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**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Wednesday, May 28, 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:

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

MEMBER NOT PRESENT:

James McCully

HTA STAFF PRESENT:

Caroline Anderson, Jadie Goo, Talon Mr. Kishi, Carole Hagihara, Amalia Clower, Lindsay Sanborn, Christina Tuchman, Milton Lafitaga, Dede Howa

GUESTS:

Sen. Lynn DeCoite, Rep. Adrian Tam, Keith Regan (DAGS) (zoom), Gordon Wood (DAGS) (zoom), Jennifer Chun, Carmela Resuma, Laci Goshi, Allison Schaefer, Jessica Lani Rich, Teri Orton, Noelle Liew, Mari Tait, Elizabeth Ufi

LEGAL COUNSEL:

John Cole

1. Call to Order

Chair Apo called the meeting to order at 9:37 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 Vice-Chair Paishon, Mr. McCully, Dir. Tokioka, and Mr. West who were excused.

3. Opening Protocol

No opening protocol was given at this time. Vice-Chair Paishon was to conduct it later.

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 April 15, 2025, Regular Board Meeting and May 1, 2025 Regular Board Meeting

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

6. CEO Report

Ms. Anderson greeted the Board members and reminded them that the CEO report was included in their information packet. She noted that the report had been condensed and stated that the e-bulletin would be issued in the future to provide information about the activities of the Global Market Teams (GMTs), Kilohana, and the HTA staff.

Ms. Anderson reviewed the status of the ninety-day action plan as follows:

1. In pursuit of a collaborative and cohesive team, an internal public relations (PR) team had been established, as there was no public affairs or public relations contractor at that time. The team was working to issue press releases and intended to release one later that week regarding the Ho'olina scholarship, which had been awarded to five individuals. She acknowledged the commendable efforts of the staff.
2. Overdue invoices had been reduced by one hundred percent by May 15, 2025, with all

except one having been processed.

3. Concerns regarding contractors had been addressed and resolved, primarily those related to the Hawai'i Visitors and Convention Bureau (HVCB) and the Council for Native Hawaiian Advancement (CNHA) Kilohana contracts. Many of the issues were payment-related, and progress was being made in that regard.
4. The HTA staff were actively undertaking the process of updating and adhering to all policies and procedures before the end of July. Staff were to complete this review in collaboration with the Administrative and Audit Standing Committee (AASC).
5. Improvement of Board operations and efficiency was underway.
6. The initiative to facilitate effective tourism policy development and provide clear directives while empowering staff to implement the annual strategic tourism management plan under the budget had not yet commenced.
7. In terms of recruitment, Ms. Anderson confirmed that the newly recruited Public Affairs Officer was to assume their role on June 9, 2025. The position of Brand Manager within the Stewardship Branch had been posted, with the application deadline having passed the previous Friday. She noted that the position description for the Chief Stewardship Officer was under review, with internal paperwork required before the posting could proceed. She expressed hope that the position would be advertised soon.

Ms. Anderson reminded Board members that during the previous Budget, Finance, and Convention Center Standing Committee (BFCCSC) meeting, concerns had been raised regarding the plan for the Hawai'i Convention Center (HCC) rooftop repair project. In response, she had held discussions with the Department of Accounting and General Services (DAGS) and had arranged for the Comptroller to be available to answer questions. She added that a meeting had been scheduled for later that afternoon to discuss the project and would be attended by the General Manager and the Operation Manager of the HCC, the contractor responsible for project management, and the contractor overseeing the design of the rooftop repair project, as well as Mr. Keith Regan and Mr. Gordon Wood from DAGS. Ms. Anderson then invited Mr. Regan to address the Board.

Mr. Regan stated that he was the Comptroller for DAGS and assured the Board that DAGS was committed to supporting the HTA and HCC throughout the project. He noted that he had engaged in numerous discussions with Ms. Anderson and the Public Works Division (PWD) team, which served as the construction arm of the State of Hawai'i through DAGS and was actively involved in assisting with the project.

Mr. Regan acknowledged that he was aware of the challenges ahead since he had worked on

the project during his time at the HTA, but assured Board members that they would strive to adhere to the proposed timelines and advance the project efficiently.

However, Mr. Regan cautioned Board members that the proposed timeline was aggressive. He added that DAGS recognized the necessity of urgency given the economic impact of the HCC's closure on the State and confirmed that expediting the process was a high priority while also ensuring compliance with State procurement and contracting requirements. He advised that adjustments to the schedule might be necessary but assured the Board that any changes would be communicated in due course. Mr. Regan reaffirmed his involvement in the project and stated that he would be present more frequently, expressing his appreciation for the opportunity to participate in the project and support the HTA.

Chair Apo expressed gratitude for Mr. Regan's involvement in the project and his participation in the budget committee hearing, noting that staffing issues had been a concern during the proceedings. While acknowledging the commitment of DAGS to the rooftop repair project, he reminded Board members that this discussion formed part of the CEO report and noted that the rooftop repair project had not been included as a separate agenda item. This implied that general inquiries could be addressed, but more detailed questions should either be deferred or submitted for inclusion in the agenda through the Sunshine Law process.

Mr. Arakawa appreciated the opportunity to collaborate with Mr. Regan again and inquired whether DAGS had been engaged in the Stadium and Capitol Pond projects. Mr. Regan confirmed that DAGS was overseeing several major projects.

Mr. Arakawa asked whether a specific individual had been assigned to the rooftop repair project, given the involvement of DAGS in three or more major projects. He stated that priorities would be discussed during budget and finance committee hearings.

Chair Apo thanked Mr. Regan and expressed his appreciation for DAGS' participation in the rooftop repair project. He expressed hope that the project would be executed cost-effectively while incorporating robust design and engineering expertise to prevent the need for future revisions. The Chair emphasized the importance of ensuring that all parties were committed to the project and of securing the best available expertise within the State. He believed that Mr. Regan's personal engagement and professional relationships would enable the project to be completed successfully.

Ms. Iona stated that Mr. Regan's involvement and his construction credentials would provide a comfort level of safety assurance, which would always be a priority for the project.

Mr. Arakawa stated that DAGS had already been involved in the request for proposals (RFP) and the procurement process for the project, noting that the engineer assigned to supervise the project possessed extensive experience in construction, RFP processes, and procurement. Mr.

Regan added that the assigned engineer was one of the senior members of the department.

Mr. Arakawa expressed his gratitude for the support and expertise extended towards the HTA by DAGS in their designation of highly qualified personnel to assist the HTA.

Ms. Iona remarked that it would have been beneficial for BFCCSC to have been informed earlier that DAGS was already engaged in the project.

Chair Apo thanked Mr. Regan for his attendance at the meeting.

Ms. Anderson also expressed her appreciation to Mr. Regan and announced the conclusion of her report. She then introduced the newly appointed Senior Brand Manager, Ms. Christina Tuchman, who had joined the team on May 27, 2025.

Chair Apo thanked Ms. Anderson for providing an update on the status of the ninety-day action plan. He emphasized the importance of improving Board efficiency and referred to prior discussions regarding the consolidation of the Board packet. He expressed hope that members would utilize advanced information to prepare for meetings adequately. The Chair acknowledged the considerable effort undertaken by the CEO and staff in assembling the Board packet, particularly the CEO report, which contained valuable insights despite its condensed format. He encouraged members to identify any information previously included in the packet that had since been omitted but remained relevant, requesting that such concerns be communicated to Ms. Anderson.

Chair Apo encouraged Board members to review the contents of the e-bulletin between meetings to formulate inquiries for discussion during subsequent Board meetings.

Mr. Arakawa referred to items 2 and 3 in the CEO report, reduction of outstanding invoices and resolution of contractor issues. He asked whether the delays in invoice processing were attributable to personnel-related factors, such as staff failing to sign off on or approve completed work, or whether they stemmed from procedural deficiencies within the HTA.

Ms. Anderson responded that both personnel and procedural aspects appeared to have contributed to the delays. Mr. Arakawa asked about the reason behind the four-hundred-day overdue invoice.

Chair Apo interjected, reminding Board members that the overdue invoice issue was not on the agenda and urging adherence to the CEO report while discouraging discussion of the specifics of the invoice delays.

Mr. Arakawa replied that it was important for the Board to understand how the issue had been resolved, how similar problems could be mitigated in the future, and how such delays could be prevented. He emphasized that a four-hundred-day delay in invoice payments with the possibility of incurring an interest charge greater than \$700,000 could not be disregarded.

Chair Apo acknowledged the validity of Mr. Arakawa's concern and directed the CEO and staff to prepare a comprehensive report on the issue. This report was to be made available for the next BFCCSC meeting, where it would be reviewed before being presented to the full Board at a subsequent meeting.

Mr. Arakawa agreed that a short report would help provide direction to the staff and increase confidence and trust in the legislature and the public.

Chair Apo noted that a possible \$700,000 interest fee had been mentioned but stated that, upon reviewing the available information and past-due invoices, he saw no justification for such a figure, despite its inclusion in discussions with contractors. The Chair emphasized the need for caution but expressed his belief that the HTA's potential liability did not approach that amount.

Mr. Arakawa thanked Chair Apo for his input and agreed that the issue should be addressed during a subsequent BFCCSC meeting. However, he believed that the matter should be taken seriously, as the estimate had originated from the contractors. Mr. Arakawa added that, while the contractors were not threatening the HTA, they had warned that a liability of \$770,000 might be due. He reminded the Chair that the contractor had been compelled to secure a loan to cover operational expenses for an entire year, reiterating that he was conveying the contractor's statements.

Chair Apo responded that although the information had arisen from discussions with the contractor, he lacked context regarding those conversations. The Chair explained that he had examined the past-due invoices to better understand the situation. While he had not personally met with the contractor, the Chair reminded Board members to exercise caution when exchanging opinions, emphasizing that the \$700,000 interest figure was not the only perspective on the matter and reiterating the need for a comprehensive understanding of the situation. Chair Apo assured the Board members that he would focus on both the legal implications and collaboration with the contractor.

Mr. Arakawa expressed support for this statement and thanked Chair Apo.

7. Board Chair Report

Chair Apo acknowledged the significant efforts undertaken by the staff after the legislative session about the Fiscal Year 2026 (FY26) budget and the breakdown of budget line items, stating that the matter would be addressed in the Executive Session. He added that input from Board members, the legislature, and the Governor's office would be incorporated. The budget was to be finalized at the following Board meeting, scheduled for the end of June 2025, before the start of the new fiscal year. The Chair had discussed the timeline and approval process with Ms. Anderson and expressed hope that no complications would arise. It was important that all

discussions and feedback be completed before finalization.

Chair Apo expressed his gratitude to the legislature for the provision of flexibility regarding budget line items. He noted that while the amounts for major budget items (BEDs) had been specified, those for individual budget line items had not been defined, which meant that additional work would be required to interpret legislative intent, making input from legislators particularly valuable.

Chair Apo recognized the presence of Rep. Adrian Tam, Chair of the House Tourism Committee, and expressed appreciation for his attendance and assistance with budget-related matters. The Chair noted that several efficiency-related items had already been addressed.

The Chair reminded Board members of his second email, which contained presentations from the BFCCSC focused on the HTA and HCC finances. This would enable members to review the relevant sections independently, thereby reducing the need for repetition at the full Board meeting. The Chair believed that this approach would improve efficiency by allowing members to study the materials at their convenience, but he acknowledged that if this proved ineffective, the Board could revert to the previous process. He also confirmed that the presentations would be made publicly available, ensuring that all meetings took place in open session.

Finally, he reminded Board members that ethics training and disclosures were due and urged them to complete these obligations promptly. He noted that email reminders had already been sent out.

8. Report and Update on SB 1571 and Its Implementation

Chair Apo reminded Board members that the implications of SB1571 had been discussed at the previous Board meeting, after which Dir. Tokioka had submitted a list of questions through AG Cole to the Attorney General's office regarding the implementation of the bill. Although the bill had not yet been signed, the Governor had indicated his intention to do so, and the Chair believed that it was reasonable to assume that it would become law, necessitating action by the HTA. Several aspects were still under review, but AG Cole had provided some preliminary answers. Broad questions from members, based on AG Cole's presentation, would also be addressed. The Chair noted that discussions would continue as the July 1, 2025, implementation date approached, although some answers might only be available later.

Mr. Hannemann emphasized the importance of either Chair Apo or Ms. Anderson summarizing the key components of the bill. Although the bill had been characterized as advisory rather than policy, it contained changes that exceeded the scope of its original proposal. He reminded members that the Board had previously expressed reservations or opposition to certain aspects of the bill and noted that the meeting was being observed by both the public and the press.

At that point, Chair Apo acknowledged that Vice Chair Paishon had joined the meeting via Zoom.

Ms. Anderson then provided an overview of SB1571, as outlined in the Board packet. She explained that the bill would exempt all HTA staff positions from civil service and would amend the definition of HCC facilities by specifying that they must reflect a Hawai'i sense of place rather than a Hawaiian sense of place. Additionally, the legislation would designate the Board as an advisory body, remove the Director of the Department of Business, Economic Development, and Tourism (DBEDT) as a Board member, and require that a Board member represent a tourism-impacted entity. It further stipulated that the President of the Senate and the Speaker of the House of Representatives would each appoint a member to the Board. The bill also provided that the HTA CEO would be appointed by the Board with the advice and consent of the Senate and mandated that the CEO report directly to the Governor. The bill would establish eligibility requirements for Board service and require that the Board determine the CEO's term.

Chair Apo addressed a key provision within Section 2(b) of the bill, which defined the HCC facilities as reflecting a Hawai'i sense of place rather than a Hawaiian sense of place. He noted that this distinction had been the subject of extensive discussion. He indicated that the HTA might be asked to develop a policy prioritizing a Hawaiian sense of place while ensuring that a Hawai'i sense of place remained evident throughout HCC. The Chair emphasized the importance of acknowledging the local community and diversity within this framework, as well as his belief that prioritizing a Hawaiian sense of place should remain a central objective.

Vice Chair Paishon thanked Chair Apo and extended greetings to Board members and staff. She expressed full support for continued discussions on the matter and endorsed the Chair's recommendation, which had also been deliberated within the Ho'okahua Standing Committee (HSC). She emphasized the necessity of maintaining a strong commitment to authenticity, quality, and the conservation of a Hawai'i sense of place in all services and programming undertaken on behalf of the State of Hawai'i. As Chair of the HSC, Vice Chair Paishon affirmed that the committee remained dedicated to these principles.

AG Cole reviewed a number of major changes implied by SB1571.

- 1. Designation of the Board as an Advisory Board**

AG Cole explained that advisory boards typically provided recommendations to an entity with decision-making authority but did not themselves possess the power to make final, binding decisions. However, SB1571 appeared to contradict this convention by assigning the Board two specific responsibilities that could be regarded as decision-making functions: (1) the selection of the President/CEO for nomination and appointment, and (2) the determination of the President/CEO's contract term.

AG Cole stated his belief that this indicated that although the Board had been defined as advisory, the legislature had not intended it to lack the authority to make binding decisions. Furthermore, he noted that portions of Statute 201(b) had not been amended by SB1571 and still contained provisions explicitly granting decision-making authority to the Board, including the ability to establish the President/CEO's duties and responsibilities. Additionally, the President/CEO's appointment of officers remained subject to Board approval, a provision that was unchanged. Based on this analysis, AG Cole concluded that, while SB1571 designated the Board as advisory, it retained its decision-making authority as explicitly conferred by the statute.

2. Changes in Board Membership

The current structure of the Board allowed for three members to be appointed by the President of the Senate and three by the Speaker of the House, with those six members chosen by the Governor from a list provided by the legislative leaders. SB1571 altered this arrangement, reducing the legislative appointments to one member appointed directly by the President of the Senate and one by the Speaker of the House.

AG Cole believed that these appointments constituted direct selections by the legislative leaders and were not subject to Senate advice and consent. He did not identify any conflicts in this arrangement and anticipated that, once the bill was enacted, the Speaker and the President of the Senate would proceed with their direct appointments in accordance with the new statute.

3. Removal of the DBEDT Director from the Board

This would create a vacancy that could be filled by the Governor through an interim appointment.

4. Appointment Process for the HTA President/CEO

SB1571 stipulated that the President/CEO of the HTA was to be appointed by the Board with the advice and consent of the Senate. AG Cole believed that this meant that the Board would select nominees, and the Governor would then submit those nominees to the Senate for confirmation. If the Senate approved a nominee, that individual would be appointed. AG Cole emphasized that, while the Governor participated in the process, the bill did not grant the Governor explicit appointment authority.

5. Amendment to the HTA's Powers and Duties Under 201(b)-3(a)

SB1571 modified the preface of HTA's statutory powers and duties by changing the phrase *"except as otherwise limited to this chapter"* to *"except as otherwise provided by law."*

AG Cole examined how this revision would interact with Sections 26-35 of the Hawai'i

Revised Statutes (HRS) governing the administrative supervision of boards and commissions by department heads. He noted that similar questions had arisen in the previous legislative session following the passage of SB3364, which had created certain conflicts between the authority granted to the HTA under Section 201B-3 and the oversight authority granted to department heads under HRS 26-35.

These conflicts included:

- Representation of the HTA in communications with the legislature and the Governor
- Appointment of officers, agents, and employees (subject to Board approval)
- Procurement of supplies and equipment
- Allocation of office space for the HTA staff

During the previous legislative session, legal analysis had determined that Section 201B-3, which specifically outlined HTA's powers and duties, took precedence over the more general provisions of Section 26-35. AG Cole stated that under statutory construction principles, specific statutes overrode general statutes, and thus, HTA's authority had been considered dominant in cases of statutory conflict.

However, AG Cole pointed out that SB1571 had expressly changed the limitations on HTA's authority by substituting the phrase *"except as otherwise limited to this chapter"* with *"except as otherwise provided by law."* Given this amendment, as well as the legislative history from the previous session, he suggested that the change implied an intent to resolve statutory conflicts by making HTA's authority subordinate to other laws, including Section 26-35. As a result, the powers granted under Statute 201B-3 could be overridden by other statutory provisions.

He concluded that the revised limitations on HTA's powers meant that department heads, specifically the DBEDT Director, would have administrative supervision over the following functions:

- Appointment of employees and officers
- Procurement of supplies, equipment, and furniture
- Allocation of office space for HTA staff

Accordingly, all such actions would require the approval of the DBEDT Director under the framework established by SB1571.

5. Communication with the Governor and Legislature

AG Cole explained that SB1571 included an amendment stating, *"Notwithstanding any law to the contrary, the President/CEO shall report to the Governor."* This provision

explicitly granted the HTA President/CEO direct authority to communicate with the Governor. However, regarding communication with the legislature, HRS 26-35 would still govern, requiring that such communications occur through the Director of the Department of Business, Economic Development, and Tourism (DBEDT).

AG Cole acknowledged that additional questions were likely to be prompted by these provisions and assured Board members that he would address them to the best of his ability. If necessary, he would undertake further research and provide responses at the following Board meeting.

Mr. Arakawa expressed gratitude for the detailed analysis and referred to the principle of statutory construction, establishing that specific statutes took precedence over general statutes. In this instance, he asserted that the specific provisions of SB1571 would apply. Mr. Arakawa also reviewed the HTA's advisory capacity and mentioned AG Cole's discussion on the advisory and non-advisory elements of the Board's role, noting that if SB1571 explicitly conferred the HTA Board with authority to appoint the CEO, then the Board retained that authority.

AG Cole confirmed his agreement with this conclusion, stating that even after the amendments introduced by SB1571, the Board preserved its explicitly granted powers despite its designation as an advisory body.

Mr. Arakawa further observed that the HTA retained all its authority in selecting the Board and all powers specifically outlined in SB1571 due to the bill's specificity, and AG Cole agreed.

Mr. Arakawa suggested that these matters could be further explored within the AASC, particularly regarding the bill's effective date upon signing and which portions of it would be immediately enforceable. He emphasized that the applicability of different sections of the bill warranted additional discussion within the AASC.

Chair Apo asked AG Cole for clarification regarding Board membership, given the bill's changes to the appointment process, noting that there had been discussions about whether current Board members would be required to resign so that a new Board could be appointed under the revised rules. However, he had been informed of the Attorney General's opinion that this was unnecessary, and instead, as members completed their terms, replacements would occur in accordance with the new appointment procedures. Under these rules, the first appointee of the Senate President whose term expired would be replaced by the Senate President, while the Governor would replace the second appointee.

AG Cole confirmed the accuracy of this interpretation, noting that SB1571 did not establish a new Board or dissolve the existing one. Instead, the Board would remain intact, with new appointment rules gradually taking effect as current members reached the end of their terms.

Chair Apo acknowledged this clarification and reiterated that, while the Board had been designated as advisory, it retained certain powers. He then raised the related question of whether purely advisory Boards maintained committees, referring to ongoing discussions about which standing committees remained necessary under the Board's new designation.

AG Cole responded that the decision ultimately rested with the Board but affirmed that committees could still be beneficial. He noted that other advisory Boards with which he had worked had utilized permitted interaction groups (PIGs) to facilitate work progress and report findings back to the broader advisory Board. He suggested that committees could serve a similar function, reviewing specific details to streamline the workload for the full Board and optimize efficiency.

Chair Apo thanked AG Cole for his explanation and acknowledged that the Chair of the AASC had indicated that his committee would review the bylaws and committee structures to determine appropriate modifications in light of the Board's advisory status.

Vice Chair Paishon inquired whether the President/CEO Search Committee's procedures would need to be adjusted before its work could commence.

AG Cole responded that he believed the PIG's work remained relevant, if the Vice Chair was referring to the necessity of reconstituting the PIG. AG Cole also noted that he had not yet addressed the timing of the Board's selection of a nominee for submission to the Governor, adding that if the Board reached a decision when the legislature was not in session, implementation might have to be deferred until January. He mentioned that a fall special session had been discussed, which would imply that if a nominee had been selected by that time, the Senate could provide its advice and consent. However, AG Cole believed that the Search Committee would not require structural changes, as the authority to nominate a President/CEO and submit the nomination to the Governor for appointment remained one of the explicit powers granted to the Board.

Chair Apo asked whether any provisions in the bill altered the Board's duties and discretion regarding the selection and recommendation of a President/CEO, and AG Cole confirmed that they did not.

Chair Apo stated that the Board would proceed with forming a PIG and would discuss whether modifications to its membership or procedures were necessary. He added that he had requested Ms. Anderson to hold discussions with the contractor assisting the Chair of the AASC in the CEO search, and these discussions would continue. The Chair requested that Board members' questions on these matters should be submitted to Ms. Anderson, ensuring consolidation and effective response to all inquiries.

Mr. Arakawa remarked that this subject had previously been discussed within the AASC. He

noted that the bill's provisions would take effect upon the Governor's signature, a point which AG Cole confirmed.

Mr. Arakawa added that while most provisions would take effect over several years, the removal of the Director of DBEDT from the Board would occur immediately. He clarified that the appointment of the three members chosen by the Speaker and the two members selected by the Senate President would be a gradual process, details of which were to be reviewed by the AASC.

AG Cole explained that his understanding was that the appointment provisions concerning the Speaker and Senate President applied specifically to vacancies as they arose. However, the DBEDT Director's membership on the Board was classified as *ex officio*, meaning that it would come into immediate effect.

Mr. Arakawa requested that AG Cole clarify the meaning of *ex officio* for the benefit of the public and the Board, and AG Cole responded that *ex officio* appointments were determined by virtue of the office held rather than on an individual basis.

Mr. Arakawa then noted that the term of office for the DBEDT Director was four years, and following AG Cole's explanation that it was concurrent with the Governor's term, Mr. Arakawa observed that 2½ years remained in the current term.

Mr. Arakawa asked whether this meant that the *ex officio* member's term would also extend for 2½ more years, but AG Cole clarified that the removal of the position from the statute meant that this would not be the case.

Mr. Arakawa then asked AG Cole to confirm that the term of the *ex officio* member would continue for 2½ more years and noted that the terms for appointments made by the Senate President and House Speaker could extend by two more years, emphasizing that term lengths were an important consideration. He suggested that an argument could be made regarding the interpretation of these terms.

Chair Apo responded that such discussions could take place in the AASC. The Chair added that, as he had earlier mentioned, Rep. Tam was present at the meeting, and Sen. DeCoite would also endeavor to attend. The Chair stated that in the meantime members would continue with the agenda, and whenever both legislators would be able to attend, they would address the Board to contribute their own knowledge and background on the legislative intent of the bill.

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

a. Report and Action on the Hawai'i Tourism Authority's (HTA) April 2025 Financial Reports

Mr. Arakawa proposed a motion to approve the HTA's April 2025 Financial Report, which had been reviewed at the recent BFCCSC meeting.

Chair Apo informed Board members that Vice Chair Paishon was now present in person and Mr. West had joined the meeting via Zoom.

Mr. Arakawa introduced Mr. Kishi, Acting Vice President of Finance, and asked him to present a summarized report.

Mr. Kishi greeted Board members and informed them that all relevant details had been presented at the BFCC meeting on May 21, 2025. The committee had passed a motion recommending approval of the report, adding that there were no budgetary implications associated with the recommendation.

Mr. Kishi referred to the financial report included in the information packet and provided the following details:

- **Tourism General Fund:** April expenditures totaled \$14.297 million, bringing the year-to-date (YTD) spending to \$37.564 million. The encumbrance balance stood at \$19.221 million, with a YTD balance used of \$56.780 million and an unused balance of \$6.219 million. He stated that the agency remained on track to allocate the majority of funds before the end of FY25.
- **HCC Enterprise Special Fund:** April expenditures totaled \$269,000, with a YTD expenditure of \$31.756 million and an encumbrance balance of \$2.243 million. He confirmed that all \$34 million appropriated for the Special Fund would likely be used.
- **Rooftop Repair Project:** Mr. Kishi reported minimal updates on this matter.
- **Tourism Emergency Fund:** Mr. Kishi stated that all projects supported by the Emergency Fund had been completed, leaving a current balance of \$245,000. He had engaged in discussions with the Department of Budget and Finance (B&F) regarding the replenishment of this \$5 million fund and expressed hope that the fund would be restored before the end of the current fiscal year.
- **Economic Development Administration-American Rescue Plan Act (EDA-ARPA) State Tourism Grant:** Mr. Kishi reported that expenditures for April totaled \$803,000, bringing the YTD spending to \$4.159 million, with an encumbrance balance of \$5.376 million.

Vice Chair Paishon seconded Mr. Arakawa's motion.

Chair Apo commended Mr. Kishi's presentation and the quality of the accompanying slides, as

well as the thorough inquiries raised by the BFCCSC, acknowledging the Board's reliance on the work of this committee and expressing appreciation for the key highlights of the financial report.

Mr. Arakawa thanked the Chair for outlining the timeline and for his suggestions regarding the consolidation of reports to be presented to the Board. Since there were no further questions, abstentions, or objections, the motion to approve the financial report was carried unanimously.

b. Report and Action on the Hawai'i Convention Center's (HCC) April 2025 Financial Report and Update on the HCC's 6-Year Repair and Maintenance Plan

Mr. Arakawa proposed a motion to approve the HCC's April 2025 Financial Report and Update on the HCC's 6-Year Repair and Maintenance Plan. Ms. Paulson seconded the motion.

Ms. Teri Orton, the General Manager of the HCC, greeted Board members and reported that HCC had experienced a busy period during April and May, hosting consecutive citywide events and six or seven commencement ceremonies at which between 4,000 and 8,000 students were present in the building at any given time. Ms. Orton remarked that it was gratifying to witness local families celebrating these milestones.

Ms. Orton noted that the HCC had hosted several first-time citywide events, including the Entrepreneurs Organization Global Leadership Conference. The Pediatric Academic Society conference, with approximately 8,700 delegates, drew the greatest attendance of any conference by this organization, demonstrating the attraction of this destination. The center had also held its second annual Honolulu Open Pickleball Tournament, Hawai'i's largest indoor pickleball tournament, which was likely to be rescheduled for the following year. Repeated local events included Chopsticks and Wine, Izac, and the Annual Pacific Rim Conference on Disability and Diversity. In total, HCC had hosted 28 events, four more than initially budgeted.

Ms. Orton reported that total facility revenue for April amounted to \$2.5 million, exceeding the budget projection by \$18,000. The center had also posted a net income of \$247,000, which was \$289,000 better than budgeted. Based on the reforecast and with two months remaining in the reporting cycle, the center projected a net loss for the year of \$1 million, \$2.1 million better than budgeted, thus reducing the need for state subsidies to support operations. Ms. Orton informed Board members that HCC had achieved a return on investment (ROI) of \$12.30 for every dollar invested.

Ms. Orton explained that in the course of FY25, HCC was set to host 18 citywide events, attracting approximately 67,000 delegates and involving over 100,000 contracted room nights. The economic impact of these events was projected at \$388 million, generating approximately \$45 million in tax revenue.

Reviewing recent events, Ms. Orton mentioned that the Pickleball Tournament had utilized 35 of the available 45 pickleball courts. The center had also hosted the Immunology Conference and the International Society for Magnetic Resonance in Medicine Conference.

Outlining upcoming local events, Ms. Orton stated that numerous commencement ceremonies were scheduled, with many high schools reducing costs by sharing the same day for their ceremonies. One school would utilize the facility in the morning, and another in the evening, thereby splitting rent and labor expenses. Many schools opted to host their commencement ceremonies at the HCC during the COVID-19 pandemic to accommodate social distancing requirements and continued to use the venue thereafter. Currently, HCC hosted between six and seven commencement ceremonies annually. Ms. Orton also noted that the Global Dance and Cheer event had recently concluded, with another cheerleading group set to arrive that weekend.

Listing citywide events scheduled for the next three months, Ms. Orton noted that the World Glaucoma Conference was to take place in June.

Ms. Orton informed Board members that the HCC had taken part in the University of Hawai'i Travel Industry Management (TIM) School internship program, which enabled students to complete a 12-week internship. The program's first graduate, Ms. Carlee Marcello, had completed rotations across all departments, expressing a particular interest in food and beverage operations and gaining experience working on the assembly line in the kitchen. Ms. Orton hoped it would be possible to offer her a position at HCC after her graduation.

Ms. Orton stated that many participating organizations had contributed funds towards carbon credit purchases under the HCC's carbon offset program, resulting in the planting of 543 legacy trees and offsetting 551.36 tonnes of carbon dioxide (CO₂) to date.

Referring to the HCC's commitment to supporting the local agricultural community, Ms. Orton noted that she and the HCC's chef had toured local farms, and she expressed appreciation to Ms. Iona for facilitating an introduction to these facilities. Ms. Orton reported that HCC was exploring opportunities to visit a shrimp farm in Kaua'i to foster collaboration with local farmers. The chef planned to customize menus in advance for large groups, allowing farmers to plan their crop production accordingly. She noted that HCC had already incorporated local sourcing into its procurement strategy but aimed to expand partnerships with additional farms.

Ms. Orton stated that the HCC's current total purchases of produce amounted to \$125,000, with 24% sourced from local providers. She expressed optimism about increasing the percentage of locally sourced products and integrating more farmers into the HCC's menu planning process, ensuring that meal offerings were aligned with seasonal harvests. She added that while Kaua'i Shrimp was already featured in the HCC's cuisine, it was hoped that a visit to

the farm would enable a better understanding of seasonal variations and would optimize its use. The long-term goal was to source at least 50% of produce locally.

Ms. Orton provided an update on repair and maintenance efforts, stating that exterior painting was progressing steadily. She shared details that had previously been presented at the BFCCSC meeting and showed artists' renderings of the Ballroom transom glass repair project. The HCC aimed to install a standing seam roof to mitigate leaks and reduce long-term costs associated with transom glass repair and replacement. It was also hoped that the new design would minimize heat buildup in the foyer while maintaining access to natural light.

Ms. Orton provided an overview of major repair and maintenance projects at the HCC, highlighting several upcoming improvements, including the acquisition of new equipment and seating for sports events and commencement ceremonies, which entail the purchase of approximately 1,200 retractable seats. Additionally, the HCC was to purchase an ice rink at a cost equivalent to the rental expenses. The rink would be utilized for both summer and winter events within the local community, beginning with *'Twas the Light Before Christmas* on ice between late November 2025 and New Year 2026.

Other repair and maintenance projects included slate tile repairs and enhancements to the third-floor exterior planters. Current projects have been categorized into three key areas: improving the guest experience, upgrading the building, and enhancing departmental efficiency. Ms. Orton provided an overview of the convention center's six-year plan, including completed initiatives.

Chair Apo expressed his appreciation for HCC's objective of increasing local agricultural sourcing and inquired about the challenges the team and chef had encountered in expanding these efforts. He also noted that he had received inquiries regarding potential sponsorships for the ice rink project.

Mr. Arakawa confirmed that there were no questions and stated that in the absence of abstentions or objections, the motion was carried unanimously.

Vice Chair Paishon commended Ms. Orton and her team for their presentation on the TIM school internship program and expressed the hope that the program would continue in the future.

10. Discussion and Action on HTA's Audits

Chair Apo stated that Ms. Anderson would explain what had been done to address these issues raised by the audits, adding that the financial and performance audits would be reviewed in detail by the AASC and the HSC, respectively.

Chair Apo informed Board members that the auditor had been invited to attend the Board meeting, but he had responded that he was unable to participate and did not see his role as being involved in responding to the audit of the HTA management and staff. The auditor believed that it was not his *kuleana* to participate in the present discussion, and that the HTA Board and staff were responsible for taking up the recommendations of the audit. While awaiting review by the relevant committees, the Chair believed that it was important to understand how the issues raised by the audit would be addressed.

a. Financial Audit

Ms. Anderson referred members to the information in the Board packet and thanked Mr. Kishi and his team for their work in implementing the audit recommendations. HTA had updated its federal reporting procedures to address the findings, as well as revised its policies and procedures, following a review by the AASC.

b. Performance Audit

Ms. Anderson reminded Board members that this audit had examined the Destination Management Action Plan (DMAP). Ms. Anderson thanked Mr. Kendrick Leong and the HTA staff for creating a table showing the 15 recommendations of the audit, along with actions to be taken by the HTA and a timeline of these actions. Ms. Anderson had requested the Chair of the Ho'okahua Standing Committee, Vice Chair Paishon, to review in detail how the audit's recommendations would be incorporated into the DMAPs and the strategic plan in the future.

Chair Apo asked for a 2-minute recess.

The Board went into recess at 10:55 a.m., and Chair Apo called the meeting back to order at 11:14 a.m., returning to Agenda Item 3, Mid-meeting Protocol provided by Vice Chair Paishon.

Chair Apo continued with the public testimony.

Chair Apo thanked Vice Chair Paishon for the cultural protocol and introduced Agenda Items 11 and 12, which were to be discussed in Executive Session.

The Chair noted that for Agenda Item 11, Ms. Anderson, Mr. Kishi, Ms. Goo, Ms. Howa, and Mr. Lafitaga would be included in the discussion, as well as Rep. Tam and Sen. DeCoite.

Chair Apo added that for Agenda Item 12, Ms. Anderson would be present at the beginning of the discussion, but the session would end with Board members only.

AG Cole explained that the Board was entering Executive Session to discuss matters which must be kept confidential to maintain Hawai'i's competitive advantage under Section §92-5(a)(8),

allowing the conduct of an Executive Session for consideration of information that must be kept confidential since it referred to possible past or future procurement. Agenda Item 12 was to be discussed in Executive Session under Section §92-5(a)(2), referring to consideration of hiring, evaluation, or discipline of officers or employees.

Chair Apo thanked AG Cole.

Mr. Arakawa proposed a motion to go into Executive Session and stated there would be discussion about the motion. Ms. Paulson seconded the motion.

Mr. Arakawa referred to the move to Executive Session for discussion of the budget, with consideration of information that should remain confidential to preserve Hawai'i's competitive advantage as a visitor destination. Mr. Arakawa noted that not all matters warranted such confidentiality, given that for the past several years, budget line items had been submitted in a manner that allowed both the legislature and the public to review each individual item. He expressed his reservations about the current approach and asserted that definitions regarding confidential and public discussions should be refined. He believed that, in the future, a clear distinction should be established between matters suitable for public discourse and those requiring Executive Session to maintain Hawai'i's competitive position.

Mr. Arakawa asked against which destinations Hawai'i was competing, given that it did not rank within the top ten on any list.

Chair Apo acknowledged that there were numerous rankings of global destinations but asserted that Hawai'i's absence from the top ten underscored the need for ongoing efforts to maintain its competitive advantage. He also recognized the validity of Mr. Arakawa's concern regarding which specific budgetary matters should be discussed in Executive Session. He suggested that once the budget was finalized, an analysis should be conducted to determine which line items required confidentiality while ensuring that the public retained access to budgetary details.

Chair Apo asked Ms. Sanborn to conduct the roll call vote. Ms. Sanborn noted that Mr. West was temporarily unavailable, and the motion was carried unanimously.

The regular session resumed at 12:48 p.m.

Chair Apo resumed the regular session and stated that Mr. West would rejoin the meeting via Zoom when he was able.

8. Report and Update on SB1571

Chair Apo stated for the record that earlier in the meeting, AG Cole had provided an overview of the implications of SB1571 and its implementation. The Chair noted that Rep. Adrian Tam, Chair of the House Tourism Committee, was present at the meeting to share insights into the bill's development and the intentions of the legislature.

Rep. Tam thanked the Chair and Board members for allowing him to participate. He reported that SB1571 had been passed by the legislature and submitted to the Governor on May 2, 2025, and the Governor had publicly stated his intent to sign the bill. Rep. Tam explained that he was attending the Board meeting to answer questions from members and to provide clarification on why the legislature had passed the bill and what its vision entailed.

Rep. Tam noted that when he had first assumed the role of Tourism Chair, he had reservations about designating the HTA Board as an advisory body. He had engaged with multiple members to discuss his concerns. However, due to negative press coverage, financial audits, unpaid invoices, interest accruals, allegations of a toxic work environment, and other issues, the legislature, including himself, felt that transitioning the Board to advisory status was a necessary step, particularly since the increased public awareness of these concerns.

As an example of this, Rep. Tam recalled that during a neighborhood board meeting the previous evening, residents had specifically inquired about HTA and the HCC, expressing concerns about declining business, reputational damage, and the potential loss of clients. As a result of such concerns, the legislature had removed HTA's policymaking authority, reclassifying the Board as advisory. The legislature intended that policy decisions would be determined by the administrative team, which would then report to the Governor. However, the legislature had retained aspects of policymaking within the scope of the HTA Board, ensuring that members would maintain influence over HTA operations, particularly in the selection of the President/CEO. The legislature had also granted the Board authority over the contract details of the CEO, while maintaining oversight by incorporating an advice and consent provision, which required the CEO to report directly to the Governor.

Rep. Tam explained that the bill had followed certain recommendations from the governance study, which had been conducted for \$300,000, including the suggestion that the CEO report to the Governor.

Referring to the discussions surrounding the *Hawai'i sense of place* designation for the convention center, Rep. Tam commented that Senator DeCoite had introduced this language, and he had supported her proposal. He stated that recognizing a *Hawai'i sense of place* did not preclude acknowledging a Hawaiian sense of place, but rather allowed for inclusivity across multiple cultural aspects. He noted that, while he was not Native Hawaiian (Kanaka Maoli), he understood that Hawaiian identity extended beyond physical attributes and was deeply rooted in a broader mindset connected to Hawai'i.

Regarding Board membership, Rep. Tam clarified that SB1571 did not mandate the immediate removal of every Board member. However, once the bill was enacted into law, further discussions would take place between the Governor and the legislature concerning Board composition. He noted that the Governor had expressed a desire for strong advisory members.

He emphasized that the legislature's primary objective was to enhance oversight of the HTA. Over time, it had become apparent to both legislators and the public that internal Board dynamics had negatively influenced the governance and policy framework of the HTA.

Rep. Tam admitted that he and others had anticipated improvements since the passage of SB1571, but had instead observed continued deterioration. In response, he had begun reviewing recommendations from the governance study and was considering introducing a related bill for discussion in the next legislative session.

Mr. Arakawa expressed his appreciation for Rep. Tam's attention to the governance study and commended both the House and Senate committees for their efforts to improve HTA. While he acknowledged that some Board members might not fully agree with all the enacted measures, he viewed the legislation as a step in the right direction. He noted that some members had hoped that the shortcomings observed by the governance study would be directly addressed and emphasized that the Board still had an opportunity to do so. He encouraged collaboration with legislators on potential governance-related legislation.

Rep. Tam affirmed that any future governance study-based legislation would undergo a public hearing process, allowing Board members, stakeholders, and the public to provide input. He expressed appreciation for the dedication and hard work of Board members and emphasized that all parties were striving to advance the interests of the visitor industry, tourism sector, and the people of Hawai'i. He acknowledged that ongoing discussions were necessary and thanked the Board for inviting him to participate in the meeting, stating his hope that meaningful changes would be implemented to address public concerns.

Vice Chair Paishon thanked Rep. Tam for explaining the legislative intent behind the bill's revisions. Speaking in her capacity as Chair of the Ho'okahua Standing Committee, she shared that she had received feedback from cultural practitioners regarding the nuanced shift from *Hawaiian sense of place* to *Hawai'i sense of place*. She wanted Rep. Tam to be aware that concerns had been raised about the implications of this change and affirmed her commitment to continued collaboration to reassure the Native Hawaiian community and cultural groups that the terminology shift did not exclude recognition of a *Native Hawaiian sense of place*.

Vice Chair Paishon emphasized the importance of ensuring that the current strategic plan remained in place, reaffirming that Native Hawaiian culture was a core pillar of the plan. She referred to the documented vision statement, which specified that by 2025, tourism in Hawai'i would *Ho'olu*—grow in its integrity with the Native Hawaiian culture and community—while providing a unique, memorable, and enriching visitor experience. Additionally, the vision statement emphasized the importance of clear community benefits and the responsive management of tourism-led impact issues, all of which would be supported by and assist the local community.

Vice Chair Paishon thanked Rep. Tam for his participation and reiterated that the change in terminology from *Hawaiian sense of place* to *Hawai'i sense of place* would in no way diminish or exclude the significance of Kanaka Maoli and Native Hawaiian culture as a foundational value. She affirmed that the HTA bore the responsibility of continuing to care for, promote, and foster this cultural identity.

Rep. Tam agreed, explaining that the legislature had chosen *Hawai'i* as a more inclusive term, intending that it would not exclude Native Hawaiian culture but instead allow for broader aspects of *Hawai'i* to be represented. He noted that while certain elements might not be explicitly identified as Native Hawaiian culture, they contributed to the overall sense of *Hawai'i*, thereby enabling the coexistence of both perspectives.

Chair Apo expressed gratitude to Rep. Tam for his input and assured him that Board members would continue to work closely with the legislature and the Governor's office to guide HTA in an appropriate direction.

Rep. Tam thanked the Board members for the discussion.

Mr. Arakawa stated that the Chair and Vice Chair of the BFCCSC had requested that the budget be shared with Rep. Tam and Sen. DeCoite. Additionally, he believed that the Chair and Vice Chair of the Administrative and Audit Services Committee (AASC) had requested their participation in Executive Sessions.

Chair Apo then noted the closure of Agenda Item 8 and announced that the Board would reconvene in Executive Session to complete discussions on the budget and Agenda Item 12, which concerned personnel matters.

Referring to the same issues outlined earlier by AG Cole, Chair Apo called for a motion to enter Executive Session for Agenda Items 11 and 12.

Mr. Arakawa proposed the motion to enter Executive Session with the previously stated caveat.

Chair Apo acknowledged that the motion had been moved and seconded, maintaining the prior comments about Executive Session. He then called for a roll call vote.

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

13. Adjournment

The Board reconvened in public session at 2:30 p.m.

Chair Apo announced the outcomes of the Executive Session concerning Agenda Item 11. The Board had engaged in discussions on the FY26 budget, and the staff were to continue to refine the budget based on these discussions. The budget would be addressed at the Board meeting

scheduled for June 26, 2026.

On Agenda Item 12, pertaining to personnel matters, the Chair stated that the Board had voted to approve the appointment of Mr. Kishi as Acting Vice President of Finance. The Board had established a salary for the interim CEO for FY25, covering the period from the appointment through June 30, 2025, as well as approving its own recommendations to the CEO regarding salaries for leadership positions for the remainder of FY25.

Chair Apo concluded the agenda and adjourned the meeting at 2:34 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sheillane Reyes".

Sheillane Reyes
Recorder