



Ke'ena Kuleana Ho'opipa O Hawai'i  
1801 Kalākāua Avenue  
Honolulu, Hawai'i 96815  
**kelepona** tel 808 973 2255  
**kelepa'i** fax 808 973 2253  
hawaii tourism authority.org

**BUDGET, FINANCE, AND CONVENTION CENTER STANDING COMMITTEE MEETING  
HAWAII TOURISM AUTHORITY  
Wednesday, February 19, 2025, at 3:00 p.m.**

**Virtual Meeting**

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

<b>MEMBERS PRESENT:</b>	David Arakawa (Chair), Kimberly Agas (Vice-Chair), Roy Pfund, James Tokioka (Ex Officio, DBEDT Director), Mike White
<b>MEMBERS NOT PRESENT:</b>	Stephanie Iona
<b>NON-VOTING MEMBER:</b>	Todd Apo
<b>HTA STAFF PRESENT:</b>	Daniel Nāho'opi'i, Isaac Choy, Talon Kishi, Caroline Anderson
<b>LEGAL COUNSEL:</b>	John Cole

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

Chair Arakawa called the meeting to order at 3:38 p.m. Mr. Nāho'opi'i did the cultural 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 conducted the roll call. All members confirmed their attendance and said that they were by themselves except for Chair Arakawa and Mr. Pfund, who were in the HTA conference room.

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

Chair Arakawa moved the motion to approve the minutes, and Vice Chair Agas seconded it. There was no further discussion or questions, and the motion passed unanimously.

**4. Motion, Presentation, Discussion, and Action on the Hawai'i Tourism Authority's (HTA) January 2025 Financial Report; Recommend approval**

Chair Arakawa proposed a motion to recommend approval to the full Board of the HTA's January 2025 Financial Report. Mr. Pfund seconded the motion.

Mr. Kishi proceeded to present the financial report covering the period from July 1, 2024, to January 31, 2025. The total expenditure amounted to \$16.7 million, with a remaining encumbrance balance of \$27.1 million, resulting in \$43.8 million out of the \$63 million budget. Mr. Kishi stated that this put the remaining balance to spend or encumber at \$19.2 million.

Vice President in charge of Finance, Mr. Choy, asked whether this included the 10% restriction amounting to \$6.3 million, to which the answer was no.

Chair Arakawa asked whether the remaining money would be spent, and Mr. Kishi replied that the money would either be spent or encumbered.

Mr. Pfund asked how much would be left over, and Mr. Kishi responded that he was working on producing a projection for the next Board meeting.

Following up on Mr. Pfund's question, Chair Arakawa asked when the proper time would be to accrue the \$6.3 million required by the government.

Mr. Choy responded that this amount was still to be allotted to the HTA, but once allotted, it would be money in the bank and show in the HTA books.

Mr. Kishi informed members that he worked with the Department of Business, Economic Development, and Tourism (DBEDT) to release the \$6.3 million to the HTA's account. He was to submit a request to DBEDT to allot the money, and DBEDT would then submit the request to the Department of Budget and Finance (B&F) to release it. Mr. Kishi expressed his appreciation for Dir. Tokioka's cooperation.

Chair Arakawa asked how many more weeks the process was expected to take.

Mr. Kishi estimated that this would be about another two to three weeks. He added that he had been working with Mr. Nāho'opi'i and Mr. Choy to submit a request to release \$300,000 of the \$6.3 million from the payroll account into their OCE, which was contract expenditures. Although \$300,000 had been allocated to payroll, reallocation from payroll to OCE was not usually allowed, but B&F would approve this if a request with sufficient justification were submitted. Given the circumstances, Mr. Kishi believed that B&F would approve, though it might take slightly longer than expected.

Chair Arakawa asked Mr. Kishi to explain the acronym OCE, which referred to "Other Current Expenditures."

Mr. Kishi reviewed the slide showing expenditures for sports and signature events. He had made a slight adjustment to separate signature events from the sports opportunity budget line. He mentioned that \$460,000 for signature events was unallocated so far.

Chair Arakawa thanked him for separating these two budget items. Mr. Kishi added that while the two categories were separated in the tabulation, they were combined in the pie chart.

Mr. Kishi asked whether further updates would be made for sports and signature events before the next meeting. The answer was none.

Chair Arakawa inquired whether there were any questions or comments about page 3 of the presentation.

Dir. Tokioka asked Mr. Kishi if he could give a detailed breakdown of the third expenditure item, football, with a budget of \$955,000. Mr. Kishi stated that he did not have it at that time.

Chair Arakawa explained that the L.A. Rams project was a contract amount, but the contract had not yet been executed.

Dir. Tokioka responded that he and Gov. Green had met with the Las Vegas Raiders and hoped to arrange for every time the UNLV football team played, they could use Allegiance Field as their field as they played UNLV every other year. The President of the Raiders had stated that this was feasible and promised to work with the Allegiance Stadium to determine if it was possible.

Dir. Tokioka continued that during the discussions, the Raiders had seen that the L.A. Rams had a potential contract with Hawai'i and asked if they could be included. However, the director knew the contract was specifically for Los Angeles. He asked Mr. Nāho'opi'i to give further details and particularly to explain whether it was true that the contract for the L.A. activation for football was specifically for the L.A. Rams and could not be for Las Vegas.

Mr. Nāho'opi'i confirmed that this team had been selected because the Los Angeles target market and audience were the largest in Southern California. The Rams were the team for that area and had fans in that region. The selection had been made based on both geography and the team.

Dir. Tokioka responded that he would explain the Rams' situation to the Raiders, even though they would not like it, especially given their offer to use their stadium. He added that the L.A. Chargers had been in touch to support girls' flag football in Hawai'i, and had been made aware of the Rams contract. He questioned whether the same standard would apply in this case, given that the Chargers were based in Los Angeles. He inquired whether they could participate in the request for proposal (RFP) if and when one was issued for support of a football team from the Los Angeles area.

Mr. Nāho'opi'i commented that this might entail an issue of timing since this involved FY25 money.

Dir. Tokioka asked when coordination with the Rams had taken place the previous year.

Mr. Nāho'opi'i responded that he believed Dir. Tokioka was referring to the tie-in to the L.A. activation that had taken place in September 2024. He pointed out that the HTA funds had not been used for the game or tie-ins, such as the Governor going onto the field or the media coverage. Funds had been used for media coverage, not for a contract with the L.A. Rams. The last time the HTA had a contract with the Rams was in 2019.

Dir. Tokioka asked whether the potential contract with the Rams was a sole-source contract, and Mr. Nāho'opi'i stated that he had to check, but the contract seemed to be going through the process of a sole-source procurement for SPL.

Chair Arakawa asked whether the procurement office had been notified about the existence of another L.A. professional football team. Mr. Nāho'opi'i stated that the HTA would explain to the procurement office.

Chair Arakawa recalled that the NFL had mandated using the L.A. Rams, although Mr. Nāho'opi'i stated that he could not remember.

Chair Arakawa stated that the HTA would work with the procurement office. Their goal was to address the target market, California and Los Angeles in particular. Since there were two professional football teams in Los Angeles, it might be necessary to issue an RFP.

Dir. Tokioka reminded committee members of the importance of avoiding violating procurement rules. He was unsure whether the Chief State Procurement Officer knew that Los Angeles had two professional football teams.

Chair Arakawa was unsure whether that had been disclosed in the request for exemption.

Mr. Choy inquired how the Raiders situation could best be managed.

Dir. Tokioka responded that he would explain the situation to the Raiders when he saw the contract. However, he noted that the LV Raiders had donated \$50,000 to girls' flag football in Hawai'i and was asked to host a home game away from Hawai'i. Therefore, he understood their concern about not being considered for a promotion. Dir. Tokioka suggested that the issue could be discussed later.

Chair Arakawa noted that the HTA had a new sports director who could look into this opportunity. However, he hoped that this opportunity suggested by Gov. Green and Dir. Tokioka will be explored further.

Mr. Kishi resumed his presentation, referring to the pie chart, which showed no changes in the breakdown for the FY25 budget. The subsequent slide was a bar graph comparing program expenditures in FY25 with FY24, in which there were no changes from previous months.

Mr. Kishi continued with a summary of other funds. The year-to-date expenditure of General Funds amounted to \$7.8 million, leaving a fund/encumbrance balance of \$360,000.

Chair Arakawa remarked that this seemed to imply the loss of about \$7.3 million and inquired about lapsed funds. Mr. Kishi promised to check.

Mr. Kishi stated that the Tourism Special Fund was frozen because it was sunsetted in 2022. This fund had a year-to-date \$92,000 cash balance and an encumbrance balance of \$732,000. Given that only encumbered funds could be spent, this implied that the HTA was limited to spending \$732,000, with \$7.8 million in the Special Fund rendered unspendable. Mr. Kishi believed these funds were the funds that Chair Arakawa had requested.

The Tourism Emergency Special Fund's (TESF) expenditures to date, from August 2023 to January 2025, amounted to \$4.8 million. Mr. Kishi stated that more detailed information was available on page 15 of the monthly financial statement, where expenditures were broken down project by project.

Mr. Kishi noted that the Economic Development Administration (EDA) American Rescue Plan Act (ARPA) fund year-to-date expenditure had been \$3.1 million, with a fund balance of \$8.4 million and an encumbrance balance of \$5.3 million.

Chair Arakawa asked if the EDA ARPA funds had already been spent, and Mr. Kishi reminded him that the total grant was \$14 million.

Dir. Tokioka inquired about the \$800,000 balance in the TEF.

Mr. Choy replied that there was a cash balance of \$534,000, implying that a further \$200,000 had to be spent.

Dir. Tokioka repeated his question, and Mr. Kishi clarified that \$200,000 of the \$5 million had to be spent, but the actual cash balance in the bank was \$534,000, upon which interest was earned.

Dir. Tokioka asked whether, when they spent the \$200,000, there would be \$300,000 left, and Mr. Kishi confirmed this.

Chair Arakawa suggested that the presentation could be amended when the report was presented to the Board because Board members and the public liked to know the details.

Mr. Pfund recalled that the Board had previously been informed that the emergency fund was to be replenished.

Mr. Choy responded that the application had been made, but Dir. Tokioka commented that everyone knew that would not happen.

Mr. Choy replied that they had not received a rejection letter, and the HTA's request was at DBEDT.

Dir. Tokioka asked whether the HTA staff were concerned about the possibility of ARPA funds being taken due to cuts in federal funding.

Ms. Anderson responded that the staff had spoken to their EDA representative, who was still allowing them to draw on the funds and had promised to inform them of any further issues. The HTA was working with the Department of Land and Natural Resources (DLNR) to produce a plan because half of the fund was for DLNR projects, and it was important to ensure that both DLNR and HTA projects would continue.

Mr. Pfund expressed concern about cuts in federal funds.

Ms. Anderson explained that the issue was the money could not be banked. Mr. Kishi had explained that if they drew the money down, it had to be spent within three months. However, the projects would not be finished in three months.

Dir. Tokioka asked Ms. Anderson to be vigilant and keep the Board informed since the cuts in human services were significant. He emphasized the need to ensure that the federal money was spent.

Mr. Kishi continued his presentation, stating that the Hawai'i Convention Center (HCC) General Funds for FY24 had a fund and encumbrance balance of \$2 million. The HCC Special Fund's year-to-date revenues were \$13.1 million, consisting of transient accommodations tax (TAT) of

\$11 million, \$1.2 million from HCC operations, and \$956,000 from interest, resulting in a cash balance of \$46.1 million. Of this amount, \$34 million was reserved for FY25 operations, and \$11 million was to be returned to B&F for FY24 HCC operations, with the transfer to be completed in FY26.

Mr. Kishi stated that the HCC Rooftop Repair Project's year-to-date expenditure amounted to \$1,968,278.

Mr. Choy mentioned that the entry wrap was falling apart due to recent heavy rains, particularly on the Kalākaua Avenue side. He suggested the possibility of an emergency operation to fix the wall before it collapsed onto the avenue.

Dir. Tokioka asked Mr. Choy to obtain the necessary information from the engineers so that the request could be sent in as soon as possible before any collapse occurred.

Mr. Kishi stated that he had concluded his presentation.

Chair Arakawa suggested that another bullet point addressing this urgent repair could be added to the presentation for the full Board.

Mr. Choy added that Mr. Kishi had done excellent work on providing detailed information about expenditures for the different programs. Mr. Choy found it very useful to see the status of each program every month, and he added that this would provide additional information for Board members.

Chair Arakawa explained that Mr. Choy was referring to page 4 of the financial statements, showing the budget status of each program. He added that the financial statement also showed the status of the bank accounts.

There were no questions from committee members, Board members, or the public, and no objections or abstentions to the motion. Chair Arakawa noted that none was heard, and the motion was approved.

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

Chair Arakawa proposed a motion to recommend approval by the full Board of the Hawai'i Convention Center's (HCC) January 2025 Financial Report and Update on the HCC's 6-Year Repair and Maintenance Plan. Mr. Pfund seconded the motion.

The General Manager of the Hawai'i Convention Center, Ms. Teri Orton, presented the January 2025 financial report. During January 2025, the HCC had hosted 18 events, three more than budgeted, including repeat and growing Citywide events such as the AAAE Transpacific Volleyball Tournament, which brought in over 15,000 participants. The center also hosted 17 local events, including the Sony Open Gala Dinner, the Hawai'i Dental Association, and another local tournament that brought in an additional 10,000 guests.

Ms. Orton stated that the total revenue for January 2025 had been \$1.4 million, exceeding the budget by \$169,000 and reducing the net loss by \$358,000 compared with the budget. The fiscal year was projected to end with a net loss of \$2 million, \$1.2 million better than budgeted and showing an improvement to the bottom line. Nine Citywide events and many local events were scheduled before the end of June 2025, making the period extremely busy and continuing to improve the bottom line. Ms. Orton noted that Mr. Choy always encouraged the center to aim at breaking even, and this could not be achieved without a balance of Citywide and local business.

Ms. Orton noted that the return on investment (ROI) was \$10.33 for every dollar invested, emphasizing that it was well worth the investment to encourage groups to select Hawai'i for their conventions. She explained that during the course of the current fiscal year, the center was to host a total of 18 Citywide events, which were estimated to bring in about 67,000 attendees, generating a total of 111,434 room nights for hotel partners and, for the State, nearly \$380 million in economic impact along with \$44.4 million in tax, exclusively from Citywide events. Ms. Orton thanked Ms. Whitehead and the Meetings, Conventions, and Incentives (MCI) team for keeping the building full.

Ms. Orton provided a snapshot of the future, relying on a balance between Citywide and local business. Each of these segments consisted of a mixture of associations and corporate business. Ms Orton noted that corporate events had contributed to their most successful years since these guests were high spending, particularly on food and beverages both in the center and in their hotels. These visitors were incentive-based travelers, top sellers in their organizations, who were given stipends to spend on optional tours, shopping, and dining, making them the quality travelers Hawai'i targeted.

Ms. Orton displayed a bar graph showing the future pace report for Citywide events for the next eight years, with different color codes for definite and tentative business. She reminded members that the schedule was to be modified in 2026. Two of the five events scheduled for 2026 were to be postponed to future years (2027 and 2028), while the other three self-contained events would remain on-island in 2026, keeping the incentive dollars in Hawai'i but being transferred to hotels.



Ms. Orton highlighted the importance of conversion from tentative business to definite business. She stated that the conversion rate was about 40%. Referring to the future pace bar graph, she noted that even if they were lucky enough to convert 50%, the center would still be behind pace for future years. Ms. Orton added that ideally, their booking pace should be between 23 and 25 Citywide events per year, and significant work and resources were needed to achieve this. She added that the Hawai'i Visitor and Convention Bureau's (HVCB's) incentive dollars were capped at \$500,000 annually. Some years (2025-2028) had already reached this cap, implying that additional funding would be needed to secure business.

Ms. Orton requested additional resources to be allotted. She explained that if the HVCB had to cut back its budget to subsidize more incentive dollars, this would reduce sales calls, trade shows, and travel, diminishing face time with customers and opportunities to prospect business to fill the tentative pipeline. She asked for consideration for the bureau, as this impacted the center and hotels. Without an incentive offer, the HCC would be less competitive with other cities in the convention market.

Ms. Orton mentioned that Ms. Whitehead had surveyed 47 other Destination Marketing Organizations (DMOs) in competing cities and had found that 95% offered incentive funds to meeting partners. It was concerning that the cap for incentive funds had already been reached for some years, impacting the convention center. She hoped that discussions and meetings would provide solutions.

Mr. Pfund asked for more details about the source of the incentive money. Ms. Orton clarified that it was part of Hawai'i Visitor and Convention Bureau's (HVCB's) budget under the Meet Hawai'i contract, and Mr. Choy confirmed this.

Mr. Pfund asked where the incentive program fit within the HCC's operations, sales, and marketing sides and how the problem could be solved. Mr. Nāho'opi'i explained that the HCC and Meet Hawai'i met weekly for incentive approval, to be signed off by both parties and the HTA. When Meet Hawai'i made a sale, they calculated the necessary incentive, with suggestions from Ms. Orton, and all parties signed off.

Mr. Pfund suggested making incentives more definite in the budget request.

Chair Arakawa noted that there had been issues four years previously due to the splitting of MFF between Sales & Marketing and Operations, and there was ongoing legislation to bring the departments back together. He agreed with Mr. Pfund's comment and suggested that Ms. Orton work with the HVCB on a white paper explaining the issue and attaching the list of 47 other DMOs to support the case for the following year's budget request.

Mr. Nāho'opi'i mentioned that the staff had requested an increase in the MCI budget from \$500,000 to \$600,000, but in the final version of the budget, the Governor had decreased the amount. The Board would need to adjust the final budget in May to account for an incentive increase.

Chair Arakawa reminded Mr. Pfund of a previous request for staff to designate budget expenditures in terms of high priority at \$70 million, medium priority at \$10 million, and low priority at \$12 million. He inquired whether MCI had been considered a high priority, and Mr. Nāho'opi'i confirmed that MCI had been designated as a high-priority base service item.

Mr. Choy reminded members that before discussing MCI and MFF, it was important to discuss compensation levels, performance formulas, and audit ROI figures with Ms. Orton and the Brand Manager. He referred to the importance of discussing probable outcomes and pointed out that if the business model remained unchanged, little might be accomplished. He added that he had requested baseline information over a month previously.

Chair Arakawa asked Ms. Orton about the best time to discuss this issue, at present or after the construction. Ms. Orton replied that the HCC and MCI staff were always ready. Her concerns related to 2025, 2027, and 2028 businesses that needed incentive dollars since the threshold had already been reached. Additional funding would be needed to be competitive, and the Citywide sellers were currently at a halt due to the lack of incentives.

Ms. Orton added that the Japanese corporation Daito wanted to use the HCC in 2025 and expected incentive money. Daito brought in 4,000 participants, spending over \$1 million on food and beverages at the HCC and staying at multiple properties. If the cap on MFF were not increased, the center would be walking away from this business. Ms. Orton wanted to be transparent about the types of business they were turning away, of which Daito was just one example; there were others in the pipeline.

Mr. Pfund agreed with Ms. Orton's assessment. As visitor industry members, committee members saw the positive impacts of group business, especially Citywide events or even the smaller hotel-based events that Meet Hawai'i coordinated. These groups spent a disproportionate amount per head. Mr. Pfund had spoken with MCMAs and PR companies, noting that groups of 400-500 could spend multimillion-dollar amounts. Citywide events such as Daito were significant, and many activities were conducted at the HCC and hotels. He emphasized the importance of cultivating these groups.

Mr. Nāho'opi'i apologized that the discussion of this issue had been deferred at the recent meeting of the Branding Standing Committee, although it had been on the agenda. He promised to try to include it on the agenda for the full Board meeting.

Chair Arakawa asked Ms. Orton to include the two slides showing consumption and Citywide business OTB in the presentation for the full Board meeting. He added that these slides were important for transparency. Ms. Orton apologized and promised to provide these two slides for the full Board meeting. The slides were added to the presentation at the last minute based on a recent discussion on the cap for MFF. She stated that it was imperative to resolve this issue.

Chair Arakawa thanked Ms. Orton for the information.

Mr. White asked Ms. Orton about the approximate dollar amount of the incentive for Daito. Ms. Orton responded that the incentive for this convention of 4,000 delegates totaled \$27,000, and Mr. White thanked her.

Mr. Kishi asked whether Ms. Orton's slide referred to the calendar or fiscal years. Ms. Orton replied that the Pace report prepared for the visitor bureau referred to the calendar year. She promised to submit the two additional slides for inclusion in the full Board meeting materials.

Ms. Orton mentioned a few recent events hosted by the HCC. The Tandem Transplantation & Cellular Therapy Meetings of ASTCT and CIBMTR resulted in 4,500 participants. Unfortunately, heavy rain had fallen during their meeting, and the escalators had gone out of action. Ms. Orton reminded members that the escalators were to be repaired during 2026. When they returned, the Tandem group had been promised that the building would be in better condition.

Ms. Orton informed members that the NDIA Citywide conference, the Pacific Operational Science and Technology Conference, with an estimated 1,700 participants, had a four-year contract and had decided to stay and be self-contained at a hotel in 2026. Other upcoming events include the Honolulu Festival 2025 and Kawaii Kon 2025, with participants estimated at 15,000 and 20,000, respectively. The HCC was to host 56 local events and 5 Citywide events in the next three months.

Ms. Orton mentioned that the HCC reforestation project had planted 492 legacy trees to date, resulting in an offset of 12.43 metric tonnes of carbon dioxide.

In the absence of Ms. Mari Tait, the HCC Director of Operations, Ms. Orton reviewed some current projects. The repair team was in the process of re-waterproofing and resealing all the planters. Each planter had been excavated to inspect the damage, after which a repair method was devised for each planter since most had different issues that had to be solved by different methods. The installation of LED lights had recently been finished for Exhibit Halls 1 and 2 and most of the meeting rooms on one side of the building. Work in meeting rooms on the other side would be postponed until after 2026, when the rooftop renovation would be completed.

Ms. Orton stated that exterior painting was progressing well, and was now at the back of the building, with interior painting beginning soon. The list of renovation projects has been divided into three categories:

- Improving Guest Experience
- Improving the Building
- Improving Department Efficiency.

Ms. Orton presented a list of major repair projects showing cash flow and anticipated completion date for each project. She explained that the list had been broken down according to project managers because there were two project management companies, Cummings and RLB. RLB was to be the project manager for the rooftop project and the secondary project manager on site for projects in the pipeline. Ms. Orton provided a list of projects completed to date.

Mr. Kishi stated there were no questions.

Chair Arakawa asked if there were any objections or abstentions from the motion to recommend approving the Hawai'i Convention Center's (HCC) January 2025 Financial Report and Update on the HCC's 6-Year Repair and Maintenance Plan. Hearing no objections or abstentions, the recommendation to the full Board was adopted.

Chair Arakawa thanked Ms. Orton for her presentation and report.

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

Mr. Kishi stated that the Director of Plan, Ms. Caroline Anderson, would make the presentation.

Ms. Anderson stated that the committee packet contained a staff report for this agenda item related to the BED114 budget line item for Oceania. The staff requested \$90,000 from this line item to attend the IPW trade show, the U.S. Travel Association's largest international trade show.

Ms. Anderson explained that this request was being made because, due to the 10% restriction, the brand management and marketing budget had been cut, and the line item for Oceania had available funds. Oceania was an important market for Hawai'i, and the HTA team had attended this trade show, along with representatives of other international markets, every year for the previous 20 years. Ms. Anderson added that the HTA's presence at this show was important for

conducting business and face-to-face interaction with travel trade professionals, travel media, and travel operators. The staff requested \$90,000 to attend this event.

Mr. Nāho'opi'i mentioned that Hawai'i Tourism Oceania played a significant role in and benefited from IPW, taking appointments and being active in several activities.

Mr. Pfund noted that Oceania, specifically Australia and New Zealand, had been a significant international market for Hawai'i despite current exchange rate issues. He asked whether transferring money from one fund to another presented an administrative issue.

Chair Arakawa expressed his appreciation for this question.

Mr. Choy clarified that funds were not being moved but that one convention meeting was being supplanted by another for marketing purposes.

Chair Arakawa noted that the license permitted supplanting.

Given its importance, Mr. Choy asked Ms. Anderson why the meeting had not been budgeted. Mr. Nāho'opi'i explained that it had been budgeted, but the funds had been removed due to the Governor's 10% restriction.

Chair Arakawa responded that the Governor's 10% restriction had not deleted specific items from the budget, but had deleted 10% of the whole budget, and the HTA was to decide where the 10% would come from.

Mr. Nāho'opi'i stated that the general guidance of B&F was to remove 10% from every line item.

Chair Arakawa asked if the directive implied that \$90,000 was 10%. Ms. Anderson clarified that 10% was \$320,000 from the destination line item.

Chair Arakawa pointed out that it was not the Governor, but the HTA that decided how to allocate the funds. Mr. Nāho'opi'i reiterated that the guidance was to remove 10% from every contract.

Chair Arakawa responded that more than 10% had been taken from Oceania. Mr. Nāho'opi'i explained that the previous year's budget line item for Oceania had been \$1.3 million, but the contract was \$900,000 for the current year.

Chair Arakawa asked Mr. Choy for clarification, and Mr. Choy confirmed that the action was legal because IPW was an international convention, and Oceania was an international marketing department.

Vice Chair Agas asked whether Ms. Anderson was referring to the June 2025 show in Chicago, which Ms. Anderson confirmed.

The Vice-Chair asked how much was being requested. Ms. Anderson replied that \$90,000 had been requested to cover food, registration, provision of entertainers, décor, PR funding, four booths, and coordination of the Hawai'i aisle with industry partners.

Vice Chair Agas asked if the outcome of attendance at this show had ever been evaluated. Ms. Anderson responded that appointments were tracked, along with an evaluation of meetings with travel trade operatives, the satisfaction of Hawai'i partners, and how well the destination was showcased.

Mr. Nāho'opi'i offered to send the evaluation results to all Board members.

Chair Arakawa suggested that the key performance indicators (KPIs) should be evaluated, and Mr. Nāho'opi'i stated that the KPIs were specified in the budget request.

Chair Arakawa suggested that performance could be improved.

Mr. Choy asked whether room nights booked were tracked, and Ms. Anderson replied negatively.

Mr. Choy suggested that booking room nights would be a good KPI.

Mr. Pfund responded that it would be challenging to track room nights since many attendees were groups who repackaged Hawai'i's offerings themselves, making it difficult to gather such information.

Chair Arakawa mentioned that Mr. Choy had referred to room nights from Oceania and emphasized the importance of knowing if appointments were booked since they were investing \$90,000.

Ms. Anderson explained that global marketing partners met with tour operators and shared information about Hawai'i as a destination rather than converting directly.

Mr. Choy expressed his concern about spending \$90,000 without evaluating its effect. Ms. Anderson clarified that discussing the destination sparked ideas for tour operators to include in their packages, fostering international market growth through travel trade shows and building relationships with travel trade and media.

Mr. Pfund added that Hawai'i-based hotels participated in IPW, seeing the value of generating business and exposing their products.

Chair Arakawa proposed a motion to recommend that the full Board approve the HTA staff's recommendation for \$90,000 towards activities for IPW 2025 from Program ID BED 114. Mr. Pfund seconded the motion. With no further discussion or objections, Chair Arakawa stated that the motion had been carried.

The Chair thanked Ms. Anderson for preparing the report.

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

Chair Arakawa asked whether there were any updates from the Finance staff, and Mr. Nāho'opi'i responded that they had received a memorandum from the Governor's office in the previous few hours.

Mr. Kishi stated he had not had time to prepare a presentation but could briefly review the memorandum.

Chair Arakawa asked that the memorandum be circulated to Board members.

Mr. Choy pointed out that it had been received briefly before the meeting.

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

During the previous meeting, Mr. Kishi reminded members that he reviewed the budget updates and the Governor's decision regarding the fiscal biennium. Mr. Nāho'opi'i mentioned that some extra funding had been received.

Mr. Kishi noted that the Governor had agreed to appropriate an additional \$9 million to the HTA's operating budget, divided as follows:

- For FY26, the Governor had recommended an additional \$6 million for Branding and marketing for FY26 comprising an additional \$3 million for the U.S. market and a further \$3 million for the Japan market.
- For FY27 the Governor recommended an additional \$3 million for the Japan market.

This resulted in a total recommendation of \$9 million.

Mr. Kishi added that this information had been received from DBEDT just a few hours previously.

Mr. Choy pointed out that this funding was an appropriation or a request, so it was subject to approval by the legislature. However, it was the recommendation of the Governor.

Mr. Pfund responded that this was good news.

Chair Arakawa stated that this implied that, in addition to the \$70 million base budget, an additional \$9 million was to be divided between the next two fiscal years, \$6 million for FY26 and \$3 million for FY27.

Mr. Choy commented that it was hoped that the legislature would not allocate \$60 million and then add \$9 million on top.

Chair Arakawa asked Mr. Kishi to circulate the memorandum to Board members, and Mr. Kishi agreed.

Chair Arakawa stated that this discussion had covered Agenda Items 7a and 7b.

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

**c. 2023 Legislative Audit Pursuant to HRS 23-13**

**i. Status and Budget, Finance, and Accounting Issues**

Chair Arakawa asked about the progress of the legislative audit, and Mr. Choy responded that he had received no communications from the audit team.

**d. Tourism Emergency Special Fund**

**i. Status of Use of the Tourism Emergency Special Fund**

Chair Arakawa asked about the status of using the TESF, and Mr. Nāho'opi'i replied that the legislature was considering bill SB986 to define the allowable types of emergency conditions and situations. If the conditions had not been defined, it would not have been possible to complete a discussion on procedures and qualification of projects.

Chair Arakawa agreed that this discussion had to be put on hold for now.

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

Mr. Nāho'opi'i stated that policies were in place to identify whether or not projects were qualified. Chair Arakawa thanked Mr. Nāho'opi'i for the update on Agenda Item 7(d)(ii).

The Chair informed Mr. Pfund and members of the public that the items in Agenda Item 7 had arisen either during legislative hearings or during the ongoing audit. These were issues about which there was public concern, so the Chair intended to hold discussions about them in every meeting where time allowed.

**e. Wildfire Incremental Budget Requests**

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



There were no updates on this topic.

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

Chair Arakawa suggested that if these matters were already completed, the HTA staff could draft a report or white paper to remove them from the agenda.

**f. HTA Budget & Finance Issues, Policies and Procedures**

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

Chair Arakawa asked for any update on the past due accounts.

Mr. Choy informed the Chair and members that two major vendors had past-due accounts. He was currently working on the HVCB account and hoped to finish it in the next two weeks. The problems were related to a lack of contract modifications, so he had to address that issue before getting payments back on track.

Chair Arakawa responded that the HVCB had asked Board members for payment, having pleaded for more than a year.

Mr. Choy estimated that the CNHA was owed \$4.6 million and believed the amounts due to both vendors were in the millions.

Chair Arakawa inquired about the longest invoice date for the HVCB, and Mr. Choy responded that the CNHA had an invoice pending for 400 days, but he was not sure about the HVCB.

Chair Arakawa asked about Anthology, and Mr. Choy replied that Anthology's debt was small, needing only reconciliation. The HTA had owed them two more payments than what was on the books, about \$30,000.

Mr. Nāho'opi'i confirmed that this issue had been addressed.

Chair Arakawa inquired about VASH, and Mr. Choy replied that he had solved their problem in 45 minutes.

Chair Arakawa asked how long the VASH amount had been outstanding. Mr. Choy replied that the final payment was a quarter of the amount and had been managed; it was \$240,000.

Asked by Chair Arakawa if he had a report, Mr. Choy replied that he would prefer to report when all the payments had been completed.

However, Chair Arakawa requested a status report to show that progress was being made.

Mr. Choy replied that they were doing their best to sort out these issues.

Chair Arakawa noted that it would be beneficial to present a report for the next Board meeting, as some of the vendors would be in the room and had been calling Board members.

Mr. Choy responded that he hoped to report that all payments had been completed at the next BFCCSC meeting but would not be ready at the next Board meeting.

Mr. Choy agreed to do so based on Chair Arakawa's insistence that a status report be presented at the next Board meeting. The Chair noted that the vendors had not attended the present meeting but were likely to attend the next Board meeting.

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

Chair Arakawa asked for updates on Agenda Item 7(f)(ii), related to procurement.

Mr. Choy commented that (i) and (ii) were related, and as he had mentioned earlier, necessary contract modifications had not been made on the two major contracts. He and his staff were working through that.

Chair Arakawa stated that the chief procurement officer (CPO) detected procurement violations during the review. So far, four vendors involved in these violations have been identified, and they have been notified about the violations. Chair Arakawa believed that the due diligence process was ongoing, starting with DBEDT, then the chief procurement officer, and finally the comptroller's office. These violations were related to "after the fact" payments, a way to get small vendors paid.

The Chair asked Mr. Choy how far the process had gone, and Mr. Choy replied that the documentation had already passed through DBEDT and had reached the Chief Procurement Office.

Mr. Nāho'opi'i mentioned that one violation had already been answered, although Mr. Choy stated that he had not seen any response.

Chair Arakawa emphasized that a report on the status of these four violations must be presented at the next Board meeting and inquired whether there were any more procurement violations. Mr. Choy responded that he was looking into two more violations.

Dir. Tokioka noted that he had signed off on the violations last week. The director stated that he had to leave to attend another meeting.

Chair Arakawa thanked Dir. Tokioka for his work, and the director also thanked the Chair for his effective leadership of the committee.

The Chair believed that as time went on, the work would become easier, and his goal was to avoid any Agenda Item 7 in the future. He added that all four procurement violations were at the CPO, having been signed off and sent forward by DBEDT during the previous week. He requested that the report for the Board meeting include a status update on these violations and how they could be avoided in the future. Some of these issues had already been mentioned in the governance report and should have been addressed.

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

Chair Arakawa stated that this item was to be deferred. He had wanted to ask why Mr. Choy and Ms. Anderson were the only executives without bonus clauses in their contracts. However, this issue could be addressed later. Apparently, all bonuses had been suspended.

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

Chair Arakawa had some questions but did not expect information at the present meeting.

**g. Hawai'i Convention Center Budget & Finance Issues**

Chair Arakawa asked Ms. Orton whether everything had been covered after her presentation and if she would be prepared to present at the next Board meeting. Mr. Nāho'opi'i mentioned that the item would be on the agenda if possible.

Mr. Apo inquired, given the discussion in the recent meeting of the Branding Standing Committee (BSC) about the \$6.3 million, whether this committee should do anything before the Board meeting on Friday.

Chair Arakawa acknowledged that this was an excellent question and stated that he would have included it on the agenda if he had been aware sooner. He expressed a willingness to work more closely with the Chair of the BSC, Mr. Pfund, to ensure consistent agendas on which they could act. He praised the motion passed in the BSC and asked Mr. Apo for more suggestions for the best process. Typically, the meetings were on separate days, and by the time questions on Branding reached Budget and Finance, the questions had been answered, and a memorandum

had been produced. The Budget Committee was always last, but the Chair was comfortable having a special meeting on Friday to discuss details, though he was unsure of the Governor's or the HVCB's plans. He welcomed other suggestions.

Mr. Apo replied that he had no specific suggestions but hoped to have Board action on Friday based on the discussion and adding language to the motion based on budget approval. He noted that everyone in the present committee had been part of the previous meeting, so there was full awareness. He was concerned that premature action should not be taken.

Chair Arakawa agreed that the suggestion was a very good one. The Chair questioned whether the clause "subject to BFCCSC approval" fit within the program ID and aligned with legal spending requirements. However, Mr. Choy pointed out that procurement rules still had to be followed.

Chair Arakawa asked for clarification on what BFCCSC approval entailed and whether the expenditure fit within their budget constraints. The previous legislature had imposed restrictions on program IDs, so the expenditure needed to align with those.

Mr. Nāho'opi'i offered to conduct research by Friday.

Chair Arakawa stated that "approval from BFCCSC" referred to fitting within program IDs and ensuring sufficient funding, noting that even the allotment was not yet approved. He reiterated that every contract was "subject to availability of funds" or "subject to BFCC approval."

Vice Chair Agas mentioned that during the Branding meeting, Mr. Choy stated that a letter from Mr. Kishi was required to approve the allotment.

Mr. Choy explained that the approval process involved multiple steps, including approvals from DBEDT and B&F, and would take about three weeks to complete. He emphasized the importance of having cash in the bank before spending.

Vice Chair Agas suggested preparing a map or timeline before the special Board meeting on Friday to clarify the process and ensure timely action, noting that the Governor had already approved it.

Chair Arakawa agreed and promised to produce a flow chart or map showing the timeline, approval order, and responsible parties before the following Friday.

Mr. Pfund added it would be useful to research how the \$6.3 million would be divided among different program IDs. The Vice-Chair agreed, noting that it was crucial to ensure Dr. Salā had the program IDs for budget development.

Mr. Nāho'opi'i stated that he, Ms. Anderson, and Mr. Kishi had been working with Dr. Salā to break down the requirements.

Chair Arakawa noted that involving program managers and consultants ensured everyone understood the limitations. He thanked Mr. Apo for his question, which had led to a productive discussion.

Mr. Apo stated that he felt as if he should apologize for the question, but the Chair reassured him that his question had been a useful one, emphasizing the importance of having written details and understanding the process.

Chair Arakawa thanked all members for their contributions.

## **8. Adjournment**

Chair Arakawa adjourned the meeting at 5:15 p.m.

Respectfully submitted,



---

Sheillane Reyes  
Recorder