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David Y. Ige
Governor

John De Fries
President and Chief Executive Officer

**BUDGET, FINANCE & CONVENTION CENTER COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Tuesday, December 21, 2021, 9:00 a.m.**

Virtual Meeting

MINUTES OF THE BUDGET, FINANCE & CONVENTION CENTER COMMITTEE MEETING

MEMBERS PRESENT:

Ben Rafter (Chair), Fred Atkins (Vice chair)
Kiyoko Kimura, Micah Alameida, David
Arakawa, Kimi Yuen

MEMBER NOT PRESENT:

HTA STAFF PRESENT:

Keith Regan, Kalani Ka'anā'anā, John De
Fries, Caroline Anderson

GUESTS:

Mark Togashi, Terry Orton, Mari Tait

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule

Mr. Regan called the meeting to order at 9:05 a.m. Mr. Ka'anā'anā opened the cultural protocol. He spoke about the shadow, being protection. He opened with a pule. Mr. Regan thanked everyone for coming. Mr. Regan confirmed the attendance of the Committee members by roll call.

2. Presentation, Discussion and Action on the Hawai'i Tourism Authority's November Financial Report

Mr. Regan turned it over to Mr. Togashi. Mr. Togashi mentioned the November financial statements are the results of a process that has taken place over six months. He said even as far back as 22 months ago, when the pandemic first began in spring of 2020, he recalled how

they worked to identify available funds, cancel or reduce approximately 30 million of contracts and develop a fiscal year 2021 budget funded primarily by HTA reserves that would support their calendar 2021 operations that are currently being reflected as expenditures in the financial statements that they're discussing. He said included are detailed steps required for them to spend fiscal year 2022 funds, steps that include the development of their tourism recovery plan, the governor's approval of HTA CSF RF forms authorizing the department of budget and finance to release HTAs ARPA funds, staff seeking the release of those funds from BNF in various tranches, gaining an understanding of costs that would be allowable under ARPA. He said all of this is in conjunction with the board's approval of the fiscal year 2022 budget.

He said the board approved the fiscal year 2022 budget - \$43 million. He mentioned that at the November 2021 board meeting, staff presented a draft of \$60 million fiscal year 2022 budget which was approved subject to the board identifying programs where the board had further questions and for which approval of those programs, budgets would be deferred. He said staff advised that the board identified \$18,546,800 in program budgets to defer. He said the \$18.5 million included \$1,621,800 of programs that the board previously approved in its July 2021 meeting, and therefore the financial statements seen reflects the 1.6 million as approved budget amounts. He stated that \$16,925,000 in budget had been deferred resulting in a fiscal year 2022 budget of \$43, 075,000 approved to date.

He referred to the budget statement summary. He mentioned that the document is separated into four quadrants, each representing one of four main funds that they have, the top left has the ARPA tourism special fund. He said they anticipate it in allotment or revenues of \$60 million of which \$32.7 million has been made available to them year to date, including the \$28.6 million in funds for branding efforts that was released by BNF in November. He said below that is a summary of the \$43 million budget for encumbrances, and of that \$43 million budget they've encumbered \$25.9 million for payroll branding and governance costs. He showed the bottom left quadrant which reflects the revenues they received for the tourism special fund, which is set to sunset in January and the top, right quadrant is the ARPA funds for the convention center. He anticipates an allotment for revenue of \$11 million of which \$490,000 has been released for their availability through the date of their financial statements of November.

He was pleased to report that BNF released the remainder of the \$11 million fiscal year 2022 convention center ARPA funds to them for availability. He said to remember to keep in mind they encumbered fiscal year 22 convention center operations with fiscal year 2021, restart funds, back in June of this year, last fiscal year.

He said under agenda item seven of today's meeting, they will discuss the suggested use of this \$11 million to deploy primarily for funding, significant repair and maintenance projects. He mentioned the bottom right quadrant is the convention center enterprise special fund revenues and that year to date they received 11 million in TAT revenues, \$1 million in convention center revenue, some of which is related to prior fiscal year and \$137,000 in investment income.

He stated there are no incumbrances for this fund because they currently do not have an appropriate expenditure receiving for fiscal 22 funds out of the convention enter enterprise special fund.

He turned to page 30 of the budget statement stating it's a more detailed budget going down to the program level. He said the most significant portion of November activity was encumbered funds for the upcoming HTA US contract. He said there's a lot that this budget statement represents. He mentioned that after the board approval it can include further market research and various other tasks, and the staff will then determine performance measures and deliverables and develop an RP that works with the selection committee and proposers and eventually drops a contract for them to execute. He said they also encumbered the funds internally and throughout the year they reconciled all transactions through a series of different internal controls they have in place, including reconciling revenue, cash expenditures and encumbrances with DAGS records.

He said they have not made any budget re allocations so far, this fiscal year and that they typically have numerous reallocations during the year.

He mentioned their financial position as discussed in the executive summary and the accompanying balance sheets as of November 30th. He mentioned they have access to \$32.6 million in cash in the ARPA tourism federal fund, they have \$58.3 million in cash in investments in the tourism special fund, which represents a \$2.9 million decrease from October due to disbursements related to operational and program expenditures, and of the \$58.3 million, \$5 million is reserved as their emergency fund, and \$50.6 million is encumbered to contracts, and \$2.7 million is unencumbered. He said that although they do anticipate the 2.7 million of unencumbered funds to increase as savings from certain encumbered contracts are realized.

He mentioned the tourism special plan is set to sunset on January 1st, 2022, pursuant to act one of the 2021 legislative special session upon which all of their unencumbered funds will be remitted to the state's general fund and the \$5 million emergency fund will remain as HTAs reserve.

He said that over the next year and a half or so, they anticipate contracts, encumbered in the TSF to be paid off and the TSF to eventually cease to exist. He mentioned the convention center

federal fund and that those are their ARPA funds with fiscal 2022. He said there is no significant update to the November financial position, and regarding the convention center enterprise special fund/CCESF which is really the fund that the convention center has historically operated from, they have \$48.9 million in cash, which represents a \$1.1 million increase from October due to receiving HCC revenue. Of that \$48.9 million cash amount, \$35.9 million is encumbered toward contracts. He said that represents the funds they encumbered using fiscal year 2021 restart plans as well as their reserves. The remaining 13 million of unencumbered funds, which includes the \$11 million in TAT that they received in September will primarily be stored as a recurring maintenance reserve for future deployment, subject to the restoration of the CCESFs expenditure appropriation ceiling by the legislature. He said as previously reported they anticipate that unencumbered balance in the CCESF to increase to approximately \$16.8 million by the end of this fiscal year. He said the funds will both support the recurrent maintenance plan.

Chair Rafter opened the floor to questions from panelists.

Mr. Atkins asked Mr. Togashi to explain the ARPA funds that were to sunset in January in the convention center report.

Mr. Togashi reiterated that the tourism special fund is set to sunset pursuant to HB 862 in January of 2022. He said any unencumbered funds currently projected at 2.7 million, but likely to increase is going to go back to the general fund and he said they're going to be able to continue to spend on the funds that are encumbered. Mr. Togashi said they don't want to spend just to spend, and they're working under a various time constraints, as well as other complications that impact the ability to encumber funds at the end of last fiscal year. He said 2.7 million is their current estimate they anticipate increasing over time as efficiencies are gained and if they do not spend uncertain contracts that are currently encumbered.

Mr. Atkins asked if there were any challenges with any of the programs to be done at the convention center in regard to ARPA not approving any of them?

Mr. Togashi said they've identified potential expenditures that they can use, \$11 million in fiscal year 2022 conventions. He said its primarily going to be for significant repair and maintenance projects that will go over but in today's financial report that BNF has approved release of the rest of that \$11 million. He said previously only \$495, 000 was approved, but in early December notification was received that they approved the rest of that 11 million, which makes it available for them to spend and to come up with a plan.

Mr. Atkins asked if there is a timeframe that was asked for the spend.

Mr. Togashi referred to the \$60 million of HTA ARPA funds. He said the funds were released to them with a caveat that their period of performance is basically requiring them to encumber and spend the funds by June 30th, 2022, the end of this fiscal year. He said they submitted their request to extend that, so they can spend the funds through the end of the ARPA grant period, which is end December 2024. He said DNF asked they revise that submittal so that their extension request goes through June of 23. He said they agreed to continue working with them and to revisit it at a later time. He said similarly, the submittal that they provided to BNF for the \$11 million convention center ARPA funds fiscal 2022 ARPA funds also requested the ability to expend funds through the entire grant period, which is December 24. BNF approved this request only through June of the school year 2022. He said they would have to go in with a separate request to extend it through June of 2023 and further request, if they need to take appropriate action.

Mr. Atkins asked how their loss overall, except for CIP expenses of the convention center compare 2020 to 2021 without really any revenue.

Mr. Togashi said he will be able to answer that later. He did mention Carry and her team will be presenting on the financial statements for the convention center as one of the agenda items, and he said that although they don't have a whole lot of business with respect to groups coming in and offshore events coming in, they have had business in the building primarily made up of other state agencies. He looked at last year's financial statements and mentioned there was about \$5.4 million of state agency revenue they received for fiscal year 2021, of which approximately 1.2 million did relate to fiscal year 20 because there was some delay in payment from one of their clients.

Mr. Arakawa asked if the convention center has in their budget funds that don't look like they will expire or be spent by the deadline, and if it would it be possible for HCC to repurpose those funds for repairing maintenance?

Mr. Togashi said they have the ability to repurpose funds but that they have to encumber those funds with their contractor.

Mr. Arakawa asked about the possibility of extending the spending by six months and whether it would be applicable to funding for HCC the convention center.

Mr. Togashi said it would be. He said they would have to go in with a separate request from the one that they made for the \$60 year million in ARPA funds. He said he thinks BNF already anticipates that they will do that based on their conversations with them.

Mr. Atkins asked about the 2.7 million that may go back to the general fund and asked if it's possible to request that the money instead of going to the general fund, the state could put it in placeholder to eventually go to money that's needed to fix the roof repairs. He mentioned the importance of getting this fixed otherwise there will be no convention center in a couple of years.

Mr. Togashi said it would have to come as a legislative request in this upcoming legislative session for them to be able to do that. He said the only uncertainty is when those funds would be transferred over from the tourism special fund into the general fund.

Mr. Regan said right now in the governor's budget there is included a 64 million appropriation of general obligation bonds to support the repair and placement of the rooftop terrace deck and it's in the governor's proposed budget for fiscal year 2023, so they will be having conversations with numerous legislators as they go forward in the budget process to request that they support the \$64 million general obligation bond appropriation to fix that rooftop. He said he is certain that the \$2.7 plus million that will be returned to the general fund, could be part of those conversations that they have with legislators as they move forward with those conversations, and that HTA was prudent in the way they utilized the funds. He said they would request that the legislators support them in the replacement of that rooftop terrace deck, to ensure the integrity and the safety of the facility going forward.

Mr. Kimura said they should do the repairs when there are no guests in the hotel, and as soon as possible, as COVID leaves all things uncertain.

Mr. Regan said in future agenda items there should be a discussion on some of the past projects they've been working on, and that Mari and Terry really pushed forward on projects that couldn't necessarily be done when the convention center was full. He mentioned the six-year CIP plan, as well as their plan to utilize the 10.5 million in ARPA monies related to CIP projects.

Mr. Arakawa said he missed the admin committee meeting yesterday and asked if the committee had any recommendations regarding next year's budget, that's going to the legislature.

Ms. Kimura said they didn't discuss anything about the budget yesterday and they're going to leave the discussion of the legislation to the PIG.

Mr. Atkins asked if the committee could only recommend, and that the board will be going through the financials at the next day's meeting, and Mr. Kinkley confirmed this. Mr. Kinkley said the motion for this was meant to show the concurrence of the committee and a

recommendation to approve the financials, so it's a recommendation to the board that they've reviewed and feel that they should approve it.

Mr. Regan asked for roll call to approve the motion and all approved. The motion passed unanimously.

3. Discussion and Action on the Fiscal Year 2022 Budget Line Items for which Board Members Requested Additional Information. These Items Include Hawaiian Culture, Community, Sports, Branding, Operations, Planning and Research-Related Budget Line Items.

Chair Rafter mentioned there were several items in the budget that were labeled as TBD that they requested more information on before approving.

Mr. Regan mentioned the first budget line items that were brought up from the board members was program BLI budget line items 203 and 204. He said the comment that was raised was there will be some cultural events, which will not be granted through SEP, so this money could be more flexible in cultural pillar to support those events. He asked Mr. Ka'anā'anā to elaborate.

Mr. Ka'anā'anā said that's the line item that supports their efforts in training all of their GMTs about the best Hawaiian cultural practices. He said it's really focused on their internal program to make sure the GMTs are culturally sensitive. He mentioned the toolkit itself was updated, so the toolkit as it stands is a PDF that's available and downloadable online, as well as some other resources, like the autocorrect tool, on their website. He said the thinking is that they want to make some investments to modernize it a little bit and get it out of just being a document and potentially recording web-based webinars where people click through modules. .

Mr. Atkins asked what the amount was that was requested for this budget line item and Mr. Ka'anā'anā said it was \$50,000.

Mr. Ka'anā'anā said 204 is their market support line. He said this line is the line they use to send practitioners in-market to do different events. He said if they were doing a trade show or an event in market, this is the line item that supports the cost to send the hula dancers, musicians, etc. He said in the past this line item was about 300,000 annually, but it was obviously reduced during the pandemic. He said they do have several markets that are going to be presenting to them on Thursday that do include the resumption of in-person events. He said they'd like to consider bringing back cultural practitioners as part of those in-person events, obviously at a much scaled down version, which is why they requested it to be \$50,000.

Mr. Regan moved on to budget line item 215, Hawaiian culture opportunity fund for \$200,000. He asked Mr. Ka'anā'anā to elaborate.

Mr. Ka'anā'anā said the Hawaiian culture opportunity fund is an opportunity fund and there's nothing allocated at present. He said this is meant to be there for flexibility but if there was something that arose that they felt that was advantageous to the state and they could procure it appropriately, those funds would be used there.

Chair Rafter addressed Ms. Kimura and the possibility that she had flagged the issue of the smart destination budget of \$10 million. He asked that if the \$10 million gets approved, what happens to the other couple of million dollars that have been flagged that suddenly become redundant. He asked if they all get rolled together or how are they going to handle them.

Mr. Ka'anā'anā said it's for anything that would typically have fallen under the Hawaiian culture pillar as an opportunity. He said he doesn't see the overlap with the smart destination sort of site and what they were trying to accomplish there.

Mr. De Fries asked Mr. Ka'anā'anā to share an example of an opportunity that came by.

Mr. Ka'anā'anā said they usually come in the way of different event sponsorships, like association of Hawaiian civic club convention, which aren't necessarily pre-planned, where they fund on a regular basis through another RFP.

Mr. Atkins said he thinks the disconnect Mr. Ka'anā'anā was talking about and when they read it, was about improving signs. He asked that when they talk about improving signs, to put more cultural recognition of different places and a lot of those didn't have much meat to them. He also asked if this is all encumbered money or all ARPA money. He asked that if they do any of this, do they have to go out to RFP each time they think there may be an area in the 200,000 that is worth pursuing.

Mr. Ka'anā'anā clarified that 215 is the Hawaiian culture opportunity fund for 200,000 and is completely separate. He confirmed they are all ARPA monies.

Chair Rafter asked if the TBD items on the spreadsheet are the one that haven't been encumbered and the numbered ones, the ones that have, or if there's no relevance to that.

Mr. Regan confirmed the only ones that have been encumbered right now or that we have included in their financials are the ones that are previously approved by the board, which are 339, 350 and 919. And the TBD are those to be determined and they have not had a budget line item specifically for these particular requests for allocation. He said it's basically something

new that they're creating within the budget. He moved onto TBD1, which is sign improvement discussion and turned it over to Mr. Ka'anā'anā.

Mr. Ka'anā'anā said they're not moving forward with this in fiscal 22 just in lieu of some of the concerns raised, and also the timing, so he recommended taking this out of the current budget.

Chair Rafter asked if DLNR is doing anything about sign of improvements.

Mr. Ka'anā'anā said no, but they have been in contact with them.

Mr. Arakawa asked where the \$275,000 goes to if not allocated to signs.

Mr. Regan recommended from Chair Rafter to go through the list, and if there are items that are not going to be approved, they can have a discussion on how to reallocate those funds or the staff can make another proposal to the board for those additional funds.

Chair Rafter said it sounded reasonable.

Mr. Atkins asked what the intent was when the staff put this line item together for signage

Mr. Ka'anā'anā said they wanted to do it in partnership with DLNR if the funding got approved. He said examples were or a scenic pullout or a big board near parking near a viewpoint. He also mentioned signs that were damaged by weather, wear and tear, or vandalism, and it would be used to replace those signs. He reiterated the reason for not moving forward was because of the timing more than anything else. He said they can consider it in the fiscal 23 budget because it is a worthy project and it's important and has merit and value for improving the visitor experience.

Chair Rafter asked about the need to have somebody that can integrate with DLNR and other departments.

Mr. Ka'anā'anā said the hiring window is open again and they've reposted for two brand managers and a senior brand manager position that closed on the 31st of month.

Mr. De Fries added that they have formalized an advisory committee that includes DLNR, DLT, state foundation culture of the arts as a formalized committee that HTA is convening, which is also intended to help.

Mr. Ka'anā'anā mentioned they'd like the vacancies filled but that Eva, Maka, Didi and himself have been the ones mostly interacting with DLNR on the contracts that they have with them presently. He reiterated that they are connected to them already and engaging with them.

Mr. Atkins mentioned that something has changed in regard to the state and handling a couple of the state parks where they are producing revenue instead of constantly costing money. He like Mr. Ka'anā'anā's concept for signage and would definitely bring it up with the state in areas that are actually producing revenue to enhance the place, instead of the monies going back to a general fund. He said similar to the state parks throughout America, Yosemite National Park basically is the resource and revenue that funds so many of the small national parks. It was a question with the board – how to get DNLR, HTA and a number of other really important agencies together to bring up these different concepts with the new revenue stream.

Mr. Ka'anā'anā mentioned that those conversations are happening in those coordination meetings with the highest levels of each of the departments.

Mr. De Fries said there is some draft legislation being put forth in the Senate by the Tourism Chair to have the occupant of this office on the board of Land and Natural Resources for that purpose.

Mr. Regan spoke about TBD 22 and TBD 9 - the local business support for \$500,000.

Chair Rafter said the follow up on this was how are they working with other departments that have already allocated substantial budget to it.

Mr. Ka'anā'anā said this will be moved to another budget year.

Mr. Regan spoke about 339 and 350 – they're both previously approved budget line items.

Mr. Ka'anā'anā said these two were previously approved as part of the global support services RFP they'd like to release. These are the two-line items keeping the 'lights' on and they also make up what is the one and a half for global support services RFP.

Chair Rafter asked whether smart destination should be approved as it will not be built in a day in theory in the future.

Mr. Ka'anā'anā confirmed it will not be finalized in the year and said there are some elements that can be rolled into the leisure contract.

Mr. Atkins said a lot of the challenges that brought questions was there's not a lot of meat to what they're requesting and between the two it's almost a million and a half dollars. A few people raised these issues - one is what's exactly in the program and, is 10 million going to cover that as it's a lot of money and a one-shot deal with ARPA.

Mr. Ka'anā'anā said he is happy to send them the current incumbent contractor and contract, so they can see specifically what's in it.

Chair Rafter moved over to TBD 11, 12 and 21.

Mr. Ka'anā'anā said they're not ready for more details on these yet.

Chair Rafter said he understood these to be smart destinations, obviously where they said in theory, the idea sounds interesting, but asked that they come back with quite a bit more detail so they can understand that it is ongoing.

Mr. Ka'anā'anā recommended to take Polynesian Football Hall of Fame out the budget. He said they applied to their Community Enrichment Program, so that will be the mechanism. He said they don't have to worry about this 150, so that can come off the table as well.

Mr. Regan mentioned a previously approved budget line item 919 which dealt with board governance.

Ms. Kimura said this was not entirely \$121,000, but just the \$20,000 of this she felt was very high to outsource for the minutes.

Mr. Regan mentioned they had a contract previously with another law firm that was handling all the minutes and said they were spending significantly more money on those services. He said it costs about \$600 per meeting to provide the minutes which are done by one of their partners and in his mind, it's money well spent. He said producing minutes is an art, not a science. He doesn't think a \$20,000 investment is a very fair amount for those types of services. If they had to have a staff member doing the minutes, they would be spending multiple days completing this which is a waste of their job. He asks that this remain as is as it's a good expenditure to outsource.

Mr. Arakawa agreed that this amount is well spent and voted to keep this line item. He said going forward he will be taking a closer look at the minutes and pointing out any corrections for revision from now to the end of the year.

Ms. Kimura agreed that \$20,000 is a minimal amount and worth it but she thinks that someone who is doing the minutes should be listening to the meeting and know the industry.

Mr. Arakawa agreed with Ms. Kimura.

Mr. Regan moved on to TBD 4, 5 related to service and the creative agency.

Mr. Ka'anā'anā started with air service. He said in the past they had consultants to help them manage their relationships with the various vendors. He said there have been some comments about the idea that this vendor and contractor would be there to 'control the airlines', which is not the intent. He said the intent is to keep the lines of communication open and strong with all

of the various carriers that service Hawai'i. He said it's a nominal investment in the larger scheme of things. He said the goals of this new procurement would be focused around managing existing access instead of developing new routes.

Chair Rafter said they should be spending money on developing sport instead of developing new routes. He said the question is – are they going to get more return on their investment on air service or sports or, or both, or, or neither because air service has remained fairly strong through COVID for markets that are open.

Mr. Ka'anā'anā said it's about managing the relationship. He said it's important to have someone dedicated to that function on the sports side. He mentioned Ross who has been brought onto the team, a new brand manager who has a lot of experience in sports and also agency experience. He said he could help them manage and better evaluate in partnership with their other existing contractors, those various sports properties.

Chair Rafter said he is concerned about imaging. He said they are not trying to get as many seats as possible into Hawai'i, but more, managing it. He is not sure if the \$250,000 justifies that. He suggested taking a good look at sports at the next day's meeting. He said right now they don't have a lot of money for 2022. He said they're also looking at whether or not to continue with the PGA and that they need someone in that area that can bring a lot to one of their community pillars - communities and sports. He asked to put this on hold until it was discussed further whether a consultant is needed for both. He said the \$7.2 million has now been cut in half which makes it very challenging. They need to find out what airlines are doing, where they're moving around the world, especially now with countries being closed. He stated it's difficult to know what the airlines are doing as they can't communicate with each other due to certain laws in place, so it would be helpful to have a consultant in place. They need to know what is most valuable to use these monies for.

Mr. Ka'anā'anā mentioned in 2017 when they had Ascendant as their sports consultant who helped them put together the strategy, the evaluation tool, and the portfolio model which they're still using. He asked since they're removed the number of programs, there will be other monies that are able to be reallocated, so they all need to consider where that would go best - a sports consultant, in addition to an airline consultant or neither, or reduce levels. He said it's important behalf as the state, to have somebody who has full focus, can discuss the level and funding it will require to help manage those relationships as air service their lifeline to the industry.

Mr. Ka'anā'anā spoke about the creative agency saying they haven't contracted an agency for HTA yet as far as he knows. They've done some work with MVP Caroline, but it was more

project based. With the boards request to communicating better he suggests hiring a creative agency to support the program manager to do the graphics and designs to better communicate HTA activities. He said this will help bring some consistency to HTAs look and feel of our communications going outwardly and done in a professional way.

Chair Rafter questioned if this is an HTA responsibility and Mr. Ka'anā'anā said it's for HTA to do.

Mr. Atkins brought up the creative in the hotspot mitigation. He said it seems that DMAP is addressing a lot of that and on each island now there's a person that HTA has hired to be on top of the DMAP and to implement the money that they've already given them. He said it concerns him when they put so much time into DMAP. He said they shouldn't have to spend more money on the thought process and implementation. He didn't suggest doing away with the items, but just what's the best way of spending the money allocated, because some of the counties may be ahead of others and they shouldn't be spending more money on studies.

Mr. Ka'anā'anā said the creative and the hotspot mitigation are separate items, but Mr. Atkins did not agree.

Mr. Arakawa disagreed with Mr. Atkins, the reason - because DMAPs are going to be different for every island and every part of every island. He said that Mr. Ka'anā'anā is talking about communicating HTA policy wide programs and doing a professional presentation for the HTA staff that will be different from the presentation that the visitor bureau does. So, he said the creative agency is to get HTA's message across about the change in direction and the type of things they're trying to do coming out of COVID. He said \$250,000, having the branding committee oversee it, will be money well spent. He said there will be some exciting new programs going forward in the coming years.

Mr. Atkins asked Mr. Ka'anā'anā if he feels the program is intended for more community awareness of what they are doing.

Mr. Ka'anā'anā said it's for someone to do the finer details, making the communication they're sharing with the community presentable and professional, using people who have access to Adobe and the Adobe Suite to do graphics and creative.

Mr. Atkins said if he feels strongly about it, he will support it, but his challenge goes down to the normal person not familiar with technology and how they will access this, so he said he hopes it gets down to community level, so he hopes it can bridge that gap of community and industry.

Mr. Ka'anā'anā addressed Mr. Atkins point about getting down to real community. He mentioned one of the challenges they had is communicating through infographics like bill 41, right for the illegal vacation rental bill, and he said this would be posted on social media that would get broad community to see it, but the ultimate goal is producing creative content that helps them communicate that better.

Ms. Anderson spoke about the next line item - hotspot mitigation. She said the combined total of hotspots with all the DMAPs is over 70 hotspots, and not all the hotspots are managed by state agencies like DLNR, some are county. She said the purpose of this funding isn't to do studies, but to help mitigate the hotspots. She said the plan is to work with each of the island chapters, come up with the top five hotspots, and see what they can address. She reiterated it's not to supplement what DLNR is supposed to be doing. She mentioned one of the top three hotspots - Green Sands Beach and she said it is the DHHL department and their focus is on making sure that the beneficiaries get on their lands for homes. She said they do recognize that Green Sands beach is a sensitive area; visitors and residents are going there, so the plan is to work with the beneficiaries out there, have community meetings and work with them to come up with informational signage, as well as a video to tell the story, for travel sensitivity.

Mr. Alameida said he is glad she mentioned Green Sands Beach as Kalai is very dangerous, and that they will be working with DHHL to help spread educational awareness in one of the most dangerous parts of their state.

Mr. Atkins asked Ms. Anderson if it would be addressed under DMAPs and what percentage of the \$500,000 would be to remedy this, how much of the budget would go to hotspots and not just consulting. He said that's his biggest concern and that they should have a consultant to put it together.

Ms. Anderson, she said they would hold community meetings with the beneficiaries as it's community driven. She said they want to hear their stories, what they want to share with visitors and the safety part of it as well, then create signage so when visitors go to the area they know the history, how to be safe and the natural resources. She said it's not a study and that DHHL also has an action plan for the area, and they want to improve the area for visitors as well as residents.

Mr. Atkins asked if a lot of money would be implemented and not from a consultant and Ms. Anderson confirmed yes.

Ms. Yuen spoke from experience saying a lot needs to be done before going to implementation. She mentioned chapter 343, which is an environmental review process, and depending on what action items come out of the community driven priorities there still may be findings that need

to go to front end - environmental studies or engineering. She said to look for the low hanging fruit that can get done without a long process. She said that although they want the monies to go through something physically tangible, there is a process that they need to go through to get to that point. She said it involves a lot of planning and they need to put budgets together so they know what funding would come from HTA.

Mr. Atkins said they need to see what the community wants. He said they need to have in-depth discussions with the different departments and help find the money to implement the big stuff. He said it sounded like a lot of the monies go towards research.

Ms. Yuen said it does not, but it's the process that they're facilitating through HTA, and they need to sort through what they can do in the short term, so Ms. Anderson will try find those action items that can get implemented in this year. She said Mr. De Fries is convening with high level leaders at all the sister agencies and that Ms. Anderson is involved with all the counties. She reiterated it's a complicated process they have to go through. She said there are different circumstances for every hotspot, so it is going to be a lot of work. She said Ms. Anderson and the staff are all working hard.

Ms. Kimura asked if the money is going to HVCB?

Ms. Anderson said for the \$500,000 she was hoping they can keep it all in HTA and they'll be doing RFPs to spend this 500,000. She confirmed Ms. Kimura's question of having to do RFT for this.

Mr. Regan said they will be working with Ms. Anderson if it gets approved to find the most efficient and expeditious way to get the monies encumbered and addressing the specific hotspot projects that she has identified. He said it may be RFP, and it may be small purchase, but they're not 100% sure. He said some may be sole source or may be engaging other state agencies, which makes expenditure and income a lot quicker, but they'll find the most efficient way to get it encumbered moving forward from a procurement standpoint.

Mr. Regan moved onto community engagement.

Ms. Anderson said the community engagement is \$175,000 and it's for community engagement meetings to update community on progress of the DMAPs and also to focus on a specific topic or issue that was brought out from the DMAPs. She said it's for six islands and is anticipating the meetings to be held in person as this is important to engage with the community and share with them the progress of DMAPs and also to focus on a specific issue that they would like community input on.

Ms. Kimura said there was a question on why they don't combine this with DMAPs for more flexibility, so they don't have to spend this particular amount just for the community meeting.

Ms. Anderson said she envisions the community engagement line item to be working with the island chapters, as there are partners with the DMAPS so they would be involved in planning these meetings. She wants to make sure the community knows that it's HTA led, to show that HTA are out in the community, listening to them, doing their best to address issues or concerns they have. She said she is not trying to duplicate anything with the funds.

Mr. Regan moved onto tourism collaborative.

Ms. Anderson explained it is a community tourism collaborative and it provides planning resources, think of them as workshops to build a capacity of community to either come up with a stewardship plan or to develop a new tourism product experience, building capacity of community organizations empowering them to come up with that tourism experience that they want to share. She said it's basically HTA providing those types of resources to get community involved and working with them to, again, address those two areas, an extension of the DMAPs.

Mr. Atkins asked if it's seed money to start new businesses.

Ms. Anderson said it can be seen as seed money to help build plans for a stewardship plan - taking them through workshops to help them build up their knowledge capacity and putting together a stewardship plan as an example. She said two areas to focus on for example is destination management and developing tourism experiences.

Mr. Atkins asked what staff would be used to do all these new programs and how the success of the program will be valued.

Ms. Anderson said the planning area would be overseeing this project, they will be working with consultants to do the trainings for the workshops, so staff would be administering it and hiring trainers to conduct the workshops, so they should think of them as cohorts going through the workshops. Ms. Anderson said the success will be measured in how many plans get developed and the number of jobs created the number of areas of concern addressed and if the plans were implemented that were developed.

Mr. De Fries brought up the WHAM committee and the chair especially felt that in the awarding of contracts that the same people in the same communities were getting an upper hand. He said part of it he started to feel a divide in different parts of the state and in rural areas particularly he felt needed help to build their own capacity so that they could compete effectively for future RFPs and contracts.

Mr. Regan moved over to Wahi Pana series.

Mr. Ka'anā'anā said that Eva will provide a presentation to the full board, and it was unanimously agreed on.

Mr. Regan moved onto Pono Travel.

Mr. Ka'anā'anā agreed with the members objection to this, but he said what was set into motion about five years ago was the DOT awarded contracts to various vendors for the airports. He said when they wanted to share their Kuleana messaging with visitors at the airports that those are all paid spaces. He said in the contract with DOT they have explored the opportunity to consider these PSAs/public service announcements. He said the limitation there is that it's only available to them in unsold space and he said they need to get that message out in front. He said that unfortunately they have a vendor who is under a 10-year contract and they're about halfway through the contract and there is no option but to pay a vendor who has the contract for those spaces.

Chair Rafter asks how much runs unpaid at any given time to fill up with PSAs, but Mr. Ka'anā'anā did not have the answer. Chair Rafter said to ask them the question as 40% is one thing, but 5%, another.

Mr. Ka'anā'anā said it's also the placements. He said most of the placements they would want, the baggage carousel or prominent placements, are all sold. He said they went into it five and a half years ago when the contract was being executed but they didn't make it into the contract.

Mr. Regan said when it comes up for renewal, they will make sure to be part of that process.

Mr. Ka'anā'anā asked if they all feel it's appropriate to make an investment for paid placements at the airport. He recommended yes, based on resident sentiment and what they've been doing.

Chair Rafter agreed but said that unfortunately the relative amount is fairly low.

Mr. Arakawa supported this too.

Mr. Ka'anā'anā said they'll negotiate with the vendor and with \$175,000 try get the best value for the state out of their negotiation with them.

Mr. Regan brought up 318 that was skipped - GoHawai'i - \$2.5 million.

Mr. Ka'anā'anā said that he would like the approval to move forward with another trigger in place as the smart destination of Hawai'i will be some time. He says they know the existing GoHawai'i needs to be maintained and updated in some form. He said they don't need to spend

the money right now, but he requested that it stays in the budget with a trigger point later. He mentioned two things they are waiting for, one, a formal study that's being conducted by HVCV about the website and two, another membership survey that Mr. Atkins asked them to initiate amongst membership at HVCV about their perceptions of the value for the website. He said to wait for feedback and then discuss it again, but he doesn't want to lose the funding should they need it. It was agreed unanimously.

Mr. Regan moved onto TBD 16 program evaluation.

Ms. Anderson said the \$500,000 is for program evaluation. Of the 500,000 - 300,000 would go towards UGov as they are their past contractor who evaluated the major festivals and events. She said for the \$300,000 they would be looking at evaluating approximately 30 to 35 events, conducted by a third party. She said the information shows the number of attendees both from that island, and visitors. She said they're also collecting satisfaction of attendees or participants to the festivals as well as getting some economic impact data as well. She said Mr. Ka'anā'anā can use this information to evaluate how successful the event was. This information is also shared with festivals and event organizers, so that they can better plan or improve or know of how successful their event was. That is what a portion of the money is used for. The other remaining funds would be used to build out a program evaluation for HTA, working with Mr. Ka'anā'anā and his team to develop measures of success for each of their programs. This money would be used for turning it into a formal system to better track the information, turn it into dashboards where they are being transparent and putting it on their website so that people will know how well HTA programs are doing.

Mr. Ka'anā'anā showed a slide of what UGov does for their event evaluations, mentioning XTERRA world championships, with 95% agreeing that it is a visitor friendly event, and showed that 75% of residents would probably attend in the future. He said it's well worth the \$300,000.

Chair Rafter asked how much the HTA is spending supporting the events - are they spending 500,000 for 2 million of support money.

Mr. Ka'anā'anā said it's much more than that. He said it's close to \$3 million.

Ms. Anderson said that's how much is in the budget for the community enrichment program.

Chair Rafter asked what they have been doing historically and how are they measuring the return on all the spend. Ms. Anderson said for UGov, it was in the tourism research section, and that Jen and her team are with DBEDT, so it's being continued but she is just calling it a different line item.

Mr. Ka'anā'anā said this is how they validate what's self-reported by the events. They feel that third party surveys that help them measure actual event satisfaction and other economic impacts are a way for them to validate what those events report themselves.

Ms. Kimura asked if the same amount was spent in 2019 for this program and if it's the same program, but Mr. Ka'anā'anā was not sure on the amount. Ms. Anderson said it's the same program, but they might have added an additional number of events to be evaluated.

Mr. Atkins asked who did the research for XTERRA and Mr. Ka'anā'anā confirmed it was UGov. Mr. Atkins asked how close they were in their reporting with the XTERRA contract. Mr. Ka'anā'anā mentioned they do ask them to report to different things, so the reports don't always report resident perceptions of whether or not HTA should fund or not fund those things. They ask different sets of questions in their UGov studies.

Mr. Atkins mentioned that they're supposed to give the number of attendees, how many were visitors, how many locals, as this is key to whether it's successful or not. He said under ROI's it's very limited to what they get to see to judge it on, so asked if they can see slides on a particular event that's included in the 35 prior to deciding the following years budget, and Mr. Ka'anā'anā agreed. He said they will present specific ones. He said there will be a UGov study, depending on the pandemic and what happened and didn't happen, and that they're looking at a baseline of 2018 or 19, some have a 20, some don't have a 20, and then some even had a 21 and others didn't. He said it's anywhere between 18 to 21 that they'll see in the sports program specifically. He said attendance, economic impact, marketing value, and community impact is really what they are trying to capture holistically as the ROI on a particular event and so that's what the UGov studies helps them demonstrate.

Ms. Kimura said it's a very labor-intensive survey and Mr. Ka'anā'anā agreed. He said people are sent out with iPads to collect emails.

Mr. Regan said there were questions, but Chair Rafter said to skip as they are running out of time and at a later stage the board members can take their questions to Mr. Regan.

Mr. Ka'anā'anā ran through the items to make sure he had clarity:

203 and 204 – move forward; 215 Hawaiian culture opportunity – move forward; TBD1 sign improvement - Not moving forward; TBD 22 and TBD9 - not moving forward. 339 and 350 – both previously approved – moving forward, but Mr. Ka'anā'anā will send some contracts as examples - a 21 contracts for global support services with HVCV. Technology consulting, TBD 11 and 21 - on hold; TBD 12 and TBD 21 - still on hold; 318 to stay, but Mr. Ka'anā'anā needs to come back with the results of the study as well as the member survey and then they'll circle

back, so it's still on hold. 377 - Polynesian football hall of fame is funded out of SEP, so there's no need to move forward with it in the fiscal 22 budget. TBD 4 air service - Mr. Atkins' concern is he thinks they need it in a certain area, and he doesn't think they need it to the level of \$250,000, so would like to put a placeholder of \$250,000 on that and then look at what they may need in sports as well and try to see if they can maybe utilize that fund for both. He said they should leave the money there intact, and it was agreed on unanimously.

Mr. Ka'anā'anā confirmed moving forward with TBD 5 - creative agency; TBD 2 - Wahi Pana series - Eva will make a presentation to the full board, probably at the January meeting based on the timing of that decision today; TBD 8 Pono Travel - move forward, but Mr. Ka'anā'anā will make sure that they go in swinging hard and negotiate hard for value add to get the best price they can for the money that they allocated.

Chair Rafter mentioned 919 – governance portion – no further questions; TBD 14 - hotspot mitigation – all in support; TBD 16 – Mr. Regan said they determined that as they were spending something for program evaluation before it's just moved over to DBEDT so they're just restoring it and there was full support; TBD 15 community engagement – fully supported; TBD 18 - tourism collaborative – fully supported.

Mr. Arakawa asked about the reprogramming amounts that were deleted and asked Chair Rafter what the recommended amount was to be deleted.

Mr. Ka'anā'anā said it would be hard to repurpose them to do something like adding to existing programs, just because of the procurement rules they need to follow, but it doesn't mean they couldn't do separate procurements or separate contracts, so he said he is open.

Chair Rafter suggested they get the actual numbers first, as it was one thing that Mr. Togashi highlighted earlier, and once they have the actual numbers, they can look at recommendations for if and where to spend. He said they know sports as an example is one of the items that several board members have brought up.

Mr. Regan mentioned that looking at TBD1, TBD 22/9 and 377 those were identified as reprogrammable, and that total is \$925,000 for the three. Chair Rafter said the next step would be recommendations from Mr. Ka'anā'anā and his team on how to spend that \$925,000 based on these conversations.

Mr. Atkins said one of his concerns is that right now they're dealing with a \$99 million budget, and they currently don't have any dedicated funding for next year. He said it would be great to find something useful to use it for, but if not, those are funds that can be rolled over to next year. He said he wasn't sure there would be \$90, \$80 or even \$70 million budget for the next

year, so that's why he was concerned as he questioned how to scale back \$30 million for the following year. He said \$900,000 is their only rollover money together with the \$5 million they can't spend. So, he reiterated to take that into account when they put together a plan to spend the money this year.

Mr. Togashi said that with respect to the potential for rolling over, the thing for them to keep in mind is that as it currently stands, their ability to encumber ARPA funds only last through the end of this fiscal year, currently June 30th, 22, and they're in the process of submitting a revised document or a request for an extension of that time, but nothing has been officially approved as of today. He confirmed that they told them not to go to 2024, but to 2023. Mr. Togashi said they have their submittal that they have the ability to expand funds through the end of 24 and encumber funds through the end of fiscal year 23. He said they asked them to revise their submittal to both be the end of fiscal year 23, but they have not received official approval yet.

Mr. De Fries said they submitted that request two days ago and Mr. Togashi confirmed.

Mr. Atkins asked if they didn't use any of the \$900,000, would that be the only rollover money they have or is there some funding from the legislator or anything he doesn't know about.

Mr. Regan said if there are previously approved ARPA money expenditures that they disencumber, or we cannot utilize for whatever purpose they had originally intended, that could be then part of those funds, so they could utilize them.

Mr. Atkins asked if they could be rolled over and if they'd have to have them encumbered and Mr. Regan said what Mr. Togashi mentioned is that they put in a request in the budget and finance, initially it was to 2024, but they had to revise that and submitted a new request to extend their encumbrance ability to June 2023, so it's pending right now.

Mr. Atkins asked if it would need to be finalized by 2023 and Mr. Regan agreed. Mr. Atkins mentioned the big one, smart destination that hasn't been approved yet, and asked if they have until the end of 2022 to encumber it. Mr. Regan said as it stands, they have to wait until they get the approval to extend. Mr. Atkins asked if they encumber sometime next year and have the programs and money spend by end 2023, and Mr. Regan confirmed that to be the goal, but if they're not able to BNF would be willing to discuss an extension if needed.

Mr. Arakawa asked that they put together a list of recommendations to the board meeting on Thursday to discuss the spending. It was agreed that they try get it done by then.

Mr. Regan mentioned hotspot mitigation – if they wanted to allocate additional monies to hotspot mitigation from some items that were released, it would help to have additional funds there, otherwise they can put a list together as Mr. Arakawa said

Mr. Arakawa mentioned taking a look at things that need to be done soon like the roof repairs when there aren't tourists. There is a list of maintenance and repairs that are needed there.

Mr. Regan said they'll work on getting the list to the board Thursday.

Chair Rafter asked for confirmation that they are recommending approval of these items as identified in the list that Mr. Ka'anā'anā put together that either have been approved, deferred or subject to more information to bring to the full board and Mr. Kinkley confirmed this to be correct.

4. Discussion and Action on the Board's Previously Approved Interim Fiscal Year 2022 Budget Line Items as Identified by Board Members. These Items Include Branding and Operations-Related Budget Line Items.

Chair Rafter said the above covered agenda items three and agenda items four, because agenda item four had included previously approved fiscal year items, which they also discussed above. They did a roll call. Motion from Ms. Kimura and second from Ms. Yuen. The motion for agenda item 3 and 4 passed unanimously.

5. Presentation, Discussion and Action on the Hawai'i Convention Center's November Financial Report

6. Presentation, Discussion and Action on the Hawai'i Convention Center's 6-Year CIP Plan

Chair Rafter asked Ms. Orton to discuss further.

Mr. Togashi confirmed that Ms. Orton should elaborate, but in the interim, he wanted to connect this item with agenda item two. He mentioned one of the questions that member Atkins had with respect to the convention center – he wanted to circle back on what he had previously asked for a little more time and addressing. He said the question was essentially what is the amount that they're looking at for fiscal year 22 for the convention center, and he confirmed it is budgeted for \$5.5 million, which includes \$1.7 million of funds, that they set aside with respect to exhibit hall impact, and what that means is because some state agencies had been using the hall, there was financial impact in terms of what they anticipated with respect to setting aside some funds that may have been needed to help support the movement offsite to different venues. He said through November, year to date the actual amount is \$2.1 million related to the convention center, operating loss or operating subsidy.

Mr. Togashi, Mr. Regan and Mr. Chris Tatum did a deep dive to find out what it takes to operate the convention center in a dark scenario, and they came out with \$3.9 million in the budget with no events in a year. He said that number increased by a couple hundred, if they wanted to increase staffing a bit for repairing maintenance and to take advantage of the dark building which came to \$4.2 million.

Ms. Orton opened her presentation by adding and addressing the most current changes and their restrictions and how this has impacted their current operation for their fiscal year budget at the convention center. She said they are now able to welcome guests with no capacity limitations or restrictions starting December 1st . Masks are still required, and the convention center is still doing health and safety protocols, including temperature checkpoints and requiring proof of vaccination or a negative COVID test taken within 48 hours prior for entry to the building. These standard health and safety protocols go across the board for all events. She said they are working closely with their meeting planners to roll this out in their plan as they move through the change of restrictions.

She said they are continuing to operate in a very fluid environment. She said they've been trying to hang onto the Citywide they had in 2022 and that the first corporate confidential group arrives on January 3rd. She stated they have been heavily impacted by the most recent announcements, one, travel restrictions and two, the most recent advisory out of Canada advising for non-essential travel to not take place. She mentioned their numbers were originally forecast at 2,400 attendees but are down to 1,400 and slowly dropping. She has, together with the visitor bureau, John Reyes and John Monahan and the sales team, been on the phone with the corporation.

She mentioned registration exhibitor and said they're getting exhibitor loss now, which is where they make their money and said they had another call this morning to update them on the governor's press conference which had no updates on restrictions, everything status quo. She said they're fortunate that there's still green lighting to see that. She said they have a call with them every week until arrival just to ensure that they're moving in the right direction and making the appropriate changes to host them.

She mentioned the impact to date for the convention center's fiscal year cancellations and loss revenue – there were two associations and two citywide corporate events, and with that, 29 local events that had an estimated revenue loss about \$1 million, but after the restrictions lifted things were getting better. She said they are putting more short-term business on the books, which are local short-term meetings, banquet events, sporting tournaments, local concerts which is their focus right now to fill the gaps where Citywide business was lost for the remaining six months of the fiscal year calendar and beyond. She said they have four Citywide

events that are still coming, so they anticipate those four Citywide also helping to contribute to their revenue.

She said in addition to that, the 79 definite events for local events at their center, they also have 31 that are in tentative in process, so said their calendar is filling up and the local businesses have been very supportive. She said their focus is to generate as much short-term local business -point of reference historically, their local revenue comprised about half of their overall building revenue averaging about \$7 to \$8 million a year. She said they are trying to close the margin of loss for them at their bottom line, by filling in more local business.

She mentioned the financials – all on their Profit & Loss statement has experienced ups and downs and changes in restrictions. She said they began the fiscal year in July 2021 with the three state agencies in their building and while restrictions had loosened and they were no longer held to capacity limitations as of December 1st, they have experienced an uptick in short term bookings. She mentioned the three state agencies they had in-house that are leaving their building and vacating exhibit home One as of December 31st. She said they have department of health that will be staying on until the end of March with a smaller footprint, and they'll be moving to two third-floor meeting rooms, remaining there for contact tracing and they plan to vacate their building at the end of March in 2022, so that was a revenue impact to the loss of those three state agencies, as they did have them forecasted in their budget through the end of their fiscal year.

She mentioned another great pickup on the short-term local business pickup – Netflix production is filming in their building, set in ex hall three and they are there from November through February. They're doing construction November, December and January. They start to film in February for two/three weeks, so that was a \$1.5 million revenue pickup in rent which netted out the expenses, about half a million dollars. She said they anticipate picking up – the organizer of Van Gogh is planning to return in June, which will impact one of the months in their fiscal year 22, being there June, July, and August to do a Monet exhibit, another nice unanticipated pickup.

She mentioned four sporting events still planned on calendar, considered Citywide events. They bring in hundreds of offshore teams, volleyball and basketball that will impact the remainder of their fiscal year at the center. They're tentative but close to firming up.

She showed their fiscal year reforecast with the anticipated pickups – their facility net loss that was budgeted \$5,517,000 is now at \$5,575,000 with a variance of \$58,300 to budget. She said if you add their sales and marketing true bottom line, when looking at all their expenditures,

they're running at a 6.1 negative loss to their bottom line, to their budgeted 6 million, roughly about \$51,000 variance.

She mentioned over the last 6 months they only hire positions that are needed, even though they were budgeted for. She said they held off on a lot of vacant positions. She said she recently asked for authorization to fill some of those vacant positions more importantly in their maintenance, engineering and housekeeping department as they start to ramp up their center for the arrival of our first Citywide in January. She said the team has been working hard to ensure their landscaping, both in their building and outside the building, and all repairs and maintenance are done, in all of the common areas and meeting rooms.

She highlighted that their primary focus right now has been restoring their meeting rooms and common areas from the past recent flood flash flood that they recently had. She said various leaks have sprung in different areas in the building and it's at a point where it's impacting their meeting rooms and ballrooms. She recently counted 9 meeting rooms they had to take out of service due to leaks – ceiling tiles falling in the middle of the room, trash cans collecting water to protect the carpet. She said their ballroom has 3 leaks, 2 which were new.

She mentioned the ballroom Foyer area – the drywall is falling off as it's heavily saturated. She said Mari will highlight those details in her presentation. She said she's glad they're on track and that the \$64 million is on the governor's proposed budget for fiscal year 23. She said right now they are fixing repairs just to fix the meeting rooms but not actually getting to the source of the leak, only making it aesthetically pleasing for now for groups to use. She said they're extending roughly about \$300,000 in repairs, which is just to replace in kind and not truly repairing the source of the leak. She mentioned the important one - the rooftop repair at \$64 million but said there are a number of leaks that are not related to the rooftop repairs.

She said there are also leaks in the planters along the building, the grand staircase, and all of the planters on the grand staircase are leaking which all leak into storage facilities, into back of house areas, and into their offices.

Ms. Orton thanked Mr. Regan and Mr. De Fries for their support at the convention center. She also thanked the board as well as the HTA staff for their support in getting all of the CIP projects moving along. She said after being in the center for eight years, it has only been with this new administration that they have seen the needle move on processing approvals and getting some of these projects completed.

She handed over to Ms. Tait to give an update on their projects. She mentioned the construction projects, mainly that they are seeking assistance as far as managing from a PM-CN company, as well as the HCC managed projects. She mentioned that right now, in regard to our

project management company, they are going out to solicit a second company to help work on projects simultaneously, so they are contracted with Cummins - they have been working on projects with them for several years now, but at the beginning of this year, they did engage a second company to get them started on some of these projects. She said at this point, they are going to start launching into the projects, and they are RFP'ing for PM services and construction management services. She said they are just about ready to issue an RFP for that and said they have engaged the RLP for pre-planning construction planning on the rooftop terrace deck. She said this is the larger \$64 million project. She said the work in the presentation has been done by Julian Anderson and his team to update the cost estimates and provide options and scope for those options, which the board voted to endorse a few meetings ago and said that coming up, still a part of that project will be presentations to the legislature to again get the funding approved for that project.

She said that along with this RFP for the secondary PM company they are also going to be RFP'ing project management assistance or services for the actual construction planning portion of the rooftop terrace deck so it should take them to actual start of the project, which they anticipate being mid to third quarter of next year. She said once they have approval for the funding of that project, then they will also start RFP'ing for the construction management of that project.

She gave an update on their current projects - the security camera projects and NVR installation.

Mr. Regan asked if there were any specific questions about those projects.

Chair Rafter asked what the cost will be for TBA/TBD for the rooftop terrace that RLB is doing.

Ms. Tait said they have roughly \$340,000 for that, much of that was previous work that was done by RLB, and this takes them back to the 2019 work as well. She said the current work for RLB, they have roughly about \$40,000 left because that project is going to take them to about midyear next year, and then at that point is where they start to overlap over the remainder of fiscal 22 ,and that's where the actual project management of the larger project will start. She said that's why they call it preplanning.

Chair Rafter asked how difficult it is going to be to operate the convention center when the projects are underway, and Ms. Tait said it would be fairly difficult. She said they're doing stop gap and that's what they listed as part of leak repairs, so the \$300,000 is what they had to launch into just after this December, 6th big rains and because the main source is the actual waterproofing layer of the rooftop terrace deck, she said there is no way of just patching that, or areas where there is penetration on that rooftop terrace deck to stop whatever damage it's

doing to the meeting rooms below. She said they do have buckets to catch a small amount of water, but once they have flash flooding that's where it didn't hold and things came down and that's where luckily these rooms, barring one room was not in use at that time. She said they eliminated these room that were vulnerable for the remainder of the rainy season. She said the sales department is trying to work around it, but there are situations like the upcoming Citywide event, the Dairy Queen event, and some of the events in January, where they will have to use these rooms.

She mentioned that operationally their departments have met, and they know exactly where their pressure points are, and they're also in the public areas around the building, so they've come up with an action list of what to do in preparation for big rains and said they're fortunate that many of their managers are experienced. She said they also rely on the security crew to help them out.

Mr. Arakawa asked if there are any repairs that can be made if the HTA has some funding that they can reprogram, that can be made before the end of this fiscal year, before June 30th, 2022.

Ms. Tait said the money they allocated has the timeline of next June, but the monies that have been put to the CIP fund, they are allocating to these projects. So other than the rooftop terrace deck, the big leak project is that building envelope repairs. She said they have been working on that project and developing the scope with Cummins and consultants, so she said they're ready to put that RFP out very soon in January, which will help take care of some of the major projects or leaks, in the kitchen and other areas. She said they did do it out of emergency repair, which was their first opportunity to work under the emergency procedures, the current leak repairs for this flash flood, so she said they didn't put out an RFP. She said they got some quotes but wanted to get contractors started. She said there was about \$300,000 and they have two contractors working on that and they started last week and one contractor this week, to finish by the end of this month.

Ms. Orton said even if there was an opportunity for them to not spend money in their current CIP funds and in essence of times, maybe just if they had an opportunity to fix slate tiles, or the food and beverage equipment upgrade, they could use a portion of the unspent \$925,000 by the end of the fiscal year, it would relieve some of that \$3.5 million for food and beverage China, and return that back to CIP funds it doesn't have a deadline.

Mr. Regan said they also need to check whether they can transfer funds from their ARPA allocation to the convention center for that. He asked Mr. Togashi to reach out to BNF to check on that.

Ms. Tait gave a brief update on their projects that are current which are the security camera looking to be complete by February of next year. She said the trellis renovation is also going along well, and that is looking to complete February of next year. She said they are also working and managing the installation of the DAS (Distributed Antenna System) upgrade and that's an HTA contract. She stated this enhances the cell service in the building and along with that is the public safety communication system. She said it's going along very well, also looking at a completion date of February next year.

She wanted to highlight which projects are going to be funded by the ARPA funding - stairwell five and six is one of their main projects relating to leaks. She said they have the scope for this and are ready to go. Another is the chiller replacement, which is a full replacement of all of their chillers. She said they've identified the completion dates here on all of the projects and in working with Mr. Togashi and Mr. Regan, and after discussing the expiration date of the ARPA funds they are ensuring they select projects that would complete well within the timeframe. She said these are not brand-new projects but have been on their priority list.

Mr. Atkins asked if, for all these projects there's monies allocated and that they just need to approve to have them get going on it. Mr. Regan confirmed that particularly one is the ARPA allocation that Mr. Togashi referred to, part of the \$11 million ARPA allocation that they need approval on so that they can go ahead and incorporate that into their CIP plan. He said they have monies already that's been allocated previously for CIP, but this is an additional allocation that will help them move forward on these projects that were pending or waiting for funding to be allocated. He said that they will have to approve this as part of the next item.

Ms. Tait showed the projects they completed while the building was 'dark.' She said it was for 2020 and 2021. She said the projects that are ongoing right now were also projects that the contractors had to go through the entire building and that was a DAS project and the camera and lock project. She said it was good that, from the project side, the building was dark, but from the revenue side, it wasn't a good thing, but she said they were able to get through those projects quicker.

Mr. Regan reiterated the DAS is something they've been working on for a couple of years – contractor Boingo. He said they've done an amazing job and will enhance the center and allows for attendees to have better cellular signal and wi-fi signal within the building/facility, no matter where they are in the building. He said it's also carrier agnostic, where they can have AT&T or T-Mobile for example as the carrier, but the carriers will have to sign up as part of that process. He said there's also revenue stream associated with that, that goes to them. He also mentioned the first responder capabilities within the facility as being excellent.

Mr. Togashi subsidized what Mr. Regan was saying – he said he believed that it was about \$1,000 a month under their contract with Boingo per carrier, so every carrier that they sign up will be an increased and recurring revenue stream.

Mr. Atkins said to mention to the legislators about the \$64 million appropriation and that they should act on it soonest to implement it all now as there are a lot of monies wasted in temporary repairs. He said it's important to get the major fix on the roof as it trickles down to many other areas, costing more money in the long term. Chair Rafter agreed.

7. Presentation, Discussion and Action on the Hawai'i Convention Center's FY 2022 \$11,000,000 ARPA Budget

Mr. Regan asked Mr. Togashi to elaborate on this.

Mr. Togashi thanked Ms. Orton and Ms. Tait for all their excellent work on background information. He mentioned the \$10.465 million in major repairs and maintenance that resides in this 11 million budget. He said in addition to that they wanted to point out that of the \$11 million the board has already approved \$409,000 toward payroll that's allocated to the convention center for HTA staff that works and helps them manage the convention center, providing oversight. In addition to that \$490,000, they are requesting \$45,000 from their governance budget particularly with regard to incremental funding that's needed for HCC insurance. He said he mentioned earlier that they previously encumbered out of their fiscal year 21, TAT restart and reserve funds, funding that was necessary to encumber the contract for HCCs fiscal year 22 operations. He said they did the same thing for HCC property insurance and said they estimated what that bill was going to be based upon previous years plus an escalator that they estimated, and they came to \$45,000 short of what the actual bill came out to be. He said they're asking for that \$45,000 to be funded out of the fiscal year 22 ARPA funds and said when you add everything up that ends up at \$11 million, they are requesting for the fiscal year 22 convention center federal fund, ARPA budget.

Chair Rafter asked for approval of the \$11 million fiscal year, 2022 ARPA budget.

Ms. Kimura approved, and Mr. Atkins seconded.

Mr. Atkins thanked Ms. Tait and Ms. Orton for their concise presentation and said it's apparent they need to move forward.

Mr. Regan did a roll call and the motion passed unanimously. He also expressed his gratitude to Ms. Orton and Ms. Tait for the great job overseeing their convention center and said they are fortunate to have them leading these efforts. All agreed.

8. Adjournment

Chair Rafter adjourned the meeting at 12:27 pm

Respectfully submitted,



Sheillane Reyes
Recorder