



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, April 27, 2023, 9:30 a.m.

Hybrid In-Person & Virtual Meeting

MINUTES OF THE REGULAR BOARD MEETING

MEMBERS PRESENT:

George Kam (Chair), Mike White (Vice Chair), Kimberly Agas (Zoom), David Arakawa (Zoom), Dylan Ching, Keone Downing, Mahina Paishon Duarte, Stephanie Iona, James McCully, Sherry Menor-McNamara, Sig Zane (Zoom)

MEMBERS NOT PRESENT:

Ben Rafter

HTA STAFF PRESENT:

John De Fries, Daniel Nāho'opi'i, Kalani Ka'anā'anā, Isaac Choy, Caroline Anderson, Ilihia Gionson, Iwalani Kaho'ohanohano, Jadie Goo, Carole Hagihara-Loo, Maka Casson-Fisher, Talon Kishi, Tyler Mejia

GUESTS:

DBEDT Director Chris Sadayasu, J. Aquino, Kylie Butts, Jennifer Chun, Minh Cahu Chun, Patrick Dugan, Laci Goshi, Nathan Kam, Erin Khan, Lawrence Liu, Noelle Liew, Guillaume Maman, John Monahan, Jeffrey Eslinger, Teri Orton, John Reyes, Jessica Lani Rich, Allison Schaefer, Mari Tait, Jay Talwar

LEGAL COUNSEL:

John Cole

1. Call to Order

Chair Kam called the meeting to order at 9:30 a.m.

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

Mr. Gionson did the roll call, and all members were confirmed in attendance except for Mr. Rafter, who was excused. Members who attended via Zoom were by themselves.

3. Opening Cultural Protocol

Mr. Casson-Fisher did the opening protocol.

4. Approval of Minutes of the March 30, 2023, Regular Board Meeting

Mr. McCully made a motion to approve the minutes. Mr. White seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

5. Report of Permitted Interactions at an Informational Meeting or Presentation Not Organized by the Board Under HRS section 92-2.5(c)

There was none.

6. Reports of the Chief Executive Officer/Chief Administrative Officer/Chief Brand Officer

a. Relating to Update on HTA's Programs During March 2023

b. Relating to Update on HTA's Implementation of Change Management Plan

Mr. De Fries started with the executive summary of the work in April 2023. Through the continued partnership with the Hawai'i Community Foundation, the HTA is proud to support Aloha 'Āina and Kūkulu Ola programs that help to further our mission of Mālama Hawai'i. On Monday, April 17 the HTA and Hawai'i Community Foundation issued a news release informing the community of the available funding opportunities for the remainder of 2023 through June 2024. In the Community pillar, the HTA's partnership with the HVCB continues to foster community-based tourism projects that improve and enrich Hawaii's product offerings with the Community Enrichment Program (CEP) and Signature Events Program (SEP).

HVCB is preparing to issue the 2023 CEP & SEP request for proposals for projects from June 2023 to December 2023. The Brand team is in procurement for RFP 23-02 Canada MMA and RFP 23-03 U.S. MMA while continuing to prepare for several upcoming RFP releases, including Global Support Services and Island Destination Brand Management & Marketing Services. In the planning area, meetings were held with Lower Puna/Kumukahi and East Maui community members to discuss resident concerns at hotspots.

The EDA grant administration plan was approved by the EDA on March 10. Proposals were due for RFP 23-08 Support Services for Destination Management on March 28. The staff worked with the Brand Team for their information/data to develop the program performance measures database.

For the Change Management Plan, the HTA hired Mr. Choy as its Vice President of Finance, who officially started on April 10. Through March, Mr. Choy spent time in the office to familiarize himself with the staff and the office processes. The Contracts and Administrative Manager position has been filled by internal recruitment. Ms. Lacosia started April 17. Her role will be to manage office operations to ensure projects/programs proceed in a timely manner. Bishop & Co. provided multiple candidates for the Procurement Manager position in March. However, none of the candidates had all the qualities that were sought. Therefore, it had been decided that the position would be filled by a current staff member. The staff continued to work with the DBEDT Human Resources Officer to redescribe and reorganize to create two Destination Manager positions from the vacant Senior Brand Manager and Brand Manager positions.

Mr. Choy reviewed the Auditor's Report 2022 and will be making recommendations for procedures and policies. At the direction of the State Procurement Officer, he was briefed on the current status of RFP 23-08 support services for Destination Management Stewardship and RFP 23-03 Hawai'i Tourism Destination Brand Management and Marketing Services for the U.S. market. He learned that all the predetermined activities and schedules as part of the procurement process put the HTA in line to complete and announce the award on time with their schedule. A recommendation was made for each RFP. Mr. Choy spoke about HB 300 with the initial request, the state budget bill, HB 1375, which would be in conference the following day, and HB 1522, which is pending for conference.

Mr. De Fries acknowledged the presence of the author of the article "Operational Funding left out for the HTA," Allison Schaefer of Honolulu Star-Advertiser. He spoke about a few of the quotes in the article. Mr. De Fries acknowledged the support that the HTA received from the mayors, with written testimonies from them, etc., and Ms. Duarte's communication with the offices. He spoke about the spotlight interview with Gov. Green. Mr. De Fries acknowledged Mr. Sadayasu, who will exit the office on May 4. Mr. De Fries said Mr. Sadayasu brought enthusiasm and passion to his role while he was with the HTA.

Mr. Sadayasu thanked everyone for his time as DBEDT director. He said he was excited about the HTA's future. He said the HTA needs to regain the trust of the legislature. They played the clip showing Mr. Sadayasu's interview. There were no questions from anyone.

Mr. Nāho'opī'i proceeded with the CEO report. He highlighted that the HTA is continuing in the planning section to work on the DMAPs, mainly looking at participation by island chapters' destination managers and county officers, which was well received. They could match up with legislators with corresponding island destination managers. He said there had been various activities on the islands, including the DMAP awards for various festivals and events on Kaua'i and Hawai'i Island. Those are community activities that have helped to enhance community participation in the visitor industry and bridge the relationship in the community. The reach into Moloka'i was also important, where they had a fair Brand, Marketing, and Cultural program representatives meeting with various residents to answer questions. They continue to have community meetings with the task force to address issues. They received a draft brochure designed by the task force that the HTA will use for community-supported messaging. There were no questions.

Mr. De Fries gave the floor to Mr. Ka'anā'anā. Mr. Ka'anā'anā said it was a busy month. He spoke about major events the HTA had recently. The Spring Tourism update was on April 12, with over 270 attendees across the spectrum. The full-day event included essential discussions about the HTA's collaborative efforts to advance a regenerative tourism future for Hawai'i, insights from the HTA's Global Marketing Team, updates on the implementation of the Destination Management Action Plans, and panel sessions with key leaders on important topics for Hawai'i and the visitor industry. It was a great opportunity for the GMT team to hear about the programs and changes from Mr. Ling and Mr. Lum from BBSV. They also held industry partner meetings with industry representatives from across the state and partners on neighbor islands. From April 2 to April 6, various members of the HTA staff participated in the inaugural in-person meeting of the Local 2030 Islands Network Data and Climate and Resilience Community of Practice and Sustainable and Regenerative Tourism Community of Practice. Both launched in 2022 and were hosted by the local 2030 island networks in partnership with NOAA. It was a great opportunity to get various tourism leaders and have in-depth discussions on several topics.

They also participated in Travel Weekly's annual forum on April 11 at the Sheraton Waikīkī. Merrie Monarch was held from April 12 to April 16, which was a good opportunity to engage in dialogue with the community. The 11th annual Lei program was held in the HCC for O'ahu on April 11. The Japan summit was on April 21 at the HCC, an annual travel summit the HTA organizes with HTJ. There were 82 key professionals from 25 companies: travel agencies, airlines, wedding companies, etc. There were 183 stakeholders from Hawai'i from 95 companies. The Big West men's volleyball championship also took place. The HTA partnered with the UH Alumni Association to do some events pre-game. The HTA will provide Lei for the pre-game activities and tee leaf for the game day, which is traditional. There were no questions.

Mr. De Fries thanked everyone on the legislative panel in his closing remarks. He thanked Ms. Iona for her job as moderator and everyone else involved.

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

Ms. Chun spoke about March 2023, which had a similar pattern to previous months, with higher expenditure levels overall, with visitor arrival still lagging compared to 2019. By market, there was higher expenditure for all markets except for Japan in March 2023 and higher per person per day spending for all markets except for Japan. Visitor arrivals were only higher from the U.S. West and the U.S. East. The average daily census was higher overall, but specifically from the U.S. West and the U.S. East. Island expenditures increased for all islands because spending was higher. Actual arrival increased for March was only higher for Maui and Hawai'i Island. It was busier on all islands, including O'ahu. The airports were busy overall. DKI has been less busy than pre-pandemic levels, but the other airports have shown more activity.

The reason for people visiting the state was mainly for vacation. They mostly stayed in hotels. TAT collected was \$68.1 million in March, which brings the FY2023 TAT to \$650.8 million, up 23.5%, compared to \$526.8 million. For March, the collection levels are far from the peaks they saw in the last twelve months. 76.5% of hotels were occupied for March 2023, with a \$387 rate, significantly higher than vacation rental occupancy and rate. Hawai'i hotel demand was higher compared to vacation rentals. The unemployment rate for March 2023 was 3.1%, with the lowest employment rate in O'ahu, and the highest in Hawai'i county, but it was down compared to the previous year. There is an increase in accommodation and food service jobs.

Ms. Chun said that Mr. Eslinger would be talking more about air service. There were more seats overall for domestic flights from March to June. The SKIFT Travel Health Index was 97%, and they commented on how long they would monitor it. Although Asia Pacific is not where it should be, tourism has recovered a lot since 2019. Japan is at 109.1%. The Japanese are ready to travel, which is good news. For U.S. travel, February had an increase in travel spending, and air passengers, but overseas arrivals were lower than 2019. Hotel demand was up, and short-term rental demand was higher. Overall spending changes compared to 2019 has the U.S. lagging for now.

The U.S. Travel Association had a new economic forecast. Ms. Chun spoke about the travel price index, which is significantly higher than in previous months, but there is a decrease in auto trips. Air travel is not doing as well as other places, e.g., Montana at 124%. She spoke about air booking trends. She was on a panel with ULI, and Board member Mr. Rafter commented that the air bookings are ahead of hotel bookings. For the U.S., compared to 2019,

the numbers are stronger for April but then weaken from May to August. Most people are visiting from L.A. and San Francisco. They continue to see an increase in direct bookings to the airlines. Hotel booking lead time is short compared to air bookings. Outbound travel from JATA will not be announced until May 15, so there is still time for Japan outbound bookings to increase. People are visiting from Tokyo, and Osaka, with many direct bookings. As packages roll out, retail agency bookings should increase. Lead time for Japan is shorter for fifteen to seventeen days and fifteen to thirty days.

For Canada, from May to September, the pace is not far from pre-pandemic pace air bookings. Most visitors are from Vancouver, Calgary, and Toronto. There are more direct airline bookings compared to pre-pandemic levels. Lead time is longer for Canada.

Korea is not at pre-pandemic levels for air bookings, but September is ahead of pre-pandemic numbers. There are a fair number of retail travel agencies, but direct bookings are higher than pre-pandemic levels. Many people are booking further out. Australia is still lagging behind pre-pandemic levels. Most people are visiting from Sydney and Melbourne. Retail travel agents are doing well in Australia. They have longer lead times for bookings.

New Zealand does not have many bookings compared to pre-pandemic levels. Most people are visiting from Auckland. They have a long lead time for air bookings.

China does not have many bookings, and there is no direct flight. Some are coming through other ports like Korea or Japan. There are some direct bookings and travel agent bookings. There were longer lead times for China.

There were no questions for Ms. Chun.

8. Report and Update by the Budget, Finance and Convention Center Standing Committee of their Meeting held on April 20, 2023

Chair Kam gave the floor to Mr. Nāho'opī'i.

a. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on the HTA's Financial Report for March 2023

The staff presented the reports to the BFCC Committee, which included a summary of the HTA's financial position, year-to-date budget activity, and income statement activity. Members noted no anomalies and recommended the Boards approval. Mr. Nāho'opī'i noted that they changed the format of the financial statement. Mr. Kishi highlighted the changes. They will change it to a more traditional financial statement, so they will have all the balance sheets and income statements on the front, and the executive summary will be in the back, like the footnotes.

They will also have the income statement on the balance sheet showing the net activity for the month.

Mr. Nāho'opi'i requested a motion to approve the March 2023 financial reports as presented at the BFCC Standing Committee meeting. Mr. McCully made a motion, and Ms. Duarte seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

b. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on Hawai'i Convention Center's March 2023 Financial Reports and Update on the Hawai'i Convention Center's 6-Year CIP Plan

Mr. Nāho'opi'i said Ms. Orton and Ms. Tait had presented the March financial reports and accompanied that discussion with an update on the 6-year CIP plan for the HCC. He showed a presentation on the HCC.

Mr. Nāho'opi'i asked for a request and motion to approve the HCC March 2023 financial reports as presented in the BFCC Standing Committee meeting and included in the Board meeting packet. Mr. White made a motion, and Ms. Duarte seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

9. Discussion Regarding an Update on the Meetings, Conventions and Incentives Market Activity and Pace Report, and Hawaii Convention Center Activity and Local Sales

Ms. Orton said the figures were based on a fiscal year. For April, they finished servicing ARRS. The group had many challenges with the rain, meeting rooms being moved around, rearranging the programs, etc. After that, access via Atkinson Drive was a challenge because of the Hapalua marathon, so they had to arrange transportation, pick-ups from Sheraton Waikiki, etc. On top of that, there was a head-on collision moped accident in front of the HCC at 3:30 a.m. with no police directing the traffic. However, the client was pleased with the work and solutions from Ms. Orton and her team.

All-Star Cheerleaders is coming up. Closing out the fiscal year, there is ISRS. She showed the tax generation for the FY2023 at \$9.3 million and the economic impact is \$80 million to the state from the HCC business. Up until June, the HCC was very busy. There are 34 events on April 24, May, and June 18. Some of the events are multiple days. She highlighted recent events. Kawaii Kon 2023 had over 21,000 attendees, and they are growing. They are planning on returning at the end of the year. Chopsticks and Wine was on April 13 with 1,000 attendees. The Joy of Sake was on April 22, and it was a sold-out event. Upcoming events include Jam on It Aloha Challenge and the basketball tournament. The commencements are starting at the HCC. The Na Leo Pilimehana Mother's Day Concert is on May 14, and is almost sold out.

She said they recently hired an executive chef, who is excited to be at the HCC. They have a credit offset program, and Mr. Reyes is doing an excellent job with his team ensuring all the meeting planners have an opportunity to be a part of the carbon offset program. She gave the floor to Ms. Tait for the R&M projects.

Ms. Tait gave an update on CIP. The rooftop terrace deck is still listed as a temporary repair, but they hope to get funding for the full repair. The final contract for construction and project management is circulating. There were issues with the fine print, but she said it is being finalized now. They have been updating the report and assessments on the rooftop, which was necessary for a temporary or full repair. Ms. Orton said they do not want to slow down the planning process, so they are moving forward with the temporary repair and are entering into a contract with RLB, who was awarded the contract. The plan is to simultaneously draft another RFP for the full repair and decide at the time of award. If it is the same contractor, they will cancel the temporary RFP and enter into a permanent contract for the permanent repair, whoever wins that contract.

Mr. White asked for a termination fee, but Ms. Orton said she did not think there was one.

Ms. Tait highlighted other projects, namely the chiller replacement. The equipment has been ordered, and the project will be complete by mid-FY2024. Another large project currently being procured is the third-floor planter. The proposals are due the following week. The exterior planter repair is on the parking level, the ground staircase, and the intermediate level. That RFP is being finalized, as well as the RFP to repair the area in front of the ballroom foyer area. The other project for the year is the building envelope repair, a large project that will take care of the issue on the street level, where water penetrates the building. The project manager would update the RFP.

Chair Kam asked what the timeline was for the roof. Ms. Orton said the temporary repair time might change if it becomes a permanent repair. The planning would start immediately, all of 2024, and into 2025 construction would start in the fourth quarter at the end of 2024 if permitting goes as planned. The temporary repair planning would be nine months, and construction would be twelve months, then finished in 2025. She said they are emailing their customers to ensure they know their business will not be affected. Ms. Tait showed a list of completed projects.

Ms. Iona asked about the construction and issuance of the RFP and funding, and asked if a financial officer was involved, and Ms. Orton confirmed that as correct. Mr. Nāho'opi'i said they have to approve the process after the money is set up, then they approve the contract. They will be working with DAGS on the funding for the HCC, once they see the final HB 300. They

have to encumber the money in the first year. They will put the money in the account and then work on the RFP. The HTA has to sign off on everything.

Chair Kam asked who reviews the contracts. Mr. Nāho'opi'i said that when they review the contract under the RFP, they can ask the AG for assistance, but they have to follow 103D. Ms. Orton confirmed that and said their legal attorney would review all their documents. Ms. Iona asked if DBEDT was involved. Chair Kam asked Mr. Sadayasu if they were involved. Mr. Sadayasu said it depends on the appropriation of CIP. Chair Kam said they must do everything correctly with the HCC, DBEDT, and HTA.

Chair Kam asked for an update on the study for \$500,000 that DBEDT was spearheading. Mr. Sadayasu said the Deputy Director had been asking the finance and WAM chairs to include an extension of the expenditure. He questioned what the need of the study would be. Ms. Orton asked about the \$15 million appropriation and if it would take just as long to get the \$64 million, which was a concern. Mr. Sadayasu said he hoped the request would be able to go out shortly after July 1, or after the Bill is signed, to ask for release.

Mr. Arakawa asked Mr. Sadayasu if there was anything in writing about the scope of the \$500,000 study. Mr. Sadayasu said they had been discussing it internally, but there is no current scope. Mr. Arakawa asked if anyone from the HTA gave him information on the scope, but Mr. Sadayasu said the HTA was not tasked with that. He said they did get information from Mr. Nāho'opi'i for providing the previous studies' information, which was done. Mr. Arakawa asked for the timeline for the study. Mr. Sadayasu said they would have to get an extension of that first.

Mr. Reyes began his report by prefacing the city-wide community is very small, especially those who worked with city-wide meeting planners. They are centrally located in Washington D.C. East Coast area, and Chicago. He brought that up because the American Roentgen Ray Society is one of the most high-profile societies in the D.C. area. What they did as a destination and team working together was impressive. The ARRS asked them if they were a city-wide destination, and the ARRS left knowing they were a city-wide destination. They are close with the Bureau of Fisheries, and part of the ARRS is that they were concerned about what would happen to fisheries, so they will be returning to D.C. to talk amongst other planners. That was one of the biggest challenges they saw, and Hawai'i was able to overcome it. There was less production city-wide for March sales production and updates, but for tentative numbers, there are future opportunities they will convert. 2023 compared to 2022, has improved production with definite room nights for future years. The number of tentative room nights for the calendar year is impressive, at 520%. He and Ms. Orton have put together a formal communication to the city-wide community that talks about the rooftop funding, how it will be fixed, and a construction

schedule. Tentative room nights indicate success in the interest of the HCC. If customers do not see a fund and a plan, they will lose business. Customers hold off on business if there is no information on funding or schedules.

Mr. Reyes spoke about the future pace. From a booking trend, they booked one additional city-wide event for 2024 and increased by one in the past month. He elaborated on the pace lines on the chart. He said booking a city-wide event usually takes three to four years, so they have done incredibly well. They are doing well for 2024. They are based on calendar years. He said business is back. 2026 and 2027 are where they are putting in a lot of effort and trying to identify opportunities. He reminded everyone about the post-COVID short-term recovery strategy. There are many events in the books to convert. He thanked everyone for their commitment.

Mr. Nāho'opi'i asked about more on the international side and about Japan. Mr. Reyes said the global sales team in Japan is doing well, and they are starting to see single-property business in several city-wide conventions that they are closing on. Korea is also strong in a single property. Oceania is also starting to provide city-wide events and single property.

Mr. McCully asked about the report for the HCC roof repair, with the concern about vibration from potential customers during construction. He asked what he is projecting to contractors in completing the roof. Mr. Reyes said they created a CRM platform, with days and dates when customers come in to inform the construction company. They have ongoing meetings with customers to keep them updated on an ongoing basis. He said Ms. Orton had put rooms out of order to ensure that should a big group book; there will be some flexibility.

Ms. Orton said they had highlighted all the rooms that leaked to alert the seller, so they could choose an alternate room. She said if they book that room, they will have a backup plan or alternative space to move to should it rain. There will be a time when the construction happens that they will put the rooms under the rooftop terrace deck out of order, but not until they have the schedule.

Mr. McCully asked if they would be able to meet budget expectations. Ms. Orton said they will probably have to adjust their budget for lost business or less availability during a certain period, which will take down goals for sales and Mr. Reyes's team and revenue for the HCC. Mr. McCully asked that they are all included in the letters and reports regarding the dates and the HCC repair, etc. Mr. Reyes said they do space management with the customers, giving the customers enough time to let them know their event will be impacted and give them alternate options. Mr. Reyes said they also do referrals to other centers should the customer not be happy with the HCC. He said there is an action plan in place.

Ms. Iona asked if there would be an opportunity to partner with the Blaisdell Center. Mr. Reyes said they had just done a site inspection because of the rain for a potential city-wide that wanted to book four years in a row. Ms. Iona said that when changes are made to a construction contract, there are change order fees, so those will be monitored by the HTA again, as the HTA does not want a bill initially of \$64 million to become \$85 million. Ms. Orton confirmed that all change orders must go through the HTA for approval.

10. Report and Update by the Branding Standing Committee of their Meeting held on April 26, 2023

a. Discussion, and Action on Hawai'i Tourism USA's Brand Marketing Plan (April – June 2023)

Mr. Ka'anā'anā said they would be hearing from Mr. Talwar for the BMP from April to June, taking them through the end of the extension that was previously approved. The funding to support the extension was approved by the HTA months ago. He recommends that the Board approve the BMP for the April to June 2023 period.

Mr. Talwar showed the slide to the team members. The U.S. economy is in a mild recession. The strong dollar and accumulated personal savings have consumers in a financial position of strength. Staff shortages will continue to increase labor costs and be passed on to consumers. The overall outlook for U.S. travel to Hawai'i remains optimistic. Tourism remains a significant contributor to the economy of Hawai'i. DBEDT forecasts a 94.5% recovery in 2023 for tourism, primarily from the U.S. market. U.S. visitation to Hawai'i is expected to remain high and the primary source market for 2023 and beyond. Leisure travel will benefit from ongoing flexibility afforded by remote work; 34% of U.S. leisure travelers plan to work while on vacation. The increased cost for paid accommodations and other trip components continues to impact Hawai'i's value-for-the-money proposition. The tension of these impacts can potentially create a "book away from Hawai'i" environment. Generally, air seats are up versus 2019, slightly down versus 2022, and vary by island. April is soft, and that continues into summer. Booking windows are far out, and people are looking out over the holiday season. Wholesalers report that Hawai'i is performing better than other domestic destinations, though international destinations are still performing better than Hawai'i. International destinations are coming after their travelers.

For the first time since 2018, Tahiti will be in cities across the U.S. with consumer promotions and destination training. The Hong Kong Tourist Board is giving away 500,000 plane tickets. Utah now has a blend of destination management and destination marketing, encouraging travelers to explore Utah thoughtfully and safely, treating ecosystems and cultural sites with respect, and engaging with local communities. To counter past tourist party behavior, Bali's new campaign encourages travelers to "respect Balinese cultural customs". So, the competitors

are targeting Hawaii's target audience across the globe. The more they can understand the competitors and travelers, the more the HTA can create messages for them, keeping in mind travelers' different interests.

The core branding message remains Mālama Hawai'i, the long-term message. It is sent to visitors before they decide to visit. After that, they move over to the kuleana/travel tips messaging. How well Mālama Hawai'i works is a question they get asked often. So, to get that answer, they go out across the country and research with the mindful Hawai'i travelers across the continent. The chart shows a significant increase, so there are more mindful Hawai'i target travelers with whom the message resonates. Reaction to the videos was positive, with important gains over last year. Compared to the previous year, more consumers agree that the Mālama videos show experiences they would want on vacation and enhance their interest in visiting. 80% said the videos make them feel that the people of Hawai'i are welcoming – an increase of 5 points.

He spoke about the different market segments - sustainers, relaxers, indulgers, and engagers. They will continue monitoring those segments. He spoke about the Q1 review and the campaign and impression numbers. For Q1, they had the PGA tour, which will not be in Q2. They shared mālama experiences with celebrities and took out a camera crew to share messages online. For kuleana campaign delivery, the airlines are great partners with in-flight messaging. There is also messaging at the airport, hotel shuttles, Waze, in-room video, social media, and the GoHawai'i App. On the PR side, they looked at the PR landscape and how it has evolved post-COVID behavior. Writers tend to be transient, so they are not necessarily in a home office and want to understand how best to reach them.

They completed media research - quantitative & qualitative, where they surveyed nearly 200 media. Presentations to partners across the islands are forthcoming. They had a PR event at 'Iolani Palace, with 80 attendees. The produced version will be distributed to the full media list.

On the travel trade side, the team educated many people. They exceeded certification targets by 72%, with 3,188 certifications completed. They conducted an educational Blitz in four key markets with 17 partners, reaching 152 travel advisors. The Executed Travel Advisor Survey had over 1,000 respondents providing insight regarding competitive destinations and resources.

For Q2, they will start a little later than April once they get the HTA's approval. The media agencies are on the starting line. The creative has been approved, and they will have final approval after the BOD meeting and then will go straight into the market. They will make the best deals for the state. The PR team has continued with media education, Mālama messaging, and regenerative tourism. They will do another virtual Media Blitz and the PRSA Travel &

Tourism Conference. Travel Trade Future Major Initiatives are to continue to update the content and design of the travel trade website, create a webinar library featuring presentations on Mālama Hawai'i, Hawaiian culture, and individual island brands, and develop "Know Before You Go" pieces for travel advisors and partners that highlight Mālama Hawai'i messaging and Kuleana travel tips. They also have partnership opportunities from all the offices at HVCB central and the island chapters.

Mr. McCully asked about mālama messaging and if the full extent of the question was asked. Mr. Talwar said he would share the full report with the Board. Mr. McCully said there must be closed and open-ended questions. Mr. Talwar said there is a lot of data they can discuss with the Board.

Mr. Arakawa commented the articles Mr. McCully mentioned on the newspaper front page and the public reaction comments. He asked where that work fits in and who is responsible for tracking those comments. Mr. McCully clarified that he was questioning their work under the contract for the Mālama Hawai'i messaging. Mr. Nāho'opi'i clarified that the comments fall under the communication side with Mr. Gionson.

Ms. Iona asked about the marketing of the HCC and interaction with the tourism messaging and if there is a component to assist them with exposure to the HCC. Mr. Talwar said they work with each other on message development, ensuring consistency, but the audience is finite, so they have their marketing elements reaching their audience, all in line with the Strategic Plan. It is different from a meeting planner wanting to book a leisure trip.

Mr. Ching asked for a motion to approve the plan. Mr. McCully made a motion to approve, and Chair Kam seconded. There was no further discussion. Mr. Gionson did the roll call, and the motion passed unanimously.

b. Discussion on Air Service to Hawai'i

Mr. Eslinger briefly went over what was being experienced by the state in terms of domestic and international air services. The present economic uncertainty around the recession and the banking crisis has created doubts in consumers' minds. However, the overall demand for summer travel was robust, especially from the U.S. market to Europe. The Asian market tended to be focused on inter-Asia travel. Many international markets were paying attention to the expected suspension of the COVID vaccination requirement, which would remove a barrier concerning the decision to travel. He stated that the domestic market had almost recovered and exceeded the previous level in some markets.

In terms of the Asia-Pacific region, there was pent-up demand. Hawai'i was not a traditional tourism and business destination, except where the federal government was concerned, so in terms of New York to Los Angeles, San Francisco, and Chicago, those markets were still soft and had not yet seen the recovery that they expected. They were being replaced by the leisure market. This meant that planners for hotels and airlines had difficulty in predicting booking windows far into the future. Hawai'i was a victim of this uncertainty because the requirements for planes, pilots, and crew were above and beyond those required for short-haul domestic routes, which are guaranteed to take advantage of the present market changes. Fuel prices also presented a problem even though the current price was still quite low at \$2.60 per gallon. However, changes in production quantities might impact supplies to airlines, and it was necessary to be aware of this. It was likely that towards the end of the year, there would be an increase in all markets other than Hilo from 23 to 19. More non-stop seats would be available in the markets. Certain U.S. carriers planned to ramp up seats to Honolulu by holding some seats directly to the island for Maui, Kona, Hawai'i, and Hilo. Some bureau members, especially Hilo stakeholders, were concerned about the absence of a trans-Pacific service in Hilo. This was a definite hole in connectivity into the state.

American Airlines, United Airlines, and Delta Airlines recently extended their seasonal European service to December 31 and beyond. This service typically went up to Labor Day weekend or mid-October to take advantage of the end of the cruise season in the Mediterranean. This decision would likely impact Hawai'i, specifically for United Airlines because fewer wide-body aircraft would be available on the West Coast. As a result, the airline would reduce the frequency of flights to and from Los Angeles, even though they might sometimes add flights to and from San Francisco. The net result would be reduced connectivity for non-stop flights from the U.S. mainland to Honolulu or Maui.

One of the planners for a luxury property on the island of Hawai'i had asked for input and pointed out that they were competing with other destinations which use the non-stop service. This is another issue which had to be kept in mind. The fuel surcharge still existed, and this added another layer of complexity regarding the return to Hawai'i of international visitors, particularly those from Japan or Korea, including other markets which might transit through Hawai'i. There was a continuing decrease in international flights to and from Australia and Japan. At present, this decrease is at 42%. Previously there used to be wide variation in this number, but for the previous three weeks, it had remained almost constant, and this could be regarded as a sign of normalcy or less volatility in the Japanese market. Concerning Australia and New Zealand, the challenge was that there were no longer non-stop flights from Brisbane to Hawai'i.

Additionally, the aircraft on the Australia/New Zealand route, other than Hawaiian, were smaller planes. This meant the opportunity was lacking, even if the demand existed. Another issue was that the high airfare from Oceania to Hawai'i deterred travelers. At a summit Ms. Chung attended a few days ago, it was noted that many visitors to Hawai'i first booked their hotel rooms before waiting to purchase air tickets. Travelers more sophisticated in travel plans were aware of the importance of the order in which services were booked: hotel, car, attraction, and air ticket. This underlined the importance of maintaining an open dialogue with the airlines so that they could be kept informed about hotel reservations and would make a commitment to fulfill visitors' needs.

Ms. Duarte asked who was dealing with the airline executives. Mr. Eslinger stated that as part of the HVCB's responsibility for global services, he and his team shared up-to-date information with the airlines in collaboration with other teams headed by Mr. Talwar and Mr. Reyes's team. There was constant communication between the various teams, and they all had regularly scheduled meetings with the planning and management teams of the American air carriers. Ms. Duarte asked about the general response. Mr. Eslinger said travelers faced a challenge because, before COVID, Hawai'i tended to be one of the most stable schedules for air carriers, but at present, it was one of the most volatile.

Services were constantly changing. Air carriers had employed many new staff and were still navigating the new normal while trying to understand the booking window. He pointed out that O'ahu had a longer booking window than neighboring islands. He stated that as far as hotels were concerned, the penalties for canceling a booking were not usually very high, especially if the visitor had loyalty to the brand. In most cases, bookings could be canceled quite close to the date without penalties. This was why many customers were waiting as long as they could before buying the air ticket, possibly hoping the price would go down in time. However, air travel would probably be expensive in the foreseeable future, and airfares were likely to increase. The reduced available seats, without necessarily a reduction in demand, would create a compression, resulting in prices rising even more. Hawai'i had been fortunate that airfare had not been a significant deterrent to visitation, and there had been competitive special airfares from the West Coast since COVID.

On being asked by Mr. Nāho'opi'i whether the traffic in European seats was being driven by U.S. travelers taking advantage of the strong dollar or in the other direction by the European travelers, Mr. Eslinger stated that he felt this was mainly carrier-specific, but probably both movements were taking place. Even though European visitation was not yet up to the pre-COVID level, U.S. outbound travel was quite high; many travelers visited Hawai'i when traveling reopened at the end of the pandemic. These travelers seemed to be cycling through other

destinations before returning to Hawai'i. This was a reason why it was important to keep the message of Hawai'i in front of them even if, at the moment, they were traveling to other destinations.

Mr. Eslinger pointed out that, at the moment, there was a proliferation of miles and points accumulated during the pandemic. Travelers had now amassed many loyalty points they were now redeeming. They might use these loyalty points to subsidize airfares, lodging, or car rentals. U.S. travel to Japan was 105% above what it had been pre-pandemic. In response to Mr. Nāho'opi'i about possible outcomes of a decrease in the dollar's value, Mr. Eslinger said that any changes would not affect the summer travel, which at that point was more or less locked in. Opportunities would come only in this year's third or fourth quarter or the first quarter of 2024.

c. Update on RFP 23-02 Hawai'i Tourism Destination Brand Management & Marketing Services for the Canada Major Market

d. Update on RFP 23-03 Hawai'i Tourism Destination Brand Management & Marketing Services for the United States Market

Updates were given on the major markets RFP for Canada and the U.S. and the calendar. Mr. Ka'anā'anā was absent, and there was not much to discuss. Mr. Ching concluded the Branding Standing Committee updates.

11. Report by the Administrative and Audit Standing Committee of their Meeting held on April 25, 2023

a. Update and Discussion Regarding the Audit Action Plan

Chair Kam noted that the first item on the agenda would be an update and discussion regarding the Audit Action plan. He praised the review given by Mr. Choy, who intended to ensure that all actions would be in the state's best interests, the people's money, and HTA as an organization. Mr. Choy was to give an update on the procedures needed to completely reorganize and reinvent the organization to make them the best in the world at what the HTA could do. Chair Kam was confident that Mr. Choy would effectively execute what was intended in the best interests of everyone. He stated that Ms. Anderson had given an excellent presentation reflecting her hard work, commitment, and ability to lay the foundation for her assessment of their future. He was confident this would lead to stewardship and partnering with communities to do good things for Hawai'i. Chair Kam referred to the presentation by Mr. Nāho'opi'i, which had been unanimously approved.

b. Discussion, and/or Action Regarding the Monitoring and Measurement of HTA Programs

There was a discussion and interaction by Mr. Nāho'opi'i and Mr. Choy. Ms. Anderson gave a great presentation and gave everyone a hard copy. There was a lot of hard work and commitment from her side, based on 'AAEF. They were also blessed to have Ms. Duarte and Mr. Ka'anā'anā, who said it was a good foundation to build. Chair Kam is confident in what they have for Destination Stewardship and the investment they are putting back towards the communities and partnering with the county's doing good things for Hawai'i.

c. Discussion and/or Action Regarding a Governance, Strategic Organizational Design, and Business Process Review Study

Mr. Nāho'opi'i gave a presentation that they unanimously approved that Mr. Nāho'opi'i, Mr. Ka'anā'anā, and Mr. Choy would spearhead. This study was to be moved on, acted upon, and completed to prepare for the next legislative session, giving the HTA great policies and governance towards a non-biased external review working in partnership with Hawai'i.

Mr. Nāho'opi'i requested a motion to have the HTA staff move forward with a governance teaching organization design and business process review study. He stated that a more detailed study plan for discussion and approval would be presented at a subsequent Board meeting.

Chair Kam asked for a motion. Mr. White made a motion, and Mr. Kam seconded. Mr. Gionson did the roll call, and the motion passed unanimously. Mr. Arakawa asked about agenda item 11a, and Mr. Choy was asked to respond to three questions about the study. The first concern was the non-responsiveness of the HTA to specific points raised. The second concern was about the method of recording federal funds. The third concern was whether there was a need to improve provisions for the execution of contracts.

In response to the first concern, Mr. Choy stated that the legislative auditor's findings were fair, but the responses of the Board were absent or inadequate. He intended to revisit the issues raised by the auditor and prepare more exhaustive responses. Secondly, Mr. Arakawa said it appeared that the method of accounting for federal funds was a hybrid of the state and federal methods. Mr. Choy said Mr. Nāho'opi'i is now working with Mr. Cole to ensure that the most stringent methods of accounting for funds would be followed. The staff was not used to working with federal funds, but care would be taken from now on to comply with federal standards. Finally, Mr. Nāho'opi'i was to study the most effective and accurate method of dealing with contracts to ensure that contract standards were followed.

12. Report and Update by the Ho'okahua Hawai'i Standing Committee of their Meeting held on April 25, 2023

Chair Kam had to make an amendment, so he asked for a two-thirds vote based on 92-7D regarding item b on the update on the EDA project. Mr. Nāho'opi'i said that because they may be asking the Board to consider deciding on an item that is contained and currently called an update, they wanted to amend the agenda to say, "Update, discussion and discussion and action on decision-making." A two-thirds majority was required to implement this change.

Chair Kam made a motion, and Mr. White seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

a. Discussion on Hawai'i Food Systems

Ms. Duarte gave an overview of the discussion at the committee's most recent meeting. Several experts, including Dr. Miles and Ms. Daniels, had been invited to speak on current perspectives of the present state of food systems and agriculture in Hawai'i. Progress was being made about local non-profit organizations and state and county bodies. It was pointed out that collaboration on data collection would allow industry partners, whether restaurants, destinations, or services providing food to our visitors, to make good decisions aimed at providing 30% local food by 2030. This had been an initiative of the former Gov. Ige. The committee had brought these issues to the attention of the full Board so that the Board might consider taking action on them in the future. The committee planned to encourage food-serving tourist venues, such as hotels, restaurants, and other destinations, to collect information on the amount and kind of purchasing of local food products, quarterly or annually. The data would help identify local food purchase gaps and opportunities to influence institutional purchasing. Ms. Daniels had already worked with Ms. Wheeler alongside the HTA and the O'ahu Good Food Pledge. Dr. Miles hoped for the opportunity to work with those collecting data, implement additional surveys and interviews with tourism industry leaders, identify and measure their needs, and obtain information from tourism institutions about the scale of their purchasing. It was hoped that this would measure the willingness of industry leaders to scale an increase in local food purchasing.

Ms. Duarte reminded the committee members of the importance of food provision and quality to the health of individuals, families, and communities. She also noted that agriculture had always been an important part of the state economy. With this in mind, it was necessary to consider how tourism and agriculture could form a partnership. Ms. Anderson said a webinar would take place next week to consider how industries could partner with food hubs to better connect with local food growers. Investment in Agri-tourism was to continue to take place through collaboration with local communities. Technical assistance would be provided for those who wished to enter this field. Even though Agri-tourism was quite labor-intensive, she was optimistic about its future growth. It was necessary to develop a mechanism to put consumers

in contact with the producers, even though growers were continuing to develop ways to contact consumers.

The Board members of the HTA were united in their desire for restaurants and hotels to buy local produce, but the challenge was that the supply was not always consistent in quality or quantity. However, the hope was that the HTA could act as a catalyst to bring the two sides together. If HB 308 passed, it would formulate a state-wide food systems plan. At present, Hawai'i is the only state which lacks a state-wide food system plan to understand the gaps, opportunities, and infrastructural needs. However, it was noted that tourism, specifically agritourism, did not appear to be referred to in the bill, whose emphasis seemed to focus on feeding the population.

Ms. Duarte noted that Ms. Iona and Mr. McCully are experts in the agriculture industry. Mr. McCully asked Ms. Duarte about HB 308 and if she is optimistic as it is currently in Congress. Mr. McCully mentioned that House Bill 1375, which had made it straight to the chamber, might tie in better to their tourism needs than the current structure. This bill would allow a representative of the HTA to be involved in the food systems plan.

Mr. Ching said the webinar sounded great, but there has to be a bridge to bring the producer to the consumer, as many consumers want to help. Having a program in place would be key to getting it moving forward.

Mr. White reiterated that the challenge is often when there is not a consistency of supply or quality of the product, so there are issues that need to be worked out, but there is an interest to move forward, where the HTA can be the catalyst and be the bridge. Mr. Arakawa agreed that Agri-tourism is part of diversifying the agriculture economy. He asked if a bill was pending, as House Bill 308 was never referred to a tourism committee. Ms. Duarte said Dr. Miles is part of working with this to get it to pass, hopefully. She said they are the only state that lacks a statewide food system plan. Mr. Arakawa said if HB 1375 may tie into regenerative tourism better than their current structure. He said it is important to have an agriculture member on the HTA.

Mr. Gionson said HB 308 does offer an HTA representative to sit on the food systems working group. Additionally, working on food systems aligns with Aloha Plus Challenge and 'ĀAEF. Mr. Downing thanked Ms. Duarte for bringing that agenda item up. He repeated the assertion that food was important as a hub for health.

Ms. Iona pointed out that as a representative of communities with extensive agricultural installations, she would remind the Board that tourism could not exist without agriculture, and it was the responsibility of the HTA to continue to partner with agriculture.

b. Update on the EDA Projects

Mr. Downing called on Ms. Anderson to give an update about EDA grants.

Ms. Anderson stated that the previous month's approval had been given for the Grant Administration Plan, and since then, staff has started drafting a contract with DLNR. In early April, the staff met with the director of the tourism authority projects funded through EDA. Mr. Downing said previously that he had asked for more information about the proposed Waikīkī Snorkel Trail and stated his misgivings about the effect of this trail on ocean safety. Apart from the Waikīkī Snorkel Trail, six other projects were being funded by EDA, and all were to be completed before December 2026. He reminded the Board that the Waikīkī Snorkel Trail had been given provisional approval. The concerns about ocean safety were based on the fact that the largest number of ocean fatalities were from snorkelers. Since this was federal money, its disbursement had to comply with strict guidelines. He reminded the Board that there was both a financial aspect and a legal aspect to these rules. He said the money could be used elsewhere. He asked Ms. Anderson to explain the modalities of removing one project from the funded projects and what would happen to the money not being disbursed. \$750,000 had been allocated for the Waikīkī Snorkel Trail.

Ms. Anderson proposed that the staff revert and ask the Ho'okahua Standing Committee for the plan for the \$750,000 working with DLNR. Mr. Downing said the money should be disbursed to various projects where needed. Ms. Anderson pointed out that the money had been awarded in 2021 and said it was necessary to make a start soon on the projects. She wanted to ensure that the DLNR could start on the other six projects. The deputy attorney general reviewed the agreement. Mr. Downing said he agreed with the other six projects going forward but did not agree with the Waikīkī snorkel trail. Mr. Downing asked if the EDA money that was categorized for the snorkel had to be used for the snorkel trail or if it could go to any other categories. Any change made to a project would mean a revision of the budget, and since it was a federal fund, the changes must be submitted to the donor authority for approval. Unused money would not be returned to the federal government, but the HTA was required to designate an alternative use. The HTA had been awarded 14 million dollars, of which \$7.2 million was for EDA, including 1.2 million dollars for administrative costs over four or five years. They had to ensure the DLNR had funds to carry out the outdoor recreation aspect of the grant. The grant is for travel, tourism, and outdoor recreation recovery.

Mr. McCully asked if they had to change the project would it require a Board vote. Ms. Anderson said that back in June 2022, they asked for the Board's approval of the Grant Administration Plan, which contained all the projects. She said they would need approval to make the change. Mr. Ching said he did not recall approving the snorkel trail.

Mr. McCully asked what the function of the snorkel trail was. Mr. Downing said he does not know much about it, but they are considering the Kaimana area. Ms. Anderson said one of the projects concerned the restoration of coral, with the provision of a trail to enable visitors to understand the importance of this organism. At present, an exact location has not yet been designated, and part of the funding was intended to carry out detailed planning of the location. They also set up a committee for feedback. It was noted that EDA did not consider this as a construction project.

Mr. McCully said they need to debate the subject to be able to make a choice. Ms. Anderson reiterated that the Waikīkī Snorkel Trail could neither be omitted from the overall project nor included at a zero cost without approval from the donor agency. The technical committee was to make recommendations at its next meeting, to distribute the money to other projects. The next committee meeting responsible for EDA projects will be in May.

Mr. Downing suggested that the committee be asked to recommend the reallocation of the money. Mr. Downing asked Ms. Agas what the cost was for her trail. Ms. Agas was unsure but could find extra data to bring to the Board.

Chair Kam said the Board did give preliminary approval for the snorkel trail. The agreement with DLNR was to partner with Mr. Downing to ensure all is done appropriately, but they had never reverted to Mr. Downing. Many of the Board had concerns about the trail in Waikīkī. Chair Kam said they all supported reef development, but snorkeling is quite dangerous for people. Work was planned on a historical trail in Waikīkī, and when completed, it would be a prototype or template which could be replicated on other islands. There was concern that the available funds might not be sufficient to build the best, keeping in mind the Menehune Trail in Aulani mentioned by Ms. Agas, which Mr. Gionson previously helped create. Chair Kam said it was an easy call not to go forward with the snorkel trail, but he supported all the other six projects with DLNR.

Mr. White made a motion to have the Board approve removing the Waikīkī Snorkel Trail from the EDA project so that at the next meeting, the staff would recommend how the money would be reallocated to other projects or a new project. Mr. McCully seconded.

Ms. Iona asked if it would be prudent to discuss this with Mr. De Fries and the DLNR chair, and Chair Kam confirmed that Mr. Downing would do that. Ms. Duarte reminded the Board that the funds were federal funds and that the federal parameters must be followed. Chair Kam said Mr. Choy had some reservations, too, as the gold standard of the federal dollars was higher they were uncertain if it would be completed promptly. The EDA would be informed that, out of an

abundance of caution, removing the Snorkel Trail from the list of projects was wise. Mr. Gionson did the roll call, and the motion passed unanimously.

c. Update on the Waikīkī Historic Trail Project

Ms. Anderson gave an update on the Waikīkī historical trail project. She said that Ms. Sanders from the Native Hawaiian Hospitality Association gave a presentation on the Waikīkī historic trail interpretive signage program and where it was currently. She noted that they met with the Commission on Culture and the Arts, where Ms. Sanders gave a presentation. The commission approved this. The next step was to meet with the Department of Parks and Recreation, where they shared the presentation and the location of the markers on the proposed trail. Following that would be a site visit with them for a walk-through, and then the City Council’s approval would be sought. This project was in partnership with the O’ahu Visitors’ Bureau as well as NaHHA. The guidance and insight of the members of the Cultural Advisory Committee were greatly appreciated.

Mr. Downing expressed his appreciation for the personnel, Ms. Anderson, and those at NaHHA whose work had brought the project back to life from its first beginnings 25 years ago. He believed this would be the first of many similar projects throughout all the islands, and would form a template that could be replicated at other locations.

Mr. Sadayasu asked whether the HTA would officially attend the charity walk on May 6. Mr. Nāho’opi’i assured him that not only would the HTA be present, but there would also be HTA T-shirts.

13. Adjournment

Mr. McCully made a motion to adjourn, and Mr. Downing seconded. The motion passed unanimously. Chair Kam adjourned the meeting at 1:21 p.m.

Respectfully submitted,



Sheillane Reyes
Recorder