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**BUDGET, FINANCE, AND CONVENTION CENTER STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Wednesday, October 25, 2023, at 1:00 p.m.**

Virtual Meeting

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

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

1. Call to Order and Opening Protocol

Mr. Casson-Fisher opened the meeting with the E Hō Mai chant. Ms. Anderson called the meeting to order at 1:11 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

Ms. Anderson did the roll call. All confirmed in attendance and that they were alone.

3. Approval of Minutes of the September 27, 2023, Budget, Finance, and Convention Center Standing Committee Meeting

Chair Arakawa made a motion to approve the September 27, 2023, minutes, and Mr. Miyasato seconded. There were no comments from the committee members nor the public; Ms. Anderson did the roll call, and the motion passed unanimously.

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

Chair Arakawa made a motion to approve the September 2023 financial report, and Mr. McCully seconded.

Mr. Choy spoke about the month ending September 30, 2023, the first fiscal year quarter. Spending was about \$3 million. Although the allotment was \$15 million, they encumbered mostly all of it. In the HCC funds, there is about \$45 million. For the HCC roof repairs, they have \$14,800,000 for the CIP. The \$64 million will be recorded as they spend it. The TESH has about \$5 million. The Federal Funds have \$14 million, which is the EDA funds. Nothing significant happened during September.

Mr. Miyasato asked for some elaboration on the Federal Funds. Ms. Anderson said that of the \$14 million, about \$7 million is with the Department of Land and Natural Resources for approximately seven projects for outdoor recreation. For the other \$7 million, about \$4 million is for marketing and branding, \$750,000 is for the Urban Trails project, and another \$750,000 is for the Tourism Collaborative Enhancing Agritourism Initiatives. Mr. Miyasato asked if the \$4 million for marketing and branding can be used in any way related to marketing and branding. Ms. Anderson said it was designated for cooperative and overall brand marketing. Chair Arakawa asked if the EDA grant is broad enough for different things. Ms. Anderson said it is for travel, tourism, and outdoor recreation in general. Ms. Anderson said they had already submitted a plan, which has been approved. If the desire is to change the projects, they will have to resubmit them.

Chair Arakawa asked if the \$15 million is from the allotment of the \$60 million. Mr. Choy said it is separate. Before the legislature gave \$64 million for the rooftop, the plan was to repair the temporary roof with the \$15 million. They will probably incorporate that into the permanent repair.

Chair Arakawa asked for the TESH amount for the disaster response. Mr. Miyasato said he did not recall voting on the use of the TESH. Mr. Nāho'opi'i said they have not yet determined how to use the emergency funds. All that was discussed at the Administrative Committee meeting was the spending process. They voted on the \$2.6 million but not on the source. Mr. White asked if they use the emergency fund for an emergency, will it be more easily qualified for FEMA reimbursement at 75%. Mr. Choy said not necessarily, as it may not qualify for FEMA

reimbursement. Mr. Nāho‘opi‘i said any discussions on the disaster recovery stage should not be brought to the public at this time. They have to make a recommendation to the full Board and then, at that point, the PIG.

Mr. Cole said the PIG can make its recommendation at the full Board meeting. There can be discussion but no action at the PIG. Mr. Cole mentioned the motion that was at the capitol when the committee voted about the incremental funding: "Voting was for the Board to approve the emergency U.S. marketing plan using the TESH subject to the Board approving a resolution providing for the use of the money in the TESH or using another to be identified funding source." That amount was for \$2.6 million.

There were no comments or questions. Ms. Anderson did the roll call, and the motion passed unanimously.

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

Chair Arakawa made a motion to recommend the approval of the HCC September 23 report and updating the HCC 6-year CIP plan to the full Board. Chair Arakawa made a motion, and Mr. Miyasato seconded. He gave the floor to Ms. Orton.

Ms. Orton gave an update on the September financials at the HCC. They marked another eventful month, hosting 20 licensed events with the return of some local events like the Okinawan Festival, PBX, PLC Institute, and a citywide event, Best Western. In addition, they continue to house the Department of Business and Economic Development and the Federal Emergency Management Association at the HCC in support of the Maui wildfires. Gross revenues exceeded \$2.6 million, and they posted a facility net income of a positive \$504,000. This is their third consecutive month of hosting a positive bottom line.

The economic and financial impact of citywide business and the five other citywide events during July and August highlight the importance of improving results for both the HCC and the state's economic impact. They are looking at a \$21 million revenue forecast for the remainder of the year and a bottom-line net loss of \$2.5 million. When there is citywide business in the building, it drives revenue in food, beverage, and rent, and therefore there is less subsidy for the state. They are forecasting revenues for the remainder of the year at \$2.5 million at the operating budget bottom line compared to the \$5.3 million they had in the budget. They are on the upside of \$2.8 million to their budget. They moved R&M and an advanced deposit of funds

from a savings account to a government treasury obligation that will yield significantly higher returns in interest.

Included in the fiscal year forecast is additional interest, just shy of \$900,000. They originally only budgeted \$60,000 in interest for the investment. So, shifting that into another account has paid off. If they had to remove the \$900,000, they would still be on the upside of \$2 million to their budget. Chair Arakawa asked Ms. Orton to prepare bullet points for the Board meeting the following day. Mr. Choy said it is improper to put interest into an operating net, so he asked Ms. Orton to put it in another slide for the adjustment.

Ms. Orton said ROI for September 2023 was \$18.62.

She highlighted a few events:

2023 Hawai'i Tourism Conference from October 2-3. CHEST held their conference from October 8 to 11, anticipating 6,000 attendees, but reached a record of 7,500 attendees.

PestWorld2023 was from October 17-20 and had 3,500 attendees.

Ms. Orton mentioned a few upcoming events:

The 2023 Fall Honolulu National College Fair is from October 24.

The Hawai'i Food & Wine Festival is coming up in November.

The Society for Social Studies of Science has its Annual Meeting on November 7.

Ms. Orton said they have an increase in support for their Carbon Offset Program. They had several conferences that participated in the Carbon Offset Program, which is the purchasing of carbon credits for their rentable space. The dollar amount they contributed goes back to planting trees in reforestation locations. She said they were advised by Hawai'i Legacy Reforestation that they have a long-term lease agreement for a second reforestation location on the north shore. They will have an opportunity to start a second location to take clients out there to plant their own trees.

Participating events include:

- CHEST 2023 (42 trees)
- 2023 International Conference on Machine Learning (36 trees)
- 2023 Made in Hawai'i Festival (12 trees)
- 2023 Okinawan Festival (11 trees)

Chair Arakawa asked Ms. Orton to elaborate on the Carbon Offset Program. Ms. Orton said there is a formula from the Hawai'i Legacy Reforestation project. It is based on square footage. For every rentable square foot of space that the client uses at the HCC, a dollar amount goes to purchasing a carbon credit to offset their footprint while using the HCC. They have had a fantastic response to this program.

Ms. Orton said they were nominated and awarded several awards. Their recent awards include:

- Exhibitor 2023 Centers of Excellence winner.
- 2023 Facilities & Destinations (F&D) Magazine Prime Site Award.
- 2023 Smart Stars Best Convention Center – Smart Meetings magazine.

They recently got GBAC STAR accreditation, which includes:

- Gold standard of high performance in cleaning and maintenance for a hygienic indoor environment.
- Certified during the COVID pandemic, reviewing HCC's preparation and response to infectious diseases and biohazard situations.
- Received recertification involving a stringent 20-point review of procedures and performance standards.
- HCC continues sanitation standards and protocols to ensure a safe environment for guests and staff.

They recently hosted students and staff from Kapi'olani Community College, Honolulu Community College, and Hawai'i Pacific University visited HCC for a presentation of their operations and back of house tour.

There were no questions or comments.

Ms. Orton gave the floor to Ms. Tait for an R&M update.

Ms. Tait gave an overview of the projects they are working on. There are currently 16 different projects valued at \$11.6 million. One of the main projects is the chiller replacement, valued at just under \$7 million. They are replacing all the chillers and upgrading the units. They are on schedule and budget and should be completed by mid-2024. The other projects are in the procurement stage, with RFPs out, issued for about \$29 million.

Some of the larger projects include painting the exterior of the building to improve aesthetics and a leak repair project valued at \$11 million, which will resolve planter leakages.

They are planning and preparing to issue RFPs for another sixteen projects valued at \$39 million. Ms. Tait spoke about the projects they have with Cumming Group. They are adding on a few projects, including the interior painting of the building, kitchen equipment replacement, and the digital signage upgrade project. As far as completion, they have completed leak repairs and remediation in different areas, mainly in the halls, as well as the exterior sign upgrades. Mr. Choy said at the last Board meeting they reported on the replacement of the roof that they were underbid for by their construction and project manager. He reported that during the bid

process, there was a protest. The protest is over, so they are back on schedule for the roof replacement project.

There were no further questions or comments.

Ms. Anderson did the roll call, and the motion passed unanimously.

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

Mr. Reyes said sustainability is a big issue for single-property and citywide business. They are seeing the introduction of the millennial planner, where sustainability is huge. Out of the HTUSA \$2.6 million, Global MCI receives \$600,000. He gave an update on what they have been doing. They had recommended retention and business development at \$200,000. What that means is keeping business on Maui. On the strategic partner side, Meet Hawai'i has fourteen strategic partners, and they have set up four customized marketing partnerships.

For Maui recovery, they have retained three groups for Maui, and are working on a few more.

For the MCI Outreach:

- Four Strategic Partnerships (SITE, Northstar Meetings, Helms Briscoe, and HPN)
- Working on two additional Strategic Partnerships
- IMEX America 2023- 15,000 attendance- SITE Reception Meet Hawai'i Booth- On-Site Media Interviews, event professionals, Smart Meetings, NorthStar Meetings.

Chair Arakawa said the \$600,000 might not come out of the emergency fund as there are two possible sources to fund that program.

Mr. Reyes said that regarding sales production updates, there are two things they talk about. One is a new volume of events and room nights for any future year: their sales production. The second is consumption. That speaks about on-the-books (OTB), and OTB booked events and room nights in the year they occur. For citywide production in September, which is generally not a great production month, definite room nights are 27% ahead of 2022, and over 71% ahead in tentative room nights. Their production goal for the year is 173%, a 21% increase from the previous year. They are forecasting that out of sales production, they should achieve about 90% of that number. In regard to consumption, there are 70,153 room nights, or 89% of the target room night goal. Just because they are outpacing their numbers does not mean stopping their projection in room nights or conversion of events. They produce 103,041 room nights per year.

For booking events related to production, the last report had 59 events. In August, they converted eight events. They have been discussing an event strategy by not only looking at

definite room nights. They have collaborated with Ms. Orton and the HCC for greater alignment. This includes:

- Focusing on hiring a Corporate Citywide Seller (Book short-term corporate opportunities)
- CY 2024 introduced Citywide Team and Individual Event Goal
- Targeting Citywide Tentative Events for 2026 – 2030

For calendar year 2024, they have 13 events on the books, and their target was 9, so they exceeded that pace goal. They are 44% of where they should be but have 13 events left to book. They have 9 tentatives, so they have to find more tentative bookings for 2024. Their event goal is 28. He highlighted their conversation from 2026 through 2030. For 2026, they have 2 events, and the target is 5, so they are under by 3 and are at 60%. They must book more events. He said they are not only focusing on room nights. For 2027, they are on pace with 4 events but must book 24 more events. He said they met with the citywide team and believed that by the end of the year, they would book 17 more events. In 2023 they have 15 events produced by Meet Hawai'i but should be able to close another 5 in 2023. In 2024 they have 13 events; in 2025, they have 10 on the books and 6 they could convert. Citywide bookings are still happening for 2026 and beyond.

Chair Arakawa asked if Mr. Reyes could change the font on the presentation slide. He asked Mr. Miyasato if he had any feelings regarding using the emergency funds. Mr. Miyasato said they declared it an emergency six days into the crisis and set up the PIG to deal with the fallout. That group is tasked with inventorying all available resources and assigning value to how they will allocate and leverage the resources. Chair Arakawa said that after the PIG announces their report, there will be another meeting to approve recommendations. In the meantime, he said the staff has access to the information being gathered, so the staff can recommend to the Administrative Committee for the BFCC Standing Committee on the use of the emergency funds if necessary before the PIG finalizes their report to the full Board. Mr. Miyasato said the PIG must do the job properly without being rushed so they can assess where the emergency is to address the emergencies. He challenged the staff to look at the full-year budget.

Mr. Reyes added that in speaking with the director of sales and marketing from Maui, for the phased opening, a lot of business on the books for Q4 of 2023 is groups, and it has stabilized there. He said he is seeing concerns by group customers for Q1 and Q2 of 2024. He said there must be flexibility as leisure will follow soon. Chair Arakawa asked if Mr. Reyes could prepare a separate white paper defining a citywide, attaching the criteria for determination of a citywide, and why citywide is important business.

Chair Arakawa thanked Mr. Reyes for focusing on hiring the corporate citywide seller to book short-term opportunities. On page 12, Chair Arakawa asked Mr. Reyes to consider a slide showing his budget from before 2017 with good historical results so they can aim for that again. Mr. Reyes said he would prepare a whitepaper with citywide information for the Board meeting.

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

Chair Arakawa said they are looking to give direction to the staff on what they should work on for future committee or Board meetings. They have to determine which existing programs or contracts will need to be modified to make up the \$14 million they are doing in incremental increases and whether the HTA budget changes will come from the emergency fund. The first issue to discuss is identifying the general categories, the second is to work on the specific changes, and the third is to present the proposal to the Board of the cuts, programs, and contracts and then notify the Governor's office.

Mr. Miyasato asked about the government process for the HTA organization. He said they no longer have procurement and asked if they still have independence through the Board and budgetary protocols as an independent agency. Mr. Arakawa said that is correct. Mr. Choy elaborated. At the end of the last session, they were called into the Lieutenant Governor's office and admonished for what they were doing. During the previous legislative process, they were asked by the WAM committee to give an itemized list totaling \$64 million of exactly where all the money for 2023 and 2024 was going to be spent. Mr. Nāho'opi'i, Mr. Ka'anā'anā, and Mr. Choy gave an itemized list. It went to the legislative process, and they defunded them to zero. The HTA is working off a detailed list approved by the Lieutenant Governor and the WAM committee. Now, the HTA is getting into a position where they want to move things around, and they need to be specific and notify the relevant people.

Chair Arakawa said the Governor is willing to give the HTA \$60 million, but to get the money, the Governor has to give an allotment after consulting with DBEDT and Budget and Fiscal Services to check if the items are on their list. Mr. Cole said the steps they discussed for the Governor to allocate the \$60 million to the HTA went through several approvals and reviews. His understanding is that the Governor allot the money to the HTA for use. Mr. Choy said the allotment system is quarterly, so they report their spending quarterly, which is approximately \$15 million per quarter. Mr. Cole said that the HTA provided the list of contracts and projects they would use the money for with the amounts allocated. He said it could be revised, but if there are noticeable changes, they need to go through the review process again. Outside of that, they have the TESH and the federal funds that Mr. Choy spoke of, which could be pegged

into some of those things, but regardless, they have to follow the state procurement code, and all processes need to be followed.

Mr. Miyasato stated that he is trying to get a clear understanding of the rules of engagement. Mr. Choy said BD113 is the TESH where they have their operating budget. When the Governor gave them the \$60 million, he gave it to them in a different account, so he is unsure if that indicates that the HTA does not have lump sum funding and that their funding is based on a list they gave the Governor. He believes they need to give notice if they change things around. Chair Arakawa said they need to do this as quickly as possible. Mr. Choy said the request the HTA is making is an incremental increase, so they will need to make a decrease somewhere else.

Mr. White identified the sources of the \$60 million allotment: the emergency funds, the EDA funds, and the encumbered funds they may be able to shift. Mr. Nāho'opi'i said the information will be handed out as it is not in the meeting packet. From the past Board meetings, he showed the list of the ask, which was to increase the marketing dollars to address a couple of issues, such as the Maui wildfires, which created a situation where there was a decline in corporate markets. Also, there was a request for an increase in marketing for Japan to accelerate the recovery of the Japanese international market. \$2.6 million was the original request back in August 2023. Japan was at the last Board meeting for \$2.5 million, and Canada was at \$1.5 million. At the previous Branding Standing Committee meeting, \$2.5 million was approved out of the \$10 million ask. As was mentioned in Mr. Reyes's presentation, the MCI had asked \$350,000 to fund that corporate meeting salesperson. Mr. Nāho'opi'i said those items are the ones that were given the highest priority, totaling \$9.45 million.

Mr. Nāho'opi'i said the staff looked at the first FY2024 cash flow. There are multiple ways to identify funds. For example, not all the funding was awarded in the CEP, but they have identified \$518,000 that may be accessible. There will need to be some unencumbering of this money in the contract. The next one they identified was the Island Chapter Contract period. From what they have budgeted and encumbered, an additional \$130,000 may be available at the end of the contract. Air Route Development Consulting, in 2024, requested to hire a consultant for air route development, but they have not contracted or put out a bid for that. If they decide not to pursue it in the fiscal year 2024 there will still be \$250,000 available. 'Ōlelo Hawai'i was another line item in their funding request, and there were additional savings from the current year. They identified up to \$600,000.

For the Global Support Services Contract, a multitude of services and activities, if they scale back some of it and start some of the programming in FY2025 instead of FY2024, they could rescue \$200,000. In the Research Campaign Effectiveness Evaluation Contract, there are two

large programs. One is the Campaign Effectiveness Program, and the other is the Major Festivals and Events Evaluation. If they decide to skip a year in conducting the surveys, etc., it is estimated to save about \$421,000. The next one, Unspent Funds from Current DMAP Implementation Programs, means, that if they delay the start of the planning of the DMAP process, they could use that upfront.

Since the planning process will take longer, they can utilize additional in FY2025. The last one is Europe MMA. Even though it was recently awarded and Board-approved to start back into Europe, they have \$2 million available if they decide against it. For EDA, part of it is experiences for \$1.5 million from the Urban Trail and Tourism Collaboratives. The other one is looking at the Community Industry PR contractor, which budgeted \$320,000 over some time. They can identify certain amounts of money there if they decide to scale back. For Destination Stewardship, they could start this later in the process and look to shift it to FY2025. So, in total, there is an amount of \$5 million identified.

Mr. Nāho'opī'i did not include the EDA marketing for \$4 million, but it can be used in multiple ways. There are some limitations with EDA currently. According to their current ruling, the HTA cannot utilize a non-U.S. contractor. They requested a ruling on that, and a determination will be made. If they allow the HTA to use foreign companies, then the HTA could also be in those markets utilizing the EDA funds.

He listed other things:

- The TESH - up to \$5 million.
- Additional funding request to the Governor, pushing more into FY2025 and increasing their budget request for FY2025.
- Seeking additional federal funding programs.

Mr. Nāho'opī'i said he kept the descriptions broad as there are details related to the actual contracts, and they cannot discuss that in public. Also, they need to dive down deeply and cannot just cut programs and have to be specific on how they will be adjusting programs. He said they are just identifying the potential ways to adjust the budgets for further discussions.

Mr. White said there has been talk about the drop in overall business for the state, which will result in some budget cuts across all departments. He asked if they had been advised whether the HTA would be involved in the budget cuts. Chair Arakawa asked if anyone had heard anything. Mr. Choy said he had not received any formal memo.

Chair Arakawa reiterated that they do not have the legislatively appropriated budget, as they have money from the Governor, so it is up to the Governor. Mr. Nāho'opī'i asked for more time to get to the details. If there is guidance from the committee on what funds they must not adjust, they must advise him. He asked for additional time to research their programs, review

the work plans, make the adjustments, and work closer on the marketing side to know their expenditure flows for the proposed programs. They need to figure out the FY2024 cash flow and the exact amount they need from January to June 2024.

Chair Arakawa said they also need to talk to the vendors they plan to reduce. Mr. Nāho'opi'i said they would come back with a detailed plan of action. Mr. Miyasato said this is a conversation for the full Board. He suggested that everyone does the research and only then take it back to the full Board for discussion as it is strategic and has many implications regarding the master plan.

Ms. Anderson said that of the \$4 million in the EDA funds for marketing, \$750,000 has been allocated for cooperative marketing in the U.S. market. Chair Arakawa said the full Board will approve any cuts or changes. Mr. White requested that they understand what the cuts will cost them in business. He also mentioned the Campaign Effectiveness Studies, and he would like to hear from those familiar with the program on how much information they have on that study, as he was looking forward to showing the legislature how effective the monies are being spent on the campaigns. He asked for a better understanding of the cost/benefit ratios for some of the cuts. Chair Arakawa asked if DBEDT could help with that, and Mr. Nāho'opi'i said they would work together to determine the economic impact. Mr. Nāho'opi'i said Ms. Anderson had already established a program evaluation that includes how these programs roll up and feed into their overall KPIs. As they build it out, they still have the Ho'okahua Hawai'i and Branding Standing Committees the following month, and they can send it to the committees before putting it back together for a final plan for the full Board.

Chair Arakawa said it is important to go to a subject matter committee if there are any cuts. He said with Mr. Miyasato's approval, maybe they could have joint committee meetings with the Ho'okahua Hawai'i committee, the BFCC, and the Administrative & Audit Committee to economize their time, and then they could be prepared to vote at the full Board meeting. Mr. White recommended asking Mr. Miyasato to call a special Board meeting.

Chair Arakawa spoke about the campaign efficiency study and ROI. In the discussion of the incremental increases, he recalled asking for a portion of the KPIs of the contract modification for the incremental increases to include the ROI section to know how effective the emergency programs had been.

Mr. Miyasato spoke about the \$750,000 Ms. Anderson mentioned for the cooperative market and said it should be offset within the total budget. Chair Arakawa spoke about Rep. Quinlan's email regarding the HTA budget. Copies will be given to the Board members. Mr. Nāho'opi'i is currently working on the response. Chair Arakawa asked that any correspondence from the

legislature go to all Board members and try to make it public if possible. Mr. Nāho'opi'i said they had followed that process.

Chair Arakawa spoke about bonuses and salaries. At the last Board meeting, when they went through Form A, and the review process, they saw some of the salaries and bonuses, which showed that some make more money than department heads and the Governor. That discussion was at the administrative meeting, but it needs to be put in the BFCC. Those bonus agreements are confidential and need to be discussed in the Executive Session. That information must get to the Administrative Committee and the Budget PIG. The second issue was whether the bonuses were factored into the budget request. Mr. Nāho'opi'i said they created a table by collecting the information on historical employment contracts and bonuses and submitted it to Mr. White for review. On the table will be dates, names, bonuses, and their contract calculations.

Regarding the second part, Mr. Kishi researched estimates of the bonus each year as they submitted their budget request. Mr. Kishi will provide an estimated amount for the following fiscal year. Chair Arakawa asked Mr. Kishi to check if the bonuses were included in what was submitted to the Governor and the Lieutenant Governor. Mr. Kishi said he remembers he ensured they had enough for payroll but not bonuses.

Mr. Nāho'opi'i said Carol would get the submitted materials related to bonuses and the criteria that would entitle someone to a bonus and summarize it on the charts with the formula and calculation, which will be provided to the Administrative Committee.

There were no further discussions or comments.

Chair Arakawa said that after the meeting at the capital, one of the vendors approached him with a few outstanding invoices. He asked for a follow-up with the outstanding amounts as of July 1, 2023. The amount was over \$4 million, which included interest. The legislature will also be looking at that. Mr. Choy said the current status of that is paid. The back office will be proactive on the invoice payment system for the compensation schedule. He asked the vendors to give the back office a copy when they submit their monthly invoice and then wait for approval from the front office so that payment can be made. Mr. Nāho'opi'i said he is working with the program manager on the front office side to create tighter procedures with timing, etc., to create more general rules for smoother flow.

Chair Arakawa brought up the other issue, ROI, travel, etc., and the cost benefits, which would be on the next agenda item.

8. Presentation, Discussion, and Action on the Hawai'i Tourism Authority's and Hawai'i Convention Center's Form A Submittal (FY25 Supplemental Budget – Operating Budget Adjustment Request) Submitted to the Department of Business, Economic Development and Tourism (DBEDT)

a. Explanation of Form A

b. Supplemental Budget Request Process

c. Formation of Permitted Interaction Group (PIG) for FY25 Supplemental Budget Request

d. Budget Briefing Schedule with Remaining Board Members

Chair Arakawa said it is a 2025 supplemental budget because the legislature is on a two-year cycle. Mr. Choy asked Mr. Kishi to explain. Mr. Kishi said that for the HTA's operating budget, they are requesting \$69,915,000. Of that, \$3,296,000 will go to personnel costs, and in that \$3 million, there are 25 existing positions, of which 20 are filled and 5 are vacant. They are asking for 38 positions, of which 13 will be branding positions. Of the 13, they included a Destination Management manager, a Public Information Officer to help Mr. Gionson, and then a few more finance and accounting positions to help with auditing. Another \$66 million will go towards the OCE, which is all the contract costs.

Chair Arakawa said the legislature would ask what public communications were drafted by the vendor and what was drafted in-house. Mr. Miyasato asked if this was the budget Mr. Arakawa and Mr. Choy drew up. Chair Arakawa confirmed that as correct. Mr. Miyasato asked when it would be presented. Mr. Choy said it is agenda items c and d. Mr. Miyasato asked when they could see all the details and a preview of what was built. Chair Arakawa said it is on agenda item d. He said that because some contractual information is sensitive, they do it in two-by-two briefings with Board members to comply with sunshine law. Depending on availability, this will be with the budget and administrative staff and will happen in the next month and a half. Ms. Hagihara will be setting up those meetings. This year, they have a Budget and Finance PIG to do six members at once. The rest will be two by two.

Mr. Kishi continued with the HCCESF budget request. They will request a \$14 million expenditure ceiling, which is \$3 million more than their \$11 million budget. The \$3 million will go towards R&M projects. Chair Arakawa asked Mr. Kishi to add that for the Board meeting the following day.

Chair Arakawa said Form A was submitted to DBEDT with 15 days' notice, and DBEDT is reviewing it. After DBEDT's review, it goes to the Budget and Fiscal Services for reviews and cuts and then to the Governor, who then submits it with all the other departments to the House and Senate. Mr. Choy agreed with Mr. Miyasato's comment that they should have addressed this

earlier, but for them to look at the budget before submittal to DBEDT, they would have to start by the end of May, no later than June to be ready for the form in July and August. They could do this the following year. Mr. Miyasato said he appreciates Mr. Choy. He said they could have turned the form in without all the details to start with so they could get input. Chair Arakawa clarified that there are no lobbyists for the HTA. Mr. White asked if Form A budget details could be posted so they could view it to prepare for the two-on-two meetings. Chair Arakawa asked Mr. Nāho'opi'i and Mr. Choy to add a separate section on budget review to have all the documents in that portion of SharePoint.

9. Adjournment

Ms. Anderson adjourned the meeting at 3:59 p.m.

Respectfully submitted,



Sheillane Reyes
Recorder