



**ADMINISTRATIVE & AUDIT STANDING COMMITTEE MEETING  
HAWAII TOURISM AUTHORITY  
Thursday, February 14, 2025, at 1:00 pm.**

**Virtual Meeting**

**MINUTES OF THE ADMINISTRATIVE & AUDIT STANDING COMMITTEE MEETING**

<b>MEMBERS PRESENT:</b>	James McCully (Chair), David Arakawa (Vice Chair), Todd Apo, Mahina Paishon, James Tokioka (Ex Officio, DBEDT Director), Mike White
<b>HTA STAFF PRESENT:</b>	Daniel Nāho'opi'i, Kalani Ka'anā'anā, Isaac Choy, Kristen Colburn, Amalia Kartika
<b>LEGAL COUNSEL:</b>	John Cole

**1. Call to Order**

Chair McCully called the meeting to order at 1:00 pm.

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

Ms. Colburn did the roll call, and members were confirmed in attendance by themselves.

**3. Approval of Minutes of the January 16, 2025, Administrative & Audit Standing Committee Meeting**

Dir. Tokioka made the motion to approve the minutes, and Mr. Arakawa seconded it. The motion passed unanimously.

**4. Discussion and/or Action on Modification of Bylaws of the Hawai'i Tourism Authority**

Chair McCully chose not to begin with a motion, stating that he believed the bylaws required considerable thought before proposing possible amendments. Several members

provided comments and observations. He intended to limit the discussion to between 45 minutes and an hour to initiate a discussion process and determine where the bylaws ended and policy began.

The Chair stated that two members had submitted proposals for bylaw amendments, and he would commence with those.

As a new member, Mr. Apo stated that he had found it beneficial to review the bylaws from an attorney's perspective, having served on multiple boards. Mr. Apo raised an important question regarding what should be included in the bylaws and what should be left to the Board to decide regarding policy and procedure. The Board could act upon such matters at any time since Mr. Apo believed the bylaws were akin to a constitution or company charter that was likely to remain fairly constant once it was appropriately framed.

Mr. Apo cautioned against including issues that were more procedural or policy-based, which the authority was likely to handle regularly. He acknowledged the need for occasional updates to the bylaws to ensure precision in language and to address issues encountered over the previous two or three months, particularly those concerning the powers of committee chairs and vice chairs. Mr. Apo also believed that voting procedures could be simplified to avoid unnecessary roll call votes.

Mr. Apo recognized that his relatively short period of service on the Board might cause other members to deem some of his proposed changes inappropriate for statutory or historical reasons.

Chair McCully requested Mr. Apo to review his proposed amendments and prioritize them.

Vice Chair Arakawa asked Mr. Apo to make a presentation of his suggestions.

Noting that Article III, Section I, Officers, stated that officers were to serve for one year, Mr. Apo suggested that, since members joined or resigned at different times, a better version would be, "the officers are there until they are replaced." He noted that the Board could always consider replacing officers. Mr. Apo added that the final sentence of that paragraph should state that in the event of a vacancy, the Board should have the ability to replace the individual, allowing the Board to continue functioning.

Mr. Apo found it unusual that there was a paragraph headed "presumption of assent" in the section on meetings. This stated that if a member were present at a meeting, they were presumed to have assented to any action taken based on a decision at the meeting. Mr. Apo proposed changing this to require a majority of Board members, not just those present at the meeting, to take any action. Additionally, roll call votes would be optional but could be requested by two directors or the chairperson. To address the presumption of assent, Mr.

Apo suggested that the bylaws should state, "The minutes shall reflect any abstention or negative vote by a Board member," to accurately document those who had opposed any action taken by the Board.

Regarding standing committees, Mr. Apo specified that any committee should include both a Chairperson and at least one Vice Chair. He also noted that the Board should not delegate authority to committees since committees were advisory to the Board. Mr. Apo proposed the inclusion of the statement, "Any action taken at a committee shall be considered a recommendation to the Board," to ensure clarity in the bylaws.

Mr. Apo suggested that the language of Article V, Section 5, concerning the Ho'okahua Standing Committee, should be amended to better reflect the current position of the Hawai'i Tourism Authority (HTA), particularly as concerned contract breakdown and the perspective of the HTA on community, destination management, and visitor experience. Mr. Apo believed that this information needed updating.

Referring to Article IV, Section 4, "Presumption of Assent," AG Cole expressed uncertainty about the purpose of this clause. He speculated that it might have been intended to resolve a problem at some point in the past. The number of votes required for any Board action was already stated in the Statutes, which specified that seven affirmative votes were necessary for any Board action. In his experience counseling various boards, a roll call vote was not always necessary. The chair could simply ask if anyone had a negative verdict. Any negative votes, abstentions, or reservations needed to be noted in the minutes, so it might not be necessary to include this in the bylaws.

Ms. Paishon expressed her gratitude and support for Mr. Apo's suggestions about the Ho'okahua Standing Committee.

Chair McCully stated that he intended the present meeting to serve as a foundation, and he planned to schedule a meeting that would be a rigorous work session to discuss the bylaws. The Chair intended to work with AG Cole to disseminate materials in preparation for this subsequent meeting.

Chair McCully added that Mr. Pfund was not present at the meeting but had suggested clarifying the process for selecting or appointing committee members and chairs for committees and permitted interaction groups (PIGs), highlighting that this had been a considerable discussion at the Board level.

Mr. Pfund had also proposed adding non-discrimination and conflict of interest provisions to the specifications of the HTA mission. Chair McCully consulted AG Cole on whether the general State ethics rules and regulations would provide sufficient clarity.

AG Cole noted that the State ethics rules addressed these issues but indicated that additional specificity or clarity could be added if Board members deemed it necessary.

Chair McCully invited current committee members to comment on the present bylaws.

Vice Chair Arakawa supported a review of the bylaws and apologized for not submitting his comments before the meeting. He recounted an experience that he believed had been shared by chairs of other committees, whereby agenda items prepared for committee meetings had been deleted or altered, possibly by the interim President/CEO either by his wishes or at the urging of another individual. Vice Chair Arakawa believed that clarification was needed for this situation since standing committees were advisory only, and their discussions should not be restricted. The Vice Chair had been astonished when this event occurred.

Chair McCully mentioned that he expected Vice Chair Arakawa and Mr. Apo, as attorneys, to provide legal perspectives on the bylaws. He then noted that Mr. White had extensive experience with boards and elected offices and asked for his comments.

Mr. White agreed with Vice Chair Arakawa's point and advocated for clarity on persons authorized to amend or delete items proposed for committee agendas. Mr. White believed the committee chair's prerogative was to table any items within the committee's purview.

Chair McCully asked Ms. Paishon for her comments.

Ms. Paishon apologized for not submitting her comments earlier. She referred to a recent lively discussion about the persons authorized to represent the HTA before the legislature and suggested including this topic in the bylaws. Additionally, she proposed clarifying and codifying the procedure for nominating and selecting committees to avoid prolonged discussions and to permit a timely agreement on committee formation each year.

Chair McCully thanked Ms. Paishon and called on Dir. Tokioka.

Dir. Tokioka expressed gratitude to the Chair for his efforts to lead constructive discussions on this committee and appreciated the fresh perspectives from Mr. Apo and Mr. Pfund. Dir. Tokioka sought clarification from AG Cole on whether the Board Chair could override a request for a special meeting of the Board.

AG Cole stated that the Board Chair or any two Board Directors could call for a special meeting. The Board Chair could not refuse two directors' requests for a special meeting.

Dir. Tokioka inquired about the procedure once a request for a special meeting had been made, noting that the current procedure was to send the request to Ms. Hagihara . He

asked if the current bylaws allowed the Board Chair to delay or fail to schedule the requested meeting.

AG Cole responded that it would be up to the directors requesting the meeting to schedule the time.

Dir. Tokioka mentioned that this situation had recently occurred.

AG Cole responded that this might indicate a dividing line between bylaws and policy.

Vice Chair Arakawa stated that the bylaws allowed the Chair or any two directors to place a matter on the agenda for a forthcoming Board meeting. He envisaged that discussion at a subsequent Board meeting might reach a consensus that requests should be sent to Ms. Anderson or the President/CEO, with a copy sent to the Board Chair. The requested special meeting should be scheduled within 24 hours; otherwise, staff should begin polling other Board members to avoid delays of three to five days. Vice Chair Arakawa pointed out that it was important to establish a clear process, ensuring there would be no doubt about when or whether a request for a special meeting would be granted.

Dir. Tokioka agreed with Vice Chair Arakawa but suggested that restrictive measures such as 24-hour deadlines should be avoided. He acknowledged the importance of having definite guidelines for the timeframe of a special meeting requested by two Board members but noted that Ms. Hagihara might have to poll members to ensure a quorum was available, possibly necessitating a delay. He suggested the agenda be sent out, with the date adjusted to ensure a quorum.

Mr. Apo stated that he believed the bylaws' language was sufficient, and the procedure could be addressed at the Board policy level. He added that a request from two directors should be treated as if the chair had directed the CEO to schedule a meeting. Mr. Apo stated that the request for a special meeting should be addressed to the CEO, not a staff member, with Ms. Hagihara copied on it. Mr. Apo emphasized that the availability of a quorum should not interfere with calling a meeting requested under the bylaws and pointed out that if a quorum were not available, the meeting could continue until a quorum was present. The issue of quorum should only be considered if mentioned explicitly by the requesting directors or the Board Chair.

Dir. Tokioka stated that he had raised the issue for clarification due to a recent experience.

Chair McCully stated that he had submitted a document to Ms. Hagihara with a request for its dissemination and inquired whether this had, in fact, taken place.

Mr. Nāho'opi'i responded that no instructions had been given to disseminate the document.

Vice President in charge of Finance, Mr. Isaac Choy, commented on the changes suggested by Mr. Apo regarding committees.

Mr. Apo explained that the discretion over items to be included on the committee agenda lay with the committee chair, who should coordinate with the Board Chair.

Mr. Choy mentioned that motions were often the most confusing part of meetings, as they were frequently amended. He suggested that, to streamline the process, motions should be published on the agenda before the meeting.

Mr. Ka'anā'anā added that when HTA staff submitted reports to the Board, they usually included a draft motion in the report. This draft motion could be amended during the course of the meeting.

Mr. Choy's third comment addressed Ms. Paishon's point about communications and highlighted the need for policies or logs to manage interactions with the legislature. He acknowledged the difficulty in responding to legislators' questions and desired clear guidelines within the law.

Chair McCully stated that he had reviewed the bylaws with AG Cole to gain his perspective as the HTA's consulting attorney. The Chair and AG Cole had discussed the definitions within the bylaws, particularly the word "policy." The Chair noted that policies were relied upon to implement statutes and bylaws and mentioned that policies 1–6 and 20–24 might encompass all existing policies for the HTA. He questioned how these policies were framed, emphasizing the need to define "policy" within the context of the HTA.

Chair McCully referred to Article III, Section 2, regarding the Chairperson, and inquired whether the clause stating,

"The Chairperson shall have general charge and supervision of the Authority as delegated by the Board of Directors and shall perform such duties as are incidental to the office or are required by the Board of Directors,"

allowed the Chair to assume ultimate authority within the HTA unless specific limitations were imposed by the Board. The Chair explained that he was asking this question from an innocent perspective since this was the first Board of this level he had served.

Chair McCully referred to Article IV Meetings, Section 2, which stated that regular meetings for any purpose were to be held once a month, while special meetings could be held at any time. He questioned whether this was declarative or imperative and suggested that the

bylaws include a section about agenda items. He recalled that, a few years ago, the Board had intended to address pressing issues in public and executive sessions, but the items had not appeared on the agenda at the next regular meeting, causing undue delays. Therefore, Article IV, Meetings, might include a section about meeting agendas.

Chair McCully noted that Mr. Apo had addressed the establishment of committees. He suggested either a written policy or an amendment to the bylaws specifying whether the committee would recommend the Chair and Vice Chair from within or whether the Board would determine these positions. The appointment of voting members, whether by a vote of the nominated, including self-nominated members, individually by the Board as a whole or proposed by the Chair, needed to be delineated either by bylaw or policy.

The Chair also raised the question of a mandatory period for each committee to convene, noting that some committees had not met for significant periods, and this should be addressed either by policy or bylaw. Regarding Article V, Section 3, "Administrative and Audit Standing Committee (AASC)," the Chair mentioned that the responsibilities for CEO evaluation required further clarification, particularly regarding scheduling. He expressed concern about whether recommendations for the CEO and other personnel matters should be included, noting that Mr. Apo had addressed this point by inserting personnel matters in the AASC.

Mr. Apo responded that he had added that he was "overseeing any personnel matters appropriately before the Board."

Chair McCully acknowledged this and noted that another duty of the AASC was to handle matters related to legislative and governmental affairs. This had been discussed in the context of the legislative PIG, which had proven insufficient over the past half-year. Therefore, the AASC needed to develop a detailed policy outlining its responsibilities.

The Chair referred to Article VI, Section 3, "Vacancy in office," expressing concern about the process for filling vacancies and the need for periodic reviews or evaluations. He questioned whether an interim post could continue indefinitely without undergoing the initial vetting process, comparing it to land management practices where continuous consecutive revocable 30-day permits were not considered proper management.

Mr. Apo referred to Article VI, Section 1, "President & Chief Executive Officer," noting that the paragraph gained more weight when the President/CEO was unavailable, for example, when traveling out of state. He suggested that the bylaws should address the longevity of the position and include a section for what should occur when the position is vacant, as opposed to the temporary unavailability of the President/CEO.

Chair McCully thanked Mr. Apo for his contribution, emphasizing the need to distinguish between a temporary absence and a position vacancy that required a hiring process. He pointed out that the section needed to be clarified.

AG Cole agreed, stressing the importance of differentiating between a temporary absence and a vacant position requiring a hiring process.

Chair McCully then invited comments from the staff.

Mr. Nāho'opi'i stated that, in general, most of the topics discussed by staff or upon which staff needed guidance had been addressed. One issue was the presumption of assent. He inquired about the position of individual Board members once the Board had taken a position upon an issue. The bylaws, policies, and statutes were unclear, and several discussions had taken place. This is also related to communications.

Chair McCully thanked Mr. Nāho'opi'i for his contribution.

Vice Chair Arakawa supported Mr. Nāho'opi'i's suggestion that either in a policy or in the bylaws, issues of Board actions and requests from Board member should be addressed. Sometimes, staff members said, "I am doing this because Board Member X asked me to," or "Board Member Y told me to do this." Vice Chair Arakawa mentioned that sometimes he did not remember voting on those actions. However, he had heard from more than one staff member that they had been assigned activities at the request of Board members. If that were the case, a process should be implemented with a recording of the request. He suggested that the staff should also seek input regarding what would make it easier for them to do their jobs.

Chair McCully thanked everyone for their input and reminded members there was no motion. He then closed this agenda item and moved to Agenda Items 6 and 7.

## **5. Discussion and/or Action on Legislative and Government Affairs**

Chair McCully stated that he intended to defer discussion on this agenda item, noting that some aspects had already been referred to during the discussion of the bylaws. He reminded members that a legislative PIG was also in place, so Agenda Item 5 would be deferred.

Mr. Apo pointed out that the legislative PIG was to meet immediately after the present meeting. He agreed with the Chair that legislative policy positions should start in the AASC but noted that the PIG was addressing several proposals relating to the Transient

Accommodations Tax (TAT) that were running through bills in the legislature. Mr. Apo explained that there would be material to discuss at future meetings after the PIG meeting.

Chair McCully thanked Mr. Apo and apologized for forgetting he was the Chair of the Legislative PIG. Chair McCully appreciated Mr. Apo's attendance at the present meeting.

The Chair requested a motion to move into an executive session to discuss procurement and vendor issues and for discussion and potential action on personnel issues.

AG Cole specified that this executive session would take place under Statute 92-5a(ii), since it concerned personnel matters involving individuals. The executive session would also allow the committee to consult with the Board's attorney on questions and issues about the duties, privileges, immunities, and liabilities in subsection 8, whereby the committee was to consider information about certain contracts that should be kept confidential by law.

Mr. Apo stated that he would propose the motion to go into executive session in concurrence with HRS 92 in the sections cited by the Attorney General. However, before the final vote, the staff to be included in the executive session should be specified.

Chair McCully responded that, under procurement and vendors, he had intended to invite relevant staff to join the committee. There were 29 participants in the meeting at the moment.

Vice Chair Arakawa suggested that they should include key staff such as Acting CEO/President Mr. Nāho'opi'i, and Vice President in charge of Finance Mr. Choy. These staff members could be asked to suggest other staff members who are concerned with contracts, procurement, and vendor issues.

Chair McCully requested Mr. Nāho'opi'i, Mr. Ka'anā'anā, and Mr. Choy to remain in the session.

Mr. Nāho'opi'i requested that Ms. Anderson, the Director of Plan, should join them.

Vice Chair Arakawa responded that he would second the motion.

Chair McCully called for a simple voice vote, and AG Cole advised asking whether there were any "No" votes.

The committee members entered the Executive Session at 1:51 p.m.

## **6. Discussion and/or Action on Procurement and Vendor Issues\*\*\***

## **7. Discussion and/or Action on Personnel Issues\*\*\***

## 8. Adjournment

The regular meeting resumed at 3:32 p.m. AG Cole reported that the committee members were in the executive session for Agenda Items #6 and #7. The committee had voted to make a recommendation to the HTA Board to appoint a permitted interaction group (PIG) to conduct a CEO evaluation and an investigation into procurement and vendor.

The meeting adjourned at 3:33 p.m.

Respectfully submitted,



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Sheillane Reyes  
Recorder