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REGULAR BOARD MEETING
HAWAIʻI TOURISM AUTHORITY
Thursday, January 30, 2025, 9:30 a.m.

Hybrid In-Person & Virtual Meeting

Hawaiʻi Convention Center
Parking Level | Executive Boardroom A
1801 Kalākaua Avenue
Honolulu, Hawaiʻi 96815

MINUTES OF THE REGULAR BOARD MEETING

MEMBERS PRESENT:	Mufi Hannemann (Chair), Mahina Paishon (Vice Chair, Zoom), Kimberly Agas (Zoom), Todd Apo (Zoom), David Arakawa (Zoom), Stephanie Iona, James McCully, Lisa Paulson, Roy Pfund, James Tokioka (Ex Officio, DBEDT Director), Chris West (Zoom), Mike White (Zoom)
MEMBERS NOT PRESENT:	
HTA STAFF PRESENT:	Daniel Nāhoʻopiʻi, Kalani Kaʻanāʻanā, Isaac Choy, Talon Kishi, Caroline Anderson, Jadie Goo, Ilihia Gionson, Iwalani Kūaliʻi Kahoʻohanohano, Carole Hagihara, Amalia Kartika
GUESTS:	Jennifer Chun, Teri Orton, Alison Schaefers, Jeffrey Eslinger, Lei-Ann Field, Kara Imai, Jay Talwar, Carmela Resuma, Kaiʻini Arnaydo, Tyler Gomes, Jessica Lani Rich, Mailikapu Heanu, Peter Asing, Darlene Morikawa, Aaron Salā
LEGAL COUNSEL:	John Cole

1. Call to Order

Chair Hannemann called the meeting to order at 9:32 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. Gionson did the roll call, and all Board members were in attendance except for Vice Chair Paishon, Ms. Agas, Mr. Apo, Mr. Arakawa, Mr. West, and Mr. Apo attended via Zoom.

3. Opening Protocol

Mr. Gionson did the opening cultural protocol.

4. Report of Permitted Interactions at Informational Meetings or Presentations Not Organized by the Board Under HRS section 92-2.5(e)

There was no input on Permitted Interaction Groups.

5. Approval of Meeting Minutes of the December 19, 2024 Regular Board Meeting

Mr. McCully made the motion to adopt the minutes, and Vice Chair Paishon seconded, and the motion passed unanimously.

6. CEO Report

Mr. NāhoʻopiʻI acknowledged and welcomed the new Board member, Ms. Paulson.

Mr. Nāhoʻopiʻi reminded Board members that they had been provided with a copy of the Chief Executive Officer's Report, which had also been uploaded to the website. He noted that the monthly report always emphasized the HTA's long-term strategy, as follows:

- For the first year, the focus would be on stabilization and recovery, including rebuilding the international market. These issues would be addressed in the report.
- Over the next two to three years, the strategy would be to continue to manage tourism through island-based destination management, which would enable a better understanding of the impact of the visitor industry on residents of each island at the local level. Mr. Nāhoʻopiʻi noted that this was especially pertinent now that destination management had been defined as part of the *kuleana* of the HTA, along with establishing five new positions at the island level.
- Subsequently, the strategy would be to ensure that transformation was maintained. It was important for the visitor industry to align with visitor expectations and with destination management for sustainability. This would ensure that the regenerative

tourism model would provide benefits for both residents and visitors. This would include the development of more products and better experiences for visitors.

Mr. Nāhoʻopiʻi informed Board members that his report highlighted issues aligned with the five-year plan. A new contract administrative manager, Ms. Amalia Kartika, had been hired, and was present at the Board meeting, having started work in December 2024. Ms. Kartika was responsible for reporting program progress to the Chief Administrative Officer (CAO).

The HTA had recruited and interviewed several candidates for destination manager posts and had either hired staff or made conditional offers to fill all the island positions. Work was in progress to establish offices on each island.

Mr. Nāhoʻopiʻi informed Board members that efforts had been made to stabilize the domestic market and rebuild international markets. The international Expedia campaign that had been presented at the previous month's Branding Standing Committee (BSC) was performing well, and the report outlined some preliminary results. This campaign leveraged federal funds through Brand USA to stimulate short-term international recovery. International travel trade was expected to be improved by developing a multi-language international travel trade portal through Brand USA.

Mr. Nāhoʻopiʻi reminded Board members that many Asia markets had been closed to outbound travel for an extended period, necessitating the training of new travel agents. Many of these new agents had not sold Hawaiʻi products over the previous two or more years, requiring significant training in the travel trade and use of media. The Brand USA portals would assist Brand USA international representatives and global Hawaiʻi Tourism teams.

Mr. Nāhoʻopiʻi informed Board members that efforts to establish destination managers on each island were being optimized, with the expectation that all five positions would be filled, and their offices established by March 2025. The HTA was working closely with the Department of Administration and General Services. The two destination managers already in place had been very active, working with the County and island visitor bureaux and other agencies to initiate the planning process for the HTA strategic plan.

Mr. Kaʻanāʻanā added that the destination managers for Oʻahu and Molokai were to begin work on February 3, 2025. The Hawaiʻi Island destination manager had been given a conditional offer to begin on March 24, 2025.

Mr. Nāhoʻopiʻi explained that Mr. Kaʻanāʻanā would elaborate on the realization of the regenerative tourism model. Mr. Nāhoʻopiʻi highlighted a success: the first community tourism collaborative for stewardship and regenerative experiences had concluded at the end of 2024. This marked a shift to regenerative tourism by providing extra support and technical assistance to good organizations and businesses, enabling them to become market-ready and influence visitor experiences in the future.

Despite such successes, the current situation still had to be addressed. Economic reports submitted to the State Senate and House, as well as newspaper reports, indicated that the economic recovery of tourism was only 95% compared to pre-pandemic levels, with Japan at 45% and Canada at 80%. Ms. Chun’s presentation provided more details and showed that funding was required to develop new strategies to address these issues.

Informational briefings highlighted the overall weakness in the state’s recovery, particularly where Maui was concerned. The economist Carl Bonham mentioned the crisis in marketing to Maui and enabling Maui businesses to recover. Employment in Maui was only at 88% of the pre-pandemic level, and many workers had moved away to seek employment. Oʻahu’s recovery had also suffered from the lag in the recovery of international markets, which had hindered daily cash flow for staff payments for restaurants, shops, activities, and hotels, as well as the small businesses that sustained residents.

Mr. Nāhoʻopiʻi reminded Board members that the Board had created a Maui recovery plan at the end of 2023. Many of the actions in this plan were still applicable, but funding was needed. Collaboration with the County and State was essential, focusing on marketing and infrastructure development for the long-term recovery of visitor experiences.

However, in terms of areas of focus, the outlook remained positive, as shown by the fact that world economic growth indicated positive recovery for all of Hawaiʻi's major market areas. Given the presence of energy and demand, appropriate campaigns in those markets would attract the right kind of visitors. Additional presentations would illustrate possible actions in the U.S. market and the expected recovery for Japan and Canada during the following months; both markets showed positive economic growth.

Mr. Nāhoʻopiʻi pointed to Hawaiʻi's need to encourage visitation from these countries as their economies improved. Studies presented over recent years have demonstrated that each dollar spent on advertising generated a $34 return on investment (ROI) in overall tax revenues for both State and County, and this did not include specific short-term recovery campaigns.

The legislature had heard the HTA’s message and had approved a budget providing resources for recovery. The programs proposed included strategic marketing saturations and investment in workforce development to correct the decline in the visitor industry workforce. The budget also allowed flexibility in responding to potential future disasters and economic changes, such as the Los Angeles wildfires.

However, Mr. Nāhoʻopiʻi added that although the current executive budget that had been presented was a good one, it only permitted current actions to be maintained. The budget did not provide for major initiatives nor enable recovery with adjustments to change conditions.

Mr. Nāhoʻopiʻi emphasized that the long-term goal was focused on transforming the visitor industry in Hawaiʻi into a regenerative tourism model.

Vice Chair Paishon requested a review of the slide showing world economic growth.

Mr. Nāhoʻopiʻi responded that the slide showed year-on-year gross domestic product (GDP) growth in all major source markets where promotions and activities were conducted. The predicted improvement of these economies over the next two years indicated the availability of disposable income, leading to a demand for travel. Some Asian markets had previously experienced negative growth, but the GDP growth implied potential for the Japan market. It was important for Hawaiʻi to capitalize on this and increase marketing activities before other destinations attracted these travelers.

Mr. Arakawa expressed his surprise that Mr. Nāhoʻopiʻi had not emphasized the final paragraph of the CEO report stating that the HTA was to participate in the hotel charity walk. He also inquired whether Chair Hannemann was aware of the T-shirt contest and pointed out that the Chair had some influence over this contest.

Mr. Nāhoʻopiʻi acknowledged Ms. Anderson's recent international accolade, the J. Desmond Slattery Professional Marketing Award by the Travel and Tourism Association International, which she had received two days previously.

Mr. Apo requested confirmation that the 95% recovery referred to pre-pandemic levels and asked if a specific target for recovery had been set. He inquired whether the goal was to reach 100%, 150%, or 90% recovery, considering that there had been excessive tourism in the past.

Mr. Nāhoʻopiʻi responded that the targets that had been set for the HTA's global marketing partners had been based on expenditure rather than total numbers. The goals for 2025 and 2026 were overall increases in year-on-year spending of 1.4% and 4%, respectively.

Mr. Apo asked whether these targets were relative to pre-pandemic levels, and Mr. Nāhoʻopiʻi confirmed that this was the case, with goals adjusted for inflation.

Referring to the slide relating to Maui's recovery, Mr. Apo mentioned that the recovery was not yet complete since many residents had moved out. He asked whether the fact that many businesses in Lahaina no longer existed and were unlikely to return in the near future had been considered. Mr. Apo inquired about the two-to-three-year post-fire goal.

Mr. Nāhoʻopiʻi replied that the long-term strategy for Maui's economic recovery addressed these concerns, which had also been included in the special study commissioned by the HTA Board. Since Lahaina was a significant part of the visitor experience, the short-term strategy involved promoting experiences in other parts of Maui.

Mr. Apo explained that he was referring to jobs, particularly those in the food service industry, since the buildings that had previously housed restaurants in Lahaina no longer existed. He asked if the goal was to find jobs for those workers elsewhere or to recognize that there would be less employment.

Mr. Nāhoʻopiʻi replied that the intention was to create jobs within existing organizations and businesses in Maui. He added that some people might have to change the type of work they did but would still work in the visitor industry. While properties were not at full capacity, there were already many opportunities in terms of restaurants. He emphasized that rebuilding Lahaina was a long-term process. In the short term, the report identified the need for the County and other Maui organizations to build opportunities for existing businesses to promote themselves and gain more exposure to the visitor industry. Although creating marketplace opportunities for small businesses had been challenging, the HTA had implemented popup markets. The HTA was also working with the County to provide a semi-permanent location to allow businesses formerly in Lahaina to expand back to their previous level.

Mr. Apo thanked Mr. Nāho'opi'i for these responses to his questions.

a. Presentation of the Hawaiʻi Tourism Authority 2024 Annual Report

Ms. Anderson introduced the next agenda item, the presentation of the HTA's 2024 Annual Report, and stated that this report reflected the hard work of the HTA staff and their contractors. She explained that she would give explanations of two key measures and their accomplishments. Ms. Anderson noted that this report was required by statute and had been submitted to the legislature on time last year.

Ms. Anderson directed Board members to the the report dealing with key performance indicators (KPIs), such as expenditure, resident satisfaction, and visitor satisfaction. Economic indicators regarding visitor expenditure per person per day were predicted to be higher than in 2023, given that the target was expected to increase over the previous year. However, there has been a slight decrease in expenditure since the report's publication date. As a result, gains in average daily expenditure had almost offset lower visitor arrivals.

Quality of life indicators showed that most residents felt that tourism had brought more benefits than problems to the islands. Indicators of visitor satisfaction revealed that most visitors hoped to return and were likely to recommend Hawaiʻi as a vacation destination.

Subsequent pages of the report showed the revenue returns and tax returns on advertising spending. Ms. Anderson informed Board members that she and Ms. Chun had attended a conference in which they learned that their counterparts in other destination marketing organizations (DMOs) used these metrics to measure advertising success. Over the past year, advertising by HT USA and Japan brought in additional revenue of $658,000, influenced spending of $3.7 billion, and generated a return on investment (ROI) of $399 per dollar. Tax return on advertising spending had brought in an additional $319 million. Ms. Anderson pointed out that every dollar spent on advertising brought in a tax revenue of $34, above average for both the U.S. and Japan, equating to five times the entire advertising budget. This highlighted the excellent work by Hawaiʻi Tourism USA (HT USA) and the branding team.

Ms. Anderson outlined destination management action plan (DMAP) actions and the extent of their accomplishment, highlighting the hard work of previous destination managers in DMAP implementation. The Hawaiʻi culture initiative for 2023/2024 awarded $1.3 million to applicants, serving 216,000 participants who reported a satisfaction rate of 97%.

Ms. Anderson reported on the Festival of Pacific Arts and Culture (FestPAC) and congratulated Mr. Kaʻanāʻanā, the DBEDT team, and Dr. Salā and his team for the amazing results. The event attracted 340,000 attendees and generated $30.2 million in visitor spending. 95% of those who attended stated they would likely recommend the event.

Ms. Anderson stated that the Aloha Aina program had awarded $1.3 million, serving 211,000 participants who had a satisfaction rate of 98%.

The community enrichment program had been awarded $1.8 million. Ms. Anderson listed the various categories of projects, such as agriculture, culinary, cultural tourism, education, and voluntourism. Satisfaction measures had not yet been obtained at the time of reporting.

The technical assistance and capacity building program run by Kilohana has been very successful, with a satisfaction rate of 100%. The report listed the number of workshops that had been conducted, the organizations that had been assisted, and the amount of funding awarded. Ms. Anderson extended her congratulations to the Kilohana team.

Ms. Anderson stated that 100 visitor businesses had taken part in the workforce development LEI program, which served 920 high school students.

Seven graduates from the TIM school had been supported through the Hoʻolina tourism scholarship program, and the HTA had also provided summer jobs for 53 students on Oʻahu and Maui, thus enabling them to learn more about the tourism industry.

Ms. Anderson informed Board members that events held at the Hawaiʻi Convention Center generated $380 million in visitor spending and $45.7 million in tax revenue. Every dollar invested had brought $15 in revenue in return.

Vice Chair Paishon thanked Ms. Anderson both for her leadership and for the volume of work she and her colleagues have implemented. The Vice Chair appreciated the consolidation of the results in one package, and asked Ms. Anderson what she attributed to the positive results and what further actions were needed for these results to continue to be achieved.

Ms. Anderson acknowledged that these were challenging questions and referred to the importance of staff collaboration to understand the programs' goals and objectives. This pointed to the importance of assessing the resources needed for funding or staffing to ensure program objectives were met.

Mr. Nāhoʻopiʻi added that evaluation, results, and measurements required effort and resources. The current budget request included an increased allocation of $130,000 for reporting on brand awareness campaigns to identify the conversion rate from advertising to tax revenue. An additional $100,000 had been allocated for surveys to study the success of major programs such as signature and sports events and to determine the conversion rate from advertisements to tax revenue. He added that the HTA was committed to showing results and proving that the agency's work added to State revenue while driving satisfaction and addressing residents' concerns. All of this required workforce and resources.

Mr. Kaʻanāʻanā thanked Vice Chair Paishon for her question and expressed hope that efficiency could be gained in Board meetings at committee, PIG, and full Board levels. He noted that the HTA staff spent much time and effort preparing materials for meetings, which sometimes became somewhat burdensome.

Vice Chair Paishon commented that Mr. Kaʻanāʻanā seemed to be politely expressing a desire for less bureaucracy, with staff spending more time on actual work. She asked whether the staff member overseeing destination stewardship management programming initiatives, in partnership with Mr. Kaʻanāʻanā, had sufficient resources for the program moving forward.

Mr. Kaʻanāʻanā responded that there was a need for additional staffing, which was reflected in the budget request. In the stewardship team, ten people reported directly to him, nine of them managers and the tenth an administrative assistant. The administrative process required the administrative assistant to oversee all payments and paperwork, maintain contract checklists, and manage contract files, and this placed an unrealistic burden on one assistant to manage the contract work for ten managers across all islands. More administrative assistants were needed. Mr. Kaʻanāʻanā commented that the $80 million budget recommended by the Board was more reflective of what should be done to fulfill the statutory mandate adopted in the last legislative session.

As Chair of the Hoʻokahua Standing Committee, Vice Chair Paishon indicated that she and Vice Chair West would follow up on some of the items Mr. Kaʻanāʻanā had mentioned.

Vice Chair Paishon's final question inquired which major barriers needed to be removed to make further progress on the strategic goals, knowing that the HTA would undergo an administrative plan.

Mr. Nāhoʻopiʻi responded that this question was connected to Ms. Anderson's presentation about plans, stating that coordination at the State level between State and County agencies and among State agencies on each island represented a significant problem. Hence, achieving major transformation requires first working on the State functional plan for tourism before considering the HTA's strategic plan. Planning and coordination between the agencies that performed the work were crucial.

Ms. Anderson identified time as the biggest problem.

Mr. Nāhoʻopiʻi emphasized the difficulty in identifying the entities that could substantially change how tourism was managed, operated, and governed in the State of Hawaiʻi. Part of the challenge was coordination between agencies to ensure that each fulfilled its responsibilities, along with management of the process and connecting it into the overall legislative budget request process. The HTA could only do so much with its budget and needed to leverage its activities through other agencies to make significant changes. An example was the Maui recovery, where the HTA had coordinated with other programs and agencies.

Ms. Anderson explained the various levels of planning projects set for the year.

- The first plan was the State Tourism Functional Plan from the State Planning Agency, providing a long-term planning guide for Hawaiʻi's future. The Hawaiʻi State Plan called for the development of functional plans in various areas, including agriculture, transportation, health, and tourism. The STFP provided policy guidance for the State, and for State and County entities. The previous year's legislative session had assigned updating the tourism functional plan to the HTA. Although this was an unfunded mandate, the HTA would begin by collecting data. However, the full planning process would be postponed.
- The next plan was the Tourism Strategic Plan, which called for the State to develop a long-term strategic plan, usually spanning five years. The current TSP was to end in the current year, after which the planning process would begin a new cycle.
- The Destination Management Action Plan had been defined by the previous year's legislature, and consisted of a three-year plan for each island. Each DMAP was created by the community and industry and defined how the island wanted to see tourism develop, with each island being different.
- The previous year's legislative session had also set out an annual Strategic Tourism Management Plan, previously known as a Tourism Marketing Plan. The annual STMP could be considered the operational plan and was tied into the budget. It highlighted the programs initiated by the HTA.

Mr. Arakawa noted that a bill to fund the plan was being heard in the legislature since working on these plans entailed expenditure.

Chair Hannemann mentioned that legislators had asked whether the HTA's strategic plan had been updated. Considering that the HTA was already understaffed, the legislature would need to allocate funds to support the updating process.

Mr. McCully commented that the bill in question was SB11-43, which required the annual submission of an updated tourism functional plan subject to available funding. He promised to review this bill and added that testimony on this bill from the HTA was necessary to ensure that it would not be an unfunded mandate.

Referring to unfunded mandates and staff workload, Mr. McCully noted that Mr. Ka‘anā‘anā had supported a larger budget to allow for more staffing positions. After a quick review of the August 2024 organization chart, Mr. McCully observed that there were only four administrative assistants for the entire authority. He suggested that more functional staff were needed rather than high-profile idea people. Mr. McCully asked Ms. Anderson how many administrative assistants had been available to support the staff when the HTA had 38 staff and inquired about pre-pandemic staffing levels.

Mr. Nāho‘opi‘i explained that restructuring had taken place in recent years, with the most meaningful change being the creation of the tourism research branch and its transfer to the Department of Business, Economic Development, and Tourism (DBEDT). Two administrative assistants had been transferred to this new branch, one in finance, one in the front office, and one other vacancy. Mr. Nāho‘opi‘i added that the staff who were transferred had never been replaced.

Mr. Ka‘anā‘anā stated that when he was recruited to the HTA in 2016, the ratio had been about one administrative assistant to three managers. After a request for clarification of his earlier statement about one administrative assistant to ten, Mr. Ka‘anā‘anā explained that he had been referring to the Destination Stewardship Office.

Mr. Nāho‘opi‘i added that although the new Destination Stewardship branch had been created, no additional support had been added.

Mr. McCully noted that this was an issue that had been ongoing for years. He assumed that, in the past, brand managers and individual account managers had compensated for the lack of administrative assistants by taking on additional tasks themselves.

Mr. Ka‘anā‘anā acknowledged that this was to some extent true, but pointed out that, based on regulations, there were certain tasks that could only be executed by administrative assistants.

Mr. McCully asked whether these tasks were not being done previously.

Mr. Ka‘anā‘anā explained that, in the past, managers used to take on more of the preparatory work, and the administrative assistants would continue the process. He added that only administrative assistants were authorized to initiate micropayments.

Mr. McCully inquired whether it would be possible for the work to be done with the existing staff. However, he understood that there would be greater efficiency with more administrative staff.

Mr. Ka‘anā‘anā agreed with this analysis, adding that some sections had been removed from his department.

Mr. Nāhoʻopiʻi pointed out the issue mainly concerned timing. Paperwork was the responsibility of the administrative assistants, and the lack of these staff members created a bottleneck that slowed down the process.

Mr. McCully noted that between 2022 and 2024 procurement violations or failures to meet contract requirements had taken place, and this had led to questions whether the work was being done, with the danger that the HTA could become liable to contract violations.

Mr. Nāhoʻopiʻi confirmed that the lack of support staff had contributed to the current situation regarding payment of invoices and processing of contracts.

Asked by Mr. McCully whether this situation had occurred in 2022 and 2023, Mr. Nāhoʻopiʻi replied affirmatively.

Mr. McCully responded that this had never been brought to the Board's attention.

Mr. Nāhoʻopiʻi stated that the slowness of the HTA to address payments, invoices, and contract development in a timely manner due to staff shortages had been documented. He added that the HTA had made the case for additional administrative support in budget requests for the current and previous years.

Mr. McCully noted that he did not remember these issues being raised during his period of service on the Budget, Finance, and Convention Center Standing Committee (BFCCSC).

Mr. Arakawa responded that these issues had been on the BFCCSC agenda for over two years, but they were removed from the agenda during periods of budget discussions. This meant that these issues had not been discussed over the previous six months. However, these issues had come to the attention of the State auditors, who perceived that the situation was becoming chronic. It was necessary to investigate whether these payment delays resulted from deficiencies in staffing or lapses in supervision and training. Mr. Arakawa added that these troublesome issues had appeared on the agenda of the recent meeting of the BFCCSC.

b. Presentation on HTA's Planning Projects as they Relate to the Tourism Functional Plan, HTA Strategic Plan, and Destination Management Action Plans

Ms. Anderson reviewed the timelines for each plan and noted that staffing changes had occurred after the first presentation, causing the timeline to be pushed back.

- The destination management action plans (DMAPs) were scheduled to be presented to the Board in October and November of the current year. The team worked with the destination managers and working groups for each island to develop the plans and gathered input and feedback from the communities.

- Board approval of the HTA strategic plan had also been postponed to November. Ms. Anderson added that she was happy to announce the recruitment of a planner to assist with the work on the DMAPs and the strategic and functional plans, beginning in March.
- Data collection and collation for the Tourism Functional Plan was to continue, and the advisory group would be convened once the legislature provided funding. This plan was to be presented to the Governor for approval in the first quarter of 2026.

Mr. Nāhoʻopiʻi thanked Ms. Anderson and sadly acknowledged that two staff members, Public Affairs Officer Ilihia Gionson and Senior Brand Manager Iwalani Kahoʻohanohano, were to leave the HTA the following day. Mr. Nāhoʻopiʻi recognized that the HTA was a place for learning and development; he congratulated these individuals on their progress and recommended them for all their excellent work.

Chair Hannemann noted that although he had been on the Board for only a year and a half, he had thoroughly enjoyed working with these two staff members who had epitomized the dedication of the staff. He realized that even when he had unexpectedly heaped work upon them, they had always been cooperative. They would be missed, but they would always be part of the HTA family, and there would be many fond memories. Vice Chair Paishon gave a mele for the departing members.

7. Board Chair Report

Chair Hannemann reminded Board members that Mr. Jay Talwar had been given a farewell ceremony at the recent annual meeting of the Hawaiʻi Visitor and Convention Bureau (HVCB). The Chair, Mr. Nāhoʻopiʻi, and Mr. Kaʻanāʻanā had all been present, and Mr. Talwar had been presented with a certificate on behalf of the HTA.

On behalf of the Board, Chair Hannemann expressed how much Mr. Talwar would be missed after over two decades at the HVCB. The Chair noted that their good relationship had begun during his service as Director of DBEDT. It had already been evident at that time that Mr. Talwar was a rising star, and he had helped navigate several crises, including the Gulf War. The Chair recalled that the only agencies concerned with tourism at that time were the HVCB and DBEDT since the HTA had not yet been created.

Chair Hannemann reminded Board members that at the time of the 2009 financial crisis, he was the Mayor of Honolulu, and Mr. John Monahan was the President of the HVCB. Mr. Talwar ran a campaign that solved a major negative situation for Hawaiʻi.

Mr. Talwar's experience had also been instrumental in creating "the people, the place, the Hawaiian Islands" message and the public/private partnership for the major saturation campaign in Southern California with Governor Green and Mayor Bissen.

Chair Hannemann extended his thanks and best wishes to Mr. and Mrs. Talwar as they moved into the next chapter of their lives.

The Chair commended the General Manager of the Hawaiʻi Convention Center, Ms. Orton, for her role in encouraging sports tourism at the center. The recent volleyball tournament involved 390 teams —120 from the mainland, the Continent, and Canada, and 170 from the State of Hawaiʻi. The Chair highlighted this opportunity to bring a major tournament to Hawaiʻi and the challenge for young people to participate. In the final division of 18 and under, three out of the four finalists were from Hawaiʻi. The Chair thanked Ms. Orton for making full use of HCC facilities.

Chair Hannemann informed Board members that the previous day, the HTA had joined Visitor Aloha Safety of Hawaiʻi (VASH), the Hawaiʻi Lodging and Tourism Association (HLTA), the Council for Native Hawaiian Advancement (CNHA), the Institute of Human Services, and Governor Green's office to participate in a Visitor Public Safety Conference. The Chair emphasized that visitors would not come to a destination whose safety was dubious. He noted that Waikīkī was a hotspot, with 75,000 visitors on any given day and approximately 35 residents and 30-35 employees from Oʻahu and neighbor islands working there. Over its seven years of existence, the Visitor Public Safety Conference has proposed constructive solutions to issues of safety. The previous day's conference discussed homelessness, emergency preparedness, and management with lessons learned from the Maui wildfires, two barricade situations in Waikīkī with active solutions, and drowning.

Chair Hannemann informed Board members that drowning represented a significant crisis and was a leading cause of visitor deaths in Hawaiʻi. The State ranked second in the nation for resident drownings. Additionally, Hawaiʻi ranked first in the nation for drowning among individuals aged 1 to 15, with the highest proportion occurring among Native Hawaiians and Pacific Islanders. The Chair applauded Ms. Allison Schaefers and Ms. Jessamy Town Hornor of the Hawaiʻi Water Safety Coalition for bringing this to their attention. Ms. Schaefers had suffered a major tragedy, losing her daughter to drowning, and despite this tragedy, her drive had created a strategic plan by the legislature. Chair Hannemann emphasized the need to join the coalition, noting the common assumption that everyone growing up in the islands knew how to stay safe in the water. Most conference participants testified by showing their hands that they had learned to swim by being thrown into the water.

The Chair thanked Ms. Orton for the use of the HCC and added that the conference had been attended by almost 200 people, including Mayor Blangiardi and Board member Iona. Mr. Kaʻanāʻanā had led a panel discussion.

Finally, Chair Hannemann announced his reappointment after his first two-year term to the National Travel and Tourism Advisory Board. He reminded Board members that this 30-member board was the highest-level advisory board and advised the administration on tourism policy

The chair of the national advisory board was Mr. Tony Capuano, the head of the Marriott Corporation and a frequent visitor to the islands, especially Maui. This benefited Hawaiʻi since Mr. Capuano was familiar with the challenges of the State. The Chair also noted that Mr. Nāhoʻopiʻi was active at the national level.

Chair Hannemann welcomed Director Tokioka, who had joined the meeting.

8. Presentation and Discussion of Current Market Insights and Conditions in Hawaiʻi and Key Major Hawaiʻi Tourism Markets

Chair Hannemann introduced Ms. Jennifer Chun.

Ms. Chun explained that Mr. Nāhoʻopiʻi had requested a more detailed end-of-year report for this meeting. She added that the December press release had just been issued.

The first report compared preliminary 2024 data monthly for visitor expenditures and arrivals with 2022 and 2019 data. There had been year-over-year gains in visitor expenditures between July and December. While the number of arrivals was still lower than pre-pandemic levels, it was better than that of 2023, and visitor expenditure was higher.

Ms. Chun stated that 2024 had ended with a total of 9.67 million arrivals, 0.3% higher than 2023, reflecting the recovery Mr. Nāhoʻopiʻi had mentioned, although this was 6.7% lower than the 2019 number. The preliminary figure for spending was $20.68 billion, about the same as 2023 but a significant 16.7% increase over the 2019 level.

Mr. McCully inquired whether these figures had been adjusted for inflation.

Ms. Chun responded that these were preliminary figures which had not been adjusted. She added that inflation-adjusted numbers were presented once a year after data were finalized, and there was no adjustment for inflation monthly.

Mr. McCully asked whether prior years' numbers were adjusted or raw.

Ms. Chun clarified that, in the interest of comparability, all the numbers were raw, in nominal dollars, as stated in the press release.

The next chart showed market highlights, increasing the U.S. market over 2023 and 2019. The Japan market had lagged in expenditures, although the number of arrivals was slightly higher than that of 2023, but in general, the duration of stay and expenditure had been lower for Japanese visitors.

Ms. Chun noted that the average daily spending was $237.9 in December 2024, compared to $247.7 in December 2023. This resulted in a lower total expenditure despite a higher number of visitors.

The island-by-island analysis showed that the Maui recovery had continued compared with the reduced figures of 2023, and there were hopes that efforts from the HTA and other agencies would ensure that recovery would be maintained. Per-person per-day spending (PPPD) in Oʻahu had been significantly lower than in December 2023, possibly due to the Japanese market effect. Maui, however, saw a significant increase in PPPD spending.

Ms. Chun outlined hotel performance for December 2024, compared with 2023, 2022, and 2019. She added that hotels were slightly less occupied in December 2024 than in December 2023, with a significant decline from 2019. Overall, revenue per available room (RevPAR) rates were higher than in December 2023. Vacation rentals had lower occupancy but a higher average daily rate (ADR).

Ms. Chun presented transient accommodations tax (TAT) collection details from January 2017 to December 2024. During December 2024, the State had collected $59.1 million, resulting in a FY2025 total of $386.7 million between July and December, a reduction of $16.2 million or 4% compared with the previous year. Ms. Chun also presented projected collections for each county, with the most recent data from the tax department being from September 2024. Ms. Chun added that county TAT collections were estimated tax collections based on county tax base, 3% of which was calculated to present the most recent data. She noted that the taxation department took longer to update this county data, and she had presented the most recently published data.

Ms. Chun presented data from the U.S. Travel Association (USTA) highlighting airport traffic from the previous 12 months, with December the busiest month. Hawaiʻi traffic had been lower than that of other destinations, even though there had been some improvement. Traffic for Hawaiʻi airports stood at 98% of the 2019 level, while the performance of other airports had been better.

Load factors for domestic flights stood at 93.1% for December 2024, slightly lower than those of December 2023 at 94.5%. Load factors for international flights stood at 85.9% for December 2024, slightly higher than those for December 2023 at 83.1%.

Ms. Chun stated that overall, there were slightly more seats available on nonstop flights in December 2024 than previously. Comparing 2023 and 2019, there were the same number of flights as in 2023, but due to aircraft capacity changes, there were slightly more seats than in 2023. She noted that in January 2025, there were slightly more domestic seats and fewer international seats. In February 2025, both domestic and international seat numbers were slightly lower. In March 2025, domestic seat numbers were to increase slightly, while international seats were expected to be fewer.

Ms. Chun presented trends and insights highlighting domestic leisure travel. The pace for domestic leisure travel was slightly lower, but consumer sentiment for travel was positive. Domestic business travel trended higher than in the same period the previous year. A graph comparing domestic leisure travel with total domestic travel showed an upward trend.

Ms Chun explained that inflation-adjusted real domestic travel spending was expected to reach 100% of 2019 levels in 2025, but inflation-adjusted real business spending was likely to remain below 2019 levels up to 2028.

The international visitor forecast indicated that recovery was likely to occur in 2025 for most markets, although Asian markets were likely to continue to lag. However, a survey of U.S. travelers and their intentions for leisure trips revealed strong interest, which proved encouraging for the next twelve months. Business travel intentions also increased but were not expected to match 2019 levels until later.

Regarding the hotel forecast, the USTA believed it was likely to become positive, with some increases in supply of approximately 0.9%. Demand was expected to rise by 1.1%, and this situation, with demand exceeding supply, would mean that occupancy would increase. The total Hawaiʻi hotel forecast was expected the following month.

Ms. Chun presented slides prepared by Tourism Economics, addressing potential policy impacts. Giving insights on inbound and outbound travel, Ms. Chun reminded Board members that when people visited Hawaiʻi, it was considered an export. When Hawaiʻi residents traveled abroad, it was considered an import. Americans had been traveling significantly more; thus, the balance was disrupted, with more outbound than inbound travel. However, she noted that inbound travel was recovering and stood at +1% of 2019 levels.

Ms. Chun noted that inbound recovery was increasing, particularly where overseas travelers were concerned. Travel from Asia was still down 25% for the entire US, and this constituted one of Hawaiʻi's most important markets. India had significantly jumped in inbound visitation, but almost no Indian visitors came to Hawaiʻi. A request from the Indian Consulate for data for the previous five years had shown minimal visitation.

Board members were reminded that exchange rates were important, and there were significant negatives for the yen and the Brazilian real compared with 2019 levels.

Ms. Chun presented a comparison of inbound growth during the first Trump administration. She noted that, at present, many people are anxious about visas, but she pointed out that specific markets with visa issues, such as Mexico and the Middle East, were not a concern for Hawaiʻi. Since 2020, there were no direct flights from China, and a travel ban during the pandemic affected seven countries for which data was reported to the Attorney General's office. However, these issues were not likely to affect Hawaiʻi. The key issues impacting travel are likely to be slower visa processing times, immigration enforcement, a possible issue with China, and possible travel bans. Everyone was worried about rules changes, and waiting and seeing was necessary. On the other hand, visitors sometimes forgot that Hawaiʻi was part of the US, which benefited Hawaiʻi.

Many hotel staff, especially on the mainland, were non-U.S. citizens, and if there were immigration issues, it could have an impact. Ms. Chun informed Board members that 34.3% of the housekeeping staff in the U.S. lodging industry were non-citizens, and there were high numbers of laundry, maintenance, and cooking staff.

Ms. Chun presented the international forecast from Tourism Economics, indexed to 2019, and explained that this forecast, having been revised downwards, envisaged recovery by 2026.

Positive and negative factors were similar to those presented by Mr. Nāhoʻopiʻi and affected domestic leisure, domestic business, and international travel. Negative factors included the dollar's strength, travel restrictions, a possible trade war, visa processing risk, and sentiment.

A graph from the Portrait of American Travelers Hawaiʻi Edition, available on the HTA website, showed interest in visiting Hawaiʻi over the next two years by generation, comparing winters 2022, 2023, and 2024. A significant increase for Gen Z was observed, but interest was flat for other age groups. Younger and older boomers showed declining interest in visiting Hawaiʻi.

Data was presented, separating air travelers by income levels. Those at higher income levels were more interested in visiting, but those with incomes of $150,000 or more lagged behind the previous survey.

Ms. Chun referred to a survey of people who had considered visiting Hawaiʻi but changed their minds, in which the price of airfare was identified as the major reason for their decision. 36% of those planning to visit had decided not to come, even though Hawaiʻi was still desirable, and they still hoped to visit. 28% of those likely to visit Hawaiʻi in the next two years would book Hawaiʻi first before other destinations.

The Maui fires were still a crucial factor, though there had been a reduction in concern. 56% of likely Hawaiʻi visitors were still aware of the Maui fires, but over half said the fires did not impact their likelihood of visiting Hawaiʻi. However, a considerable number (35%) were still worried about the Maui fires. Member Apo mentioned businesses in Lahaina, and people might be concerned that their favorite restaurant or other favorite venues in Lahaina are no longer available. There was also the feeling of insensitivity, and even though the message had been "please come," some people did not think it seemed right.

Likely Hawaiʻi visitors were interested in other destinations such as California, Florida, and some showed interest in Colorado and Alaska.

The top destinations for winter 2024 were Maui, Hawaiʻi Island, Honolulu, Kauaʻi, and Lānaʻi.

Other destinations of interest were Europe, Canada, and the Caribbean. The most popular Caribbean destinations, comparing winters 2022, 2023, and 2024, were the Bahamas, the U.S.

Virgin Islands, Puerto Rico, and St. Maarten. The most popular Mexican destinations were Cancún and Mexico City, with an increase in Puerto Vallarta and a slightly lower interest in Guadalajara. For Canadian destinations, slightly more people wanted to visit Toronto, fewer wanting to visit Vancouver, and an increase in Whistler.

Ms. Chun explained that the sentiment for winter 2024 travel was focused on spending time with family, getting away, and unplugging. These were key factors for Hawaiʻi and the vacation experiences available there. Ideas such as participating in a sport were less important. Research showed that the attributes influencing the choice of destination were beautiful scenery, good food and drink, safety, and outdoor/leisure activities.

Ms. Chun shared information presented by Dr. Eugene Tian to the House Finance and Ways and Means Committees. Dr. Tian highlighted the Canada, Japan, and European markets, including the UK, Germany, France, and Australia, whose world economic growth projections were all positive for 2025.

A graph of economic recovery status as a percentage of the real GDP in the fourth quarter of 2019, between the fourth quarter of 2019 and the third quarter of 2024, showed that Hawaiʻi was second to last, just ahead of North Dakota, in the recovery of the economy from the 2020 COVID recession. A tabulation of the recovery of different industry sectors showed that non-tourism sectors of the economy were recovering faster than tourism sectors, with the highest sectors being real estate, rental, leasing, and professional services, as defined by the North American Industry Classification System (NAICS) code. Ms. Chun reminded Board members that tourism was not defined by a single NAICS code and had been combined with restaurants and hospitality.

Ms. Chun explained that the visitor recovery rate up to November for the U.S. market had been good for the past few years but less so for Japan, Canada, and other markets. Cruise ships were also performing well.

Referring to growth in air-seat capacity during the first six months of 2025, compared with the first six months of 2024, a minor increase in seats for domestic travel was predicted, mostly from the U.S. East, but a decrease in seats was expected for Japan, Canada, and other Asian markets.

Ms. Chun presented a graph showing inflation for Hawaiʻi and the whole U.S. from January 2019 to November 2024 and noted that consumer inflation had been higher for Hawaiʻi than the rest of the U.S. since November 2023. However, over the previous few months, there has been a downward trend.

The DBEDT economic forecast projected 9.9 million visitor arrivals in 2025 and $21.46 billion in visitor expenditures, as shown in a chart depicting visitor arrivals between 2001 and 2027. Ms. Chun noted that spending had already recovered, but the number of arrivals had yet to recover. Another chart differentiated arrivals by market, with a forecast up to 2027. It was noted that the U.S. West and East were expected to decline slightly, but an increase was predicted for Japan, while all other markets were likely to remain unchanged.

A forecast of spending, differentiated by market, showed an increase for the U.S. West, unchanged for the U.S. East, increasing for Japan and Canada, and unchanged for other markets.

Ms. Chun noted that DBEDT traveler profiles, including the importance of travel factors, were available online and in the documents supplied to Board members. The U.S. market had been segmented into U.S. avid travelers $100k+, U.S. avid travelers $150k+, and U.S. long-distance travelers under 55. Favorable factors for Hawaiʻi were likely to function as negative factors for other U.S. destinations.

Similar data for Canada was presented, including travel factors for Canada avid travelers $100k+, Canada older avid travelers $100k+, Canada senior travelers $100k+, and Canada long-distance air travelers. Value for money was a less crucial factor than for certain other markets. Ms. Chun indicated that more work was needed on factors that were at a lower level for this market.

Japan travel factors were presented for Japan avid travelers, Japan affluent travelers, Japan active senior travelers, and the overall Japan market. Ms. Chun noted that many factors were at a low level for the Japan avid travelers.

Australia travel factors were presented for family travelers, older avid travelers, and Australia couples travelers. The older avid traveler was concerned that Hawaiʻi did not represent value for money.

South Korea travel factors were presented for South Korea avid travelers at 90 million won or more, South Korea avid travelers at 130 million won or more, and the overall South Korea market, which was stronger for some attributes.

Ms. Chun presented the six-month outlook for all markets based on the Forward Keys destination gateway air booking trends, comparing the current period with that pre-pandemic. She noted that the outlook appeared to be improving as spring approached. Compared with the corresponding pre-pandemic period, the current six-month outlook for the U.S. market was not too bad and was expected to be greater than that pre-pandemic by April and May. However, the six-month outlook for all markets to Maui still lagged considerably, and much work was required for the Maui market. The six-month outlook for Japan was still very low compared with pre-pandemic levels.

Ms. Chun stated that Canada was doing better, especially in April and May, while South Korea was close to pace in February and ahead of pace in March, April, and May. Australia was still behind pre-pandemic levels.

Ms. Chun informed Board members that she could still present additional data, and much more information was available in the packet of documents supplied to Board members.

Chair Hannemann invited questions from Board members.

Mr. McCully thanked Ms. Chun for always being available. He would have preferred a briefer set of graphics and more time to ask questions.

Dir. Tokioka thanked Ms. Chun for the information, noting that it was a large amount of data in a short time period. He added that he often asked Ms. Chun to compare previous forecasts with actual data. He had observed close agreement between these figures and reassured hoteliers making use of this information that, over the past two years, the actual data had compared well with the forecasts. He acknowledged that the quantity of data could sometimes be overwhelming but was necessary.

Mr. McCully clarified that his comment had not been intended as a criticism but as a plea for more time to discuss matters with her.

Vice President of Finance, Mr. Isaac Choy, asked about the sample size for the travel factors for the Japan market.

Ms. Chun replied that the sample size was eight and added that the income range had been restrictive. She hoped that going forward, it could be changed to allow for a better sample size. Even though there had been a large number of samples from Japan overall, the segmentation definitions for the Japan market were very restrictive, and this was the profile they were targeting. Nationally, there were 5,784 responses versus 8 for the target segment, so the survey results had to be taken with a grain of salt, and for these reports to be actionable, the definitions had to be re-examined.

Mr. Nāhoʻopiʻi suggested that the study should be changed instead of adjusting the sample, with this section discredited for international markets and used for the U.S. market. He recommended seeking a different study to support the data. It was important to stick to the desired targets so that Hawaiʻi would finally obtain the right kind of higher-spending visitors who would participate in the activities aligned with the Hawaiʻi product.

Ms. Chun responded that this study was custome for Hawaiʻi markets, and the contract was valid until 2026.

Mr. Nāhoʻopiʻi replied that it was necessary to reconsider and change the research.

The Chair thanked Ms. Chun for her report and called for a brief recess.

9. Report and Update by the BRANDING STANDING COMMITTEE

The Chair asked Mr. Roy Pfund, the Chair of the Branding Standing Committee, to outline Agenda Item #9.

Mr. Pfund thanked the Chair, stating that this was his first Board meeting as chair of the BSC. He noted that he had been privileged to attend the annual membership meeting of the HVCB two days previously. Dr. Salā and his team gave an excellent presentation, which began by honoring Mr. Talwar for his contributions. Mr. Pfund had been impressed by the explanations of their functions given by the HVCB management team and details of their approach to the various distribution channels. This had been a valuable way of demonstrating to the HVCB membership the efforts made by the organization in all the different markets.

As Chair of the BCS, Mr. Pfund hoped to continue to work with the HVCB to develop optimal data and communication, enabling everyone involved in tourism and the public to obtain the best information on the value of what was being done.

Secondly, Mr. Pfund hoped to work with Mr. Arakawa, the Chair of the BFCCSC, to ensure that communication channels were clear, the budget was in place, and contracts were properly defined to make timely progress possible.

Mr. Pfund then introduced Dr. Aron Salā, the President of the HVCB.

Dr. Salā thanked Mr. Pfund for the introduction and the opportunity to address the Board. He thanked Mr. Pfund, Chair Hannemann, Mr. Nāhoʻopiʻi, Mr. Kaʻanāʻanā, and Director Tokioka for attending the annual membership meeting of the HVCB. He stated that Mr. Sean Dee, the Chair of the HVCB Board, had asked him to present his regards to the HTA team. Dr. Salā noted that Chair Dee had acknowledged the presence of Chair Hannemann at the beginning of the HVCB meeting.

Dr. Salā presented his team: Mr. Jeffrey Eslinger, Ms. Kara Imai, and Ms. Lee Ann Field. He mentioned that Mr. Talwar would still be part of the HVCB team until the end of February and would provide contributions about market saturations. Dr. Salā also expressed the good wishes of the HVCB for Ms. Kahoʻohanohano, who had managed many of their contracts, as well as for Mr. Gionson, and offered a cultural chant in their honor.

Dr. Salā stated that his presentation would consider the current market situation, followed by the reasons for conducting market saturations, two case studies, proposed markets for 2025 saturations, and a budget component that the Board could discuss.

Dr. Salā reminded Board members that existing market dynamics demonstrated the importance of Hawaiʻi's relationship with California. Los Angeles was the State's largest market, followed by San Francisco, and these cities had always been vital to the Hawaiʻi tourism industry. These markets were deeply engaged, loyal, and historically reliable, but competition from other destinations and economic fluctuations threatened Hawaiʻi's position.

Many factors contributed to visitors’ decision-making processes, and locations such as Costa Rica, Mexico, Florida, and the Caribbean were spending millions of dollars to establish their brands. From Hawaiʻi’s perspective, it was the State’s responsibility to maintain the brand of the State, and the HVCB would then create campaigns using that strategy; an example was the work done by Mr. Talwar over the past two decades to develop a travel trade education process to maintain the brand on behalf of the State.

Dr. Salā stated that the Maui fires had demonstrated that visitors were, to an extent, still ignorant that Maui was a separate island distinct from Hawaiʻi Island, Kauaʻi, Oʻahu, and other islands. He emphasized that shoring up education about the State was important, and the Maui wildfires had also highlighted a resident sentiment that was averse to visitors coming to Hawaiʻi. While the tourism industry was often regarded as monolithic, the visitor market would listen to the people of the place because visitors did not come to Hawaiʻi to disrespect the residents; they came to respect the residents and learn about the place. Visitors would respond to social media voices saying, “Don’t come,” this created a situation that was different from either the response to COVID or the 2008 economic shutdown.

Dr. Salā stated that there was an economic paradox, and he challenged the Board to examine how the economy was defined on behalf of the State. Visitor spending had increased to record levels in 2023. However, total arrivals were still 7.1% less than the 2019 level, implying that more revenue per traveler was being generated, a favorable situation for Hawaiʻi—fewer travelers and higher spending— still, it did not necessarily help airlines or hotels. Thus, the visitor volume had not yet fully recovered.

Dr. Salā believed a targeted market saturation campaign was the right tool to address these realities. It allowed Hawaiʻi to reinforce Hawaiʻi’s desirability, correct misconceptions, and drive visitation in a way that supported both the economy and the communities. He presented the following reasons for his belief:

1. The U.S. market was soft but not dire; however, it was at a watershed moment. If Hawaiʻi did not maintain brand knowledge and understanding, Mexico and the Caribbean would take sections of the market. These geographically similar but culturally disparate locations would attract visitors who wanted to visit a beautiful beach. The Hawaiʻi visitor industry was working to help shore up a much softer international market on behalf of the State, shore up and maintain relationships with the West Coast, and bring some much-needed attention to potential first-time visitors from the East Coast. Dr. Salā proposed that 2025 targets should be San Francisco, Los Angeles, and the Pacific Northwest. However, Mr. Nāhoʻopiʻi suggested relaxing the third saturation in favor of a different approach.

2. The competitive travel landscape demanded proactive solutions. It was important for Hawaiʻi to shape demand rather than simply to react to existing situations. Market

saturation campaigns gave the ability to respond to market challenges and provided a structured, strategic response to evolving travel trends, media narratives, and consumer behaviors. Thus, when Dr. Salā had said in the HVCB meeting two days earlier that Mr. Eslinger and Ms. Chun were in constant communication, it was not a joke. Mr. Eslinger took Ms. Chun's data, sought interpretations, and communicated with airlines and hotels to understand what was happening on the ground, which either substantiated the data or provided a different perspective for analyzing and interpreting the data. The responsibility of the HTA and the HVCB was to protect Hawaiʻi's brand. The goal was to focus on maintaining a premium position by focusing on high-value messaging and storytelling, to attract a specific traveler at a specific time with a specific price point. Technology-assisted in pinpointing who was wanted in Hawaiʻi.

3. Market saturation also ensured long-term impact. They were not one-off promotions, but they created cumulative momentum over time, ensuring Hawaiʻi remained top of mind in the market.

The goal was to take advantage of the base budget allocated to branding and to leverage and amplify it, particularly in strategically planned market saturations.

These campaigns were executed through a three-tiered marketing framework:

- Awareness: Utilizing paid media and public relations to ensure broad visibility.
- Engagement: Leveraging social media and market events to drive interactions.
- Conversion: Coordinating with industry partners to turn interest into bookings by leveraging the current base budget in travel trade and potentially reallocating or replanning the calendar in preparation for market saturation so that by the time the saturation arrived, the market had already been primed.

Industry collaboration was another key benefit of market saturation, since neither partners nor the State were asked to carry the brand burden alone. The HVCB did not sell travel packages but aligned Hawaiʻi's branding with sales strategies and encouraged partners to align their sales strategies with the Hawaiʻi brand, helping sustain and enhance capacity. The goal of this public/private partnership was to bring the industry together by investing funds from both the HVCB and the HTA to leverage the industry's power to support the Hawaiʻi brand. Continuing the garden analogy that had started previously, if all the conditions were right with the perfect nutrients available, then the right flowers would bloom at the right time in the right colors.

Dr. Salā presented two case studies drawn from previous events with reasons for their effectiveness.

A crisis had occurred subsequent to the economic downturn of 2008 and the collapse of Aloha Airlines and American Trans Air (ATA). Air seat capacity had dropped by almost 16%, and consumer confidence had been in free fall. The relationship between Mr. Eslinger and Ms. Chun was key to the decision-making process concluded by the HVCB on behalf of the HTA. In response to the crisis, five market saturations had been launched in Los Angeles between 2009 and 2011, with the following objectives:

1) to generate enough demand to sustain airlift, since airlines were quick to react if they did not see capacity and,
2) to increase visitor arrivals from the strongest West Coast markets without devaluing the Hawaiʻi brand.

The strategy was built on detailed research, which identified the high-potential Hawaiʻi target traveler, a less price-sensitive segment and more recession-resilient segment. Refined messaging, a tailored media strategy, and sustained outreach were employed.

The results were that the airlift was maintained and expanded, visitor arrivals from core markets increased, and Hawaiʻi's brand perception remained strong despite the economic turmoil. This was not simply a marketing effort but a strategic investment in Hawaiʻi's future. Dr. Salā emphasized the importance of the perspective that what was being done was not just branding but the story of Hawaiʻi in the world being narrated as Hawaiʻi endeavored to change the world.

The results of the five saturations between 2009 and 2011 were as follows:

- Increase in overall air-seat capacity 20.1%
- Increase in visitor arrivals 10.2%
- Increase in visitor spending 22.1%

Increases in air-seat capacity were: Los Angeles 22.7%, the Bay Area 30.4%, and the Chicago area 31.5%.

Market saturation promotions produced sustained, longer-term brand lift in these geo-targeted markets. Based on proprietary marketing effectiveness research by Longwoods International, the top "hot button" that motivated travelers to consider one destination over another was the "excitement" factor, and Hawaiʻi was identified as being "exciting" during the saturations.

Increased activity on the website was not a primary goal, but there were dramatic increases in website traffic during the saturations. The travel trade had been sensitized, the market had been primed, all the private industry engagements had taken place, and the travel sellers had been brought into saturation. Website traffic then started to engage in an integrated way.

In 2025, website traffic might be a higher-level goal than previously because of the number of methods for potential visitors to engage with Hawaiʻi. The 2009–2010 campaign had been multi-channel, and Ms. Imai had always emphasized the importance of this aspect. The campaign could not be a one-off event, but it involved bringing together the entire environment. This was a testament to the power of the team and the work done by Mr. Talwar over the past two decades.

- The results showed a strong campaign reach and recall: 69% of travelers recalled at least one ad or public relations (PR) event/blog, reaching an estimated 5.6 million people.
- An increased intent to visit was observed, and advertisement/PR exposure significantly increased the intent to visit from 53% for unexposed viewers to 65% for exposed viewers.
- A significant economic impact was achieved: 6,300 visitors converted from interest to booking, generating $58 million in Hawaiʻi spending with an overall economic contribution of $41.2 million.
- A high return on investment (ROI) was observed, with the campaign yielding $25 in additional visitor spending for every $1 spent on advertising.

This economic impact was based on well-strategized, implemented, and executed work.

Dr. Salā recounted and illustrated with a video the New York market focus, noting that this was not Mr. Kaʻanāʻanā's favorite video. Dr. Salā explained that one of the lessons they had learned from Mr. Talwar was to go to the potential traveler at the place where they were. The video began by showing the retrospective of a three-year engagement with New York. A transformation from beginning to end, transcendence, had been depicted. The story follows an arc, starting from where the traveler was and subtly teaching them so that they learned what was intended by the end. It was not a mistake that the video began with plastic bras and a leaf skirt and ended with Hawaiian culture.

He explained that the perception of Hawaiʻi had been the challenge with New York. The target had been younger New York travelers, aged 25–34, whose top concerns were safety and price, but who were also concerned about the unique culture, unique cuisine, and soft adventure such as hiking. However, the target audience had not perceived Hawaiʻi as offering these experiences, and the rankings had been alarmingly low. Hawaiʻi had engaged in a three-year education campaign using immersive experiences, media storytelling, and influencer partnerships to reshape how New York saw Hawaiʻi. Control of the narrative had created control of demand.

Dr. Salā explained that in light of conditions in the proposed markets, and based on data from Mr. Eslinger and Ms. Chun, as well as negotiations with industry partners, a Pacific Northwest saturation was suggested, although that would be open for discussion.

- The first saturation was proposed for San Francisco and the Bay Area, the hub of strong cultural ties to Hawaiʻi and home to a sophisticated travel audience.

- The second saturation would return to Los Angeles, the single largest source market where competitive pressures required Hawaiʻi to enforce brand leadership.
- The third saturation would be Seattle and Portland in the Pacific Northwest, a high-growth market aligned with Hawaiʻi's values, especially sustainability and outdoor adventure.

Dr. Salā explained that this plan was within the base budget. He recalled a question from Mr. Arakawa during a budget meeting, "What is it that the HVCB does day to day, and why is this an augmentation of the scope of that work?" Dr. Salā responded that what the HVCB did from day to day was to maintain the brand. Market saturation provided the opportunity to infuse energy and resources to shore up conversion levels. The HVCB was generally positioned higher up on the "funnel" because, at peak times, saturation was not needed; people would come.

However, the situation was economically strange, with the U.S. market soft but not dire, while other international markets were quite dire. The HVCB was working to reduce those differences and to maintain the brand.

These particular markets were chosen because of their geographical proximity and air connectivity. Success in these markets would reestablish demand and shore up support from airlines, ensuring that Hawaiʻi would maintain seat capacity. These regions shared interests such as outdoor adventure, culture, and sustainability, key drivers aligned with Hawaiʻi's offerings. Additionally, these regions were where Hawaiʻi's target travelers lived.

A series of graphs was presented showing historic visitation from 2015 to 2024 for the Los Angeles, San Francisco, and Seattle/Portland areas. In 2021, during the pandemic, values were low. For Los Angeles, 2019 and 2024 numbers were up; San Francisco and Portland were about the same. The market was active.

Mr. Eslinger added that Los Angeles also included but also Riverside, Cupertino, Ontario, Thousand Oaks, and Santa Barbara. Visitation from these areas was also low, but opportunities were lost to bring visitors, especially with the Hawaiian Airlines and Alaska Airlines merger. The A330 and the 787 aircraft used on those routes were now being used for other routes that would not touch the state of Hawaiʻi. Hawaiʻi had to be prepared to understand where the market was. It had been relatively flat over time, and they had to be prepared to shore up the brand.

Chair Hannemann stated that this was a key point because travel partners had recently impressed him with the importance of not neglecting Los Angeles just because of the wildfires. It was true that the wildfires had affected Los Angeles, but it was still a market for Hawaiʻi. It was important to remain active; otherwise, seat capacity would go, and other destinations invested much money.

Mr. Eslinger stated that exposure to the most impacted part of the Los Angeles market was important as it related to the wildfires. Changes were likely seen in bookings from visitors located north of LAX, Santa Barbara, and nearby areas, but loyal Newport Beach and Orange County visitors would maintain their bookings. There were bound to be some variations, and exposure was important.

Dr. Salā stated that the HVCB team was also advised not to turn away efforts from Los Angeles. They might turn to San Francisco and then come back to Los Angeles.

The saturation component would be an event launch with consumer engagement, interactive promotions to drive interest, earned media engagement, leveraged media coverage to amplify messaging, and media and social media campaigns, driving awareness through targeted channels, including out-of-home advertising, depending on budget levels.

For the saturation itself, travel trade education would involve Ms. Robyn Basso and her team at the island chapter, which would be educating travel professionals and rebuilding confidence. In response to Mr. Arakawa’s point, Ms. Basso’s team would not pivot the existing budget but would either reallocate funds from the base budget or revise her team’s calendar to ensure proper preparation for the saturation itself. A digital cooperative program would collaborate with industry partners to extend reach, noting that the HVCB invested private member dollars into the cooperative. Leveraging the HVCB private funds in partnership with industry partner funds would amplify HTA funds to ensure that the garden of beauty was being created.

Dr. Salā stated that this was something that Mr. Nāhoʻopiʻi had challenged them to continue to consider. The HVCB was positioned rather high on the “funnel,” knowing that if conditions were right they did not need to drill down at peak time because the visitors would come. But saturations were very effective in situations like the present and drove conversion from interest to booking. Travel trade and Ms. Basso, as part of the base budget, would go into the market and work with travel sellers and travel advisors. Then, the market saturation itself, with cooperative marketing, would drive down conversion. Market saturation would help the team lower the funnel to the point of conversion.

Dr. Salā stated that the expected results included.

- Brand lift would ensure the maintenance of the brand.
- Short-term visitation would increase over the next 24 months.
- Market share would be reestablished in the Southern California market on behalf of the State.

Dr. Salā identified the Hawaiʻi target traveler as an individual aged 25–55, with a household income of $150,000 or more, who had conducted any foreign travel or visited Hawaiʻi over the past three years. Dr. Salā explained that for the baseline budget to optimize engagement and allow them to pinpoint the time and the kinds of media to be used, the optimal budget was

$9.24 million, reaching approximately 56% of the target audience with a frequency of three times. He added that at the moment, the budget was at $4.76 million for the 2025 media budget. This would have a dramatically lower impact, implying they would not reach the intended traveler. Travelers might be reached who lack respect for responsible traveling values. Dr. Salā emphasized the need to think about this long-term since there was much interest and pressure on the U.S. market.

Dr. Salā gave the following examples of spending for the U.S. market by other destinations:

Mexico	$50 million in 2021
Jamaica	$31 million, including $6.3 million for new market saturation in New York, Chicago, and Dallas
Dominican Republic	$100 million (with 54% of total visitation from the U.S. market)
Hawaiʻi	$14.4 million in the U.S. in 2025.

Under the auspices of the HTA, the HVCB had seen contract expenditure diminishing but increasing expectations over time. The challenge was to try to do more with lower funds but greater expectations. Dr. Salā believed that, given the available resources, it was important for the HVCB to do as much as possible on behalf of the HTA and the State of Hawaiʻi.

Mr. Apo asked about the significance of the rising purple line on the graph showing the current versus optimal media budget for the Hawaiʻi target traveler with three times frequency.

Dr. Salā invited Ms. Imai to clarify this issue.

Ms. Imai explained how the Hawaiʻi target traveler was identified with the optimal budget defined.

Mr. Apo asked for confirmation that "reach" meant three times frequency.

Dr. Salā stated that the optimal budget existed because any higher investment brought diminishing returns.

Mr. Apo noted that the less affluent budget increased the reach from 40% to 56%.

Mr. McCully asked how the $100 million spent by the Dominican Republic compared with expenditure by Hawaiʻi. He noted that the Dominican Republic was the most popular destination in the Caribbean and stated that he had been surprised to see that it was more popular than Puerto Rico. He asked whether Dr. Salā knew what portion of the U.S. market was represented by the $100 million and how the money was targeted. Mr. McCully inquired whether the Dominican Republic had an analysis group like the HVCB.

Mr. Eslinger responded that 54% of visitors to the Dominican Republic came from the US, and their global annual expenditure was $100 million, of which 80% was spent in the US.

Dr. Salā accepted that they were comparing a country with a state, but the Dominican Republic was a destination whose geography was similar to that of Hawai‘i, which helped to understand how the market worked.

Mr. McCully replied that this was why he had referred to Puerto Rico, since he did not consider Puerto Rico part of the Caribbean but part of the United States. Responding to Dr. Salā's analogy about a flower garden, he, as a flower grower, noted something called the "law of the minimum." A barrel made up of 20 staves could only be filled up to the height of the lowest stave, and all the staves would be at different heights. The law of the minimum would state that this would limit the capacity to grow the crops. Mr. McCully noted that information from industry partners about the market perspective would be required to identify the minimum stave. The HTA was responsible to their State, but their contract with the HVCB was related to markets. The HVCB provided market feedback, but the Board was responsible for making good decisions.

Dr. Salā responded that another aspect of this was how the HTA divided the globe into global marketing teams (GMTs) and major market areas (MMAs). This was the minimum for any given market, so moving the minimum to help shore up markets in dire circumstances was not easy to do in view of the procurement methods and decision-making within organizations. The minimum was challenging to define because it was based on conditions in the world, and Hawai‘i's challenge was that their market would continue to provide as long as they infused it with energy. He promised to get back to Mr. McCully with a more complete response.

VP Choy apologized for utilizing an accountant's viewpoint and referred to the slide about the Los Angeles blitz, where the ROI was given as $25 in additional visitor spending per dollar spent. He noted that earlier information had stated that campaigns were generating $34 in tax dollars for every advertising dollar spent. He felt the ROI should be at least $300 for market saturation.

a. Presentation, Discussion and/or Action on the Plans for 2025 U.S. Market Saturation Activations

Mr. Choy mentioned in the slide about the L.A. Blitz effectiveness that the high ROI yielded was $25 in additional visitor spending. A few hours ago, they identified that their campaigns were getting $34 in tax dollars per advertising dollars. $25 for every dollar is pretty poor. They want to ensure a good ROI. Mr. Nāhoʻopiʻi said the $200 and $300 are for visitor spending compared to years ago. Mr. Eslinger said they have to consider the context. It was a global financial crisis. The baseline for return would be different in that situation than today. To get to the desired number, they would not use that period of time as the case study. Mr. Nāhoʻopiʻi said the most important thing is that there is a positive return. They did return positive revenue back. Sometimes, they have to stabilize the market without losing money in the process, which leads to building on additional efforts. They can then move back up on the funnel and be more efficient in the spending. They have to spend more to get the entire industry back stable. They are using the short-term relief, driving more conversion to stabilize the market in general, and where effective use of dollars can be made on branding. Right now, the economic conditions are not very good.

Mr. Eslinger said they need to understand how that was calculated as well. The saturation campaign could have brought people into the state that would have never come. That is a component that has to be factored into the calculation. Mr. Choy said the bottom-line question is, should they budget $9 million for the campaign? Are they looking at a $300 return for advertising dollars or closer to $25? Mr. Eslinger said he does not know if that can be answered in a vacuum because everything sits inside a particular context. Ultimately, they want to provide options to make decisions about whether to spend this money or not. The goal is to look at the potential of market saturation to respond to market conditions at a particular time. The kinds of KPIs they would design in 2025 would look different from the actual numbers of those in 2009 because they will reflect the specific time period.

Dir. Tokioka referred back to the presentation about the L.A. saturation. He had reached out to some of the partners to see what kind of returns they got and if there were codes for saturation. He asked if there were codes set up for the L.A. Blitz. Mr. Talwar said they had done industry co-op programs where they looked to create a common code across industry partners. The hotels did not agree with that. They felt that they wanted to be open to selling how they sell best and to develop ways to upsell once they started engaging with a potential visitor to get the right yield out of them. While Outrigger may have had a free fifth night program, if they had someone there who was going to come for nine nights, if they could not take advantage of two fifth nights, they would work another package to sell them. While instigated by the promotion, that sale was not given credit to the promotion. So, they have to look at the high watermark for the overall industry versus a particular code for one potential sale.

Dir. Tokioka asked Mr. Talwar how they measure the success of what they did. They spent $1.6 million, and he has not seen a receipt. Mr. Talwar said they could work with the staff to get this. Ms. Iona pointed out the strange economic situation in the presentation. She had asked Ms. Chun if the State of Hawaiʻi was in an emergency. Ms. Chun explained that it was a civil defense emergency with the fires, and everyone agreed they were in the recovery phase. The HTA plans to recover from that emergency. Defining tourism emergency is different because it has different languages for whether or not the Governor declares a tourism emergency and whether the Governor says the emergency is over. However, they are still lagging, and there is still a lot of recovery. People are working hard from the visitor industry and tourism side, and also for the residents. A lot of work still needs to be done, so it is not a good situation yet.

Ms. Iona said that marketing, if it has the tools, time, and strategy, can be successful. All the strategies have to be blended to ensure visitors know they can visit the state. Destination management is also an important strategy. She mentioned the new branding for the trade show, which has not been upgraded for years. She said they must always look polished. She asked if there was any position that could be filled to move the pendulum and positively keep the partnership.

Mr Pfund said their position is that the state must have a mechanism responsible for overseeing the state's tourism strategy. That sits with the HTA. A private entity cannot do that; a public entity must do that. The most successful mechanism for this work is in a public-private partnership where the public entity goes through procurement, and that procurement leads to a proper trust in the private entity to follow through on the work. This is an investment of the state into the work of the private industry to shore up on its behalf. That is not always perfect, but most of the time, there has always been a win. He said the HTA needs to function so that they can function. He said he would revert post-September and look at a six-month mark and what the return on that investment was. They could come back with better numbers closer to satisfying the ask. He said if there is anything they can do to help the function of the organization they will do that. Mr. Pfund asked how they jointly develop the right measurements KPIs for the different programs. They need to work together to ensure they can all agree upon something.

Dr. Salā said the KPIs have to be derived from brainstorming sessions and internal discussions from data. That data is not science; it is art because they look at a volatile and ambiguous environment that is constantly changing. Dir. Tokioka said they are experts in the marketing and selling Hawaiʻi, which they have been doing for a long time. Maui needed help, but they had some disagreement on whether it was an emergency or not. It is 19 months later for Maui. They need to be cognizant that Maui is still struggling. Because the Board meets once a month at the end of the month, if additional monies could come up for some particular programs, it would be beneficial to move it along faster.

Dr. Salā said the HVCB is a private non-profit organization. If something aligned with their vision, there is nothing to stop them from putting in an RFP proposal to put that on the portfolio. They can work with many different kinds of clients in their wheelhouse.

Mr. McCully said he reviewed the available reports, and HVCB's total revenues seem to be about how much the HTA allocates. He asked if the HTA is HVCB's 100% client right now. Dr. Salā said yes, aside from the work they do in private membership engagement.

Chair Hannemann mentioned the comment about there being nothing to prevent a non-profit entity to entertain marketing proposal areas. He said they need to recognize that the Governor has the ultimate final say for the dollars that come to them. Mr. Nāhoʻopiʻi said the L.A. saturation report that was presented back in December and November, all those issues brought up were addressed in terms of the details. There have been subsequent back-and-forth emails through the brand manager and finance about what was spent, receipts, etc., for those critical parts of the campaign. He also pointed out that from the beginning the purpose of marketing is to ensure there is a brand of Hawaiʻi. An important distinction is that the GMTs are responsible for creating the brand of the Hawaiian Islands of Hawaiʻi as a visitor destination, although it will change as they start to do more regenerative tourism. In the end, their Kuleana as the HTA is as a visitor destination. There may be other people who are selling it in terms of product and other things, but they have to ensure that the brand hits that point about welcoming people.

The last point he made was the statement about emergency. There are different versions, but in statute it defines it as adversely affecting Hawaii's tourism industry by substantially interrupting the state's commerce, business industry, and commerce and adversely affecting the welfare of its people, the jobs, and employment in Maui right now. So, there are some economic issues that they have to deal with to ensure the visitor dollars get down to Maui and continue to employ those people and generate revenue for the businesses there, which will sustain residents getting back to a sustainable way of life, a normal feeling in their life on a day-to-day basis.

Mr. Arakawa mentioned Ms. Iona's point about the booth. The booth was listed not as a high priority by the HTA staff but as a medium priority. When the Governor and BFS looked at the budget, they tried to fund all of the high priority items identified by the HTA staff. If they want to make the booth one of the high priorities and push something else down, maybe they can talk to the Governor about that. They also discussed the possibility of having industry partners help them with that booth, but it is the Board's prerogative. He mentioned that he had been getting texts about shifting budget items from different vendors, budget amounts, etc. so maybe they can discuss that with Dr. Salā, other vendors, the budget committee, and the marketing committee. He said the Governor's budget had been submitted to the legislature. So, if there are any changes to be made, Dr. Salā's presentation talked about needs on the west coast fishing, where the fish are, maybe they could look at that.

Mr. Choy said they received a detailed itemization of the expenses spent. The only thing lacking is a contract to match those numbers. But regarding the numbers and everything he had been given, he was very satisfied with that work.

10. Report, Update and/or Action by the LEGISLATIVE PERMITTED INTERACTION GROUP (PIG)

Mr. Apo said they had a couple of good PIG meetings as they moved into the legislative session. In the last PIG meeting he mentioned three items he wanted to bring up with the Board and get any additional Board feedback on. Overarching all of this is the fact that they recognize that while they have passed an initial resolution regarding their policy coverage, the ultimate decision is for the Board as to what the authority's position will be on bills.

Mr. Apo spoke about TAT and other fees that will affect tourism. Any changes in TAT or increases will affect tourism. As discussed in the PIG, they recognized that tourists are a base potential taxable group. TAT is directly related to tourism. The concern that was raised in the discussion is a lack of nexus between those additional increases and funds. One bill that came up was raising TAT and, for that, money being dedicated towards the Department of Hawaiian Homelands Loan Program. It was a clear non-nexus to the visitor industry. One part of the discussion they got into was about their position as an authority overall. Are they willing to look at it if there is a nexus with the tourism industry, whether for marketing or other pieces of spending that would affect tourism? Are they then willing to have discussions with the legislature and go through the process for potential increases in TAT or other fees? He opened the floor to discussion.

Mr. Pfund said they should push for some consistent funding percentage of the tax or the fee increase that goes to dedicated funding for the HTA to support their mission. Mr Apo said the last point is to confirm that their position will be any increase in TAT or other fees that affect tourism. If there is no nexus, they will stand in the opposition position with that as the starting point and bring it back to the Board for discussion. He touched on SB1536, which is regarding the CEO of the HTA benefits. That bill would exempt the exception regarding the state retirement system. They had discussions at the last Board meeting regarding the maximum salary for their CEO position. It was discussed that they should keep it at or below the lieutenant Governor's salary and ensure that proper benefits existed to hire someone qualified and good for this position. The bill has been introduced by the Senate. It has a double referral. Because it is important to them, and moving forward, he wanted to confirm with the Board supports the bill that would allow the retirement benefits to go to the CEO. The sooner that bill can go through, the sooner they can restart their search for the CEO and get that position locked in. He wanted to see if anyone had any comments about taking that position and moving that forward.

Chair Hannemann said he would ensure that he touched base with the Governor's office, so it would be an opportunity to do exactly what Mr. Apo just stipulated to ensure there were no misunderstandings. The Governor's office is aware that this is happening and is grateful that the Senate has put forward a bill that they can entertain to see where it goes.

Dir. Tokioka told Mr. Apo that the Governor supports that 100%. The Governor had told Dir. Tokioka that wants that to pass, and he wants to make sure that the benefits afforded to the Lieutenant Governor and all of the directors in state departments that the president and CEO of the HTA would be afforded the same opportunity. There is no question about the Governor's position. The only question is when they will make the effective date of that bill. Upon approval would be the best way to move it as quickly as possible so they can get that person hired.

Mr. Choy mentioned to Mr. Apo that in the meeting, he had brought up the point that they need to redefine the position description for the CEO only because they are losing the fiduciary responsibility that they had prior with sole source funding, with the procurement exemption. All those things are now past them, so they need to know what the new CEO has to do versus the old. To be fair to the new CEO, he said that the position has to be redefined, looking at the new role of the HTA and the new environment they are working in.

Chair Hannemann said that is a point worth taking, but his standpoint is ensuring they have a legislative vehicle to address that. Mr. Nāhoʻopiʻi added that it is a kuleana of the CEO selection PIG. There is a CEO selection PIG, and they can work on that and bring it forward to the Board for approval.

Mr. McCully said he went through Chapter 88 because the exemption from Chapter 88 is where all the bill's power is. Mr. Apo confirmed that as correct. Mr. McCully said Chapter 88 had a lot of callouts. He suggested looking at a proposed amendment to Chapter 88 specific to the HTA. They could propose that at the next committee. Mr. Apo said he would take direction from the staff regarding what might be an appropriate look, specifically in Chapter 88. He said there were some issues, discussion, and good points that came up in their discussion that they cut a little short because they did not feel it met the criteria of what was in front of the PIG, e.g., talking about the job description for the CEO. Mr. Apo moved on to the governance study. This bill looks to implement a part of what was in the governance study regarding potentially creating a non-profit organization to take over the role of the HTA. They have received the governance study, and there is a PIG addressing that. Implementing now is not something that they are ready to do. He said they could provide that information to the committee to address it, but right now, they do not favor what was proposed. He wanted to bring that out in front of the Board and ensure no other comments or desired direction on that bill.

There were no comments or questions. Mr. Apo said that as issues pop up, they need Board approval because they are outside the specifics of the resolution that has already been passed. They will bring those back in front of the Board.

11. Presentation on HTA Destination Stewardship Programs

Mr. Kaʻanāʻanā gave a few updates. Since the last meeting, sans the special meeting, they have completed their work with the PGA for the opening drive or the Aloha swing, Incredible Events across three islands, and the Sentry Sony Open and then Mitsubishi Electric. He sent out a thank you to everybody on the team. He said many partners from the industry used the word critical to describe the importance of having an event like Sentry at the beginning of the year in January after the festive season. It just speaks to some of the value and the impact of the work of their sports program as they move forward. They also can continue their support for the Polynesian Football Hall of Fame. The All-Star Game was one of the most viewed, but it actually broke the broadcast, and they had to move it to a different network. So, it was an incredibly successful year and a really exciting game. The induction to the Polynesian Football Hall of Fame also included three new inductees, for which Hawaiʻi presented the College Player of the Year Inductee Award. They were proud to do that in addition to some of the community work. They also had the privilege of being a first-time signature event for the Transpacific Volleyball Tournament. They have supported it in other ways with MFF over the years and continue to provide support in addition to the signature funding. They are waiting for some of the events' reporting because they happened in January. They get 45 days from the last day of the event to produce their report, at which time they will have a better sense of what impact they had and what they hit for peak room nights, which is how they trigger certain incentives for them.

In December, he provided a brief update on Kilohana and the vendor about the statewide reservation system. He let the Board know that he is working with his team to begin drafting the solicitation PPW for the RFI, which will be the first step in that procurement. It is a big undertaking, a large app, and it has many requirements that people were asking for based on the study. They heard a few others reiterated yesterday in the Visitor Industry Safety Conference and looking at things like ensuring it is a one stop shop, making sure that weather alerts, swimming information, and beach conditions are all included and have functionality within the app. There is a lot to consider, and they want to ensure they do it correctly.
Chair Hannemann said that due to their sponsorship, the HTA gives an award to the College Football Player of the Year. Mr. Kaʻanāʻanā congratulated Chair Hannemann for receiving the Kupono Award, which is the Founder's Award, on behalf of the Board of the Polynesian Football Hall of Fame.

Dir. Tokioka said to Mr. Kaʻanāʻanā that he thought they had already gone out to do the RFI. Mr. Kaʻanāʻanā said the study was completed in December and then was presented at the December 19 Board meeting. Mr. Kaʻanāʻanā said they could technically move straight into an RFP, but given the scale of the app, it is best to do an RFI, but he was open to adjusting. Dir. Tokioka said they are often getting questioned by the legislature about the status of the app. He said the RFP would flush out who could do what. Mr. Kaʻanāʻanā said he would happily follow up with him after the meeting.

Mr. Arnaydo gave the update for the Destination Stewardship Support Services. They will be going over the VEPAM, the FTA CTC program, ʻUmeke updates, updates on tour guide certification, and the Qurator program, and then Mr. Kaʻanāʻanā would give an update for Smart Tourism. For VEPAM they got excited about seeing their TA and CTC program collaborations. VEPAM will be tapping into their cohort members and using them for the VEPAM cohort. The most recent example is the ʻĀina Hoʻola Initiative, which will be featured in a future episode for Travel 808, and they will utilize content gathered from the CTC programs. They are starting to do the same by integrating their ʻUmeke events into the VEPAM marketing. In Q4 of last year, they exceeded all of their KPIs from digital displays, native ads, and social media posts. Mr. Kaʻanāʻanā highlighted that integration is important. They heard from cohort members in the CTC about the importance of getting some traction behind them and getting them in front of the media and potential visitors. He said the post-arrival marketing program that Kilohana does for them once visitors are at their destination is an excellent place for them to do that.

He highlighted the festivals and events. They spend around $7 million in support of these signature events in a given year. They had 158 events in 2024. Those are now incorporated into post-arrival marketing again to drive event attendance. They are doing this in support of the overarching strategy to ensure visitors buy local and support local and that they are attending festivals and events. The communities welcome visitors, and they want to create meaningful experiences that develop visitor interaction.

Mr. Arnaydo moved onto the community tourism collaborative. The CTC programs are really the entry point for the HTA to start interacting with local businesses. They found that many of the cohort members still have a strong need for collaboration with other small businesses. What is exciting about HTA is that this is one of those initiatives that is community-focused, allowing them to empower and uplift their communities so that they can celebrate Hawaii's excellence for their global audience. They found that 18 out of 24 of the cohort members took advantage of the HI Now Dailys, which was the money that the HTA provided these small businesses. This is tangible for the HTA. They started streaming a small group of them early January, and the last business that will be featured for the HI Now Dailys will be towards the end of February. They will be able to see what the HTA is sponsoring and what these cohorts could get out of this program. And then, even further with these collaborative businesses, they are starting to onboard with their curator program. This is the entry point for the small businesses, and this is how they equip them to be certified on curator and have the capacity to apply for ʻUmeke Programs. This is a key indicator of how they are uplifting their community.

They closed out the last round of ʻUmeke and executed their contracts by January 31. Moving through the pipeline next month, they are opening up the ʻUmeke portal again, getting ready for term one of FY2026. So, starting February 10, the application portal will open, and they will commence on April 1. During that time, February 11, they will be conducting their community info sessions. They have anticipated an award announcement date of June 5. Mr. Kaʻanāʻanā said they are trying to lock down one final venue for the community information sessions. It's the first time they are going back out in person in over a year to let folks know how to apply, what they are looking for, and their direction. One thing they learned from the process over several years is that they have added two virtual statewide sessions that booked the in-person on-island sessions. They will have an initial virtual session right at the beginning of February 11, and then go across the state in person and then close with a final statewide information session again. The award cycle is for programs that occurred during FY2026. The event, the activity, and the program would start July 1 and need to commence or end by June 30, 2026. They have moved all their contracts to a fiscal year basis. That is why they initially did the six months.

Mr. Kaʻanāʻanā mentioned the slide with ʻUmeke 2025 – 2026. Key dates are subject to the legislature's appropriation for FY2026 biennium dollars. What the legislature does in the next couple of months will depend on what they will be able to do. They have structured the timeline for these awards so that they are meeting as an evaluation committee for award amounts after the middle of May. They will have budget worksheets by the middle of May, and then they can award them based on what they get. He highlighted that they are trying to get ahead and stay on cycle for FY2026, and June 5 is their targeted date. He said Mr. Choy advised them that the HTA may not get its initial tranche of funds until mid-September. So, there's a huge gap between those times. Kilohana cannot make any payments to awardees until October. Timing is really rough in the way that they are structured. He said they are trying to be proactive as staff to have the RFP process go at the time that it should make the awards.

Ms. Paulson asked if they are reimbursable grants or if most are expecting the funds upfront. Mr. Kaʻanāʻanā said the payment schedule is structured in such a way as to try to provide funds upfront because they know the small organizations cannot float money, and so the payment structure usually falls into two patterns. For festivals and events, for both SEP and signature, they do a 70% first payment and a 30% final with their final report. They do a 50%, 30%, 20% split for yearlong programs. But given the reality of the condition they are in as the HTA and being generally funded, Kilohana probably will not get a check until October. Mr. Choy clarified that they do not have grant-giving authority. These contracts are purchased for service.

Vice Chair Paishon asked what the long-term remedy is for the situation where there is a funding gap. Mr. Choy said it is something that, contractually, they tell the service vendors about their situation. It is statewide. Every single year, when the budget is passed, it takes about 60 days to get the new budget and the new computers up to date. Every department in the state goes through this.

Mr. Nāhoʻopiʻi added that this is one of the issues they are having in shifting towards this new structure of the state procurement process and the general funds. They are working towards adjusting some of the contract cycles, which means redoing some of the contracts. They could shift the responsibilities to a different time period so that the billables come at a different time. That is a complex issue that they have to work through procurement to understand whether they can do it. Mr. Kaʻanāʻanā said they must spend the monies in the fiscal year it was awarded. The problem is that they do not get it for 60 days, at least.

Mr. McCully asked if the budget and fiscal year are in sequence. Mr. Kaʻanāʻanā said they would be. He wanted to stay on a calendar year cycle so that they could issue the RFP right after they knew what they were getting from the legislature. They actually get it in September, they make the awards in December, they start in January, and then they continue the activity. However, the guidance they have been given is to structure the HTA contracts in the fiscal year. So, to split them into multiple fiscal years is what they are not doing anymore. Mr. Choy said that is because the last six months will be unappropriated funds. If they stick to the fiscal year, they know it is 100% appropriated. Mr. Kaʻanāʻanā said the current programmatic year for vendors that cannot front the money themselves is eight months.

Mr. McCully said this is where the CNHA's multiple entrepreneurial-type funds could come into play. Mr. Kaʻanāʻanā cautioned against putting that burden on any of the vendors, including the HVCB. The HVCB has a line of credit that they have had to use that has been chewed out over the years from the HVCB because they have to pay interest on that, and that has not been reimbursed to them. Mr. Choy said not to do work for which they did not get funding.

Ms. Iona shared her concerns about organizations such as Honwanji in Hanepepe not receiving the funds until October. Mr. Kaʻanāʻanā said that the new structure of the HTA being general funded and subject to 103D is the new reality. Vice Chair Paishon raised an additional perspective for all of them to be aware of. The quandary they are in puts undue stress on Kilohana as a representative of the HTA with communities. They are working hard to cultivate and maintain positive relationships with non-profit organizations and small businesses that provide the fresh product and experiences that the industry demands. They should also be aware that it is just putting undue stress on them because the community members do not know all the procurement and state regulations. She said it would taint the HTA's reputation in the community and in Kilohana.

Mr. Kaʻanāʻanā added that they must avoid spending too much time on unnecessary things that take up time. Dir. Tokioka said the vice-chair had good points and it is not too late for the Board to advocate for some of the changes to that because when the changes were made at the legislature, it was not that granular in the outcomes. Mr. Kaʻanāʻanā said if they could get a large enough tranche of money in FY2026 where they could get the money to Kilohana earlier, then that equalizes it out. But it would require the legislature to appropriate more funds in 2026 that were for the next cycle. Mr. Kaʻanāʻanā said they are targeting to release on February 10.

Mr. Arnaydo spoke about the tour guide certification, which got pushed slightly to the right. Their initial course content draft is completed, and they did an initial round of 22 community stakeholder engagement in building the curriculum. But now they will ask them to do another round of vetting so that the created content is again vetted one more time before they have the final draft. The tour guide certification has 12 modules. It is a comprehensive piece of material. Some topics range from Hawaiian Culture, history, and ecosystems to visitor safety and experiences. They want to ensure the stakeholders have a wide range of expertise, from the tourism industry to visitor safety, cultural practitioners, etc.

Mr. Kaʻanāʻanā said they are not currently under contract to push out, promote, and run the program. The stakeholders review the content, and then it goes to the Board for review and approval to launch. That ask was in tier 2 in the budget request. He does not think it made it to the Governor's review and cut. If they want to use the curriculum, they have to advocate for the funds. Suppose members of the legislature ask what needs to be done to fulfill the mandate for destination management and stewardship. In that case, the tour guide certification is a really important one for residents. Mr. Arnaydo confirmed this is an overall tour guide certification.

He moved on to the Curator program. They have 192 organizations registered. 69 of the organizations are certified, and 48 of them are listed on Curator's website. There was a slight delay over the holiday season, so they expect that 69 number to rise slightly. They also encourage the organizations that participated in the community tourism collaborative to join Curator. Then, the Curator Certified businesses will soon be integrated into the GoHawaii website. They are collaborating with the HVCB to have a seamless process of recognizing all of these organizations. They have an ongoing targeted outreach to get more business Curator certified. Right now, coming through the pipeline in February, they are starting production for a Curator commercial.

Mr. Kaʻanāʻanā added that they asked for additional funds but did not receive them. As the quality assurance program for the state, it is important to ensure they are doing some marketing with visitor industry businesses. He wanted to give them opportunities to table or give a short presentation to speak about the program, whether it be a chamber lunch or an industry meeting. Mr. Choy asked if these programs are made to be self-sustaining sometimes in the future or if they will require a budget each time. Mr. Kaʻanāʻanā said it would be on the budget forever. There should be standing budget items that are not intended to make money. They do not charge for the certification and curator. Mr. Choy said they should discuss that some of the programs be self-sustaining in the future so Mr. Kaʻanāʻanā can get those new ideas and get funding for those. Mr. Nāhoʻopiʻi said they must be cautious that it is not a pay-for-play situation. As a state agency, they had this problem with the GoHawaii website, and they still have this problem with it. One of the reasons why they have these CTCs is that many organizations cannot afford to participate in the visitor industry. Their role as a state government is to support and build capacity for them.

Mr. Kaʻanāʻanā added that if they want to reach their collective goal of a regenerative tourism model, the CTC's curator tour guide certification is the tangible step along that path that they believe will shift that window of possibility in people's minds and then actual implementation later.

12. Report and Update by the BUDGET, FINANCE, AND CONVENTION CENTER STANDING COMMITTEE

a. Presentation, Motion, Discussion, and Action on the HTA's November and December 2024 Financial Reports

Mr. Arakawa said the previous month they deferred 12A, so the HTA Board has two reports to approve this month. Last month and earlier this month, the Budget, Finance, and Convention Center Standing Committee voted unanimously to recommend approval of both the HTA's November 2024 and December 2024 financial reports. As the BFCC Committee chair, he motioned to approve the HTA's November 2024 and December 2024 financial reports. Mr. McCully made a second.

Mr. Kishi spoke about the December financials. He spoke about the status of the FY2025 tourism operating budget. To date, they have either paid, encumbered, or restricted $42,073,000 out of their $63,000,000 budget. So, that leaves a remaining budget of $20,926,000. At the last meeting, Chair Arakawa asked him to create a slide for sports and signature events comparing FY2024 to FY2025. In FY2024, they spent $5,348,000 on sports and signature events. In FY2025, they are spending $7,318,000 on sports and signature event events. Mr. Arakawa said there is a difference between sports and signature events, which can be shown at the following meeting. Mr. Kishi showed the pie chart showing the FY 2025 operating budget breakdown. Nothing has changed in the past month. He showed a bar chart comparing their FY2025 operating budget to the FY2024 operating budget. Nothing has changed from last month, either.

Mr. Nāhoʻopiʻi asked Ms. Anderson to address the EDA funds. Ms. Anderson said they were a little scared regarding the EDA funds because they are temporarily blocked. Right now, they are in conversations with their EDA person daily, and he advises them. They are holding what they are doing for now but are still in discussions with EDA on what will happen with the funding. Mr. Arakawa said the EDA is a federal grant and that scare was a Memo from Washington, D.C. He said they could circulate the memo depending on what they think is important. Ms. Anderson said that, as of now, they are being extra cautious and cannot really advise on whether or not they should stop work. There were no questions or comments. Mr. Gionson did the roll call, and the motion passed unanimously.

Mr. Arakawa asked if Mr. Choy was working on any concerns relating to the financial reports. Mr. Choy said they have been working on administrative issues at the HTA. He reported some procurement violations that will be reported via the proper channel. The first step of the way is going to be through Dir. Tokioka. The previous day, they met with the SPO to go over the violations and make sure that they were valid. Hopefully, they will learn their lessons from these violations and will make improvements in the future. As far as the details are concerned, Mr. Arakawa has been tenacious in putting these items on his agenda, and they have been working through them with Mr. Arakawa and Mr. McCully to ensure these processes improve. It will not be an overnight improvement. Mr. Arakawa mentioned paying vendor invoices. Mr. Choy said his section of the HTA is complaint-driven. As the complaints come in, they take it seriously. Late payments are of issue. And unfortunately, the late payment issue is pervasive. It's not isolated. Mr. Arakawa said he didn't want any of the Board members to say they had not heard about these issues, so he tried to cover them all. He asked Mr. Choy if he is working on contract actions after a contract has expired, like the purchase of equipment after the contract has expired. Mr. Choy said those were procurement violations. Unfortunately, the procurement violations they are looking at are mundane and benign and could have been solved way earlier in the process. He is working on renewing contracts, a chronic problem with the HTA. They will have to put consequences into action. With the help of Mr. McCully, they can get these in order.

b. **Motion, Discussion, and Action on the Hawai'i Convention Center's (HCC's) November and December 2024 Financial Reports and Update on the Hawai'i Convention Center's 6-Year Repair and Maintenance Plan**

Mr. Arakawa said this was deferred last month. Earlier that month, the BFCC voted unanimously to recommend approval of both the HCC's November 2024 and December 2024 financial reports and updates on the HCC six-year repair and maintenance plan. He made a motion to approve the HCC's November 2024 and December 2024: financial reports and updates on the HCC's six-year repair maintenance plan. Vice Chair Paishon seconded.

Ms. Orton thanked Mr. Gionson and Ms. Kahoʻohanohano for all their support, and welcomed Ms. Paulson to the Board. HCC hosted 24 local events and one Citywide event in December. The HCC partnered in December with Paquin Entertainment Group to host their first holiday immersive show, 'Twas the Light Before Christmas. This show saw an estimated 35,000 customers who came to experience the season's joys. This shows grossed revenues of roughly about $1.4 million. They anticipate breaking even at the HCC on their bottom line for the first show; total revenue for the facility for December was $2.6 million gross, which exceeded their budget by almost $1.4 million. This uptick in revenue was primarily due to their immersive show, but with increased revenue comes an increase in expenses. So, they also increased expenses by $936,000, which was $230,000 more than they had budgeted. In December, the HCC hosted seven holiday celebrations, three sporting events, and other meetings.

The fiscal year forecast - the HCC is currently projected to end the fiscal year at a net loss of $2.1 million, which is $1 million up from their budget, an improvement. Their budget is currently at $3.2 million. In the end, they are forecasting that the end of the year will be at $3.5 million, which is negative to their $4.8 million, which was their budget. So, they are $1.2 million better to budget at the end of their fiscal year.

They have five more months to the end of the fiscal year and have ten more Citywide's to service. She is confident that the bottom line will get better. She spoke about ROI. As of December, they hosted eight Citywide events and their ROI was $10.66 for every dollar. Hopefully, with the closing of the year and the ten additional Citywides, they will fall somewhere along where they were for FY202424, which was around $14 to $15 for every dollar spent. She reminded everyone that the bureau is on a calendar year. They have a total of 18 Citywides that they will be servicing. There is $380 million in economic impact for all the businesses that are running through the HCC in the form of Citywide conventions. Then, the total tax generation for the fiscal year is roughly $44.4 million.

She highlighted recent events - the Aloha Region Christmas Festival tournament, a local tournament. Sony Open Gala dinner and Transpacific Volleyball. Upcoming events include Hawaiʻi Dental, with 3,000 delegates in the building. The coming weekend, they have another volleyball tournament, which they are moving to another hall due to leaks. The staff is all very busy in the building. She thanked them for funding the repairs. For the next three months, they average one to one-and-a-half Citywide events every month until the end of the fiscal year. She showed some pictures from ’Twas the Light Before Christmas. It was 39 event days. They had multiple events in this show: Toddler Hour, Ugly Sweater Christmas Night, Pajama Parties, Slay the Holidays, and numerous appearances by Santa Claus. And they had one proposal.

Ms. Orton highlighted a new exhibit that they will be installing near the Taiko Drum, which is located on the third floor just outside of Theater 320. It is a new exhibit which the HCC and the HTA have commissioned to carve a complete collection of traditional Hawaiian wood Nalu surfboards representative of surfboards that were used before first contact with Captain James Cook in 1778. Each board will be original, one of a kind, and will be carved from endemic and native woods that were specifically used for the sport of surfing by native Hawaiians in the pre-contact era. This exhibit will be unveiled sometime in March and will be the world's only exhibit of its kind. This exhibit will also show the history of surfing's origins combined with archival materials such as historical drawings, photographs, and film clips that will capture the history of surfing throughout time. The display will introduce the significant role that surfing has played in Hawaiʻi, Hawaiian Culture, and worldwide. They will do a blessing sometime in March. They are also looking at installing a hula exhibit that is taking place of another exhibit that has expired. They will also tell the story of the timeline of Hula pre-missionary contact to the current day. This will be a rotating exhibit that they hope to have every year of different types of Hula-related material that they will showcase in this art exhibit.

For the Carbon Offset program, to date, they have planted 491 trees. They started a project of excavation work on all the planters around the building, including all of the planters on the grand staircase. All of these planters had full-grown palm trees, which they had to remove because the roots penetrated the waterproofing system. They are in the process of removing all the dirt, waterproofing, and resealing all of these planters. They will not put trees back in them but will put artificial turf back. These planters exacerbated the leaks, hence why the Kalākaua driveway is closed. The planters above the Kalākaua driveway have no dirt, so there is no filtering and slowing of the leak. The water is just going right through, which has collapsed the ceiling on the driveway below it. It will be closed until Monday. Once the planters are addressed, they can address some of the other leaks below them.

LED lighting - a project moving along quicker than they had planned. They are changing all of the lights in the building to LED except for the rooms that fall under the rooftop terrace because they will hold off on that light installation until after the renovation is done on the rooftop because they will need to access in the ceiling and all of those meeting rooms to address the leaks for the rooftop. The painting project is moving along also ahead of schedule. It is a vast improvement from what they had previously. They are in the process of awarding the contractor for the interior paint project as well. So, once the exterior is finished, they will move right into the interior of our building. They are also starting the main kitchen reef surfacing of the flooring. This is something that the food and beverage team is extremely excited about. They have also installed LED lighting, not just front-of-house, but also in the back house areas. She showed a picture of the new chiller room. They added new LED lights, which makes it much brighter. They are going to resurface the floor in this area because the flooring is unsafe due to some leaks.

Ms. Orton spoke about the projects that are in play, what projects they have finished, and where they are in the procurement phase. She said the meeting packet has a breakdown of every single project they have for the next six years and the estimated costs and completion date. They just awarded their second project management company on site. They have Cummings, and just awarded RLB as their second project management company to assist with all these projects. Mr. Choy congratulated Ms. Orton as they have their 10-year contract in place. Mr. Choy asked the legislators to give them additional monies for the temporary shutdown period. They can do a lot of CIP during that particular period when the HCC shuts down. If they do not do it while the HCC is shut down, the cost will be 20% higher.

Ms. Orton shared her shutdown plans. They are on a modified event schedule. They are still open and will host festivals, sporting events, and some local businesses that can move into the parameters to which they will operate: Friday, Saturday, and Sunday. If they can host their event on a Friday, it has to be after construction hours, which is after five. Some people are willing to move into those dates. They incentivize people to move into those dates to keep the business on the books. And then also evenings, Monday through Friday. They have a slew of other projects that we have lined up for each department to assist with, mainly project-related. So, they will have teams assigned. Ms. Tait has specific projects for which some of the staff will be working with contractors to ensure they are kept busy during our modified event schedule.

Mr. Choy said he is the program manager for the HCC and wanted to inform the Board that a $3.5 million loss is projected for this year, which is unacceptable to him, which he and Ms. Orton will work out. The other issues that will come up shortly are MCI and MFF for the HCC. Mr. Choy and Ms. Orton are on opposite sides of the issue, and they will be battling that out to make sure that they can come to some reasonable conclusion. The number for MCI is dismal and unacceptable. Ms. Orton said the success of the HCC is a combination of Citywide business, local business, and the mix of businesses they bring into this building. The Citywide business is key to their success. It is the type of Citywide business that they need to focus a little more on. Corporate always drives more revenue, food and beverage, rent, etc., but it is finding the balance between Citywide and local businesses.

Mr. Arakawa clarified that MCI is meetings, conventions, and incentives, and MFF is the flexibility fund they use as incentives. Mr. Nāhoʻopiʻi spoke about the CIP. As a whole, the HTA is requesting the legislature to approve the additional CIP. Right now, the current administrative budget is $5 million. That was their original approved request. They have already made a point that in their recalculations, looking at the modified schedule in 2026, they want to do additional maintenance work, including increasing the CIP request to $50 million. They have explained that in the BFCC. This also keeps their employees in a work situation, so they will not have to lay them off because they can redirect some of these projects to keep them employed. Mr. Arakawa does not recall a motion to approve that. Mr. Choy said they would discuss it more in the BFCC.

There were no online questions. Mr. Gionson did the roll call, and the motion passed unanimously.

c. Motion, Presentation, Discussion, and/or Action on the Status Update on the Fiscal Biennium 2025-2027 Budget Request to the Legislature

Mr. Arakawa deferred agenda 12C to the next meeting.

Chair Hannemann said an online participant wanted to ask a question during the destination stewardship program.

Mondy said it was a great conversation. She wanted to underscore the statement that funding delays felt by non-profits were a key finding in their prior studies on the health of non-profits and community-supporting organizations. She wanted to underscore that non-profits are already operating on a thin margin, even if they are a larger non-profit organization, especially for their community organizations. When there is a delay of a few months, of course, hopefully, they are always practicing fiscal responsibility, but simply the resources are often not there. So, instead, people are working and shouldering the burden themselves. She wanted to add to the consideration and then implore the legislature to continue to fund the HTA in these line items. Maybe if they can get creative, they may find even better funding mechanisms for the community organizations that deliver on their brand, their people, and the place. She also wanted to give a shout-out to Dir. Tokioka, and wanted to thank those who worked on Kākou effort for EDA and supporting the statewide recognition as an economic development zone.

Dir. Tokioka thanked her and said he would be missed if he did not acknowledge Mary Alice Evans and Lauren from the State Planning Office. They did an incredible job tirelessly working on that.

13. Report and Update by the ADMINISTRATIVE & AUDIT STANDING COMMITTEE

a. Discussion and/or Approval of the Hawai'i Convention Center Space Use Policy #400-02

Mr. McCully said the A portion concerns the space use policy. The Administrative and Audit Committee debated this policy and moved that the Board approve it. One subject of clarity would be the effective date. This was raised at the committee as to when a policy should be backdated or whether this space use policy should have an effective date at the time of the approval. He asked AG Cole's opinion on that—the effective date of this Policy 101 upon approval.

Dir. Tokioka made a motion, and Vice Chair Paishon seconded. There were no questions or comments. Mr. Gionson did the roll call, and the motion passed unanimously.

The next item for the Administrative Audit Committee to consider was to place a vice-chair or name a vice-chair to the committee. The committee recommended that Mr. Arakawa serve as the vice-chair. Dir. Tokioka made a motion, and Vice Chair Paishon seconded. There were no questions or comments. Mr. Gionson made the roll call, and the motion passed unanimously.

For bylaws, there was a poll that went around, having to do with a Special meeting or an Administrative and Audit Committee meeting scheduled for Friday, February 14. Mr. Choy said the chair allowed them to entertain amendments to the bylaws, allowing all the Board members and the staff to put amendments in or suggestions for amendments to the bylaws. It is due February 10.

Mr. McCully said the bylaws are a scanned five pages and there are only three pages that really get into it as to how they operate. However, they are of immense importance, and they provide a constructive framework for them to operate efficiently as a Board. It is incumbent upon them as Board members, to apply themselves, but also for AG Cole to be at that meeting and to be prepared to advise them on where the line is divided between policy and bylaw. He pointed out that while Mr. Choy and staff would love for everything to be knitted up by February 10, the floor will be open on February 14th.

Chair Hannemann said he appreciated his earnestness in being very candid to the Board concerning issues of those violations that were brought up.

14. Adjournment

The meeting adjourned at 2:25 p.m.

Respectfully submitted,

Sheillane Reyes

Sheillane Reyes
Recorder