



KA HĀLĀWAI KŪMAU A KE KŌMIKE MO'OHELU KĀLĀ, 'OIHANA KĀLĀ,
A ME KE KIKOWAENA HĀLĀWAI O HAWAII
KE'ENA KULEANA HO'OKIPA O HAWAII

**BUDGET, FINANCE, AND CONVENTION CENTER
STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY**

HĀLĀWAI KELEKA'A'IKE
VIRTUAL MEETING

21 Malaki 2024, 1:00 p.m.
March 21, 2024, 1:00 p.m.

E ho'olele 'iwa'ia ka hālāwai ma o ka Zoom. Meeting will be live streaming via Zoom.
<https://us06web.zoom.us/j/84081723186>

E noi 'ia paha 'oe e kāinoa me kou inoa a leka uila paha. E 'olu'olu, e ho'okomo i kou inoa piha akā hiki nō iā 'oe ke ho'ohana i ka inoa kapakapa e like me kou makemake.

You may be asked to enter your name or email. The Board requests that you enter your full name, but you may use a pseudonym or other identifier if you wish to remain anonymous.

Kelepona / Call In: 1 253 205 0468
Helu Hālāwai / Webinar ID: 840 8172 3186

Hiki i ka lehulehu ke hō'ike mana'o ma o ka palapala a i 'ole ma o ka waha. E kau palena 'ia ka hō'ike mana'o waha (ma ke kino a i 'ole ma o ka Zoom) he 'elima minuke ka lō'ihī no kēlā me kēia kumuhana. E kāinoa no ka hō'ike mana'o waha ma ke pākaukau ho'okipa ma ka lumi hālāwai. E kāinoa no ka hō'ike mana'o waha ma o ka Zoom ma o ke pihi "Q&A."

Members of the public may provide written or oral testimony on agenda items. Oral testimony (in-person or via Zoom) will be limited to five minutes for each testifier per agenda item. Signup for oral testimony via Zoom will be accepted through the Q&A feature on Zoom.

E ho'ohui 'ia nā palapala hō'ike mana'o i hiki ma ka pū'olo hālāwai. E leka uila 'ia nā palapala iā Carole Hagihara-Loo ma carole@gohta.net, a i 'ole, e lawe kino 'ia i ke ke'ena. No nā palapala hō'ike mana'o i hō'ea mai ma hope o ka pa'a o ka pū'olo hālāwai (he 48 hola ma mua o ka hālāwai), e kāka'ahi 'ia nā kope i ke kōmike a e mākaukau no ka 'ike 'ia e ke anaina ma ka hālāwai.

Written testimony received ahead of the preparation of the committee packet will be included in the packet. Email written testimony to Carole Hagihara-Loo at Carole@gohta.net or hand-deliver or send via postal mail to the Hawaii Tourism Authority office, 1801 Kalākaua Avenue, 1st Floor, Honolulu, HI 96815. Written testimony received after the issuance of the committee (48 hours ahead of the meeting) will be distributed to the committee.

AGENDA

1. *Ho'omaka a Wehena*
Call to Order and Opening Protocol
2. *Kikolā*
Roll Call to Announce Name of Participating Board Members and to Identify Who Else is Present with Board Member if Location is Nonpublic
3. *'Āpono Mo'olelo Hālāwai*
Approval of Minutes of the February 20, 2024 Budget, Finance, and Convention Center Standing Committee Meeting
4. *Noi, Hō'ike'ike, Kūkā, a Hana no ko ke Ke'ena Kuleana Ho'okipa o Hawai'i Mo'olelo Kālā no Pepeluali 2024*
Motion, Presentation, Discussion, and Action on the Hawai'i Tourism Authority (HTA's) February 2024 Financial Report; Recommend Approval
5. *Noi, Hō'ike'ike, Kūkā a Kī'ina Hana no ko ke Kikowaena Hālāwai o Hawai'i Palapala Hō'ike Kālā no Pepeluali 2024 a me ka 'Ikepili Hou ma ko ke Kikowaena Hālāwai o Hawai'i Papa Hana CIP no 6 Makahiki*
Motion, Presentation, Discussion, and Action on the Hawai'i Convention Center's February 2024 Report and Update on the Hawai'i Convention Center's 6-Year CIP Plan; Recommend Approval
6. *Hō'ike'ike, Kūkā, a Ho'oholo no nā Kuleana a me nā Mana'o 'Ē A'e e Pili ana i ka Mo'ohelu Kālā HTA i Hāpai 'ia e nā Lālā o ka 'Aha'olelo, ka Papa Alaka'i, nā Limahana, nā Kāko'o, apwa, e la'a ho'i me ko lalo:*
Presentation, Discussion, and Action on HTA Budget Issues, Comments, and Suggestions Raised by Legislators, Board Members, Staff, Stakeholders, etc., including:
 - a. *Kūkā a Hō'ike'ike no ke Noi Kālā i ka 'Aha'olelo no ka Makahiki Kālā 2025*
FY 25 Budget Request to Legislature
Discussion and Presentation on Latest Proposal to the Legislature

- b. *Ka Ho'oka'a'ike 'ana aku i ka Holomua o ka Mo'ohelu Kālā no ka HTA a me ke Kikowaena Hālāwai o Hawai'i, a Pēia Pū Ho'i ka 'Aha'ōlelo*
Communications Regarding the HTA Budget and Hawai'i Convention Center, Including the Legislature
- i. *Ka Nūhou no ka Ho'oka'a'ike o ko ka HTA Mo'ohelu Kālā no ka Makahiki Kālā 2025*
Status of Recent Communications Regarding FY 25 HTA Budget
- ii. *Ka Nūhou no ka Pane i ka Luna Ho'omalū 'Oihana Ho'okipa, 'o Quinlan Ho'i, no ka Hō'ike 'Ano o ka Mo'ohelu Kālā o ka Makahiki Kālā 2024 a me ka Papa Hana, Lawelawe 'ana, a me ka 'Āpono o ka Papa Alaka'i*
HTA Response to House Tourism Chair Quinlan's Review Comments on FY 2024 Operating Budget: Status, Policies, Procedures and Board Approval
- iii. *Ka Papa Hana a Lawelawe 'ana o ka Ho'oka'a'ike e Pili Pū ana i ko ka HTA Mo'ohelu Kālā, Ke 'Ano e Lawelawe aku i ka Papa Alaka'i, a me ka Pane a Ho'oholomua Koke*
HTA Policies and Procedures for Communications Regarding HTA Budget, including Prompt Transmittal to Board, Timely Responses, and Follow-up Actions
- c. *Ka Nūhou no ke Noi Hō'ōia a ka 'Aha'ōlelo i Pili Ho'i i ka HRS 23-13*
2023 Legislative Audit Pursuant to HRS 23-13
- i. *Ka Nūhou no ka 'Ikepili e Kū nei, ka Mo'ohelu Kālā, a me nā Nīnūnē o ka Mālama Mo'ohelu Kālā a 'Oihana Kālā*
Status and Budget, Finance and Accounting Issues
- d. *Ke Kālā Pōulīa 'Oihana Ho'okipa*
Tourism Emergency Special Fund
- i. *Ka Nūhou no Ke Kulekele Ho'olilo Kālā Pōulīa*
Status of Use of the Tourism Emergency Special Fund

- ii. *Ka Papa Hana, Lawelawe 'ana, a me nā Palapala e Pili Pū ana i ke Kālā Pōulia*
Policies, Procedures, and Reports Relating to Use of the Tourism Emergency Special Fund
- e. *Ke Noi Kālā 'Āpanakahi no ke Kāko'o iā Maui he \$8,525,000 Miliona*
Wildfire Incremental Budget Requests (\$8,525,000 million)
 - i. *Ka Nūhou no ka Māhuahua o ke Noi Kālā Keu*
Update on Campaign Effectiveness, Cost/Benefit Ratio, and ROI for Wildfire Incremental Budget Requests
 - ii. *Ka Nūhou no Nā Palapala 'Aelike 'Āpanakahi a me ka Uku*
Status of Contracts and Payments for all Wildfire Branding Incremental Requests
 - iii. *Ka Nūhou no ka Ho'ihō'i Kālā Pekelala no ke Noi Kālā 'Āpanakahi*
Status of Federal Reimbursement for Wildfire Incremental Budget Requests
- f. *Nā Nīnūnē Mo'ohelu Kālā o ka HTA, ka Papa Hana, a Lawelawe 'ana*
HTA Budget & Finance Issues, Policies and Procedures
 - i. *Nā Waihona Kālā Lohi: ka Nūhou, Papa Hana, Lawelawe, a Palapala 'ana*
HTA Past Due Accounts: Status; Budget & Finance Policies, Procedures and Reporting
 - ii. *Na Loli o nā Palapala 'Aelike HTA: ka Nūhou a Kūkā no ka Papa Hana, Lawelawe, 'Āpono o ka Papa Alaka'i, a me ka Palapala 'ana o ka 'Oihana Kālā*
HTA Contract Modifications: Status and Discussion; Budget & Finance Policies, Procedures, Board Approval and Reporting
 - iii. *Nā Kūlana Ho'okō a me ka Uku Keu: ka Nūhou a Kūkā no ka Papa Hana, Lawelawe, 'Āpono o ka Papa Alaka'i, a me ka Palapala 'ana o ka 'Oihana Kālā*
HTA Executive Employment Contracts and Bonuses: Status and Budget & Finance Policies, Procedures, Board Approval, and Reporting

- iv. *Ka Papa Hana Huaka'i HTA: ka Nūhou a Kūkā no ka Papa Hana, Lawelawe, 'Āpono o ka Papa Alaka'i, a me ka Palapala 'ana o ka 'Oihana Kālā*

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

- g. *Nā Nīnūnē 'Oihana Kālā no ke Kikowaena Hālāwai o Hawai'i*
Hawai'i Convention Center Budget & Finance Issues

7. *Ho'oku'u*
Adjournment

**** 'Aha Ho'okō: Ua hiki i ka Papa Alaka'i ke mālama i kekahi hālāwai kūhelu i kū i ka Hawai'i Revised Statutes (HRS) § 92-4. E mālama 'ia kēia hālāwai kūhelu nei ma lalo o ka § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) no ka pono o ko ka Papa Alaka'i kūkā a ho'oholo 'ana i nā nīnūnē a nīnau i pili i ko ka Papa Alaka'i kuleana me ko ka Papa Alaka'i loio. He hālāwai kūhelu kēia i 'ole paulele 'ia ka 'ikepili a i mea ho'i e mālama kūpono ai i ko Hawai'i 'ano, he wahi i kipa mau 'ia e nā malihini.*

***** Executive Meeting:** The Board may conduct an executive meeting closed to the public pursuant to Hawai'i Revised Statutes (HRS) § 92-4. The executive session will be conducted pursuant to HRS § 92-5 (a) (2), § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) for the purpose of consulting with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities; to consider hiring and evaluation of officers or employees, where consideration of matters affecting privacy will be involved; and to discuss information that must be kept confidential to protect Hawai'i's competitive advantage as a visitor destination.

Inā he lawelawe a mea like paha e pono ai ke kīnānā, e ho'oka'a'ike aku me Carole Hagihara-Loo ma (808)-973-2289 a ma ka leka uila e like me ka wikiwiki i hiki, 'a'ole ho'i a ma 'ō aku o ka 'elua lā ma mua o ka hālāwai. Inā 'ike 'ia he noi i ka lā ma mua o ka hālāwai, e ho'ā'o mākou e 'imi i ka lawelawe a mea like paha, 'a'ole na'e ho'i e hiki ke ho'ohiki 'ia ke kō o ua noi lā. Ua noa pū kēia ho'olaha ma nā kino 'oko'a e like me ka mea pono.

If you need an auxiliary aid/service or other accommodation due to a disability, contact Carole Hagihara-Loo at (808) 973-2289 or carole@gohta.net as soon as possible, preferably no later than 3 days prior to the meeting. **Requests made as early as possible have a greater likelihood of being fulfilled.** Upon request, this notice is available in alternative/accessible formats.

E like nō me ka 'ōlelo o ke Kānāwai Hawai'i i ho'oholo 'ia māhele 92-32.7, e mālama ana ke Ke'ena Kuleana Ho'okipa o Hawai'i i kekahi wahi e hiki ai ka po'e o ka lehulehu ke noho a komo pū ma nā hālāwai ma o ka ho'ohana 'ana i ka 'enehana pāpaho (ICT). Aia ana kēia 'enehana pāpaho ma ka papahelu mua o ka lumi ho'okipa i mua o ke Ke'ena Kuleana Ho'okipa o Hawai'i ma ke Kikowaena Hālāwai O Hawai'i. 'O 1801 Kalākaua Avenue, Honolulu, Hawai'i, 96815 ka helu wahi.

In accordance with HRS section 92-3.7, the Hawai'i Tourism Authority will establish a remote viewing area for members of the public and board members to view and participate in meetings held using interactive conference technology (ICT). The ICT audiovisual connection will be located on the 1st Floor in the Lobby area fronting the Hawai'i Tourism Authority at the Hawai'i Convention Center at 1801 Kalākaua Avenue, Honolulu, Hawai'i, 96815.

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Approval of Minutes of the February 20, 2024 Budget, Finance, and Convention Center Standing Committee Meeting



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

**BUDGET, FINANCE, AND CONVENTION CENTER STANDING COMMITTEE MEETING HAWAII'
TOURISM AUTHORITY**

Tuesday, February 20, 2024, at 1:30 p.m.

Virtual Meeting

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

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

1. Call to Order and Opening Protocol

Chair Arakawa called the meeting to order at 1:34 p.m. Mr. Casson-Fisher opened the meeting by recognizing the passing of the veteran journalist Emme Tomimbang and encouraging the board members to remember the stories she told and the histories she left behind.

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. Choy conducted the roll call. All the members in attendance confirmed that they were alone. Mr. McCully and Mr. Miyasato were excused.

3. Approval of Minutes of the January 24, 2024, Budget, Finance, and Convention Center Standing Committee Meeting

Chair Arakawa proposed a motion to approve the January 24, 2024, minutes, and Dir. Tokioka seconded it. There were no comments from the committee members or the public. Mr. Choy conducted the roll call, and the motion passed unanimously.

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

Chair Arakawa proposed a motion to recommend approval of the HTA's January 2024 Financial Report, and Dir. Tokioka seconded the motion. Mr. Choy projected the January 2024 financial statements on the shared screen and informed the committee that Mr. Talon Kishi, now a licensed CPA, prepared this report.

Mr. Choy explained that the balance sheet showed the Tourism Fund, which combined the General and Tourism Special Fund. He reminded the committee that funding had been carried out differently during the previous two years. Special funds were awarded for part of 2022, and a special operation was awarded by the governor this year.

The Convention Center Special Fund had \$47 million allocated for repairs and maintenance, including \$7.8 million appropriated by the Governor. The Convention Center Roof Repair Fund comprised \$15 million from bond funds, of which \$14,871,000 remained. Details of the Tourism Emergency Special Fund would be given later in the agenda, and Ms. Anderson would explain the disposition of Federal Funds. The footnote disclosures stated in detail how funds had been used.

Mr. Choy explained that the income statement showed how funds had been spent over the past seven months, and in future months, the figures would change as encumbered funds were expended. The insurance premium was \$698,000 from the Convention Center Special Fund. Mr. Choy acknowledged a typographical error on the balance sheet in the spelling of General Obligation Bonds.

The bank statement was attached to the balance sheet to demonstrate that the money existed, and this was important since Mr. Kishi had total control over the emergency fund.

The financial statement for the HCC included a consolidated balance sheet comparing the situation on December 31, 2023, with that of December 31, 2022.

Chair Arakawa asked for clarification of page 7 concerning the Employees Retirement System of the State of Hawai'i (ERS) and the Hawai'i Employer Union Health Benefits Trust Fund (EUTF), and Mr. Choy informed him that these figures were accrued once a year. They could only be obtained when ERS and EUTF calculated the portion of benefits due to the HTA.

There were no further questions from committee members or members of the public.

The motion was carried unanimously.

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

Mr. Choy proposed a motion to approve the HCC's January 2024 Report and Update on the HCC 6-Year CIP Plan. Dir Tokioka seconded the motion.

The General Manager of the HCC, Ms. Orton, presented the HCC January 2024 Report and Update. During January, the center hosted 15 licensed events, as many as had been anticipated by the budget. One was a city-wide sporting event, the Transpacific Volleyball Championships, and the other was local. The monthly revenue exceeded \$1.2 million, including \$176,000 in other income, which was mainly interest. This revenue was \$342,500 more than had been budgeted. The posted loss was \$422,900, \$239,200 less than budgeted.

For the Financial Year 2024, the HCC projected a gross revenue of \$25 million, including \$1.5 million of interest and a net loss of \$186,000, compared with budget numbers of gross revenue of \$18.5 million and a net loss of \$5.3 million. This was the highest-grossing year since the center's opening, and the savings in state subsidies were forecasted to be \$5.1 million.

Ms. Orton pointed to a more important consideration in terms of the overall economic impact of the HCC. Hosting of events generated \$370.3 million in economic impact and \$43.3 million in tax revenue. These events included 220 local events and 11 city-wide events to date. It was hoped that if this trend continued, the center might break even by the end of the financial year or have a small surplus.

Mr. Choy asked whether local events' economic impact and tax revenue were tracked. Ms. Orton explained that local events generated little or no tax revenue since the tax income was mainly derived from the Transient Accommodations Tax (TAT) derived from hotel stays.

Mr. Choy congratulated the staff of the HCC on their good financial record. Mr. Ka'anā'anā also praised the sales staff's efforts in partnership with the center. The city-wide sales team had brought in 20 city-wide events, which were major revenue sources since local businesses did

not bring in the same income level. The center had hosted some major city-wide events, one of which involved half a million dollars in food and beverage spending.

Ms. Orton stated that from July 2023 to January 2024, the return on investment (ROI) of the Convention Center had been \$15.33 per dollar spent. This was due mainly to the eleven city-wide events hosted to date. Nine more were scheduled for the next five months. The report gave details of some recent events, such as the Hawai'i Dental Convention with 3,000 participants and the AAU Grand Prix with 4,000 participants. Joy of Saké was scheduled for February 23 with 1,000 participants.

Upcoming local and city-wide events included the NDIA Pacific Operational Science and Technology Conference with 1,700 participants and Kawaii Kon with 18,000 participants.

Sustainability was an important concern, and events hosted by the center sponsored the planting of 272 trees, offsetting 2.64 metric tons of carbon dioxide.

Ms. Tait gave details of the Convention Center Repair, Maintenance, and Replacement program. Her report showed photographs of new equipment, such as coffee and beverage dispensers and mogogo banquet displays. Four of the more than thirty transformers in the building had been replaced in January. The transformers that had been replaced were original units installed at the time of building, and it was expected that the new equipment would increase efficiency and reduce energy costs. Wallpaper in the ballroom had been replaced to match the existing meeting room wallpaper, making maintenance easier to manage and reducing inventory.

The exterior cameras had been upgraded to high-definition equipment to prevent or discourage vandalism. Ms. Orton explained that these involved persons projecting ball bearings or bolts into the center's windows, which had caused \$150,000 in damage. Each window weighed more than 500 pounds and might cost between \$20,000 and \$30,000 to replace. Treating the outside of the windows with a protective film did not solve the problem because the window was then likely to fall in one piece, with grave danger to passers-by. The new cameras allowed the license plate, make, and model of perpetrators to be identified. This had been done for the most recent incident, and the information had been forwarded to the police.

Ms. Tait presented a spreadsheet showing the 6-year capital investment plan and gave details of upcoming projects. A contractor had been engaged to carry out exterior painting, and he was working with the center administration to schedule the work around the event schedule and other repair projects, such as the repair of the planters.

The replacement of the chiller was going well and the crane to lift out the old unit and insert the new one was programmed for March 25 to 27. Again, this had to fit around events since the trailer for the crane was so long that it would block part of the loading dock. The contract for the LED lighting had been awarded, and the next stage was to conduct a mockup to ensure that the lights were as required.

The modernization of the escalator was at the RFP stage, and there was interest from several companies in this large project. Three site visits were conducted to allow the companies to assess how to frame their proposals. Tenders were due in March.

Solicitation was underway to architectural firms for two projects: roof parapet repair and china and equipment for food and beverage. At present, the focus is on the upgrade of china and glass for which proposals have recently been received, while during the following week, proposals will be accepted for the roof parapet repair.

Ms. Tait gave a detailed list of projects with which Cummings Group was involved and a list of RMR projects completed during the past four years.

Mr. Choy conducted the vote on the motion, which was carried unanimously.

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

Mr. Choy reminded committee members that no further votes would be taken during this meeting. He also congratulated Mr. Ka'anā'anā for completing 8.1 miles of the Great Aloha Run the previous day.

a. Status of Use of the Tourism Emergency Special Fund

Mr. Choy thanked Chair Arakawa for his interest in financial matters and noted that he had spent much time at the Convention Center. Mr. Choy presented a spreadsheet showing the Tourism Emergency Special Fund status as of February 14, 2024. He explained that \$2.6 million had been budgeted for the USA Market Recovery Program 1, and this amount had already been expended. \$2.95 million had been budgeted for USA Market Recovery Program 2, of which only \$1.35 million was to be drawn from the Tourism Emergency Special Fund while the remaining \$1.6 million was from the General Fund.

Of the \$5 million budgeted for the Tourism Emergency Special Fund, \$4,976,000 had been committed, and the amount paid out to date was \$2,851,000.

Dir. Tokioka asked whether the commercial being shown on television at present had been financed from this fund. Ms. Anderson responded that the cost of airing the commercial and print advertisements was \$200,000, but this amount was not shown on the spreadsheet. The commercial production cost was part of the \$125,000 allocated for Maui communications.

b. Status of Response to House Tourism Chair Quinlan’s Review Comments on FY 2024 Operating Budget

Mr. Choy reminded the committee that the issue with the Financial Year 2024 operating budget was due to the fact that the HTA had not been granted funding by the Legislature at the end of the last legislative session and as a result had to ask for funds from the Governor. Although the HTA had requested \$64 million, the Governor had awarded \$60 million. An email from House Tourism Chair Quinlan contained some comments about this situation.

Chair Arakawa thanked Interim CEO Nāho’opi’i and his staff for their detailed response to this email, which was included in the committee information packet. Chair Quinlan’s email was sent on June 15, and the HTA response on December 15. Asked whether Chair Quinlan had replied to the HTA response, Mr. Nāho’opi’i said that discussions had taken place and Chair Quinlan had provided information relevant to the budget during the House Committee hearings. Chair Arakawa asked that subsequent comments be shared with the Board.

Mr. Nāho’opi’i pointed out that the recommendations of Chair Quinlan were reflected in the proposed budget for FY 2025.

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

Mr. Choy presented a large spreadsheet showing campaign effectiveness, cost/benefit ratio, and return on investment for the incremental budget request and all the HTA programs. This contained detailed information from 2019 to 2023, which will be discussed at the next Board meeting.

Ms. Anderson gave some background on preparing this spreadsheet, stating that staff compiled all past contracts and examined invoices, key performance indicators (KPIs), and return on investment (ROI).

Chair Arakawa stated that the Board and the public would be able to study this spreadsheet so that questions could be discussed at next month’s meeting.

Mr. Choy reminded the committee that the detailed spreadsheet comparing funding per visitor, revenue per funding, and visitor statistics on an island-by-island basis was the response to a question from Sen. DeCoite.

d. Status of HTA Past Due Accounts

Chair Arakawa informed the committee that as soon as he was made Chair of the BFCC, several major vendors contacted him to complain about late payment of their invoices.

Mr. Choy stated that this was a serious concern since it was important not only for vendors to be confident of being paid on time but also for the HTA to know that deliverables would be handed over on time and contracts adhered to. He had modified Procedure 400-20.01 Contract Monitoring and Procedure and Procedure 400-20.02 Contract Deliverables. He had also assigned two staff members, Ms. Lasconia and Ms. Carvalho, to oversee contracts and incoming invoices. He had kept the executive informed about this situation. Mr. Choy recommended that this be a permanent agenda item so that the committee would be informed of delinquencies with deliverables. It was important for the Budget Committee Chair to be kept informed so that the HTA was seen to be taking this issue seriously, along with paying vendors promptly.

Chair Arakawa reminded the committee that Mr. Choy's email on this subject was included in their information packet. He thanked the HTA staff who were responsible for monitoring and tracking invoices. Policies and procedures for reviewing deliverables and signing off on contracts by the manager were already laid down in the HTA handbook.

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

f. Status of Executive Employment Contracts and Bonuses

g. Status of Communication for any Outside Requests About the Budget, Including the Legislature

Mr. Choy stated that he had not prepared detailed responses to agenda items e, f, and g. He believed it was important to provide a considered response to issues about which the Chair expressed a concern. Depending on the legislative and auditing schedule, these items would appear on future agendas.

Chair Arakawa explained that item 6e related to the incremental budget requests made in response to the wildfires. He understood that some contracts were being drafted and expected that questions about this delay would be raised in the legislature and the audit.

Agenda item 6f related to issues within the purview of the Administrative and Audit Committee, but the Budget and Finance Committee had to be involved in deciding whether to ask the Governor for bonuses or raises. Hence this issue could only be discussed after a decision by the Administrative and Audit Committee.

Agenda item 6g would be handled during the next meeting.

h. Status and Discussion on Travel Policies and Procedures

Mr. Choy had inspected three types of travel: out-of-state, in-state, and board travel. He had sampled travel receipts and requests and found them all in order. He reported that the staff was doing a good job of tracking travel. Dir. Tokioka approved out-of-state travel, and in Mr. Choy's opinion, there was effective internal control.

Regarding travel for Board members, Chair Arakawa informed the committee that he would respond next month. Mr. Choy suggested that committee members study the documents in the meantime and get back to him later with questions.

i. Status and Discussion on Contract Modifications Policies and Procedures

Mr. Choy stated that the discussion about modifying contracts was to include deliverables. Over the past few months, several discussions have been about contract modification due to wildfires. It had sometimes been difficult to check on deliverables, and a suggestion had been made that this checking should be waived and invoices paid as they came in. However, it was clear that key performance indicators (KPIs) could not be ignored. Occasionally, a contract might have to be modified due to unexpected circumstances. Mr. Choy promised that this issue would be discussed in future committee meetings.

j. Status and Discussion on Unused Funds in the Tourism Special Fund

Interim CEO Nāho'opi'i asked about unused funds in the Tourism Special Fund, and Mr. Choy presented a spreadsheet with details. As of February 14, 2024, the total amount was \$14,126,550, of which 7,167,955 was encumbered. The unencumbered amount was \$6,958,595. Mr. Choy reminded the committee that the Tourism Special Fund had been eliminated in 2022.

Chair Arakawa informed the committee that agenda item 6k would be discussed between now and the next meeting. He reminded the committee that no budget had been designated for the HTA at the end of the last legislative session. Out of the Governor's discretionary fund of \$200

million, the HTA had requested \$64 million and had been awarded \$60 million. The Chair stated that the Budget and Finance Committee must check whether the \$60 million budget had been approved at its next meeting.

7. Adjournment

Chair Arakawa proposed a motion to adjourn, and Mr. White seconded it. The motion was carried unanimously. The meeting adjourned at 2:30 pm.

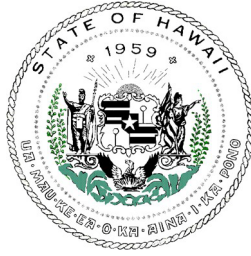
Respectfully submitted,



Sheillane Reyes
Recorder

4

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



The State of Hawai`i
Department of Business, Economic Development, and Tourism
Hawai`i Tourism Authority
Financial Statements
February 29, 2024

These financial statements have been prepared by HTA management (unless otherwise noted) for information purposes only. See notes to the financial statements.

Prepared by: Talon Kishi, CPA

Budget and Fiscal Officer

HAWAII TOURISM AUTHORITY

Hawaii Tourism Authority
February 29, 2024

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Hawaii Tourism Authority
Balance Sheet
As of February 29, 2024

	Tourism Funds	Convention Center Funds	Convention Center Roof Repairs	Tourism Emergency Special Fund	Federal Funds	Total Funds
Assets						
General funds	27,940,252	7,801,119	-	-	-	35,741,371
Special funds (restricted)	14,176,338	47,602,165	-	-	-	61,778,503
Federal grants	-	-	-	-	13,574,717	13,574,717
General obligation bonds	-	-	14,871,000	-	-	14,871,000
Cash and cash equivalents	-	-	-	1,885,206	-	1,885,206
Investments	-	-	-	497,460	-	497,460
Accounts Receivable*	250,693					250,693
Total assets	42,367,283	55,403,284	14,871,000	2,382,666	13,574,717	128,598,950
Liabilities and Fund Balances						
Fund balances						
Encumbered - GOB	-	-	670,000	-	-	670,000
Encumbered - General funds	26,338,918	7,801,118	-	-	-	34,140,036
Encumbered - Special funds	7,150,307	3,540,999	-	-	6,000,345	16,691,651
Unencumbered	8,878,058	44,061,167	14,201,000	2,382,666	7,574,372	77,097,263
Total fund balances	42,367,283	55,403,284	14,871,000	2,382,666	13,574,717	128,598,950
Total liabilities and fund balances	42,367,283	55,403,284	14,871,000	2,382,666	13,574,717	128,598,950

Hawaii Tourism Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Month Ended February 29, 2024
Ending Fund Balance as of February 29, 2024

	Tourism Funds	Convention Center Funds	Convention Center Roof Repairs	Tourism Emergency Special Fund	Federal Funds	Total Funds
Revenues						
Change in fair value	-	-	-	1,230	-	1,230
HCC operations	-	-	-	-	-	-
Interest, net	166,074	122,443	-	3,913	-	292,430
TAT	-	-	-	-	-	-
Other*	-	-	-	-	-	-
Total revenues	166,074	122,443	-	5,143	-	293,660
Expenditures						
Administrative	37,228	-	-	836	-	38,064
Branding	4,201,834	-	-	260,000	-	4,461,834
Communications	-	-	-	-	-	-
Destination management	618,003	-	-	-	-	618,003
Governance and org-wide*	7,076	-	-	-	-	7,076
HCC marketing	-	-	-	-	-	-
HCC operations	-	-	-	-	-	-
HCC repairs and maintenance	-	-	-	-	-	-
Natural resources	-	-	-	-	-	-
Perpetuating Hawaiian culture	205,000	-	-	-	-	205,000
Planning & evaluation	171,217	-	-	-	-	171,217
Resident and Industry Communications	48,957	-	-	-	-	48,957
Safety & Security	32,500	-	-	-	-	32,500
Salaries	232,428	-	-	-	-	232,428
Sports	-	-	-	-	-	-
Workforce	-	-	-	-	-	-
Total expenditures	5,554,243	-	-	260,836	-	5,815,079
Change in fund balances	(5,388,169)	122,443	-	(255,693)	-	(5,521,419)
Fund balances						
February 1, 2024	47,755,452	55,280,841	14,871,000	2,638,359	13,574,717	134,120,369
February 29, 2024	42,367,283	55,403,284	14,871,000	2,382,666	13,574,717	128,598,950

* Refer to notes of the financial statements for more information.

Hawaii Tourism Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year to Date February 29, 2024
Ending Fund Balance as of February 29, 2024

	Tourism Funds	Convention Center Funds	Convention Center Roof Repairs	Tourism Emergency Special Fund	Federal Funds	Total Funds
Revenues						
Change in fair value*	-	-	-	52,667	-	52,667
General fund appropriation transfer*	59,748,268	11,000,000	-	-	-	70,748,268
HCC operations	-	1,223,284	-	-	-	1,223,284
Interest, net*	245,487	374,311	-	76,613	-	696,411
Other*	250,693	765,445	-	-	-	1,016,138
TAT*	-	11,000,000	-	-	-	11,000,000
Total revenues	<u>60,244,448</u>	<u>24,363,040</u>	<u>-</u>	<u>129,280</u>	<u>-</u>	<u>84,736,768</u>
Expenditures						
Administrative	201,695	-	-	6,664	-	208,359
Branding	20,952,695	-	-	2,600,000	-	23,552,695
Destination management	5,800,376	-	-	-	-	5,800,376
Governance and org-wide*	196,623	-	-	-	-	196,623
HCC marketing	2,000,000	567,230	-	-	-	2,567,230
HCC operations	-	926,701	-	-	-	926,701
HCC repairs and maintenance	-	1,933,350	-	-	-	1,933,350
Natural resources	475,000	-	-	-	449,655	924,655
Perpetuating Hawaiian culture	1,275,447	-	-	-	-	1,275,447
Planning & evaluation	504,557	-	-	-	-	504,557
Resident and Industry Communications	249,094	-	-	-	-	249,094
Safety & Security	67,500	-	-	250,693	-	318,193
Salaries	1,271,479	-	-	-	251,732	1,523,211
Sports	500,147	-	-	-	-	500,147
Workforce	46,000	-	-	-	-	46,000
Total expenditures	<u>33,540,613</u>	<u>3,427,281</u>	<u>-</u>	<u>2,857,357</u>	<u>701,387</u>	<u>40,526,638</u>
Transfer to B&F*	-	-	-	-	36,833,291	36,833,291
Change in fund balances	<u>26,703,835</u>	<u>20,935,759</u>	<u>-</u>	<u>(2,728,077)</u>	<u>(37,534,678)</u>	<u>7,376,839</u>
Fund balances						
July 1, 2023	15,663,448	34,467,525	14,871,000	5,110,743	51,109,395	121,222,111
February 29, 2024	<u>42,367,283</u>	<u>55,403,284</u>	<u>14,871,000</u>	<u>2,382,666</u>	<u>13,574,717</u>	<u>128,598,950</u>

* Refer to notes of the financial statements for more information.

Selected Management Disclosures

1. Summary of Significant Accounting Policies

The Hawaii Tourism Authority (HTA or Authority) was established on January 1, 1999, by Act 156, Session Laws of Hawaii 1998. It was placed within the State of Hawaii, Department of Business, Economic Development, and Tourism, for administrative purposes only. The Authority is responsible for developing a strategic tourism marketing plan and developing measures of effectiveness to assess the overall benefits and effectiveness of the marketing plan and progress toward achieving the Authority's strategic plan goals. In addition, effective July 1, 2000, control and management of the Hawaii Convention Center (HCC) were transferred to the Authority from the Convention Center Authority (CCA) by Executive Order No. 3817. Effective July 1, 2002, the Center, by statute, became the responsibility of the Authority. The Center opened to the public in June 1998 and is used for various events, including conventions and trade shows, public shows, and spectator events. The Center offers approximately 350,000 square feet of rentable space, including 51 meeting rooms.

The Authority is governed by a board of directors comprising 12 voting members, including those recommended by the State Legislature. The Governor of the State appoints the 12 voting members.

Funds

The Authority's funds are as follows:

Tourism Funds:

- **Tourism Special Fund (TSF)** –The Tourism Special Fund accounted for functions related to developing and promoting the tourism industry. Effective January 1, 2022, pursuant to Act 1 Special Legislative Session 2021, the TSF was sunset and discontinued the ability to expend any new funds. Funds encumbered as of June 30, 2021, can be spent. The TSF's encumbered fund balance includes \$5,948,568 for the Center for Hawaiian Music and Dance.
- **General Funds** – The 2023 State legislature did not provide HTA an operating budget for fiscal year 2024. As such, the Governor approved the transfer of \$60,000,000 in general funds from Section 5 of Act 164, SLH 2023, to HTA on July 1, 2023. Funds will lapse on June 30, 2024.

Convention Center Funds:

- **Convention Center Enterprise Special Fund (CCESF)** – Under Section 201B-8, the Convention Center Enterprise Special Fund accounts for functions related to the operation and management of the Hawaii Convention Center (HCC). Unencumbered funds are unavailable to spend because the 2023 Hawaii State Legislature did not provide the CCESF an expenditure ceiling to fund the operations of the HCC.
- **General Funds (operations)** – The 2023 State legislature did not provide the HCC an operating budget for fiscal year 2024. As such, the Governor approved the transfer of \$11,000,000 in general funds from Section 5 of Act 164, SLH 2023, for the HCC on July 1, 2023. Funds will lapse on June 30, 2024.
- **General Funds (CIP)** - Pursuant to Act 164, SLH 2023, \$64,000,000 of general funds were provided for long-term repairs of the HCC rooftop terrace deck. Per Executive Memorandum 23-08, dated October 30, 2023, the Department of Budget and Finance (B&F) transferred HTA's

Hawaii Tourism Authority

February 29, 2024

\$64,000,000 operating appropriation to B&F for the Maui wildfires. The Legislature may reappropriate the funds as general obligation bonds for fiscal year 2025.

- **General Obligation Bonds** – Under Act 248, SLH 2022, \$15,000,000 of general obligation bond funds were provided for the temporary repairs of the HCC roof repair and other items. The Governor authorized the release of funds on February 22, 2023. The funds will lapse on June 30, 2024. HTA has encumbered \$670,000 to date. Unused funds will lapse on June 30, 2024.

Tourism Emergency Special Fund:

- The Tourism Emergency Special Fund accounts for functions related to maintaining a tourism emergency fund. Per Section 201B-10, revenues prescribed by Section 237D-6.5(b) and all investment earnings are credited to the fund's assets. Funds are currently held at the Bank of Hawaii. Funds must be exclusively used to respond to a tourism emergency per Section 201B-9.

On August 19, 2023, the governor declared a tourism emergency in the sixth emergency proclamation relating to the Maui wildfires. The Governor extended the tourism emergency in the ninth emergency proclamation dated January 5, 2024. The Authority has spent approximately \$251,000 on Maui wildfire response efforts and \$2,600,000 on an emergency marketing campaign for Maui.

Federal Funds:

- **American Rescue Plan Act (ARPA)** – Official Name: Coronavirus State Fiscal Recovery Fund (CSFRF) Subaward. The former Governor authorized \$106,000,000 of ARPA funds to support HTA's and HCC's fiscal years 2022 and 2023 operations. HTA and HCC received \$95,000,000 and \$11,000,000, respectively. In total, for the two years ended June 30, 2023, \$59,156,304 and \$10,011,197 was spent on HTA and HCC operations, respectively. The Authority returned \$36,833,291 to the Department of Budget and Finance (B&F) on July 31, 2023.
- **Economic Development Administration (EDA) Tourism Grant** – Official Name: ARPA-EDA Tourism Grant (Non-Competitive ARPA State Tourism Grant for the State of Hawaii) – The Authority was awarded \$14,024,372 on December 8, 2021. Grant rules required the approval of the Grant Administration Plan (GAP) before the commencement of work. EDA approved the Authority's GAP on March 21, 2023. The Authority will share approximately \$7,200,000 of the grant with the Department of Land and Natural Resources (DLNR) to enhance and develop Hawaii's outdoor recreational assets. All work must be completed by May 31, 2027, and money spent by September 30, 2027. To date, the Authority has spent approximately \$449,000.

Basis of Accounting

The Governmental Funds' financial statements are reported using the modified-accrual basis of accounting.

Transient Accommodations Tax (TAT)

Under Section 237D-6.5, \$11,000,000 shall be allocated to the Convention Center Enterprise Special Fund annually. The annual \$11,000,000 TAT distribution was completed in December 2023.

Governance & Org-Wide Expenditures

Governance and organization-wide expenditures include board member inter-island travel, meeting minutes, and audit expenses for the Authority and the HCC.

Investments

The Authority’s investments are reported at fair value.

The TSF and CCESF participate in the State’s investment pool program directed by B&F.

Encumbrances

Generally, encumbrances are obligations in the form of purchase orders, contracts, or other commitments that only become liabilities once the performance of the conditions stated in the commitment is completed.

Per HRS 40-90 (b), “All encumbrances for contracts shall become void after five years from the end of the fiscal year of the original encumbrance; provided that the comptroller may grant an exemption from this subsection if the comptroller finds that there is sufficient justification to extend a contract encumbrance.”

Use of Estimates

Preparing these financial statements required management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

2. Equity in Cash and Cash Equivalents and Investments in the Tourism Emergency Special Fund

The following is a summary of changes in the Tourism Emergency Special Fund during the seven-month period ended February 29, 2024:

	Fair Value		Change in Fair			Fair Value
	July 1, 2023	Interest Income	Value	Expenses	Transfers	February 29, 2024
BOH Trust Fund	5,110,743	76,613	52,667	(6,664)	(4,000,000)	1,233,359
BOH Checking	-	-	-	(2,850,693)	4,000,000	1,149,307
Total TESF	5,110,743	76,613	52,667	(2,857,357)	-	2,382,666

3. Accrued Vacation Liability

On June 30, 2023, management estimated the accrued vacation liability of approximately \$339,000, with a current liability of approximately \$132,000.

4. Retirement Benefits

Employees’ Retirement System of the State of Hawaii (ERS)

At June 30, 2023, management reported a net pension liability of approximately \$6,063,000 for its proportionate share of the State’s net pension liability. An actuarial valuation determined the net pension liability as of June 30, 2022.

Hawaii Tourism Authority

February 29, 2024

For the year ended June 30, 2023, the Authority recognized pension expenses of approximately \$335,000. On June 30, 2023, management estimated the deferred outflows and deferred inflows of resources related to pensions of approximately \$576,000 and (\$571,000), respectively.

Hawaii Employer-Union Health Benefits Trust Fund (EUTF)

On June 30, 2023, management estimated the net other post-employment benefits (OPEB) liability of approximately \$4,808,000. An actuarial valuation measured the net OPEB liability as of July 1, 2022.

For the year ended June 30, 2023, the Authority recognized OPEB expenses of approximately \$18,000. On June 30, 2023, management estimated the deferred outflows and deferred inflows of resources related to OPEB of approximately \$227,000 and (\$536,000), respectively.

5. Other Matters

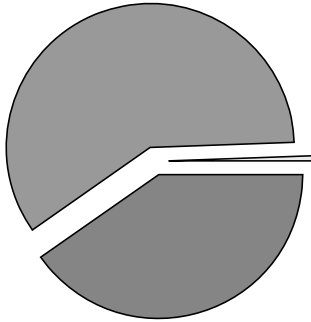
The first two pay periods in fiscal year 2024 were paid with ARPA funds. As such, funds provided by the Governor from Section 5 of Act 164, SLH 2023, were reduced accordingly by \$251,732.

HTA expects to be reimbursed by the Federal Emergency Management Agency (FEMA) for approximately \$250,693 for expenditures related to the immediate response to the Maui wildfires. All funds reimbursed by FEMA will be returned to the State.

The Hawaii Convention Center earned \$765,445 in other revenue in the current fiscal year, consisting of \$723,445 in employee retention tax credits (ERTC) and \$42,000 in distributed antennae service (DAS) income.

Summary Of Investments

Investment Allocation



0.5%	CASH	6,755.44
59.1%	CASH EQUIVALENTS	729,227.13
40.4%	FIXED INCOME	497,460.00
100.0%	TOTAL	1,233,442.57

Investment Summary

	Market Value	%	Estimated Income	Current Yield
CASH	6,755.44	0.55	0	0.00
CASH EQUIVALENTS	729,227.13	59.12	37,920	5.20
FIXED INCOME	497,460.00	40.33	11,250	2.26
Total Fund	1,233,442.57	100.00	49,170	3.99

Schedule Of Investments

UNITS	DESCRIPTION	BOOK VALUE	MARKET VALUE	% OF CATEGORY
	CASH	3,015.74	3,015.74	44.64
	ACCRUED INCOME	3,739.70	3,739.70	55.36
	TOTAL CASH	6,755.44*	6,755.44*	100.00*
	CASH EQUIVALENTS			
	CASH MANAGEMENT			
729,227.13	DREYFUS TREASURY OBLIGATIONS CASH MANAGEMENT FUND	729,227.13	729,227.13	100.00
	FIXED INCOME			
	U S TREASURY OBLIGATIONS			
500,000	US TREASURY NOTES 2.25% 04/30/2024	497,754.55	497,460.00	100.00



Statement Period
Account Number

02/01/2024 through 02/29/2024
BANK OF HAWAII
AGENT U/A DATED 10/31/2018 FOR
HAWAII TOURISM AUTHORITY -
TOURISM EMERGENCY TRUST
FUND

Schedule Of Investments

UNITS	DESCRIPTION	BOOK VALUE	MARKET VALUE	% OF CATEGORY
	Total Fund	1,233,737.12*	1,233,442.57*	100.00*

Last statement: January 31, 2024
This statement: February 29, 2024
Total days in statement period: 29

Click here for inserts:
www.boh.com/agreements

HAWAII TOURISM AUTHORITY
TOURISM EMERGENCY SPECIAL FUND
1801 KALAKAUA AVE 1ST FL
HONOLULU HI 96815

Page 1 of 2
Number of Enclosures:

Direct inquiries to:
888 643-3888

BANK OF HAWAII
111 S KING ST
HONOLULU HI 96813

Bank of Hawaii

*EFFECTIVE AS OF 2/1/2024, FEES FOR THE FOLLOWING ARE DISCONTINUED:
TRANSACTION HISTORY PRINT OUT, MINI-STATEMENTS (BANK OF HAWAII ATM),
AND BALANCE INQUIRIES (QUALIFIED ATMS). FOR MORE INFORMATION, PLEASE
CALL US AT 1-808-643-3888(HAWAII), 1-877-553-2424(GUAM AND SAIPAN), OR
1-680-488-3338(PALAU).*

Analyzed Business Checking

Account number	0091-585227	Beginning balance	\$1,409,224.12
Low balance	\$1,149,224.12	Total additions	.00
Average balance	\$1,283,706.88	Total subtractions	<u>260,000.00</u>
		Ending balance	\$1,149,224.12

CHECKS

<u>Number</u>	<u>Date</u>	<u>Amount</u>	<u>Number</u>	<u>Date</u>	<u>Amount</u>
1007	02-16	260,000.00			

DAILY BALANCES

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
01-31	1,409,224.12	02-16	1,149,224.12		

Hawaii Convention Center
Consolidated Balance Sheet
January 31, 2024 and January 31, 2023
(In Whole Numbers)

	Unaudited 1/31/24	Unaudited 1/31/23
Assets		
Current Assets		
Cash	40,946,884	36,229,098
Accounts Receivable, Net	1,443,818	25,414,110
Prepaid	325,802	230,904
Deposits	0	0
Total Current Assets	42,716,504	61,874,112
Fixed Assets		
Building Improvements	1,705,566	173,253
Furniture & Fixtures	91,255	0
Machinery & Equipment	320,117	8,092
Computer Equipment	71,695	29,090
Work in Progress	1,669,014	268,267
Total Fixed Assets	3,857,647	478,702
Total Assets	46,574,151	62,352,814
Liabilities		
Current Liabilities		
Accounts Payable	863,434	1,414,346
Accrued Expenses	722,059	1,010,857
Advance Deposits	1,985,244	2,027,703
Total Current Liabilities	3,570,737	4,452,906
Equity		
Funds Remitted	(218,462,342)	(215,089,882)
Funding Received	414,459,044	425,143,108
Retained Earnings	(154,471,462)	(149,771,767)
Net Income (Loss)		
HCC Facility	2,011,337	(1,895,815)
HCC Sales & Marketing	(533,163)	(485,736)
Total Net Income (Loss)	1,478,174	(2,381,551)
Total Equity	43,003,414	57,899,908
Total Liabilities and Equity	46,574,151	62,352,814

Hawaii Convention Center

Cash

As of 1/31/2024

(In Whole Numbers)

As of 1/31/2024

Cash	
Cash Operating-Facility	(840,837)
Cash Operating-Sales & Marketing	299,503
Cash Revenue	1,985,244
Cash Repairs & Maintenance Fund	39,496,474
Petty Cash	4,000
Change Fund Parking	2,500
Total Cash	<u><u>40,946,884</u></u>

Hawaii Convention Center
Facility
Income Statement
From 1/01/2024 Through 1/31/2024
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Direct Event Income								
Rental Income (Net)	308,161	281,108	27,054	312,684	2,247,626	1,849,974	397,653	1,606,633
Service Revenue	107,575	58,570	49,005	140,859	1,175,859	561,035	614,824	806,024
Total Direct Event Income	415,736	339,678	76,058	453,543	3,423,486	2,411,009	1,012,477	2,412,657
Direct Service Expenses	183,104	142,142	(40,962)	185,075	1,968,165	1,417,641	(550,524)	1,214,674
Net Direct Event Income	232,632	197,536	35,096	268,467	1,455,321	993,368	461,953	1,197,983
Ancillary Income								
Food and Beverage (Net)	232,707	224,683	8,024	242,436	6,484,169	3,805,975	2,678,194	2,563,945
Event Parking (Net)	70,916	60,431	10,485	88,386	611,944	661,753	(49,809)	516,977
Electrical Services	7,534	7,200	334	7,290	177,560	100,800	76,760	33,195
Audio Visual	14,208	7,980	6,228	9,843	370,485	210,010	160,475	256,872
Internet Services	0	0	0	0	63,310	0	63,310	1,831
Rigging Services	19,600	14,000	5,600	2,050	65,822	29,500	36,322	52,167
Business Center	0	0	0	0	0	0	0	0
Security Commissions	0	0	0	0	0	0	0	0
First Aid Commissions	0	0	0	0	0	0	0	0
Total Ancillary Income	344,965	314,294	30,671	350,005	7,773,290	4,808,038	2,965,252	3,424,987
Total Event Income	577,597	511,830	65,767	618,473	9,228,611	5,801,406	3,427,204	4,622,970
Other Operating Income								
Non-Event Parking	0	433	(433)	886	1,000	3,031	(2,031)	3,558
Other Income	176,128	10,042	166,086	12,534	835,490	70,294	765,196	75,080
Total Other Operating Income	176,128	10,475	165,653	13,420	836,490	73,325	763,165	78,638
Total Gross Income	753,725	522,305	231,420	631,892	10,065,101	5,874,731	4,190,370	4,701,609
Net Salaries & Benefits								
Salaries & Wages	509,772	530,574	20,802	259,741	3,519,767	3,758,759	238,992	2,422,108
Payroll Taxes & Benefits	157,960	155,482	(2,478)	108,978	1,005,084	1,088,800	83,716	737,749
Labor Allocations to Events	(56,952)	(42,615)	14,337	(46,903)	(601,558)	(418,901)	182,657	(366,166)
Total Net Salaries & Benefits	610,780	643,441	32,661	321,815	3,923,292	4,428,658	505,366	2,793,691
Other Indirect Expenses								
Net Contracted Services	57,865	36,028	(21,837)	53,631	389,373	272,069	(117,304)	413,242
Operations	10,445	13,099	2,654	9,295	144,968	91,693	(53,275)	73,667
Repair & Maintenance	81,136	110,021	28,885	95,839	605,596	770,147	164,551	613,436
Operational Supplies	63,004	58,570	(4,434)	64,396	495,536	505,935	10,399	344,345
Insurance	66,058	24,290	(41,768)	16,823	239,052	200,934	(38,118)	142,507
Utilities	191,034	202,260	11,226	228,876	1,743,112	1,694,191	(48,921)	1,734,468
Meetings & Conventions	3,005	2,204	(801)	5,056	19,326	15,178	(4,148)	15,280
Promotions & Communications	0	6,266	6,266	3,804	0	43,862	43,862	20,166
General & Administrative	31,305	39,152	7,847	42,021	254,109	265,165	11,056	229,857
Management Fees	19,433	19,433	(0)	19,033	136,033	136,031	(2)	133,233
Other	6,110	4,733	(1,377)	9,332	103,366	33,131	(70,235)	83,532
Total Other Indirect	529,394	516,056	(13,338)	548,106	4,130,472	4,028,336	(102,136)	3,803,732
Net Income (Loss) before CIP Funded Expenses	(386,450)	(637,193)	250,743	(238,029)	2,011,336	(2,582,263)	4,593,599	(1,895,815)
CIP Funded Expenses	3,101	0	3,101	0	70,707	0	70,707	384
Net Income (Loss) from Operations	(383,348)	(637,193)	253,844	(238,029)	2,082,043	(2,582,263)	4,664,306	(1,895,431)
Fixed Asset Purchases	39,522	25,000	(14,522)	14,055	110,124	175,000	64,876	115,024
Net Income (Loss) After Fixed Asset Purchases	(422,870)	(662,193)	239,322	(252,084)	1,971,919	(2,757,263)	4,729,182	(2,010,455)

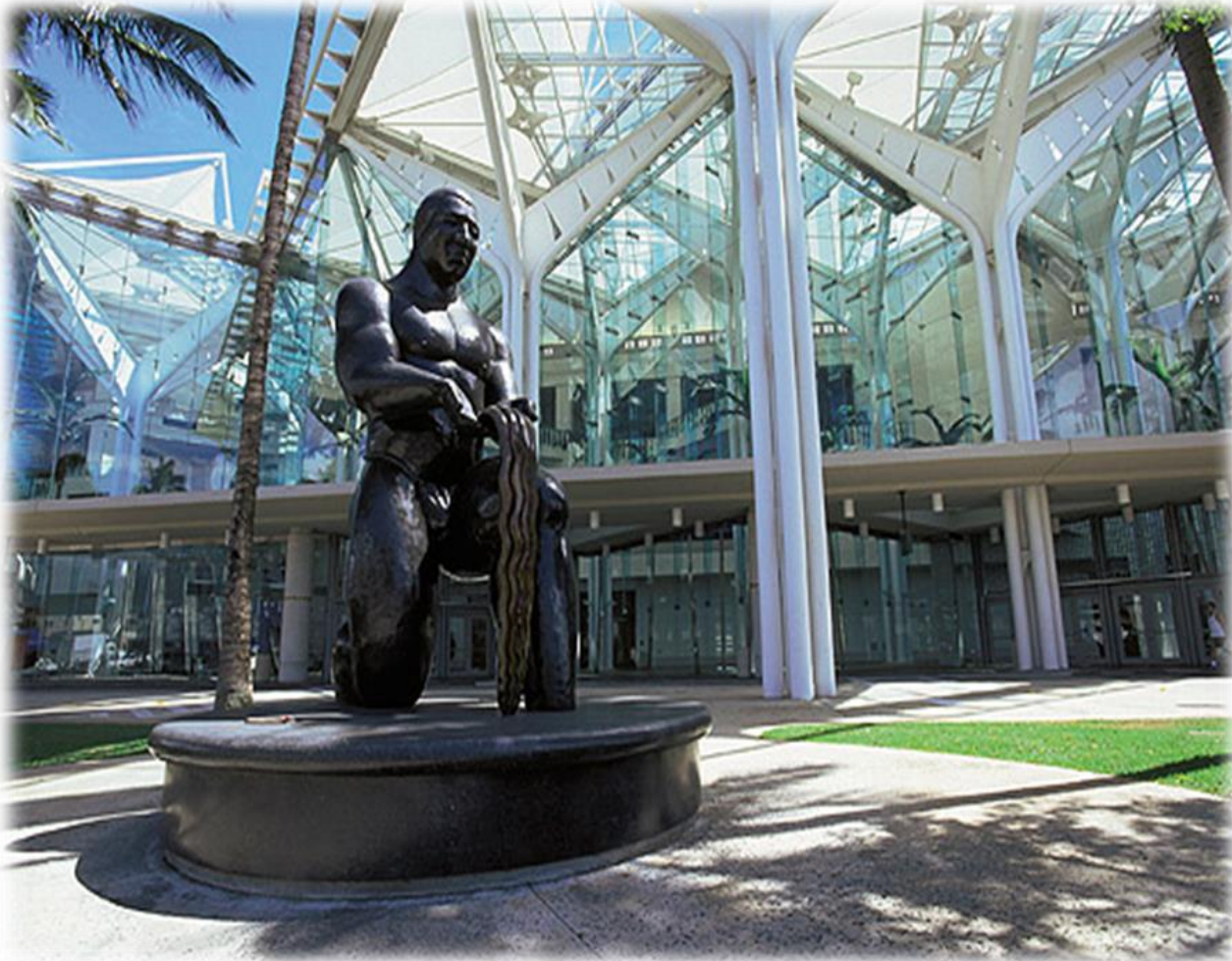
Hawaii Convention Center
Facility
Income Statement
From 1/01/2024 Through 1/31/2024
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Revenues								
Food & Beverage	545,054	468,479	76,575	483,136	10,160,569	7,256,099	2,904,470	4,477,824
Facility	718,227	452,268	265,959	584,251	5,645,311	3,609,007	2,036,304	3,450,220
Total Revenues	<u>1,263,281</u>	<u>920,747</u>	<u>342,534</u>	<u>1,067,387</u>	<u>15,805,879</u>	<u>10,865,106</u>	<u>4,940,773</u>	<u>7,928,044</u>
Expenses								
Food & Beverage	546,668	441,957	(104,711)	406,676	5,309,516	4,956,076	(353,440)	2,897,571
Facility	1,103,062	1,115,982	12,920	898,740	8,485,027	8,491,293	6,266	6,926,288
Total Expenses	<u>1,649,730</u>	<u>1,557,939</u>	<u>(91,791)</u>	<u>1,305,415</u>	<u>13,794,543</u>	<u>13,447,369</u>	<u>(347,174)</u>	<u>9,823,859</u>
Net Income (Loss) before CIP Funded Expenses	<u>(386,450)</u>	<u>(637,193)</u>	<u>250,743</u>	<u>(238,029)</u>	<u>2,011,336</u>	<u>(2,582,263)</u>	<u>4,593,599</u>	<u>(1,895,815)</u>
CIP Funded Expenses	<u>3,101</u>	<u>0</u>	<u>3,101</u>	<u>0</u>	<u>70,707</u>	<u>0</u>	<u>70,707</u>	<u>384</u>
Net Income (Loss) from Operations	<u>(383,349)</u>	<u>(637,193)</u>	<u>253,844</u>	<u>(238,029)</u>	<u>2,082,043</u>	<u>(2,582,263)</u>	<u>4,664,306</u>	<u>(1,895,431)</u>
Fixed Asset Purchases	<u>39,522</u>	<u>25,000</u>	<u>(14,522)</u>	<u>14,055</u>	<u>110,124</u>	<u>175,000</u>	<u>64,876</u>	<u>115,024</u>
Net Income (Loss) after Fixed Asset Purchases	<u>(422,871)</u>	<u>(662,193)</u>	<u>239,322</u>	<u>(252,084)</u>	<u>1,971,919</u>	<u>(2,757,263)</u>	<u>4,729,182</u>	<u>(2,010,455)</u>

5

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

Hawai'i Convention Center



Update for
February 2024
For
(March 2024 meeting)

Financial Update

	Feb-24 Actual	Feb-24 FYTD Actual	FY 2024 Rereforecast	FY 2024 Budget	Variance	FY 2023 Actual	FY 2022 Actual
Facility Number of Events	17	166	255	225	30	273	213
Facility Operating Revenue	\$1,310,500	\$16,279,900	\$23,511,600	\$18,354,500	\$5,157,100	\$14,310,800	\$7,178,200
Facility Other Income	\$163,000	\$999,500	\$1,609,700	\$125,700	\$1,484,000	\$135,700	\$78,500
Facility Total Revenue	\$1,473,500	\$17,279,400	\$25,121,300	\$18,480,200	\$6,641,100	\$14,446,500	\$7,256,700
Facility Operating Expenses	-\$1,664,600	-\$15,498,600	-\$25,087,200	-\$23,812,600	-\$1,274,600	-\$18,412,200	-\$11,842,500
Facility Net Income/(Subsidy)	-\$191,100	\$1,780,800	\$34,100	-\$5,332,400	\$5,366,500	-\$3,965,700	-\$4,585,800
Local S&M Operating Expenses	-\$66,900	-\$600,000	-\$1,223,700	-\$1,223,700	\$0	-\$959,400	-\$522,600
HCC Net Income/(Subsidy)	-\$258,000	\$1,180,800	-\$1,189,600	-\$6,556,100	\$5,366,500	-\$4,925,100	-\$5,108,400

ROI February 2024 FYTD

HCC Revenue + State Revenue
 +Tax Revenue
 = \$272.8 M

HCC Expense + HVCB MCI
 Expense = \$19.6 M

***ROI = For every dollar spent,
 \$13.94 returned to the State***

	<u>FYTD 2024 ROI</u>	<u>CW's FYTD</u>
	07.23-02.24	\$13.94 (12)
	07.23-01.24	\$15.33 (11)
	07.23-12.23	\$17.79 (10)
	07.23-11.23	\$20.63 (10)
	07.23-10.23	\$23.16 (8)
	07.23-09.23	\$18.62 (6)
	07.23-08.23	\$25.91 (5)
	07.23	\$30.74 (4)
	<u>FY 2023 ROI</u>	
	07.22-06.23	\$4.19 (7)

Recent Events @ Hawai'i Convention Center

- King's Runner 10K Packet Pick Up, March 1-2, 2,600 attendees
- NDIA 2024 Pacific Operational Science and Technology Conference, March 2-7, 1,700 attendees (CW)
- Honolulu Festival, March 8-10, 24,157 attendees



Upcoming Local/Citywide Events

- Kawaii Kon 2024, March 29-31, 18,000 attendees
- Paradise Tournament Series: The Shave Ice Cup, April 6-7, 1,500 attendees (Sports)
- Hapalua Marathon Registration, April 11-13, 7,000 attendees
- AAG 2024 (American Association of Geographers), April 13-20, 8,500 attendees (CW)



Carbon Offset Program

- This is a first-of-its-kind Carbon Offset Program that provides meeting organizers with the opportunity to offset the carbon footprint of their meeting.
- Participating events include:
 - 2024 Transpacific Volleyball Championship (10 trees)
 - 2024 Sony Open Gala Dinner (9 trees)
 - CHEST 2023 (42 trees)
 - 2023 International Conference on Machine Learning (36 trees)
 - 2023 Okinawan Festival (11 trees)



2024 Mother's Day Brunch & Show

Mother's Day Brunch & Show Featuring **JOSH TATOFI**



SATURDAY, May 11, 2024
Hawai'i Convention Center



Special Guest:
Manalani English-Souza
(Miss Aloha Hula 2013)

Tickets: [HawaiiConvention.com](https://www.hawaii-convention.com)

HAWAII
CONVENTION CENTER
Where Business and Aloha Meet

Repair, Maintenance and Replacement Projects Update



Recently Completed Projects

- Large repair and maintenance projects
- Equipment purchases over \$50,000



CURRENT PROJECTS

IMPROVE GUEST EXPERIENCE

- New F&B China, Banquet Displays, Service Equipment
- New Speakers and Equipment to upgrade sound in meeting rooms
- Upgrade Screens and add Surround Sound in Theatres
- Replace Escalators - start with Esc 1, 2 and 3
- Repair Meeting Room Air Walls
- New Wallpaper in Ballroom
- New Wheelchair Lift in Theatre 320
- New Facilities Equipment

IMPROVE OUR BUILDING

- Paint Entire Building Exterior and Interior
- Repair Leaks
 - Kalākaua Kitchen
 - Ballroom Roof
 - Lobby and Ballroom Foyer Ceiling
 - Planters – 3rd floor, Grand Staircase, Intermediate level
- New Air Conditioning Chillers
- Replace Green Slate Tile – 3rd floor and Ala Wai Patio
- Upgrade all Lighting to LED lights
- Install Solar panels for Energy Savings

IMPROVE DEPARTMENT EFFICIENCY – New Equipment

- New Walk-in Refrigerator, Pantry 348
- New Dishwasher in Main Kitchen
- New Pot Wash and Glass Wash Machines
- New Boilers in Kalākaua Kitchen
- New Parking System and Equipment
- New Housekeeping Ride-on Sweeper and Scrubber machines

Repair, Maintenance and Replacement Projects

Major Project Update

Exterior Painting

- Working with Contractor on final work plan and color selection.

Chiller Replacement

- Installation of new chillers scheduled for end March.

LED Lighting Upgrade

- Finalizing fixture and control selection, mock-up room demo planned mid-March

Escalator Modernization

- Three proposals received, evaluation committee reviewing

Architectural Firm Selection

- Three submittals received, working with firms on project scope and pricing

Repair, Maintenance and Replacement Projects

6-Year Plan (page 1)

Project Number	Project Title	Estimated Project Cost	Priority	Prior Expenses to Dec 23	FY24	FY25	FY26	FY27	FY28	FY29	Total
001	Rooftop Terrace Deck Full Repair	\$ 64,000,000	1	\$ -	\$ 2,000,000	\$ 30,000,000	\$ 32,000,000				\$ 64,000,000
011	Ballroom Gutter, Foyer Transom Glass Roof Repair and Soffit R	\$ 7,706,791	1	\$ 71,071	\$ 7,635,720						\$ 7,706,791
013	Ballroom Roof Repairs	\$ 2,271,093	1	\$ 29,519	\$ 2,241,574						\$ 2,271,093
012	Parapet Roof Repairs	\$ 3,066,470	1	\$ 25,555	\$ 3,040,915						\$ 3,066,470
003	Kalākaua Kitchen Exterior Wall Repair	\$ 2,440,752	1	\$ 313,460		\$ 2,127,292					\$ 2,440,752
007	Kitchen Hood Control Panel Replacement	\$ 341,407	1	\$ 18,770	\$ 322,636						\$ 341,406
008	Pantry 348 Walk-in Refrigerator Replacement	\$ 135,443	1	\$ 54,637	\$ 80,806						\$ 135,443
009	Slate Tile Repair	\$ 2,142,108	1	\$ 150,018	\$ 1,992,090						\$ 2,142,108
010	Chiller Replacement	\$ 6,909,252	1	\$ 180,912	\$ 6,728,340						\$ 6,909,252
014	Lobby Water Feature	\$ 1,086,810	3	\$ 3,932			\$ 1,082,878				\$ 1,086,810
015	House Sound Audio System Upgrade	\$ 2,973,864	1	\$ 38,020	\$ 2,935,843						\$ 2,973,863
022	Chill Water Pipe Reinsulation	\$ 677,894	1	\$ 306,864	\$ 371,030						\$ 677,894
023	Air Wall Repairs	\$ 282,058	1	\$ 16,155	\$ 265,903						\$ 282,058
024	Roll-up Door Replacement	\$ 225,000	2	\$ 23,656		\$ 201,344					\$ 225,000
025	Ballroom and Meeting Room Wallpaper Replacement	\$ 203,531	1	\$ 147,721	\$ 55,810						\$ 203,531
026	IT Network Upgrades	\$ 125,000	3	\$ -		\$ 55,000	\$ 70,000				\$ 125,000
027	Ice Machines Replacement	\$ 500,000	1	\$ -	\$ 500,000						\$ 500,000
028	Theatre 310 and 320 Furnishings Upgrade	\$ 750,000	3	\$ -			\$ 375,000	\$ 375,000			\$ 750,000
029	Theatre 310 and 320 Seating Upgrade	\$ 500,000	3	\$ 155			\$ 249,845	\$ 250,000			\$ 500,000
030	FB China and Equipment Upgrade	\$ 5,300,000	1	\$ -	\$ 2,500,000	\$ 2,800,000					\$ 5,300,000
031	Ala Wai Waterfall Repair	\$ 1,071,501	3	\$ 2,362			\$ 1,069,139				\$ 1,071,501
036	Water Intrusion Remediation	\$ 400,000	1	\$ 166,165	\$ 233,835						\$ 400,000
037	Exterior Security Camera Upgrade	\$ 231,348	1	\$ 155,504	\$ 75,844						\$ 231,348
041	Children's Courtyard Repair	\$ 329,162	1	\$ -			\$ 329,162				\$ 329,162
042	Kahakai/Atkinson Drywell Rehabilitation	\$ 351,113	1	\$ -	\$ 351,113						\$ 351,113
043	Air Handler Unit 9 and 10 Replacement	\$ 401,382	2	\$ 377		\$ 401,005					\$ 401,382
044	Fire Sprinkler Line Refurbishment	\$ 343,394	1	\$ -	\$ 100,000	\$ 125,000	\$ 118,394				\$ 343,394
045	Escalator Modernization	\$ 15,865,737	1	\$ 9,058	\$ 6,900,000	\$ 2,640,000	\$ 6,316,678				\$ 15,865,736
046	LED Light Upgrade	\$ 4,781,506	1	\$ 68,293	\$ 4,713,213						\$ 4,781,506

Current project
Cumming-managed project
HCC-managed project
CM/PM - to be assigned

Repair, Maintenance and Replacement Projects

6-Year Plan (page 2)

Project Number	Project Title	Estimated Project Cost	Priority	Prior Expenses to Dec 23	FY24	FY25	FY26	FY27	FY28	FY29	Total
048	Electrical Harmonics Testing	\$ 100,000	3	\$ -			\$ 100,000				\$ 100,000
049	Main Kitchen Dishwasher Replacement	\$ 421,315	1	\$ 219,521	\$ 201,794						\$ 421,315
050	Main Kitchen Flooring Replacement	\$ 600,000	1/3	\$ 19,019	\$ 200,000	\$ 380,981					\$ 600,000
051	PBX System Replacement	\$ 90,505	1	\$ -	\$ 90,505						\$ 90,505
052	Ride-on Sweeper Replacement	\$ 55,000	1	\$ 100	\$ 54,900						\$ 55,000
054	Boardroom Upgrade	\$ 1,099,549	3	\$ 73,263			\$ 1,026,286				\$ 1,099,549
055	Elevator #2 Upgrade	\$ 250,000	3	\$ -			\$ 250,000				\$ 250,000
058	Kitchen Hood Fire Suppression System Replacement	\$ 341,407	1	\$ 18,770	\$ 322,636						\$ 341,406
060	Lobby Sail Repair and Maintenance	\$ 179,000	1	\$ 41,196	\$ 61,021	\$ 76,783					\$ 179,000
061	ADA Lift (#320) Replacement	\$ 165,000	1	\$ 387	\$ 164,613						\$ 165,000
064	F&B Equipment	\$ 1,266,870	1	\$ 12,640	\$ 1,254,230						\$ 1,266,870
065	Transformer Replacement	\$ 140,297	1	\$ 294	\$ 140,002						\$ 140,296
066	Kitchen Boiler Replacement	\$ 130,000	1	\$ -	\$ 130,000						\$ 130,000
068	3rd Floor Planter Repair and Exterior Planter Repair	\$ 11,048,647	1	\$ 34,545	\$ 4,415,590	\$ 6,598,512					\$ 11,048,647
069	Parking System Equipment Upgrade / Parking Flooring Sealing	\$ 616,515	1	\$ 28,382	\$ 20,000	\$ 568,133					\$ 616,515
070	Parking Garage Floor Sealing	\$ 250,000	1	\$ -		\$ 250,000					\$ 250,000
071	Access Control Upgrade	\$ 2,000,000	2	\$ -		\$ 1,000,000	\$ 1,000,000				\$ 2,000,000
072	Ride-on Scrubber Replacement	\$ 82,400	1	\$ -	\$ 82,400						\$ 82,400
073	Common Area Furniture Upgrade	\$ 200,000	1	\$ -		\$ 200,000					\$ 200,000
074	Ice Rink and Equipment	\$ 500,000	1	\$ -	\$ 500,000						\$ 500,000
075	Exterior Building Painting	\$ 2,416,382	1	\$ -	\$ 1,188,316	\$ 1,228,066					\$ 2,416,382
076	Main Kitchen Freezer Repair	\$ 500,000	1	\$ -	\$ 500,000						\$ 500,000
077	Interior Building Painting	\$ 7,000,000	1	\$ -	\$ 7,000,000						\$ 7,000,000
078	Pot Wash Machine Replacement	\$ 180,000	1	\$ -	\$ 180,000						\$ 180,000
079	Digital Signage Upgrade	\$ 6,150,000	1	\$ 20,390	\$ 30,000	\$ 6,099,610					\$ 6,150,000
081	Facility Equipment Replacement	\$ 1,000,000	1	\$ -	\$ 500,000	\$ 500,000					\$ 1,000,000
082	Escalator and Elevator Repairs	\$ 1,000,000	1	\$ 131,376	\$ 300,000	\$ 568,624					\$ 1,000,000
	Legal Retainer	\$ 151,094		\$ 112,768	\$ 38,326						\$ 151,094
	GRAND TOTAL	\$163,346,597		\$ 2,494,855	\$60,419,005	\$ 55,820,350	\$43,987,382	\$ 625,000	\$ -	\$ -	

Repair, Maintenance and Replacement Projects

CUMMING GROUP Priority Projects

- *Kitchen Hood Control Panel and Fire Suppression Upgrade*
- *Slate Tile Repair*
- *Chiller Replacement*
- *Main Kitchen Dishwasher Replacement*
- *Ballroom Roof Repairs*
- *House Sound Audio Upgrade*
- *Ballroom Gutter, Foyer Transom Glass and Soffit Repair*
- *3rd floor and Exterior Planters Repair*
- *LED Lighting Upgrade*
- *Main Kitchen Flooring Replacement*
- *Exterior Building Painting*
- *Kalākaua Kitchen Wall Repair and Atkinson Drywell Replacement*
- *Interior Building Painting*
- *Pot Wash Machine Replacement*
- *Parking Garage Equipment Upgrade and Floor Sealing*
- *Fire Sprinkler Line Refurbishment*
- *Escalator Modernization*
- *Kalākaua Kitchen Boiler Replacement*
- *Exterior Door Replacement*
- *Solar Panel Installation*

Repair, Maintenance and Replacement Projects Completed (since 2020)

COMPLETED 2020

- *Gutter Trough, Roof Repairs; \$8.3M*
- *Boiler Replacement; \$585k*
- *Ala Wai Waterfall Repairs; \$185k*
- *Chiller 4 Repairs; \$55k*
- *#320 Roof Repairs; \$1.4M*
- *Banquet Chairs/Tables Upgrade; \$2.25M*

COMPLETED 2021

- *Cooling Tower Replacement; \$3.2M*
- *Theatre LED Lighting Upgrade; \$77k*
- *Roof Overflow Drain Repairs; \$16k*
- *Jockey Chiller Repairs; \$28k*
- *ADA Lift Replacement; \$71.5k*
- *Emergency Generator Repairs; \$32k*
- *Window Repairs – Vandalism; \$177k*

COMPLETED 2022

- *Leak Repairs – 12/21-1/22; \$396k*
- *Chiller Repairs; \$69.3k*

COMPLETED 2022

- *Trellis Renovation; \$4.7M*
- *Lobby Glass Replacement; \$25k*
- *New Security Camera, Access Control; \$1.56M*
- *Kitchen AC Compressor Replacement; \$16.5k*

COMPLETED 2023

- *Event Stage ADA Ramp; \$41k*
- *Escalator #1 Handrail Replacement; \$64k*
- *Exterior Sign Refurbishment; \$50k*
- *Leak Repair Remediation; \$168k*
- *Forklift Replacement; \$175k*

COMPLETED 2024

- *Water Intrusion Remediation; \$400k*
- *Ballroom Wallcovering; \$200k*
- *Exterior Security Camera; \$225k*
- *Transformer Replacement; \$131k*
- *#348 Walk-in Refrigerator Replacement, \$123k*
- *Lobby Glass Repair, Vandalism, \$26k*
- *Ride-on Sweeper Replacement, \$50k*

A close-up photograph of a sailboat's rigging. The image shows a wooden mast, white ropes, and a wooden boom with a sail. The text "Mahalo Nui Loa" is overlaid in white. The background is slightly blurred, showing other boats and greenery.

Mahalo Nui Loa