



Ke'ena Kuleana Ho'opipa O Hawai'i
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Josh Green, M.D.
Kia'aina Governor

John De Fries
Pelekikena & Luna Ho'okele
President and Chief Executive Officer

**SPECIAL BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, June 15, 2023, at 9:30 a.m.**

Hybrid In-Person & Virtual Meeting

MINUTES OF SPECIAL BOARD MEETING

MEMBERS PRESENT:

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

MEMBER NOT PRESENT:

Sherry Menor-McNamara

HTA STAFF PRESENT:

John De Fries, Daniel Nāho'opi'i (Zoom), Kalani Ka'anā'anā (Zoom), Isaac Choy, Caroline Anderson, Ilihia Gionson, Jadie Goo, Maka Casson-Fisher, Carole Hagihara, Talon Kishi

GUESTS:

DBEDT Director James Tokioka (Zoom), Laci Goshi, John Monahan, Bonnie Kahakui (Zoom), Jay Talwar, Bobbie Okamoto, Erin Khan, Patrick Dugan, Kylie Butts, Jessica Lani Rich, Alison Schaefer, Guillaume Maman, Kūhiō Lewis, Kainalu Severson, Nick Carroll

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 Ms. Menor-McNamara, who was excused. Member who attended via Zoom were by herself.

3. Opening Cultural Protocol

Mr. Casson-Fisher did the opening cultural protocol.

4. Approval of Minutes of the May 9, 2023, Special 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. Update by State Chief Procurement Officer, Bonnie Kahakui, on HTA's Procurements for RFP 23-02 (Canada Brand Management & Marketing), RFP 23-03 (U.S. Brand Management & Marketing), and RFP 23-08 (Support Services for Destination Stewardship)

Chair Kam stated that agenda items would be rearranged to begin with the presentation, discussion and action regarding CEO, Mr. De Fries. Chair Kam explained that the change in the agenda order was due to a ceremony to be attended by the Hawai'i Tourism Canada team later that day. Mr. Ka'anā'anā stated that the team would receive the Baxter Travel Award for the Best Asia-Pacific Tourism Board for the fourth year. He appreciated the strategic vision of the Canada team to educate visitors, giving the example of the partnership with the Surfrider Foundation for beach cleanup. Every FAM trip included some Mālama activity, ensuring the destination was left better than before the visit.

The Hawai'i Tourism Canada team leader thanked the Board for their support and appreciated the congratulations for the award. The Canadian Award Ceremony involved some 450 invitees, whose attendance would be offset by tree-planting to ensure the event was sustainable.

The motion to go into Executive Session was moved, seconded, and carried unanimously.

[Executive Session]

The presentation from the CNHA was to be deferred to the next Board meeting.

Chair Kam thanked Ms. Kahakui for her attendance and apologized for the delay in dealing with this agenda item.

Ms. Kahakui congratulated the HTA on successfully completing the procurement process, even though it had taken longer than expected. She noted that all the RFPs in question were awarded on May 22. A debrief for the Canada RFP had been requested and granted and was conducted on June 1. According to the rules, the vendor had an opportunity to submit a protest. Unfortunately, the protest was submitted on June 9, while the protest period had expired on June 8. The only possibility was a judiciary review. Since the HTA had not yet heard from the vendor, they would proceed with the contract documents.

Debriefing for the USA RFP was conducted on June 1, and the protest period expired on June 8 without any protest submitted. The contract could therefore be moved forward.

6. Presentation, Discussion and/or Action on the Hawaiian Islands Stewardship Activities Under the Support Services for Destination Stewardship Contract for the Initial Contract Period 2023-2024

There was no debriefing for Destination Stewardship, so the protest period ended on May 30. Hence the contract could move forward.

She repeated her congratulations to the HTA but reminded the Board that the challenging work of managing these contracts would now begin.

Mr. De Vries thanked Ms. Kahakui for her critical assistance in guiding the team each step of the way during the past year and a half. He then asked about possible implications of the Director of DBEDT being given the voting status of a Board member and whether this would compromise his ability to act for debriefing and protests.

Ms. Kahakui reminded the Board that the DBEDT director was automatically the purchasing agency's head. This might entail conflicts regarding possible future protests. To avoid this situation, the director should not be a member of the evaluation committee. It was also possible that the director could designate a subordinate for procurement.

Chair Kam asked Ms. Kahakui to obtain written guidelines from the AG, which could be kept in the file.

7. Presentation, Discussion and/or Action on Hawai'i Tourism United States' Activities Under the Brand Management & Marketing Services Contract and HTA's 2023-2024 Brand Marketing Plans for the United States Market

8. Presentation, Discussion and/or Action on Hawai'i Tourism Canada's Activities Under the Brand Management & Marketing Services Contract and HTA's 2023-2024 Brand Marketing Plans for the Canada Market

Mr. Ka'anā'anā reminded the meeting of the importance of continuing the RFP process and expressed his gratitude to Ms. Kahakui for her guidance and to his team members for their hard work. HTUSA was resilient.

Mr. Talwar said they would continue to encourage the values of Mālama to the community and visitors. He said the presentation was an abridged version of the RFP process, giving an overview of the six-month plan for the second half of 2023 and the full plan for 2024. A full team was ready and eager to work on a long-term plan for the HTA. The Board was thanked for entrusting the team with kuleana to plan tourism from the U.S. and to work in concert with the destination management and stewardship team.

He gave a general picture of the market situation and the effect of the U.S. economy on tourism in general and Hawai'i in particular. DBEDT estimated just under 2% gross domestic product growth over the next several years and a slight increase in visitor arrivals, 9.9 million visitors in 2023. An increase of 4.3% in visitor spending was expected in 2024 after 9.3% in 2023. Growth was expected to continue in 2025 although at a lower rate than at present. Viewing the trend in expenditure from 2021 to 2026, in 2021, the industry had still been in recovery, but in 2022 it had started to return to previous levels. Visitor expenditure in the state continued to increase. In the U.S., there were many positive indicators for leisure travel. One hindrance to growth was that many visitors perceived travel as "a hassle." It would be necessary to watch this indicator. In the first quarter of 2024, 29% of visitors complained about this, and recently 52% gave the same comment.

As regards air seats, 2019 was the last normal year. 2022 was the first year U.S. travelers could visit Hawai'i, although there was not much international visitation. Compared with 2019, the last year pre-COVID, there was a significant increase in 2023. The slight drop in 2022 could be regarded as an outlier.

During the first quarter, booking increased but was still soft. It has to be noted that booking patterns have changed and there were more last-minute bookings at this time. The trend going into fall and winter would need to be followed up. The ADR was strong, showing that the team managing rates had done a great job in terms of flexibility. Despite this, Mexico, the Caribbean, and Europe did better than Hawai'i.

Mr. Talwar cited two strong competitors for international travel. South Africa targeted adventurous travelers eager to fly long distances and pay high rates, hence almost the same market as Hawai'i. Puerto Rico was also a major competitor, particularly given its closeness to major east coast populations. There were said to be more Puerto Ricans in the U.S. than in Puerto Rico itself, and this was a connection to building on their culture.

Based on input from the community, the major marketing objective was to target the mindful traveler, who could be educated about the beauty of culture, and whose behavior during their visit could be shaped to ensure they would stay safe and protect our natural resources. This was fully aligned with the HTA's Strategic Plan to ensure they listen to the community, help the culture, and protect the natural environment.

Mindful travelers were not a homogenous group. Marketing messages had to be adjusted to each section of the market. Slight variations in messaging would ensure that the prospective visitor's attention would be attracted. It was important to determine more about the different expectations. Some visitors wanted to explore but would stay on the trail, park in an appropriate place, and use the infrastructure provided in the park. They wanted to engage in the Mālama Hawai'i experience. Ecotourism was important.

The theme for visitors was Mālama-Hawai'i branding, and content was in place to run through the end of the year. The HTA team would collaborate with the team to update the Mālama-Hawai'i campaign moving forward into 2024. The production process was to start during the year's second half to be ready in January 2024. While the main kuleana emphasis was pre-arrival, kuleana travel tips and messages were also to be shared with those who had already booked before their arrival. The team hoped to work with the travel industry to include video links on pre-arrival reservation confirmation messaging.

The bulk of the July-December 2023 planning concerned paid digital and media. The HTA staff was working on several logos for the RFP negotiation process. In addition, they were preparing content for websites, newsletters, special offers, and the GoHawai'i app, to ensure that all content and messaging would be up-to-date and consistent with the Strategic Plan.

The team was concerned with good public relations, effective management of the Hot 100 list, good content, and effective personnel management. They also worked with island chapters and their PR teams across the state to ensure effective coordination and proactive outreach.

During the second half of 2023, there was to be a media blitz on the L.A. market, with cooperation from island chapters so that the state would be represented by teams who understood their islands better than anyone else. Media teams would be hosted as they came into the market.

As far as the travel trade was concerned, most actions were education-based and founded on research results. Paid media clearly understood the targets. The team would engage with the travel trade's editorial content developers, aiming to turn other people's sales teams into our own sales teams through education and partnership.

A new partnership had been developed with Tourism Cares, aligned with Mālama-Hawai'i and the spirit of Mālama. The team was working with wholesale consortia at industry events, developing programs with higher-end consortia and cooperative programs. The travel trade team produced new content to educate travel sellers virtually or in person. As well as paid media, the team coordinated with partners in the leisure group business.

Mr. Talwar outlined the budget allocation for the second half of 2023. There was to be long-term strategic planning to expand the benefits of tourism to a wider part of the community than previously, engaging with sectors such as the fashion and music industries, as well as retail and agriculture, so that they could also benefit from tourism. Additionally, the second part of 2023 would put in place a marketing plan for 2024.

Pre-COVID, there had been a brand partnership with the fitness brand Equinox. It was hoped to set up a similar partnership aimed at the high-end outdoor active traveler whereby Hawai'i products could be placed with a retail partner, such as Patagonia or REI, whose values resembled ours. The team worked with their agency partners to develop lists of suitable enterprises and start outreach. Major companies like these work on annual plans, so it would be essential to get into their planning cycle.

Regarding paid media for 2024, the plan was to build on what had been done in the second half of 2023 and leverage it towards 2024. It was intended to use consumer-direct and our own media channels to refresh content with the updated Mālama Hawai'i campaign.

In public relations, the L.A. media blitz was followed by a similar exercise for New York. These cities were the two largest media markets. The team was also to work with FestPAC to have promotions before the event, followed by media exposure during the event. Negotiations were going on with Kilohana to expand messaging into deeper and richer content stories.

For 2024, a new partnership for the involvement of the right type of customer through education of travel agents would be started with the Tourism Cares program, which carried out volunteer work. The team was also involved in wholesale industry events and forming partnerships with new consortia, aware that consortia tended to attract higher-end and mindful clients. The Hawai'i destination-specialist sales training program curriculum was being updated with in-person and virtual events.

Ms. Iona questioned Mr. Talwar about the status of budget extensions for island chapters. Mr. Talwar replied that the HTA team was processing global support services on island chapter contracts while awaiting final approval. Mr. Ka'anā'anā said the staff had begun to process extension requests with the SPO from July 1 to December 31, 2023, but the challenge had been uncertainty about the timing of government change recommendations. The contracts were to

end on June 27, and June 30 respectively. He said the team had been in contact with Stacy and documents required for the SPO were being edited in preparation for submission. Although the deadlines were close, the team expected to be able to comply, and there would be no break in service.

Mr. Ka'anā'anā said the staff recommended that the Board approve the BMP for July thru December 2023 and the full calendar year 2024.

Mr. Rafter asked what the breakdown on \$1.2 million of PR for 2024. Mr. Talwar said it was the statewide total, comprising central and island chapter activities. The public relations budget head also included two media blitzes and greater media hosting than had been done in previous years.

Mr. Rafter made a motion, and Mr. McCully seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

9. Presentation, Discussion and/or Action on an Update on HTA's FY24 Funding Request

Mr. Choy began with a standard disclaimer, stating that the budget could be categorized as a moving target at this time. However, the draft budget of \$71 million had received verbal approval from the B&F Director, comprising \$11 million for the HCC expenses and \$60 million for operations and contracts for the HTA. The finance team was working on the disbursement details, which were not yet finalized. It was hoped that subsequent meetings would be informed about the final details.

10. Presentation, Discussion and/or Action Regarding President & Chief Executive Officer John De Fries***

On reassembly after the Executive Session, Chair Kam made the following statement:

“Mr. John de Vries has decided that he will not seek an extension of his contract, which ends on September 15. The Board supports his decision. John has done an admirable job fulfilling his three-year contract during the most challenging period in recent Hawai'i history. At the time when we needed a strong visionary leader, a Kupuna, to calmly guide us forward under troubling circumstances, John was there for HTA. A transition will begin immediately.”

11. Adjournment

The motion to adjourn was moved, seconded, and carried unanimously. Chair Kam adjourned the meeting at 12:51 p.m.

Respectfully submitted,

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

Sheillane Reyes
Recorder