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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