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**REGULAR BOARD MEETING  
HAWAII TOURISM AUTHORITY  
Thursday, February 27, 2025, 9:30 a.m.**

**Hybrid In-Person & Virtual Meeting  
Hawai'i Convention Center  
Parking Level | Executive Boardroom A  
1801 Kalākaua Avenue  
Honolulu, Hawai'i 96815**

**MINUTES OF THE REGULAR BOARD MEETING**

**MEMBERS PRESENT:**

Mufi Hannemann (Chair), Mahina Paishon (Vice-Chair), Kimberly Agas, Todd Apo, David Arakawa (Zoom), Stephanie Iona (Zoom), James McCully, Lisa Paulson, Roy Pfund, James Tokioka (Ex Officio, DBEDT Director), Mike White (Zoom)

**MEMBER NOT PRESENT:**

Chris West

**HTA STAFF PRESENT:**

Daniel Nāho'opi'i, Kalani Ka'anā'anā, Isaac Choy, Talon Kishi, Caroline Anderson, Jadie Goo, Carole Hagihara, Lindsay Sanborn, Amalia Kartika, Milton Lafitaga, Blane Andrade

**GUESTS:**

Jennifer Chun, Teri Orton, Mari Tait, Jeffrey Eslinger, Lei-Ann Field, Kara Imai, Carmela Resuma, Mailikapu Heanu, Puka Asing, Darlene Morikawa, Aaron Salā, Scott Horowitz, Lance Aquino, Lynn Whitehead, Ka'ini Aranaydo

**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**

Ms. Sanborn conducted the roll call, and members were in attendance except for Mr. West, who was excused. Members who attended via Zoom were by themselves.

## **3. Opening Protocol**

Mr. Nāho'opi'i conducted Oli Pale for the opening 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 January 17, 2025 Special Board Meeting and January 30, 2025 Regular Board Meeting**

Mr. McCully proposed a motion to approve the minutes. Ms. Agas seconded it, and the motion passed unanimously.

## **6. CEO Report**

Mr. Nāho'opi'i stated that the Board and the public had received a written CEO report detailing all activities conducted in January; therefore, he intended to highlight only a few key points.

Three new staff members had been hired and were to be introduced. Ms. Kui Adolpho, the newly hired Moloka'i destination manager, was present online during the discussion. Mr. Nāho'opi'i reminded Board members that the legislature had awarded five positions in the previous year's budget—one for each county and an additional position for Moloka'i. Ms. Adolpho would lead the work on Moloka'i, particularly within the community, collaborating with local networks. She had already participated in several 'Umeke sessions to promote

community funding programs on the island and encouraged other industry partners to be part of the process while keeping them informed about the HTA initiatives.

The destination manager for O‘ahu, Mr. Blane Andrade, was physically present at the meeting. He operated out of the HTA office, managing regional tourism and destination management projects. His efforts aimed to promote activities and strengthen connections between community networks and industry partners.

Mr. Nāho‘opi‘i noted that the brand manager for sports, Mr. Milton Lafitaga, was also present at the meeting. He was well-known to many Board members due to his extensive experience in sales and marketing across various properties, and thus, he brought substantial expertise to his new role. Mr. Lafitaga had previously worked with the HTA on sports programs, and he was located in the HTA office, where he would be available to consult on information or proposals.

Mr. Nāho‘opi‘i stated that the Brand Standing Committee (BSC) had discussed updates on preparing the 2026 marketing plan. The committee also addressed the HTA’s collaboration with Brand USA. Federal funds were leveraged to target smaller markets and create a new website, which Brand USA would utilize to promote Hawai‘i, thus enabling the destination to reach other markets that previously lacked representation. Additionally, a travel agent training platform was under development. While aligned with the platform used by the HTA, this version had been abbreviated for use in travel trade training by Brand USA.

Mr. Nāho‘opi‘i gave an outline of the Spring Tourism Update scheduled for the following week, for which the HTA staff had been diligently preparing. This would be a week of activities uniting industry partners and the community with the HTA and facilitating discussions about the HTA’s initiatives. The event would also allow the HTA to receive feedback from industry partners, ensuring greater coordination across various projects. Several GMTs were scheduled to arrive over the weekend and would participate in a FAM tour of Hawai‘i Island, aimed mainly at international markets. Beyond O‘ahu, Hawai‘i Island was a typical next destination for international visitors, offering attractions such as volcano visits and ocean sports.

March 4, 2025, would see stakeholder meetings bringing together numerous industry partners to receive updates about the year’s trade shows and missions. These discussions would also allow feedback from individuals engaged in international markets, helping develop strategies for the second half of 2025 and 2026.

On March 5, 2025, a public conference and seminar were scheduled from 8:00 a.m. to 12:15 p.m. The seminar would be partially live and partially virtual; a link for this seminar had already been sent to stakeholders.

On March 6, 2025, there will be an internal gathering of all HTA staff for an entire day devoted to planning and addressing collaborative issues. This session would focus on sharing ideas, and Ms. Anderson was to provide input into processes and marketing plans.

March 7, 2025, would mark Tourism Day at the Capitol with a collaboration between the HTA, the Hawai'i Lodging and Tourism Association (HLTA), the Native Hawaiian Hospitality Association (NHHA), and the Hawai'i Visitors and Convention Bureau (HVCB). The morning focused on introducing legislators and their staff to the importance of tourism in Hawai'i. Tourism Day 2025 will feature more than 40 tables demonstrating the diversity of tourism and its impact on Hawaii's economy. Mr. Nāho'opi'i pointed out that the impact of tourism extended beyond hotel lodging and tourist attractions; it also encompassed agriculture and community tours. In addition, many local organizations benefited from tourism. All the GMTs would attend Tourism Day, offering legislators an excellent opportunity to meet the international marketing teams in person. Many legislators had previously collaborated with these teams on various projects.

Mr. Nāho'opi'i noted that during January 2025, significant efforts had been made toward destination stewardship. Many Board members had participated in various golf events for Aloha Spring, such as the Sony Open and the Century Tournament. Other notable sports events included the Polynesian Football Hall of Fame and the Transpacific Volleyball Tournament. Several signature and community events also took place, and these were listed on the Go Hawai'i calendar.

Mr. Nāho'opi'i informed Board members that the Tour Guide certification program had been completed, while the Curator program was still being actively promoted to encourage the participation of industry partners, raising their standards and recognizing those who met the required level. This enhanced the perceived value of the destination.

Mr. Nāho'opi'i stated that efforts were ongoing with the strategic and functional plans and the Destination Management Action Plans. He added that the entire process was being communicated to the legislature. Information from the legislative Permitted Interaction Group (PIG) was intended to clarify the work accomplished in January. Staff had been preparing testimony for the Ways and Means and Finance budget briefings and the specific HTA bill.

Mr. McCully expressed concern regarding the vacant positions of Senior Brand Manager and Public Affairs Manager and inquired whether these positions were currently being filled.

Mr. Nāho'opi'i explained that both positions had concluded at the end of January 2025 and had remained unfilled since February 1. The paperwork to fill these roles was still in progress. Mr. Nāho'opi'i explained that responsibilities for public affairs had been distributed among several

individuals; Mr. Ka'anā'anā had been tasked with responding to media inquiries and requests, while Ms. Anderson was assigned to assist in drafting and submitting testimony, as well as supporting the legislative PIG and collaborating with Ms. Hagihara on testimony submissions.

Mr. McCully humorously observed that Mr. Ka'anā'anā's appearance was quite photogenic.

Mr. McCully pointed out the absence of Anthology cover support for Public Affairs.

Mr. Nāho'opi'i responded that the staff had been trained in handling e-blasts and other communications and were now equipped to manage notifications effectively. He also emphasized that they had made progress in reclaiming responsibilities for these tasks.

Mr. McCully noted the availability of three newly recruited staff members.

Mr. Nāho'opi'i replied that the new staff would be licensed for procurement activities.

Mr. Nāho'opi'i added that the Senior Brand Manager who had departed had been predominantly responsible for the U.S. Major Marketing Area (MMA) contract. Ms. Anderson had assumed oversight of this responsibility. Ms. Goo took charge of the Global Support Services contract, while Ms. Anderson oversaw the HVCB contract for island destination marketing.

McCully remarked on Ms. Anderson's extensive responsibilities, describing her as managing nearly everything.

Mr. Nāho'opi'i responded that a number of structural changes had been implemented to distribute the workload. After discussions, the pace of the strategic planning process had been slowed in anticipation of the arrival of a new planner in two weeks. Most of the planning responsibilities were to be transferred to the new planner, relieving Ms. Anderson of some duties. Ms. Anderson had also been conducting preliminary research with on-island destination managers.

Mr. Nāho'opi'i added that Ms. Anderson would temporarily take on the Chief Administrative Officer (CAO) role in addition to a portion of the Chief Executive Officer (CEO) responsibilities, enabling him to manage additional contracts.

Mr. McCully inquired whether Ms. Anderson was assuming the CAO role without holding the official position, and Mr. Nāho'opi'i confirmed that the assignment was temporary.

Mr. McCully humorously referred to Ms. Anderson as a "superwoman," remarking on her growing list of responsibilities, while Mr. Nāho'opi'i emphasized the team's collaborative spirit and mutual support.

Mr. Ka'anā'anā inquired whether any Board members knew of suitable candidates for the Public Affairs Officer position, which had been advertised on the HTA website. He thanked the Director of the Department of Business, Economic Development and Tourism (DBEDT), James Tokioka, for signing the B3 form, enabling Ms. Hagihara to post it the previous day.

Dir. Tokioka noted that the request had been signed earlier.

Mr. Ka'anā'anā explained that it pertained to an RFP.

Ms. Sanborn informed Board members that Ms. Iona was present online at the meeting.

## **7. Board Chair Report**

Chair Hannemann stated that every staff member in the HTA was contributing to filling the gaps in staffing, expressing his appreciation for the staff who had recently joined the authority.

The Chair noted that Friday, March 7, 2025, would mark the eighth year of celebrating Tourism Day at the Capitol, an event well attended by legislators and co-chaired by Sen. DeCoite and Representative Tam, the tourism co-chairs. Invitations to meet with the HTA group had been extended to the Speaker of the House, the Tourism chairs, the Senate President, and the Finance and Ways and Means chairs in an event running from 8 a.m. to noon. This would enable legislators to give their overview of tourism activities and priorities. Senators, representatives, and their staff would also have the opportunity to explore the various exhibits, with staff interactions often proving beneficial.

Chair Hannemann mentioned that he and Mr. Apo had dedicated considerable time to tracking HTA-related bills in the legislature. He urged Board members to share any information about this legislation they might have obtained. The Chair and Mr. Apo communicated daily about the bills they were monitoring and would welcome updates to determine appropriate actions.

The Chair noted that on the previous day, the Nā Po'e Pa'ahana awards for hospitality employees had been presented, and two individuals had received special recognition:

- Dr. Aaron Salā, for serving as the Director of the 13<sup>th</sup> Festival of Pacific Arts and Culture and
- Mr. Ka'anā'anā, for his role as the commission chair of FestPAC.

The efforts of these two persons, in collaboration with the Governor and First Lady, had resulted in the organization of an exceptional event, which not only achieved a \$30 million return on investment but also reaffirmed familial ties with the 26 Pacific Island nations in attendance, strengthening connections across Oceania.

Chair Hannemann concluded by noting that the Board should proceed to Agenda Item 8, which requires an Executive Session.

**8. Presentation, Discussion, and Action on a Plan for \$6.3 Million to HTUSA to be Focused on Maui Recovery Efforts\*\*\***

AG Cole announced that the Executive Session would fall under the exception of open meetings under Section §201(B)-4 for the purpose of discussing information that must be kept confidential to protect Hawaii’s competitive advantage in tourism.

Mr. McCully proposed a motion to enter the Executive Session, and Ms. Agas seconded the motion. The motion passed unanimously.

Mr. Nāho’opi’i stated that Mr. Ka’anā’anā, Mr. Choy, Mr. Kishi, Ms. Anderson, Ms. Sanborn, Ms. Kartika, and himself were to attend the Executive Session.

Dr. Salā, the President and CEO of the HVCB, said he would join the Executive Session along with the following HVCB staff: Ms. Field, Ms. Imai, Ms. Morikawa, Ms. Whitehead, and Mr. Eslinger.

The Board convened the Executive Session at 9:53 a.m.

[Executive Session]

The regular Board meeting resumed at 12:29 p.m.

AG Cole reported that the Board had a discussion and voted on a motion for \$6.3 million to be focused on the Maui recovery effort. The motion had been passed by the Board by eight Yes votes to three No votes.

**9. Report and/or Action by the LEGISLATIVE PERMITTED INTERACTION GROUP**

**a. Discussion, and Action on Board Resolution 2025-01 for the Delegation of Authority to Present Policy Positions**

Mr. Apo informed the Board members that they had been provided with a legal-sized document detailing the bills with which the HTA was concerned. He intended to review this document and seek Board approval for the positions listed, which supplemented the general policy position passed earlier in the year. Legislators had inquired whether the Board had approved specific positions. While general approval existed within the previous policy, the team aimed to present themselves in the best possible light before legislative committees.

The document referred to three types of bills:

**1. Governance Bills:** These addressed various issues related to the HTA. While most were not groundbreaking, some raised concerns. For example, in the first bill listed, SB1571, the second-to-last bullet proposed changing the phrasing from “limited by this chapter” to “provided by law,” which was likely to create confusion regarding the HTA’s relationship with the DBEDT. This clause broadened the exception, and efforts were underway to address it. The position of Chief Executive Officer was also discussed, and the ongoing recruitment efforts received support. Mr. Apo highlighted removing the “global economic crisis” from the list of emergencies for which the HTA could request funding, as such crises could significantly impact the visitor industry.

**2. Other Bills:** Mr. Apo summarized these quickly. They included bills on the following:

- **Technology Enablement:** This was to be supported due to its alignment with the existing HTA programs.
- **Hawai’i Beach Day:** The HTA was to collaborate with the Department of Land and Natural Resources (DLNR).
- **Naming Rights for the Convention Center:** This proposal had revenue potential but raised concerns about signage and related issues.
- **Performing Arts Special Fund (PASF):** A proposed 1% fee on ticket sales for concerts in state facilities raised questions about its application to events at the convention center, particularly cultural events. Mr. Apo noted that the application of the fee would be clear if a pure concert were staged, but it was more complicated if a week-long convention brought in entertainment for dinner. He asked whether this could be considered a concert, and, if so, whether the 1% fee would then be levied on the entire convention fee. He noted that there was ambiguity regarding this fee and the types of events held in the convention center. The fee could add costs to cultural events, and these issues had been raised in the HTA’s comments.
- **Tourism and Gaming Workforce Group:** The HTA would seek representation in this body.
- **Agricultural Tourism:** This was to be monitored as part of the regenerative tourism model.

**3. Transient Accommodations Tax (TAT) Bills:** The HTA maintained that any changes in TAT must connect to the visitor industry. The HTA had refrained from outright opposition to bills with partial connections to the industry, instead raising concerns.

- Mr. Apo noted that the Visitor Green Fee appeared to lack legislative traction.

- Two companion bills in the House and Senate proposed increasing the TAT to fund climate mitigation and tourism-related infrastructure. The HTA supported these bills with comments since using the increased TAT for tourism infrastructure provided a potential connection with the visitor industry. Although these were administration bills, Mr. Apo stated that the HTA had been asked to support them while including their comments. He added that legislators had asked whether the HTA supported these bills because of the increase in TAT, but Mr. Apo had responded that the HTA would support increases in TAT if the revenue were used for tourism infrastructure. He believed that ultimate decisions on all the TAT bills were likely to end in conference, so it was essential for the HTA to state their position and explain the issues so that they could guide the continued progress of these bills.
- Mr. Apo explained that the next bill did not change TAT but deposited money from its revenue into the Climate Mitigation Resilience fund, as did the following bill listed as #7.
- Mr. Apo added that a further bill defined a \$20 tax to be levied on stay space awarded for points, miles, and other rewards.
- Finally, a 1% increase in TAT was proposed to benefit the Hawaiian Homes General Loan Fund. The HTA might eventually oppose this bill due to its lack of connection to the visitor industry.

Mr. Apo expressed his gratitude to Ms. Anderson and the HTA staff for effectively summarizing pending legislation.

Mr. Apo proposed a motion for the Board to approve HTA's positions as outlined in the printed review of pending legislation.

Chair Hannemann commended Mr. Apo for his work as Chair of the Legislative Permitted Interaction Group (PIG) and emphasized the importance of ensuring that TAT funds were used to support the visitor industry. The Chair noted the Governor's focus on climate mitigation and cited the need for specific language in the bills to reflect this connection.

Chair Hannemann also addressed Bill 1571, which aimed to preserve the HTA's policymaking authority under Chapter 201B-3, ensuring clarity in its relationship with DBEDT and the President/CEO's ability to hire staff.

Dir. Tokioka highlighted the Governor's sensitivity to climate-related issues, referring to the Lahaina wildfires and the recommendations of a climate advisory task force. While Dir. Tokioka had never supported a TAT increase; he acknowledged the Governor's challenges and the potential for additional marketing funds. He agreed with Chair Hannemann on preferring TAT

revenue to be allocated to a special fund but recognized the legislature's differing perspective. Dir. Tokioka also acknowledged the difficulty of providing comments without outright opposition, reflecting the balance required for an administrative department.

Chair Hannemann asked Ms. Sanborn to conduct a roll call vote, and the motion was carried unanimously.

Mr. Apo inquired whether the Chair wished to follow the same procedure for the budget bill, noting that the PIG had not yet addressed budget legislation due to the absence of specific issues.

Chair Hannemann had participated in the budget discussions and shared positive news for the HTA. The Governor had amended the 2026 budget, initially set at \$70 million, by adding \$6 million—\$3 million allocated for Japan and \$3 million for the United States. The \$3 million for Japan was to recur in the second year of the biennium. Chair Hannemann emphasized the importance of Japan as a key international market, alongside California and the West Coast as significant domestic markets. The Governor had spent much time in Japan, collaborating with DBEDT, the HTA, and Mr. Eric Takahata of Hawai'i Tourism Japan to ensure a robust return of the Japanese market. The Chair saw this budget increase as a step toward achieving the \$80 million budget previously voted on by the Board. However, its approval depended on the legislature's decision to accept, amend, or reject the Governor's recommendation. Chair Hannemann expressed optimism about defending the budget.

The Chair added that the HTA Staff had been collaborating closely with the Legislative PIG to prepare for defending and justifying HTA's budget requests, particularly as they aimed to secure additional funding. Recognizing the visitor industry as the primary driver of Hawaii's economy, Chair Hannemann underscored the necessity of increasing the HTA's budget despite competing interests within the legislature. He expressed gratitude to the Governor for the budget amendment, which favored HTA for the upcoming discussions.

Mr. Arakawa apologized to Mr. Apo and Chair Hannemann for raising this topic outside budget discussions but noted that the Governor's actions aligned with the Budget, Finance, and Convention Center Standing Committee's (BFCCSC's) recommendation to request a base budget of \$70 million, leaving room for the Governor and legislature to increase it. This approach differed from the Board's initial vote for an \$80 million budget, which had been subsequently reduced. Mr. Arakawa thanked the Governor and expressed hope for additional funding to support the HTA's programs.

Chair Hannemann requested Ms. Sanborn to conduct a roll call vote. With no objections or abstentions, the motion was carried unanimously.

## **10. Report and Update by the BRANDING STANDING COMMITTEE**

### **a. Presentation and/or Discussion Regarding an Update on the Meetings, Conventions and Incentives Market Activity and Pace Report, and Hawai'i Convention Center Activity and Local Sales with Meet Hawai'i**

Chair Hannemann introduced Agenda Item 10, providing an update from the Branding Standing Committee (BSC).

The Chair of the Branding Standing Committee, Mr. Roy Pfund, reported that the committee had convened the previous week to discuss the utilization of the additional \$6.3 million in funding but had not addressed other reports. He then introduced a presentation on MCI market activity.

Ms. Lynn Whitehead, the HVCB Vice President in charge of Meetings, Conventions, and Incentives (MCI), expressed her appreciation for being present at the Board meeting and summarized her report. She noted that much information was included in the meeting packet and emphasized the importance of discussing the key MCI programs and their evaluation methods. In collaboration Mr. Nāho'opi'i, Mr. Choy, Ms. Orton, and the HTA staff, Ms. Whitehead hoped to develop new measurement approaches, which would be discussed at a future meeting.

Summarizing the 2024 final production, Ms. Whitehead stated that through contracted groups, the MCI Meet Hawai'i team represented an approximate \$815 million economic impact for the State of Hawai'i. The report differentiated single-property and citywide production. Ms. Whitehead announced that future reporting would occur quarterly, with the next report focusing on first-quarter achievements scheduled for May 1, 2025. Ms. Whitehead also mentioned new initiatives, including changes in the sports market, and noted that in collaboration with the HTA and the General Manager of the HCC, Ms. Teri Orton, benchmarks for the HCC were to be set to inform future group incentive strategies. A new program was to be launched to leverage citywide groups by promoting pre- and post-event visits to other islands.

Ms. Whitehead had not attended the BSC meeting held the previous week, but Ms. Orton had appeared before the Budget, Finance, and Convention Center Standing Committee (BFCCSC) to address challenges with the depletion of Marketing Flexibility Funds (MFF). MFF served as the incentive funding mechanism for the State of Hawai'i and Meet Hawai'i, but these funds were nearly exhausted for the following three years. Ms. Whitehead noted that 96% of fellow

destination management organizations maintained similar funds to support citywide group incentives. These funds reduced convention costs, yet the MFF had already been fully utilized for the next three years.

To address this issue, Ms. Whitehead requested Board support to work with the HTA on securing additional funds. In the meantime, discussions with hotels were underway to explore rebates and other cost-support options for groups. Efforts were also being made to reevaluate return on investment (ROI) frameworks for both the destination and the convention center. She relied on Mr. Nāho'opi'i and Mr. Choy to advocate for increased MFF in future years, with FY27 being a focal point. Although wary of delving into details in a public meeting, she highlighted that the MFF cap, set at approximately \$500,000, had diminished over the years due to the pandemic and other factors. She sought Board support to continue discussions with Mr. Nāho'opi'i and Mr. Choy about raising the incentive threshold.

Mr. Pfund inquired whether an agenda item existed regarding the reallocation of the MFF, receiving an inaudible response.

Mr. Nāho'opi'i clarified that while Ms. Orton had previously presented a request, no vote had been taken to increase the MFF amount. He noted that the immediate goal was to obtain Board support to raise the MFF, though specific sources and amounts were yet to be determined. He emphasized incorporating a higher MFF level into the FY27 budget request.

Ms. Whitehead acknowledged shorter-term needs but stressed the importance of Board discussion on the increase in MFF.

Mr. Nāho'opi'i responded that the matter would be returned, with specific amounts, to the BSC and the BFCCSC. He added that changes in incentive management and fund allocation were under consideration to optimize cash flow. While currently constrained, they anticipated higher cash requirements than the allocated amounts for FY26/FY27, estimating a request of \$600,000. Mr. Nāho'opi'i noted that potential client organizations sought incentives to confirm their participation.

Ms. Whitehead emphasized the urgency of market competitiveness, noting that nine potential groups required immediate incentive approvals. She explained that 38% of tentative bookings involved incentives and expressed concern that opportunities would be lost during final negotiations without enhanced flexibility.

Mr. Pfund agreed to place the issue on the agenda of the next BSC meeting, acknowledging the high revenue potential of this market and the necessity of accurately calculating spending and ROI.

Mr. Nāho‘opi‘i concluded that barring negative feedback, the team would proceed with efforts to increase incentives and report back to the committees and the Board.

Ms. Whitehead expressed her gratitude for this response.

Mr. Apo inquired whether a one-month timeline for a response would suffice.

Ms. Whitehead expressed the need for urgency, noting that if the current Board meeting were to approve the request for increased MFF, internal processes with Mr. Choy could begin at once so that current contracts could be addressed as soon as possible.

There was an inaudible response.

Mr. Apo repeated his question and asked if the response was “As Soon As Possible.”

Ms. Whitehead emphasized the urgency of the situation, explaining that the groups currently making decisions had been assured that efforts were underway to provide incentives.

Mr. Apo asked whether, in an ideal scenario, the Board would approve funding immediately.

Ms. Whitehead confirmed that this would be her preferred course of action.

Mr. Arakawa pointed out that the conventions were scheduled several years into the future.

Ms. Whitehead reiterated that decisions were being made now. This prompted Mr. Apo to acknowledge that timing was a critical issue.

Mr. Pfund inquired about potential mechanisms to address the immediate Marketing Flexibility Funds (MFF) shortage.

The HTA Vice President for Finance, Mr. Isaac Choy, reminded Board members that conventions were planned years in advance. To ensure adequate funding for such events, the HTA needed to develop a solid plan for Meetings, Conventions, and Incentives (MCI) and MFF that maximized expenditure impact. Mr. Choy expressed confidence in Ms. Whitehead’s and Ms. Orton’s judicious use of funds but emphasized that MFF funds were not intended for local groups and needed to be allocated strategically to maximize returns.

Mr. Pfund asked whether there was any possibility of reallocating funds for immediate use.

Mr. Choy and Mr. Nāho‘opi‘i confirmed that no additional funds were available in the FY25 budget.

Mr. Nāho‘opi‘i explained that the focus should be on securing additional MFF funding for FY27, which would require an amended budget submission in 2026.

Ms. Orton confirmed that the current threshold for FY25, FY26, and FY27 was already fully committed, but the team was in contact with several high-priority groups for which incentives were important.

Mr. Pfund acknowledged that addressing immediate concerns through the FY25 budget was not feasible.

Building on his experience as Brand manager, Mr. Ka'anā'anā attributed the issue to the HTA's finance being shifted to general funding, limiting HTA's ability to make multi-year commitments and limiting future MFF allocations. He stressed that losing the special fund had significantly impacted the HTA's competitiveness in securing long-term business for Hawaii's newly refreshed convention facilities. It would be difficult for groups to commit to booking if future funding by the legislature could not be guaranteed. Events were booked three, four, five, or even ten years in advance for large citywide events.

Mr. White asked Ms. Whitehead whether she had analyzed MFF levels at similar-sized facilities.

Ms. Whitehead confirmed that she had conducted her survey and that a company had also conducted a study. She proposed forwarding this information to Mr. White so he could share it with the Board if necessary.

Mr. White agreed that context was important and emphasized enabling the MCI team to make future commitments. He suggested seeking legislative approval for a special fund.

Chair Hannemann reminded Board members that major events were often booked years in advance, making it crucial to adopt a proactive approach and explore options for an expanded budget.

Mr. Ka'anā'anā proposed revisiting the Convention Center Enterprise Special Fund (CCESF) to address the funding gap.

Mr. Choy explained that using the CCESF would still require legislative approval for a ceiling increase, effectively equating it to a general appropriation.

Mr. Ka'anā'anā suggested deferring a capital improvement project from the six-year budget to free up approved funds.

Mr. Nāho'opi'i raised the possibility of adjusting food and beverage (F&B) discounts as part of the incentive strategy.

However, Ms. Whitehead clarified that food and beverages were essential elements of group programs, limiting the viability of such adjustments.

Mr. Choy voiced concern about diverting funds from essential repairs and maintenance.

Mr. Nāho'opi'i concluded that additional calculations and discussions were necessary to determine a viable incentive formula. He acknowledged ongoing disagreements about how best to structure and allocate future incentives, noting that trade-offs might extend beyond cash-based solutions. He added that the team had discussed potential adjustments to the F&B amounts funded through the special fund. He noted that in instances where there was a lower or negative F&B amount, the shortfall was compensated by the special fund. Mr. Nāho'opi'i suggested that offering discounts on F&B at the convention center could incentivize groups while reducing overall costs. Additionally, he emphasized the importance of reevaluating the broader incentive transportation strategies and recalculating these to ensure effectiveness.

Mr. Nāho'opi'i inquired whether Ms. Whitehead had a chart detailing areas of excess that could help determine a recommended amount to address the immediate funding issue.

Ms. Orton asked whether the recommendation involved reducing F&B costs in contracts.

Mr. Nāho'opi'i responded that lowering F&B costs would reduce overall expenses, but Ms. Whitehead countered that food and beverage remained integral to group programs, rendering such an approach less viable.

Mr. Nāho'opi'i clarified that operating funds would need to offset any reduction in total building expenditures.

Mr. Choy expressed a preference against reducing food and beverage costs, citing the need for repairs and maintenance funding.

Mr. Nāho'opi'i pointed out that this divergence in perspectives underscored the necessity for further calculations to reach a consensus on how future incentives should be structured. He acknowledged the lack of a specific proposed amount due to ongoing disagreements over the evaluation formula and the types of trade-offs—beyond cash-based solutions—that could be considered.

Ms. Whitehead provided additional context, informing Board members that the evaluation process had undergone a review the previous July. She noted the challenge of simultaneously selling and pausing to reevaluate, as this risked failing to finalize contracts with groups. To address this, she proposed implementing a new evaluation plan for a year, followed by a 90-day review period to assess its performance. This would allow for a nine-month trial period, after which adjustments could be made for subsequent years. Ms. Whitehead emphasized the need for everyone involved to accept the chosen evaluation methodology, which had to reflect

changes in the business over recent years. She also acknowledged that some current opportunities might be lost during this transitional phase.

Ms. Orton added that, while it was possible that some of the nine tentative groups might not close, providing incentives was necessary to remain competitive. Based on the ongoing negotiations, she emphasized the importance of supporting these groups to secure their participation.

Mr. Choy emphasized the importance of making the discussion productive so that a comprehensive plan could be presented at the next BSC meeting.

Chair Hannemann reminded Mr. Choy to inform himself and Mr. Apo if legislative approval should become necessary so that they could incorporate it into their strategy.

Mr. Apo suggested reevaluating statistical methods and daily expenditure metrics, which could strengthen the case for increasing Marketing Flexibility Funds (MFF), particularly as multi-year commitments needed to be made far in advance.

Mr. Choy cautioned that while tax revenue generated by these groups benefited the state, it did not directly support the HCC, which was supposed to balance its operational costs.

Ms. Whitehead expressed gratitude for the group's engagement, while Mr. Nāho'opi'i apologized for not addressing this issue at the previous BSC meeting.

Ms. Orton stressed the immediacy of the situation, noting that several large groups—primarily from Asia—required funding incentives within the coming week to secure their business for 2025, 2026, and 2027. She pointed out that the convention center's success hinged on citywide business and highlighted a decline in bookings beyond 2027. This urgency had been supported by Mr. Andrew Koh from the Asia office, who was in contact with a number of groups that were 95% ready to commit but required MFF for finalization.

Chair Hannemann asked about the amount required for MFF, and Ms. Orton estimated that \$225,000 would be required to accommodate three large groups.

The Chair promised to consult with the HTA staff and give an update.

Ms. Whitehead stated that Mr. Koh was present online and requested an opportunity to speak.

Mr. Koh introduced himself and thanked Ms. Whitehead, pointing out that there was urgency for some groups from Asia that were good citywide businesses. If incentives were provided, they would sign the licensing agreements immediately, but if not, that business might be lost.

Mr. Koh thanked the Chair for the opportunity to speak and thanked Ms. Orton and Ms. Whitehead for informing the Board of the MFF issue.

Mr. Apo asked about the size of the groups.

Mr. Koh responded that the group for 2025 would involve about 4,000 people with about 8,000 room nights and two gala dinners at the convention center, with minimum spending on food and beverages of \$130 per head. The 2027 group is from Asia. It would involve 1,800 participants for about 3,600 room nights and a high minimum food and beverage expenditure, bringing in a large revenue for the convention center.

Mr. McCully asked about the metrics linking MFF requests to participant numbers and spending levels.

Ms. Whitehead clarified that an algorithm was used to calculate a 4:1 ROI for the destination, with break-even points for the convention center. While many groups met the benchmarks under the current methodology, Ms. Whitehead acknowledged the need for revisions to reflect evolving business dynamics. She offered to share her confidential report with Board members to inform them of their decisions.

Mr. Apo echoed Mr. McCully's point about the financial scale of the request but suggested that staff, particularly Mr. Choy, should explore funding sources.

Mr. Choy, however, indicated that he could not commit to identifying the required funds from the 2025 budget, which had only four months to run.

Mr. Ka'anā'anā proposed exploring the Convention Center Enterprise Special Fund (CCESF) and the HCC Repairs and Maintenance (R&M) budget as potential sources.

Mr. Choy explained that legislative approval would be required for any special fund usage or ceiling increase, and additional challenges would be posed by Program IDs.

Mr. Nāho'opi'i recommended seeking creative solutions, noting that MFF funds could not be sourced from the HCC budget. He proposed that if the Board so instructed, staff could reallocate marketing funds, although this solution had inherent challenges.

Ms. Orton explained that the group proposing a 2025 event was a large group with high expenditure whose value extended beyond HCC revenue and aligned with broader marketing goals. She suggested that the Board concentrate on the 2025 group.

Chair Hannemann recommended focusing on immediate needs for the 2025 group, estimated at \$26,000 while addressing funding for 2026 and 2027 in subsequent budget discussions.

Mr. Nāho'opi'i asked for confirmation that the \$26,000 incentive was from Program ID 114.

Ms. Iona asked whether the \$26,000 incentive would secure a definite booking from the 2025 group, and Chair Hannemann confirmed this.

Ms. Iona inquired whether private donations could be accepted, pointing out that it would be possible for the \$26,000 to be contributed by a group of people, given that it was not a significant sum and its provision would secure the business for HCC. She asked Mr. Choy to give his input on this suggestion.

Mr. Choy requested that the question be repeated. Ms. Iona stated that for 2025, the required amount was \$26,000 and asked if it could be accepted as a private donation to cover the convention center costs. Mr. Choy responded that he did not know, but Ms. Iona urged him to find out.

Chair Hannemann remarked that this amount was not substantial and that efforts should be made to investigate further. He noted that the Board now had clarity regarding the short-term requirement of \$26,000.

Mr. Apo inquired whether the funds were necessary to take action to honor the contract.

Mr. Nāho'opi'i explained that the Board could direct staff to seek the funds, and if they were available, approval would be granted. He also stated that staff would have to decline if the funds could not be reallocated.

Mr. Choy repeated that it was February and the fiscal year would end in four months.

Chair Hannemann called upon the Board to take action.

Mr. Apo proposed a motion that the Board request HTA staff endeavor to locate the \$26,000 required for the 2025 event and collaborate with the Budget Committee Chair to facilitate this. Mr. Apo added that the Board would approve the expenditure if the funds were identified. The motion was seconded by Mr. McCully.

Chair Hannemann invited a discussion on the matter.

Ms. Iona suggested that the motion should include the possibility of exploring private support.

Mr. Apo stated that he would seek a ruling regarding private support, and Ms. Iona declared that she could identify a private source for the funds by the following day.

Chair Hannemann directed Ms. Sanborn to conduct a roll-call vote, and the motion was carried unanimously.

## **11. Presentation on HTA Destination Stewardship Programs**

Chair Hannemann called on Mr. Ka'anā'anā to present information about the HTA Destination Stewardship programs.

Mr. Ka'anā'anā gave a brief introduction and reminded the Board that, as directed, staff had proceeded with a request for quotation (RFQ) and had awarded a contract for sports consulting services, which was being executed. The award winner had requested to meet the Board. Mr. Ka'anā'anā introduced Mr. Scott Horowitz, the CEO of Vision Insights, a partner of the HTA on the DBEDT Research and Economic Analysis Division (READ), and for event evaluation. Mr. Ka'anā'anā explained that Mr. Horowitz and his team prepared many community and economic impact reports assessing major events funded by the HTA. Mr. Horowitz had an understanding of the HTA's work and experience of events they had funded in the past, along with the appropriate networks for expanding the HTA sports program.

Mr. Horowitz gave a brief inaudible comment.

Mr. Ka'anā'anā then introduced Mr. Aranaydo, Senior Director of Operations at the CNHA, who was to provide the Kilohana update.

Mr. Aranaydo expressed his gratitude for being present at the Board meeting. He stated that although Kilohana had decreased the scope of their services for the present period, they expected to expand more in the following fiscal year.

Regarding VEPAM, Mr. Aranaydo noted that the advertisements had been modified to display the HTA logo at the bottom, thus increasing the HTA visibility at the airport.

Mr. Aranaydo informed Board members that Kilohana had released the RFP for the 'Umeke program for the next fiscal year on February 10, 2025. He added that over the past month, his team had traveled across the state to meet with community members and host information sessions about the program. He specifically thanked Ms. Resuma for her dedication to distributing information and ensuring face-to-face engagement with the community. Mr. Aranaydo stated that the team had reached over 200 participants and had concluded their final Zoom community information session just the previous night, with over 80 in-person and virtual participants. He reminded Board members that the application deadline was April 1, 2025, at 4:30 p.m. He urged Board members to encourage their community partners to adhere to the deadline, as late or incomplete applications would not be considered. During the previous term, 143 applications had been rejected because they were either incomplete or received after the

deadline. Mr. Aranaydo stated that the anticipated award announcement date was June 5, 2025, with the disbursement of the first payments expected in October 2025.

Referring to the Tour Guide Certification program, Mr. Aranaydo informed Board members that Kilohana was engaging with more than 20 stakeholders to vet the 14 curriculum modules. These modules covered Hawaiian culture, cultural sensitivity and awareness, Hawaiian natural ecosystems, and tour safety.

Mr. Ka'anā'anā explained that the current scope of the Tour Guide Certification curriculum would conclude with curriculum development. Once the stakeholder review is completed, the curriculum will be presented to the Board for final adoption and approval. Upon approval, the HTA intended to seek funds for fiscal years 2026 and 2027 to implement and utilize the refreshed curriculum.

Mr. Aranaydo provided an update on Qurator, stating that 194 organizations had registered and 72 organizations had been certified. 48 organizations were currently live on the Qurator website. Over the previous month, Kilohana had collaborated with the HVCB to include Qurator-certified businesses on Go Hawai'i. Staff members also collaborated individually with cohort members to assist with the Qurator certification process. Mr. Aranaydo added that some Qurator members were to be interviewed the following week for a promotional video for Qurator certification.

Mr. Ka'anā'anā requested Kilohana to follow up with the HTA regarding booking a room for filming, which they had not yet received feedback. Regarding Qurator, Mr. Ka'anā'anā remarked that some businesses started the certification process but did not complete it. He suggested that the reasons for this should be examined to determine whether applicants needed technical assistance or guidance. He noted that the current team lacked sufficient capacity to provide such assistance and stated that a strategy was needed to address this.

Mr. Aranaydo invited questions.

Vice Chair Paishon, as Chair of the Ho'okahua Committee, noted that Ms. Agas, Ms. Iona, Ms. Poulson, and Mr. West would meet in March, April, and May to support Ms. Anderson, Mr. Ka'anā'anā, and their team in preparing for consolidated planning and destination stewardship map planning. They would also continue workforce development discussions. Vice Chair Paishon expressed her appreciation for Mr. Aranaydo's presentation.

On the topic of sports, Chair Hannemann mentioned efforts involving himself, Mr. Ka'anā'anā, Mr. Lafitaga, and Mr. Horowitz to finalize the Rams' contract with the HTA for team events on Maui. He stated that confirmation was expected soon. A team was to visit Maui the following

week to assess potential practices sites and identify school sports facilities that required renovation. The Chair anticipated an announcement as early as the following month.

Mr. Ka'anā'anā added that the fiscal team was working to file the exemption. He explained that he had been emailing staff members regarding additional paperwork and revisions to existing documents. He noted that the Rams were now CDC-compliant.

## **12. Presentation and Discussion of Current Market Insights and Conditions in Hawai'i and Key Major Hawai'i Tourism Markets**

Chair Hannemann introduced Ms. Chun, who stated that she would give a condensed presentation. She added that the complete information pack had been supplied to Board members and that she would address questions later.

Ms. Chun highlighted the "Akamai Arrival" digital agricultural declaration form pilot program, which was set to begin on March 1, 2025, and run until the end of May 2025. She explained that although the impact of this pilot program had been downplayed, her team calculated that it would affect 31% of scheduled domestic flights and 28.4% of scheduled seats. Impacted flights included all American Airlines flights, all Southwest Airlines flights, five Alaska Airlines flights to Kaua'i, one Delta Airlines flight to Honolulu (Atlanta-Honolulu), two Hawaiian Airlines flights to Kaua'i, and two United Airlines flights to Honolulu (Chicago and Houston, both widebody aircraft). On these flights, no tourism-related questions or paper forms would be distributed, and this would necessitate changes in measurement methodologies.

Ms. Chun expressed concern about the implications for data collection. With the absence of tourism questions on these flights, tracking secondary destinations or lengths of stay for passengers landing in Honolulu, Maui, or Kaua'i would no longer be possible. This would require assumptions to estimate visitor days, which is related to expenditures calculations. The team planned to develop a revised methodology within the month but noted the immediate effect on visitor passenger counts. Ms. Chun added that the Governor had requested daily passenger counts after 9/11, and consistent reports had been filed for the last 24 years, but the absence of data from impacted flights rendered continued reporting impractical. DBEDT was considering discontinuing this practice.

Ms. Chun explained that the shift to digital forms also entailed broader challenges. The domestic inflight paper forms served as a sampling frame for the Visitor Satisfaction Activity Survey. However, there were differences in airline passenger demographics—such as those between American Airlines and Southwest Airlines—which could influence visitor satisfaction

metrics. Ms. Chun commented that increasing the sampling level to compensate for this might result in additional expenses and impact the budget.

Ms. Chun referred to “de facto” population calculation, which gave the actual number of people in the state at a given time. An accurate calculation required data on traveling residents, and without this information, there was a risk of overestimating both population and associated revenues. As a result, visitor statistics would be published using a conservative approach to avoid overstating revenues or expenditures.

Ms. Chun explained that neither she, Mr. Nāho‘opī‘i, nor Mr. Choy had been involved in the Akamai Arrivals pilot program despite their previous efforts on an alternative project. The team had only learned about the program during its announcement to the general public, although DBEDT conducted a feasibility study that probably had not been utilized.

In response to questions, Ms. Chun clarified that although the airlines possessed the information required, DBEDT is given a copy of the carrier report which airlines submit to Department of Transportation Airports Division with passenger data only at the end of each month. For the airlines to provide a daily report would be a major change in their operational methods.

Mr. Pfund pointed out that during the “Safe Travels” program, passenger information was reported daily.

Ms. Chun agreed that during the “Safe Travels” program, paper forms were given out on the plane, collected by airline staff, and handed over to the DBEDT vendor, along with a declaration of the number of crew and passengers. However, Ms. Chun pointed out that the change to digital declaration meant that no more paper forms would be submitted on participating flights. DBEDT would still have detailed information about the two-thirds of flights that were unaffected, but 31% of flights were a significant fraction.

Ms. Chun also raised concerns about compliance, noting that unlike the “Safe Travels” program—which required a QR code for travel—there was no mechanism to ensure that passengers had completed the digital forms. Variations in in-flight Wi-Fi capabilities further complicated the situation, with only limited participation from airlines like Hawaiian Airlines, which had good Wi-Fi, while other carriers had inconsistent Wi-Fi quality.

Ms. Chun assured the Board that the team would manage the evolving situation but stressed the need for the HTA to understand the potential impact of the program.

Chair Hannemann thanked Ms. Chun for her insights.

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

Chair Hannemann asked Mr. Arakawa to present the next agenda items.

**a. Motion, Presentation, Discussion, and Action on the Hawai'i Tourism Authority's  
(HTA) January 2025 Financial Report; Recommend Approval**

The Chair of the Budget, Finance, and Convention Center Standing Committee, Mr. Arakawa, introduced the first item and proposed a motion to approve the HTA's January 2025 financial report.

Mr. Arakawa explained that this report had been presented and discussed in detail at the BFCCSC meeting the previous week. He requested the Chair's permission to forego the usual presentation. He asked whether there were any questions from Board members or the public, and none were forthcoming.

Mr. Kishi mentioned that AG Cole had pointed out that the motion must be seconded before it could be passed.

Mr. Pfund seconded the motion.

There were no objections or abstentions, and the motion was carried unanimously.

**b. Motion, Presentation, Discussion, and Action on the Hawai'i Convention Center's  
(HCC) January 2025 Financial Report and Update on the HCC's 6- Year Repair and  
Maintenance Plan; Recommend Approval**

Mr. Arakawa proposed a motion to approve the HCC January 2025 Financial Report and Update on the HCC's 6-Year Repair and Maintenance Plan. This report was also presented and discussed in detail at the BFCCSC meeting.

Ms. Agas seconded the motion.

Mr. Arakawa asked for discussion, questions, or comments from Board members or HTA staff.

Ms. Orton, General Manager of the HCC, referred to the financial update, pointing out that the center was \$1.2 million ahead of its budget, with nine more Citywide events to be hosted

before the end of the fiscal year. Ms. Orton was confident that the center would break even this year.

Ms. Whitehead commented that Ms. Orton and her team had done an excellent job despite challenges during inclement weather.

Mr. Arakawa asked Ms. Orton to update the Board members on the ramp to the parking garage.

Ms. Orton explained that the renovation team had excavated the soil from all the planters above the ramp so that the planters could be re-waterproofed and resealed. Unfortunately, in the middle of that process, there had been two days of continuous rain, so water that would normally have been filtered by the soil in the planters went right through and blew out the ceiling of the parking garage ramp below the planters. Ms. Orton stated that the problem was being addressed during the completion of the renovation of the planters. Scaffolding had been put up as a safety measure, with a false ceiling in place, with the expectation that the parking ramp would be opened by the following day. Ms. Orton added that the engineers were working 12-hour shifts because of a citywide event starting the following day.

Mr. Arakawa asked whether there were any other questions from Board members or the online public.

Mr. Arakawa asked for any abstentions or objections to the motion, and hearing none, he declared the motion carried unanimously.

**c. Motion, Presentation, Discussion, and Action on Budget Exceptions for Program BED114 (HTA Branding and Marketing)**

Mr. Arakawa introduced item 13c and proposed a motion to approve the budget exceptions for Program ID BED114 (HTA Branding and Marketing). He pointed out that this topic had also been presented and discussed in detail at the BFCCSC meeting.

Chair Hannemann seconded the motion.

Mr. Arakawa asked for input from Mr. Choy.

Mr. Choy responded that \$90,000 had been left over from the Oceania campaign, and the intention was to move these funds to finance attendance by the HTA at the IPW Convention.

Mr. Arakawa asked for discussion or questions from Board members or the online public.

Mr. Arakawa asked for any abstentions or objections to the motion. Hearing none, he declared the motion carried unanimously.

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

Mr. Arakawa stated that Agenda Item 13d would be deferred since it had already been discussed earlier in the meeting.

Mr. Nāho'opi'i reminded Board members that their information pack included the Capital Improvement Project (CIP) budget details.

**e. Discussion on HTA Past Due Accounts and Procurement Violations**

Mr. Arakawa asked Mr. Choy to report on this item.

Mr. Choy stated that the fiscal department had been reviewing the past due accounts and had made great progress toward paying off their two major vendors. Mr. Choy added that he would prefer not to give further details in public, but he affirmed with the Board that the vendors were receiving their payments.

Regarding procurement violations, Mr. Choy provided the Board members with a summary of three violations reported by Ms. Colburn. He noted that two procurement violations had been submitted on February 6, 2025, and were pending review and determination by the State Procurement Office. Mr. Choy added that the fiscal department awaited a ruling on oral contracts from Mr. Kohu and anticipated discovering other potential violations.

Mr. Choy stated he had not expected the outcome of the procurement violation, for which no action had been taken by the procurement office. The verdict had been that no violation had occurred because the vendor had not been paid. However, Mr. Choy intended to pay the vendors, as they were valued vendors, and he desired to settle the payment. The procurement office, however, had determined that because no payment had been made, no further action was required.

Mr. Arakawa informed the Chair that this matter had been extensively discussed in the Executive Session and that he believed Mr. Choy's explanation was sufficient.

Mr. Arakawa further inquired whether the vendor, whose payment was being withheld due to the procurement issue, was a vendor of significant historical importance to the organization.

Mr. Nāho'opi'i stated that the matter was now public because it had been posted, and that the vendor was the Bishop Museum. Part of their contract involved purchasing computer equipment; a portion of the purchase was completed after the contract expired. According to their procurement and contract rules, work could not be performed after a contract's closure. The HTA had written to the Bishop Museum to inform them that they would not reimburse them for the computer equipment.

Mr. Apo disclosed that he was a Board member for the Bishop Museum.

Mr. Nāho'opi'i clarified that the vendor had fulfilled all their outcomes and key performance indicators. The additional computer equipment had been part of the contract, and they had executed their contractual obligations. Therefore, this situation did not reflect negatively on the contractor.

Mr. Arakawa reaffirmed that they had completed all their deliverables and had been compensated for the services rendered.

Mr. Arakawa requested any further comments or discussion on this agenda item.

Chair Hannemann stated that there were no further comments or discussions.

#### **14. Report and Update by the ADMINISTRATIVE & AUDIT STANDING COMMITTEE**

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

Mr. McCully, the Chair of the Administrative and Audit Standing Committee (AASC), informed Board members that the committee had met on February 14, 2025, and had discussed the HTA bylaws. Mr. McCully noted that the bylaws had been amended nine times during the 26 years that the HTA had existed, so bylaw revision was customary, although not a common practice. He commented that the amendment of the bylaws was to be taken seriously, and he intended to involve all the Board members in the process. The AASC members had discussed issues with various articles and sections that had arisen over recent years. Mr. McCully added that during the committee's next working session, they intended to produce a series of proposals for the Deputy Attorney General to codify into a series of bylaw changes. These changes would be submitted to the Board for debate.

The members of the AASC debated the difference between a bylaw and a policy and determined that they did not intend to modify the constitution. The committee had entered an Executive Session to discuss personnel and procurement issues. Mr. McCully intended to distribute the minutes of the Executive Session. Given their Chair's travel schedule, the AASC

would next meet around the third week in March, and Mr. McCully expressed the hope that tangible results would arise from that meeting.

Mr. McCully requested the CEO and the acting CAO to immediately distribute copies of the HTA policies to all Board members. During the discussion of policies and bylaws, he had taken a straw poll of committee members and found that most members had no copy of the policies. Neither had AG Cole a copy of the policies. Mr. McCully added that it was clear that when a member was appointed to the Board, they should be given a copy of all the existing statutes, policies, and bylaws. He requested these to be distributed to all members even if they were redundant.

Mr. Nāho'opi'i asked whether Mr. McCully requested printed copies of policies and procedures.

Mr. McCully confirmed this. While he believed that members had copies of the statutes and bylaws, it seemed that most members neither had copies of the policies nor had ever seen printed policies, although they may have had them as attachments. Mr. McCully requested that these documents be sent out.

Ms. Agas mentioned that the digital version was in SharePoint.

Mr. Nāho'opi'i stated that all Board members had access to the digital SharePoint, although Mr. McCully appeared not to do so.

Mr. Nāho'opi'i stated that he would provide copies of the requested documents.

Mr. McCully stated that this was the end of his contribution.

## **15. Motion, Discussion, and Action to Create a CEO Evaluation Permitted Interaction Group to Implement the Evaluation for the HTA President and CEO**

### **a. Discussion and Action on the Assignment of Board Members to the CEO Evaluation Permitted Interaction Group and Action to Elect Chair and Vice Chair**

Mr. McCully noted that he had originally assumed that the AASC was responsible for evaluating the CEO. However, he later read the bylaws more carefully and realized this was not the case. He did not mention this discrepancy until AG Cole brought it to his attention. He believed the evaluation had to be conducted and wanted to maintain the momentum.

Mr. McCully proposed a motion for the Board to establish a Permitted Interaction Group (PIG) to investigate a report on the CEO evaluation and other matters affecting the business of the

Board. This motion was verbatim from the minutes of the AASC meeting. Mr. Arakawa seconded the motion.

Chair Hannemann asked for comments and discussion.

Mr. McCully stated that he had been asked earlier if he had a proposal to constitute this PIG. He clarified that its charter would be as described, with the addition of including recommendations by the AASC as to the criteria for the CEO evaluation, which was the AASC Committee's responsibility. He deferred the selection of the PIG members to the discretion of Chair Hannemann.

Chair Hannemann asked Ms. Sanborn to conduct the roll call vote.

The motion was carried unanimously.

Chair Hannemann announced that he would send out a survey to determine who was willing to serve on the PIG. He specified that there would be six members and that at the next Board meeting, he would name the members of the PIG.

#### **16. Progress Update from the CEO Permitted Interaction Group to Assist in the Selection Process for the Position of President and CEO of the Hawai'i Tourism Authority\*\***

Mr. White stated that he had little to report. The Permitted Interaction Group (PIG) had been paused while awaiting the Governor's signature on the B3 form and clarification regarding the HTA's ability to provide benefits in addition to the salary set by the Governor, approximately \$189,000. Mr. White commented that he did not anticipate any changes until the benefits to be provided could be specified and the bill in the legislative process was passed. The \$300,000 allocated to cover the person's salary (the CEO has to cover their own benefits) had been withdrawn from the budget.

Mr. White indicated that the PIG would restart as soon as more information became available, but it was currently on hold.

Chair Hannemann asked about the implications of the recent pay rises of both the Governor and Lieutenant Governor, given that the HTA CEO's salary was not supposed to exceed that of the Lieutenant Governor.

Mr. White responded that approximately 215 individuals in the State government were paid in excess of the Governor's salary; therefore, approving a slightly higher salary would not be an anomaly.

Vice Chair Paishon proposed a motion to go into Executive Session, stating that the newest members of the Board needed to be fully apprised of the status of the CEO selection process and that there was sensitive information that warranted Executive Session. Mr. Pfund seconded this motion.

Chair Hannemann asked those in favor to say “aye,” and there were no objections or abstentions.

Mr. White stated that he had been waiting for AG Cole to speak, but he understood that going into the Executive Session needed to be for a reason pertinent to the present agenda item.

Mr. Arakawa responded that the agenda item was a report on the actions of the PIG, and PIGs were to report to the Board.

Mr. McCully asserted that a PIG could meet at any time without an agenda, could hold an Executive Session, and that all members of the Board could attend the PIG.

Other members disagreed with this assertion.

Mr. White pointed out that there could not be a PIG report to the full Board nor a PIG update to the full Board in Executive Session.

AG Cole stated that the report of a PIG to the Board would be final, and the PIG would then be dissolved. He expressed uncertainty about what Vice Chair Paishon wished to discuss in the Executive Session but reiterated that it would need to fit within the agenda item.

Vice Chair Paishon asked AG Cole if it would be allowable to go into Executive Session to discuss some of the complications of the process, not in the form of a report from the PIG, but to provide context for the PIG report for the new Board members. She also mentioned that sensitive information relating to specific employees might be revealed.

AG Cole requested a recess to consult with Vice Chair Paishon.

Chair Hannemann ordered the recess.

[Recess]

Chair Hannemann called the meeting back to order after the recess. Vice Chair Paishon withdrew her request to enter the Executive Session upon the advice of AG Cole.

Mr. McCully distributed the minutes of the Administrative & Audit Standing Committee Executive Session Meeting held on February 14, 2025, during the Executive Session of the

present meeting. He reminded the Board members to keep it confidential. Since the document was still a draft, the committee members could send their comments or revisions.

Chair Hannemann reminded everyone that March 7, 2025, was Tourism Day. He invited Board members to participate between 8 a.m. and noon to engage with the 76 state senators and representatives.

Mr. Nāho'opi'i reminded everyone to register online for an in-person meeting for the spring tourism update at the HCC on March 5, 2025, from 8 a.m. to 12:15 a.m.

## **17. Adjournment**

The meeting adjourned at 2:15 p.m.

Respectfully submitted,



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Sheillane Reyes  
Recorder