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David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, May 28, 2020
VIRTUAL MEETING**

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

Rick Fried (Chair), Micah Alameda, David Arakawa, Daniel Chun, George Kam, Kyoko Kimura, Fred Atkins, Ku'uipo Kumukahi, Sherry Menor-McNamara, Benjamin Rafter, Kelly Sanders, and Kimi Yuen

HTA STAFF PRESENT:

Chris Tatum, Keith Regan, Pattie Herman, Marc Togashi, Kalani Ka'anā'anā, Marisa Yamane, Jennifer Chun, and Caroline Anderson

GUESTS:

Representative Richard Onishi

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule:

HTA Chief Administrative Officer Keith Regan announced the beginning of the meeting at 9:30 AM and conducted a roll call. All Board members were present. At 9:33 AM, Mr. Regan turned the floor over to Chair Rick Fried. Chair Fried recognized Kalani Ka'anā'anā, who opened the meeting with a pule, describing the intention of bringing new energy and new light in response to shifting circumstances.

2. Approval of Minutes of the February 27, 2020 Board Meeting:

Chair Fried confirmed approval of the meeting minutes from the February Board meeting by roll call.

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

Chair Fried asked the Board whether there were any permitted interactions to report, and David Arakawa responded that he is a member of Governor David Ige's Working Group on Economic Recovery for the Construction and Housing Section. As part of that assignment, Mr. Arakawa needed to ensure that construction workers were able to travel interisland, and viewed the screening process for arriving passengers at the airport. He commended HTA and requested a presentation from HTA and the Department of Transportation (DOT) regarding the screening and contact tracing programs at the next Board meeting.

Chair Fried thanked Representative Richard Onishi for attending.

Chair Fried then said that there are over 200,000 people employed in the travel industry that need to go back to work. He added that a date needs to be set to reopen Hawai'i so that the industry can plan around that date. Chair Fried continued that Hawai'i could arguably reopen mainland travel sooner than people might think, hopefully by July 1st, based on the number of ICU hospital beds available in the event of a spike in cases.

4. Report of the CEO Relating to Staff's Implementation of HTA's Programs during February - April 2020:

Chair Fried recognized HTA Chief Executive Officer Chris Tatum to present his report. Mr. Tatum said that in January there were about 27,800 visitor arrivals per day, and in February, there were about 28,500 visitor arrivals per day. After the first emergency proclamation on March 5th, HTA suspended its marketing campaigns and focused more on providing information from the Department of Health (DOH) and the Center for Disease Control to industry partners and travelers. In March, daily visitor arrivals decreased to about 14,000. On March 17th, Gov. Ige encouraged tourists to postpone their vacations and to limit social gatherings to 10 people. Mr. Tatum noted that HTA began an active campaign discouraging visitors from coming to Hawai'i in support of the governor's mitigation efforts. On March 21st, the governor issued his Emergency Proclamation instituting the 14-day quarantine for all arriving visitors. He said that HTA and DOT developed the programs for the screening and follow-up call processes. To date, the call center made 40,000 follow up calls to visitors and residents reminding them of their quarantine obligations and inquiring about their health situation.

On April 6th, HTA started its "Hotels for Heroes" program, where rooms were provided to healthcare providers and first responders throughout the state with over 90 hotels participating. Mr. Tatum explained that HTA paid an \$85.00 discounted rate to house and support workers separated from their families, which accounted for 2,547 room nights throughout the state. He added that the program has since concluded, but is on reserve for the fall in the event of any future need. Mr. Tatum noted that the number of COVID-19 cases has significantly decreased from its peak of 34 new cases per day in April to its current low levels.

Mr. Tatum expressed appreciation to healthcare workers, first responders, government leaders, and residents for coming together to mitigate the spread of the virus. Mr. Tatum also thanked the employees at HTA, the airports, hotels, John Monahan at Hawai'i Visitors and Convention Bureau (HVCB), Mufi Hannemann at Hawai'i Lodging and Tourism Association (HLTA), and others for collaborating to discourage travel and implement the most restrictive quarantine in the country to ensure the safety of the community. He added that HTA continues to support mitigation efforts working with all departments of the government, the industry, and the Legislature to restart the economy while being mindful of Hawaiian culture, the environment, and the community.

Mr. Tatum commended Mr. Regan and Marisa Yamane, the HTA Director of Communications and Public Relations, for their involvement and efforts. He added that the team has been very active over the past couple months and has been collaborating with the industry and the administration. Mr. Tatum expressed that the economy needs to be restarted collaboratively. As an organization, HTA must continue to abide by the guiding principles of the 5-year Strategic Plan, bringing business back the right way, perpetuating Hawaiian culture, involving the community, and protecting the environment. He noted that \$925,000 is allocated to each county in the proposed FY 2021 budget to promote engagement with the community and county agencies so that they are part of the process of welcoming visitors back, establishing better systems for destination management, and improving current and developing new tourist products and offerings. HTA needs to be a leader in opening the industry and getting people back to work in a responsible way. Residents want a safe environment for their families, and high value travelers also want to know that they are traveling to a safe destination. Mr. Tatum thanked the team for their hard work to make Hawai'i a safe place.

Chair Fried added there are other states at similarly low levels of cases like Alaska, but Hawai'i is the only state among those with a major urban area.

5. Presentation and Discussion of Current Market Insights and Conditions in Hawai'i and Key Major Hawai'i Tourism Markets, Including the United States, Japan, Canada, Oceania, Other Asia, Europe, and Cruise:

Chair Fried recognized Jennifer Chun to discuss market insights and conditions. Ms. Chun discussed the statistics as contained in the Board packet. She noted that visitor arrivals for April are down 99.5%, with less than 5,000 visitors, and that every island's numbers were down substantially. Ms. Chun added that because arrivals are so low, no spending data was available for April and would likely continue to be unavailable for May and possibly June. She then noted that air seats were down 91.4%, and there was no cruise activity.

Kyoko Kimura asked if the hotel occupancy statistics include occupancy from the "Hotels for Heroes" program. Ms. Chun responded in the affirmative and that the numbers also include

crew contracts.

Chair Fried noted that some people have been concerned about the number of people still arriving, but that the vast majority of those arrivals were for people visiting family, and not visitors. Ms. Chun agreed that the number of people visiting for leisure purposes is very low compared to normal. She added that a large number of arrivals are exempt workers, military families, or intended residents.

Kimi Yuen asked what is included in the “Other” category on the daily report for arrivals and why that category exists. Ms. Chun replied that the new arrival forms reduced the number of categories for the traveler’s purpose of trip. She then explained that people whose trip purpose do not fit the available categories write in their responses on the arrival forms. Many of the recent written responses have included returning students. Ms. Chun added that any arrivals not included in the leisure, business, or visiting friends and family categories are collectively grouped in the “Other” category on the daily reports.

6. Presentation, Discussion and Action on HTA’s Financial Reports for February, March, April 2020:

Chair Fried recognized Mr. Regan and Marc Togashi, HTA Vice President of Finance, to present the financial reports. Mr. Togashi discussed the Executive Summary as contained in the Board packet. He noted that as of April 30, HTA has \$91.5 million in cash including the \$5 million from the emergency fund. He added that through April, budget utilization is at \$71 million of HTA’s \$81.6 million FY 2020 budget, which includes \$1.1 million in funding for HTA’s response efforts to COVID-19.

Mr. Togashi then discussed the Budget Reallocation Summary as contained in the Board packet. He highlighted that \$170,000 was reallocated to the Hawaiian Cultural Opportunity Fund for ‘Iolani Palace repairs, among other projects. He then noted that \$1 million was reallocated for the Hawaiian Center for Music and Dance for the purpose of tracking unspent funds. He added that \$54,000 was reallocated to the Community Program Opportunity Fund for the COVID Challenge Awareness Project.

Mr. Togashi then discussed the HTA Budget Statement Summary as contained in the Board packet. He noted that HTA recorded \$65.8 million and \$13.7 million YTD in TAT revenues for the Tourism Special Fund and the Convention Center Enterprise Special Fund, respectively. Mr. Regan added that all budget documents will be posted on the HTA website for the public to view.

Chair Fried asked whether the budget documents as presented in the Board packet are the finalized numbers through April. Mr. Togashi responded in the affirmative.

Ms. Kimura asked what the “-\$1 million” for China means. Mr. Togashi replied that HTA

reduced the Hawai'i Tourism China marketing contract by that amount through April. HTA Vice President of Marketing and Product Development Pattie Herman added that the contract was reduced back when China Eastern Airlines stopped flying into Hawai'i and that the contract will be terminated moving forward. Mr. Tatum then noted that the money remaining in the budget is \$680,000 that had already been spent in FY 2020.

Fred Atkins asked whether the \$71 million spent in FY 2020 is the final number including all encumbrances, and whether the remaining money will be used in the FY 2021 budget. Mr. Togashi responded that the team has identified savings opportunities, and that the team expects the \$71 million to be reduced to about \$48 million by the end of the fiscal year. Mr. Atkins then asked whether those savings would be included in the FY 2021 budget. Mr. Togashi responded in the affirmative and added that the FY 2021 budget includes all of HTA's reserves, including the \$5 million from the emergency fund, except for the \$6.2 million allocated for the Hawaiian School of Music and Dance and \$9 million in funds previously set aside for medical insurance and state employee retirement benefits.

Chair Fried requested a motion to approve the financial reports. Kelly Sanders made a motion, which was seconded by Daniel Chun. The motion passed unanimously by roll call.

7. Review of the Proposed Budget for the Hawai'i Tourism Authority for Fiscal Year 2021:

Chair Fried recognized Mr. Tatum and Mr. Regan to discuss the proposed HTA budget for FY 2021. Mr. Tatum said that HTA had a budget of \$86 million last year. He added that this year HTA made adjustments that were appropriate based on the market and funds that HTA committed to measures mitigating the virus. He said that the team reviewed every line item. Revenues from TAT have ceased, and the budget is based on the assumption that HTA will not receive any TAT revenues for FY 2021. Mr. Tatum said the proposed budget for FY 2021 is \$55 million which appropriately prioritizes programs based on the funding available. Mr. Tatum noted that HTA terminated its marketing agreements in Southeast Asia, China, Taiwan, and Europe. He expressed that the priorities are the mainland U.S., Japan, Korea, Oceania, and Canada. Mr. Tatum noted that the marketing priorities are based on revenue historically brought into the state. He added that \$925,000 is allocated to each county to facilitate and implement a destination plan for each county. Mr. Tatum then said that some money is allocated for sports, but the Sports budget decreased from \$7.2 million down to \$3 million, which includes the PGA golf tournaments in January should they take place, the Maui Invitational, the Hawai'i Bowl, the Diamond Head Classic, and the Polynesian Bowl. He expressed that he wants HTA to support University of Hawai'i (UH) athletic programs, which can serve as an ambassador for Hawai'i. The funding reflects HTA's plans to partner with UH at football games in Oregon and San Jose State and be sponsors in those key U.S. mainland markets. He added that HTA is planning to partner with UH volleyball if they travel to Japan next year and to be a sponsor with the Big West conference providing exposure in the key market in Southern California. However, there is no funding for any of the other major sports programs.

Chair Fried commented that it makes sense to focus on the five major markets and that the budget cuts are not permanent, but temporary.

Mr. Regan commented that without any new revenues from TAT, HTA must work with the limited funding available. He commended the team for their hard work and effort in creating a budget that represents a significant reduction from \$86 million to \$55 million.

Mr. Regan recognized Mr. Ka'anā'anā to discuss the proposed budget for Perpetuating Hawaiian Culture. Mr. Ka'anā'anā said that HTA will be more focused on its key objectives which include (1) supporting daily use of the Hawaiian language, (2) ensuring accurate portrayal of Hawaiian culture by HTA's marketing contractors, (3) encouraging accurate portrayal of Hawaiian culture by visitor industry marketing and visitor experiences, (4) promoting understanding and respect for Hawaiian cultural practitioners, cultural sites, and (5) resources, and providing the visitor industry with Hawaiian cultural education and training opportunities for its workforce. The Hawaiian Initiative primarily includes the Naha contract and a program in the works to get Hawaiian organizations more involved in the visitor industry (i.e., including tourists in their business plans as a source of revenue). He added that a small amount of funding was included in marketing support to assist Ms. Herman and the marketing team in ensuring that Hawaiian culture is accurately portrayed.

Ku'uipo Kumukahi thanked everyone for their hard work. She added that there needs to be a connection between visitors and the Hawaiian community, and education will be embedded in that connection. Ms. Kumukahi advocated that the Hawaiian Culture budget needs to be increased in the future to support Hawaiian businesses and entrepreneurs, which economically benefits Hawai'i for the next seven generations. She noted that the large marketing budget is dedicated to promoting the Hawai'i brand and preserving the brand requires maintaining Hawai'i's natural resources. Ms. Kumukahi added that this will require a collaborative effort. She explained that this current respite for Hawai'i's natural resources is an opportunity for change, looking to the past as Hawai'i moves forward into the future.

Mr. Tatum noted that he and Ms. Kumukahi are aligned in their vision. He added that Mr. Ka'anā'anā will be part of the leadership for the funds in the proposed budget set aside for community collaboration because the community, the Hawaiian people, and the proper respect for the land and its history is an important part of the process.

Mr. Atkins asked how much funding is for new programs and how much of the funding is for existing programs. Mr. Ka'anā'anā replied that all of the funding is for new programs. HTA has each program apply on an annual basis.

Mr. Ka'anā'anā then discussed the proposed budget for Natural Resources. He said that 'Aina Aloha ("Beloved Land") would guide HTA's efforts because 'aina is the thing that sustains Hawai'i and its people, and HTA would employ strategies that place the responsibilities of stewardship at the core of what HTA does. The key objectives would be to

(1) manage, protect, and improve natural resources, (2) engage and encourage active management, and (3) build alignment within the industry. The Visitor Impact Program is HTA's partnership with and support for the Department of Land and Natural Resources (DLNR).

Mr. Regan recognized Caroline Anderson, the HTA Director of Community Enrichment, to discuss the proposed budget for Community. Ms. Anderson said that HTA is proposing a new initiative in partnership with the individual counties, allocating \$925,000 to each county. She then said that the hope is that this initiative will aid state and county economic recovery efforts and reset tourism. Ms. Anderson added that HTA will facilitate and be the catalyst that brings the various stakeholders together from the community, the visitor industry, and local and state agencies. She said that the goal is to find the appropriate balance between the economic benefits of tourism and the impact on local services, natural and cultural resources, and residents' quality of life. She noted that the end result would be a collaborative destination management action plan for each county, which would create opportunities for resident engagement in tourism development, establish better systems for destination management, and improve current and develop new tourism products and offerings. Ms. Anderson added that she would be working with Ms. Yamane and Mr. Ka'anā'anā in this endeavor.

Ms. Kimura expressed her appreciation for the team's hard work in preparing a budget with such a significant cut in funds and noted that Maui County has three islands.

Rep. Onishi noted that in the past, the Community budget included an RFP to fund programs. He asked whether there would be any funding for an RFP this coming fiscal year for community organizations under the proposed budget. Ms. Anderson responded that there is currently no funding in that category because HTA does not know whether any gatherings or festivals will be able to occur. Due to the uncertainty, HTA is proposing to proceed in this direction for now and, should these opportunities arise, they can reallocate funds. Rep. Onishi then said that this proposed budget is for FY 2021, and no one will know what the situation will be like by then, but if any community programs can occur there would be no available funding. Mr. Tatum replied that the proposed budget is based on the assumption that there would be no TAT revenues available. He added that should that change, there will be opportunities to add funding to line items in the budget that were cut. Mr. Tatum then said it is important to go into this community engagement project with an open mind and identify the priorities for the counties and the communities, not necessarily the priorities for HTA. Rep. Onishi asked how this \$925,000 appropriation was determined. Mr. Tatum replied that the number is based on what they felt was appropriate for an entire fiscal year given the budgetary restraints. The budget has not been broken into line items yet, and they would come to the Board during the actual process of doing that. He said that they don't know if it will take this much money, but the process will be ongoing and evaluated. Mr. Tatum said that this is new for HTA and the funds are the benchmark currently set aside. Rep. Onishi then said that the block funding makes it difficult for him to do any advocacy on behalf of HTA with Gov. Ige to restore any kind of funding. He noted

that the funding allocation is by statute and not embedded in the state's budget, and Gov. Ige has suspended this particular statute. Rep. Onishi added that he has no reason to advocate to Gov. Ige to reverse that decision without being able to support specific programs. Mr. Tatum expressed his understanding and added that it is currently very difficult to project a budget without a more clear understanding of how things will develop in the future. He also expressed concern that the ramp up will take a while and noted that he would include projected numbers if he could.

Mr. Atkins said that when he started on the Board, there was a push to cut back HTA's set programs that could not fund themselves without assistance from HTA. He noted that there was a big, public outcry about trying to do that. Mr. Atkins asked with whom the team has vetted this program and what has been the feedback to the fact that set programs would be cut back for the immediate future and replaced with this initiative. He expressed concern there would be push back on cutting the set programs. He said that he would like to see more detail about this initiative and suggested that if there are four or five programs that the counties feel are indispensable perhaps including those within this initiative. Mr. Atkins then said that maybe HTA needs to lobby the Legislature for more funding because there are some programs that are critical to the tourism industry. Ms. Anderson responded that she has not spoken with the counties or island chapters yet because the proposed budget requires approval by the Board and then she would communicate with the counties about what the program would entail and work together with the counties from there. She added that she had already spoken to 60 community enrichment contractors to terminate their contracts so that funds would be available for the coming fiscal year. Mr. Tatum then said part of this process is communicating with the counties and communities to see what is important to them and have a blank sheet with set priorities that will evolve over time. Mr. Atkins then asked how much did HTA fund set programs in FY 2020 across all islands. Ms. Anderson responded that it was more than \$2 million in set program initiatives. Mr. Atkins said that he likes the concept, but shared some of Rep. Onishi's concerns. He added that he is hearing community concerns about restarting tourism and that there needs to be an effort of listening once there is a more concrete plan.

Mr. Arakawa expressed two concerns regarding the community enrichment programs. First, he asked that if the community says that events like Merrie Monarch, Prince Lot, or Ironman are important to tourism then that would be a consideration for use of the \$925,000. Mr. Tatum responded in the affirmative. Second, in developing this program, he suggested reserving a third or half of the funding where HTA makes the final decision concerning certain programs with community input. There may be some programs that the community might not think are important, but industry leaders and experts know are integral. Doing so would provide HTA with flexibility and provide Rep. Onishi and Senator Glenn Wakai with the impetus to advocate for funding on HTA's behalf. Mr. Tatum responded that the intent of the program is not to give the money directly to the counties, but rather allocate money to fund programs important to the communities. He added that it will be beneficial from a branding standpoint because the communities will know what is important to visitor experience and positive for residents. Mr. Arakawa cautioned that it is

important that everyone has a say, but when it comes down to it, only one person can make the final decision. Ms. Kumukahi added to not forget to include the Hawaiian civic clubs, the Native Hawaiian Chamber of Commerce, ethnic diversity groups, Homestead organizations, and Ali'i organizations in the conversation to bring a diverse community together. Mr. Tatum responded that the plan is to include the Board as advisors in this process.

Mr. Chun commented that this community engagement and effort is important to economic recovery and intersects all the HTA pillars. He added that people have been talking about diversification of the economy. Mr. Chun then said that these community meetings could be a fruitful place for discussion about how to use tourism as a base for diversification, as well as how to make tourism an export and sustainable for everyone. Mr. Tatum thanked Mr. Chun for his comments and noted that Hawai'i is not in a bubble and new ideas and opportunities should arise from these meetings.

Rep. Onishi asked why the process of community engagement for Community is not the same as determining the priorities for Hawaiian Culture and Natural Resources. He then noted that by statute the counties are allocated TAT funding specifically for tourism impact. The Legislature does not have the ability to hold the counties accountable for how they spend that money to mitigate tourism impact. Rep. Onishi stated that the role of HTA is to market Hawai'i and its experiences as a product and to enhance those experiences and resources so there is something for people to see. Rep. Onishi cautioned about overextending into other people's responsibilities. For example, he mentioned DLNR's role in protection of the natural resources, which is DLNR's responsibilities and HTA supports them with funding. He noted that there was a movement in the Legislature to give HTA funding directly to the agencies that HTA supports. Rep. Onishi suggested that the process of community engagement should extend to all three areas. He then said there are two timelines in place for reopening tourism. One is reopening the state to people traveling to visit, over which HTA has no control. HTA has control over the other timeline and can issue rhetoric and guidelines for the hotel and tourism industry. There needs to be a time table in place to set expectations when this will be accomplished because the reopening may occur sooner than expected. Rep. Onishi expressed concern that the reset of tourism could occur before any of these initiatives are put in place. Mr. Tatum responded that they will look at these processes to ensure that the initiatives will have the biggest impact as possible in the communities, including the visitor industry. Mr. Ka'anā'anā added that the objectives for Hawaiian Culture and Natural Resources are based on the 5-year Strategic Plan adopted in January, which will surface from the community through the RFP process. Mr. Atkins agreed with Mr. Ka'anā'anā and said that any funding to the counties need to incorporate the four pillars and be in line with the 5-year Strategic Plan. Micah Alameda thanked the team for their hard work and noted that the \$925,000 will go to great use in Hawai'i County. He expressed confidence that the things in place will hit the ground running once the funding is in place.

Mr. Regan recognized HTA Vice President of Marketing and Product Development Pattie Herman to discuss the proposed budget for Branding. Ms. Herman said that funding will be

devoted to the major markets of U.S. mainland, Japan, Canada, Oceania, and Korea, which is based on total expenditures from the past five years. She added that the marketing contracts in the smaller markets would be terminated. She noted that about 74% of the budget would be allocated for marketing to the U.S. mainland. Ms. Herman said that the message HTA is sending is in line with the 5-year Strategic Plan and the four pillars, and that Hawai'i is a safe and healthy destination. Mr. Tatum added that the funding could be reallocated based on what is happening in those specific markets. For example, Oceania has a quarantine that likely will not end until the end of the year.

Ms. Kimura commented that travel sentiment everywhere shows that people do not want to travel far for a while, and Hawai'i is far from everywhere. She noted that a survey in Japan said Japanese people do not want to travel outside of Japan. Ms. Kimura suggested placing an even heavier emphasis on the U.S. West Coast. Ms. Herman responded that the Tokyo area has a high number of repeat guests and as the Tokyo market begins to open, in discussion with Hawai'i Tourism Japan, the aim would be to encourage repeat guests to travel to Hawai'i again.

Benjamin Rafter asked whether there is flexibility to reallocate funds as quarantine and travel restrictions lift in different markets. Ms. Herman responded in the affirmative.

Mr. Atkins asked if there are marketing strategies in place for the funding. He also asked whether the significant cut for Island Chapter Staffing includes staff reductions and if that has been discussed with them. In response to the second question, Ms. Herman said that the plan has not discussed been with them, but was the recommendation of HVCB. She then said in response to the first question that HVCB's plan is to keep pounding message of safety and health. Mr. Tatum added that the process for focusing on specific markets is ongoing and that there will be an RFP put out to the marketing contractors to present plans which will be presented to the Marketing Committee. He said that the "Share Aloha" and "Rooted in Kuleana" campaigns were well received and that he would like a consistent message in all the markets moving forward.

Mr. Tatum discussed the proposed budget for Sports. Mr. Tatum noted he covered most of what he had wanted to say in his earlier comments. Though he added that the sporting events allocated funding, besides the PGA tournaments which are 4-year commitments, are mostly for branding. He said the situation is fluid as it depends on whether fans are able to attend any of the sporting events.

Mr. Atkins asked whether the World Sprints for paddling in Hilo have been postponed. Mr. Ka'anā'anā replied that the 2020 event was canceled by the International Va'a Federation (IVF). IVF is looking to Hawai'i to submit a bid to host the event in 2024. He said HTA canceled the contract, and the contractor returned the funds. Mr. Ka'anā'anā added that three other paddling events had also been canceled.

Mr. Regan then discussed the proposed budget for Safety and Security. Mr. Regan said that

despite the significant budget cuts, HTA would continue to provide funding for VASH and other visitor assistance programs. He then said that HTA would continue to provide funding for supporting mitigation and safety measures for COVID-19, like call centers, airport screening, etc. Mr. Regan said they have notified all lifeguard programs that HTA has to withhold funding for the coming fiscal year. He noted that the counties all understood the situation and appreciated HTA's willingness to reengage should circumstances change. Mr. Regan said that HTA is also cutting funds for the ocean safety and COVID-19 PSAs that run in the baggage claims of airports statewide, but added that HTA would also reengage with the contractors should the situation change.

Ms. Kumukahi asked for further explanation of the budget cuts for the lifeguard programs. Mr. Regan replied that HTA had been providing funding to each county and their Junior Lifeguard programs in 2020. The funding helped them purchase equipment for beaches that residents and visitors frequently visit. Ms. Kumukahi asked how much more at risk will people be subject to without HTA funding. Mr. Regan responded that the lifeguard programs have already replaced a significant amount of equipment with HTA funding and they still have county funding.

Ms. Yuen commented that the preventative programs are needed to help residents feel safe as visitors start to return to Hawai'i. She asked whether it may be possible to cut funding elsewhere. Mr. Regan responded that the state has the ability to run a limited PSA on those screens. He said that the PSA's may still be running, but less frequently without HTA funding. Mr. Tatum added that sharing Hawai'i's safety protocols will be a key part of the branding message moving forward. Mr. Atkins seconded Ms. Yuen's concern and suggested perhaps reaching out to the counties for assistance.

Rep. Onishi asked whether absorbing some of the cost for COVID-19 screening and contact tracing would be HTA's responsibility, or whether HTA has discussed with the Administration about reimbursement from federal funding provided to the state. He noted that this may free up funding for the safety PSAs in the airports. Mr. Regan responded that HTA has been exploring avenues of reimbursement for its expenditures during the COVID-19 crisis, and there may be other places in the budget to find funding for the preventative programs. Rep. Onishi commented that there needs to be someone who will handle visitor screening and contact tracing on a permanent basis and that HTA should not be the organization that has to handle it. Mr. Tatum responded that the airports have said that they cannot use money from the airlines to fund those activities. He added that HTA wants to help how it can and is working with the Administration to see how these activities can be funded. Mr. Tatum said that HTA would not want to sustain this long term.

Chair Fried asked whether the state is obligated to utilize a portion of its CARES funding for COVID-19 testing by the end of the year. Rep. Onishi replied that the Department of Health has received CARES funding for contact tracing and to expand that program. \$36 million in CARES funding provided to the state has been allocated by the Legislature to purchase the equipment required for thermal screening at airports. Rep. Onishi added that processing

the data and the follow up ensuring people are complying with the 14-day quarantine should not be HTA's responsibility moving forward. He recommended that HTA has a conversation with whoever should be handling those activities. Chair Fried agreed with Rep. Onishi.

Mr. Regan recognized Ms. Chun to discuss the proposed budget for Tourism Research. Ms. Chun said that HTA is a data driven organization, but was able to identify savings in the budget. She noted that there was significant savings in Evaluation and Performance Studies because it is still unclear whether any events or gatherings will occur. She also noted that there is a significant savings in Marketing research which is nice to have, but not a necessity. Ms. Kimura asked whether the resident sentiment survey is included in the budget. Ms. Chun responded in the affirmative. Mr. Atkins asked whether the arrival survey forms have been modified for COVID-19, Ms. Chun responded those forms fall under the Crisis Management budget and not Tourism Research. Sherry Menor-McNamara asked about the response rate for the HTA arrival survey. Ms. Chun replied that the response rate is really high, with only 13% not submitting a response. During the crisis, the arrival survey, which is generally only distributed to domestic arrivals, was also distributed to international arrivals. Mr. Arakawa asked whether the HTA arrival survey is mandated by law. Ms. Chun responded that only the agricultural form is mandated by law. Mr. Arakawa then asked whether there is a compelling reason for the Legislature to make the arrival survey required. Rep. Onishi responded that he has been playing defense for the past two years on that matter because there have been initiatives to get rid of the tourism portion of the form. Mr. Regan added that the arrival survey is a tremendous resource for data and has been helpful for screening and contact tracing. He noted that the completion of two of the questions on the arrival survey including reason of stay and hotel accommodation information has been mandated. Ms. Menor-McNamara asked whether there is a way to modernize the HTA arrival survey and make it into a mobile app. Mr. Regan replied that there has been discussion and work is being done to turn the survey into a digitized form. Mr. Regan added that there is a scanning operation at the airport where the forms are scanned immediately and the data made available. Ms. Chun said that HTA is making daily press releases regarding the data. Mr. Tatum highlighted that HTA was not doing this previously but circumstances required moving the operation to the airport. He added that he wanted to support DOH, but does not anticipate funding this once the quarantine is lifted. Mr. Arakawa commended the scanning operation of the tourism forms. He then asked whether the process is manual. Ms. Chun responded in the affirmative and noted that work is being done to make the process electronic. Mr. Arakawa commented that the more the form is related to health and safety, the more likely it could be made mandatory, but noted the near 90% response rate.

Mr. Regan discussed the proposed budget for Administrative, which he noted are more or less fixed costs required to run the office and operate the organization.

Chair Fried announced a break in the meeting at 12:02 PM. The meeting reconvened at 12:13 PM.

Mr. Regan said that the \$5 million in the Tourism Emergency Fund, if approved by Gov. Ige, could be reallocated to the areas of concern raised by the Board. He noted that this is a discussion of the proposed budget and the vote on the FY 2021 budget would be at the next meeting. Mr. Tatum added that adjustments would be made based on the Board's feedback if the emergency funds were approved.

8. Update Relating to the 2020 Legislative Session and Related Bills Relevant to HTA:

Chair Fried noted that the Legislature is in recess and asked Rep. Onishi if the Legislature will reconvene on July 15th. Rep. Onishi responded in the affirmative. He said that he discussed with Mr. Tatum about which HTA-related bills require attention. Rep. Onishi said they did not identify any non-fiscal priority bill that needed to move forward.

Mr. Regan said that typically he would discuss the relevant bills. He noted that this has been an unusual session, and they will continue to monitor the situation moving forward. Mr. Regan highlighted that Gov. Ige's Eighth Supplemental Proclamation suspended TAT distributions, and the team will continue to monitor and provide information to the Board.

Mr. Arakawa said that, as part of the Working Group for Construction and Housing, he was tasked with creating a list of non-fiscal bills or initiatives that would facilitate economic recovery and asked HTA for its support in addressing this. Mr. Ka'anā'anā suggested the bill that amends the language for the Hawaiian Center of Music and Dance could be an option as it does not involve money and would allow them to issue an RFP and move forward with that program.

9. In Accordance with Hawai'i Revised Statutes (HRS) Section 201B-9 and 201B-10, the Hawai'i Tourism Authority Board Shall Discuss and Take Action on *Resolution 2020-1-3 Regarding the Visitor Industry, COVID-19* and that the Board has Determined that the Occurrence of an Outbreak of Disease is Adversely Affecting Hawai'i's Tourism Industry by Resulting in Substantial Interruption in the Commerce of the State and Adversely Affecting the Welfare of its People. The Resolution Shall Include a Request to the State of Hawai'i Governor David Y. Ige to Declare that a Tourism Emergency Exists:

Chair Fried recognized Mr. Regan to discuss the resolution. Mr. Regan said that by approving this resolution, it would commence the process required to access the \$5 million in emergency funds. Upon approval, HTA would draft a communication to Gov. Ige stating that the HTA Board has determined that a tourism emergency exists.

Chair Fried requested a motion to approve the resolution. George Kam made a motion, which was seconded by Mr. Rafter.

Mr. Atkins asked whether approval is required by the Legislature or only by Gov. Ige individually. Mr. Regan responded that by statute, Gov. Ige must declare that a tourism

emergency exists, and once that process is completed, HTA can access the emergency special fund. Mr. Atkins then asked whether the Marketing Committee will have any oversight over the emergency funds. Mr. Regan responded that the emergency funds are being allocated through the budget which requires Board approval and input on where the funds are utilized. Mr. Tatum added that any allocation of the emergency funds will be subject to the Board's approval of the budget at the next meeting. Mr. Atkins then asked whether the entire \$5 million should be allocated at this time or only be used to address the issues raised by the Board and maintain flexibility with the remaining money. Mr. Tatum responded that it would be a dynamic process with Board input and approval and is open to suggestions. Mr. Arakawa commented that he is in support of the flexibility to allow the HTA team to make quick decisions and take action as needed. He suggested that language be included to provide for prior notice to the Board and not prior approval because there may not be enough time to attain Board approval.

Mr. Arakawa made a motion to amend the resolution to include the language in paragraph 3 of the resolution as discussed above, which was seconded by Mr. Kam. The resolution as amended was unanimously approved by the Board via roll call.

10. In Accordance with the Hawai'i Tourism Authority's Operating Budget Policy, Policy #400- 500, the Board Shall Discuss and Take Action on *Resolution 2020-1-4 that Temporarily Suspends Section 6 and Section 7 of the Aforementioned Policy for a Period of 90 days from the Date of the Approval of the Resolution by the Board:*

Chair Fried recognized Mr. Regan to discuss the resolution. Mr. Regan explained that this resolution would temporarily suspend Section 6 and Section 7 of Policy #400-500 which would permit Mr. Tatum to reallocate funds of \$250,000 or more amongst the main categories without the Board's approval for 90 days. Mr. Tatum would be required to report any reallocations to the Board as he would normally do during Board meetings. Mr. Regan further explained that the purpose of the resolution to grant Mr. Tatum the authority to respond to the needs of the crisis as they arise without requiring a resolution by the Board.

Mr. Kam raised concerns about oversight and expressed that the Board's input is needed for important decisions to reallocate large funds and the consequences of those reallocations. He added that instead of giving the team carte blanche to reallocate funds and HTA should rely more on the expertise and input of the Board. Given the uncertainty, any reallocations need to be in line with the 5-year Strategic Plan and the four pillars. There needs to be a comprehensive plan to strategically implement the funds. Mr. Kam said that he is in support of releasing the emergency funds, but has reservations about reallocation of those funds without any oversight.

Chair Fried said that the resolution has reporting requirements where they are obligated to notify the Board within 30-days of the reallocation. He then added that he would like advance notice as provided in the previous resolution. Chair Fried noted if anything further like Board approval is required, then it largely defeats the purpose for the resolution. He

then highlighted that the suspension would only be for the duration of the COVID-19 crisis.

Mr. Atkins shared Mr. Kam's concerns and said that if collaboration has been the theme of the meeting, then this resolution would remove the collaboration of the Board in the process. Mr. Atkins commended Mr. Tatum for his handling of the crisis, but that input from the Board is needed now more than ever. He added that with Zoom there is no reason not to have an emergency Board meeting especially if it is so important. Mr. Atkins emphasized that taking the time to discuss and approve the proposed budget does not mean anything if funds can be reallocated at the whim of the HTA staff. Mr. Atkins stated that he would not vote for the resolution as is. He recommended either involving the Marketing Committee or raising the amount if \$250,000 is too low. Mr. Sanders responded that his suggestion would have been that anything over \$500,000 would require Board approval while still giving the team more flexibility. Mr. Atkins said that if the Board approves the budget as is, there are no specific programs. He expressed confidence that Mr. Tatum would be able to accomplish this, but Mr. Atkins then said that he attends the Board meetings to learn from the other members of the Board. He expressed concern about being shut out of the process for the next 90 days. Mr. Atkins noted that the Board did not discuss reopening at the meeting, which is a matter of major concern to him and his employees, and because it is not on the agenda, the Board cannot discuss it. He reemphasized that he would not vote for the resolution as is.

Mr. Arakawa asked Mr. Atkins and Mr. Kam whether they would approve the resolution if the reallocations required an emergency Board meeting. Mr. Atkins said that he would defer to Gregg Kinkley regarding the legality of an emergency Zoom Marketing Committee or Board meeting. He stated that he does not want to micromanage Mr. Tatum and the team and expressed that he has a lot of respect for each of the members for their efforts during these trying times. Mr. Atkins stressed that he supports Mr. Tatum and the team one hundred percent, but feels that the Board is not involved enough. Mr. Atkins added that success is needed more than ever because HTA only has one shot at reopening and one shot at bringing the community back together. He noted that because a second wave may of the virus may come in November, perhaps HTA should save some of the emergency funds, or instead develop a comprehensive plan for Rep. Onishi and Sen. Wakai requesting that more money be pumped into the tourism industry in three or four months' time.

Mr. Kinkley commented that there is a statutory provision for an emergency meeting, but the trigger for such a meeting requires the Board find "an imminent peril to the public health, safety, or welfare". He noted that it is a high bar and irrevocable damage to the state's economy may satisfy the trigger, but merely missing an opportunity if the Board does not move quickly would fall short.

Mr. Kam asked whether there is a limit to the number of Board meetings and whether it just requires 6-days' notice. Mr. Kinkley responded that there is no limit to the number of Board meetings. Mr. Kam said that from a timeline standpoint if there needed to be a Board meeting to approve something, it could be accomplished within a 6-day window. Mr.

Kinkley added it would be the same for a Marketing Committee meeting.

Mr. Rafter asked how long Zoom remains a viable option to host meetings. Mr. Kinkley responded that it would likely be a direct consequence of the most recent emergency proclamation by Gov. Ige. Once that is lifted, Mr. Kinkley assumes that the Board would have to resume in-person meetings. He added that should the Legislature find reason to intervene to permit the continuance of Zoom meetings, the Legislature could intervene.

Mr. Atkins asked to confirm that as a Board member he can talk to one Board member, but not more than one on the same issue. He then asked if this also applies to Mr. Tatum and if Mr. Tatum can talk to several Board members to get a consensus. Mr. Kinkley responded that Mr. Tatum as a staff member is not subject to the Sunshine Law and can communicate with more than one Board member at a time, but cannot do so to attain some form of consensus. Mr. Arakawa asked whether Mr. Tatum can speak with multiple Board members to get comments on an issue, to which Mr. Kinkley responded in the affirmative. Mr. Kinkley added that it would be better if any such conversations took place over individual emails to the Board members.

Mr. Chun asked if the stipulation included in the previous resolution requiring prior notice but not approval to complete the action would satisfy the concerns with this resolution. Mr. Arakawa expressed his belief that Mr. Atkins and Mr. Kam would like interaction and discourse amongst the Board. Mr. Atkins agreed that he would like the collaboration. Mr. Kam added that with all this uncertainty the next 90 days are the most critical and HTA needs the full engagement of the Board to help navigate these treacherous waters. He added that all previous plans have changed and giving the HTA team the full flexibility to unilaterally reallocate funds takes away from the process of seeing how HTA can best utilize those limited funds. Mr. Kam emphasized that he does not want to hinder HTA's performance, but rather wants to be a partner working through these unprecedented times.

Mr. Sanders asked Mr. Kam how he felt about raising the level from \$250,000 to \$500,000 and giving the HTA team more flexibility. Mr. Kam responded that moving \$500,000 from Community would basically wipe out a whole program HTA may want to invest in, and even \$250,000 would represent a significant portion. He added that based on the comments by the Board, HTA needs to reassess to ensure that spending is aligned with the 5-year Strategic Plan. Mr. Kam noted that he feels that the proposed budget is underweighted in the areas he feels are important like Hawaiian Culture, but at the same time, the lack of any specific programs does not show how the money is going to be spent. He then said that he would support giving the flexibility to move funds within a main category, but would be hesitant to allow money to be pulled from Community for something else. Mr. Kam emphasized that there needs to be more transparency. He said that he felt that \$250,000 was an appropriate number, but any higher is the equivalent of an entire line item in the proposed budget. He added that he does not know the right answer, but based on the comments of the other members he wanted to raise these issues for discussion. Mr. Atkins

noted that he has told the Board how he will vote, but he will respect and support the other members' votes if the resolution is approved by majority. Ms. Yuen expressed that she shares Mr. Atkins' and Mr. Kam's concerns especially given the unprecedented times and that the budget is very limited. She added that transparency will help publicly because it will show what HTA is going to do in this situation.

Chair Fried asked Mr. Tatum if the team could wait until the next Board meeting or at least 6 days to approve any reallocations. Mr. Tatum responded in the affirmative. Chair Fried said that the resolution will be amended to read that any reallocation over \$250,000 will require Board approval. Mr. Regan noted the policy that would be suspended already includes that language. Chair Fried and Mr. Kinkley agreed that the resolution would be moot at this point because the language is already included in the operating policy. Mr. Kinkley added that perhaps the reasons giving rise to the extraordinary powers in the resolution may give cause to hold emergency meetings over Zoom. Mr. Rafter responded that this is a fluid situation, the Board has a staff in place for a reason, and the HTA team may be held up because the Board could not attain quorum. Mr. Atkins suggested that perhaps Mr. Tatum would be permitted to proceed with an action requiring Board action if the Board cannot attain quorum for an emergency meeting. Mr. Kinkley cautioned about taking that approach. Mr. Rafter said that because they currently have the ability to hold Zoom meetings, they can revisit this issue in two or three months based on the current conditions. Mr. Arakawa agreed with Mr. Rafter. Mr. Kam added that perhaps down the road, these matters could be approved by the Marketing Committee, which is smaller in number.

Chair Fried tabled the resolution to be held in abeyance until a later date.

11. Report of the Marketing Standing Committee with the Committee's Recommendations to Support Various Marketing Proposals, for Discussion and Action by the Board:

Chair Fried recognized Mr. Sanders to report on the Marketing Committee meeting. He commended Mr. Tatum and the HTA team for their response to the COVID-19 emergency. Mr. Sanders said that Jay Talwar, HVCB Senior Vice President of Marketing, updated the Committee on HVCB's work assisting visitors and sharing information about the 14-day quarantine. Mr. Sanders then discussed the success of the "Share Aloha" campaign. He highlighted that there were five speakers who discussed the impact of COVID-19, including Ms. Menor-McNamara, President and CEO of the Hawai'i Chamber of Commerce, who represented small businesses, John Morgan, President and Owner of Kualoa Ranch, who represented activities, Avi Mannis, Senior Vice President of Marketing for Hawaiian Airlines, who represented the airline industry, Tina Yamaki, President of the Retail Merchants of Hawai'i, who represented the retail industry, Mufi Hannemann, President of HLTA, who represented the hotel industry. Mr. Sanders said that the committee discussed the impact of the lack of TAT funding on the FY 2021 budget. He noted that the committee identified the importance of setting a specific date to reopen the visitor industry to allow businesses

to plan around that date.


Ms. Kumukahi requested that the Board adopt the 'Aina Aloha Economic Futures Declaration, which is supported by over 600 individuals and companies, as a resolution at the next Board meeting. Mr. Ka'anā'anā shared his involvement with the declaration and noted that it aligns seamlessly with HTA's four pillars. Ms. Yuen also shared her support noting that these initiatives can bolster local communities, businesses, and entrepreneurs.

Rep. Onishi provided an update about the bill related to the Hawaiian Center for Music and Dance. The committee did not file a committee report and as a result, the bill has died.

12. Adjournment

The meeting adjourned at 1:22 PM.

Respectfully submitted,



Reyn S.P. Ono
Recorder