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BUDGET, FINANCE, AND CONVENTION CENTER STANDING COMMITTEE MEETING
HAWAI'I TOURISM AUTHORITY

Tuesday, May 21, 2025, at 10:00 a.m.

Virtual Meeting

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

MEMBERS PRESENT:	David Arakawa (Chair), Kimberly Agas (Vice-Chair), Stephanie Iona, James McCully, James Tokioka (Ex Officio, DBEDT Director), Mike White
MEMBER NOT PRESENT:	Pfund, Roy
HTA STAFF PRESENT:	Talon Kishi, Jadie Goo, Caroline Anderson
GUEST:	Teri Orton, Noelle Liew
LEGAL COUNSEL:	John Cole

1. Opening Protocol and Call to Order

Mr. Kishi called the meeting to order at 10:04 a.m.

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

Mr. Kishi conducted the roll call. All members confirmed they were in attendance and were by themselves, apart from Chair Arakawa, Mr. Kishi, and Ms. Goo, who were in the HTA conference room.

3. Approval of the Minutes of the April 15, 2025 Committee Meeting

Chair Arakawa proposed a motion to approve the minutes, and Vice-Chair Agas seconded it. There were no further discussions or questions, and the motion was approved unanimously.

4. Motion, Presentation, Discussion, and Action on the Hawaiʻi Tourism Authority's (HTA) April 2025 Financial Report; Recommend Approval

Chair Arakawa made a motion to recommend approval of the HTA's April 2025 Financial Report. Mr. Kishi proceeded to the presentation of the financial report. Mr. Kishi went over the HTA monthly financial report for April 30, 2025.

He spoke about the FY25 budget results up to April 30, 2025. For the tourism budget of $63 million, they have spent $37,554,000. They still have an encumbrance balance of $ 19.226 million. In total, they have used up $56,780,000. That leaves a remaining balance of $6,219,000 to be spent. They are on track to use up a majority of those funds.

He showed slides from the previous months for the sports and signature events program. For the HCC fiscal year 2025 budget, they have used up all $34 million that was appropriated from the Convention Center Enterprise Special Fund. Of the $34 million, $20 million is allocated for appropriation, which was intended for repairs and maintenance.

He showed the table for the $64 million CIP roof appropriation. To date, they have spent $2 million. They have an encumbrance balance of $3.4 million. Altogether, they have spent $5.5 million, all on professional services. They still need to bid for the construction services, and they have a budget of approximately $58.5 million available for the project.

Chair Arakawa asked about the public information schedule for the RFP. Mr. Kishi was unsure and would leave that up to Ms. Orton.

There were no questions.

Mr. Kishi said that for FY24 tourism general funds, they have used up $8 million. That leaves a balance of $143,000 to be spent. They are well on their way to spending down their FY25 funds. For the TSF, which was repealed as of January 1, 2022, year-to-date expenditures total $385,000. They are earning some interest income, year-to-date up $339,000. They have a cash balance of $8,361,000 and an encumbrance balance of $319,000. Most of that is for branding for the China market. And then that leaves an unavailable balance of $8,408,042,000. The Board has asked that he return the money to the BFCC. He plans to do that at the end of FY25. He needs to contact the BFCC to determine the exact steps to take.

Mr. Kishi spoke about the Maui response and recovery plan that was paid for from the TESF. They prepared a $5 million tourism recovery plan for Maui. They have completed the plan. They used up $4.993 million. The unspent $6,000 is for their resident communications campaign, including advertising on radio and television.

Mr. Kishi stated that in December 2021, the EDA was awarded a $14 million state tourism grant from the American Rescue Plan Act (ARPA) for the EDA state tourism grants. The grant will end on May 31, 2027, and all funds must be expended by September 30, 2027. Included with the grant is a $7.2 million sub-award with DLNR. To date, they have a fund balance of $7,396,000. So, they paid $6.6 million to date to the vendors and sub-recipients. They have an encumbrance balance of $4.5 million and used up $11.2 million to date. That leaves about $2.8 million that they still need to use. They have to complete procurement or things of that nature.

The DLNR-related projects and the U.S. Major market leisure, co-op, urban trails, and tourism collaborations were listed too.

Chair Arakawa asked about the overheads. Mr. Kishi said the overheads were primarily for the HTA items, like administrative support.

Chair Arakawa said, since it is a federal EDA grant to the state, do they need to file reports with the federal government? Mr. Kishi confirmed this on a semi-annual basis every six months.

Mr. Kishi stated that for the HCC funds, as of FY24, they have a balance of $2,078,000. They plan to close that out once they finish the calendar year 2024 numbers, because any unused funds will be deposited into the R&M fund. They plan to use up the full $2 million by the end of the year. For the Convention Center Enterprise Special Fund, revenues of $15,639,000 have been generated to date. That includes $11 million of TAT revenue, $3.5 million of HCC operations, and $1.1 million of interest income. They have a cash balance of $31,637,000. $11 million of that will have to be transferred from the Convention Center Special fund to the general fund within budget and finance. This transfer is expected to be completed in FY26. This is to replenish the general fund for FY24 HCC operations.

For the roof repair project, they initially got a $15 million appropriation for temporary repairs, but then were eventually appropriated $64 million for the full repair. And to date, they are using money from both appropriations for the project. Altogether, they have approximately $64.6 million for this project from these two sources of funding. To date, they have spent $2.6 million and have an encumbrance balance of $4 million. They have about $57 million available for the roof project.

Chair Arakawa asked about the project funds and asked if the final contract amounts are not public because they are in a bidding process. Mr. Kishi confirmed that this was correct for the construction portion.

Chair Arakawa asked about the project manager for the roof repair project. He said it was Mr. Choy, but he is on leave. He had a question on who is overseeing that now.

Ms. Orton said regarding the project manager for the HCC rooftop project, she has been trying to work that out. She has been in discussions with Dir. Tokioka. They are waiting to see what they can do to move forward with the project. The RFP and bids are due the following week.

Chair Arakawa said they hope to find someone to manage the $64 million project, which is scheduled for completion in two years, as it will be a tight deadline. He hoped that by the next BOD, they could report on the status.

Dir. Tokioka said he is not working on that right now, but that Ms. Anderson had met with Mr. Nakamoto and asked for assistance. One of the concerns is that the HCDA is specific to certain areas it has oversight over, and the HCC is not one of them. They will also be taking over Banyan Drive, which is a major project. They are trying to figure out if this is possible. If not, he will meet with Mr. Reagan at DAGS to figure out who else could be assigned to this project, because it is very last-minute.

Ms. Anderson spoke to Mr. Reagan a few weeks prior, and he connected her with Eric from Public Works and his boss. Eric suggested that she reach out to the HCDA because they could not assist. That is why she had reached out to Mr. Nakamoto for assistance. She will reach back out to Mr. Reagan and DAGS. Dir. Tokioka said normally, on this kind of project, DAGS takes the lead.

Mr. McCully joined the meeting as a Board member. Ms. Orton emphasized that they have relocated six Citywide events in 2026 and twelve in 2027, and they are under pressure to complete this construction project within that timeframe. They cannot let the project run behind schedule into 2028, as it would mean relocating additional business that they have committed to, to customers who have booked for 2028, stating that the project will be completed in 2027. It is a sense of urgency and a plea to everyone they find someone to spearhead this project, ideally. Bringing anyone in at this point other than Mr. Choy would be a huge undertaking. She strongly suggested keeping Mr. Choy on the project.

Chair Arakawa said they have the chair of the Administration and Audit Committee listening in. That sounds like it might be a matter for the Admin and Audit Committee sooner rather than later.

Dir. Tokioka said before the Attorney General's office put Mr. Choy on administrative leave, the plan was discussed with Mr. Choy and Ms. Orton to relocate Mr. Choy from the VP of Finance to oversee the project. They have $63 million in the roof project and $35 million in the CIP project. So, all of that is huge, especially in the time frame that it needs to be done. That was the original plan, but it's no longer the plan at this time. So, they have to figure everything out.

Ms. Orton said there is another $52 million in projects that they have only been funded to the tune of $36.4 million to complete during their modified event schedule for 2026 and 2027. The hope was that Mr. Choy or someone from the HTA would return and seek the other half of what is needed to complete the nine or so projects they wanted to finish during this time, without having to navigate through events. Many of them are additional leak projects, not just building improvements, but other leaks in other areas of the building. Dir. Tokioka said this is a big hurdle.

Ms. Anderson said during those two years, it will be almost $100 million worth of projects that they are trying to get done in those two years - the $36.4 million plus the $64 million and hopefully the other half of what is needed to complete some of the other projects that they had on the list that they had to put on hold because they only received $36.4 million for. There are numerous upgrades needed, such as digital signage, renovations, and improvements to all the concession areas in the building, which are essential. It is a significant amount of money and a substantial number of projects to manage.

Vice-Chair Agas said they have a Board meeting the following week and asked if they could schedule a discussion for the group that has been working on the project so far. Chair Arakawa said that it was a good idea. They would request the Board chair. The agenda needed to be filed by the following day.

Ms. Iona asked Ms. Orton if she would be able to do some of the heavy lifting.

Ms. Orton said all the projects are under the responsibility of ASM Global. It is part of their contract to manage all CIP projects. The exception was the rooftop project, a $64 million project, because it came on during their contract renewal. As a result, they were unable to issue any contracts beyond their expiring contract within that time frame. The HTA took the project on because they were the only entity that could contract beyond the contracted services. If the contract had been renewed, this project would have been under ASM Global, and they would have been working with all the resources they had. All the other projects are under the responsibility of ASM Global.

Ms. Iona asked if the global company, as an option, could look into this as an opportunity for Ms. Orton to take the lead in case the situation does not present itself. She has been happy with all of her previous reports. Chair Arakawa said that was an interesting suggestion, but they

would encounter major procurement problems. When ASM bid for the contract, it did not include that management service, so everybody else would bid on that. That contract did not have the opportunity to bid on the management of the HCC roof project.
Ms. Iona said that was just an option to consider.

Mr. McCully asked what the project management services cost to replace Mr. Choy.

Ms. Orton said that currently, they have a project manager that ASM Global has procured to help with some of their projects. It averages, depending on which member of their organization they use. If they utilize their senior management, the cost could range from $250 to $270 per hour for their services. Mr. McCully said this is the HTA's responsibility, so it is not something they can shift. He asked Ms. Anderson what her solution is given Mr. Choy's responsibilities. Ms. Anderson said that is why she reached out to DAGS. His staff recommended she reach out to the HCDA, and that is what she did. Mr. McCully said that it is a non-starter, as Mr. Arakawa had pointed out. Ms. Anderson said she texted Mr. Reagan a few minutes before arranging a meeting. Mr. McCully asked if she had a solution internally within the HTA. Ms. Anderson said her recommendation was to reach out to the controller and ask for assistance through DAGS. She said she does not have a solution in-house as there is no staff member suitable for that.

Chair Arakawa said Mr. Choy always ensured the consultants were accountable and ensured they got the best deal for the HTA and the HCC.

Ms. Orton said Mr. Choy is the owner and representative, and he is representing the ownership of the building and has the state's best interest at heart.

Dir. Tokioka inquired about the $270 an hour figure and stated that it equates to $561,000 per year at 2,080 hours. Ms. Orton said it is expensive for professional services.

Mr. McCully said he doubted whether they would find somebody at this late point competent to step in. He said the reality is that it will be difficult, if not impossible, to gain that expertise due to the lack of historical knowledge of the contract from its inception.

Chair Arakawa stated that the project manager can be sued, so it is a significant responsibility.

There were no objections or abstentions to the vote. The motion was approved. The BFCC will be recommending to the full Board approval of the HTA's April 2025 financial report.

5. Motion, Presentation, Discussion, and Action on the Hawaiʻi Convention Center's (HCC) April 2025 Financial Report and Update on the HCC's 6-Year Repair and Maintenance Plan; Recommend Approval

Chair Arakawa made a motion to recommend approval of the Hawaiʻi Convention Centre's April 2025 financial report and update on the HCC six-year repair and maintenance plan. He asked Ms. Orton for her presentation.

Ms. Orton shared updates for the April month-end of the HCC Operations.

During the month ending April 30, the HCC welcomed its first-time Citywide events, including the Entrepreneurs' Organization Leadership Conference and the Pediatric Academic Society. The Pediatric Academic Society came in with record numbers. They reached a peak of 8,700 attendees for that conference. Alongside that, the debut of the second pickleball tournament using their new equipment took place, and it was the largest the state had ever held. It was very successful. They are looking at returning to the center the following year. They also hosted repeat local events such as Chopsticks and Wine and the annual Pacific Grin conference on Disability and Diversity. They hosted a total of 28 events for the month, which is four more than they had budgeted the year prior. Total facility revenue for April was $2.5 million, exceeding the budget by $180,000. They posted a net income of $247,000, which was roughly about 300,000 better than they had budgeted for the month. It was a very busy month.

They continue to improve their FY25 year-end forecast. With two more busy months remaining in the fiscal year, they are now projecting to close with a net loss of $1 million. They are closer to breaking even. This represents a $2.1 million savings to their $3.2 million budget. $2.1 million represents a savings to the state compared to what was forecasted in their budget. May was probably the busiest month of the calendar year. They had back-to-back Citywides. They are excited to report the numbers on May's financials. The ROI for April closed at $12.30.

Ms. Orton highlighted the total number of Citywide bookings. For the current fiscal year, they will close with eighteen Citywides they have serviced, with a total of 67,000 attendees, over 100,000 contracted room nights at hotels, and an economic impact of $388 million, generating $45 million in taxes for the state. The bureau is doing a very good job of keeping and moving business. They have been working on relocating all of the groups for 2027. For all the Citywide bookings they had in 2026, the visitor bureau team was able to secure all six bookings, some of which were self-contained at the hotels, and the remainder of those groups were pushed out to future years.

As they are working through 2027, Lynn and her team are doing a great job in trying to salvage business by either keeping them at hotels, but also keeping the rates the same and their incentives the same, to encourage them to push out to a future year and not have to pay the escalation on pricing increases. There are a few groups that are too large to self-contain at hotels, one of them being Rotary, and the other being the Association of Orthodontists. They are still working with them to find other cities to relocate to, always with the hopes of them returning sometime in their next open year. They have been fortunate to salvage and keep what business they did have on the books. She gave a shoutout to the visitor bureau sales team as it is not an easy task. She reiterated why the current project must be on time and under budget, because they cannot move into 2028.

She showed the slide of recent events that passed through the building.

For upcoming local events, they had three or four commencement ceremonies recently. Campbell and AIEA, or Pearl City, which just recently moved through the HCC. The past weekend, they had 8,000 people in the building for two commencement ceremonies and another one that night. They were fortunate to pick up all these commencement ceremonies as they emerged from the COVID-19 pandemic. They now host six or seven commencement ceremonies every year.

She highlighted the following three months. She spoke about their internship program, which partners with the University of Hawaiʻi's Travel Industry Management (TIM) and Scheidler Business School. They had their first graduate, Carly Marcelo, who went through their internship program. The program is 12 weeks long, and participants spend a few days in each department. They are assigned a mentor at the start of the program. It is a paid internship program, and certificates of completion are handed out at the end of the program. They have a summer mentee program starting in June or July, which is posted on the TIM and Scheidler websites. They partner with the TIM school, vetting through the applications and selecting top candidates to join the internship program. They are looking to budget for this and hope to review two to five internship programs annually. She has volunteered to chair the committee to roll out the program to all hotels, enabling us to expand paid internship programs in Hawaiʻi's hospitality industry through the UH TIM program and school. She is on their advisory board at UH. She volunteered to get the program started. Many hotels already participate in the internship, but she wants to re-engage the hotels in participating in a paid internship program, hopefully following the curriculum she put together for the HCC.

For the Carbon offset program, she showed a slide of the organizations that have participated in offsetting their carbon footprint. They planted a total of 543 trees to date.

She spoke about a new report. She thanked Ms. Iona for bringing it to light. She has been in discussions with the chef. They are continually seeking ways to support local farmers. The chef has visited many farms in the state, and they will expand to other islands as well for local produce and 'just local' products.

She spoke about the total dollar amount of products that they purchase, both from local and mainland sources - $125,000, a total for the last four months. Of that $125,000, $30,000 is local. 24% of all their produce is locally sourced, which is a relatively high number considering the amount of produce they go through at the HCC. Their goal is to reach 50% soon.

Chair Arakawa said both of those programs are huge, and they are important for the industry and jobs. He thanked Ms. Orton for all her work.

For the R&M projects, Ms. Tait gave an update. The exterior building painting continued last month and will continue to the end of the month. It was challenging scheduling the projects, given that the building was so busy. They are starting again on the Kalakaua face of the building. A project that they are working on is leak-related. This is the roof that is over the foyer of the ballroom on the fourth floor. Right now, they have glass and a grid. The emollients have been failing on the glass panels, and therefore, some leaks come through that glass ceiling and in certain areas of that roof, which extends over the third floor. Right now, they are working with an architect. They have presented the conceptual designs that they will move forward with, and are exploring them further. They will put a standing seam roof over the ballroom foyer area. This will give them more integrity in preventing leaks from coming through. It still incorporates the design, the original designs that are currently on the ceiling and in different areas of the HCC.

She gave an update on some of the main projects. They have listed the new equipment purchases. They have contracted with Hussey Seating to provide retractable seating for 1,200 guests. This can be configured based on the various sports, concerts, or other special events held in the exhibit halls. When not in use, the seating retracts to about a four-foot-wide footprint. So, it helps with storage in the building. They are also looking forward to having their ice rink here. The first launch with this equipment will take place at their holiday immersive experience event, scheduled for the end of the year. The slate tile repair is ongoing, and they have just received the proposal. The third-floor planner continues. They are busy going through the design for the repair.

She spoke about the list of projects divided by the impact of the project. They are actively working on all of the projects. That follows up on the six-year plan regarding the financial cash flow of all their projects.

She showed a list of completed projects.

There were no objections or abstentions to the motion to approve the Convention Center's financial report for the April 2025 financial report and update, and their six-year repair and maintenance plan. The motion was approved, and the BFCC will be recommending to the Board approval of the report and the R&M update.

6. Motion, Presentation, Discussion, and/or Action on the U.S. Maui Emergency Marketing Campaign***

Chair Arakawa made a motion to recommend approval of the funding of the U.S. Maui Emergency marketing campaign. He asked Ms. Anderson and Ms. Orton for an update. Ms. Anderson said the funding was found for the $6 million U.S. Maui emergency marketing campaign. The contract is with the AG for his review and approval.

Chair Arakawa asked about their wanting to use EDA funding. Ms. Anderson said that was just a suggestion because they were trying to find funds, but they did not follow through on it.

Chair Arakawa asked Dir. Tokioka, if that will be a smooth process. Dir. Tokioka said yes, as soon as they approve it from the Board. He reiterated that DBEDT could have done the contract, and they would not have had to go through the Board, as it was money that was restricted from DBEDT. He was disappointed that it took so long. He said Ms. Anderson left out some details of meetings that they had over the last week and a half. Mr. Kishi had some of the information on how they were going to spend the money that was appropriated. He said Ms. Anderson brought up a point from the Attorney General. Ms. Anderson had stated that the contract was pending approval from the AG.

AG Cole said he had reviewed an earlier version, and some changes were made, and they sent it back to him the previous day. He would look over that and finish it by the afternoon. Dir. Tokioka asked what changes were made. AG Cole said it was the compensation that probably laid out the funding for it, but he had not opened that part yet.

Ms. Anderson explained the changes. One was with the scope of services. They had to push back everything because they were delayed. For the compensation schedule, they had to revisit the timeline again. It was all due to timing. This was supposed to be executed a month ago, and they pushed back, so they had to make those updates.

Chair Arakawa asked that Ms. Anderson send a copy of the revised contract to Dir. Tokioka, Mr.

Pfund, and Mr. Apo (as suggested by him previously) are the Board members who need to stay informed to prevent any major delays. Previously, changes were made between a different Board member and the HVCB without the Board's knowledge, which held things up.

Chair Arakawa asked Dir. Tokioka about the extensive negotiations on the release of the $6.3 million with the director of BNF. He suggested writing a report so that when this matter comes up at the Board meeting, they will have the whole picture.

Dir. Tokioka said the reason his tone sounded frustrating was that he was blamed for the delay, which is the furthest thing from the truth. In hindsight, had he known this, they would have sat down with Lewis and the governor and sent it through the HVCB. It has been two to three months since the emergency funding was supposed to help Maui, and they are entering the busy season. Having promotions go out during the busy season does not do justice to the promotion.

Chair Arakawa made a motion to recommend to the full Board to approve the funding of as much of the $6.3 million as possible for the Maui emergency plan. Ms. Iona seconded. There were no objections or abstentions. The motion was approved.

7. Motion, Presentation, Discussion, and/or Action on the HTA Fiscal Year 2026 Budget***

Chair Arakawa made a motion that the BFCC recommends that the HTA Board approve the following FY26 HTA budget, which was approved by the state legislature. The state legislature already approved the following numbers:
Number one, an operating budget of $63 million for the HTA, funded by the general fund.
Number two, an operating budget of $15,977,020 for the HCC funded by the Convention Center Enterprise Special Fund.
Number three, the use of $36,400,000 for the HCC repairs and maintenance funded by the Capital Improvement Project CIP funds for projects included in the convention center's six-year repair maintenance plan, which has been reviewed and approved by the Board.

The motion was to approve what the legislature had already appropriated to the HTA. Currently, the Board's record indicates that they approve the $80 million budget without the HCC monies, the $16 million, and the $36.4 million.
He asked for a second. Vice-Chair Agas seconded.

He asked Mr. Kishi for a short presentation.

Dir. Tokioka requested that they conduct this discussion in an executive session to discuss what the legislature had approved. Chair Arakawa asked that they go through the six buckets. He suggested covering what the legislature approved, and they can revisit the matter at a later time and go into executive session if any line-item contract issues arise.

Mr. Kishi thought they were going to go over the budget line items in detail so that they could approve the FY26 operating budget the following week. Chair Arakawa said they can approve that in June.

Ms. Anderson said that when they left the previous Board meeting, the next step was for the BFCC to delve into the details. Then, at the end of May, the Board would approve the FY26 budget, including all line items. That way, staff can proceed with issuing procurements. She was confused as to why they were changing it.

Chair Arakawa said that they will lose quorum. They have four members voting, and they will lose quorum. So, they can do the detailed review the following week and approve it.

Dir. Tokioka said he had to leave at 11:30 a.m.

Chair Arakawa asked that Mr. Kishi send all the details to the Board members. Mr. Kishi would do that.

Vice-Chair Agas asked that they disapprove the buckets with the dollar amount in the current meeting and let it be moved to the following week so they can review it with the Board in detail. Chair Arakawa said they would do that, as they would lose quorum. They can approve the buckets and go through the details the following week. Vice-Chair Agas said if the Board approves the details next week, they can approve the budget the next week. Chair Arakawa said that was a great idea.

Mr. Kishi stated that the $63 million budget for the HTA comprises six distinct programs. BED 113 is for admin and governance. The main objective for the admin and governance is to provide support to the other programs. They have overheads, salaries, all the expenses related to Board meetings, including meetings and subscription payments, such as travel, support services, planning, reviewing programs, and evaluating campaign effectiveness. All of that is included in their 113 programs.

BED 114 is for branding and marketing - $39,249,000. Marketing the islands as a globally competitive leisure and business destination, to strengthen tourism's overall contribution to Hawaii's economy.

BED115 - sports and signature events. They have $7,318,000. The objective is to support sports and signature events across the State of Hawaiʻi, attracting visitors, remaining competitive as a vibrant destination, and increasing economic and social benefits to communities.

BED116 - destination management. This involves implementing projects and programs that aim to balance and meet the economic, environmental, social, and cultural needs of Hawaiʻi, while working closely with the visitor industry and residents to manage the destination through island destination management action plans and the appointment of island destination managers. They have a budget of $7,923,000.

BED117 - Regenerative tourism development. The objective is to restructure Hawaii's tourism industry towards sustainability of natural and cultural resources, to respect and preserve Hawaiian culture, local culture, support communities, contribute to the enhancement of local ecosystems, and to grow the capacity of community organizations and local businesses to provide authentic regenerative experiences for visitors. They have a budget of $3,762,000.

BED118 - workforce development. The objective is to support tourism workforce training, educational and career counselling programs, conduct outreach efforts, and coordinate public and private sector partnerships for a robust visitor industry workforce that has a budget of $1,050,000.

Chair Arakawa said this summary is on page one of the report.

Mr. Kishi moved on to the HCC budget:

BED113XC is for the HCC. The objective is to perform financial and management functions related to the operation and maintenance of the HCC. They have a total budget of $63,377,000. That is comprised of $15,977,000 for HCC operations, which includes funds for operations, sales and marketing, local sales, and repairs and maintenance. They have a $36,400,000 CIP appropriation for the HCC repairs and maintenance. He asked that in the motion, they include the $11 million transfer to budget and finance, as he forgot to add that. Those three items will make up the $63 million total.

Chair Arakawa said they are amending the motion.

One is the operating budget of $63 million.
The second item of the budget is the $16 million for the HCC funded by the Convention Center Enterprise Special Fund.

The third item in the budget is the use of $36.4 million for the HCC repairs and maintenance. The fourth item is the $11 million that the HTA is returning to budget and finance, as they borrowed that money the previous year.

Mr. Kishi confirmed they are returning the funds from the Convention Center Special Funds.

Chair Arakawa asked for a second. Dir. Tokioka seconded the motion.

Chair Arakawa said to Ms. Orton that he understood that the $36.4 million and the $16 million were not in the original $80 million that was proposed by the HTA. He asked how they got the funding. Ms. Orton said Mr. Choy had asked for additional funding. The original request was for $52 million for the projects outlined in the six-year plan. Mr. Choy had managed to secure $36.4 million and was going to return in the next legislative session to seek the balance. It was an appropriation that was granted due to Mr. Choy's efforts in lobbying for the additional money, allowing them to complete more projects during the downtime.

Mr. Apo thanked them for the presentation. He asked that they go through the details of the breakdown of the BEDs in the BOD. He wanted to give a heads up that the intent is not to have staff present on all of those line items, as they will be distributed to the Board ahead of time, allowing Board members to ask questions about any specific line items rather than walking through the entire budget. He noted that given the earlier discussion, they will likely do that in executive session because it does go through some competitive advantage issues as well as some contract issues regarding what specific amounts are line-item within the BEDs. He does not want anyone to be surprised if they go into executive session at the next BOD.

Chair Arakawa concurred. In the past, they always discussed the contracts in executive session, but the big buckets are always in open session because that is how the legislature approves them.

Mr. Kishi wanted to discuss the exclusion of HCC budget items from the approval. He said they did include it in the budget worksheets, but they must have just forgotten to include that in the official Board motions. But they are always planning to seek more funds for the HCC repairs.

Chair Arakawa asked if there were any objections or abstentions, but there were none. The motion was approved.

8. Motions, Presentations, Discussions, and Actions on HTA Budget Issues, Comments, and Suggestions Raised by Legislators, Board Members, Staff, Stakeholders, etc., including the following:

a. **Fiscal Biennium 2025-2027 Budget Request to the Legislature (Request: $80,000,000; Budget approved by the Legislature: $63,000,000)**
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. **Budget, Finance, and Accounting Issues, including Invoice Payments, Procurement Violations, Contracts, etc.**
d. **Tourism Emergency Special Fund**
    i. **Status of Use of the Tourism Emergency Special Fund**
    ii. **Policies, Procedures, and Reports Related to the Use of the Tourism Emergency Special Fund**
e. **Wildfire Incremental Budget Requests and ROI**
    i. **Campaign Effectiveness and Cost/Benefit Ratio**
    ii. **Status of Contracts and Payments for all Wildfire Branding Incremental Requests**
f. **HTA Budget & Finance Issues, Policies and Procedures**
    i. **HTA Past Due Accounts: Status, Budget & Finance Policies and Procedures, and Reporting**
    ii. **HTA Contract Modifications: Status and Discussion; Budget & Finance Policies and Procedures, Board Approval, and Reporting**
    iii. **HTA Executive Employment Contracts and Bonuses: Budget & Finance Policies and Procedures, Board Approval, and Reporting**
    iv. **HTA Travel Policies: Budget & Finance Policies and Procedures, Approval of Requests, and Reporting**
    v. **New Policies and Procedures: Budget & Finance Policies and Procedures, Approval of Requests, and Reporting**
g. **Hawaiʻi Convention Center Budget & Finance Issues**
h. **Motion, Discussion, and Action on HTA Leadership Positions and Supervision*****

Chair Arakawa said his understanding was that there had been several attempts to remove this item from the agenda. They will discuss this at the next Board meeting and likely at the AASC meeting. Item eight on the agenda has been on the agenda for the past year. These are areas that they need to clear up, especially their procurement and contract issues. He said Dir. Tokioka specifically requested information and investigations on certain items. They are following through on those and will defer those items to the full Board meeting. He asked Dir. Tokioka, if he still wants them to report on these issues, including the procurement status of procurement violations, contracts, and other matters, such as the L.A. Rams activation.

Dir. Tokioka said it was his understanding that Ms. Anderson had received a folder with some of the invoices so that he would review that. Dir. Tokioka said he had asked for this months ago and does not understand why it took so long.

Chair Arakawa said he was planning to have a meeting with finance and procurement staff. He was told he had to go through the acting President CEO, and that they were too busy to do this. Since that is a priority, they will work together with Ms. Anderson and Dir. Tokioka to ensure the information gets presented so that the Board can get the public trust back. Some of it might spill over to the AASC, so it is good that Mr. McCully was present. They will prepare a report for the full Board meeting.

Chair Arakawa spoke about item number H - leadership positions and supervision. He said Mr. McCully had asked for the position descriptions over a week ago, and they had not received them. There are at least eight leadership and management positions that are either vacant or being filled by acting personnel. Ms. Anderson said she would send that to him. Mr. McCully said he would like to be included in the mail.

There were no further comments.

9. Adjournment

Chair Arakawa adjourned the meeting at 11:34 a.m.

Respectfully submitted,

Sheillane Reyes

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Sheillane Reyes
Recorder