Arakawa explained that this was a program for 2025/2026 which had recently been approved by the Branding Standing Committee. He proposed a motion to approve the L.A. Rams 2025 program, subject to review by the HTA Finance and Procurement Department.

Mr. Ka'anā'anā noted that the other two standing committees (Branding and Ho'okahua) had approved the staff report, which proposed a two-year partnership for calendar years 2025 and 2026.

Chair Arakawa commented that the HTA could not bind itself to 2026 because that budget had not yet been approved, but the review by the Finance and Procurement Department would inform the Board whether finances would be available.

Mr. Ka'anā'anā was concerned to ensure that motions were consistent across the three committees.

Mr. Pfund seconded the motion.

Mr. Ka'anā'anā presented the information about this project, noting that Mr. White was the only committee member who had not yet seen the presentation. The staff requested the adoption of a two-year partnership with the L.A. Rams, with an annual base investment of \$1.1 million with a 3% escalator. The total investment would be \$3.865 million for the entire two-year partnership. Noting Chair Arakawa's comments about procurement, the staff's request included the statement that they would seek sourcing and procurement operations (SPO) approval for a sole source, subject to the availability of funds.

Mr. Ka'anā'anā recounted some highlights of the project, including premium associations with the L.A. Rams, "L.A. Rams At Home in the Hawaiian Islands," and "Official Island Getaway of the L.A. Rams," with the use of brand marks and marketing campaigns across the key platforms of the L.A. Rams. The project was to include a pre-season organized team activity (OTA) on Maui, including two public practices, a community day, and the creation of content related to the activities on Maui which would be distributed across the Rams' digital and social platforms. The project would also involve year-round marketing and end-game components.

Community enrichment was to be provided by youth-focused activities, including a football camp, a girls' flag football clinic, locker room refurbishment for a Maui high school, and brand integration in community events, as well as digital promotion. There would also be a workshop for athletic trainers with the L.A. Rams training staff, focusing on health and player safety, which was a timely topic given the issues with sports in general in Hawai'i.

Mr. Ka'anā'anā added that game-day entitlement would include an activation at one of the home games with high visibility of the brand, including LED displays, activations such as giving away lei to the first 500 attendees, music, and pre-game events outside the stadium. Year-round digital applications were important not only to Maui but also to marketing the whole of Hawai'i. An international expansion had also been negotiated aimed at leveraging the global presence in Japan, and this overlapped well with the Japan Global Marketing Team (GMT) as well as the U.S. West, Los Angeles, and California GMTs.

Mr. Ka'anā'anā considered that the partnership upheld the HTA Board's strategy, standing on the three legs of brand expansion and awareness, community benefits, and economic impact.

In terms of budgetary implications, the annual investment would be \$1.5 million with a 3% annual escalator, which would also include incremental payments for playoff games capped at \$360,000 per year, a contingency dependent on the Rams qualifying for the

playoffs. Payments were to be in two equal installments on April 30 and September 30 of each year. The source and amount of each payment over the two years of the partnership had been identified. For the first year, the payments would come from FY25 Program ID 115, budget line item (BLI) 346 amounting to \$955,000, along with a second payment from FY26 funds, Program ID 116, and BLI 346, also \$955,000. For the second year, assuming funds would be available, the breakdown would be the same: April 30, 2026, \$977,500 including the escalator. This was shown on a summary table.

	Date of payment	Fiscal Year	Program ID	Budget Line Item	Amount
For the 2025/2026 Season					
Payment 1:	April 30, 2025	FY25	115	346	\$955,000
Payment 2:	September 30, 2025	FY26	116	346	\$955,000
For the 2026-2027 Season:					
Payment 1:	April 30, 2026	FY26	116	TBD	\$977,500
Payment 2:	September 30, 2026	FY27	116	TBD	\$977,500

Mr. Ka'anā'anā gave a detailed breakdown of the costs as follows:

	2025–2026 Season	2026–2027 Season	Total
Base	\$1,500,000	\$1,545,000	\$3,045,000
Playoff Contingency	\$360,000	\$360,000	\$720,000
Miscellaneous Costs	\$50,000	\$50,000	\$100,000
Total	\$1,910,000	\$1,955,000	\$3,865,000

He explained that miscellaneous costs were costs to be incurred by the HTA for the oversight and implementation of the program, including costs associated with travel for the HTA representatives and activations such as photography, leis, and musicians.

The recommendation of the HTA staff was the adoption of the proposal.

Chair Arakawa asked whether any committee or Board members had questions for Mr. Ka'anā'anā.

Mr. Ka'anā'anā added that in the meeting of the Branding Standing committee the previous day, Mr. Choy had made clear that procurement forms had to be submitted by program

staff on or before January 15 2025 at the latest to comply with the April 30, 2025 date for the first payment.

Chair Arakawa asked whether Mr. Ka'anā'anā would be able to amend the staff report to include mention of this deadline before its presentation to the full HTA Board

Mr. Ka'anā'anā agreed to do so.

Chair Arakawa stated that during the previous day's meeting of the Branding Standing Committee it had been made clear that the legislature had not yet approved the budget with respect to the 26/27 payments. Therefore, approval of the partnership would be subject to the legislature approving the total budget, and any contract with the Rams which the Board approved must be "Subject to funding" because the HTA had no control over funding for FY26/27.

Mr. Ka'anā'anā agreed and pointed out that, for clarity, this should be added as a note below the proposal. Chair Arakawa responded that this information was in the committee Minutes, so they were aware of the issue, but the deadline of January 15, 2025, had to be added to the proposal. He emphasized for the benefit of the public, and for this to be noted in the Minutes, that FY26 and FY27 funding was not guaranteed and was subject to the will of the legislature.

Mr. Ka'anā'anā pointed out that this disclaimer appeared at the top of the request section of the staff report, in the second paragraph, and asked if he should repeat it in the budget section. Chair Arakawa asked for the opinion of other committee members.

Chair Arakawa mentioned that the HTA's core messaging and the 2024 Rams game event had been discussed during the previous day's meeting. He had been concerned that before, during, and after the game, and on television, no images of Hawai'i had appeared, and the Mayor of Maui had not even attended the game. Chair Arakawa asked if Mr. Ka'anā'anā could include a requirement for images of Hawai'i to be displayed in the language about the game-day entitlement.

Mr. Ka'anā'anā asked if Chair Arakawa was referring to the staff report or to the actual proposal.

Chair Arakawa clarified that these details must be in the staff report so that they would be included in the contract.

Mr. Ka'anā'anā asked whether Chair Arakawa implied that footage of Hawai'i should be included in the game-day entitlement and the digital amplification.

Chair Arakawa assented, and added that the core messaging, "The people, the place, the Hawaiian Islands" must also be included. He knew Dir. Tokioka considered that both marketing and presence at such events, in the U.S. and also overseas, were important, and asked Dir. Tokioka if he had any suggestions about what should be included to obtain the best value for investment.

Dir. Tokioka responded he had heard references to previous meetings, but he was concerned that in two previous Board meetings he had asked, firstly, whether this project was to be funded by emergency money and secondly, if not, where the funds had come from because the project had not been included in the 2024 budget.

Chair Arakawa explained that Dir. Tokioka was referring to the L.A. Activation, which had been discussed at the previous day's Branding Standing Committee meeting. The Chair noted that there were two L.A. Rams agenda items: one was this future partnership contract, and the other was the after-the-fact approval of the prior event during the September L.A. Activation. He explained that Dir. Tokioka's questions were the reasons why certain issues had been specified in detail in the current document, to avoid future confusion. The Chair asked Mr. Ka'anā'anā if he could clarify the report by answering the questions.

Mr. Ka'anā'anā stated that he understood the questions related to the source of the funds. Staff had identified available funds in terms of the FY, Program ID, and BLI. Additionally, regarding the execution of the contract, staff had defined a process and timeline leading to a deadline of January 15, 2025, for submission of SPO forms 17 and 55 as well as a procurement planning worksheet for solicitation. This documentation would clarify that funds had been identified and the correct process of application had been followed. Mr. Ka'anā'anā would specify in the staff report that the sports program would be a new contract, distinct and separate from the L.A. activation.

Chair Arakawa thanked Mr. Ka'anā'anā, but reminded him that Dir. Tokioka's questions related to the source of the funds for the 2024 L.A. activation.

Mr. Ka'anā'anā stated that this was not his responsibility and deferred these questions to Mr. Nāho'opi'i as the Chief Brand Officer for the L.A. activation.

Mr. Nāho'opi'i stated that the answers to these questions would be presented at the meeting of the full Board.

Dir. Tokioka apologized for confusing the two different activations and looked forward to the detailed explanation at the full Board meeting. When Mr. Ka'anā'anā had been

reviewing the deliverables, the Director had become confused because he had assumed the discussion related to the September 2024 L.A. Activation.

Chair Arakawa commented that Dir. Tokioka's posing these questions at two previous Board meetings had caused staff to clarify the budget implications of the new project, ensuring that funds were not drawn from the emergency fund or other sources.

Mr. Nāho'opi'i believed that these questions from members of the BFCC committee would enhance the presentation of the project before the full HTA Board.

Mr. Choy believed that Mr. Pfund would appreciate his comment regarding the contingency of \$720,000 in the staff report. He noted that when budgetary accounting was done, \$360,000 would be reserved each year as a contingency. Mr. Choy advised program staff to avoid this type of contingency because if this amount were reserved in the budget and the Rams did not make the playoffs in December/January, it would be difficult for staff to redeploy the funds that were no longer needed. He recommended that contingencies should not be budgeted in the future because this prevented the HTA from utilizing the full number of available resources.

Chair Arakawa suggested that the playoff contingency should either be removed or expressed in different languages. He proposed that \$720,000 should be reserved for any sporting events taking place between November and February since the Rams might make the Super Bowl. The Chair added that he hoped that Mr. Ka'anā'anā would work with the procurement staff to determine how funds for contingencies should be defined.

Mr. Ka'anā'anā explained that the constraint in seeking SPO approval for procurement exemption was that they had to request the ceiling amount for the exemption. That was why he had included the contingency as well as the miscellaneous cost so that the entire annual amount of \$1.9 million would be SPO approved before further work was done. If the contingency were handled separately, there would have to be a separate set of procurement exemptions, doubling the administrative burden.

Chair Arakawa acknowledged that they had until January 15, 2025, and suggested discussing this later to avoid risking the \$720,000 lapse if the Rams did not make the playoffs. He expected that staff would work on the language in the interim,

Mr. Ka'anā'anā noted that \$360,000 was the annual amount in a given fiscal year, so \$360,000 out of an approximately \$7 million budget for sports was less than materiality.

Mr. Kishi suggested that if the Rams were not doing well in the middle of the season, staff could make recommendations to the Board.

Chair Arakawa appreciated that these issues were already being considered to ensure that the HTA provided as much funding as possible to all programs throughout the year.

Mr. Nāho'opi'i commented that Hawai'i would be part of the Super Bowl for a relatively small contribution if the Rams did well.

Mr. Ka'anā'anā asked Chair Arakawa to clarify his request for the timetable to be added to the section dealing with the budget because this task would fall to the finance and procurement team. Chair Arakawa confirmed that this was correct.

Mr. Ka'anā'anā also committed himself to updating the facts section to ensure it included core messaging, such as "The people, the place, the Hawaiian Islands," or other applicable core messages from the GMTs. Since Japan was also included in the partnership, Japan-specific messages such as, "It's got to be Hawai'i" could be included. He assured committee members that the requirement for Hawai'i footage to be included would also be incorporated.

Chair Arakawa thanked Mr. Ka'anā'anā for his presentation.

Mr. Ka'anā'anā noted that a motion had been prepared for the meeting of the full HTA Board.

Chair Arakawa asked for any further questions or comments from committee members, Board members, or the public. Mr. Kishi confirmed that there were none.

Chair Arakawa asked Mr. Kishi to conduct the roll call vote. The motion included the phrase "subject to Finance and Procurement Department review." Mr. Kishi conducted the roll call vote, and the motion was carried unanimously.

6. Update on HTA Destination Manager Vacancies

Mr. Ka'anā'anā gave the presentation to Ms. Lindsay Sanborn, who had been helping manage the recruitment process.

Ms. Sanborn referred to a staff report in the committee packet. She pointed out that the HTA destination managers were key contributors in advancing projects aligned with the HTA strategic plan and the destination management action plans (DMAPs). As of September 10, 2024, recruitment had been taking place for the five positions for O'ahu, Hawai'i Island, Kaua'i, Maui and Lāna'i together, and Moloka'i. These positions would be supervised by the Chief Stewardship Officer (CSO), Mr. Ka'anā'anā, and they would be on-island in each case.

As of December 9, 2024, 31 applications had been received for the five established positions as follows:

- O’ahu 11
- Hawai’i Island 4
- Kaua’i 1
- Maui 2
- Moloka’i 3
- Unspecified 10

Ms. Sanborn noted that O’ahu and Hawai’i Island were more popular, while Kaua’i, Maui and Moloka’i received one, two, or three applications.

Ten out of the 31 applicants had been selected for interviews as of December 9, 2024, and five interviews had been completed. Two applicants had accepted other job offers, and one interview had been finished the previous afternoon. Three other applicants were pending schedule confirmations.

Ms. Sanborn listed the following interviews per island:

- O’ahu 5
- Hawai’i Island 1
- Kaua’i 1
- Maui 1
- Moloka’i 3

Again, O’ahu and Moloka’i were more popular than the other islands.

Meagan DeGaia and Patti Ornellas had already been hired on October 16, 2024, as Destination Managers for Maui/Lāna’i and Kaua’i, respectively.

The remaining destination managers were to be hired by February 2025 or earlier.

Dir Tokioka clarified that Ms. DeGaia and Ms. Ornellas had already done the job on the islands before the change was made to bring them into the HTA. They had previously been on TBB and MBB.

Mr. Ka'anā'anā added that a conditional offer had been made for the Hawai'i Island destination manager to be employed in January 2025, contingent on the completion of a background check.

Chair Arakawa asked whether there were any questions for Ms. Sanborn and thanked Mr. Ka'anā'anā for the information about the Hawai'i Island manager. The Chair asked whether this was a person from the island bureau.

Mr. Ka'anā'anā replied that the person had been recruited through the recruitment process.

Chair Arakawa thanked Ms. Sanborn for her presentation and looked forward to filling the remaining positions.

7. Presentation and Discussion on the Progress of the Reservation System Report

Mr. Ka'anā'anā informed committee members that original plans for a smart tourism program had been paused when the legislation began to discuss this issue, and Kilohana had been asked to prepare a report. Mr. Ka'anā'anā asked Mr. Ka'ini Aranaydo, Kilohana's Senior Director of Operations, to lead the presentation.

Mr. Aranaydo greeted the Board members and stated that he had enjoyed his time with them during the previous three days' meetings. His presentation would provide an update on the status of the Hawai'i Smart Tourism app.

Chair Arakawa explained that detailed information was given in the handout for committee members.

Mr. Aranaydo stated that Kilohana had partnered with Sassato and its CEO, Mr. Dan Wacksman, to assess the feasibility and strategic approach for developing an app that would better manage Hawai'i as a destination. The HTA aimed to enhance visitor and resident experiences through a destination app that would leverage digital services to improve engagement, streamline operations, derive economic benefits, and manage the destination more effectively.

Mr. Aranaydo explained that the scope of work had been split into five different sections:

1. Gathering input from key industry stakeholders to complete about 100 interviews.
2. Evaluating related systems currently in use in Hawai'i.
3. Analyzing successful practices and challenges in similar apps both in and beyond Hawai'i.

4. Assessing potential marketing strategies, user acquisition approaches, and associated costs.
5. Identifying business requirements as well as technical and operational considerations.

Using this information, Sassato had analyzed and synthesized their findings to provide recommendations and actionable next steps. Mr. Aranaydo introduced the six members of the Sassato team, a group of experienced consultants with more than 100 years of experience in the travel and travel technology space and the Hawai'i market. Each person led a specific area, all contributing to each section. The project had been on an accelerated timeline of three months, and the team had worked hard to ensure that the final report would be delivered by December 31, 2024.

Mr. Aranaydo explained that Sassato had used a four-phase approach:

1. Research and discovery
2. Analysis
3. Functionality and technology
4. Final documentation and presentation

The team was currently in phase 4.

Mr. Aranaydo commented that Phase 1, research and discovery, was the most important phase, and a key goal had been to complete as many interviews as possible as early as possible. The results of the interviews would enable Sassato to assess the views and opinions of stakeholders, allowing them to appreciate the overriding issues better and conduct follow-up and integration during the remaining phases.

The greatest challenge had been to conduct all 100 interviews promptly. Mr. Aranaydo presented an outline of how the interview process had been arranged, noting that it had taken longer than expected. The scheduled starting date for the project had been September 1, 2024, but they had actually started on September 9, 2024. Interview letters had been sent out about two weeks later than expected. Although some people were quick to schedule interviews, many did not respond even after three attempts to contact them. However, Kilohana and the HTA were able to substitute a number of people, some of whom had been suggested by other stakeholders during their interviews.

The target date for completion of all 100 interviews had been set for November 15, 2024, but by the first week of December, just 72 interviews had been conducted. Mr. Aranaydo presented a pie chart to show the status of the interviews. Out of the 102 stakeholders

who had been invited to interviews, 72 interviews had been completed. He noted that they were to make a final attempt to conduct the last interviews earlier in the present week, so the number of completed interviews was expected to increase slightly.

Mr. Aranaydo presented the breakdown of interviewed persons by category. He displayed two pie charts illustrating the 102 listed stakeholders: one showing those who had been invited and the second showing those who had been successfully interviewed. Stakeholders were divided into five categories as follows:

- Tourism
- Government
- Community
- Suppliers such as hotels and car rentals
- Apps and technology

The team had a good rate of completion of the pre-interview survey and managed to complete the interview process with at least 60-70% of those in each category. This information helped to direct the research and analysis sections of the project.

Chair Arakawa apologized for not responding to the interview request and affirmed that there would be at least one more Board member to interview. He emphasized that all the Board members supported creating a Smart Tourism app and asked for a deadline to respond to the interview. He was convinced that the Smart Tourism app would increase visitors' enjoyment of the islands.

Mr. Aranaydo responded that the team had sent out the final reminders on December 11 and that another two interviews would ensure the completion of the interview phase.

Mr. Aranaydo explained that the team had focused on six different areas:

- Benchmark and best practices for the app
- Current systems – developing a list of relevant Hawai'i apps
- Potential partners
- Business requirements – developing a list of requirements for participating businesses
- Technical and operational aspects
- Recommendations and next steps

Mr. Aranaydo gave a preview of the four slides to be presented to the full HTA Board on December 19, 2024. The Kilohana team met with Sassato that morning to review the entire presentation and ensure that the best possible product would be presented to the HTA Board. During the project, the Sassato team met with Kilohana staff every week to provide weekly updates and ensure they were on task and on schedule. Mr. Aranaydo gave an example of a slide presented by Sassato at a weekly update session.

After this meeting, Mr. Aranaydo informed committee members that the next step would be to finalize the report to be presented to the HTA Board on December 19. In addition, he was happy to report that the team was on track and on time to present the final report by December 31, 2024.

Chair Arakawa thanked Mr. Aranaydo and asked whether any committee or Board members had questions.

Dir. Tokioka thanked Mr. Aranaydo for the presentation and noted that the committee chairs in the House and Senate had asked to be interviewed since they had been instrumental in funding the app project. He inquired if the Sassato team had reached out to these chairs to understand their mindset during their approval of the funding for this app.

Mr. Ka'anā'anā replied that Rep. Quinlan and Sen. DeCoite had been consulted throughout the process. Dir. Tokioka pointed out that the process was nearing its end and expressed the hope that these legislators had been consulted initially.

Mr. Ka'anā'anā confirmed that the team had also spoken with the chairs of the finance committees, the Speaker, and the Senate President.

Dir. Tokioka thanked Mr. Ka'anā'anā. He commented that this was a praiseworthy project but would like to know its cost.

Mr. Ka'anā'anā responded that the cost was \$207,253.

Dir. Tokioka asked how much had been budgeted to develop the entire app, and Mr. Ka'anā'anā replied that it was a little over \$3 million.

Dir. Tokioka then inquired about annual maintenance costs after the start, and Mr. Ka'anā'anā replied that the initial allotment would be about \$1.5 million.

Dir. Tokioka commented that he had not heard anyone say that this was not a good idea, but while not wishing to criticize either the CNHA or Kilohana, he was concerned about the amount of money that had been spent, both on the governance report and on this process of app development. The Director felt that a few people, including those funding the project, could have accomplished much of what had been achieved through the interviews

by being locked in a room together. He did not intend to diminish any of the work done because Dan Wacksman and his team had worked very hard, but it was incumbent on him to make this comment.

Mr. Nāho'opi'i responded that, beyond the interviews, much data had been collected regarding a literature review of existing technology, which would be helpful in writing up the request for proposal (RFP) and evaluate the potential bidders. The team had been concerned to ensure creation of the most appropriate app and evaluate the procurement process to select the right person for the project.

Dir. Tokioka thanked Mr. Nāho'opi'i, and repeated that he had felt it necessary to voice his concerns. The Director hoped that this project would lead to the development of a better app and that everyone could stop guessing how it should be.

Mr. Ka'anā'anā mentioned that the report to be presented to the Board on December 19 would be a robust document comprising over 240 pages. As Mr. Nāho'opi'i had mentioned, everyone interviewed had different opinions, so it was important to understand the requirements before entering the procurement phase. His suggestion would be to conduct a request for information (RFI) before conducting an RFP. He believed this needed to be done slowly because the development of the app would be a significant investment. It would also involve a long-term commitment in terms of continual security upgrades of the app and regular updates of the content to ensure that it would be of value and use to visitors.

Chair Arakawa referred to the section of the report listing areas of focus and mentioned a search for potential partners. He noted that apps drove visitors into specific destinations or commercial visitor areas, which could be described as potential vendors. Vice Chair Agas, who operated a visitor industry business, and Mr. White had both asked whether this would be covered. Mr. Ka'anā'anā mentioned the long-term operation, maintenance, and upgrades costs. The Chair asked whether possible partners had been contacted and whether they had expressed interest in partnering or funding part of the app.

Mr. Ka'anā'anā explained that there were two types of partners. One set of partners would be mentioned on page 111 of the report to be presented to the Board, and the partners who could build the app would be included. Different companies had different strengths, so once there was clarity around the requirements for the app, a team might have to be assembled to ensure hiring the right partners.

The second set of partners operated activities, hotels, restaurants, and other visitor-based businesses. This group had not yet been considered on the list of potential partners. Mr.

Ka'anā'anā felt that it would be premature to include them now since the team was still trying to gauge from the interviews whether there would be an interest in partnering. Mr. Ka'anā'anā also noted that the study did not include end-users, meaning that potential travelers to Hawai'i had not been interviewed.

Chair Arakawa suggested discussing this offline, noting it might be a missed opportunity. Mr. Ka'anā'anā commented that it might be a future phase to be planned for, but it had not been part of the present remit for Sassato.

Chair Arakawa stated that if there were to be an RFI and companies were to bid on this contract, it would be beneficial for them to be aware of the user and industry perspectives. Mr. Nāho'opī'i mentioned that this could be a part of the scope of work for the potential RFP.

Chair Arakawa asked Ms. Agas if she had been interviewed for the project. Mr. Ka'anā'anā requested Ms. Agas to repeat her comments as they were inaudible.

Ms. Agas responded that discussions took a bricks-and-mortar approach when she joined the Board in 2022. She understood that this app was much more elevated than that approach. She understood Dir. Tokioka's point of view was that the costs were astonishing. However, she had been amazed by what had already been accomplished and the amount of data that had been collected from various users. She realized that carrying out these exercises was costly since she had been involved in a process similar to creating a storyline of experiences. The technology was fabulous but very expensive to produce and maintain. Once the app was operational, Ms. Agas believed that it might be possible to mitigate the maintenance costs, but it was important to establish a broad base before getting into further developments. Ensuring that their stories were accurate and visitors received the best stories was necessary.

Ms. Agas had participated in the survey and believed there might be components that could mitigate long-term costs, but the basic steps had to be completed. She agreed that the project was expensive but believed it would be amazing once the product was completed. Ms. Agas wholeheartedly applauded this project.

Dir. Tokioka asked whether the goal was to commercialize or monetize the app so that the upgrades could be financed. They were all aware that the app would be outdated in three years.

Mr. Aranaydo replied that all the points that committee members had mentioned were discussed in their report. He agreed that this would be a significant investment. The study also examined how Disney managed visitors to their attractions, but the team realized that

there was a major difference between Disney and this app. Disney resorts had a controlled environment, whereas this app would be statewide with less control. All these points were to be addressed in the report to be presented to the full HTA Board. The report would also contain recommendations by Sassato and Kilohana for the next actionable steps.

Chair Arakawa thanked Dir. Tokioka and asked him to explain what he meant by monetizing the app. Dir. Tokioka responded that Mr. Aranaydo had already answered one part of his question, but the second part was whether the app would be subsidized by paid advertising.

Mr. Ka'anā'anā stated that discussions were going on about the mechanism to monetize the app to pay for its ongoing maintenance. He was uncertain how the legislature would regard the ongoing support of the app, but he commented that if the app came into operation, its maintenance would become a budget line item in the base budget.

Mr. Choy commented that the idea of monetizing the app was to encourage commercial entities to support the app so that it would pay for itself.

Chair Arakawa added that this corresponded to the practice of government departments setting aside money to upgrade or replace computers. In the same way, a line item in the HTA budget would relate to the maintenance and upgrades of the app.

Mr. Ka'anā'anā mentioned that the team had discussed this. The study attempted to determine the cost per download, the cost of building and maintaining the app and attracting people to download it. The total cost per download came to more than \$4 per person. This meant that achieving the type of adoption they hoped for would require a significant investment. Sassato had studied other apps across Hawai'i and found that one of the best and most downloaded apps in Hawai'i was the Hawaiiinewsnow app, with around 144,000 downloads. This number was minuscule compared to what might be desired as a visitor destination, given the volume of visitation.

Chair Arakawa appreciated that these issues were to be covered in the final report. He thanked Mr. Ka'anā'anā for considering asking for an RFI, and for proposing a line item in the budget to cover ongoing costs of the app. Partners could be sought to mitigate the costs. He congratulated the team on the technology and agreed with Ms. Agas that it was the way of the future.

Chair Arakawa thanked everyone involved in the presentation and said he looked forward to hearing more details at the Board meeting on December 19.

Mr. Ka'anā'anā stated that this rounded up the stewardship items and thanked committee members for their attention.

8. Presentation and Discussion on the Progress of EDA’s Non-Competitive State Tourism Grant under the American Rescue Plan Act

Chair Arakawa stated that Agenda Item No. 8 was to be deferred.

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

Chair Arakawa introduced Agenda Item No. 9, which had several subdivisions relating to requests for updates by the finance department. The Chair called for Agenda Item No. 9e.

- a. Status Update on the Fiscal Biennium 2025-2027 Budget Request to the Legislature**
- b. HTA Policies and Procedures for Communications Regarding HTA Budget, including Prompt Transmittal to Board, Timely Responses, and Follow-up Actions**
- c. 2023 Legislative Audit Pursuant to HRS 23-13**
 - i. Status and Budget, Finance, and Accounting Issues**
- d. Tourism Emergency Special Fund**
 - i. Status of Use of the Tourism Emergency Special Fund**
 - ii. Policies, Procedures, and Reports Relating to the Use of the Tourism Emergency Special Fund**
- e. Wildfire Incremental Budget Requests**
 - i. Update on Campaign Effectiveness, Cost/Benefit Ratio, and ROI for Wildfire Incremental Budget Requests**

Dr. Aaron Salā, the President/CEO of the Hawai’i Visitors and Convention Bureau (HVCB), gave a presentation on the campaign effectiveness, cost/benefit ratio, and return on investment (ROI) for the wildfire incremental budget requests. He began by thanking committee members for allowing him to present this summary of the results of the incremental funds for wildfire recovery made available by the HTA to HVCB. Details of the report had been made available to the HTA staff and, through the staff, to Board members. Dr. Salā acknowledged the work done by Mr. Jay Talwar and Mr. Jeffrey Eslinger from the HVCB team to ensure that all the details of this report were accurate.

Dr. Salā reminded committee members that three separate U.S. marketing Maui recovery plans (MRP) had been sponsored by the HTA as follows:

Plan	Total amount	Source of funds
MRP I	\$2,600,000	FY24 in Emergency Special Funds

MRP II	\$2,950,000		
		1. \$1,350,000	General Funds (FY24)
		2. \$1,350,000	Emergency Special Funds (FY24)
		3. \$250,000	General Funds (FY25)
MRP III	\$100,000		Emergency Special Funds for FY24

Maui Recovery Plan I ran from August to November 2023. Dr. Salā presented a graph showing interest in visiting Hawai‘i in the following two years, beginning from 2015 as a baseline until the Maui fires in August 2023. The graph showed the effect of the fires on reported interest in a visit to Hawai‘i.

Dr. Salā noted that the baseline for 2015 took into account the role played by different types of accommodation. Airbnb was launched in 2008 in San Francisco, and in April 2014, the enterprise received a \$450 million infusion from TPG Capital in addition to a \$10 billion infusion around 2014/2015. Short-term rentals such as Airbnb and VRBO have become important in the visitor industry in that environment. This new type of accommodation made it easier to travel to various destinations worldwide, and from 2015 and 2016, it created a level of volatility in the travel industry.

By 2018, interest in visiting Hawai‘i in the next two years had leveled at around 64%. However, in August 2023, this interest was reduced to 62% owing to the Maui fires. Dr. Salā noted that MMGY, the source for these data, generally engaged with visitors who traveled by car, and Mr. Eslinger had culled information relevant to Hawai‘i as a destination.

Dr. Salā explained that these data had been further distilled to examine U.S. travelers’ interest in visiting Hawai‘i, specifically Maui, on a two-week rolling average between August 1 and November 19, 2023. This showed a dramatic decrease in intent to travel to Maui due to several factors.

Dr. Salā summarized the timeline as follows:

- August 8 The wildfires occurred. Acting Governor Sylvia Luke issued an emergency proclamation extending the emergency to all counties, suspending all marketing, discouraging all non-essential travel to Maui, and asking all visitors to leave Maui.
- August 13 Proclamation#5 stated that all travel to Maui was strongly discouraged.

- August 16 Proclamation#6 stated that all non-essential travel to West Maui was strongly discouraged until August 31.
- August 21 The HTA was asked to resume marketing using the Mālama messaging.
- August 22 Governor Green asked visitors to avoid West Maui but emphasized the importance of travel to the rest of Maui and other Hawaiian Islands.
- August 31 The HTA Board approved \$2.6 million for funding Maui recovery.
- September 8 Governor Green announced an October 8 reopening of West Maui.
- September 27 Mayor Bissen announced a phased reopening of West Maui.
- October 24 Mayor Bissen announced that phases 2 and 3 would begin on November 1.

Dr. Salā added that challenges in bringing visitors back to Maui included different types of communications from the State government, County government, and the community and resident population through social media, coupled with influencers like Jason Momoa and The Rock advising visitors not to come to Maui. A volatile environment was created by large quantities of conflicting information.

The ideas about visiting Maui that were shaped by social media created an environment where visitors were confused. At one point, the following situation occurred:

- 45% of those who intended to travel to Maui had not yet booked their trip but intended to do so
- 29% said that they would not be booking a trip
- 11% reported that they would still travel as planned.

Those who had not yet booked a trip to Hawai'i gave the following reasons for no longer traveling to Hawai'i:

- High costs of changing fees.....45%
- Respect for victims and residents of Lahaina38%
- Concern for family and personal safety.....17%.

The overall approach to the ecosystem was volatile, with people making decisions based on noise rather than a sustained message.

Dr. Salā presented separate graphs showing the effect of this lack of sustained information on Maui and West Maui. Tabulations of room nights booked showed reductions of 40%, 60%, and 47% in future bookings of rooms, indicating a dramatic reduction of activity in the tourism space.

Dr. Salā reported that the budget of the Maui recovery plan No.1 (MRP#1), running from mid-August to November 2023, amounted to \$2.6 million, distributed as follows:

- Consumer messaging.....\$1,700,000
- Travel trade.....\$300,000
- Meetings, conventions, and incentives (MCI)\$600,000

The recovery campaign utilized consumer direct, organic, and paid social media on Facebook, Instagram, and YouTube. The tactic was never to respond point for point; for instance, when Jason Momoa posted on Facebook, “Don’t come to Maui,” the response had not been to counter him directly but to revert to tried-and-true messaging that was ultimately Hawai’i. The campaign focused on consumer direct, virtual media announcements, e-newsletters, and GoHawai’i Mālama Maui content and updates.

The team had worked with Ms. Lynn Whitehead and her team at Meet Hawai’i to retain and develop existing businesses. There had also been the education of travel trade wholesalers and potential visitors. Dr. Salā emphasized the importance of Meet Hawai’i and MCI because tourism started in the State with group travel, allowing them to curate the type of traveler needed during a recovery period.

Dr. Salā explained that it was important to consider redesigning and reinvigorating the visitor industry for an ROI in the meeting space that would be exponential for the kind of activity in the Hawai’i visitor industry moving forward into 2025/2026. The work of Ms. Whitehead and the Meet Hawai’i team would be vital for this campaign.

Meeting the expectations of the *Kama’āina* was a challenge. Dr. Salā recalled a conversation with a matriarch of the Hula Island of Maui, who, after the fire, expressed the need to “Bring joy back to Maui.” She saw joy as tied to the visitor industry, and this was a reminder that the events in Maui were a human tragedy.

While travel industry professionals were examining graphs and numbers, the wildfires had ultimately affected their *Kanaka*, their people, and their *āina*. Team members asked the residents to speak about their experiences and their desires for how Maui should recover. These voices had been used to quiet the noise and represent Maui residents.

This approach has led to outstanding results on social media:

- **Consumer Messaging via Social Media:**
 - Placements on Facebook, Instagram, YouTube, and X:
 - Cumulative Targets: 142,626,141 Total Impressions Gained and 31 posts
 - Cumulative Actuals: 145,416,599 Total Impressions Gained and 67 posts
 - Overall Targets hit and exceeded by an average of 158.99%
- **Consumer Messaging via Public Relations:**
 - Media interactions, media visits, and earned placements:
 - Cumulative Targets: 327 Measures
 - Cumulative Actuals: 352 Measures
 - Overall Targets hit and exceeded by an average of 107.96%
- **Travel Trade Cooperative and Messaging through Airline/Hotel Cooperative:**
 - Partners: Hawaiian, Alaska, Southwest, Marriott, Hilton
 - Cumulative Actuals: 278,893,175 total Impressions
- **Trade Media:**

Due to the limited availability of quality inventory, the budget had shifted to training and education:

 - Cumulative Actuals: 445,388 Total Impressions
- **MCI Programs & Partnerships:**
 - Ms. Whitehead, Ms. Orton, and their teams collaborated to move meetings to different locations and ensure no business was lost. They minimized the loss of scheduled groups and retained contracted meetings, representing \$70 million in economic impact to the State.
They had engaged with six strategic partnerships on integrated sales and marketing recovery plans.
 - There had been partnerships with NorthStar, SITE, Helms Briscoe, HPN Global, CEMA, and IRF:
 - Cumulative Actuals = 1,773,486 Total Impressions

This had been a team effort for which the HVCB and HTUSA could not take sole credit. For instance, United Airlines flew empty planes with supplies as part of a community effort to

ensure the entire ecosystem's success. This was made possible due to the directive and support from the HTA, which enabled the HVCB to leverage the community to unite for the success of a purpose greater than themselves.

The Maui Recovery Plan No. 2 (MRP#2) had run from January to June 2024. Dr. Salā presented graphics to illustrate the two-week rolling average of intent to travel to Hawai'i and Maui between January and May 2024. HTUSA had been responsible for developing effective messaging to elevate the entire travel industry. In March 2024, they had launched in-market paid digital and social campaigns, followed by a cooperative campaign in May 2024, which influenced the intent to travel among U.S. target travelers.

A graph illustrates interest in traveling to Hawai'i between 2015 and 2024. The base platform showed approximately 64% interest, which decreased to less than 60% during the pandemic. Immediately after the pandemic, in February 2021, pent-up demand led to an increase in travel. However, after the Maui wildfires, interest in traveling to Hawai'i and Maui declined. MMGY, which examined U.S. traveler behavior, attributed the subsequent increase to the marketing program.

Dr. Salā stated that Maui was still recovering and presented a tabulation of Maui room nights booked as of June 23, 2024. This data showed that bookings for January 2025 had decreased less significantly, indicating an increase. This was believed to be a result of the impact of the marketing campaign on the marketplace, and the intention was to sustain this over time. The same information for West Maui was also tabulated, showing that, particularly in the first quarter of 2025, there had been an upward trend. The work commissioned by the HTA and carried out by the HVCB had proved effective in mitigating the downward trend.

The budget for MRP#2 from January to June 2024 was as follows:

- Consumer Direct: \$2,200,000
- Public Relations:..... \$350,000
- Travel Trade: \$400,000
- Total: \$2,950,000

MRP #2 utilized similar approaches to MRP#1, including proactive pitching, international media marketplaces, virtual media blitzes, Bay Area blitzes, a San Francisco experiential event, consumer engagement activities, the *Kupa'āina* series, and the Ola Maui campaign. These efforts focused on creating awareness that Maui was ready to welcome visitors. The team also continued to conduct travel trade education.

Dr. Salā mentioned that the marketing campaign avoided the concept that “Maui was open,” which appeared to compare Maui to a 7/11 store. However, Maui was again open to receiving visitors, and these efforts were conducted through Governor Green's and Mayor Bissen's leadership.

Dr. Salā gave details of the targets and results for MRP#2 (January to June 2024):

- **Consumer Messaging via Social Media:**
 - Cumulative Targets: 83,342,650 total impressions and 38 posts
 - Cumulative Actuals: 241,495,943 total impressions and 10 posts
 - Overall Targets: Exceeded by an average of 173.33%

Dr. Salā noted that marketing efforts successfully created awareness that Hawai'i welcomed visitors, including Maui, while maintaining appropriate caveats about precautions. Visitors were still encouraged to travel to Hawai'i and Maui.

Dr. Salā informed committee members that Maui Recovery Plan No. 3 (MRP#3) ran from mid-October to mid-November 2024 and continued to maintain awareness in the marketplace. 67% of those polled expressed interest in visiting Hawai'i. There was a dramatic improvement in the number of total room nights booked and consumed for Maui, showing that the reduction in visitor numbers decreased due to the effectiveness of marketplace messaging.

The perception that the HVCB represented the industry had presented a significant challenge for the team. On the contrary, the actual function of the HVCB was to execute strategies determined by the HTA, to elevate the entire visitor industry ecosystem. Dr. Salā commented that many hotels charged a very high average daily rate (ADR), and the HVCB had advised these hotels to consider the impact of such high ADRs on visitor numbers, particularly for Maui. This feedback effected a reality check for the industry, resulting in a reduction of ADRs after the saturation of the Los Angeles activation.

The MRP#3 consumer-direct budget was \$100,000, with the total amount allocated to creating a partnership program intended to direct qualified consumer traffic to Hawai'i's special offers landing page. On this page, Maui was featured as the lead in a statewide promotion involving 150 industry partners representing 171 vetted offers. Of these, 43 Maui partners had participated, contributing 49 individual Maui offers. The campaign targeted West Coast markets, including Los Angeles, San Francisco, the Bay Area, Seattle, and the Pacific Northwest region.

Dr. Salā gave details of the targets and results of MRP#3 (mid-October to mid-November 2024).

- Pre-plan Estimated KPI..... 25,868,537 Impressions (estimated on industry average)
- Post-plan Delivered KPI..... 31,027,446 Impressions (actualized)

The expansion of Hawai'i Special Offers Partner Program to targeted West Coast consumers has produced the following results:

LOCATION	IMPRESSIONS
SF/Bay Area	20,389,604
Seattle/PNW	10,637,842
TOTAL	31,027,446

Dr. Salā thanked the committee members and reminded them they could obtain more details from Ms. Kaho'ohanohanoa and Mr. Nāho'opi'i.

Chair Arakawa thanked Dr. Salā and asked if he realized the Board had not specifically approved the University of Hawai'i (UH)/Chaminade basketball games. One game had been held in Maui, and the HTA had been credited for sponsoring it. The Chair inquired whether this game had been part of the Maui Recovery Project.

Dr. Salā responded that he was not certain and would need to find out.

Chair Arakawa suggested that perhaps Ms. Anderson would have more information about the UH/Chaminade men's and women's games. The Chair was unsure whether tourists would have attended or if people would have traveled from the West Coast for a UH/Chaminade game on Maui. He recalled that the Board had approved a sports event but not that particular one.

Mr. Nāho'opi'i clarified that the sports event approved by the Board had been the Maui Invitational.

Chair Arakawa asked Ms. Anderson if the game had been part of the report. She responded that it was not. The Chair commented that this could be reported separately and thanked Dr. Salā for his report.

Mr. Nāho'opi'i connected Dr. Salā's report to the Los Angeles saturation effort, which was discussed in greater detail at the Board meeting the following week. He explained that the L.A. saturation activation occurred between MRP#2 and MRP#3 and had a significant effect. Although Dr. Salā's report concluded in December 2024, data from the second quarter of 2025 and beyond showed, as Mr. Talwar and Dr. Salā had mentioned, that a slight positive

effect had extended into the first quarter of 2025. Mr. Nāho'opi'i noted the need to determine whether further intervention was necessary or if the natural progression of the market in response to the continuation of the general branding pattern would suffice. He emphasized that the data provided by HTUSA would enable the HTA staff and Board to analyze the market pattern.

Chair Arakawa thanked the HTA staff and HVCB for their responsiveness regarding the West Coast activation. He noted that this effort had begun after Mr. Nāho'opi'i had given a presentation on the past, present, and future of marketing. At the same time, Chair Arakawa had received comments from several hotels in the Kā'anapali region reporting that summer and fall bookings had not met expectations. These hotels had appealed for assistance, and this had led to the initiation by the HTA staff of the West Coast Activation. The Chair acknowledged that these hotels were now reporting improvements but remained uncertain about the full impact of the saturation program. He expressed the need for additional analysis in the coming months to determine these activities' success and return on investment (ROI). The Chair remained grateful to the HTA staff and to the HVCB for their attention to Hawai'i's largest market.

Dr. Salā stated he was proud of the team's efforts even as the HTA looked forward to analyzing the success of these activations. He commended the HTA team for their stellar performance, noting that much of the work had been completed before his appointment to the HVCB. He thanked Mr. Nāho'opi'i, Ms. Imai, Mr. Talwar, Mr. Eslinger, and their entire team. He acknowledged the time constraint, as they had been given only four weeks to organize a saturation activation. With more time, they could have engaged a larger segment of the visitor industry. He emphasized that continued success would depend on the ability to plan a series of saturation efforts.

Chair Arakawa thanked Dr. Salā for the excellent points he had made during the previous and previous day's presentations. He acknowledged that the team had been directed to execute a task within a very short time frame and noted that the HVCB team had been encouraged to redirect their attention to alternative projects. He expressed optimism about future collaboration. He mentioned that when the ROI would have been calculated, further discussions would take place.

Dr. Salā thanked Chair Arakawa.

ii. Status of Contracts and Payments for all Wildfire Branding Incremental Requests

f. HTA Budget & Finance Issues, Policies and Procedures

- i. **HTA Past Due Accounts: Status; Budget & Finance Policies and Procedures, and Reporting**
- ii. **HTA Contract Modifications: Status and Discussion; Budget & Finance Policies and Procedures, Board Approval, and Reporting**
- iii. **HTA Executive Employment Contracts and Bonuses: Status and Budget & Finance Policies and Procedures, Board Approval, and Reporting**
- iv. **HTA Travel Policies: Status and Discussion on Budget & Finance Policies and Procedures, Approval, and Reporting**

g. Hawai'i Convention Center Budget & Finance Issues

Mr. Nāho'opi'i suggested to Chair Arakawa that the committee could either discuss the Canada Agenda Item, for which he had some preliminary information, or defer it and move on to the next topic.

Chair Arakawa inquired whether any other major agenda items remained, and Mr. Nāho'opi'i replied that Ms. Anderson was scheduled to present a report about the EDA grants.

Chair Arakawa asked if Ms. Anderson would present this report at the full Board meeting the following week.

Ms. Anderson stated that she did not recall and would ask Mr. Nāho'opi'i for clarification.

Chair Arakawa remarked that it might fall under the CEO's report.

Mr. Nāho'opi'i confirmed that this item would be included in the CEO's report.

Chair Arakawa noted that everything else on the agenda, including the EDA report listed as Agenda Item No. 8, could be deferred until the full Board meeting. He stated that all other items under Agenda Item No. 9 could also be deferred. He reminded the Finance and Procurement Departments of the HTA to prepare updates on these matters for the next meeting. The Chair confirmed that all Agenda Items under No. 9 would be deferred to the following month's meeting for updates from the HTA staff.

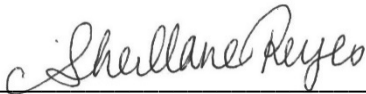
Mr. Choy referred to Agenda Item No. 9f, characterizing it as a very important agenda item for which the Finance Department would need to coordinate with the Administrative and Audit Committee. He expressed his preference that in the future, Agenda Item No. 9f should be discussed in an executive session, as it involves legal requirements that require consultation with an attorney.

Referring to all the items under Agenda Item No. 9, Chair Arakawa reminded committee members that the HTA was undergoing two audits at that time. He clarified that the audits were not due to any wrongdoing but were required by statute and State law. The Chair explained that the auditors had already raised the items under Agenda Item No. 9, which was why they had been included on the agenda.

10. Adjournment

Chair Arakawa moved to adjourn the meeting, and Ms. Agas seconded the motion. The meeting was adjourned at 3:39 p.m.

Respectfully submitted,



Sheillane Reyes
Recorder



Ke'ena Kuleana Ho'opipa O Hawai'i
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**BUDGET, FINANCE, AND CONVENTION STANDING COMMITTEE MEETING HAWAII TOURISM
AUTHORITY**

Tuesday, January 21, 2025, 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), Stephanie Iona, James Tokioka (Ex Officio, DBEDT Director), Mike White
MEMBERS NOT PRESENT:	Roy Pfund
NON-VOTING MEMBERS:	Todd Apo, James McCully
HTA STAFF PRESENT:	Daniel Nāho'opi'i, Kalani Ka'anā'anā, Talon Kishi
GUESTS:	Elise A. Amemiya, Teri Orton, Mari Tait, Noelle Liew
LEGAL COUNSEL:	John Cole

1. Call to Order and Opening Protocol

Chair Arakawa called the meeting to order at 1:33 p.m.

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 conducted the roll call. All members confirmed that they were in attendance and were by themselves, except for Chair Arakawa, who was in the HTA conference room.

3. Approval of the Minutes of the December 13, 2024 Committee Meeting

Chair Arakawa deferred this agenda item to the subsequent committee meeting.

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

Chair Arakawa proposed a motion to approve the HTA's December 2024 Financial Report, and Ms. Agas seconded it.

Mr. Kishi presented the HTA's financial report for December 2024 and began by reviewing the Tourism Budget for the Fiscal Year 2025 (FY25) from July 1, 2024 to December 31, 2024.

Within this period, the following transactions had taken place:

- Amount spent\$12,833,958
- Remaining encumbrance balance.....\$22,939,233
- 10% budget restriction.....\$6,300,000
- Total funds used.....\$42,073,191
- Remaining budget amount\$20,926,809

Mr. Kishi stated that a more detailed report was included in the monthly financial statements in the handout from page 17 onwards. Members were invited to review it later. There were no questions from the Board or members of the public.

Mr. Kishi presented a graphic comparing the expenditure on various programs for FY25 with the FY24 operating budget. He noted that there had been no significant changes from the previous month.

Chair Arakawa mentioned that he and Mr. Ka'anā'anā had discussed blending sports and Signature Events. He noted that this could not be debated given that the two had been combined in the budget approved by the legislature the previous year. The Chair expressed the hope that, subsequently, graphics would differentiate sports from Signature Events. Sports events such as the Honolulu Marathon, which were also Signature Events, should be placed in the Signature Events section so they would be easily identified. The Chair suggested that separate pie chart sectors should represent sports and Signature Events.

Mr. Kishi acknowledged this but noted that the pie chart represented program IDs, so separating sports from Signature Events would require separating the program IDs.

Mr. Ka'anā'anā suggested making a separate table.

Chair Arakawa agreed with this suggestion and emphasized the importance of creating a table to differentiate sports and Signature Events. The Chair noted that the pie chart and bar graph accurately reflected the budget items in terms of the program IDs approved by the legislature,

but there was a need for more detail. He expected the legislature to inquire about the differences during this year's budget hearings, and the HTA staff should be prepared to explain them. It was also crucial for the Board members and the public to understand the difference between the two types of events, even though the legislature combined them into a single program ID.

Mr. Ka'anā'anā stressed the need for transparency regarding sponsorship of the PGA, the LPGA, the WSL, Big West, and other sponsored events.

Dir. Tokioka asked about the cost of the previous weekend's volleyball tournament sponsored by the HTA, remarking that it had been an incredible event.

Mr. Ka'anā'anā stated that it had cost \$75,000.

Dir. Tokioka recommended that the HTA conduct more such events.

Mr. Ka'anā'anā agreed and noted that if funding could be secured from the legislature, it should be included in the signature event budget line item (BLI).

In reply to a question from Dir. Tokioka, Mr. Ka'anā'anā noted that this had been the first time the HTA had sponsored the tournament.

Dir. Tokioka inquired whether the tournament had been conducted before without the HTA's sponsorship.

Mr. Ka'anā'anā confirmed that the tournament had a long history and had significantly grown in size over the years, with a marked increase in participation by out-of-state teams.

Dir. Tokioka observed that the participating mainland teams had enjoyed the tournament and suggested a meeting with the organizers.

Mr. Ka'anā'anā added that thirteen states and six countries had been represented.

In response to Chair Arakawa's request, the HCC's General Manager, Ms. Teri Orton, noted that the Convention Center had also provided a discount on rent, which could be considered a contribution from the HTA. Additionally, marketing flexibility funding (MFF) money was allocated if the room night goal for out-of-state visitors was met.

Mr. Ka'anā'anā inquired about the magnitude of this goal.

Ms. Orton stated it was 500 at peak, but she was still waiting for the hotel reports.

In response to Chair Arakawa's question, Ms. Orton explained that the purpose of MFF was to incentivize large conferences to come to Hawai'i by filling blocks of hotel rooms. The volleyball tournament organizers had received a discount on rent at the HCC and any MFF grants for

which they qualified, in addition to the \$75,000 provided by the HTA.

Reviewing the summary for funds other than the FY25 budget, Mr. Kishi stated that the Fiscal Year 2024 (FY24) Tourism General Fund had spent 7.835 million to date, with \$390,000 remaining as an encumbrance balance.

He added that the year-to-date expenditure for the Tourism Special Fund had been \$156,000, with a cash balance of \$8.46 million and an encumbrance of \$778,000. The Special Fund sunsets on January 1, 2022, implying that only the remaining encumbrance balance can be spent.

The year-to-date expenditure of the Tourism Emergency Special Fund was \$242,000. The unspent balance for the Maui Disaster Recovery (MDR) Plan #1 was \$157,000, and for the MDR Plan #2, it was \$36,000.

The EDA-ARPA State tourism grant had a year-to-date expenditure of \$2.78 million, with remaining funds of \$8.776 million and an encumbrance balance of \$5.72 million.

Dir. Tokioka asked about the TESH year-to-date expenditure of \$242,000.

Mr. Kishi explained that \$4.4 million had been spent to date from MDR#1, with \$157,000 remaining. For MDR #2, \$90,000 has been paid to date, and \$36,000 remains.

Dir. Tokioka stated that almost \$200,000 should be available in the account, but Mr. Kishi clarified that the \$200,000 was obligated for the remainder of the programs.

Dir. Tokioka asked what the remainder of the programs meant.

Mr. Nāho'opi'i responded this was tabulated, and Mr. Kishi projected a slide showing details of the two Maui recovery plans.

Chair Arakawa apologized for misspeaking and clarified that \$157,000 was left under TESH. About \$3.5 million had been spent in MDR#1, leaving \$157,000 of the original \$5 million remaining.

Dir. Tokioka asked how much money remained in the MDR accounts.

Mr. Nāho'opi'i stated that all of the original \$5 million of MDR funds was accounted for by spending or encumbered.

Mr. Kishi pointed out that all the information was available in the monthly financial statements. For instance, the total cash balance in the TESH was \$533,000, as seen in the balance sheet on page 3 of the financial report. \$190,000 of that \$533,000 was still obligated for some programs that had not been closed out, and these were detailed on page 15 of the monthly financial statements. A table shows the approved budgets for the various MRP programs, the amount spent to date, and the unspent balance for each program.

Mr. Kishi added that the Maui Visitor Education Post Arrival Marketing (VEPAM) program still contained \$150,000, and \$7,000 remained for the Maui Resident communications campaign, both of which came under MRP#1. MRP#2 still contained \$10,000 for the U.S. recovery and marketing program #3, \$23,000 for Pop-Up Mākeke, and \$3,400 for marketing promotions at sports events.

Chair Arakawa noted that this information is on page 15 of the financial report and requested that MRP #1 or #2 be identified on the table subsequently.

Mr. Nāho'opi'i explained that the financial report ended on December 31, 2024. Still, during the first two weeks of January 2025, invoices for the Pop-Up Mākeke and market promotion sports events had been submitted.

Mr. Ka'anā'anā also responded that the \$150,000 for VEPAM was to be paid since invoices had been entered into the system in December 2024. The procurement process was underway so the invoices could be paid. The due date had been postponed because the film crew had to postpone filming because of the talent's non-availability. The completed commercials were submitted after the end of the contract, so additional paperwork had to be completed for procurement violations. Once this is processed, payments can be made.

Dir. Tokioka thanked Mr. Kishi.

Chair Arakawa appreciated Dir. Tokioka's comment, as he would have had the same questions. He suggested a note such as "see further details on page 15."

There were no other questions regarding tourism funds from Board members or online members of the public.

Mr. Kishi reviewed the HCC General Fund for FY24, detailing the encumbrance balance of \$2.078 million. He noted that the Enterprise Special Fund's year-to-date revenues had been \$12.457 million, including the annual \$11 million Transient Accommodations Tax (TAT) payment, \$819,000 for HCC operations, and \$638,000 income from interest. The cash balance was \$60.2 million, with \$34 million reserved for FY25 operations and \$11 million for return to the Department of Budget and Finance (B&F) to reimburse the general fund for FY24 operations.

Regarding the rooftop repair project, the year-to-date expenditure from the first \$15 million voted by the 2022 legislature had been \$1.968 million. Mr. Kishi explained that funding for the roof repair project came from two sources:

- \$15 million for the temporary repair provided by Act 248 SLH 2022, and
- \$64 million for complete repair provided by Act 230 SLH 2024.

These two combined amounts gave a fund balance of \$76 million with encumbrances of \$3.925 million. An RFP for the construction portion of the rooftop had just been released, and this was expected to use up most of the funds. About \$13.8 million of the \$15 million provided by Act 248 SLH 2022 was to be returned to B&F because the money had been intended for ancillary roof repairs but not for the actual roof repair project.

Chair Arakawa asked Ms. Orton whether Mr. Kishi had given an appropriate report, and she replied that the Vice President of Finance, Mr. Isaac Choy, and Mr. Kishi had reviewed it with herself and the operations manager, Ms. Mari Tait.

There were no questions from Board members or the online public.

Mr. Kishi stated that he had concluded his monthly financial report.

Chair Arakawa asked for any supplementary information.

Mr. Kishi mentioned he was still working to comply with Mr. Apo's request to show where the budget should be at a given month.

Chair Arakawa noted this was a half-year report since the fiscal year ran from July 1, 2024 to June 30, 2025, and expressed the hope that Mr. Kishi could prepare the requested reports before the next committee meeting.

Chair Arakawa restated the motion to approve the HTA's December 2024 Financial Report and recommend it to the full Board.

The Chair called for a vote. Mr. Kishi conducted the roll call vote, and the motion was carried unanimously.

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

Chair Arakawa proposed a motion to approve the Hawai'i Convention Center's (HCC) December 2024 Financial Report and the Update on the HCC's Six-Year Repair and Maintenance Plan and to recommend its approval by the full Board. Ms. Agas seconded the motion.

Chair Arakawa asked the HCC General Manager, Ms. Orton, to give the presentation and noted that Mr. McCully had joined the meeting. The Chair acknowledged the HTA staff's hard work in preparing materials easily understood by Board members and the public and noted that they were always trying to improve their presentations. He thanked the HTA and the HCC staff for preparing the presentation material.

Ms. Orton informed committee members that the HCC had hosted 25 licensed events in

December 2024, including one Citywide event and 24 local events. The Center had partnered with Pecan Entertainment Group to stage its first immersive holiday show, "Twas the Light before Christmas," which attracted about 30,000 customers. Equipment purchased in 2024 had been used for the show, and revenue was estimated at \$1.4 million. The HCC staff were still reconciling expenses to calculate the net income.

Ms. Orton added that the events hosted during December had included seven-holiday celebrations and three sporting events.

The financial update for FY25 indicated total revenue for December 2024 of \$2.6 million, exceeding the budget by \$1.3 million. This additional revenue was due mainly to the immersive holiday show. There had been a net loss for the month of \$936,500, \$230,000 more than planned.

Ms. Orton explained that in the re-forecast, the HCC was projected to end FY25 with a net loss of \$2.2 million, which was \$1 million better than the budgeted net loss of \$3.2 million. Ten more Citywide events and many local events were to be hosted before the end of the fiscal year, and the HCC management believed that the bottom line would improve further.

There were no questions from Board members or online participants.

Ms. Orton stated that, having hosted eight Citywide events, the HCC expected to show a return on investment (ROI) of \$10.66. With ten more citywide events to service before the end of the fiscal year, the ROI was likely to continue to increase.

In total, the remaining 18 Citywide events for the HCC in the 2025 calendar year were estimated to receive 67,000 attendees and bill 111,000 contracted room nights, generating an estimated \$379.5 million in economic impact and \$44.4 million in total tax generation for the State.

Ms. Orton noted that recent events had included "Twas the Light Before Christmas" and two volleyball tournaments (one of them the previous weekend), as well as the annual Sony Gala Dinner in the first week of January 2025. She mentioned that the Hawai'i Dental Association Conference would shortly take place, and this was a repeat local business, bringing in about 3,000 attendees. The HCC was also to host the Aloha Region President's Volleyball Tournament 2025 in early February, expected to attract 1,500 attendees. The tandem meeting of ASTCT and CIBMTRA was a Citywide event with about 4,500 attendees expected.

Ms. Orton informed committee members that during the first three months of 2025, the HCC was to host the following events:

Month	Local events	Citywide events
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January	16	1
February	15	1
March	15	3

She added that "Twas the Light Before Christmas," the HCC's first-holiday immersive show, had been very successful, with 35,000 attendees, and had included Signature Events such as Toddler Hour, Ugly Sweater Night, Pajama Party, LGBTQ Slay the Holidays, and multiple Santa appearances. The HCC management was now examining the financial aspects of the newly purchased equipment, with the long-term goal of recovering the cost over two to three events. The HCC hoped to stage another holiday show at the end of the year, with a skating rink to attract more visitors.

Ms. Orton informed committee members that an art exhibit by the well-known wood craftsman Tom Pōhaku Stone highlighting the history of surfing was to be launched in the coming weeks. Based on research in Bishop Museum archives, Mr. Stone was to carve 14 wooden boards that would be replicas of original surfboards recounting the history of surfing up to the modern day and the Olympics. The blessing of the exhibit was to take place sometime in February.

Mr. Ka'anā'anā suggested contacting the HTA surfing advisory committee.

Ms. Orton responded that staff were still curating the pictures for the story being assembled by Mr. Stone and his partner and would welcome any input. TV monitors would broadcast a time-lapse video loop showing Mr. Stone creating the boards and two surfing videos created by the Hawai'i Visitors and Convention Bureau (HCVB). Additional material from Mr. Ka'anā'anā and his committee would be welcome.

Mr. Ka'anā'anā assumed they needed Hawai'i-rooted pictures.

Chair Arakawa stated that the surfboard project would be presented to the Board and suggested that the issues Ms. Orton had mentioned could be added to the bottom of the slide as bullet points for the Board's and the public's information.

Ms. Orton responded that she would work with the HTA leadership to determine who would be invited to bless the exhibit.

She informed committee members that, so far, the HCC carbon offset program had planted 491 legacy trees. This program had been a tremendous success, with all Citywide events and many local events agreeing to participate.

Ms. Orton handed over to Ms. Mari Tait, Director of Operations for AEG/HCC.

Ms. Tait presented information and photographs of the HCC repair and replacement projects.

She stated that the planter project on the third floor and the exterior of the building was in the initial phase, involving the excavation of all the planters to identify the leakage issues.

Ms. Tait explained that the LED lighting project was progressing well and observed that Board members must have noticed better illumination in the Center since these lights provided more light for less energy. Committee members viewed photographs of the ballroom and the third-floor meeting rooms. The LED light project had been put on hold for the Makai third-floor rooms until the rooftop project was complete, as this project was likely to be pretty invasive. Ms. Tait added that the same was true for the sound system project.

Ms. Tait noted that the exterior painting project was progressing satisfactorily; photographs were provided as examples. However, it was proving challenging to fit the painting schedule around the event schedule. Painting had been completed on the Kalākaua Avenue and Kapi'olani Boulevard sides of the building, and Ms. Tait noted that the green accents made a positive impression.

Ms. Tait added that the kitchen project required coordination with the chef's schedule, and the remaining areas were the storeroom, the freezers, and the refrigerators.

Ms. Tait noted that a few details remained to complete the chiller project. She added that executives attending the National Summit of Green Businesses in Honolulu had visited the Center to view the sustainable chiller system.

Ms. Tait submitted a list of ongoing repair, maintenance, and replacement projects divided into three categories: improving guest experience, improving the building, and improving department efficiency (by installing new equipment).

During the calendar year 2024, 19 projects were completed at a total cost of \$21 million. Eleven projects were currently being executed at a total cost of \$39 million, seven were in the procurement and contracting phase at a total cost of \$19 million, and 17 were in the planning phase with an estimated total value of \$47 million.

Ms. Tait provided a detailed list of projects and cash flows. She explained to committee members that, due to the large number of projects, a second project management company was to be engaged in addition to Cummings Group. An RFQ had been sent out, and the HCC was reviewing the qualifications of a new PMCM company.

Ms. Tait presented a list of projects completed since 2020.

Chair Arakawa thanked Ms. Tait and asked for questions from the committee and/or Board members.

Dir. Tokioka asked when the HCC was expected to close for the roof repair and whether there

was another company where employees could pick up hours.

Ms. Orton thanked Dir. Tokioka for his question and explained that the HCC would not be 100% closed for food and beverages. The center would still host festivals, concerts, and sporting events in the exhibit hall, while other parts of the building, such as meeting rooms, would remain open and available. The HCC management was trying to navigate project schedules to determine which parts of the building would remain accessible for hosting events.

Ms. Orton stated that the management team had spoken with the Levy company, which managed the HCC food and beverages. Levy suggested that staff could be redeployed to mainland venues that needed assistance during specific periods, with those venues reimbursing HCC for salary and wages. Ms. Orton also had a list of projects for each department during the closure period, such as cleaning out storage rooms and taking equipment inventory. Existing staff would be on-site working on these projects, and some would be redeployed to assist in managing construction projects within the building.

Chair Arakawa asked for other questions.

Mr. Apo referred to Ms. Orton's comment about the food and beverage vendor moving staff off-island. He asked whether it would be possible to reach out within the local industry since there were still staff shortages in visitor industry operations such as hotels.

Ms. Orton responded that this was also an option and emphasized that the Center would still host some local events for which she had to ensure sufficient staff. The HCC management was still seeking a Plan B for staff required for food and beverage and housekeeping.

Mr. Apo asked how long the closure was expected to last.

Ms. Orton replied that the construction phase would be from January to October 31, 2026, but certain public and local events would continue to be hosted at HCC during this period.

Chair Arakawa appreciated Mr. Apo's comments and questions and asked if Ms. Orton could provide a fact sheet specifying events and periods when employees could be deployed to other venues in the State. He also suggested that Dir. Tokioka could provide information on State events. He did not know whether the Levy company would be allowed to apply for other events within the State, which could be discussed offline.

Ms. Orton emphasized that some departments, such as Security, would need increased staffing during the closure due to the risk of infiltration in the absence of events. Additionally, Ms. Orton wished to avoid giving the impression that there would be no work for employees during the closure period. Housekeeping staff would be required for ongoing projects and events. Since most of the team came from staffing agencies, there were few hourly employees on the

payroll. Management staff would be internally redeployed to other departments.

Mr. Apo acknowledged Ms. Orton's points but wanted to ensure proper communication and effort in the private visitor industry to mitigate potential issues. He was concerned about moving staff off-island and hoped for clear communication and local solutions.

Ms. Orton agreed and thanked him. The Levy company had already inquired about extra staff during the construction period, and they had previously used some HCC staff to augment shortages on the mainland for large events such as the Grammys. The food and beverage provider would use some of the HCC staff to assist sister properties, but they would also address the issue locally.

Chair Arakawa thanked Mr. Apo, Dir. Tokioka and everyone who had contributed to this discussion.

Ms. Iona asked whether there would be a provision for courtesy discounts due to the possible disruption of construction.

Ms. Orton replied that the construction company would not stop work during scheduled events, so construction would not impact these events. Therefore, there was no plan to extend any courtesy discounts.

Chair Arakawa thanked everyone and asked if there were any questions from the committee, Board members, or members of the public.

Chair Arakawa called Mr. Kishi to conduct the vote on the motion to approve the Hawai'i Convention Center's (HCC) December 2024 Financial Report and Update on the HCC's Six-Year Repair and Maintenance Plan and to recommend its approval by the full Board. Mr. Kishi conducted the roll call vote, and the motion was carried unanimously.

Chair Arakawa pointed out that this was the last agenda item requiring a vote. Every other item was for information or possibly would be referred to a vote either at a subsequent meeting of the Budget, Finance, and Convention Center Standing Committee (BFCCSC) or a full Board meeting, implying that the loss of a quorum would not be a problem.

6. Discussion and Action on the Budget for the LA Rams 2025 Program

Mr. Ka'anā'anā had prepared the required paperwork, which would entail some issues that must be discussed with the Department of Budget and Finance (B&F) and the HTA program staff. He and Mr. Kishi had worked together to draw up a revised funding plan that met the requirements of the Vice President for Finance, Mr. Isaac Choy.

Chair Arakawa mentioned that Mr. Choy had raised various issues.

Mr. Ka'anā'anā explained that these issues were mostly related to timing and the fiscal year budget from which funds were to be drawn.

Dir. Tokioka thanked Chair Arakawa for allowing him to ask a question and mentioned that he would be leaving after this agenda item. He was still puzzled about how they could be dealing with next year's Rams' contract when they had not even discussed the present year's Rams' contract.

Chair Arakawa stated that Mr. Choy had been asked to provide details about the present year's Rams' contract. The report was not yet ready but would probably be ready by the next BFCCSC meeting or the next Board meeting. The contract and the return on investment for the Rams event that had already taken place needed to be reviewed.

Mr. Nāho'opi'i asked which years were being discussed.

Dir. Tokioka clarified that the event on the agenda was for 2026.

Mr. Ka'anā'anā corrected him, stating it was for 2025.

Chair Arakawa confirmed that the Agenda Item referred to an event that had not yet happened.

Dir. Tokioka stated that he was referring to an event that had already taken place.

Mr. Ka'anā'anā asked whether Dir. Tokioka was requesting information about the 2019 event.

Chair Arakawa responded that Dir. Tokioka did not refer to the 2019 event.

Dir. Tokioka explained that he was referring to the 2024 event, which he believed had occurred in August 2024.

Mr. Ka'anā'anā responded that the event concerned had been part of the L.A. Activation and would be discussed as part of it.

Dir. Tokioka confirmed that was the event to which he had referred.

Chair Arakawa acknowledged that some questions about the 2024 Rams event were to be discussed.

Mr. Nāho'opi'i clarified that the 2024 event had not been a contract with the Rams, as the Rams game had been part of an event that had taken place during the L.A. Activation.

Chair Arakawa agreed but noted that Mr. Choy had asked for information and that a report would be prepared.

Mr. Ka'anā'anā reiterated that the request for information was related to the L.A. Activation. He was separate and distinct from the L.A. Rams contract that the Board had approved in

December. This was a contract to be negotiated by the HTA directly with the L.A. Rams, as opposed to their involvement during the L.A. Activation.

Chair Arakawa believed that Dir. Tokioka understood that the current agenda item was different, but his issue was that this type of discussion had never taken place before the L.A. activation.

Dir. Tokioka agreed with what he was saying.

Chair Arakawa stated that they had asked Mr. Choy to examine the L.A. Activation and prepare a report.

Dir. Tokioka thanked the Chair for the clarification.

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

Chair Arakawa introduced Agenda Item #7 and explained that it comprised several items, primarily issues that had already been on the agenda of the BFCCSC before they entered into the budget discussions. These issues have been put back on the agenda and will continue until resolved. They had been brought to the attention of the BFCCSC either by internal staff, outside consultants, or the visitor industry, and some had also been raised by the auditors. These issues might become audit issues if not resolved. The Administrative and Audits Standing Committee (AASC) had asked the BFCCSC to examine some financial issues and report to the AASC.

a. Status Update on the Fiscal Biennium 2025-2027 Budget Request to the Legislature

Chair Arakawa asked Mr. Kishi to explain Agenda Item 7a, which involved the HTA budget to be presented to the legislature.

Dir. Tokioka explained that he was directly involved in this item and hoped to remain in the meeting during the discussion.

Mr. Kishi thanked Board members for allowing him to present the Fiscal Biennium 2025-2027 Budget Updates provided by the Administration through the Governor's decision. Mr. Kishi intended to review the Governor's priorities for his administration's budget, comparing the HTA's budget request with the Governor's decision. Mr. Kishi also intended to present the budget variances for the FY26 operating budget.

Mr. Kishi quoted Governor Green as follows:

"The budget reflects our values as a state. It prioritizes reducing the high cost of living, improving education, building affordable housing for working families, sheltering and caring for vulnerable Hawai'i residents, and making large

investments in health care, biosecurity, wildfire mitigation, and infrastructure across our state.”

Chair Arakawa reminded members that this statement was shown in the handout provided to committee members.

Mr. Kishi explained to committee members that the HTA Biennium Budget totals for FY26 had been prioritized consistently with the requests and advice provided by B&F, the Department of Business, Economic Development and Tourism (DBEDT), the legislative Tourism Committee Chairs, and the HTA BFCCSC. The Governor’s Budget Proposal for the HTA was also consistent with the requests, advice, and directions given to the HTA Board & staff by B&F, DBEDT, the Tourism Committee Chairs, and the HTA BFCCSC.

Mr. Kishi added that the Governor’s \$69,397,189 operating budget for HTA corresponded to the “Highest Priorities” budget items identified by the HTA staff, the BFCCSC, and DBEDT, and the Governor’s proposed operating budget for the HTA was also consistent with State law, rules, policies, procedures, and memorandums issued by the Governor and State departments.

Mr. Kishi explained that the HTA’s budget requests, submitted through DBEDT to B&F on Form A, had been as follows:

HTA Operating Budget:

- FY2026 \$80 million Increase on FY25: 27%
- FY2027 \$87 million Increase on FY25: 38%

HCC Capital Improvement Request for Repairs and Maintenance:

- 2026 \$13,928,314
- 2027 \$6,056,878

These requests were submitted through DBEDT on Form A in October 2024. After B&F reviewed the requests, the Governor decided to provide the HTA with a recurring operating budget of \$69,397,189 for fiscal years 2026 and 2027, representing a 10% increase on FY25 for both fiscal years. The Governor also decided to provide the HTA with a capital improvement budget for the HCC of \$5 million for FY26 and FY27.

Dir. Tokioka recalled much discussion had occurred in the BFCCSC, the entire Board, and the newspapers. He reminded committee members that when he made decisions as Director of DBEDT, he channeled them through the Director of B&F, the Chief of Staff of the Governor, and the Governor himself. Dir. Tokioka had been concerned by newspaper accounts about his refusal to approve certain items. Even though this was accurate since he was the department

head, it was unfortunate that at no point had it been mentioned that the budget of the HTA for the previous fiscal year had been \$63 million. Dir. Tokioka noted, not for the first time, that Chair Arakawa and his committee had done an excellent job outlining the figures. The BFCCSC had presented budget options of \$70 million, \$80 million, and \$90 million, giving the Governor, the Director of B&F, and the legislature the choice to add more funds if desired.

Dir. Tokioka hoped that everyone on the committee would understand that his decisions were not made in a vacuum and that he was not trying to fight with the Board Chair or any members of the HTA Board. These points must be clarified because of negative publicity about DBEDT and its Director. He would have given his reasons if anyone had asked him, and in fact, he had provided explanations to the HTA Board. However, some people did not believe him and went to the Director of B&F.

Dir. Tokioka hoped that complaints could be discussed internally instead of aired publicly. He thanked Chair Arakawa for the opportunity to clarify the situation.

Chair Arakawa appreciated this clarification. For the sake of transparency in the committee and the full Board, Chair Arakawa pointed to the original budget proposal that had been approved by BFCCSC and proposed to the Board \$70 million, with option 2 for \$80 million and option 3 for \$90 million. This provided a method for DBEDT, B&F, and the Governor to examine the budget in a framework that the HTA staff had prioritized. However, in a seven-person vote, the Board did not approve this proposal and decided to proceed with a different one. The Chair appreciated Dir. Tokioka explained that the Governor's and his own decisions had been vetted through various departments, the Governor's staff, and the Governor himself. He thanked Dir. Tokioka.

Dir. Tokioka stated he was willing to answer any questions if necessary.

Chair Arakawa asked if any Board or committee members, members of staff, or the public had questions for Dir. Tokioka.

Mr. Apo responded that he understood that Dir. Tokioka wore two different "hats," and his task was not easy. His decisions had to be respected based on the "hats" he had to wear at various times.

Mr. Apo asked Mr. Kishi about the previous slide and noted that Mr. McCully, Chair of the Administrative and Audits Standing Committee, might also have questions. Mr. Apo noted that Mr. Kishi's first two bullet points referred to the Budget, Finance, and Convention Center Standing Committee. Still, he explained that his understanding was that standing committees were purely advisory to the HTA Board, and the Board made all decisions. Therefore, some discussion needed to take place about the position of the Board as opposed to the BFCCSC

position. It was essential to ensure transparency and maintain the trust of the public and stakeholders in discussions of how decisions of any standing committee, not only the BFCCSC, related to the Board.

Chair Arakawa congratulated Mr. Apo on this point, recalling that he was not only an attorney but also the Chair of the Honolulu City Council. Chair Arakawa reminded Mr. Kishi that in the future after his notes stated “HTA BFCCSC,” a parenthetical note should be added: “advisory recommendation vote to the Board.” The Chair thanked Mr. Apo and promised that more accurate language would be used in the future.

Dir. Tokioka thanked Mr. Apo for his contribution and stated it had always been his understanding that the meat of discussions, even in the legislature, took place in committee meetings, and the entire Board had to approve these decisions. Previously, Mr. Miyasato had always referred to “if the committee approves it,” then that was the representation to the Board, but the committee did the work. Dir. Tokioka understood that the Board might not always approve recommendations from committees, but a discussion needed to take place about the policy of the entire Board regarding the recommendations of committees. Dir. Tokioka appreciated this discussion.

Chair Arakawa agreed that it had been a helpful discussion. He suggested that the entire Board could examine these issues, with possible input from the AASC.

The Chair asked Mr. Kishi to explain the status of the current request pending at the legislature.

Mr. Kishi's next slide summarized the HTA's 2026 Operating Budget Request versus the Governor's decision, summarizing information previously mentioned by Chair Arakawa and Dir. Tokioka. Mr. Kishi explained that the initial request approved by the BFCCSC had been a budget of \$69,973,000, with medium and lower-priority items that the Governor and the legislature could add. Eventually, the full Board approved a request of \$80 million, but the Governor's recent decision had provided \$69,397,189.

This was summarized as follows for Fiscal Year 2026:

Administration and Governance	\$3,363,945
Branding and Marketing	\$42,022,877
Destination Stewardship and Community	\$24,010,367
Total	\$69,397,189

The summary for FY27 was almost the same, except that the BFCCSC had recommended a \$77 million budget, and the Board had approved an \$87 million budget. Still, the Governor had provided the same budget of \$69,397,189.

Ms. Iona asked whether this meant there would again be no money for sports Signature Events.

Mr. Kishi stated that the subsequent slide detailed the HTA's request to consolidate three programs into Destination Stewardship.

Mr. McCully thanked Chair Arakawa and Mr. Kishi and asked about the budget line item for Administration and Governance under program ID BED113.

Mr. Kishi replied that he had no further information and would have to submit it offline.

With due respect to Chair Arakawa, Mr. McCully asked if Mr. Kishi could make the information available to the Board before the next meeting.

Chair Arakawa asked for clarification on whether this information would be submitted to the Board the following week.

Mr. McCully confirmed this, and Mr. Kishi said he would do his best to supply the information.

Chair Arakawa confirmed that Mr. McCully was requesting information about the portion of the budget for administration and governance.

Mr. Kishi replied that he would make the information available.

Mr. McCully asked if there were significant differences in the administration and governance budget and requested Mr. Kishi and/or Mr. Nāho'opi'i provide a breakdown of items that were to be removed from the HTA operations with the budget reduction.

Mr. Kishi responded that he was about to describe the differences in budget line items between what had been requested and what had been granted.

Chair Arakawa asked whether Mr. White had been a member of the BFCCSC at the time of the recommendation of the \$69 million budget, which included all of the high-priority items identified by the HTA staff. Phase two, for \$80 million, recommended by the BFCCSC, included medium-priority items, and phase three, for \$90 million, included low-priority items. The Chair believed all the relevant information could be assembled in a report for the Board.

Mr. White asked what changes concerning staffing increases and other issues would be implied by the change from the 2025 budget total to a lower total in 2027.

Mr. Kishi responded that he would provide a budget worksheet to answer Mr. McCully's question and include the information requested by Mr. White. The worksheet, to be sent out after the present meeting, would include columns for the BLIs for the 2025, 2026, and 2027 Fiscal Years (FY25, FY26, FY27), which would compare the HTA's request with the amounts granted by the Governor.

Chair Arakawa explained to members of the public and other Board members that BLI stands for Budget Line Item.

Mr. Ka'anā'anā asked whether any other documentation would be required from the staff once Mr. Kishi had prepared the comparison worksheet. He added that staff might be asked to provide information for the Ways and Means and Tourism Committees during the legislative session. The HTA staff would need to know the position of the HTA, and Mr. Ka'anā'anā asked whether staff would be expected to tell the legislature, "The Board approved \$80 million, so \$80 million is what we are going to ask for."

Chair Arakawa stated that this was a decision for the entire Board, and the full Board would be asked for a motion to approve the Governor's proposals.

Mr. Ka'anā'anā responded that he looked forward to this decision by the Board.

Chair Arakawa stated that he would request the inclusion of an item referring to the budget in the agenda of the following week's Board meeting.

Mr. Nāho'opi'i explained that the legislature would debate bills to allocate the FY26 HTA budget, and the HTA Board was likely to be involved in other hearings.

Chair Arakawa emphasized the importance of this process, noting that during the previous year's legislative session, the BFCCSC had no information about budget negotiations. He believed that the legislative deliberations of the previous year had not leaked, a fact of which Mr. McCully was aware. The Chair hoped there would be better communication on this occasion.

Mr. Nāho'opi'i mentioned that a report about a Board meeting had provided information to the Ways and Means committee the previous year.

Addressing Ms. Iona's question about signature sporting events and other programs, Mr. Kishi explained that the HTA had requested that three programs – sports and Signature Events, regenerative tourism development, and workforce development – be consolidated into Destination Stewardship and Community. The Governor had approved this request, which resulted in the transfer of \$12,130,256 from those programs into Destination Stewardship, based on the FY25 operating budget. The request also resulted in the transfer into Destination Stewardship and Community of three program managers from Regenerative Tourism Development and one sports manager from Signature Events and Sport.

Chair Arakawa asked if the Governor had approved all three requests, and Mr. Kishi confirmed this.

Mr. Ka'anā'anā added that during an information briefing by the Ways and Means Committee,

Chair Dela Cruz appeared to oppose this consolidation.

Chair Arakawa asked for information about the basis for the HTA's request to consolidate these programs.

Mr. Nāho'opi'i explained that the consolidation was aligned with the current organizational chart approved by the Board in 2023. Sports and Signature Events, workforce development, and regenerative tourism development were to be consolidated under destination stewardship and community.

Mr. Ka'anā'anā added that Mr. Choy considered that this consolidation would reduce the administrative burden of managing multiple program IDs, especially in light of the fiscal department's staffing, and he had advocated for this change in staff leadership meetings.

Mr. Nāho'opi'i added that multiple program IDs implied multiple reporting requirements, with a separate agency and separate forms for each.

Chair Arakawa asked Mr. Kishi to consider whether Chair Dela Cruz would be satisfied if the pie chart showing budget allocation for different programs differentiated Signature Events and sporting events. The Chair believed that the explanation that all three line items were to be classified under a single program ID would clarify that nothing was being hidden from the legislature; the HTA staff wanted these line items under a single program ID. Chair Arakawa added that the legislature would be free to adjust and reduce line item amounts if necessary, but staff preferred them all to be under a single program ID. However, he added that if the legislature could not accept this, the HTA would continue to use separate program IDs for the three line items.

Mr. McCully asked about the divergence between the HTA's budget request for \$80 million and the Governor's decision, adding that this entailed a difference from the base budget recommended by the BFCCSC of a few hundred thousand dollars. Mr. McCully wondered whether this was due to a particular line item.

Mr. McCully emphasized the importance of the legislature and the public being aware that both sides were considering a budget's strategic and practical elements, which was meant to solve a problem by buying goods and services. In this case, the problem to be solved was to build up the Hawai'i brand and improve Hawai'i's destination management.

Mr. McCully had observed variances between the FY26 operating budget under Destination Stewardship. Kāhea Greetings increased by 100%, and Signature Events increased by \$100,000, but some items, such as the Sports Opportunity Fund and the NFL partnership, were reduced to zero. Mr. McCully believed there was a strategy in mind on the part of the executive, much like the advisories recommended by the BFCCSC and what was debated by the Board. Mr. McCully

was concerned that the public and other observers, especially at the legislature, should know that none of this was whimsical and all was well-considered to make Hawai'i a better choice for its visitors and its people.

Chair Arakawa thanked Mr. McCully for this contribution and mentioned that the BFCCSC's recommendations were based on prioritized lists from the staff, which had generated the \$70 million, \$80 million, and \$90 million proposals.

Focusing only on the FY26 budget, Mr. Kishi compared the HTA's \$80 million request with the Governor's decision, as follows:

Budget Line Item	Decision	Board Request	FY26
Administration and Governance			
Communications	Reduction	\$444,444	\$125,000
Travel	Reduction	\$124,444	\$93,889
Request for Executive Office Administrative Assistant	Denied		
Request for Financial Internal Auditor	Denied		
Branding and Marketing			
Global MCI	Reduction	\$7,281,683	\$6,506,384
USA MMA	Reduction	\$22,300,558	\$17,856,114
Japan MMA	Reduction	\$7,983,333	\$7,261,111
Global Support Services	Reduction	\$1,722,223	\$1,166,667
Tradeshaw support	Reduction	\$555,556	\$0
Request for additional Brand Manager position	Denied		

Mr. Kishi explained that the budget worksheet, which will be emailed to Board members after this meeting, would provide details and show precisely what the Governor had approved or denied.

Mr. Ka'anā'anā informed committee members that the request for an Executive Office administrative assistant was referred to the receptionist at the front of the office. He explained that the receptionist was not an HTA employee but was employed by the DBEDT Research and Economic Analysis Division (READ) and was "borrowed" by the HTA. The HTA requested a receptionist of their own to return the position to READ. Mr. Ka'anā'anā added that when, a few years previously, the research department had been moved, the receptionist position had been accidentally moved and never given back.

Chair Arakawa pointed out that this position had been part of the original request proposed by the BFCCSC and the Board.

The Chair asked about the impact of the elimination of tradeshow support.

Mr. Nāho’opi’i responded that the Board had intended to upgrade the IMEX booth and had submitted a detailed summary showing the cost of an upgraded booth. This upgrade would have improved sales and allowed the HTA to take more partners to trade shows. IMEX was the most significant meeting and convention tradeshow in the system.

Chair Arakawa confirmed that this would allow the HTA to bring more of its staff and individuals from the visitor industry and improve the booth.

Mr. Nāho’opi’i added that it would allow for an increase in the size and functionality of the booth. He stated that it was very old and had physical limitations in size.

Chair Arakawa inquired whether other Hawai’i companies attended the IMEX tradeshow.

Mr. Nāho’opi’i responded that most of the suppliers, hotels, meeting planners, and organizers of activities, such as helicopter tours, participated. He emphasized that the booth was important for meeting convention planners.

Chair Arakawa asked how many Hawai’i companies were involved.

Mr. Nāho’opi’i stated that the information would be included in the spreadsheet and that he would provide an update later.

Chair Arakawa suggested that this might be addressed in a subsequent budget.

Mr. Ka’anā’anā pointed out that the HTA had advocated upgrading the IMEX booth since 2021.

Chair Arakawa inquired whether upgrading the booth had been included in the BFCCSC recommendation, and staff informed him that it had been one of the medium-priority items. The Chair requested that Mr. Kishi add an indication of whether each line item was of high, medium, or low priority to his list.

Mr. Kishi provided further details about the comparison between the HTA Board's request and the Governor’s budget allocation.

Budget Line Item	Decision	Board Request	FY26
Destination Stewardship and Community			
Signature Events	Increase	\$2,555,556	\$3,055,556
Kalea greetings	Increase	\$444,444	\$888,889
Sports Opportunity Fund for	Reduction	\$1,996,350	\$0

Budget Line Item	Decision	Board Request	FY26
sponsorships, sports, and Signature Events			
NFL Partnership	Reduction	\$1,111,111	\$0
Industry Sector Partnership Support for Workforce Development	Reduction	\$33,333	\$0
Request for an administrative assistant	Denied		
Request for a senior destination manager	Denied.		

Chair Arakawa inquired whether the Sports Opportunity Fund for sponsorships, sports and Signature Events, the NFL Partnership, and Industry Sector Partnership support for Workforce Development were included in any other section of the Governor's budget.

Mr. Kishi responded that those budget items had been reduced to zero.

Chair Arakawa clarified that he was trying to discover whether these line items could be incorporated into any other budget item and whether the Governor's budget items were broad enough to include these elements. He added that Mr. Kishi could provide an answer later.

The Chair asked whether these had been high-priority items in the recommended budget.

Mr. Ka'anā'anā expressed his satisfaction with the increase in the Kāhea Greetings budget line item.

Chair Arakawa noted that Kāhea Greetings had not been designated as the highest priority, but the program's priority had been increased based on explanations to the administration. He also noted that half a million dollars had increased the allocation for Signature Events.

Mr. Nāho'opi'i explained that some Signature Events had been designated as first-priority items.

Mr. Ka'anā'anā added that the Sports Opportunity Fund was listed under a program ID entitled Sports and Signature Events, although it was not a signature event. He welcomed the increased allocation for Signature Events since some significant events had been sponsored. Still, he expressed his hope that the administration knew what this budget line item funded and did not fund. Mr. Ka'anā'anā suggested that sponsorship of a sports-related activity should be included in one of the sports-specific line items.

Chair Arakawa asked whether Mr. Ka'anā'anā was aware of the purpose of the additional \$500,000.

Mr. Ka'anā'anā stated that, while he appreciated the increase for Kāhea Greetings, he did not know the specific purpose of the additional \$500,000 allocated to Signature Events.

Chair Arakawa assured committee members that Mr. Kishi would investigate the matter and noted that if the Sports Opportunity Fund had been eliminated and the allocation for Signature Events had been increased, it was because Signature Events and Sports were grouped within a single program ID.

Mr. Ka'anā'anā agreed to look into the matter.

Chair Arakawa expressed his gratitude to Mr. Kishi.

Mr. McCully asked whether staff could provide examples of sports Signature Events that were to be eliminated and could not be included in other categories.

Mr. Ka'anā'anā explained that, for FY25, the Sports Opportunity Fund had been used for the following items:

- supporting the partnership with the World Surf League (WSL)
- covering, at the Board's direction, the 10 percent B&F restriction
- funding for an RFQ for the sports consultant

Mr. Ka'anā'anā added that in December 2024, the Board had approved funding the first half of the 2025 Rams contract through the Sports Opportunity Fund. However, in the FY26 budget request, the second half of the Rams contract was to have been funded by the NFL Partnership line item.

In summary, Mr. Ka'anā'anā stated that the Sports Opportunity Fund was to have financed the L.A. Rams, the WSL, and the sports consultant. However, in FY26, these allocations were separated into distinct budget line items for clarity.

Chair Arakawa asked Mr. Ka'anā'anā to clarify the meaning of WSL.

Mr. Ka'anā'anā stated that it referred to the World Surf League and added that the B&F restriction applied to the entire program, as detailed in the August sports staff report.

Chair Arakawa asked whether this explanation addressed Mr. McCully's question.

Mr. McCully confirmed that it did and thanked the chair.

Chair Arakawa asked if there were other means of publicizing the World Surf League or if the HTA was its sole source of publicity.

Mr. Ka'anā'anā explained that the World Surf League had numerous other partners. However,

the HTA proposal and partnership were clarified under a separate budget line item. He addressed the Sports Opportunity Fund question by adding that the items previously included in this fund were now allocated to specific line items to ensure transparency and clarity. He noted that the HTA had partnered with WSL for many years but would transition this partnership to a dedicated budget line item in FY26.

Chair Arakawa thanked Mr. Ka'anā'anā and thanked committee members for their questions.

Mr. Ka'anā'anā added, for Ms. Iona's information, that the Kāhea Greetings line item formed part of an agreement with the Airports Division, whereby this budget item supported not only the greeting program but also assistance for passengers stranded at airports.

Ms. Iona expressed her thanks.

Chair Arakawa stated that Gov. Green and Dir. Tokioka were staunch supporters of the Kāhea Greetings program, to which Mr. Ka'anā'anā agreed, adding that he was also a supporter.

Mr. Nāho'opi'i explained that the HTA had strongly advocated for the program, but it had not been approved in the FY25 budget. However, this oversight had been corrected in the FY26 budget.

Chair Arakawa reminded committee members that the FY25 budget had been established by the legislature, which had not approved the Kāhea Greetings program for that fiscal year.

b. HTA Policies and Procedures for Communications Regarding HTA Budget, including Prompt Transmittal to Board, Timely Responses, and Follow-up Actions

Chair Arakawa explained that this agenda item related to the responsibilities of the legislative permitted interaction group (PIG), the AASC, and Mr. Nāho'opi'i. The Chair allowed possible questions and comments on this topic.

c. 2023 Legislative Audit Pursuant to HRS 23-13

Chair Arakawa stated that the legislative audit was ongoing.

Mr. Nāho'opi'i reported that the staff had last met with the auditors on January 2, 2025. At that time, all outstanding requests for information had been resolved. Despite some miscommunication, all issues had been addressed, and no remaining requests remained. Mr. Nāho'opi'i added that there had been no notification regarding when the report would be issued so far.

Chair Arakawa mentioned that the auditors had requested interviews with himself and other Board members. He thanked Mr. Nāho'opi'i for the audit update and said everything was progressing smoothly between the HTA and the auditors. He added that the committee had not

received any complaints from the auditors and again expressed his gratitude to Mr. Nāho'opī'i.

d. Tourism Emergency Special Fund

i. Status of Use of the Tourism Emergency Special Fund

Chair Arakawa stated that this matter had been discussed earlier, and details had been included in the information packet. He requested that the discussion be deferred to permit the committee to review the information.

Mr. Nāho'opī'i stated that Procedure 300-03-09 had been approved. He explained that this official internal procedure did not require approval by the Board since it was a working document.

Chair Arakawa thanked him for the clarification.

Mr. Nāho'opī'i explained that the HTA staff had converted concepts and statements into a documented procedure he intended to send to Chair Arakawa. This would allow the Board to review the procedure and provide edits and comments.

Chair Arakawa inquired about the date of the update.

Mr. Nāho'opī'i replied that the update had been completed on October 17, 2023.

ii. Policies, Procedures, and Reports Relating to the Use of the Tourism Emergency Special Fund

Chair Arakawa stated that Mr. Nāho'opī'i was to provide the procedure document for the Board to review and comment on.

e. Wildfire Incremental Budget Requests

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

Mr. Nāho'opī'i stated that incremental requests had been made when the budget was adjusted, and most programs had been completed.

Chair Arakawa inquired whether contract information could be sent to committee members.

Mr. Nāho'opī'i responded that the programs included under the incremental requests were:

- U.S.-Maui Marketing Recovery Program #1,
- Canada-Maui Marketing Recovery Program #1,
- Japan-Maui Marketing Recovery Program #1,

- MCI Corporate Meetings and Incentive Salesperson was part of U.S.-Maui Marketing Recovery Program #2.

Mr. Nāho‘opi‘i noted that this information had been presented in May 2024, by which time all programs had been completed. He added that the committee members’ information packet contained a summary of the Canada-Maui Marketing Recovery Program #1. Detailed information had been given to Board members in May 2024.

Mr. Nāho‘opi‘i elaborated on the return on investment (ROI) related to the program:

- **Consumer Direct:** The \$546,000 spent resulted in 179 million impressions, with an ROI of 329 impressions per dollar spent.
- **Travel Trade:** 114 participants had been trained at a cost of approximately \$43 each, to increase awareness of properties, activities, and attractions that were open and available.
- **Public Relations:** The \$10,000 investment in publicity efforts had resulted in a total earned publicity value of \$480,000, providing a return of approximately \$47 per dollar spent.

Mr. Nāho‘opi‘i stated that all figures were included in the report and were similar to those reported the previous month for the U.S. campaign.

Chair Arakawa expressed his gratitude and thanked him.

ii. Status of Contracts and Payments for all Wildfire Branding Incremental Requests

Mr. Nāho‘opi‘i informed committee members that all the programs had been completed in May 2024, all payments had been executed, and requests had been filed.

f. HTA Budget & Finance Issues, Policies and Procedures

i. HTA Past Due Accounts: Status; Budget & Finance Policies and Procedures, and Reporting

Chair Arakawa stated that this matter could be addressed later and mentioned that he had asked Mr. Choy to prepare a list of past-due accounts. According to Mr. Choy’s estimate, approximately \$6 million in invoices were yet to be paid, with various reasons for the delay.

Mr. Nāho‘opi‘i stated that the situation had significantly changed since this estimate had been given. He explained that some payment delays had been resolved after fund allocation was finally received in October or early November 2024, which had allowed several outstanding invoices to be processed. Additionally, expected deliverables or previously uncompleted reports had been submitted, and contract amendments had been finalized. However, Mr. Nāho‘opi‘i

noted that some requirements from the Attorney General's Office had to be resolved or amended.

Chair Arakawa agreed that some issues had been resolved due to timing, others had been addressed through the submission of reports by contractors, and the payment schedules for specific contracts had been modified.

Mr. Nāho'opi'i added that some language issues had also been resolved.

Chair Arakawa doubted that the outstanding \$6 million owed to two major contractors, the HVCB and the CNHA, was related to timing issues. The contractors claimed that they had submitted their reports and that the payment delays were not due to contract amendments, although some amendments had been made to the Rams contract. The Chair emphasized his unwillingness to mislead the public or the HTA Board.

Mr. Nāho'opi'i agreed that there were still some unresolved issues.

Chair Arakawa reiterated that the two major vendors claimed the HTA owed them \$6 million. He added that while he had not initially intended to bring up the matter, Mr. Nāho'opi'i's comments led him to address it.

Mr. Nāho'opi'i responded that discussions had taken place, some issues had been resolved, and the outstanding amounts had been reduced. However, he acknowledged that there was still a need to improve policies and processes.

Mr. Ka'anā'anā explained that for the Signature Events provided by Kilohana contracts, one of the challenges, and a reason for requesting additional staff, was that the administrator responsible for processing payments was managing tasks across four managers, each of whom oversaw eleven or more contracts. This created a natural bottleneck in the payment process and was the reason for requesting an additional administrative assistant. Mr. Ka'anā'anā added that a single administrator had to oversee all the payments for five destination managers and four brand managers.

Chair Arakawa acknowledged this explanation but remarked that despite the same bottleneck, payments had been processed a few months previously. He recalled that when he first became Chair of the BFCCSC, there had been similar complaints about \$6 million in outstanding invoices.

Mr. Nāho'opi'i responded that the issues varied over time, and the outstanding amount fluctuated accordingly.

Chair Arakawa acknowledged that there were ongoing challenges but repeated that the same bottleneck had existed previously without preventing the timely processing of payments. He

proposed meeting with the team to better understand the issues.

ii. HTA Contract Modifications: Status and Discussion; Budget & Finance Policies and Procedures, Board Approval, and Reporting

Chair Arakawa said he would defer Agenda Item #8.f.ii regarding HTA contract modifications.

iii. HTA Executive Employment Contracts and Bonuses: Status and Budget & Finance Policies and Procedures, Board Approval, and Reporting

Chair Arakawa stated that he would defer Agenda Item #8.f.iii on HTA Executive Employment Contracts and Bonuses and added that, as far as he was aware, bonuses had been eliminated.

Mr. Nāho'opi'i explained that the HTA had presented amended contracts for the positions concerned.

Chair Arakawa responded that Board members had questions about why some staff received bonuses and some did not. However, discussion on this point would be deferred to a subsequent meeting.

iv. HTA Travel Policies: Status and Discussion on Budget & Finance Policies and Procedures, Approval, and Reporting

Chair Arakawa said he would defer Agenda Item #8.f.iv on HTA travel policies.

Mr. Nāho'opi'i explained that, at present, the HTA follows all the travel policies designated by the State and DBEDT regarding delegated approvals and other issues. He agreed that any questions could be discussed subsequently.

Chair Arakawa pointed out that decisions about who went on official trips were difficult. On their return, the person was to prepare a report and present recommendations. The Chair noted that recommendations resulting from staff travel were not usually presented at Board meetings.

Mr. Nāho'opi'i replied that if the recommendations concerned Board policy, they would appear in the CEO's report. The HTA staff usually presented their reports at staff meetings, and their recommendations were often inserted into other reports.

Chair Arakawa stated that it was essential to maintain transparency about travel expenditure. He noted that there was also an issue about official travel for Board members, and it had been suggested that each Board member could attend one conference per year if it fell within their area of expertise and interest.

Mr. Nāho'opi'i reminded committee members that the Governor had reduced administrative travel by \$30,000.

g. Hawai'i Convention Center Budget & Finance Issues

Chair Arakawa asked Ms. Orton whether any other finance or budget issues affected the HCC.

Mr. Nāho'opi'i asked Mr. Kishi to discuss increasing the capital improvement project (CIP) budget request.

Mr. Kishi stated that the initial Form A request was for \$13.9 million in FY26 and \$6 million in FY27. However, the Governor reduced these budget requests to \$5 million for both FY26 and FY27.

Mr. Kishi explained that, after reviewing the projects and their cash requirements and working with the HTA fiscal department, the HCC management realized they actually needed \$41 million in FY26. This would enable them to implement as many repair and maintenance projects as possible during the calendar year 2026 (CY26) when the Center would be partially closed for the roof repair project.

Mr. Kishi added that, in the hope of maximizing the opportunity represented by the Center's partial closure, management had been asked to review their repair and maintenance list and identify the highest-priority projects to be completed during CY26. He explained that these projects could only be executed with a large CIP infusion because, by statute, the HCC was not permitted to execute or award construction projects without full funding. Hence, \$41 million would be needed upfront in FY26 to execute all the projects.

Chair Arakawa asked if a report on this subject had been submitted.

Mr. Kishi replied that he would prepare and submit a report to the Board.

Chair Arakawa asked whether the legislature would have to approve this request.

Mr. Nāho'opi'i explained that he had asked Mr. Kishi to raise this issue at the present meeting to discuss it in the legislative PIG and the subsequent BFCCSC meeting.

Chair Arakawa pointed out that the present date was January 2025, the first time he had heard about this issue. The Chair found this an unpleasant situation, both because of the magnitude of the amount requested and because of the last-minute nature of the request. However, he asked Mr. Kishi to prepare the request.

Chair Arakawa stated that he was unsure whether a special BFCCSC meeting before the next Board meeting would be necessary to present the request to the legislature.

Mr. Nāho'opi'i explained that when the capital project needs were recalculated, the HCC team realized that it would be better to execute all the projects during the Center's partial closure.

Chair Arakawa agreed that the Center would host only a few events during 2026.

Ms. Orton thanked Mr. Nāho'opī'i for raising this issue and noted these projects had already been slated on the six-year CIP plan. The HCC management had decided to attempt to truncate the plan and insert more projects into the portion of CY26 when the Center would be partially closed. Events would be hosted in the exhibit hall and part of the meeting space on the third floor.

Ms. Orton cited the escalators, which desperately needed modernization, and pointed to the difficulty of executing such major projects when events were taking place.

Chair Arakawa thanked Ms. Orton and congratulated the HCC team on their excellent plan, given that these projects had already appeared on the six-year CIP plan and were justified. However, it was necessary to be conscious of the difficulty of presenting this request to the legislature and the Governor. The Chair was unsure how to explain to the administration that an expenditure of \$41 million had been "forgotten."

Ms. Orton reminded Chair Arakawa that the HCC had lost the \$15 million already granted for the temporary roof repair of leak-related projects.

Chair Arakawa pointed out that "hustle" would be needed to present this request to the administration.

Ms. Iona and Mr. Apo thanked Chair Arakawa for his meeting leadership.

Mr. McCully congratulated Chair Arakawa on his effective management of the committee meeting, from which he would take pointers.

Chair Arakawa informed committee members that he had learned about the importance of many of the items on this agenda through a previous audit of the HTA and hoped to avoid issues with the two ongoing audits of the authority. The Chair appreciated the committee members' attention and input and believed that their work would improve the HTA's financial management.

There was no input from AG Cole.

Chair Arakawa pointed out that there was no quorum, so there could be no vote on adjournment.

8. Adjournment

Chair Arakawa adjourned the meeting at 3:51 p.m.

Respectfully submitted,

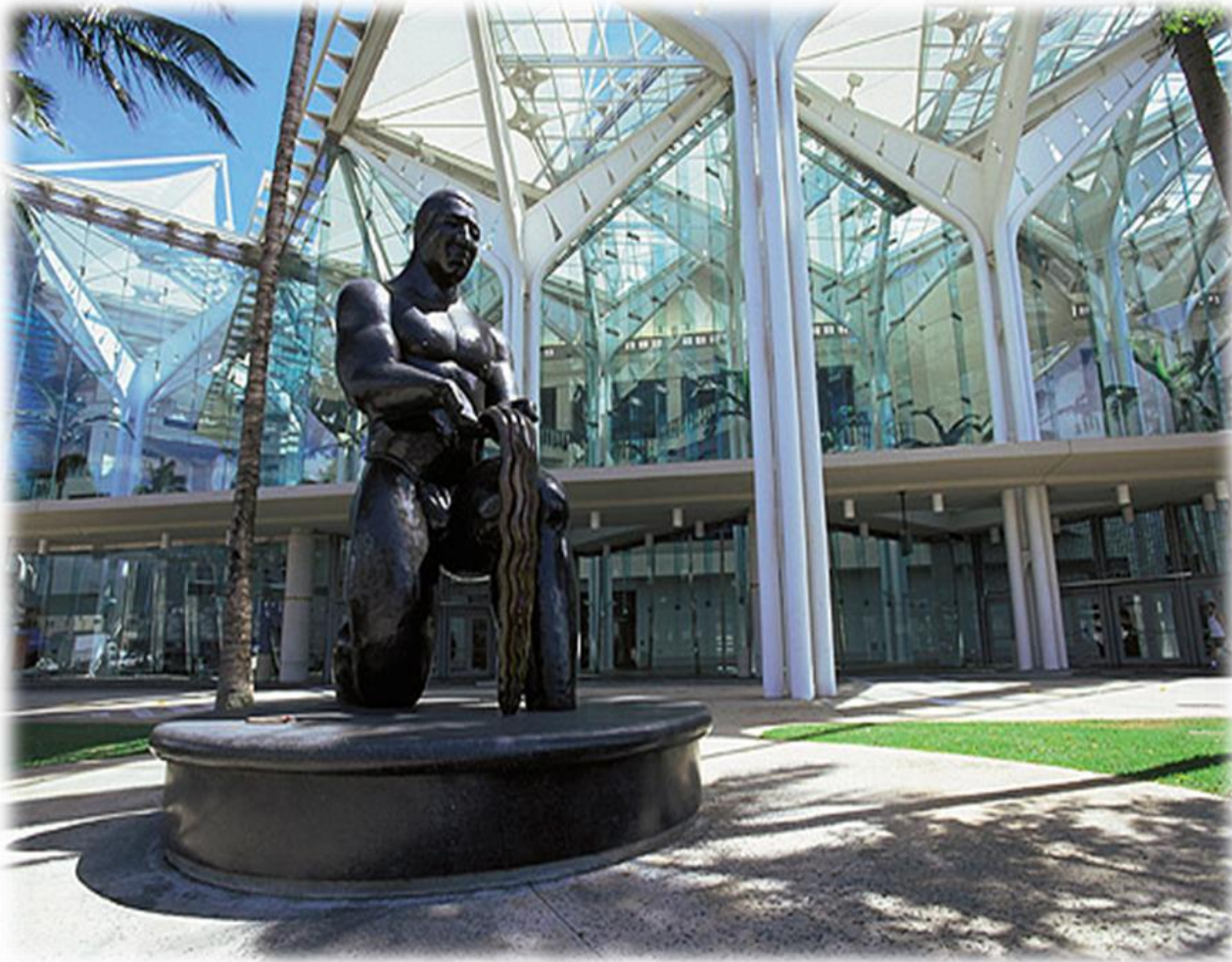
A handwritten signature in cursive script that reads "Sheillane Reyes".

Sheillane Reyes
Recorder

5

**Motion, Presentation, Discussion, and Action on
the Hawai'i Convention Center's (HCC) January
2025 Financial Report and Update on the
HCC's 6-Year Repair and Maintenance Plan;
Recommend Approval**

Hawai'i Convention Center HTA Board Meeting Update



*Update for
January 2025
For
(February 2025 meeting)*

Financial Update FY25

	Jan-25 Actual	FY 2025 Rereforecast	FY 2025 Budget	Variance	FY 2024 Actual	FY 2023 Actual
Facility Number of Events	18	240	237	3	262	273
Facility Operating Revenue	\$1,295,400	\$24,980,600	\$22,619,600	\$2,361,000	\$27,278,800	\$14,310,800
Facility Other Income	\$108,300	\$1,555,800	\$1,548,800	\$7,000	\$1,616,200	\$135,700
Facility Total Revenue	\$1,403,700	\$26,536,400	\$24,168,400	\$2,368,000	\$28,895,000	\$14,446,500
Facility Operating Expenses	-\$1,672,800	-\$28,554,600	-\$27,410,400	-\$1,144,200	-\$25,495,600	-\$18,412,200
Facility Net Income/(Subsidy)	-\$269,100	-\$2,018,200	-\$3,242,000	\$1,223,800	\$3,399,400	-\$3,965,700
Local S&M Operating Expenses	-\$96,800	-\$1,089,100	-\$1,603,300	\$514,200	-\$1,036,600	-\$959,400
HCC Net Income/(Subsidy)	-\$365,900	-\$3,107,300	-\$4,845,300	\$1,738,000	\$2,362,800	-\$4,925,100

ROI January 2025 FYTD

HCC Revenue + State Revenue
 +Tax Revenue
 = \$207.6 M

HCC Expense + HVCB MCI
 Expense = \$20.1 M

***ROI = For every dollar spent,
 \$10.33 returned to the State***

<u>FYTD 2025</u>	<u>ROI</u>	<u>CW's FYTD</u>
07.24	\$2.36	(1)
08.24	\$17.43	(3)
09.24	\$13.71	(4)
10.24	\$16.67	(7)
11.24	\$13.82	(7)
12.24	\$10.66	(8)
01.25	\$10.33	(9)

FY 2024 ROI
 07.23-06.24 \$14.64 (21)

FY 2023 ROI
 07.22-06.23 \$4.19 (7)

FY 2025 (July 2024 – June 2025) Citywide Events

REPORT - PACE - CW - DEFINITES ON THE BOOKS - FY

Created By: Test User
Created On: 01/01/2025

Fiscal Year: Contract Room Block Begin	Total Bookings	Total Contract Rooms	Total Attendees	Total EEI Value	Tax Generation
2025	18	113089	67050	\$379,574,197.62	\$44,410,181.12
2026	13	126413	47550	\$328,515,397.12	\$38,436,301.46
2027	8	88034	47700	\$285,030,767.47	\$33,348,599.79
2028	9	53989	29100	\$174,235,818.42	\$20,385,590.76
2029	3	18274	11200	\$81,287,236.19	\$9,510,606.63
2030	3	18710	11100	\$75,345,457.60	\$8,815,418.54
2031	5	86542	27700	\$171,336,614.82	\$20,046,383.93
2033	1	19550	6500	\$41,075,194.39	\$4,805,797.74
2036	1	40829	7000	\$53,244,980.15	\$6,229,662.68
Grand Totals	61	565430	254900	\$1,589,645,663.78	\$185,988,542.66

FY 25	
Total Bookings	18
Total Contract Rooms	111,434
Total Attendees	67,050
Total EEI Value	\$379,574,197.62
Total Tax Generation	\$44,410,181.12



Source: January 2025 Meet Hawai'i Pace "Definites on the Books FY" Report

Recent Events @ Hawai'i Convention Center

- Hawaii Dental Association Convention 2025, Jan 30-31, 2,457 attendees
- Aloha Region President's Tournament 2025, Feb 1-2, 1,012 attendees
- 2025 Tandem Meetings | Transplantation & Cellular Therapy Meetings of ASTCT and CIBMTR, Feb 8-16, estimated 4,500 attendees(CW)



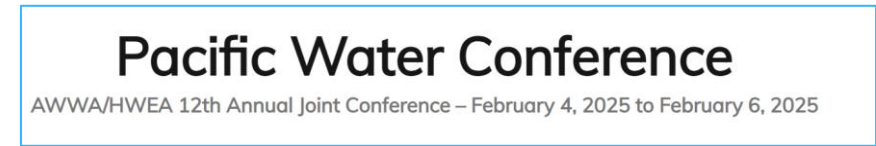
Upcoming Local/Citywide Events

- NDIA 2025 Pacific Operational Science and Technology Conference, March 3-6, estimated 1,700 attendees (CW)
- Honolulu Festival 2025, March 7-9, estimated 15,000 attendees
- Kawaii Kon 2025, March 14-16, estimated 20,000 attendees (CW)



Definite Local/CW Bookings for next 3 months

Month	Total # of Local Events	Total # of Citywides
February 2025	17	1
March 2025	21	3
April 2025	18	1



New Art Exhibit in 2025: The Journey of Hula



This exhibit is a collaboration between Kumu Hulu Nui Rick San Nicolas, Kumu Hula Chinky Mahoe, and Kumu Hula Kauila Kawelu Barber.

Visitors embark on a visual journey through the evolution of hula, from the sacred dances of the Royal Court to its modern expressions and competitive stage.

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:
 - 2024 Honolulu Marathon (10 trees)
 - 2024 & 2023 Okinawan Festival (11 trees/year)
 - 2024 Pokémon World Championships (51 trees)
 - 2024 Made in Hawaii Festival (17 trees)
 - Indoor Air 2024 (10 trees)
 - 2024 Honolulu Festival (17 trees)
 - 2024 Sony Open Gala Dinner (9 trees)
 - CHEST 2023 (42 trees)
 - 2023 International Conference on Machine Learning (36 trees)



As of December 2024

492

HCC CARBON OFFSET PROGRAM LEGACY TREES



12.43

MTCO_{2e}

NEW CARBON OFFSET

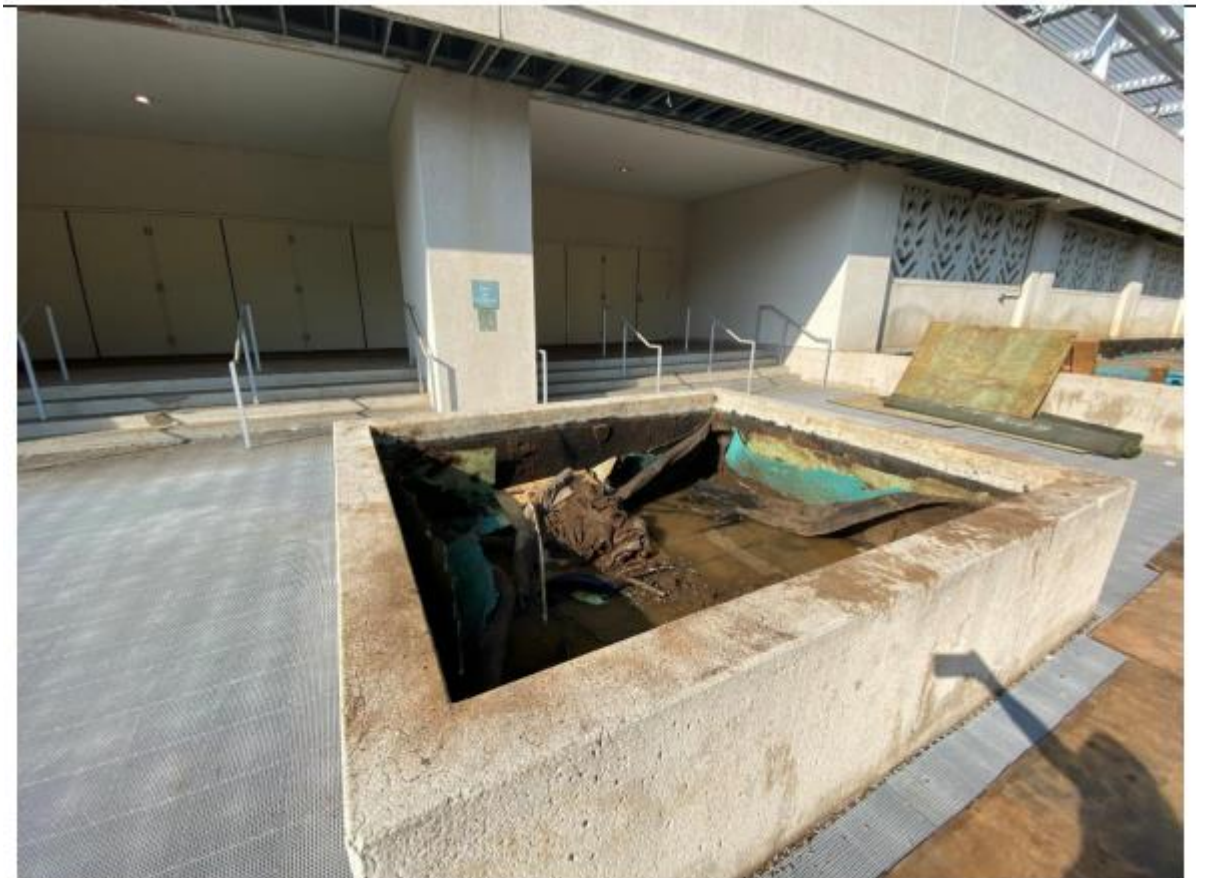


ICML
International Conference
On Machine Learning



Repair, Maintenance and Replacement Projects Update

3rd Fl and Exterior Planter Project



Excavation work continues on the Ala Wai Patio.

LED Lighting Project



Installation and commissioning completed in XHall I and II.
New ipad controls facilitate programming and changes.

Exterior Building Painting



Painting continues on the Ala Wai Promenade side.



CURRENT PROJECTS

IMPROVE GUEST EXPERIENCE

- New Speakers and Equipment to upgrade sound in meeting rooms
- Upgrade Screens and add Surround Sound in Theatres
- Replace all 12 Escalators
- Repair Meeting Room Air Walls
- New Wheelchair Lift in Theatre 320
- New Facilities Equipment
- New Retractable Bleacher Seating
- New Carpet for all meeting spaces, including Ballroom
- Address ADA Compliance Issues
- Replace Common Area Furniture Upholstery
- IT Network Cabling and Switch Upgrade
- Digital Signage Upgrade

IMPROVE OUR BUILDING

- Paint Entire Building Exterior and Interior
- Repair Leaks
 - Kalākaua Kitchen
 - Ballroom and other Parapet Roofs
 - Lobby and Ballroom Foyer Ceiling
 - Planters – 3rd floor, Grand Staircase, Intermediate level
- Install new Fire Alarm System
- Replace Green Slate Tile – 3rd floor and Ala Wai Patio
- Upgrade all Lighting to LED lights
- Install Solar PV panels for Energy Savings
- Seal Parking Garage floor and repainting
- Replace Exterior Exit Doors that have rusted
- Replace Main Kitchen Flooring

IMPROVE DEPARTMENT EFFICIENCY – New Equipment

- New Boilers in Kalākaua Kitchen
- New Parking System and Equipment
- Internal Phone System Upgrade to VOIP

Repair, Maintenance and Replacement Projects

Update of Major Projects

LED Lighting Upgrade

- New LED lighting has enhanced ambiance in the meeting spaces for events
- Controls are more accessible, making it easier for Event Managers to manage scenes for events
- Completed 70% of meeting rooms, Ballrooms and Exhibit Halls
- Ma kai meeting rooms will be completed after the Rooftop Terrace Repair project

Exterior Building Painting

- Contractors working in different areas, to work around busy event schedule
- Will be working on the Ala Wai Canal side and finishing the Front Entrance
- HCC has received many favorable comments from returning clients

3rd Floor and Other Exterior Planters

- Challenged with inclement weather and discovery of unforeseen conditions
- Working with contractor to expedite repair designs to complete work and close-up planter

Chiller Replacement

- New chillers were put into operation in October 2024
- Have completed several punch list items in January
- Tracking energy savings; challenging with multiple variables

Repair, Maintenance and Replacement Projects

6-Year Plan (page 1)

Project Number	Project Title	Estimated Project Cost	Est Complete	GOB/ CIP/OC	Prior Expenses Dec 2024	FY25	FY26	FY27	FY28	FY29	FY30	Total
003	Kalākaua Kitchen and Atkinson Drywell Renovation	\$ 7,245,452	CY 26	CIP	\$ 345,023	\$ 1,000,148	\$ 4,000,000	\$ 1,900,281				\$ 7,245,452
007	Kitchen Hood Control Panel Replacement	\$ 454,028	Q1 25	CIP	\$ 454,029							\$ 454,029
009	Slate Tile Repair	\$ 722,691	CY 26	CIP	\$ 214,309	\$ 55,217	\$ 453,165					\$ 722,691
010	Chiller Replacement	\$ 6,154,288	Q1 25	CIP	\$ 6,029,184	\$ 125,103						\$ 6,154,287
011	Ballroom Gutter, Foyer Transom Glass Roof Repair and Soffit R	\$ 21,564,945	CY 26	CIP	\$ 211,971	\$ 5,975,667	\$ 7,805,259	\$ 7,572,048				\$ 21,564,945
012	Parapet Roof Repairs	\$ 2,374,257	Q2 25	CIP	\$ 81,523	\$ 2,292,734						\$ 2,374,257
013	Ballroom Roof Repairs	\$ 1,575,688	Q2 25	CIP	\$ 236,421	\$ 1,339,267						\$ 1,575,688
014	Lobby Water Feature	\$ 1,086,810	FY 28	CIP	\$ 3,932				\$ 1,082,878			\$ 1,086,810
015	House Sound Audio System Upgrade	\$ 5,665,068	CY 26	OC	\$ 92,896	\$ 2,465,765		\$ 3,106,407				\$ 5,665,068
023	Air Wall Repairs	\$ 282,058	Q1 25	CIP	\$ 156,890	\$ 125,167						\$ 282,057
024	Roll-up Door Replacement	\$ 225,000	CY 26	CIP	\$ 23,656		\$ 201,344					\$ 225,000
026	IT Network Upgrades	\$ 300,000	Q2 25	OC	\$ -		\$ 300,000					\$ 300,000
027	Ice Machines Replacement	\$ 500,000	Q2 25	OC	\$ -	\$ 250,000	\$ 250,000					\$ 500,000
028	Theatre 310 and 320 Furnishings Upgrade	\$ 750,000	FY 28	OC	\$ -				\$ 375,000	\$ 375,000		\$ 750,000
029	Theatre 310 and 320 Seating Upgrade	\$ 500,000	FY 28	CIP	\$ 155				\$ 249,845	\$ 250,000		\$ 500,000
030	FB China and Equipment Upgrade - #2	\$ 6,094,591	Q1 25	OC	\$ 4,459,631	\$ 1,634,960						\$ 6,094,591
031	Ala Wai Waterfall Repair	\$ 1,081,501	FY 28	CIP	\$ 1,985				\$ 1,079,516			\$ 1,081,501
041	Exterior Building Door Replacement	\$ 170,152	Q1 25	OC	\$ -	\$ 170,152						\$ 170,152
044	Fire Sprinkler Line Refurbishment	\$ 353,394	Q3 25	CIP	\$ 25,984	\$ 199,016	\$ 128,394					\$ 353,394
045	Escalator Modernization	\$ 7,927,869	CY 26	CIP	\$ 64,143	\$ 3,570,520	\$ 2,520,000	\$ 1,773,205				\$ 7,927,868
046	LED Light Upgrade	\$ 6,510,416	CY 26	CIP	\$ 3,737,561	\$ 1,378,834		\$ 1,394,020				\$ 6,510,415
048	Electrical Harmonics Testing	\$ 100,000	FY 28	CIP	\$ -				\$ 100,000			\$ 100,000
050	Main Kitchen Flooring Replacement	\$ 648,881	Q1 25	CIP	\$ 202,936	\$ 445,945						\$ 648,881
051	Phone System Replacement	\$ 30,000	Q2 25	OC	\$ -	\$ 30,000						\$ 30,000
054	Boardroom Upgrade	\$ 1,099,549	CY 26	OC	\$ 115,802	\$ -	\$ 983,747					\$ 1,099,549
055	Elevator #2 Upgrade	\$ 250,000	FY 28	CIP	\$ -				\$ 250,000			\$ 250,000
058	Kitchen Hood Fire Suppression System Replacement	\$ 374,430	Q1 25	CIP	\$ 332,902	\$ 41,528						\$ 374,430
060	Lobby Sail Repair and Maintenance	\$ 179,000	Q3 25	CIP	\$ 41,196		\$ 137,804					\$ 179,000

Repair, Maintenance and Replacement Projects

Project Number	Project Title	Estimated Project Cost	Est Complete	GOB/ CIP/OC	Prior Expenses						Total
					Dec 2024	FY25	FY26	FY27	FY28	FY29	
061	ADA Lift (#320) Replacement	\$ 165,000	Q1 25	CIP	\$ 91,515	\$ 73,485					\$ 165,000
064	F&B Equipment - #1	\$ 1,364,759	Q1 25	OC	\$ 1,273,141	\$ 91,618					\$ 1,364,759
066	Kalākaua Kitchen Boiler Replacement	\$ 330,000	Q2 25	OC	\$ 16,817	\$ 313,183					\$ 330,000
068	3rd Floor Planter Repair and Exterior Planter Repair	\$ 12,402,236	Q2 26	CIP	\$ 975,165	\$ 2,189,916	\$ 9,237,155				\$ 12,402,236
069	Parking System Equipment Upgrade	\$ 1,083,753	Q2 25	CIP	\$ 70,569	\$ 30,000	\$ 983,184				\$ 1,083,753
070	Parking Garage Floor Sealing	\$ 5,285,230	Q2 25	CIP	\$ -	\$ 1,000,000	\$ 4,285,230				\$ 5,285,230
071	Access Control Upgrade	\$ 2,000,000	Q1 26	CIP	\$ -	\$ 1,000,000	\$ 1,000,000				\$ 2,000,000
073	Common Area Furniture Refirbishment	\$ 133,510	Q1 25	OC	\$ 89	\$ 133,421					\$ 133,510
074	Ice Rink and Equipment	\$ 1,000,000	Q2 25	CIP	\$ -	\$ 1,000,000					\$ 1,000,000
075	Exterior Building Painting	\$ 2,659,418	Q2 26	CIP	\$ 782,421	\$ 1,000,000	\$ 876,997				\$ 2,659,418
077	Interior Building Painting	\$ 3,872,039	CY 26	CIP	\$ 56,824	\$ 500,000	\$ 3,315,215				\$ 3,872,039
079	Digital Signage Upgrade	\$ 6,150,000	CY 26	CIP	\$ 20,390	\$ 3,000,000	\$ 3,129,610				\$ 6,150,000
081	Facility Equipment Replacement	\$ 1,000,000	Q2 25	OC	\$ 47,637	\$ 500,000	\$ 452,363				\$ 1,000,000
082	Escalator and Elevator Repairs	\$ 1,000,000	CY 26	CIP	\$ 430,737	\$ 237,033	\$ 332,230				\$ 1,000,000
083	Café 808 Renovation	\$ 3,000,000	Q2 25	CIP	\$ -	\$ 3,000,000					\$ 3,000,000
084	Frictionlist Concession	\$ 1,500,000	Q2 26	CIP	\$ -		\$ 1,500,000				\$ 1,500,000
085	1801 Renovation	\$ 2,000,000	Q2 25	CIP	\$ -	\$ 2,000,000					\$ 2,000,000
086	Water Remediation - Misc Repairs/Equipment	\$ 500,000	Q2 26	CIP	\$ 73,260	\$ 176,740	\$ 250,000				\$ 500,000
089	Cabling Infrastructure Upgrade	\$ 850,000	Q2 25	CIP	\$ 218,737		\$ 631,263				\$ 850,000
091	Loading Dock Supply Fans	\$ 225,000	Q2 25	OC	\$ -	\$ 225,000					\$ 225,000
093	ADA Compliance	\$ 1,500,000	Q2 25	CIP	\$ 6,902	\$ 100,000	\$ 1,393,098				\$ 1,500,000
094	Solar Photovoltaic System	\$ 7,089,400	Q2 26	CIP	\$ 30,552	\$ 3,479,948	\$ 3,578,900				\$ 7,089,400
097	Carpet Replacement	\$ 4,000,000	CY 26	CIP	\$ -		\$ 4,000,000				\$ 4,000,000
098	Sketch-up Revisions	\$ 30,000	Q1 25	OC	\$ 14,500	\$ 15,500					\$ 30,000
099	Fire Alarm System	\$ 1,500,000	Q2 25	CIP	\$ -	\$ 50,000	\$ 1,450,000				\$ 1,500,000
100	Retractable Seating	\$ 1,500,000	Q2 25	CIP	\$ 89	\$ 500,000	\$ 999,911				\$ 1,500,000
101	Lobby Door Replacement	\$ 500,000	Q3 25	CIP	\$ -	\$ 500,000					\$ 500,000
	Legal Retainer	\$ 251,094	on-going	CIP	\$ 162,337	\$ 20,000	\$ 68,757				\$ 251,094
GRAND TOTAL (not including Rooftop Terrace Deck)		\$137,111,507			\$21,103,811	\$42,235,867	\$ 54,263,626	\$15,745,961	\$ 3,137,239	\$ 625,000	\$ -

Key to Color Codes	
Current project	
Cumming-managed project	
HCC-managed project	
RLB-managed project	



Repair, Maintenance and Replacement Projects

CUMMING GROUP Priority Projects

- *Slate Tile Repair*
- *Ballroom Roof Repairs*
- *House Sound Audio Upgrade*
- *Ballroom Gutter, Foyer Transom Glass and Soffit Repair*
- *3rd floor and Exterior Planters Repair*
- *LED Lighting Upgrade*
- *Main Kitchen Flooring Replacement*
- *Kalākaua Kitchen Wall Repair and Atkinson Drywell Replacement*
- *Exterior Building Painting*
- *Interior Building Painting*
- *Parking Garage Equipment Upgrade and Floor Sealing*
- *Fire Sprinkler Line Refurbishment*
- *Escalator Modernization*
- *Kalākaua Kitchen Boiler Replacement*
- *Exterior Door Replacement*
- *Solar Photovoltaic System*

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

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

COMPLETED 2024

- Water Intrusion Remediation; \$400k
- Ballroom Wallcovering; \$200k
- Exterior Security Camera; \$225k
- Transformer Replacement; \$131k
- #348 Walk-in Refrigerator Replacement, \$123k
- Lobby Glass Repair, Vandalism, \$26k
- Ride-on Sweeper Replacement, \$50k
- Main Kitchen Dishwasher Replacement, \$425k
- Pot Wash and Glass Wash Machine Replacement, \$212k
- Chill Water Pipe Reinsulation, \$1.2M
- Sump Pump Replacement, \$58k
- Ride-on Scrubber Replacement, \$86k
- Pickleball Equipment, \$486k
- Immersive Experience Equipment, \$926k
- Holiday Light Displays, \$616k
- Kitchen Hood Control Panel Replacement, \$454k
- Kitchen Hood Fire Suppression System Replacement, \$374k
- Food and Beverage Equipment Upgrade #1, \$1.4M



Mahalo Nui Loa

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Motion, Presentation, Discussion, and Action on Budget Exceptions for Program BED114 (HTA Branding and Marketing)



STAFF REPORT TO THE BOARD

February 14, 2025

REQUEST: To define the use of BED 114 and the budgeted line item – Oceania.

FACTS:

1. The U.S. Travel Association's (USTA) IPW 2025, the largest international travel trade show in the U.S., will be held June 14-18 in Chicago.
2. It is the largest event of its kind in the U.S. and offers a unique, appointment-based platform for building connections and conducting business.
3. IPW is a critical tradeshow for HTOceania and its stakeholders, serving as a vital in-person opportunity to strengthen relationships and foster collaboration on a global scale.
4. Oceania stakeholders stated that showcasing the latest Hawai'i has to offer to key wholesalers and operators would best aid in the market recovery.
5. By supporting Oceania, we in turn support the other international markets.
6. Each year HTA, the island visitors bureaus, and the international marketing contractors from our Global Marketing Team (GMT) attend IPW.
7. Oceania MMA funds will cover: facility and participation costs for three HTA staff, including four booths for HTOceania and our international marketing teams, island chapters and cultural practitioners; Media Marketplace registration fees; cultural practitioners to support the event with music and visitor education; shipping; tradeshow décor and furnishings; and other tradeshow expenses.
8. Expenses will be charged directly and be managed by Caroline Anderson, Director of Planning, and Trishia Mendonza, Administrative Assistant – Branding.

BUDGET IMPLICATIONS: \$90,000.00 from BED 114 and the budgeted line item – Oceania – to support registration fees and the execution of activities at USTA's 2025 IPW.

RECOMMENDATION: Staff recommends the Budget, Finance and Convention Center Committee approve \$90,000 towards activities for IPW 2025.