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**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, March 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 (Chair) Hannemann, Mahina Paishon (Vice-Chair), Kimberly Agas, Todd Apo, David Arakawa, Stephanie Iona, James McCully, Lisa Paulson, Roy Pfund, James Tokioka (Ex Officio, DBEDT Director), Chris West (Zoom), Mike White

HTA STAFF PRESENT:

Caroline Anderson, Kalani Ka'anā'anā, Isaac Choy, Talon Kishi, Jadie Goo, Carole Hagihara, Amalia Kartika, Lindsay Sanborn

GUESTS:

Sen. Glenn Wakai, Rep. Lynn DeCoite, Les Kondo, Jennifer Chun, Aaron Salā, Puka Asing, Carmela Resuma, Mailikapu Heanu, Lance Aquino, Randall Tanaka, Tyler Gomes, Lei-Ann Field, Jeffrey Eslinger, Jared Higashi, Laci Goshi, Teri Orton, Darlene Morikawa, Jessica Lani Rich, Krislyn Hashimoto

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. Ka'anā'anā conducted Oli Aloha for the opening protocol and invited Vice Chair Paishon to share her mana'o. Vice Chair Paishon also acknowledged Ms. Iona's sharing of the pa'akai salt from Ni'ihau. Pa'akai is an important source of inspiration for Hawaiians, especially during times of transition.

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 February 21, 2025, Special Board Meeting and February 27, 2025 Regular Board Meeting

Mr. White proposed a motion to approve the minutes, and Ms. Iona seconded it. The motion passed unanimously.

6. CEO Report

Chair Hannemann introduced the CEO's report, which was to be presented by Ms. Anderson.

Ms. Anderson greeted the Board members and mentioned her appreciation for their dedication to serving the community, the visitor industry, and the HTA staff while fulfilling the mission of the HTA. She stated that the information packet contained the CEO's report but did not intend to go through it in detail because of time constraints. Ms. Anderson thanked the staff for all their hard work in continuing to move the visitor industry forward.

7. Board Chair Report

Chair Hannemann stated that he would mention two items under the Board Chair's report. He recognized Sen. DeCoite, Chair of the Energy, Economic Development, and Tourism Committee in the State Senate, and expressed gratitude for her attendance at the Board meeting.

Firstly, the progress of the current legislative session has been monitored by Mr. Apo, the Chair of the Legislative Permitted Interaction Group (PIG), as well as by Mr. Nāho'opi'i, Ms. Anderson, and Mr. Ka'anā'anā. They had followed up on a series of funding-related issues and were committed to keeping the Board informed. Chair Hannemann emphasized the importance of adequate funding to the mission of the HTA.

Chair Hannemann acknowledged the presence of Mr. West, who had joined the meeting.

Secondly, the Chair stated that Mr. Ka'anā'anā and his team had reached the final phase of negotiations for the L.A. Rams contract, and attorneys representing both parties were reviewing contract terms.

Mr. Arakawa commented that the Vice President of Finance, Mr. Isaac Choy, had also played a significant role in the legislature budget session.

Chair Hannemann highlighted Mr. Apo's contributions as Chair of the Legislative PIG. Mr. Apo and the CEO had represented the HTA before the legislature. Chair Hannemann requested that all information received from the legislature be promptly shared through the CEO or the Chair of the Legislative PIG.

Chair Hannemann concluded by calling for a short break before the meeting would be reconvened as the continuation of the Special Board meeting held on Tuesday, March 25, 2025.

Chair Hannemann reconvened the meeting that had been recessed two days earlier, and requested Vice Chair Paishon introduce the session.

The Vice Chair expressed her gratitude to Chair Hannemann and stated that she believed it was prudent for her to preside, given the nature of the topic under discussion. She invited each Board member to summarize their objectives for the upcoming discussion, requesting that each summary be limited to one minute.

Vice Chair Paishon began by noting that it was only possible for the HTA to effectively fulfill its mission and achieve the goals outlined in its charter, the law, and its current Strategic Plan if the HTA maintained a clean and solid foundation. She stressed that "process" was equally significant as "outcome" and outlined her hopes for the subsequent discussion:

- first, that facts would continue to be presented;

- second, that “tit-for-tat” exchanges would be avoided;
- third, that a high level of decorum would be upheld;
- and fourth, that Board members would remain true to the mission and intent of the HTA, which was to serve the people of Hawai‘i and the ‘āina in accordance with their mandate, State law, and all applicable regulations.

Ms. Iona expressed her hope that the meeting would lead to meaningful outcomes. She reflected on the commitment that she had made when she first agreed to serve on the Board: to act with integrity, truth, and honesty, prioritizing the island of Kaua‘i and Hawai‘i as a whole. Sen. DeCoite and other legislators had inspired this commitment. As the representative of Kaua‘i on the Board, Ms. Iona received guidance from many individuals, and she was determined to do what she believed was right for the HTA and Kaua‘i. Ms. Iona stated that, as a Native Hawaiian woman, she had been saddened by the present situation as she reflected upon her years in the tourism industry and her service on various boards. She urged everyone to search their hearts and commit to doing the right thing.

Ms. Paulson stated that as a junior Board member, she would defer to the more experienced members of the Board, but she echoed Vice Chair Paishon’s emphasis on sticking to facts and maintaining decorum.

Ms. Agas concurred with Vice Chair Paishon and Ms. Paulson, adding that her leadership style was rooted in servant leadership and prioritized doing the right thing. She acknowledged that sometimes, the right decision required stepping aside to enable progress. From her experience leading her resort, Ms. Agas observed that her role could be support or leadership, depending on what was best for the HTA, the State, the industry, and the people. She emphasized that decisions should not focus on individual interests but on the collective good, expressing her hope that the meeting would foster reflection and progress, even when difficult decisions had to be made.

Mr. White agreed with all the previous comments and hoped that all relevant facts could be identified during the meeting. He noted that some critical pieces of information appeared missing, such as whether discounts or complimentary offers had been provided and whether those offers were consistent with how other local organizations had been granted use of the space. Mr. White pointed out discrepancies in the list and requested a comparison between the list given to the auditor and the list provided by the Convention Center staff. He emphasized the importance of determining whether other Board members had used the space, examining the type of use and the charges levied. Mr. White stressed the need for consistent information, a truthful, honest discussion regarding these uses, and the various discounts or complimentary

fees extended. He recalled a statement made by Mr. Kondo, the State Auditor, at the previous meeting, which Mr. White had understood to imply that no discounts should be provided. While he assumed that a Kama'āina discount existed for local organizations, Mr. White questioned whether such discounts should be permitted. He was eager to uncover the truth and additional information during the ensuing discussion.

Mr. McCully remarked that much time could be spent delving into granular details about past actions and individuals involved, which he referred to as "what-about-ism." He expressed his desire to avoid such an approach. Mr. McCully urged the Board to focus on processing the findings of the State Auditor and aligning themselves with established policies, rules, and laws. He described public perception as the paramount consideration while acknowledging the challenges of interpreting laws and adhering to policies that allowed for varying interpretations. Mr. McCully emphasized the need for the Board to rise above such difficulties. He encouraged members to prioritize mending the relationship of the HTA with the public and the legislature, repeating that appearance was crucial. He stated that an event had occurred, but the mission of the current Board meeting was to move forward and correct the situation.

Mr. Choy reiterated his remarks at previous Board meetings, emphasizing the impact such situations had on employees and staff, who often found themselves caught in the middle. He observed that these individuals worked hard, earned their wages, and sought to return home to their families and friends, yet sometimes the Board overlooked their well-being. He urged Board members to be mindful of employees and staff when commenting.

Mr. West greeted the Board members and apologized for his inability to attend in person. He echoed Mr. McCully's sentiments, stressing that maintaining public confidence was the primary reason for serving on the Board. Mr. West reminded members that his organization served the public daily, and as a union representative, he was held accountable to the highest standards of integrity by its members. He explained that he always reminded other elected officers in his organization that their decisions were not about themselves. He urged the Board to prioritize decisions that benefited everyone, rather than favoring specific individuals or groups. Referring to Mr. McCully's comments, West emphasized the importance of perception and the need for the Board to improve the poor public perception of the HTA.

Mr. Ka'anā'anā requested that Mr. Choy's remarks be entered into the record as his own. He added that clarity was a form of kindness and noted that providing staff with clear guidance on their responsibilities was the most valuable contribution the Board could make. He emphasized that clarity in policies, including amendments to recently adopted procedures, would enable staff to proceed with their work effectively. Mr. Ka'anā'anā agreed with Mr. Choy that staff often became embroiled in issues against their will.

Mr. Arakawa expressed his agreement with the positions of all previous members. As the Vice Chair of the Administrative and Audit Standing Committee (AASC) and a former Audit Chair, he emphasized trust as the most critical issue. He stated that it was essential to focus on the issues outlined in the State Audit report, adding that he had spoken with Chair Hannemann and Vice Chair Paishon about questions similar to those raised earlier. He suggested that such questions should be submitted in writing to the AASC. Mr. Arakawa believed this approach would allow the committee to resolve the questions, identify the appropriate parties to provide information, and ensure that all findings were made public. He stressed that providing answers to these questions would benefit the public, legislators, and the HTA staff. Mr. Arakawa acknowledged that the situation was unlikely to be resolved during the present meeting, as Mr. White had hoped, but he underscored the importance of addressing the audit issue.

Mr. Arakawa highlighted the following concerns:

- government agencies charging other government agencies for emergency use of rooms
- whistle-blowers being required to report to their superiors who were the subjects of complaints
- insinuations that reports had been altered.

Mr. Arakawa noted that Ms. Orton had prepared information at the auditor's request and sent it directly to the auditor through Mr. Choy, a licensed CPA. Mr. Arakawa emphasized the seriousness of making accusations against a licensed professional and hoped that this matter could be resolved during the present meeting. He repeated that Board members would hear confirmation that reports had not been altered and assured them that the AASC would address any questions or comments and follow them up for the public.

Dir. Tokioka agreed with the Board members' previous comments and stated that it was likely that other members had received texts and calls with recommendations. He noted that Tuesday's meeting had gotten out of hand and urged AG Cole to review the content of the agenda item, which was titled "The findings of the financial audit." Dir. Tokioka informed Board members that he had known the State Auditor, Mr. Kondo, for 30 years, during which time they had taken part in a lawsuit involving Kaua'i County, which the county had lost. Dir. Tokioka attested to Mr. Kondo's integrity and expressed his concern about the financial audit findings. He urged Board members to limit their comments on the issue at hand. Dir. Tokioka recalled that upon his arrival at the Department of Business, Economic Development, and Tourism (DBEDT) he had been told that trust in the HTA needed to be reestablished. He reminded Board members that the HTA had been defunded two years previously and the institution of significant changes such as procurement reforms. Dir. Tokioka acknowledged that there had

been complaints about these changes but explained that they had been necessary due to a lack of trust from the legislature and the Governor's office. He cautioned Board members against prolonging the present situation and allowing media coverage to exacerbate it, emphasizing the need to identify remedies and move forward.

Mr. Pfund expressed his agreement with the points raised by other Board members, describing them as solid directions to pursue. He expressed his hope that the Board could work through the issues, identify the right path forward, and determine whether Board policies needed to be re-examined. Mr. Pfund emphasized the importance of looking at the bigger picture, establishing clear policies, and ensuring compliance. Echoing Dir. Tokioka's remarks, he stressed the need to regain the trust of the legislature and the Governor's office and expressed hope that the current discussions would contribute to that goal.

Mr. Apo reminded Board members of the positive overall outcome of the financial audit, aside from two comments and observations. He noted that having served on the Board for only six months, he had expected a worse audit outcome based on stories he had heard. Mr. Apo urged the Board not to overlook the positive aspects of the audit while addressing the issues identified by the auditors. He emphasized the need to move forward and hoped to pose two brief questions during the discussion.

AG Cole stated that his role was to advise the Board and ensure its adherence to meeting rules.

Ms. Anderson emphasized the importance of moving forward, to which she and the staff were committed. She informed Board members that staff were reviewing policies and had already identified some inconsistencies. Ms. Anderson hoped to address these issues either at the next Board meeting or at the next AASC meeting. She stressed the importance of identifying and resolving issues promptly, emphasizing the need to function as humble public servants dedicated to serving the people of Hawai'i and the visitor industry.

Chair Hannemann agreed with all the previous remarks, noting that the discussions had been constructive. He highlighted the positive achievements of the HTA and the contributions of both current and former Board members, despite the challenges faced. He agreed that the overall result of the financial audit had been favorable, although errors had been reported and emphasized. Regarding the controversial issue under discussion, he pointed out that the auditor had stated there was no fraud in the internal controls section of the audit. Chair Hannemann advised that Board members should focus on the recommendations to tighten policies and procedures to address inconsistencies. He emphasized the importance of audits as tools for improvement and noted that, given the scrutiny faced by the HTA, it was crucial to make progress. He referred to the funding situation, stating that whether the budget was \$63 million, \$76 million, or \$80 million, the HTA was no longer starting from zero, as had been the

case during the two years of defunding. He described the existence of a budget as a positive development. The Chair called for truthful and honest discussions based on facts and expressed his appreciation for the diligent work of the staff and Board members. He noted that Board members dedicated considerable time to HTA matters despite holding paid positions elsewhere. He thanked all Board members for their service and contributions, emphasizing their commitment to making Hawai'i a better place.

Vice Chair Paishon thanked Chair Hannemann and the other Board members for their input. She noted that trust had been a recurring theme in the discussions and emphasized that such conversations helped to restore and strengthen trust within the Board.

Chair Hannemann invited acting President/CEO Ms. Anderson to share her views on the recommendations of the financial audit.

Dir. Tokioka praised Chair Hannemann's initial decision to delegate leadership of the discussion to the Vice Chair but expressed regret that Chair Hannemann had resumed the Chair for a discussion about an issue in which he was personally involved.

Chair Hannemann acknowledged this point and stated that he would yield the Chair back to Vice Chair Paishon if necessary.

Ms. Anderson informed the Board that she had been reviewing the space use policy and discussed it with the administrative staff responsible for completing the forms. She noted inconsistencies and emphasized the need for clarity on how staff understood the methods and processes for completing the forms. Ms. Anderson announced her intention to revise policies and establish procedures to ensure that staff clearly understood their responsibilities for signing off on documents. She emphasized that her goal was to build trust among Board members, staff, and stakeholders and to foster a unified team comprising the staff, the Board, the legislature, and the public. Regarding the list mentioned by Mr. White, she clarified that the list provided to the auditor at the previous meeting had been incomplete and stated that she would request a more comprehensive list from the Convention Center.

Chair Hannemann proposed beginning the discussion with comments from the public, as Tuesday's meeting had not reached that point. He suggested that the Board follow with their input and questions, noting that Mr. Arakawa had recommendations to share.

Dir. Tokioka expressed uncertainty about opening the discussion to the public, stating that he believed all necessary facts were available.

Chair Hannemann responded that he had reasons for allowing public input and noted that some individuals had wanted to ask questions during the previous meeting but had not had the opportunity. He saw no reason to exclude their contributions.

Mr. Jared Higashi, Vice President of the Hawai'i Lodging and Tourism Association (HLTA), approached the Board, acknowledging that his organization was involved in the discussion. He distributed a document to Board members. Mr. Higashi explained that during Tuesday's meeting, the President/CEO of HLTA had affirmed that the organization had covered the expenses of their previous visitor publicity conferences. However, it had since come to Mr. Higashi's attention that there was an outstanding balance for the 2023 conference. He apologized for the confusion and clarified that the President/CEO had not knowingly misled the Board regarding this payment.

Mr. Higashi explained that he had served as the point person for the 2023 and January 2025 conferences on behalf of HLTA and the Visitor Public Safety Hub coalition. He had coordinated directly with all the vendors involved, and his name had appeared on the relevant documents, including the Banquet Event Orders (BEOs). Based on the initial quote, he had informed the President/CEO that HLTA owed approximately \$3,049 for the 2023 event. This was an honest oversight on his part, made in good faith based on the information provided to him. After the completion of the 2025 conference, being asked by the President/CEO to reconfirm that all bills for the conference had been settled, Mr. Higashi verified this information and provided documentation confirming that the 2025 conference had been paid in full without issue.

Mr. Higashi explained that the only documentation available on file for the 2023 event was the original event order quoting \$3,049. However, upon following up with the vendor the previous day, he had been informed that the final invoice had been adjusted to \$2,742 due to actual event costs. Mr. Higashi explained that he had not received the adjusted invoice and, upon reviewing his records and correspondence, had found no evidence of any outstanding amounts. He noted that his team operated with a small staff and managed multiple events throughout the year, swiftly transitioning from one event to the next. In instances where vendors followed up with them, such as this case, the outstanding balance would have been paid promptly had an invoice been submitted. Mr. Higashi went further to remark that no unpaid balances for the 2023 event had been mentioned by the vendor during the planning and execution of the 2025 event.

Mr. Higashi stated that the morning he had received a telephone call from Ms. Teri Orton, the General Manager of the Hawai'i Convention Center (HCC), informing him that the actual cost of the 2023 event had been \$10,000. This had been his first knowledge of this discrepancy, and he had immediately brought it to the attention of the President/CEO. Mr. Higashi assured the Board that HLTA would take immediate steps to settle the balance.

Chair Hannemann reiterated that the revised \$10,000 figure had been disclosed only that morning and asked Mr. Higashi to confirm the identity of the person who had made the call.

Mr. Higashi responded that the information had come from Ms. Orton, the General Manager of HCC.

Chair Hannemann also informed members that he had been made aware of an outstanding bill exceeding \$4,000 for Pacific Century Fellows regarding a breakfast held at the Convention Center. He explained that Mr. Nāho'opi'i had invited the organization to the Convention Center and had authorized the breakfast. Chair Hannemann emphasized that \$14,000 had become known only that morning and asked Ms. Orton to approach the Board.

Mr. Arakawa expressed a desire to question Mr. Higashi, noting that Chair Hannemann's subordinate was providing testimony.

Chair Hannemann instructed him to wait, prompting Mr. Arakawa to voice concerns about the Chair's management of this portion of the meeting.

Mr. Arakawa argued that his question was relevant to Mr. Higashi's statement and should not be deferred.

Chair Hannemann clarified that he was not preventing Mr. Arakawa from asking questions but he believed that it was important to hear first from Ms. Orton, given the allegation that HLTA owed a total of \$14,000. He assured Mr. Arakawa that he would have an opportunity to question Mr. Higashi later.

Chair Hannemann asked why HLTA had only been informed that day that they owed \$10,000, stating they had no prior knowledge of this amount.

Ms. Orton explained that the procedure for space requests from the HTA for the past ten years had been the submission of a "HTA Space Request Form." When the HCC team received this form they assumed, following standard procedure, that the request pertained to an HTA meeting. The form outlined specific details about the event, including audiovisual facilities, food and beverage requirements, specific setups, parking arrangements, and hosting responsibilities. The HTA administrative assistants submitted these forms, and the HCC team assumed they originated from a CEO or another leadership figure. The team followed the procedure to book the space, and if food and beverages were required, they forwarded the request to Levy Restaurants. Ms. Orton explained that retail rates were not applied for internal HTA meetings; labor and food and beverage costs were charged at cost, since the events were hosted in their building.

Ms. Orton explained that for non-HTA meetings involving external contractors or entities partnering with the HTA, the space request form included checkboxes indicating the entity to be billed for specific services, such as food and beverages, rental, or complimentary space. The HCC team assumed the events were the HTA meetings unless otherwise specified. For internal

HTA meetings, billing was consolidated at the end of the year, and invoices were reconciled accordingly. In this instance, no invoice had been sent to HLTA because staff had assumed the meetings were HTA events since the HTA Space Request Forms had been submitted.

Chair Hannemann responded that this explained why HLTA had not been notified earlier about the actual \$10,000 cost. He referred to Mr. Higashi's mention of a memorandum from an HTA employee.

Mr. Arakawa commented that the discussion was veering toward a direct cross-examination, and Chair Hannemann replied that, given the information about HLTA's \$14,000 obligation, it was important to clarify why the payment had not been made.

Mr. Higashi clarified that the memorandum from the HTA staff member had stated that HLTA was to cover the food and beverage expenses for the 2023 conference while the HTA, as a partner, would cover the cost of the room.

Chair Hannemann added that the Pacific Century Fellows breakfast had been organized at the invitation of the President/CEO of the HTA, who could provide additional responses. The Chair stated that he would have declined the offer if he had been aware of the \$4,000 cost beforehand—equating to approximately \$166 per person. He questioned why the cost had not been disclosed earlier.

Ms. Orton responded that the cost had not been communicated because of the assumption that the event was an HTA meeting.

Dir. Tokioka stated that no assumptions had been made, as the form explicitly indicated "HTA Space Request."

Chair Hannemann countered that the Pacific Century Fellows had never received the invoice, adding that they would have chosen to pay the amount or forgo participation had they been made aware. He explained that Mr. Nāho'opi'i had given the impression that the HTA was inviting the Pacific Century Fellows and providing breakfast, and thus, the cost had not been disclosed to them.

Mr. Arakawa apologized for interrupting Chair Hannemann's testimony, explaining that the invoice had been seen that morning because Mr. Higashi had called the previous night to request the invoice for payment. He emphasized the importance of ensuring that the public was informed of the facts, noting that it should not appear as though the invoice had been intentionally withheld.

Chair Hannemann asked to be allowed to complete his statement. He clarified that there were two distinct matters: one involving the Pacific Century Fellows (PCF) and the other concerning

HLTA. He noted that Mr. Higashi had contacted the Levy company regarding food and beverage expenses for HLTA. Chair Hannemann stated that Ms. Orton had informed him of the \$4,000 bill for the PCF breakfast, but he had been unaware of the issue until Dir. Tokioka publicly revealed that \$14,000 was owed. He explained that he had sought clarification from Mr. Nāho'opi'i and Ms. Anderson, who had confirmed that the event was not considered an HTA event. Chair Hannemann remarked that had the PCF been aware of the obligation, they would either have agreed to pay or have opted not to attend.

Mr. Arakawa then asked Mr. Higashi about the 2023 public safety conference, specifically whether the Hawai'i Hotels Alliance (HHA), representing the largest hotels in the State, had been invited. Mr. Higashi responded that HHA was not a member of HLTA and that the event had been opened to HLTA members.

Mr. Arakawa remarked that while the HTA had regarded the conference as an industry event, invitations had been extended solely to members of HLTA, with HHA not included. Mr. Higashi clarified that the event was open to members of the sponsoring organizations, including the HLTA, HTA, HVCB, VASH, WIA, and WBID.

Mr. Arakawa pressed the issue, asking whether the organization representing the largest number of hotel rooms in Hawai'i, the HHA, had been invited. Mr. Higashi explained that some HHA members were also members of HLTA or its partner organizations, and invitations had been sent to those affiliated memberships.

Mr. Arakawa noted that HLTA competed with HHA in terms of hotel membership. Mr. Higashi countered that the two organizations served different purposes but acknowledged that they shared many members.

Chair Hannemann emphasized a significant overlap in membership between the two organizations.

Mr. Pfund added that members of his organization held joint memberships in both HLTA and HHA.

Chair Hannemann repeated that HHA had not been specifically invited, but many of its members held joint memberships.

Mr. Arakawa remarked that a recurring issue had arisen in the past regarding HTA-sponsored events. He stated that he had raised the matter three or four times previously, emphasizing that HTA-sponsored industry events should involve the entire industry rather than focusing solely on HLTA members. He advocated for broader inclusion to represent as much of the industry as possible.

AG Cole intervened, pointing out that the discussion had strayed from the agenda item pertaining to the financial report.

Dir. Tokioka proposed a motion requesting the Vice Chair to preside over this portion of the meeting, expressing his view that Chair Hannemann could not conduct the questioning impartially.

Chair Hannemann agreed to yield to the Chair without requiring a vote. He clarified that the outstanding \$14,000 balance had not been reported to HLTA or PCF as organizations. He then handed the meeting leadership over to Vice Chair Paishon.

Vice Chair Paishon stated that Mr. Arakawa retained the floor after taking control of the meeting.

Mr. Arakawa asked Mr. Higashi whether his organization had been aware of the audit findings the previous week. Mr. Higashi responded that he had not been aware of this personally.

Mr. Arakawa remarked that the record indicates when the Board members became aware of the issue. He noted that the audit report had observed a discrepancy in space use and Mr. Higashi assented.

AG Cole pointed out that the discussion was evolving into a trial-like atmosphere and that they might be straying from the agenda item, even though the subject was related. He suggested that if the HTA intended to conduct its own investigation, people were aware of other ongoing issues.

Mr. Arakawa concurred and recommended that these questions be submitted in writing to the AASC committee to prevent the current situation. However, he questioned why Mr. Higashi, if he had been aware of the issue the previous week, had not contacted the HCC or sought information about the amount owed sooner. He suggested saving this question for the AASC.

Mr. Arakawa raised one final question, noting that Ms. Orton had previously testified regarding the process. He recalled that Ms. Orton did not send invoices to anyone upon receiving the HTA Space Use Form but had produced the invoice only after receiving a call from Mr. Higashi.

Vice Chair Paishon inquired whether Mr. Arakawa had concluded his questions.

Mr. Arakawa repeated his conviction that the matter should be addressed by the AASC.

Vice Chair Paishon urged members to speak succinctly to ensure full participation by all.

Ms. Agas observed that she and Ms. Paulson managed resorts and had specific questions regarding forms such as Banquet Event Orders (BEOs). For clarification, she noted that the HTA space request form was used for internal use requests.

Ms. Orton confirmed that this was the case.

Ms. Agas pointed out that the form's bottom section included a "Bill Settlement Type" field, offering options such as billing under HCC/HTA, with approval from an HCC or HTA executive to host the event. She emphasized that this indicated that the HTA was hosting the HLTA Safety Conference while partnering with a third party to pay for it. Ms. Agas asked whether a BEO had been attached.

Ms. Orton explained that if the Space Request Form indicated that food and beverages would be required, the HCC staff directed the event organizer to coordinate with Levy's catering sales team to create a BEO detailing the requested items. Levy would then provide a BEO listing the food and beverages to be supplied.

Ms. Agas asked who had arranged for a sample Space Use Form to be included in the information packet and added that it was important for Board members to know that requests for events required completion of such forms, allowing them to access cost-based discounts. She cited a list from the Hawai'i Revised Statutes (HRS) specifying that special treatment or privileges should not be requested for events not hosted by the HTA.

Ms. Orton responded that Mr. Choy had arranged to add the Space Use Form to the information packet.

Mr. Choy commented that HRS regulations were stated in the access code and explicitly prohibited requests for privileges for State employees, noting that Board members were themselves employees of the State.

Ms. Agas reflected that while the previous Tuesday's discussion had downplayed the issue as insignificant, she was concerned about the impropriety or ethical perception it projected. She highlighted that, although the intent had not been unethical, the situation risked undermining confidence in the HTA. Referring to Mr. West's remarks, Ms. Agas emphasized the importance of perception, noting that it often equated to reality. She concluded that as the HTA moved forward, ensuring the organization's trustworthiness was imperative. She stated that lessons should be learned from the audit to facilitate progress and closure on the matter.

Vice Chair Paishon expressed her gratitude to Ms. Agas for her remarks.

Dir. Tokioka stated that the discussion was missing the point. He commended Mr. Higashi for attending and taking responsibility but clarified that the event Mr. Higashi was addressing was not the one in question. He explained that the event in question had occurred on November 2, 2023, and had remained unpaid since October 2, 2023. While Mr. Higashi might argue that Mr. Kondo had not raised the matter in the audit, Dir. Tokioka noted that Mr. Kondo had asked Mr. Choy specific questions. Although Mr. Kondo had not requested the HTA's space request form,

the information he sought informed him of his decision. Dir. Tokioka remarked that Mr. Kondo had included the situation in the report despite not having all the relevant information, as he had not requested it. He emphasized the importance of adhering to the facts and pointed out that the November 2, 2023, event was not part of the current discussion. He agreed with Ms. Agas's observation that Chair Hannemann had taken the microphone and called on individuals to defend his position. Dir. Tokioka questioned how Mr. Higashi could have been unaware that the event had not been paid for. He also queried how Chair Hannemann could have failed to recognize that Mr. Nāho'opi'i's request to host the meeting at the venue for convenience implied that payment would not be made. He apologized for his directness, noting that the issue had arisen because Mr. Kondo had mentioned it in his audit.

Chair Hannemann clarified that the discussion pertained to a public safety conference held on December 6, 2023.

Mr. Arakawa's remarks were inaudible.

Vice Chair Paishon requested a repetition for clarity, noting that two documents were under consideration.

Dir. Tokioka referred to the October 2, 2023, document that had been questioned by the auditor rather than the other document.

Chair Hannemann stated that Ms. Anderson had indicated that no record of the October 2, 2023, event was available.

Vice Chair Paishon reminded members that Dir. Tokioka retained the floor.

Dir. Tokioka asked Mr. Choy whether other members had access to the documents in question.

Ms. Orton clarified that the December 6, 2023, public safety conference had an outstanding balance and that the request for the event had been submitted on November 2, 2023. She later stated that the request had been made in October.

Dir. Tokioka referred to the January 29, 2025, event and was informed that it had been paid.

Vice Chair Paishon invited Mr. McCully to speak.

Mr. McCully, as Chair of the AASC, stated that the matter fell under the purview of that committee. He requested the Board's discretion to cease the current discussion and to direct the AASC to convene a meeting to fully address the matter under Sunshine Law, with employee-related issues referred to executive session. He proposed a motion to cease discussion of the agenda item.

Vice Chair Paishon called to discuss the motion.

Ms. Iona noted that the discussion pertained to the December 6, 2023, event and asked Chair Hannemann when he had joined the HTA Board. Chair Hannemann responded that he had become a member in September 2023.

Mr. McCully, as a point of order and with due respect to Ms. Iona, stated that he had called for a motion and that her question was not relevant to the motion, as it reverted to the original discussion.

Ms. Iona, as a food and beverage professional, asked where Mr. Higashi's signature was to be found. Ms. Orton repeated that the BEO in question had not been sent to HLTA because it had been submitted on an HTA Space Request Form and had, therefore, been treated as an internal request.

Ms. Iona pointed out that the copy supplied by Mr. Choy for the meeting included a space for the client's signature. Ms. Orton responded that a signature had not been required since the BEO had not been sent to HLTA.

Ms. Iona asked when the client was expected to sign to confirm the agreement with the prices.

Ms. Orton responded that a signature was required when it had been agreed that an external individual or entity would bear the cost. However, under the process in place at the time of the request, this event had been considered an HTA meeting rather than an external one.

Vice Chair Paishon asked Ms. Iona to summarize her comments.

Ms. Iona stated that it was important for the food and beverage agency to know that the client had signed off on the proposed cost. Ms. Orton repeated that the client's signature on the BEO would be required to confirm agreement where external meetings were concerned.

Mr. McCully called for the question.

Vice Chair Paishon asked if there were any further discussions.

Mr. Apo clarified that the motion instructed the AASC to investigate the matter and provide answers. He noted that the motion did not aim to terminate the discussion.

Mr. White agreed that the AASC should oversee the issue but emphasized the need to review the use of HCC space by other Board members. He suggested examining the complete list of uses to identify recipients of discounts and complimentary services, stressing that it was crucial for him to fully understand the situation before taking further action.

Vice Chair Paishon asked Mr. White to confirm that the AASC would compile additional information and requested Mr. McCully to clarify his motion.

Mr. McCully stated that the AASC, at its next meeting (which would be expedited), would continue the discussion that began during the special session and the first hour and a half of the current meeting. The committee would review the auditor's report and all additional relevant information that had become known. All Board members would be invited, and he would ask Ms. Anderson to submit any questions and concerns for the committee's consideration.

Mr. Pfund suggested that the committee develop recommendations for improving the process.

Mr. Arakawa seconded the motion and the proposed friendly amendment.

Vice Chair Paishon called for a roll-call vote.

Ms. Sanborn conducted the roll-call vote, and the motion was carried unanimously.

Vice Chair Paishon expressed her thanks to Board members and stated that the current portion of the meeting could be adjourned.

AG Cole confirmed that this was correct, and Vice Chair Paishon yielded the floor back to Chair Hannemann.

Mr. McCully requested a modification to the agenda and asked AG Cole for guidance on how to proceed.

AG Cole stated that a majority vote could alter the order of agenda items.

Mr. McCully proposed a motion to take Agenda Item 14(b)(ii) out of order and Dir. Tokioka seconded the motion.

Mr. Apo raised a point of order, asking whether the special meeting had been officially adjourned. He noted that to address the agenda item, the special meeting would need to be adjourned or recessed and the regular Board meeting subsequently reconvened.

AG Cole explained that adjournment typically did not require a motion, though many boards opted to vote on it. He added that the meeting could be reconvened after adjournment.

Vice Chair Paishon proposed a motion to terminate the continuation of the special meeting, which Mr. Arakawa seconded. With no opposition, the motion passed, and Vice Chair Paishon yielded the floor back to Chair Hannemann.

Chair Hannemann called for a short recess.

Chair Hannemann reconvened the meeting and announced that the Board had voted to take Agenda Item 14(b) out of order.

Mr. McCully stated that he had proposed that Agenda Item 14(b)(ii), concerning Board officers, should be addressed immediately.

As per Bylaws Article III, Chair Hannemann agreed that the item should be taken out of order, specifically the discussion and action regarding the HTA Board Officers. After careful consideration, the Chair announced his intention to step down as Board Chair. He explained that, upon his initial appointment to the HTA, he had informed the HLTA Board that he would never do anything either to place HLTA in conflict with the HTA or to create a situation that would jeopardize the credibility and integrity of HLTA—an organization with over 75 years of history. However, he observed that such a situation had arisen. Chair Hannemann reflected on his efforts to develop the Pacific Century Fellows Program, which had produced Fellows including the Governor, a U.S. Senator, a former Congressman (Mark Takai, now deceased), Presidents and CEOs of banks, and a leader of the largest union in the community. He found it deeply troubling that these efforts had also been questioned. The Chair stated that he could not effectively present the facts about the situation, his involvement, or what had been presented to him, particularly given the information disclosed as recently as that day regarding an outstanding \$14,000 balance. Furthermore, he noted that his Vice President had been scrutinized for failing to transmit information in 2023.

Chair Hannemann expressed concerns about the ongoing controversy surrounding these issues and the public perception of the HTA. He pointed to the urgency of addressing tourism-related matters, securing funding, and ensuring recognition of HTA staff while questioning why a capable Board seemed unable to resolve these matters. Concluding that stepping down as Chair was the best course of action, he stated that he would consider whether to remain on the Board, given the concerns about the reputations of prominent organizations. He recommended Mr. Apo as the new Chair and announced that his resignation as Board Chair would take effect immediately.

Vice Chair Paishon asked AG Cole whether a vote was required, and AG Cole explained that no vote was necessary for the resignation but that a vote was required to appoint a new Chair.

Mr. McCully reminded Vice Chair Paishon that she controlled the meeting, and a motion was on the floor, while the appointment of Mr. Apo as Chair was not a formal motion but a recommendation by the outgoing Chair.

Vice Chair Paishon thanked Mr. McCully for his reminder and asked AG Cole to clarify the procedure required.

AG Cole advised members that they must first vote to alter the order of agenda items before proceeding with any other motions.

Vice Chair Paishon called for a motion to move up the agenda item to discuss the appointment of a new Board Chair and stated that Mr. McCully had previously proposed a motion on Agenda

Item 14(b)(ii) regarding Discussion and Action on HTA Board Officers, per Bylaws Article III. Vice Chair Paishon seconded the motion and invited discussion on the motion. Seeing none, she called for a roll-call vote.

Ms. Sanborn conducted the roll-call vote, and the motion was carried unanimously.

14.(b)(ii) Discussion and Action Regarding HTA Board Officers, per Bylaws Article III***

Vice Chair Paishon asked whether the Board was required to formally accept Chair Hannemann's resignation as Board Chair, and AG Cole confirmed that a vote was unnecessary.

Vice Chair Paishon noted that Chair Hannemann had recommended Mr. Apo as the new Chair.

Chair Hannemann formally proposed a motion to nominate Mr. Apo as Chair of the HTA Board, and Dir. Tokioka seconded the motion.

Vice Chair Paishon called to discuss the motion.

Mr. McCully expressed his belief that the Board was at a watershed moment, into which he entered with great optimism. He extended his gratitude to Mr. Apo for his willingness to serve.

Ms. Iona voiced her support for Mr. Apo's candidacy for Chair, expressing her hope that he would accept the role. She thanked Mr. Hannemann for his willingness to lead the Board during challenging times, acknowledging that this was a difficult day for some. She expressed her appreciation for Mr. Hannemann's contributions to the HTA.

Mr. Pfund invited comments from Mr. Apo.

Mr. Apo humorously asked if he could vote "No," but expressed his willingness to step in and assist the HTA in moving forward. He thanked Mr. Hannemann for his work and for making the crucial decision to step down for the benefit of the HTA and the other organizations he led. He noted that leadership was challenging, and he recognized the enormity of Mr. Hannemann's decision. Mr. Apo added that the preceding discussions had provided greater clarity regarding the events that had transpired. He reiterated the value of the HLTA and PCF organizations for their contributions to the Hawai'i community. He expressed his intent to collaborate with Mr. McCully and others to acquire a full understanding of the facts and to achieve transparency in the eyes of the public. He referred to the information packet distributed by HLTA, which contained information and proof of payment relating to the January 2025 event on the early pages and details about the 2023 event on its final pages. Mr. Apo stated his readiness to take on the role of Chair if it were the Board's wish, intending to improve the Board, the HTA, the staff, the industry, and the State.

Vice Chair Paishon thanked Mr. Apo for his remarks and invited Mr. Arakawa to speak.

Mr. Arakawa thanked Mr. Hannemann for his service as Chair of the HTA and voiced his support for Mr. Apo. He added that he served as Executive Director of the Land Use Research Foundation of Hawai'i, of which Mr. Apo was the outgoing President.

Vice Chair Paishon called for further discussion.

Dir. Tokioka stated that he shared the sentiments expressed by Mr. Apo and Mr. Arakawa and acknowledged the difficulty of leading any institution, given the difficult decisions to make. He recognized Mr. Hannemann's efforts to guide the organization in what he believed to be the right direction. He expressed his appreciation for the hard work and passion Mr. Hannemann had demonstrated. Dir. Tokioka congratulated and thanked Mr. Apo, noting his extensive experience refereeing sporting events and his ability to find common ground to move groups forward. He expressed his enthusiasm about working with Mr. Apo at the HTA Board or DBEDT. Dir. Tokioka also acknowledged the challenges faced by staff at the HTA and HCC, expressing his appreciation for their dedication and his hopes for a brighter future.

Vice Chair Paishon thanked Dir. Tokioka and echoed the sentiments shared by the other members. She expressed her gratitude to Mr. Hannemann for his continued leadership and for exemplifying the character and values that he brought to his leadership roles. As a fellow Polynesian, she appreciated his leadership grounded in cultural values, which served as an example for emerging leaders. She concluded by stating that all members looked forward to supporting Mr. Apo at the helm of the HTA. She then called for the roll-call vote.

Ms. Sanborn conducted the roll-call vote, and the motion was carried unanimously.

Mr. Hannemann requested that Mr. Apo chair the remainder of the meeting, explaining that he needed to focus on his work with HLTA. Mr. Hannemann took his leave and expressed his anticipation for the next meeting.

Chair Apo remarked that the conduct of the remainder of the meeting should respect the deadlines facing some members.

Mr. McCully pointed out that Agenda Item 14(b)(ii) concerned Board officers in the plural. He noted that while Mr. Hannemann had resigned, the item also included the role of Vice Chair. He proposed a motion to appoint a new Vice Chair.

Chair Apo stated that he would not entertain a motion for a new Vice Chair unless a specific nomination was made. He asked if there were any further motions regarding the agenda item. He concluded that since no further motions had been presented, the Board would move forward with the option to return the item if necessary.

8. 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

As Chair of the legislative PIG, Chair Apo gave a brief report, stating that no major legislative changes required the Board's attention from a policy standpoint. He mentioned that there had been discussion of pending bills relating to transient accommodations tax (TAT) at the last PIG meeting. Members debated whether the TAT should be allocated to the general fund or the special fund. Chair Apo noted that the use of the special fund would make it easier to follow the distribution of funds, while the use of the general fund would involve more oversight of expenditures by the Governor and the legislature. Members of the PIG acknowledged the advantages and disadvantages of both options and decided not to adopt a specific position but to continue voicing their opinions.

Secondly, Chair Apo emphasized the importance of keeping Ms. Anderson informed about any discussions with legislators during the final weeks of the legislative session. He explained that Ms. Anderson was the staff member responsible for tracking legislation and stressed the need for a centralized clearinghouse for information. He reminded members that the only way to ensure that the Board remained well-informed was to designate one person as the contact for all legislative-related information.

Mr. Choy asked whether meetings with legislators had to be reported, noting that most legislators requested confidentiality for such discussions and inquiring whether the substance of these discussions had to be disclosed.

Chair Apo responded by referring to the Board resolution authorizing specific individuals to speak to the legislature on behalf of the HTA. He stated that he understood Mr. Choy's concern but believed that all Board members and staff should inform Ms. Anderson about the content of their discussions with legislators.

Mr. Choy clarified that the resolution stipulated that only the official positions of the Board should be communicated to the legislature, ensuring that these positions were clearly identified as such. He explained that, as a former legislator, he frequently engaged in discussions unrelated to the HTA, such as tax-related matters. He noted that legislators often requested confidentiality and that, under statute, he was obligated to provide the requested information. He suggested the need for a clear communication policy to address these situations, acknowledging the awkward position he faced as a former legislator who was frequently contacted.

Chair Apo expressed his understanding and appreciation for Mr. Choy's perspective. He emphasized that if the legislature requested specific information, Ms. Anderson needed to be informed. He proposed discussing the matter further with Mr. Choy and Ms. Anderson to establish a clear communication framework.

Mr. Arakawa expressed his appreciation for adherence to the bylaws and resolution and suggested consulting AG Cole and the AASC regarding the nature of communications. He emphasized the importance of maintaining the trust of the public and the legislature and expressed his confidence that a balanced approach could be achieved.

Chair Apo stated his intention to collaborate with staff to develop a specific policy to guide communication with legislators.

Mr. Arakawa inquired whether the Board needed to approve the policy, expressing his belief that it did.

Chair Apo responded that he would review the matter, noting that some policies could be established at the staff level. However, he assured the Board they would be informed of the policy, even if formal approval was not required.

9. Report and Update by the BRANDING STANDING COMMITTEE

Chair Apo introduced the Chair of the Branding Standing Committee (BSC), Mr. Pfund, and pointed out that a vice chair was to be nominated.

a. Discussion and Action on the Selection of a Vice Chair for the Branding Standing Committee

Mr. Pfund stated that at the meeting of the BSC on March 17, 2025, the first item had been for Ms. Agas to step down as Vice Chair and provide a leadership opportunity for Ms. Paulson. The BSC members had voted to recommend Ms. Paulson to the full Board. Mr. Pfund proposed a motion to recommend approval by the full Board of Ms. Paulson as the Vice Chair of the Branding Standing Committee. Ms. Agas seconded the motion.

Chair Apo asked for further discussion or objections, and seeing none, the motion was carried unanimously.

b. Update on the Emergency Marketing Campaign ***

Mr. Pfund requested a move into executive session to discuss details of the campaign. Mr. Arakawa seconded the motion.

Chair Apo asked AG Cole to provide the background for the motion.

AG Cole explained that the Board was to enter an executive session to safeguard confidential information necessary to maintain Hawai'i's competitive advantage in the tourism industry.

Mr. White inquired whether, in the interest of consolidating items, additional issues might require discussion in the executive session.

Chair Apo asked the chairs of the other standing committees whether any other matters needed to be considered in the executive session that day.

Mr. Arakawa stated that he would defer the agenda item pertaining to the Budget, Finance, and Convention Center Standing Committee (BFCCSC).

With respect to the AASC, Mr. McCully noted that an executive session might be required due to personnel matters for Agenda Item 14(b)(i).

Chair Apo responded that Agenda Item 14(b)(i) would not be combined with other matters and clarified that the motion was specifically to enter executive session for Agenda Item 9(b). The Board proceeded to the executive session with no further discussion and no objections.

Mr. Pfund identified staff members who were to remain present during the executive session. The President/CEO of the Hawai'i Visitor and Convention Bureau (HVCB), Dr. Aron Salā, stated that Ms. Darlene Morikawa, Ms. Lei-Ann Field, and Mr. Jeffrey Eslinger would remain from the HVCB. Ms. Anderson confirmed that she and Ms. Jadie Goo would also remain.

Chair Apo instructed Ms. Sanborn to conduct the roll-call vote to enter executive session, and the motion was carried unanimously.

Upon returning from the executive session, Chair Apo reported that two votes had been taken concerning the expenditure of \$6.3 million for the initiatives outlined in the agenda item. He also informed the public that the HVCB Chief Operating Officer Mr. Mullen, had joined the executive session, although he had not been listed among attendees before the session.

10. Presentation on HTA Destination Stewardship Programs

Chair Apo announced that the Board was now considering Agenda Item 10, but he stated his intention to return to this item later.

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

Chair Apo noted that staff were still returning to the meeting after the executive session, so the item would be delayed until they had all returned.

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

Chair Apo stated that he understood that items 12(a) and 12(b) were to be deferred, and Mr. Arakawa confirmed this.

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

Deferred

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

Deferred

13. Report and Update by the HO'OKAHUA HAWAI'I STANDING COMMITTEE

Chair Apo stated that Agenda Items 13(b), (c), and (d) were to be deferred, and the Chair of the Ho'okahua Hawai'i Standing Committee (HHSC), Vice Chair Paishon, confirmed this.

Ms. Anderson introduced the new planner, Mr. Kendrick Leong, who was to assist with developing the various plans. She characterized Mr. Leong as smart and diligent, pointing out that the HTA was fortunate to have recruited him to the staff.

- a. Discussion and Action to Update the Ho'okahua Hawai'i Standing Committee Description**

Vice Chair Paishon welcomed Mr. Leong once again and expressed gratitude for his joining the team. She acknowledged that the committee had engaged in a robust discussion during their previous meeting and thanked committee members for their comments. She referred to the information packet in which there was a comparison between the existing description of the committee and the proposed revision. Members had expanded the committee's concern for culture and community well-being and included references to the Hawai'i Revised Statutes, the HTA Strategic Plan, and the Destination Management Action Plans.

Vice Chair Paishon presented the following revised description:

“There is established a Ho’okahua Hawai’i Standing Committee to provide and ensure oversight on matters related to natural resource stewardship, the perpetuation of Hawaiian Culture, and community well-being, in alignment with Hawai’i Revised Statutes, the Hawai’i Tourism Authority’s Strategic Plan, and Destination Management Action Plans (DMAPs). The Committee shall prioritize Hawaiian Cultural values by supporting the ‘Ōlelo Hawai’i (Hawaiian language), traditional practices, and respectful visitor engagement, and shall promote sustainable stewardship by working in conjunction with other committees of the Board to advise on policies that protect Hawai’i’s land and ocean resources and foster community engagement by ensuring that tourism benefits residents and aligns with local priorities. Additionally, the Committee will focus on tourism’s social and economic impacts, ensure compliance with the HTA’s strategic priorities, and recommend policy improvements to enhance sustainable and regenerative tourism.”

Vice Chair Paishon stated that the rationale behind these revisions was to provide the committee with clearer direction and better clarity regarding areas of impact in collaboration with other Board committees. She highlighted their discussion on referring to statutes and internal plans to achieve the organization’s strategic priorities. She also acknowledged ongoing insights provided by resident sentiment surveys compiled by Ms. Chun and her team from DBEDT, along with reminders from Mr. Ka’anā’anā. The revised description aimed to expand the committee’s focus to emphasize regenerative and sustainable tourism while supporting the HTA’s existing strategic pillars.

Vice Chair Paishon called for a motion to approve the proposed revision.

Mr. West proposed a motion to accept the revised description of the Ho’okahua Hawai’i Standing Committee, and Ms. Paulson seconded the motion.

Chair Apo noted that the motion had been moved and seconded. He reminded Board members that, since the motion concerned a bylaw amendment, it would serve as a recommendation to include the revised description in the amended bylaws being developed by the AASC. He invited comments from Board members and remarked that the committee’s discussion on this section had been very constructive. Observing no objections, he declared the motion passed, with the revised description set to become part of the amended bylaws.

b. Update on the L.A. Rams 2025 Program

Deferred

c. Discussion and/or Action on the Timeline and Objectives for the Hawai'i Tourism Authority's Strategic Tourism Plan

Deferred

d. Discussion and/or Action on the Timeline and Objectives for the Hawai'i Tourism Authority's Destination Management Action Plans

Deferred

Chair Apo stated that he would defer Agenda Item 10, which involved a presentation on the HTA Destination Stewardship Programs. He thanked the representatives of Kilohana for their attendance and, as a note to interested parties, reminded Board members that applications for Kilohana programs were due by April 1, 2025, ahead of the next Board meeting.

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

Chair Apo recognized the presence of Sen. Wakai and thanked him for attending the meeting.

The Chair introduced Ms. Chun of DBEDT, who would give a presentation.

Ms. Chun reminded members that a full set of slides was available, but she would give a brief summary in the interest of time. She referred to the February data and focused on per-person, per-day (pppd) spending and the average daily census, both of which had increased. Visitor expenditure had risen, although the comparison was not straightforward due to the additional day in February of the previous year (a leap year). There had also been an increase in the average daily census. Ms. Chun noted that Maui had seen improvements in pppd spending and average daily census. She noted that lodging occupancy had remained similar overall to the previous year, with vacation rentals showing slightly higher occupancy rates. Hotel demand had exceeded rental demand. Tax collections for January activities amounted to \$74 million, which was less than the previous month's collection in December, which had been a month with very strong tax revenue.

Ms. Chun stated that the load factors for international and domestic flights had improved compared to the previous year. There had been fewer non-stop scheduled seats in February 2025 than in February 2024 due to the shorter month. Statistics for March through May 2025 indicated a reduction in Canadian seats compared with the previous year, although the majority of the decrease occurred in March, followed by smaller reductions in April and May.

Ms. Chun outlined market trends showing that more people intended to visit Hawai'i, with increased interest from Gen X and Young Boomers compared with spring 2024, a trend probably linked to higher income levels. She referred to a quarterly survey showing that approximately 39% of respondents considering visiting Hawai'i later changed their minds, with high airfare and lodging costs the most common reasons cited. Ms. Chun reported that more than half of the respondents indicated that the Maui fires had not affected the likelihood of their visiting Hawai'i. However, nearly 30% stated they would not visit in the next two years, while 11% said they had initially planned to visit but now would not.

Ms. Chun shared the National Travel and Tourism Office (NTTO) forecast for international arrivals, which projected that 2019 levels were unlikely to be reached until 2026. She provided a market-by-market overview of the top twelve countries, highlighting a significant increase in international travelers from India, although few visited Hawai'i. Regarding Hawai'i's recovery timeline, she noted that Canada was expected to recover by 2026, China and Korea by 2028, but Japan was unlikely to recover until 2029.

Chair Apo asked whether the NTTO bar graph could be revised to show the number of Hawai'i visitors per country.

Ms. Chun responded that this was possible, but it would require retrieving the original NTTO data to redraw the graph for Hawai'i-specific visitor data.

Dir. Tokioka referred to the data for India, observing that visitor numbers to Hawai'i remained low, and suggested a similar analysis for other countries.

Ms. Chun assured Board members that she would address this in a future presentation.

Chair Apo asked if there were any other questions.

Ms. Chun presented DBEDT's tourism forecast, stating that visitor spending had recovered to 2019 levels, but visitor arrivals were not expected to recover until after 2028. She presented a bar graph showing visitor numbers by market. Forecasts projected flat trends for the U.S. West compared with the U.S. East, slow growth for Japan, and flat trends for Canada, Europe, and Oceania. A slight increase was forecast for Korea and the remaining global markets.

Ms. Chun reported that higher spending was forecast from the U.S. West, U.S. East, and Japan markets, while Canada, Europe, Oceania, and Korea were expected to remain flat. She referred to fourth-quarter data regarding revenue per available room (RevPAR) and an updated hotel forecast by Smith Travel Research (STR), which showed little change from previous projections. She noted that overall U.S. hotel occupancy was expected to recover only by the end of the year, with slight increases anticipated by 2026. Average daily rate (ADR) and RevPAR had already surpassed 2019 levels, leaving occupancy as the sole metric yet to fully recover.

Ms. Chun presented DBEDT's hotel forecast for Hawai'i, which predicted modest increases in occupancy and ADR compared with 2024, resulting in a 1.6% rise in RevPAR. Monthly charts showed that O'ahu occupancy was forecast to increase by 0.6%, accompanied by slight increases in ADR and RevPAR. Maui County was not expected to see higher occupancy in 2025 than in 2024, though rates were expected to rise slightly, with RevPAR decreasing. Hawai'i Island was predicted to see slight increases in ADR and RevPAR. Kaua'i was expected to experience modest increases in occupancy and RevPAR, along with a slight reduction in ADR.

Ms. Chun presented a graph comparing actual results with the forecast by STR for the State of Hawai'i, and noted that, for the most part, the forecast was fairly accurate. The forecast had been within 0.5% for occupancy, and the differences for ADR and RevPAR were less than 2%, with the forecast tending to be slightly conservative. Ms. Chun also presented a visitor satisfaction study for the fourth quarter of 2024.

Chair Apo asked if there were any questions.

Mr. McCully commented that many of the slides showed relatively flat trends, with a less than 2% change over a two-year period for the average daily census. He suggested that one interpretation was that the tourism industry had reached a stage of maturity. He added that, as part of a mature industry, the issue of whether the carrying capacity had been reached should be considered. He noted that market feedback indicated that visitors were not providing strong word-of-mouth recommendations, citing a mixed messaging approach as a likely reason.

Ms. Chun responded that the occupancy level was not directly related to carrying capacity factors.

Mr. McCully stated his belief that this was a germane issue in the context of a group examining governance in 2025 and considering future statutory reforms.

Ms. Chun reiterated that occupancy was not necessarily indicative of carrying capacity. She observed that, historically, Hawai'i had not built significantly more hotels, although other structures had been developed. She confirmed that hotel availability remained sufficient and that they were not at full capacity. She believed that with increased marketing, Hawai'i could attract more visitors.

Chair Apo asked if there were additional questions. He asked whether the load factor data could include numbers of business and first-class seats versus economy seats. Ms. Chun responded that such information was not currently available.

Chair Apo commented that this inquiry was relevant to discussions about the Asia market.

Ms. Chun stated that she would consult the vendor for the data, explaining that load factor data was derived from airline carrier reports, which only included the total number of passengers and crew. She added that, in a few months' time, access to other databases might provide this information, though it would not be available in time for the next meeting.

Chair Apo asked Ms. Chun to follow up and suggested that airlines might benefit from understanding the value of providing such information to the HTA. He then inquired whether, given reconfigurations of aircraft, it would be possible to determine the number of business and first-class seats available.

Ms. Chun responded that the current seat information did not distinguish between classes, and obtaining such data might incur additional costs. Chair Apo remarked that, based on the discussions that had taken place, the value of this information might be compared with its possible cost. He asked if there were any further questions.

Mr. Leong observed that Ms. Chun had been analyzing numbers for the tourism industry for years. He highlighted a short-term issue related to the digitization of the Agriculture (Ag) Form and its impact on the production of the data that Ms. Chun presented. He explained that during the past month, the Ag Form was digitized in a pilot project and received a positive response. The response rate had increased from approximately 60% with the paper form to 71% with the digital version. Mr. Leong noted that the State had decided to evaluate the success of digitizing the Ag Form without simultaneously incorporating the tourism survey, but it was clear that the next step would be to integrate the tourism survey into the Ag Form. Efforts were underway with software vendors to achieve this, but Mr. Leong identified potential challenges. Travelers checking in 24 hours before their flights might be less motivated to respond to the digital tourism survey compared with the paper form that used to be completed onboard the plane.

Mr. Leong suggested incentivizing survey completion by awarding airline miles to travelers. For instance, travelers might be awarded 100 miles for completing the survey, with the HTA purchasing the miles from airlines. If the cost were estimated at 10 cents per mile, the HTA could spend a quarter or a dime per traveler to encourage participation. He stressed the importance of obtaining data sooner rather than later and acknowledged that steps needed to be taken to improve compliance with the digital format.

Chair Apo thanked Mr. Leong for sharing his insights. He expressed enthusiasm for adding the tourism survey to the digital Ag Form and endorsed the idea of incentivizing survey completion.

Ms. Chun added that since this was a test pilot period, the team was uncertain whether one form per party or one form per person would be more effective. She noted that everyone had their frequent flier number, which posed challenges when a form was completed for a party, as

the frequent flier numbers of other party members might not be known. She explained that the “SafeTravels” program had utilized one form per person, whereas the Ag Form had historically been one form per party. She emphasized that careful consideration was needed if rewards were to be offered for completing the tourism survey.

Chair Apo stated that he would request Ms. Anderson to meet with Ms. Chun and other staff members to develop suggestions and consult with the Senator, the Agriculture Department, and other stakeholders. The Chair asked for their recommendations to be presented for discussion at the next Board meeting.

Mr. Leung highlighted the significant advantage of obtaining better real-time data. He explained that the questions could not be altered once 6,000 paper forms were printed, whereas digital forms allowed for question modifications. He stressed the importance of collaborating with the HVCB to ensure flexibility for real-time question changes, which would provide the HTA Board with valuable insights into the effectiveness of marketing campaigns and identify areas that required improvement.

Chair Apo remarked that the HTA’s core responsibilities extended beyond domestic incoming efforts with the HVCB, including Hawai’i Tourism Japan. He suggested that adjustments might be necessary to tailor information collection from Asia visitors versus domestic visitors.

Ms. Chun reminded the Board that they did not need to wait to implement certain measures, as they had a subscription to daily syndicated surveys covering the U.S., Japan, Korea, Australia, and Canada. She explained that their contract allowed them to quickly add questions, as demonstrated during the Maui fire incident when they had inserted questions about travelers’ changes in plans and alternative destinations. She emphasized that the contract’s capacity to add questions by market meant that the HTA need not wait for the pilot Ag Form scheme to conclude, which was scheduled to end in May.

Chair Apo stated that the Board relied on Ms. Chun and the staff to propose starting points from which they could expand and reach out.

Ms. Chun reflected on how COVID and the Maui fire situation had prompted the team to seek additional information. She cited an example from the pandemic when the Governor had wanted to know how much travelers would pay and whether they would be willing to undergo testing. She noted that these inquiries had been addressed through the survey.

Chair Apo expressed his gratitude to Ms. Chun and Mr. Leong for their attendance.

Chair Apo reminded the Board that they had agreed to defer Agenda Item 12, had already addressed Agenda Item 13(a), and would defer Items 13(b), (c), and (d).

14. ADMINISTRATION AND AUDIT STANDING COMMITTEE

- 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**
- b. Presentation, Discussion, and Action on HTA Personnel and Leadership*****
 - i. Discussion, Evaluation, and Action Relating to the Resignation of Interim President & CEO Mr. Daniel Nāho‘opi‘i and the Proposed Interim President & CEO, Chief Administrative Officer, Ms. Caroline Anderson. As a Result, Other Personnel Discussion and Action May be Required, per Bylaws Article VI, Sec 3 and 201B-2, (7)(f)*****

The Chair announced that the Board would proceed with Agenda Item 14, noting that Items 14(a) and (b)(i) were to be deferred, while Item 14(b)(ii) had already been resolved.

Chair Apo asked whether there was any other business.

Vice Chair Paishon inquired whether Agenda Item 10 was to be addressed, and Chair Apo confirmed that it had been deferred.

Chair Apo thanked the Board members for their efforts during the meeting and acknowledged the challenges they had faced. He also expressed his appreciation to the staff and the HTA leadership for their support in navigating the meeting. He then called for adjournment.

17. Adjournment

The meeting adjourned at 1:39 p.m.

Respectfully submitted,



Sheillane Reyes
Recorder