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**David Y. Ige**  
*Governor*

**John De Fries**  
*President and Chief Executive Officer*

**BUDGET, FINANCE, AND CONVENTION CENTER STANDING COMMITTEE MEETING**  
**HAWAII TOURISM AUTHORITY**  
**Tuesday, March 29, 2022, at 9:00 a.m.**  
**Virtual Meeting**

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

**MEMBERS PRESENT:**

Ben Rafter (Chair) Fred Atkins (Vice Chair),  
Micah Alameda, David Arakawa, Kyoko  
Kimura, Kimi Yuen

**MEMBER NOT PRESENT:**

**HTA STAFF PRESENT:**

John De Fries, Keith Regan, Kalani  
Ka'anā'anā, Marc Togashi, Maka Casson-  
Fisher

**GUESTS:**

Representative Richard Onishi, Teri Orton, Mari  
Tait

**LEGAL COUNSEL:**

Gregg Kinkley

**1. Call to Order and Opening Protocol**

Chair Rafter called the meeting to order at 9:05 a.m. and asked Mr. Casson-Fisher to do the opening protocol.

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

Mr. Regan did a roll call, and everyone confirmed attendance and they were alone, except for Ms. Kimura, who said Mr. Glenn Yamasaki Kimura was in the house with her.

### **3. Approval of the Minutes of the February 22, 2022, Committee Meeting**

Chair Rafter asked for a motion to approve. Mr. Atkins made a motion and Ms. Kimura seconded. Mr. Regan did a roll call and the motion passed unanimously.

### **4. Presentation, Discussion, and Action on the Hawai'i Tourism Authority's February Financial Report**

Mr. Regan said Mr. Togashi will be presenting the February financials. He thanked Mr. Togashi and his team for their good work.

Mr. Togashi said the financial packets have details of HTA's financial position and related transactions covered across multiple documents, including balance sheets, statements of revenue and expenditures, budget statement summary, budget detail, budget reallocations, and an executive summary capturing all as of February 2022.

He started on page 71 of the meeting packet with the four main funds represented by the four quadrants. In the top left quadrant is the ARPA Tourism Federal Fund. They anticipate the release of \$60 million in ARPA funds, of which \$44.2 million has already been released to them by BNF for availability and recorded onto HTA's financials. He said the \$44.2 million includes approximately \$8.8 million that was released in February 2022. Over a series of meetings, the Board has approved the fiscal year 2022 budget of \$48,850,000 through February 2022, of which \$34 million had been encumbered.

He said approximately \$11.2 million had not yet been approved, including \$10.7 million that has been deferred and \$450,000 to be reprogrammed. In February 2022, the primary activity to report is the recording of the PGA and Big West Conference contract totaling \$2.3 million, and the aforementioned \$8.8 million release of funds by BNF.

Also, in February, the Board reallocated \$167,000 from sports unallocated budget line to the UH Branding Partnership Program which is to fund the Big West Conference contract. He said the budget reallocations for the year, to date, as well as for the month, are detailed in the summary of budget reallocations that are included in the financial packet.

He moved on to the fiscal year 2022 funds activity for the Tourism Special Fund (TSF). Although TSF sunsets on January 1, he said on the page are revenue receipts that came before sunset and may continue to see revenue, such as interest and refunds, until they have paid out all of their prior year encumbrances.

He said that through February 2022 they recorded \$185,000 in miscellaneous revenue to this fund. For the ARPA Convention Center Federal Fund, he said the full \$11 million in ARPA funds has been released by BNF for the Convention Centers availability, and approved by the Board for expenditure. The \$11 million in Convention Center ARPA Funds will primarily be used for funding significant repair maintenance projects as they have already encumbered funds for the Convention Center's fiscal year 2022 operations with the fiscal year 2021TAT restart funds.

For the Convention Center Enterprise Special Fund (CCESF) activity, through February 2022 they received the full \$11 million in CCESF TAT allocation, and additionally \$3.1 million in HCC and other revenue. He mentioned their financial position as of February 28, 2022, and said they have access to \$44.2 million in the Tourism Federal Fund.

A summary of the funds released by BNF compared with the amount of Board approved budget, and related encumbrances, is provided at item 2 of the executive summary, on page 41 of the packet. He said item 3 of the executive summary also provides a chronology of budgets approval over six Board meetings.

For the HTA Tourism Special Fund (TSF), as of February 2022, Mr. Togashi said they have \$51 million in cash in investments, which represents a \$3.9 million decrease from January 2022 and due to disbursements related to operational and program expenditure. Of the \$51 million, \$5 million is reserved as their emergency fund, and \$43 million is encumbered to contracts, and \$2.8 million is unencumbered. He said they do anticipate the \$2.8 million of unencumbered funds to increase as savings from certain encumbered contracts are realized. The TSF sunsets on January 1, 2022, pursuant to Act 1 of the 2021 Legislative special session, leaving \$2.8 million available to return to the State's General Fund, and the \$5 million Emergency Fund will remain as HTA's reserve.

He said similar to prior months there is a chart at item 9 of the Executive Summary that shows the progression over time.

Mr. Togashi then moved on to the ARPA Convention Centers Federal Fund. He said \$11 million is available and budgeted primarily towards repair and maintenance projects, and the budget approval was heard at the last Board meeting in February 2022. For the CCESF, the fund that the Convention Center has historically operated from, HTA has \$50.9 million in cash, which is a \$1.2 million increase from January 2022, due to the receipt of Convention Center operating revenue receipts. He said of that \$50.9 million cash amount \$35.9 million is encumbered for contracts, and most of the \$35.9 million encumbrance balance is detailed at item 19 of the Executive Summary representing the funds that they encumbered using the fiscal year 2021 TAT restart funds, as well as their Board allocation reserves. The remaining \$14.9 million of

unencumbered funds, including the \$11 million in TAT that they received in September 2021, will include further deposits of Convention Center revenue, and will primarily be stored as repair/maintenance reserve for future deployment. He said this is subject to the restoration of the CCESF funds expenditure appropriation ceiling.

He said at the beginning of the fiscal year, the CCESF had reserves of \$870,000, and they anticipate that balance to increase to \$16.4 million by the end of this fiscal year, which is due to the deposit of the Convention Center revenues, as well as receiving the \$11 million in TAT that was mentioned. He said of the \$16.4 million, approximately \$14 million is earmarked to support the 6-year repair/maintenance plan previously presented.

Mr. Togashi wanted to visually recap on their discussion on the Convention Centers funding. He asked Mr. Regan to pull up the graph. He spoke about the three columns, sources of funds, vehicles for expending funds, and expenditures for how they use the funds. He started at the bottom box and said those are the funds they encumbered with the Convention Center Board Resolution and TAT Restart funds. He said they are using it to fund the fiscal year 2022 Convention Center operations and their 6-year major repair and maintenance plan.

He moved to the next box and said they have \$11 million in ARPA funds, and they are using it to fund the deferred maintenance projects they are addressing in their 6-year plan.

He spoke about the CCESF and said they had received \$11 million in the fiscal year 2022 TAT funds. Additionally, HCC Revenue continues to be positive in the funds, but without an appropriated expenditure ceiling, there is no way to spend any of these funds. That speaks to the importance of their Legislative request to restore the Convention Center Enterprise Special Fund expenditure ceiling, allowing them to fund future day-to-day operations of the Convention Center and deploy the funds for immediate repair and maintenance projects. He said it is important to note that they have presented to the legislature the use of the \$14 million in the CCESF as an option to help fund the rooftop terrace project to help reduce the \$64 million request to the legislature.

Chair Rafter asked if there were comments or questions.

Mr. Atkins asked about the budget of \$48,000,500 showing on a few slides and asked what it represents.

Mr. Togashi said the amount appropriated to them is \$60 million by the legislature in ARPA funds, the \$48 million is the amount the Board has approved to date. The bulk of that is what was initially proposed as their Smart Destination ask, so while it is deferred that has not been reflected in the financials yet.

Mr. Atkins asked if they have received the full \$48 million from ARPA and the rest is waiting for approval.

Mr. Togashi said they received the \$44 million. He asked Mr. Regan to pull up the chart from item 2 of the Executive Summary to show the figures.

Mr. Regan said there were no questions from the audience.

Chair Rafter asked for a motion to approve February 2022 financial report. Ms. Kimura made a motion and Mr. Alameda seconded. Mr. Regan did a roll call and the motion passed unanimously.

## **5. Presentation, Discussion, and Action on the Hawai'i Convention Center's February Financial Report and Update on the Hawai'i Convention Center's 6-Year CIP Plan**

Mr. Regan introduced Ms. Orton and thanked her and her team. Ms. Orton said it is great to see movement in the building.

She asked Mr. Regan to share the PowerPoint. She said there had been no financial change or loss due to COVID since their last meeting. She recapped the loss they had in association with city-wide business, as well as local events, but that has not changed since the last meeting.

On a positive note, business has been picking up well. For local revenue they have 42 definite events, including 2 city-wides for the remainder of the fiscal year 2022. They have got three more months of the fiscal year. They also have 8 first option events which are tentative, including three sporting events. She said sporting events have come back very strong, with a lot of local, city-wide and offshore sporting events, volleyball and basketball that has come back in full force, bringing in many offshore visitors and teams, as well as local teams from the neighbor islands. She said it is a great short term pick up.

She said the month of March 2022, the Convention Center began operating under no restrictions as of March 25. They have taken down their temperature check points and are not checking for vaccination credentials or negative COVID tests. She said all the equipment is in storage as there are some groups like Association for Asian Studies that asked to keep the restrictions in place for them.

She said there is another in-house local event that requires employees to wear masks as there is food distribution, and it is the hotel and restaurant association exhibit show taking place. She said they had asked their staff to wear masks for all events until April 1, and then it will be on a

case-by-case basis, depending on the meeting planner. There are still a few meeting planners that are a little nervous, so they are being flexible and so are the staff.

She spoke about the financials. They have had 37 event cancellations amounting to \$2.2 million in lost revenue since the beginning of fiscal year in July. The number of events since January 2022 are starting to mirror levels that they experienced pre-pandemic.

Their sale activity has returned strong, but the business is smaller, so the numbers are smaller as well as the space needed. She said a great pick up in November 2021 that was concluded in February 2022 was Netflix productions, which generated \$483,000 in revenue for the center. They asked Netflix's statistics to see what they generated for the State. As of March 9, the local vendor spend for Netflix was \$7.8 million, and Netflix had open purchase orders with various contractors at \$2.8 million. They employed 680 crew members and the labor revenue was \$28.6 million. To get the movie business in their State really helps their economy. She said they were grateful for that short-term pick-up of business they were not anticipating.

She spoke about the financial forecast. She said they are doing their part to cross-mitigate, including reductions in expenses within departments and deferring filling vacant positions when able to. She said the facility's re-forecast for the fiscal year in June 2022 reflects a \$5.3 million loss, which is \$162,000 better than they anticipated for their budget. She said they are sitting close to what they had in their budget, with three months remaining in the fiscal year.

Ms. Orton asked if there were any questions.

Chair Rafter asked how long ago the events were canceled and Ms. Orton said they were canceled last year, but her and the team tried to their best to move some of the business out, like Best Western, and it is moved to fiscal year 2023, so it is around 7,000 plus room nights that they moved to a future year. Not all of them were cancellations. She said the same goes for some local events. Some moved to next year as well.

Ms. Kimura asked what the reason was for cancellation or postponing.

Ms. Orton said it was COVID related and Best Western was one of the first groups to postpone as they did not want to do a full virtual event.

She said Association for Asian Studies held on, and were thinking of canceling, but they had their event this weekend. Unfortunately, it was not on the restriction lift date, but they still had a great program and had over 2,000 registrations with about 1,800 that showed up. With 1,000 people attending virtually, they were pleased with the turnout for the hybrid meeting, with lots of good feedback from the meeting planners.

Ms. Orton said she and staff are excited to be back to work, doing what they love. She said Monet Exhibit is coming in June, and part of August 2022.

Mr. Arakawa asked about major events that were postponed in 2022, but moved to 2023, and asked if she has major events coming up in the fiscal year 2023 that they are negotiating now, that were originally canceled in 2022, but are returning in 2023. Ms. Orton said for city-wide it is Best Western that she knows of. He asked if the Okinawan festival is coming back and Ms. Orton confirmed. It is their third year at the Convention Center, and they are looking at the option to cook on the rooftop versus trucking in from Washington Elementary School. She made accommodations and found a nice spot for them now that they have the trellis that can close, so they will not need to tent on the rooftop, a saving on tenting costs. She said by the time of the event the trellis would be fully installed. She said they are planning on utilizing multiple areas of the building for the festival, the main component is in the exhibit halls. They will be using meeting rooms on the 3rd floor as well.

She spoke about upcoming events, Material Research, a city-wide event in May, Goldschmidt, a conference in July, Pacific Rim in July, and a city-wide in October and November that are both confidential. Futsal is still pending for this year, as the majority of the players come from Australia, New Zealand, and North America. All those are city-wide offshore events scheduled for the remainder of the year.

Mr. Atkins thanked Ms. Orton for bringing up Netflix and asked what type of work they were doing in the Convention Center.

Ms. Orton said they did full filming and constructed a Kahala-style house with a pool, torches, and walkways, so they were doing the majority of the filming in the house setting. She said they had offsite filming at various locations throughout the island. All the filming pertaining what was taking place in the house was at the Convention Center, which was with Jennifer Aniston and Adam Sandler.

Mr. Atkins asked about areas outside the Convention Center that generated revenue, and he asked for the total spending.

Ms. Orton said it was a rough estimate since the beginning of March 2022, which was \$39.2 million.

Mr. Atkins said it is a good way to show that the Convention Center can help generate revenue outside of the building. He said this is another reason to market the Convention Center.

Ms. Orton said the local version of NCIS also did a few days of shooting in the Convention Center as well, there was a stun scene at the 3rd and 4th floors down the escalators and lobby.

They have picked up some business referred to them by the film commission office in the State. She said there are more filming requests coming in than in the past. She said they have also extended office space for them if necessary. She said the labor spending is also great for the island. Mr. Alameda asked if out of the 600 crew members if a lot of them were locals and Ms. Orton said most of them were locals.

She said they are required to use union labor. For food and beverage, the craft services and food trucks which were union labor were brought in next to the Convention Center, although the building is non-union, but they allowed it for filming.

Ms. Yuen asked Ms. Orton if she can tally the figures in a spreadsheet to show the value of the Convention Center and Ms. Orton said she would do so when she gets the information.

Ms. Kimura thanked Ms. Orton for adding the room nights.

Ms. Orton turned it over to Ms. Tait for repair and maintenance updates.

Ms. Tait showed the updated 6-year plan for repair and maintenance. She said the total is \$136 million, including the \$64 million for the rooftop terrace deck repair. There are some changes from the last report. What she showed was associated with a completed project for the leak repairs in December 2021. They have updated the cost estimates for future projects. She mentioned the projects highlighted in yellow are ARPA projects and they total \$10.465 million which relates back to Mr. Togashi's report in the HTA financials.

She spoke about the trellis replacement, which is moving along well. They were able to finally get in the light fixtures in March, which were held up by the dock issues on the West Coast. The project should end at the end of April if all goes well. She spoke about the security camera project that is continuing, with some delays with equipment, but should move forward with one of the major components, a backup server for the camera system.

Ms. Tait said they are almost ready to issue RFPs on some priority projects. She showed a slide with completed projects. What was added on were the leak repairs for December 2021 and January 2022, completed at the beginning of March 2022.

Chair Rafter asked if the last 5 major repairs were just fixes and nothing was enhanced. Ms. Tait said the boiler replacement was a complete replacement, so it was an enhancement and upgrade. The banquet chairs were brand new, and the cooling tower replacement was a replacement with a complete upgrade on the system. They moved to fiberglass tanks, which was a big improvement. She said they are seeing substantial savings on the utilities associated with that. The LED upgrade is an upgrade. The ADA lift replacement was a replacement with an upgraded unit. The key to this was that the unit was not tied into any particular service



provider, which they had challenges in the past. The repair cost was higher than the replacement, but they were able to replace and upgrade. The remainder of the projects were repairs.

Ms. Tait handed it back to Ms. Orton for a report on sales.

Ms. Orton mentioned highlights on the books. For local business she showed a number of events per month, and the next slide showed tentative local business for the next three months, meaning they have not signed the official contract for the events yet.

She showed a slide for upcoming public events for the remainder of the fiscal year and the last slide was about updated advertising they are doing, letting everyone know the Convention Center is open with no restrictions. Some of the advertisements will be placed in Pacific Business News to generate short-term local business to fill the calendar for the remainder of the fiscal year.

Mr. Regan asked if the pictures showed the new trellis system in, but Ms. Orton said it showed the old trellis system. She asked that everyone take a walk to the rooftop or third floor meeting rooms to have a look when they are next at the Center. She said the trellis' are electronic. They can control them from the security base or on location using one control button to open or close. This is important if there is an emergency during an event. She said having 50% of the roof covered with this automated trellis allows them to rent out the space more frequently as they do not have to worry about rain. Currently, when they hold events on the rooftop, they have to double book the ballroom as rain back up. Having the trellis now helps them to rent both spaces to different clients at the same time.

Mr. De Fries congratulated Ms. Orton as he had heard from the Association for Asian Studies, who just adjourned, that they were pleased and excited about the whole experience. He commented on what Mr. Atkins and Ms. Yuen spoke of related to the Netflix film production. He said undoubtedly, Netflix is filing a comprehensive economic impact report with the Hawai'i film office as a means of getting their tax credit, so he said that information should be added to her final report with that group.

Ms. Orton said she will do so.

Mr. Regan said there were no questions from members of the public.

Chair Rafter reiterated what Mr. De Fries said, that they are happy with the activity at the Convention Center.

Chair Rafter asked for a motion to approve and accept the Convention Center's financials as presented, including the 6-year CIP R&M discussion. Mr. Arakawa made a motion, and Mr. Alameda seconded. Mr. Regan did a roll call and the motion passed unanimously.

#### **6. Presentation, Discussion and Recommendation by the Budget, Finance, and Convention Center Standing Committee for the Funding to Support an Update of the Hawai'i Convention Center Futures Study**

Mr. Regan said there are no documents to be shared but they have had discussions about this during previous BFCC meetings. He said it is essentially a request to provide funds so that they can update the Futures Study, which was a previous version, where the final was completed in 2020.

Mr. Regan said this is a request to update the document post-pandemic, considering new information that may be available. A lot of the assumptions in the prior report are no longer valid. The benefit of this is to help for the PIG that was created. The funding amount is estimated to be \$50,000 for the update. One of the reasons it is at that level is because it is a fairly extensive update and will require additional work related to the previous work. He said they have a proposal, but HTA must decide to go with the proposal or look at other options. He recommends utilizing the same organization that created the initial study as it is easier and cheaper versus having a new Futures Study created by a new organization.

Mr. Regan said they would be looking at utilizing some funds from the Convention Center Enterprise Special Fund or ARPA monies that have been allocated to support the Center since it relates directly to the Center. Some funds have been identified in the R & M budget within the Center that they can utilize to support that. He asked for their consideration for their support in this. Timeframe wise, from when they can execute a contract with the organization is about ten weeks to complete the update based on what they have been provided with.

Chair Rafter added some context. He said as they look at Ms. Tait's presentation that shows \$60 million for the roof and \$130 million total, some conversations come up, "What is the direction of the Convention Center, and where are they going?" based on work that was done pre-COVID. He said they have all seen the Futures Study before COVID, prior to the significant amount of inflation in the marketplace today, particularly for construction and repairs in Hawai'i. He said before they can set a direction for the Convention Center, they need to have accurate data behind them.

Ms. Kimura asked if they could reallocate from repair and maintenance to the Futures Study as it is not a CIP fund expense.

Mr. Regan said R & M is not CIP, so it is something they can reallocate. Mr. Togashi and Mr. Regan had discussions, and they believe there are funds available there, albeit not much, around \$50,000 to support this.

Chair Rafter asked if they had identified the funds and where they would come from.

Mr. Regan said there will be no long-term negative impacts by reallocating this \$50,000.

Mr. Atkins asked if they are allowed to sole source and not do the procurement. He asked if it is money prior to ARPA or ARPA money.

Mr. Regan said it is ARPA monies, and they would have to submit to the State Procurement Office a request to consider this for the sole source. If they approve it, they can move forward, again following 103D, which is the Statute they are required to follow. Because it is an update, he reiterated going in that direction.

Mr. Atkins said he supports what Chair Rafter said, and as long as they are going through the proper channels, he would vote in favor of this.

Chair Rafter asked Mr. Regan if they are voting to approve the funding to support the Convention Center Future Studies update, and Mr. Regan said this is accurate, with an amount not to exceed \$50,000. Mr. Regan said there were no questions from attendees. Chair Rafter asked for a motion. Ms. Yuen made a motion and Mr. Arakawa seconded. Mr. Regan did roll call and the motion passed unanimously.

## **7. Presentation, Discussion, and Action on Proposal to Reallocate FY22 Funds from Route Development to Resort Area Hawaiian Culture Initiative in the Amount of \$250,000 to Support DMAP-Related Activities**

Mr. Ka'anā'anā showed a PowerPoint for awareness that he shared with the Ho'okahua Hawai'i Committee. He said the Ho'okahua Hawai'i Committee voted to recommend to the full Board approval to reinstate the Resort Area Hawaiian Culture Initiative. He said it was a program they had prior to the pandemic. The purpose is to provide year-round cultural programs and entertainment in various resort areas statewide.

He said they outlined in the presentation alignment with the Strategic Plan specifically objectives 1, 3 and 4 in the Hawaiian culture pillar, and they have quoted some of the plans there as well on the slide.

He mentioned another important element of the alignment, DMAPs. He called out specific items in the DMAPs from each island, and quoted them on the slide, which is supported by the reinstatement of the above initiative. He said DMAP alignment is important, and it speaks to

HTA's ability to better articulate how much funding is supporting various DMAP actions. He said they can granularly track that.

Mr. Ka'anā'anā spoke about the program measures, such as satisfaction and participation in the event and outputs, like the number of events held, administrative hours, etc. Another important measure is paid staff supporting the program, versus volunteer staff supporting the program. He stated it is important because there has been an issue in the industry that cultural practitioners are generally not being paid for their time and expertise in what they do.

He showed the slide for the procurement and budget breakdown method, with the proposed allocations per island in the RFP, a total of \$250,000 in the fiscal year 2022 funds. It is on the agenda to seek HTA's approval to reallocate them from BLI number 5, which was route development, which the Board decided not to move forward with in the fiscal year 2022. This recommendation is to use those funds so the reallocation would go to BLI number 718, Resort Area Hawaiian Culture Initiative. The procurement method will be competitive sealed proposals, and the Statutory Authority is listed on the slide.

He showed examples of past programming, pre-pandemic, most in 2019. He mentioned Waikīkī Kūhiō Beach Hula & Torch Lighting program. He said in the past this has also supported Sunset on the Beach event in Waikīkī in particular. He spoke about the Hilo Hula Tuesdays and showed statistics. There were 49 Hula events with an average attendance of 152. Overall, the program attracted about 7,492 attendees. He spoke about Kona, and the Hawaiian Sunset Saturdays. He spoke about Lahaina, with the Baldwin Museum as their venue, with an attendance of 5,500. It has been ongoing since 2009, primarily focused on music and hula.

Mr. Ka'anā'anā stated that since 2018, HTA has not received any applications from Kaua'i, but him and his team will continue promoting it. So hopefully this program will come back in the current year. They hope to have an intensive promotion of the RFP at a grassroots level, then offer technical assistance to those wishing to apply to help them through the process.

Ms. Kimura asked if the budget allocation for Maui, includes Lahaina and Moloka'i, and Mr. Ka'anā'anā said it does include them. Ms. Kimura asked to confirm if for-profit and non-profit can apply as per what she heard in the meeting. Mr. Ka'anā'anā confirmed that is open to all that want to apply as long as the programming happens in a resort area.

Mr. Atkins wanted to clarify if when the \$250,000 that came up with the Branding Committee, they felt that they did not need to spend that type of money, and the committee did not need to hire a consultant for \$250,000. He asked if the Branding Committee made the recommendation to the Board and the funds went back to 100%.

Mr. Ka'anā'anā said he recollected that the Branding Committee had decided to not move forward with the line item as a whole, so in lieu of that, HTA decided to move the total amount to this program.

Ms. Yuen asked how the budget compares to when it was actively being done. Mr. Ka'anā'anā said in 2018/2019 they spent around \$398,000 on this particular program statewide per year. Ms. Yuen asked if it included the Lahaina and Moloka'i islands, and Mr. Ka'anā'anā confirmed that it did.

Mr. Regan said there was a question from Rep. Onishi regarding if there was a slide on the goals. Mr. Ka'anā'anā said he would make sure that Rep. Onishi gets that information. He reiterated that the overall purpose and objective of the program is to provide year-round cultural programs and entertainment in various resort areas statewide. For the program measures, slide number 5 lists these.

Ms. Yuen added that she knows there was a discussion in the Ho'okahua Hawai'i Committee about for-profit versus non-profit. She said in essence, HTA is still trying to get funding to support non-profits and cultural practitioners more so than the private. She said there was an issue trying to find venues in a private property or resort area, and not necessarily having the funding support, but trying to partner with them to have the venues available to recipients of this funding. She said in the RFP when it goes out, if it is a venue issue or partnership issue, that money should go to support cultural practitioners, just to clarify that it is not open to just anybody.

Mr. Ka'anā'anā said he would confirm with Mr. Kinkley and Mr. Regan as to how they can word the procurement in the appropriate way. He confirmed that the intention of the program is to make sure that the cultural practitioners have a means by which to demonstrate their practices and create the meaningful and authentic experience that visitors are looking for.

Mr. Ka'anā'anā addressed Rep. Onishi's follow-up question to the program goals. In terms of the individual programs, the HTA will have to wait until they receive proposals as part of the procurement, and will ask them to propose specific KPS's for the proposal that is being submitted. He said the program measures in the slide are the overall programmatic goals for the Resort Area Hawaiian Culture Initiative, but each awardee under the procurement will have their own specific KPI's, that HTA can approve as part of the procurement negotiating process.

Mr. Regan welcomed Board member Mr. Ching to the discussion. Mr. Ching asked about the past amount funded, and asked about the funds reallocated.

Mr. Ka'anā'anā said they could look to see what other monies could be moved to get them closer to prior funding levels if the Board wants this, so he will follow up on that.

Mr. Regan said there were no other questions.

Chair Rafter said they are voting to approve reallocating the \$250,000 from route development, which was previously deferred over to Resort Area Hawaiian Culture Initiative as presented by Mr. Ka'anā'anā. Ms. Yuen made a motion and Mr. Atkins seconded. Ms. Kimura asked if the motion could include if there are any other funds available that they may add to it, as per Mr. Ching's request.

Chair Rafter asked Mr. Kinkley if that needs to be included in the motion, or if it is a follow-up item to be presented by Mr. Ka'anā'anā in the future. Mr. Regan said there are certain requirements for them to come back to the Board for certain reallocation dollar amounts, so if it is under that reallocation dollar amount then HTA is able to do it internally. Mr. Regan asked for the pre-pandemic amount and Mr. Ka'anā'anā confirmed it was \$398,000, the actual spend. Mr. Regan said rounded up that would amount \$148,000.

Mr. Regan said that Chair Rafter might want to incorporate into the motion an amount not to exceed, as an option. They discussed the options in detail.

Chair Rafter asked if there were comments about this. Mr. Atkins asked if it has to go through RFP and Mr. Ka'anā'anā confirmed. Mr. Atkins suggested that if they take the RFP out, they have a minimum of \$250,000 and if the committee sees that there are a few more programs they would like to fund, they can come back with the programs if they have the money and can approve it.

Chair Rafter agreed with Mr. Atkins to break it up into two motions. One to get the \$250,000 moving then the second to approve up to \$150,000 more, provided that Mr. Ka'anā'anā identifies funding for it and the Board is in approval.

Mr. Regan added for clarity that existing policies allow for staff to reallocate up to \$250,000 without seeking official Board approval. If they can have a motion permitting HTA to identify additional funds, not exceeding \$150,000, this committee would recommend allowing staff to identify and utilize those funds and then report back to the Board, where the funds were reallocated from. This will be discussed with other members of the team before moving forward, as there is a level of trust in the program for the program manager to make the call, but it is up to the Board on how they want to deal with it.

Mr. Atkins said he understands what he is saying about Mr. Ka'anā'anā and the staff having discretion, but his question regarding policy, is can they move money from one place to

another, and also have discretion up to \$250,000, or is it only within the budget that was approved.

Mr. Regan said his understanding is that from one category to another, anything \$250,000 or more they are required to come back to the Board to get that approval. He asked Mr. Togashi if it is an accurate recollection and he confirmed. Below \$250,000 the policy allows for that and HTA does not need Board approval.

Chair Rafter said the first motion is to approve the \$250,000 which has been identified, and the second motion is to permit additional funds not to exceed \$150,000 allowing HTA to staff to identify where those funds will come from, if available, and reallocate and notify the Board of said reallocation.

Mr. Regan agreed.

Mr. Kinkley was not sure that works corporately, as it is too speculative. He said they will probably have to have the report back to the committee and Board first before HTA can make an action item, which might not make the second item necessary. He said the intent can be displayed which is helpful for the record.

Mr. Ka'anā'anā said he might be able to short circuit this. The potential exists for them to reallocate the remaining \$150,000 from the Hawaiian Cultural Opportunity Fund from fiscal year 2022.

Mr. Kinkley asked if they knew where the extra \$150,000 would go to.

Mr. Ka'anā'anā said it would move into 718 Resort Area Hawaiian Culture Initiative for a total reallocation, and Mr. Kinkley understood.

Mr. Regan suggested the motion be withdrawn and restated to an amount of \$400,000 versus \$250,000 since the funds had been identified by Mr. Ka'anā'anā.

Mr. Kinkley said it is not an agenda problem as it was all done at this meeting.

Mr. Atkins asked if the allotment would be on the same percentage as the \$250,000, and Mr. Ka'anā'anā said he needed to go back and amend the allocations. He is happy to go back to the Board with the revised allocations on Thursday when the Board can approve.

Mr. Atkins asked if it is a recommendation, and Mr. Regan confirmed this.

Chair Rafter asked for a motion to recommend reallocating the \$250,000 funds from Route Development, and \$150,000 from Hawaiian Culture Opportunity for a total of \$400,000 to

Resort Area Hawaiian Culture Initiative to support DMAP related activity. Ms. Kimura confirmed the BLI is 215.

Ms. Yuen made a motion and Ms. Kimura seconded. Mr. Regan did a roll call and the motion passed unanimously.

**8. Presentation, Discussion, and Action on Proposal to Reallocate FY22 Funds from GoHawai'i to Sports Unallocated in the Amount of \$167,000 to Increase the Total Funding in Support of the Sports RFP to \$1,500,000**

Mr. Ka'anā'anā said he proposes to move \$167,000, from the remaining unspent funds of GoHawai'i, BLI 318, and the amount is equal to what they moved to support the Big West contract. He is trying to get the sports unallocated back up to \$1.5 million so when HTA issues the sports RFP, the total available \$1.5 million approved initially would be available. This is BLI 379.

Chair Rafter asked if there was any discussion. Ms. Yuen asked if it is for the fiscal year 2022, and Mr. Ka'anā'anā confirmed.

Mr. Atkins asked when the RFP would go out, as he thought it would be in February 2022.

Mr. Ka'anā'anā said they are almost there, and one last thing was to get the funding pool of available funds back to \$1.5 million this week to issue it.

Mr. Atkins asked if they had selected the committee, and Mr. Ka'anā'anā said they had not. Mr. Ka'anā'anā said they have identified a list of potential people but have not reached out to them yet.

Mr. Regan said there were no questions from the audience.

Chair After asked for a motion to reallocate from GoHawai'i to Sports unallocated, in the amount of \$167,000 to increase the total funding in support of the Sports RFP to \$1.5 million. Ms. Kimura made a motion. Mr. Atkins seconded. Mr. Regan did a roll call and the motion passed unanimously.

**9. Presentation, Discussion, and Action on Proposal to Reallocate FY22 Funds from GoHawai'i to LPGA in the Amount of \$500,000 to Support the LPGA Lotte Championship**

Mr. Ka'anā'anā said members received a proposal in March 2022 from LPGA for this year's Lotte Championship. He prefaced that earlier, the Branding Standing Committee asked them to look at a number of events across the year and identify those that would occur within this year. They identified Lotte as one of the events that would happen prior to the procurement they are



finalizing, and that HTA just voted on in the item before. He said it seemed a good test case to ask for sole-source procurement exemption for the LPGA for two reasons. One, it is the only ladies professional golf association that exists that can offer this type of tournament, and second, the timing being in April, happening before HTA finalizes any procurement for the Sports RFP.

He brought it up to leadership within staff to ask their thoughts and then brought it to this Committee. He said the proposal was originally for \$500,000, which is the basis for agenda item number 9, asking for the reallocation. He said there were a few question that he received that he answered and distributed to the Board, so they all have the clarifications.

He has since met with more members separately to understand their concerns with the proposal. He asked them for a revised proposal at varying amounts as low as \$250,000. He said the revised proposal was received today, but him and Mr. Willkom have not had a chance to go through it. He suggested making a motion of an “up to amount of \$500,000”, then giving him and Mr. Willkom some time to look through the other proposal. It will also allow them to get back an assessment from HVCB they have asked them to conduct. This committee can then decide on Wednesday in the Branding Standing Committee, with the final decision on March 31 at the Full Board meeting. All of that is in tandem with waiting for guidance from SPO and the State Ethics Commission, which will determine the final fate of anything this committee decides.

Chair Rafter asked when the event was, and Mr. Ka’anā’anā confirmed it is in two weeks, April 13, 2022.

Chair Rafter said the Branding Committee should decide whether it is a good investment. He does not see the point of the two tiers because, at the Branding Committee, they can determine whatever number will make sense. He said they should leave it up to \$500,000 and then the Branding Committee and the Full Board can make a recommendation on some amount.

Mr. Ka’anā’anā agreed that is doable.

Mr. Atkins wanted to understand that they have allocated \$2.5 million to GoHawai’i, and that it needs to go out for RFP.

Mr. Ka’anā’anā confirmed this and said the Board approved around \$1.3 million. So, they have removed the amount, and the money is still set aside in GoHawai’i. The difference to get to \$2.5 million is what they have reallocated in pieces in today’s meeting.

Mr. Atkins asked how much money HTA will have in the line item after they approved it up to \$500,000.

Mr. Ka'anā'anā said if they took the three actions today, there will be \$150,000 in the fiscal 2022 year that will stay in the GoHawai'i line item as cushion in case there are cost variants.

Mr. Atkins asked when the RFP will go out for that and Mr. Ka'anā'anā said soon, but he is not sure exactly. He said it has to be contracted in June 2022 before the fiscal year ends.

Ms. Yuen asked if they have sponsored the event before and Mr. Ka'anā'anā confirmed they have for \$500,000, and 2019 was the most recent year as they stepped away after that due to the pandemic.

Ms. Kimura said they canceled the tournament in 2020, but they had it in 2021 without an audience, and Mr. Ka'anā'anā confirmed this. He mentioned that in the questions he sent to HTA members, he clarified some of the 2019 results attached as full reports and in question number 9, where the 2019 results are.

Mr. Ka'anā'anā spoke about the reports he added in the documents. Ms. Yuen asked him to share the information. He said the total visitor spend was \$3.9 million, gross media value was \$3.2 million for a total of \$7.1 million. Total audience was about 1.7 million for the broadcast side and a total of 191 hours and 49 minutes of broadcast time. In terms of event satisfaction, it was 9.2 out of 10 from those surveyed. 94% of residents believed the event makes a positive contribution to the image/appearance and reputation of Hawai'i. 81% of residents believed that the event is important to local community. He also attached the full reports from YouGov that he referenced.

Ms. Yuen said she fully supports the full funding and nothing less. She said it is a wonderful event to encourage young women to get into sports and compete at the highest levels at Hawai'i.

Ms. Kimura said she fully supports it and asks if it will be broadcast in Japan and Korea. Mr. Ka'anā'anā said the broadcast will be available in the United States, Canada, Australia, New Zealand, Korea, and Japan. He has been coordinating with their GMT's to try to leverage the opportunities. In particular, Canada does not always pop up, but because Brook Henderson is the two-time defending tournament winner, there is an opportunity to leverage this in the Canadian market.

Chair Rafter asked for a motion to recommend up to \$500,000 budget reallocation from BLI 318 GoHawai'i to BLI 343 LPGA in fiscal 2022 funds. Ms. Yuen made a motion and Ms. Kimura asked if they must say it is up to and questioned if they can stipulate \$500,000 in the motion. Chair

Rafter said they could do what they want, but it is a Branding Committee issue, and they need to vet whether it is worth the \$500,000. Mr. Regan suggested making it "not to exceed \$500,000".

Ms. Kimura seconded the original motion. Mr. Regan did roll call, and the motion passed unanimously.

### **10. Presentation, Discussion, and Action on Proposal to Reallocate FY22 Funds from GoHawai'i to Marketing Opportunity Fund in the Amount of \$43,000 to Support the Market Allocation Platform**

Mr. Ka'anā'anā said at a previous meeting this Committee approved the use of the Marketing Allocation Platform tool. This makes available funds to support the work of the Marketing Opportunity Fund by moving \$43,000 for BLI 318 GoHawai'i to BLI 380, Marketing Opportunity Fund. This will cover the cost of the Marketing Allocation Platform to help this board assess the opportunities, risks, strengths, and weaknesses of HTA's marketing dollar allocations through data. It is a data platform tool to help with future allocations for marketing.

Mr. Atkins asked about the placeholder for 2023, and what the budget is for GoHawai'i.

Mr. Ka'anā'anā said he does not have the information but will look it up.

Mr. Regan said there were no questions from the audience for the last two agenda items.

Mr. Ka'anā'anā found the budget for GoHawai'i and said it is tentative and has not been Board approved, and will be contingent upon what happens at the Legislature. It is \$310,000 for ongoing maintenance costs for GoHawai'i to keep the lights on. Mr. Ka'anā'anā reiterated the money this committee approved in fiscal 2022 totaling roughly \$1.3 million are the optimizations and improvements that were presented by the encumbered contractor for that. Next year, \$310,000 is for keeping the lights on only.

Mr. Atkins asked whoever gets to RFP and gets awarded for the \$1.3 million, if they say in the following year, they wanted to add various items, there would be no money under the current structure of the placeholder. He asked if this is correct. He asked what the original budget is taken down to, and Mr. Ka'anā'anā reiterated that it is \$150,000. Mr. Atkins asked if they are taking \$43,000 from this, and Mr. Ka'anā'anā said that the total to be taken is \$167,000, \$500,000, and depending on the vote on the \$43,000, is what will be moved out of the fiscal year 2022 which would leave \$150,000 in GoHawai'i for this fiscal year, and if any is unspent, it goes back.

Chair Rafter asked for a motion to reallocate 2022 funds from GoHawai'i 318, to Marketing Opportunity Fund, 380, to the amount of \$43,000 to support the Marketing Allocation Platform.

Mr. Alameda made a motion and Ms. Yuen seconded. Mr. Regan did a roll call, and the motion passed unanimously.

**11. Adjournment**

Chair Rafter asked for a motion to adjourn. Ms. Yuen made a motion, and Mr. Alameda seconded. The roll call passed unanimously.

Chair Rafter adjourned the meeting.

Mr. Regan concluded the meeting at 10:55 a.m.

Respectfully submitted,



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Sheillane Reyes  
Recorder