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**BUDGET, FINANCE, AND CONVENTION CENTER STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Thursday, April 22, 2024, at 2:30 p.m.**

Virtual Meeting

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

MEMBERS PRESENT:	David Arakawa (Chair), Jame McCully, Blaine Miyasato, James Tokioka (Ex Officio, DBEDT Director), Mike White
MEMBERS NOT PRESENT:	Kimberly Agas (Vice-Chair)
HTA STAFF PRESENT:	Isaac Choy, Tallon Kishi, Maka Casson-Fisher
GUESTS:	Teri Orton, Tom Mullen, Lynn Whitehead
LEGAL COUNSEL:	John Cole

1. Call to Order and Opening Protocol

Chair Arakawa called the meeting to order at 2:31 p.m. Mr. Casson-Fisher did the Opening Protocol.

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

Mr. Kishi did the roll call. All confirmed in attendance and that they were alone. Ms. Agas was excused.

3. Approval of Minutes of the March 21, 2024, Budget, Finance, and Convention Center Standing Committee Meeting

Chair Arakawa proposed to make a change on page 6 of the minutes, where it read, "Mr. Nāho'opi'i and Chair Arakawa had met with the relevant committee chairs to discuss the budget, and they had also answered questions from both House and Senate regarding

projects and positions,” from Chair Arakawa to Chair Hannemann. There are no public comments or discussions from the committee members. Chair Arakawa made a motion to approve the minutes with the proposed revision. Mr. Kishi conducted the roll call, and the motion passed unanimously.

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

Chair Arakawa proposed a motion to recommend approval of the HTA's March 2024 Financial Report, and Mr. McCully seconded.

Mr. Choy presented a detailed financial statement and informed the Committee that two additional columns had been added, headed “Roof Project” and “Roof Repairs.” The Convention Center Roof Project had now commenced, and Board members would be able to keep a running tally of expenditures. A portion of the \$15 million bond had been liquidated to provide the \$1.2 million fee for the consultants now participating in frequent meetings to produce a schematic design and working plans. The Board would be informed each month of the amount spent.

Mr. Choy pointed out that there were two separate financial statements, one for the month of March 2024 and the other for the fiscal year 2024 to date (YTD). The expenses were in line with three-quarters of the year. Encumbrances were recorded at the base of the statement since some expenses had not yet been executed. \$26 million in general funds was encumbered; out of the restricted Tourism Special Fund, half was encumbered and half unencumbered. Subsequent pages showed the revenue that had been generated and the amount that was still owed. The notes gave some necessary explanations.

Mr. Kishi referred committee members to the Tourism Emergency Special Fund summary on pages 8 and 9. This showed that about \$982,000 remained to be spent from the TESH. Out of the \$5 million that had been approved, \$4.2 million had been expended as of March 31, 2024. Mr. Kishi stated that he was responsible for cutting checks for this \$5 million from the HTA account, and it was important to report these expenses to the Board for oversight since the usual process did not occur.

Mr. McCully asked whether a Gantt chart would be developed for the HCC Roof Project. He reminded the Committee that this chart was a visual schematic of the project schedule. This was to be discussed during Agenda Item 7b.

Dir. Tokioka referred to Agenda Item 10 regarding the Tourism Emergency Special Fund and asked whether a more detailed breakdown of expenditure was available.

Mr. Nāho'opī'i stated that the CEO's Report to the regular monthly Board meeting gave an update on the vendor for each contract and the nature of their program, and he could send this to Dir. Tokioka at once. During the previous Budget and Finance Committee meeting, Dir. Tokioka had asked for details of the cost of the Mākaukau commercial. This information had been included in the CEO's report at the previous Board meeting, and the total cost, including filming, design, programming time, and so on, was \$300,000.

Dir. Tokioka commented that this campaign was not geared toward mainland travel but mainly aimed at local confidence and messaging. He was informed that despite this, it had been used by the travel trade for information. It resonated well at the U.S. Leadership Forum for Travel Weekly travel agents and was to be included in their tool kit. However

Dir. Tokioka explained that hotel operators on Maui had complained to him about the dismal level of bookings for this year and had asked how the emergency money had been spent. People who had been lodged in hotels were now being moved into vacation rentals, leaving many hotel vacancies. He asked whether other marketing strategies, such as reduced rates from airlines and hotels, were being considered, which would bring local people to Maui.

Chair Arakawa responded that investing money to encourage locals to vacation in Maui had not been part of the emergency plan, although it did relate to the emergency appropriations. Mr. Nāho'opī'i also stated that encouraging residents to take local vacations on Maui had not been part of the Mākaukau Maui plan or the U.S. Canada emergency marketing funds. There were some limitations on the spending of the emergency funds, but he would refer this idea to the Branding Committee for the attention of its Chair and follow up on these limitations with Dir. Tokioka. Existing assets or additional funds could be used, but the emergency plan study had not identified local vacations as a target.

In general, Dir. Tokioka had hoped for an update for West Maui because their level of reservations was low. Mr. Nāho'opī'i responded that there would be an update on U.S. marketing at the full Board meeting in three days.

Chair Arakawa thanked Dir. Tokioka for his suggestion and stated that it would be a good reference for the future. Any emergency program should look at returning tourism to the area, even if it were only local people for a "staycation."

Mr. Miyasato pointed out that this discussion had already taken place at meetings of the Branding Standing Committee and the full Board, and there had been enough time for feedback. The airlines and the car rental companies had reduced their rates, but the hotel

operators had been unwilling to reduce their tariffs. People were unwilling to pay hotel rates of \$400 to \$500 for a “staycation.”

Chair Arakawa could not recall a decision not to support local tourism on Maui. The idea had fallen flat because the local partners were unwilling to cooperate. Mr. Nāho‘opi‘i noted that this had not been recommended as a plausible solution by the consultants for the emergency recovery plan. Spending had been driven by the consultants’ recommendation and Board approval. Chair Arakawa repeated that this could be considered in the future.

Dir. Tokioka agreed with all of Mr. Miyasato’s comments and pointed out that if it were true that the Maui hotels were unwilling to discount their rooms, the Board and the Chair of the Branding Committee could raise this with them.

Mr. Miyasato agreed with Dir. Tokioka it was difficult to achieve consensus around the measures to be taken. Dir. Tokioka pointed out that if properties complained about low booking volumes, they might have considered reducing their rates to increase their occupancy.

Mr. White had been aware that there was hesitancy in hotels because their staffing levels were low. They had been reluctant to lower their rates to drive business when FEMA and other agencies paid them full rates. The height of the rates created an occupancy issue.

Mr. McCully pointed out that whenever there had been disruption in a market, it would take time for equilibrium to be reestablished. Different sectors like airfares, car rentals, and accommodation would find their own levels of pricing based on supply and demand and the elasticity of the market, especially for local people. It was difficult for the government or a quasi-governmental agency like the HTA to control or affect such market changes.

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

Chair Arakawa led an additional discussion as a follow-up to a question at a previous meeting about how the present year’s budget had been formulated and which adjustments had been made. Mr. Kishi had prepared a detailed account of all the present contracts covered by the FY24 Tourism General Fund budget. An additional document showed how adjustments to the original budget had been made.

In May 2023, the Board approved a \$64 million budget, but the Governor later approved a budget of \$60 million. This meant that the FY24 budget started at \$4 million over budget. After the Maui wildfires, the Board presented an incremental budget request, and other adjustments were made to rebalance the budget to support originally approved contracts.

For instance, \$600,000 was reallocated to branding to support the U.S. MMA contract, \$916,000 was reallocated to destination management to support the Kilohana contract with the CNHA, and \$787,000 was reallocated to the HCC to support the MCI marketing contract.

Mr. McCully asked whether, when funds were reallocated, they would still have the same account code. Mr. Kishi replied that this would probably be the case up to the end of the fiscal year. Mr. McCully pointed out that most Kilohana contracts under destination management are related to perpetuating Hawai'i culture rather than branding. They are also concerned with communicating tourism for Maui, Hawai'i Island, and Kaua'i, as in line items 732, 733, and 734, totaling \$1.2 million. Mr. Kishi replied that funds had been reallocated from DMAP contracts to destination management and had originally been budgeted for implementation but had since been allocated to support the current Kilohana contract with the CNHA.

Chair Arakawa suggested that Mr. McCully might email specific questions to the Committee so that Mr. Kishi could provide detailed information at Board or Budget and Finance Committee meetings. Mr. Ka'anā'anā clarified that the DMAP implementation contract was fully funded and encumbered, so the reallocations presented at the meeting had no material impact on existing DMAP contracts across the State.

Chair Arakawa requested that at subsequent Budget and Finance or Board meetings, more details should be given about the following destination management line items: \$1 million for the Ho'okipa program, \$1.4 million for hotspot mitigation, and \$1.4 million for the community set program.

Mr. Nāho'opi'i stated that funds that had been allocated for those line items were being used for the stated purpose. Originally, funds were allocated for the Ho'okipa Malihini Initiative airport, harbor greetings, and the Hawai'i culture initiative. The Resort Area Hawai'i Culture initiative program was included in Kilohana's contract but had been split up into separate components to facilitate work. Kilohana's contract encompassed multiple line items, given their scope, and airport greeting was a direct contract with DOT, while a different provider supplied the harbor side. Kilohana's scope was so broad and diverse, encompassing seven or eight different areas, that its contract had been broken up into specific sectors to keep track of expenditure.

Chair Arakawa thanked Mr. Nāho'opi'i for this explanation. Mr. Kishi promised to provide further detailed explanations at subsequent meetings.

Mr. Nāho'opi'i explained that in the broad section of destination management and Hawai'i culture, budget reallocations were intended to realign within the scope of Kilohana's

contract. Many of the reallocations aimed to clarify line items without material changes in the use of the funds.

Chair Arakawa appreciated the flexibility of the HTA budgeting system but hoped that if a more detailed standard were applied, there would not be issues. It was important for the Board to give its approval based on presentations requesting changes.

Dir. Tokioka was grateful for the detailed outline and believed that Mr. Miyasato, McCully, and White, who had been on the Board for longer than he had, would have greater knowledge of the various programs and their purposes. He asked whether Mr. Ka'anā'anā or Mr. Nāho'opi'i would explain the line-by-line breakdown to interested members. Mr. Nāho'opi'i responded that he had a Marketing and Management Plan with details of each program and could set up a time to review these. He stated that before the FY25 budget was voted, the programs would be reviewed once more.

Previous practice had been to go over the items, as well as a review of the present year's budget, with two Board members at a time because of the Sunshine Law. In the past, such questions were raised and answered during two-by-two meetings or sometimes with the full Board, but because individual contracts were being discussed, issues concerning the confidentiality of specific contracts might be involved. This would be a topic for future discussion. It was important for Board members to understand which programs were supported and how the money was being spent.

Mr. Nāho'opi'i stated that the process for this year had not yet been determined. All major committees took part in budget preparation. For instance, the Branding Committee had to prepare a marketing plan to guide decision-making. It would be necessary to determine a process for reaching out to each Board member to brief them on the details of each program.

Mr. Miyasato pointed out that the budget was a planning tool that started within the Branding Committee and built from there upwards. The end product would be the two-by-two meetings, at the end of which there would be an approved budget.

A white paper approach should be taken to budgeting, passing through committees, and vetting to the full Board. This process began in June, and Form A was to be submitted to the administration in August.

Mr. McCully stated that as head of a Permitted Interaction Group, he had looked into the exemptions to the Sunshine Law and noted that one of these applied if a department head was present when administrative matters, such as the budget, were being discussed. This

would apply if Dir. Tokioka was present in a meeting. Chair Arakawa stated that this suggestion should be submitted to Mr. Cole for an opinion. Sunshine Law exemptions included meetings with the Governor and the department head. The legislature had decided that as Department Head, Dir. Tokioka must be a member of the Board. All members could attend discussions of administrative matters relating to the budget and employment. Mr. Cole promised to update the Board while adding that much of the HTA's budget was assigned to particular contracts due to policy decisions.

Mr. Kishi informed the Committee that he had included a budget statement for Year to Date (YTD) amounts relating to each budget line item (BLI) detailing the different contracts concerned. This was based on the budget adjustment presented in the adjustment summary, but Mr. Kishi promised to explain more detailed budget adjustments before they were approved.

Chair Arakawa thanked Mr. Kishi for putting together this information, which enabled a robust discussion, and looked forward to the next meeting when the additional information requested would be available. The present budget had been complicated because a \$64 million budget was first planned, then reduced to \$60 by the Governor, and then incremental finances were requested in response to the Maui wildfires, all of which necessitated several rounds of adjustments.

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

Chair Arakawa proposed a motion to recommend approval of the HCC's March 2024 Report and Update on the HCC's 6-Year CIP Plan, and Mr. McCully seconded the motion.

Ms. Orton, the General Manager of the HCC, gave the presentation, which began with a detailed financial breakdown. March had been a busy month with a full calendar, including a Citywide Event, the NDIA Pacific Operational Science and Technology Conference. In addition, there were 28 local events, including the Honolulu Festival, with over 24,000 participants, and Kawaii Kon, with 20,000 participants.

The total facility revenue for March was more than \$2.1 million due to many large events with income from food and beverages. This revenue was \$711,800 more than budgeted, giving a net income of \$91,300, \$490,300 better than budgeted. March 2024 was the sixth month of this fiscal year with a positive bottom line. The fiscal year ending on June 30 was expected to end with a gross revenue of \$26 million, including \$1.5 million in interest, giving a net income of \$923,000. This contrasted with the gross budgeted revenue of \$18.5 million and a net loss of \$5.3 million. This fiscal year was expected to be the highest-grossing year

since the opening of the Convention Center, even if the income from interest was discounted.

Citywide events had been important in this good result, and Ms. Orton presented data showing a return on investment (ROI) of \$12.84 from the 13 Citywide events hosted in the Convention Center between July 2023 and March 2024. The total 21 Citywide events during FY24 were expected to bring in more than 116,000 contracted room nights and 60,500 participants, generating nearly \$400 million in economic impact and \$45 million in tax income (transient accommodations tax, TAT). Congratulations were due to the HVCB and Convention Center teams for their hard work in servicing these events.

Ms. Orton mentioned some recent events, such as the Paradise Tournament Series, a volleyball tournament held from April 6 to 7 with 1,500 participants, the Hapalua Marathon Registration, held from April 11 to 13 with 7,000 participants, and the American Association of Geographers, a Citywide event held from April 13 to 20 with 8,500 participants.

Some of the upcoming events were Chopsticks & Wine, April 25 with 1,000 participants; a basketball tournament at the end of April with 1,200 participants; the 2024 American Income Life Annual Convention, a Citywide event from April 28 to May 5 with 3,000 participants; and Jump Hawai'i 2024, a cheerleading event, from May 10 to 12 with 1,500 participants.

The HCC Carbon Offset program financed the planting of nearly 300 trees and offset 291 metric tons of carbon dioxide (CO₂).

Ms. Orton shared a positive news article about the Convention Center and reminded the Committee of the special Mothers' Day Brunch on Saturday, May 11.

Mr. Choy informed the Committee that the 2025 budget for the Convention Center would be discussed at the next meeting of the Budget and Finance Committee.

In response to a question about the roof project, Chair Arakawa was informed that this was separate from the other replacement projects of the Convention Center.

Ms. Tait gave the Committee an update on maintenance and repair projects, noting that the roof project's project management and design teams had already begun holding weekly meetings. The Gantt chart for the project will be shared later in the presentation.

The chiller replacement was 50% completed, and the presentation included photos of the new chillers being installed. There had been an upgrade in soft goods with new rugs around the building, introducing color and design.

The contractor for the exterior painting project had begun putting up samples for review and selection. The HCC director of engineering had been certified as a Trainer for Reach Master high-lifts. The Center operated the only Reach Master in the State and could train staff and contractors to use this device around the building. It was to be used for the exterior painting project.

Architects Hawai'i, an investigative team, had been examining the leaks caused by the transom glass and sails above the lobby. The operations team had worked on presenting new signage for native plants around the building. Students from two local high schools had visited the center and were introduced to engineering and project management during tours led by the project management company Cumming, and discussions led by JCI, the company conducting the chiller replacement project.

Ms. Tait provided a list of current repair and maintenance projects. She informed the Committee that the team was actively looking into adding solar panels to reduce energy costs. Color selection for the exterior painting was in the process of finalization and work would begin on the project after FestPAC in mid-June. The final two units of the new chiller were to be installed in mid-May. Demonstration fixtures for the LED lighting project were being installed in one of the meeting rooms as a sample for review this week, after which the lights in the meeting rooms, the exhibit hall, and the parking level would be installed. Presentations regarding the escalator modernization project had been received from three companies, and the options that they had proposed were being clarified. A contract had been awarded for upgrading the house sound system, and the team was working on an installation schedule. During the past month, the installation of the dishwashing unit in the main kitchen had been completed, and the main kitchen was now back in full operation.

Ms. Tait presented an outline of the six-year cash flow for projects, along with a list of projects upon which the Cumming management company was working, including the additional solar panel project.

There were no questions from the Committee, the Board, or members of the public. Mr. Kishi conducted the roll call vote, and the motion was carried 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

Ms. Lynn Whitehead noted that this was her first presentation to this Committee, and congratulated Ms. Orton on the positive report on the Convention Center.

Ms. Whitehead gave the Committee an overview of the Meet Hawai'i team. She pointed out that its function was to move business into the Convention Center and all hotels in the State through effective collaboration between the Convention Center and the Hawai'i Convention and Visitors' Bureau (HCVB). The team was committed to ensuring that all client groups were aligned with the four pillars of HTA: respect for natural resources, support and recognition of Hawaiian culture, giving back to the community, and brand marketing.

Ms. Whitehead mentioned that her team had been involved with two groups during the past week: Canoe Hawai'i and Celebrating Earth Day.

She went on to explain that Meet Hawai'i had three components: Citywide Sales, Single-property Sales, and Client Services. The Citywide sales and single-property teams' key performance indicators (KPIs) were to drive tentative and definite room nights into the State. The original goal of these teams had been to contract 28 Citywide events per year, concentrating on events with 1,000 or more participants and working with at least two Hawai'i hotels. The pandemic had caused a reduction in these aims, but Ms. Whitehead believed it would shortly be possible to return to this level.

The single-property team focused on driving business to all hotels, expecting books for ten or more rooms on peak.

The client services team aimed to take over contracted groups and assist them in developing their programs in the State, connecting them to transportation, venues, and offsite activities. This team also collaborated with clients to build attendance and ensure that the client was aware of the tools available to drive attendance. The sales teams brought in business, and the client services team had the experience to create attractive groups that would be advocates of Hawai'i and become repeat customers, rebooking repeatedly.

Ms. Susanna Flores had just been recruited from San Francisco travel for Citywide production and would start at the end of the month. She spent her high school years in Hawai'i and strongly held the corporate market segment. Tom Casademont was to take over Ms. Whitehead's former position, Trevor Newman would cover the western market, and Adrienne Nudo was responsible for Rotary and the larger medical conventions.

Ms. Whitehead informed the Committee that the Asia/Oceania team was in town then to participate in the Japan Summit and would be involved in Citywide and single-property events.

Regarding production, March outpaced January and February in terms of tentative and definite room nights. This was to be expected since many clients were motivated to complete contracts before the end of the quarter. Citywide booked events had brought in more than the previous year.

About Hawai'i's eight-year future pace, the short-term booking cycle will continue in 2024 and 2025. Four licensed events had been booked for the first quarter of 2024 and two for the first quarter of 2025. This has helped to exceed the previous pace for both years, and this trend was hoped to continue. Regarding Citywide events, no bookings are currently being made for 2026, but the team was focusing on 2027 to 2031. In 2027 and 2030, they exceeded pace with positive growth. It was exciting to see building improvements and see that 2027 would offer better facilities. One of the leading headquarter hotels, Hawaiian Village, was conducting extensive upgrades to their product.

The team had identified five leads with an economic impact of about \$127 million. They had two verbal definites that had selected Honolulu and whose licensing agreements were being processed, one for 2025 for Glaucoma and the other for 2030 for the National Association of Letter Carriers.

The team had experienced the challenge of being short of one seller, but as of the end of May, the team would be fully staffed and focused on opportunities for 2028 and beyond, as well as 2028, 2029, and 2030 for Pace. The team continued to work hard, given the short-term booking cycle.

During the first quarter of 2024, Citywide groups had brought in \$77.6 million in economic impact, with a strong representation from the Asia/Oceania team. The aim of future pace and events is to book 28 events per year. For 2024, there was still some way to go, but the team hoped to catch up later in the year. For 2025 and 2027, they were ahead of pace at about the same level as prior years.

For single-property production, Laurie Ihara Wong has been responsible for the West Coast and State markets since being hired two months ago, but when the fourth person was hired, Ms. Ihara concentrated on State business, driving strategy and communication for single-property for all islands. Kathy Dever was responsible for the Midwest as well as Canada, with a focus on incentive business. Meredith Parkins was responsible for the Eastern Region and Europe. The final rounds of interviews for the fourth single-property

seller were in progress, with three very good candidates, and it was hoped that an appointment would be made by the end of the present week.

In all categories, single-property had good production, with tentative and definite room nights higher year over year and year to date. 13 events had been booked for March, bringing the total for the first quarter to 17. 2025 appeared to be stronger for single-property production than the present year, but it was important to drive more business for the present year. Since the end of December, the team had lacked one seller, but it continued to work with hotels on “need” dates and strategies and on which incentives could be given to draw business into the state to make 2024 stronger and build business for 2025.

Ms. Whitehead gave details of the contracted groups for the first quarter, representing \$20.4 million in economic impact for the State.

Regarding production for all islands, the Hawai‘i island was doing well, with 5,700 definite room nights, followed by Kaua‘i, with a couple of large groups on both islands. Ms. Whitehead gave an outline of the work of the sales team, which has been promoting Hawai‘i in all markets and educating clients about the destination. She mentioned events in Australia, such as the Outrigger Showcase in Melbourne and Sydney, the Asia-Pacific Association for International Education (APAIE) in Perth, and the Direct Market Selling Connect in Sydney. Sales teams had also attended the Japan HIS Group Staff Hawai‘i.

Ms. Whitehead mentioned some of the sales events scheduled in forthcoming months, such as the PCMA Heartland Chapter Luncheon & Education Destination Celebration in Kansas City and the 2024 HelmsBriscoe Education Webinar. This webinar would provide information on the entire State but would focus on Maui and offering incentives to attract business.

The team had attended the Business Event Industry Week, in which key industries in the MCI field came together to offer various events. This was very successful, and Meet Hawai‘i sponsored the IAEE Women’s Forum and entertained clients at several events.

The team had taken part in TOBUTOP Hawai‘i, which comprised presentations to group sellers of organizations in Tokyo and Osaka. Global Meetings Industry Day was also celebrated, including some initiatives by the HTA. Japan Sales Summit took place this past week. Derby Days of Washington D.C. was coming up.

Ms. Whitehead pointed to the effective work the client services team carried out to ensure that clients were well served. Debbie Zimmerman, the ‘Elele program Director, had assisted

groups to connect to the community and was involved from the start of each contract, bringing letters of support from the community.

The client services team conducted six site inspections during March, comprising five groups that had already made definite bookings and one tentative group for 2027.

Ms. Whitehead believed that the additional sellers would ensure effective progress for 2024. The first quarter, they generated 37,600 room nights and almost \$100 million in economic impact.

Chair Arakawa asked how long the corporate sales position had been vacant. He was told that the position had been vacant for about a year. It was initially filled by another person when negative press resulting from leaks in the building caused that person to resign. Chair Arakawa recalled that there had also been issues relating to the HVCB MMA contract, but he was happy they were heading in the right direction.

Chair Arakawa commented on the six Citywide events presently booked for 2027 and asked about the final goal for that year. Ms. Whitehead informed him that there was interest from several clients, with two ready to sign immediately and waiting for headquarters approval. She could not share the names of these groups because of competitive advantage, but she was willing to discuss the strategy at the next Committee or Board meeting.

The person who had just been hired for the corporate sales position was to start work at the end of May. The Citywide team would look at corporate groups that could be booked in the destination.

Chair Arakawa stated that following a meeting with himself and Convention Center staff, Vice-Chair Agas had asked for historical information about pace reports going back to the mid-20-teens, and this request would be made in writing.

There were no further questions from Committee or Board members.

7. HCC Roof Repair Project

a. Status of HCC Roof Repair Project

Mr. Choy presented a report on the construction schedule and stated that this would be made available to Committee and Board members. The schedule was going to be planned so far. He had created a physical wall outside his office where all documents and schematic drawings would be placed, as well as the Gantt chart.

b. HTA Project Timeline and Dashboard

The Gantt chart was supposed to have been submitted to Committee members but did not appear correctly in the printout. Mr. Choy promised to rectify this three days before the Board meeting.

Chair Arakawa pointed out that lack of funding was one reason the roof repair took so long.

c. Staff Assignments

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

Chair Arakawa informed the Committee that the legislature was to finalize the budget that day, but the details were unlikely to be public before the Board meeting. Mr. Nāho'opi'i believed details might be available by the end of the following week.

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

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

The HCC had prepared their budget request after robust discussions with Vice-Chair Agas, but discussion would be deferred until the following month. It was during the course of this meeting that Vice-Chair Agas had asked for historical data about pace.

10. Tourism Emergency Special Fund

a. Status of Use of the Tourism Emergency Special Fund

Mr. Kishi pointed out that the financial statement contained a summary of how this money had been spent.

Mr. Miyasato asked about the \$900,000 that had remained from this fund. Mr. Kishi responded that it was earmarked for programs, mainly for branding. Mr. Nāho'opi'i clarified that the money was not "remaining" since it had all been budgeted, projects were underway, and deliverables would be expected. Chair Arakawa explained that all the money had been encumbered under existing contracts, but some expenses had not yet been executed.

Chair Arakawa reminded the Committee that Items 10b and 10c had been discussed at previous meetings, as well as Members Miyasato and Dir. Tokioka had given suggestions

regarding actions to be taken and priorities concerning spending emergency funds.

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

Mr. Choy pointed out that procedures had been outlined in Section 10b of the printed material submitted to the Committee, and this section also contained definitions, rules, issues that should be considered, procedures for signing checks, and methods of obtaining approval. However, priorities had not been addressed. During the emergency, amounts of money to be given to certain contracts had been identified without considering that this implied subtracting money from other contracts.

Chair Arakawa stated that the priority was to expend the \$5 million of emergency fund money fully. The next priority was examining existing contracts that could be amended if possible. The third priority would be to look for additional money to be awarded to certain chosen contracts. He hoped that if and when another emergency occurred, a process would be in place so that it would not be necessary to spend six months just ironing out financial information. Priorities would be set as a recommendation from the Board, which would form instructions for staff.

c. Status of Federal Reimbursement for Wildfire Budget Requests

11. Branding Incremental Budget Requests

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

Mr. Kishi reported that there were no updates on this item.

Mr. Nāho'opi'i pointed out that a report had been presented at the meeting of the Branding Standing Committee earlier in the month, and this report contained data about return on investment (ROI).

Chair Arakawa reminded the Committee that some funds spent as part of the incremental request did not translate directly into a measurable ROI. Some money results in relationships and continuity that cannot be given a dollar value. Mr. Nāho'opi'i mentioned that issues such as travel trade education and providing more assets could not be considered direct results of advertising campaigns. Objectives other than financial gains had to be considered and could not be calculated using an ROI formula.

Some industry partners had questions about money spent, but did not translate into increased numbers of visitors.

b. Status of Contracts and Payments for all Branding Incremental Requests

12. Status, Discussion, or Action Relating to HTA Budget & Finance Issues, Policies and Procedures, etc.

a. HTA Past Due Accounts

i. Status

Chair Arakawa pointed out that the HTA had been criticized for this issue in the past and asked Mr. Kishi for information about the present situation.

Mr. Kishi reported that the HTA owed U.S. MMA their first \$6 million payment for January to March 2024 services, and he was working with the account staff to process this payment as rapidly as possible.

Four invoices totaling \$3.7 million were outstanding for the AEG contract. \$2.6 million was spent by the Department of Accounting and General Services, and checks would be cut very soon. The remaining \$1 million was due for December and January services. This was behind schedule because 25 invoices had to be reviewed before any check could be cut. Mr. Kishi had asked for extra assistance, and Mr. Choy had authorized staff to work overtime, noting that additional staff had been requested, but budgets had been cut.

Two invoices for the CNHA totaling \$47,000 were outstanding, and Mr. Kishi was working with the vendor and program staff to make a payment as soon as possible.

Chair Arakawa thanked the staff for their hard work.

ii. Policies and Procedures

Mr. Choy stated that the Board would be informed about standard policies and procedures.

b. HTA Contract Modifications

i. Status

ii. Policies and Procedures

There were no updates, but policies and procedures already existed for contract modifications. Chair Arakawa reminded the Committee that this issue arose because, at one time, a contractor failed to satisfy the deliverables and key performance indicators (KPIs) criteria. A suggestion has been made to waive the deliverables and KPIs. This had been rejected by the Board, which had reminded the HTA staff that any contract modification had to be approved by the Board. It was sometimes necessary to modify contracts, but it was important to follow agreed policies and procedures.

c. HTA Executive Employment Contracts and Bonuses

- i. Status**
- ii. Policies and Procedures**

This item was to be discussed by the Administrative and Audit committee.

d. HTA Travel Policies

- i. Status**
- ii. Policies and Procedures**

Chair Arakawa stated that work was in progress on this item.

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

- a. HTA Response to House Tourism Chair Quinlan’s Review Comments on FY 2024 Operating Budget: Status, Policies, Procedures and Board Approval**

Chair Arakawa stated that this would be tabled at the next meeting.

- b. HTA Policies and Procedures for Communications Regarding HTA Budget, including Prompt Transmittal to the Board, Timely Responses, and Follow-up Actions on Matters Including Possible Violations of Laws or Contracts**

Mr. Choy stated that Mr. Kishi had done an excellent job balancing the budget, but there might be a newer scheme next year. It was important to ensure that policies and procedures would be in place in case there were modifications to contracts. There had to be a protocol for communicating changes.

Chair Arakawa stressed the importance of informing the Board on a timely basis. The Board needed to make a policy instructing staff on a protocol to be followed. It was important for staff to know that they were following the rules.

Chair Arakawa asked whether any communications had been received from the legislature and pointed out that since he had been on this Committee, this was the first year in which the Committee had not been involved with the legislature, had not been briefed on any budget negotiations, or received any worksheets. He wondered whether this would be the future situation but assumed that he would be informed in a few days.

Chair Arakawa informed the Committee that the administrative audit team had requested an interview with a member of the accounts staff, and the staff member had asked Mr. Choy to be present at this interview. The Chair pointed out that during a previous meeting, a memorandum and an opinion had been requested from the Attorney General regarding two issues about audit interviews, and he wanted to be assured that communications to

the auditors had been as expected.

Mr. Nāho'opi'i replied that this issue was to be discussed by the Administrative and Audit Standing Committee.

Chair Arakawa responded that he had been given permission to discuss this issue by Mr. White, the Chair of the Administrative and Audit Standing Committee because it concerned a staff member who was to be interviewed by the auditors. This item was removed from the agenda without consultation with Chair Arakawa. Mr. Nāho'opi'i ought to be concerned about the protection of employees and should be concerned to observe the Attorney General's memorandum and opinion to protect the HTA staff.

Chair Arakawa asked Mr. Nāho'opi'i whether a letter had been written to the auditors about whether an employee was entitled to be assisted by a person of their choice, in this case, the Vice-President of Finance, and whether they were entitled to have a recording made of their interview.

Mr. Nāho'opi'i explained that the request for a letter came from Mr. Choy, and there had been no direct request to send a letter to the auditors. After consultation, Mr. Nāho'opi'i decided not to write a direct memorandum but to meet with the head auditor, explain the situation, and transmit the same information to the auditor.

Chair Arakawa asked whether there was any written statement, and Mr. Nāho'opi'i responded that there was none. Asked by the Chair whether the auditor was his friend, Mr. Nāho'opi'i replied that he had aired the staff and leadership concerns at his official interview with the auditor. Mr. Nāho'opi'i had worked with Mr. Kishi, and concerns had been communicated to the auditors, who had addressed specific issues during each interview. So far, the audit interviews have been comfortable for staff and auditors.

Chair Arakawa asked whether the auditors had agreed that staff members could be accompanied by someone at their interview. Mr. Nāho'opi'i replied that this had not been discussed with the auditor. Chair Arakawa asked whether the auditor had agreed that employees could record their interviews. Mr. Nāho'opi'i replied that during his initial presentation, the auditor had explained what staff could do during their interview.

Chair Arakawa pointed out that it was important to follow the law and to ensure that employees were provided with the protections spelled out under their contracts. Anything further came under Mr. White's Administrative and Audit Committee, which affected every item on this list.

The Chair stated that discussions could continue later relating to removing items from Committee agendas and dictating which items could or could not be placed on an agenda.

14. Adjournment

Chair Arakawa adjourned the meeting at 4:32 p.m.

Respectfully submitted,

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

Sheillane Reyes
Recorder