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**Josh Green, M.D.**  
*Governor*

**John De Fries**  
*President and Chief Executive Officer*

**REGULAR BOARD MEETING  
HAWAII TOURISM AUTHORITY  
Thursday, January 26, 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, David Arakawa, Dylan Ching, Keone Downing, Mahina Paishon Duarte, Stephanie Iona, James McCully, Sherry Menor-McNamara (Zoom), Ben Rafter (Zoom), Sig Zane

**HTA STAFF PRESENT:**

John De Fries, Daniel Nāho'opi'i, Kalani Ka'anā'anā, Marc Togashi, Caroline Anderson, Ilihia Gionson, Iwalani Kaho'ohanohano, Jadie Goo, Carole Hagihara, Maka Casson-Fisher, Tracey Fermahin, Maile Carvalho

**GUESTS:**

Representative Sean Quinlan, DBEDT Director Chris Sadayasu, Kylie Butts, Jennifer Chun, Laci Goshi, Livia Hustetler, Chris Kam, Erin Khan, Noelle Liew, John Monahan, Jeffrey Eslinger, Bobbie Okimoto, Teri Orton, Davis Price, John Reyes, Jessica Lani Rich, Mari Tait, Jay Talwar, Debbie Zimmerman

**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. Members who attended via Zoom were by themselves.

## **3. Opening Cultural Protocol**

Mr. Casson-Fisher did the opening protocol, and Daniel Nāho'opi'i, the new Chief Administrative Officer, acknowledged the Chinese cultural traditions practiced in Hawai'i and welcomed the lion dances to bless the Board meeting today. The Chinese believed the lions would chase away the bad spirits and bring prosperity.

## **4. Approval of Minutes of the December 22, 2022, Board Meeting**

Chair Kam asked for a motion to approve the minutes. Ms. Mahina 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)**

Mr. Sadayasu acknowledged the HTA staff. He was asked to present the budget for his department at the previous meeting concerning the HTAs request for the \$75 million for the FY2024, and \$60 million for the FY2025. He said Mr. De Fries and the team answered as many questions as possible. The WAM committee provided a lot of feedback. He used the feedback and worked with his team. He apologized that he did not come to the Board before. He made a statement at the WAM hearing in response to the recommendations WAM provided to DBEDT, and how the DBEDT team moves forward. He said he had privileged communications with Mr. Cole at the Attorney General's office and a conversation with Bonnie Kahakui at the State Procurement Office on January 24, 2023. He also had a chance to brief the governor's office on his thoughts. At the WAM hearing, he made an announcement when a lot of the committees asked about HTA that he is contemplating taking on the procurement at the advice of what the HTA's Board is deciding as the goal. He announced that DBEDT directors' office would run the U.S. market procurement. He concluded his report, and was open to questions, comments, and recommendations. He added that he was planning to attend the Board meeting today, and apologized for not briefing Mr. De Fries about it in advance. The announcement he made was merely a response to questions from various committees, such as Energy, Economic Development, Tourism, WAM, etc. He was frustrated about why the information was not provided to him, and he received the reasons why. He was ready to listen to the HTA about a

decision. He wants to work collaboratively to support the HTA. New bills are being introduced regarding the HTA.

Mr. De Fries welcomed Ms. Goshi in the DBEDT director's office as a special projects manager. Mr. De Fries mentioned that the issue is the two RFPs the HTA has been developing. To Mr. Sadayasu's credit, he started an enquiry into the status of those RFPs in late December 2022. He prefaced that by attending a Board meeting at CNHA to clarify the ruling by Mr. McCartney.

Mr. De Fries said the HTA issued a letter clarifying on behalf of DBEDT on December 20, then on December 27, that they requested summaries of the RFPs. He said the summaries had a protested timeline, and they had been in the draft stage as the information of the RFP was complex. On January 2 2023, he became aware that the governor was interested in understanding the budget amounts for each one. That is where the responses came in. He was advised by SPO to be very protective of the RFP to improve things like the budget and the start date. The first time the public would hear from the HTA about the RFPs, is the day it would be posted and made public. There is no advanced notification. The rationale behind that has an advance notification could advantage one or more offers. So the summary did not have the budget line item breakdowns. It had bullet-pointed information and a timeline.

On January 16, Martin Luther King's Day, Mr. De Fries and Mr. Sadayasu discussed on the phone and Mr. De Fries knew Mr. Sadayasu was going to the governor's office for a briefing. Mr. Sadayasu requested that Mr. De Fries send an updated summary that did not contain the budget amounts. Mr. De Fries sent the gross amount, not the line item breakdown so that Mr. Sadayasu would have some understanding of what the scale was and how comparable it was. Mr. De Fries had not wanted to go into the governor's office without that context. On January 19, Ms. Goshi requested copies of the full RFPs, and she gave them until January 20 to deliver those. She received both RFPs from Mr. Togashi.

Mr. De Fries said an RFP document is 191 pages compared to three- or four-page summaries. He said the first time the office gets the full RFP is January 20. They were proceeding along the lines of thinking they were fulfilling the request. The previous day at WAM, he was surprised as he thought it was tracking as it should. At the WAM meeting, he said people were encouraged to make bold decisions. Mr. De Fries said the HTA was fortunate to have Mr. Sadayasu and Ms. Goshi with their knowledge of the HTA, but he didn't want anyone to think that Mr. De Fries believed Mr. Sadayasu had malintent. He said he was doing his job, and it was a tight space they were all working in. Two sessions ago, the bank that funded the HTA left the room and went to the capital. They have both houses and the administration whom they are navigating with. He said he is looking forward to the meeting on Monday. They need to resolve this, and he said the HTA is best equipped to facilitate and take advantage this. Looking back at the two

RFPs fifteen months ago, the HTA and staff hit the timelines and milestones in the RFP and were awarded each time. Where the calendar and clock started getting out of whack is the review to protest. He said it is water under the bridge, but he has no reason to believe that once they launch the RFP, staff will not be able to execute the way they did the first few times. He said it is a bigger challenge this time because the SPO's guidance wants people with fresh eyes to look at it. The only exception is Mr. Ka'anā'anā, as he is the contract administrator. They are cautious in ensuring that the evaluation committee members do not have an affiliation with HVCB and CNHA.

When looking for expert evaluators, finding those without an affiliation to HVCB and CNHA in Hawai'i is difficult. They are battling with that, which is time-consuming, as they still want the expertise on the committee.

Mr. Sadayasu said he had regular communications with Mr. De Fries, who had provided information to him. Mr. Sadayasu had a disagreement with Mr. De Fries at the end of the WAM meeting because not all deadlines were not met even though Mr. De Fries had provided information. That is why he said what he said. He had concerns as the dates kept slipping.

Mr. De Fries summarized that Mr. Sadayasu did not get all the information requested, but what he received in the deadline was incomplete, and that is his reference to the budget and the protection of that due to the guidance of the SPO. Mr. Sadayasu reiterated that what Mr. De Fries said was correct, but the deadlines were not met regarding some information he had requested. Ms. Iona said she understands the legislator process regarding the WAM committee and the requirements and is trying to work together and have unity when they go to the legislature. When she started the HTA Board position, she asked, "Who is the authority?" And she was sold by the idea it's the Board. With respect, she does not believe that Mr. De Fries could provide what was necessary for the timeline. She understood the HTA was following the process and questioned how anything could be given to Mr. Sadayasu without Board approval, so she said Mr. De Fries and the staff had provided what they could. She said the process has to be followed. The staff has to be respected as they work hard towards deadlines, and they do not want another situation where a DBEDT director is embarrassed in front of the community. The HTA's job is to work together and unify tourism in Hawai'i. She asked Mr. Sadayasu to let the process go the way it should. She said Mr. De Fries is a good leader and asked Mr. Sadayasu to let them do their job and support them.

Ms. Duarte wanted to understand what Mr. Sadayasu meant about the dates slipping for them to work on corrections. Mr. Sadayasu clarified that the timelines Mr. De Fries mentioned were correct, but he had asked for follow-up information about the two RFPs. Dates kept slipping when he asked for the information in time for his meeting with the governor, and it was

received incomplete. Then he had asked for a time to have it and it was late. He clarified for the timeline for the issuance of the RFPs; it says a certain date, and the most recent one had a much different date. He appreciated the feedback. He said he would step back if that is the authority's intent, but he wants timelines and deadlines to be met.

Ms. Duarte said she understood Mr. Sadayama's concern was about HTA's work capacity to provide the necessary completed reports and meet the deadlines. Her concern was regarding his comment that he wants to foster trust and a collaborative environment and aloha. She said the HTA is a mirror to support the people and 'āina of Hawai'i to ensure they are prosperous, thriving, and helpful. She was confused as the last ten minutes at the WAM meeting did not foster trust and a sense of collaboration, and the aspects of aloha. Mr. Sadayasu said that is the culture they are trying to build at DBEDT with the HTA's collaboration. He apologized for not providing additional information. He said he is not supposed to meet with the Board on matters that are supposed to be voted on, so he had to consult with the AG and SPO. He had to let WAM know what he was contemplating. His point is to listen and foster a relationship, but he cannot discuss things that need to be discussed by the Board. His rationale was that if his office runs the procurement, if a protest arises, his office could manage it.

Mr. Arakawa said he was shocked by Mr. Sadayasu's statement the previous day, but he appreciated the apology and what looks like a change in the management style in how he handled it. He spoke to Ms. Duarte's question on going forward to check with the HTA first and treat each other with aloha. Mr. Sadayasu said he would caution that there are times when he cannot speak to everyone, and would do better with communication and living with aloha, which he believes in.

Mr. Arakawa said that after Ron Rodriguez left the HTA, HTA had Mr. Regan, and his understanding was that Mr. McCartney had taken over as HOPA. Mr. Sadayasu said, as a Director of DBEDT, he was always HOPA, and he had continued the delegation to Mr. Togashi as the procurement officer for the HTA, which never changed. Mr. Arakawa said he personally, not as a Board member, felt more comfortable working with Mr. Sadayasu after his apology. He would like Mr. Sadayasu to operate the same as former DBEDT McCartney, acting as HOPA with the HTA staff given his legal background knowledge in procurement. Mr. Sadayasu said he is still the HOPA, not running the procurement. He will follow the admin rules of procurement laws as required.

Mr. Arakawa provided some history as he has been a long-time board member, and some new Board members have not gone through the procurement process. The Board never gave prior

approval to the DBEDT Director. Mr. Arakawa advised Mr. Sadayasu to ask AG whether DBEDT needs HTA's Board approval because he was shocked to learn the SPO wouldn't provide information on the RFP to the HOPA. Mr. De Fries said the SPO is now being extra cautious after what happened the first time. He wanted to ask Mr. Cole, under Mr. Sadayasu's contemplation, to bring the procurement into DBEDT, making an award; if there is a protest, would he be able to preside over his ruling as HOPA? Mr. Sadayasu said that was correct. If there is a protest of an award issued by DBEDT, there is a process to go through an administrative hearing with DCCA which allows for challenging HOPA's decision. As HOPA, Mr. Sadayasu is not on the evaluation committee. The evaluation committee makes the recommendation to the HOPA, and then he would issue the award, and the contract would be administered by the HTA. The process allows the HOPA to decide if there is a protest.

Mr. Arakawa said that whatever advice SPO gives Mr. Sadayasu, the HTA should ask for it in writing so that it protects everyone. Mr. De Fries said he would follow through with that. Mr. Sadayasu said that if the HTA Board takes charge of the procurement, then Mr. Sadayasu will step back from the procurement. He said the HTA must decide that in the executive decision. Mr. Sadayasu said he would like to stay for the meeting but had to leave at a certain time. He said that on Monday, January 30, he has to report on what was discussed and decided.

Mr. Arakawa brought up Ms. Duarte's questions about Mr. Sadayasu's wanting to take over the procurement due to the deadlines. He asked if there were other reasons for wanting to take over the procurement. Mr. De Fries asked that it be shared confidentially. Mr. Sadayasu said he liked the summaries that had the appropriate scope, but the draft was provided was preliminary, and the dates and times were different. He said staff would still need to provide a complete document that he could tweak as seen fit, but he liked what he saw in summary. If that was included in the draft there would not be many edits. The evaluation committee would have to provide their comments as provided by the rules. He appreciates all of the HTA's efforts and only wants the best way forward.

Mr. De Fries clarified that the SPO is not saying to keep the information from the HOPA, but they are saying to be protective of it going external to the HTA. Mr. De Fries said it is not about holding information from the HOPA, it is more about being cautious. Mr. Arakawa asked what the delay was. Mr. De Fries said that at that time, they were furnishing summaries, not the entire RFP. Mr. White said it is important to get it out, and there are significant complexities regarding the RFPs, and it is a challenging process. They are not allowed to talk about the RFPs because they are under the sunshine law. It is the HTA's responsibility to ensure they are doing everything correctly at the right time. Mr. Sadayasu said the RFP issue has been going on for a long time and questioned why the staff did not have it drafted and ready for consideration from

the Board. Chair Kam said he appreciated Mr. Sadayasu's apology and said they would take on the kuleana, and would love to have the support of DBEDT and their team in any resources they need to support the HTA and the staff.

Mr. McCully asked how he intended to do what Mr. Sadayasu suggested. Mr. Sadayasu asked Mr. Cole to elaborate on that and put it in writing. Mr. Sadayasu said the HTA still has to issue the Canada and China RFPs, and he has received those timelines. He said they would do multiple RFPs simultaneously, which is why he contemplated taking over. He said HOPA is the authority to do procurement. Mr. McCully said that as new members, they were all new to this, and his understanding was that the prior RFPs and contracts were rescinded by law in December 2022, and anything done now to affect the future RFPs does not have an effect to protest against it. He asked what the rule is in place before anything happens after the proposal request is evaluated and a contract is issued. Mr. Sadayasu said that for the second RFP CNHA was awarded, HTA issued it, and then there was a protest by HVCB. HOPA is the one that decides on protests, so Mr. McCartney took on the protest and made a decision at the end of his last day that he was rescinding the award to CNHA, effectively canceling the RFP. So now there is no active procurement on this, but there is a discussion amongst everybody about the procurement and how that moves forward. As DBEDT, as the HOPA, they have delegated procurement authority for the HTA to Mr. Togashi as the procurement officer of the HTA. The HTA has been issuing RFPs, and doing all procurements as necessary. The contemplation was that DBEDT would step in with its authority as HOPA to take a procurement only for the U.S. market.

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

### **a. Relating to Update on HTA's Programs During December 2022**

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

Mr. De Fries thanked Mr. Sadayasu for joining. He asked if there were any questions from the December report. He thanked the staff for their help in getting the twelfth CEO report out. He said the HTA is the only state agency that does a report on that level. They received a report on recommendations from the state auditor in September 2020 that assessed the fourth quarter 2021 work activity as to where the HTA was regarding compliance or non-compliance. He said everyone received a copy of the audit action plan the previous evening, which will bring the HTA into full compliance over the next few months. The responsibility of overseeing the audit action plan falls onto the administrative officer. He asked to give an overview.

Mr. Nāho'opi'i said the audit action plan includes addressing the auditor's comments and findings from 2021. Some actions include reviewing and revising quality assurance procedures,

but the position descriptions to recollect were quality assurance procedures. It also includes taking remediation actions regarding contract and oversight. In the report, some contracts needed additional receipts and checking on sub-contractors to see if the HTA approved them. They will be reviewing that. The policies and procedures will be updated, including those for procurement, which they have already started with. It aligns with their internal procedures as well the State Procurement rules. It includes training staff on all the changes, policies and procedures, including quality assurance and procurement procedures, and ensuring documented training materials. It also includes ensuring there is a distinction between what is sole-sourced, exemptions, and proper documentation for that. They will also implement additional reviews in their procedures as part of the quality assurance so that staff gets training. They check through them and then coach the staff if there are any issues.

Mr. Arakawa asked if they could have that item as a standing item, as they did previously, so they could follow up monthly. He asked Mr. Nāho'opi'i how many items there were. Mr. Nāho'opi'i said there are a lot of short-term changes that could be accomplished in a month or two. Their plan could be completed, and they have an additional body in the house.

Mr. Arakawa asked for confirmation that there were 21 recommendations on the list, and some are implemented, some are not, and some are in process. Mr. De Fries said that of the 27 recommendations, 5 were implemented, 16 were implemented, 2 were not implemented, 2 were not applicable, and 2 disagreed. He said it is important to focus on the plan.

Chair Kam asked that this is provided in the CAO report for every Board meeting. Mr. De Fries added that January 2023 was also intense with the relationship with the PGA for 3 golf tournaments. He extended his gratitude to Gov. Green, who visited to support. He and Mr. Ka'anā'anā were able to meet with the PGA commissioner, and they were grateful that their partnership had been extended. That followed with details on the Sony tournament which took part. He said there is potential to do more with Sony. He spoke about the Mitsubishi Electric event, and asked Mr. Ka'anā'anā to expand on the plan in the future. He thanked the Branding team for all their hard work.

Mr. Ka'anā'anā spoke about the Aloha Swing 2023. He said it sets up a series of events to open the season for golf. He said there are special events that help reinforce the Boards leadership around ensuring everything they do, which starts with brand alignment, the ability to reach the audience, and how to create community benefits and the benefits that come from it. He said there would be reports now that all the events are done. On January 5, with Ms. Chun's help they attended an installation ceremony of a permanent plaque in the Gallery of Legends, honoring Allan Zecha, the founder and executive chairman of Pacific Leisure Group.



Ms. Chun said it was the first time doing an induction in the gallery. She reiterated that it is an honor that they are hosting it at the Daniel K. Inouye airport. Mr. Ka'anā'anā highlighted that on January 12, he, Ms. Chun, and Jeffrey Esslinger met A4A (Airlines for America), where every airline member, state and local government representative was present. They raised critical issues such as DMAPs and scheduled times, as well as other issues important to the HTA. He spoke about the January 18, the Hokkaido delegation visited the HTA, where he met with the vice-governor and other government officials. It was a great exchange, and they shared opportunities for collaboration. They also wanted to support the Hawaiian Airlines direct route to Hokkaido, and Mr. Ka'anā'anā agreed to explore that.

Mr. De Fries said the HTA is the public component in everything related to the public or private partnership. The numbers are still being calculated for December, but they are on track to meet DBEDT projections of \$19 million in visitor spending in 2022, which is up 7.3% over 2019, with 9.2 million visitors, or 11.8% fewer visitors than in 2019. In November 2022, the department of taxation collected \$769.8 million in TAT, which is 30.3% more than the \$590.9 million collected from January to November 2019. Those collections are part of the projected total of \$2.21 billion in state tax revenue of January 2022, up 6.8% over 2019.

## **7. Presentation by the OmniTrak Group on the Resident Sentiment Survey Results**

Mr. Kam shared the resident sentiment results. He said what drives resident sentiment is economic benefits, impact on quality of life, and also tourism management efforts to balance the economic impact better. He said they look at resident sentiment recovery after a prolonged downturn. He said residents feel more effort is being made to balance economic benefits and quality of life.

Mr. Kam explained how the research worked. They ask residents for a level of agreement with about 25 to 30 statements. They are given a ten-point scale to vote on. If they score between 6 and 10, that is considered positive. 1 to 5 is on the negative side. They are also allowed to be unsure of their answer. They then take the data from those rankings.

Mr. Kam spoke about a few attitudinal statements and how the various islands ranked. In terms of improvement, they use driver analysis. They take the 25 to 30 statements and focus on one statement in particular, e.g, the benefits of tourism outweighing the problems of tourism. They take the individual statements' ratings and group them to see how they improved in the drivers. The economic benefits included cultural preservation and giving back to the community pre-COVID. For post-COVID they looked at economic benefits, quality of life benefits, and tourism management. Sustainability becomes a factor. For Fall 2023, the economy and quality of life benefits become intertwined with tourism management and sustainability. He took a

deeper dive into the primary drivers. What makes up the drivers, are job opportunities, supporting local businesses, helping fund stewardship, residence quality of life, and contributing to the perpetuation of the native Hawaiian Culture and language.

Mr. Kam spoke about tourism management's impact on resident sentiment. He talked about DMAPs and some of the statements they test that relate to DMAPs. There was a statistically higher rating for those statements from residents who were aware of DMAPs, compared to those who were unaware of the DMAP programs. Twenty-one percent were aware of DMAPs. Across the state, awareness ranged from 21% to 24%. This awareness makes a difference. Building awareness is an opportunity they have.

Mr. Kam spoke about the implementation of tourism management. He spoke about the general curve. In 2010 the resident sentiment was high. After 2010 resident sentiment weakened for a decade until Fall of 2021 when it bottomed out and finally started recovering in 2022. Between 2010 and 2021, he questioned what happened to cause the drop in resident sentiment and mentioned a few possible factors. The good news is that it seems to be on the road to recovery. He addressed a few questions. One of them was whether the problems of tourism outweighed the benefits. Those who voted said the issues related to that were damage to the environment, high prices, higher cost of living, travel problems, and no respect for culture and traditions (increased significantly). He elaborated on more statements and the results thereof.

Mr. White asked if the responses were done by phone or how they are done. Mr. Kam said they do the research methodology online and phone. Online picks up about two-thirds, and phone is one third. The phone includes cell phones and landlines.

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

Ms. Chun said they collected \$60 million in TAT for December 2022, similar to November 2022. There were higher months earlier in the year, but not far from what they have seen historically. For the FY2023 full year to date, they are ahead by 27.7%. With the TSA throughput for December, going towards the end of the month, there was more airport activity, but not the same volume as pre-COVID.

The hotel report, vacation rental reports, and the state occupancy for hotels were at 71.3% with an ADR of \$440, higher than the 2021 and 2019. Hotel demand is higher than vacation rentals.

She spoke about unemployment rates which are at 3.8% across the board. There is an increase in accommodation and food service jobs.

There are more non-stop seats in January, as there are more domestic seats. February is slightly ahead of 2019. The Travel Health index is at 86%, higher than the previous month. Looking specifically at their markets they care about, there is continued downward turn for China. She spoke about the figures from the U.S. Travel Association for November. Spending is up, and air travel is down, as well as overseas travel.

She spoke about the quarterly report by MMGY and said it is posted on the HTA website. In October, interest in Hawai'i was slightly down, the same as in the summer. In summer, the decreased interest is from the younger people, but young boomers and older boomers still want to visit Hawai'i. People with higher household incomes are still interested in visiting Hawai'i.

She spoke about people interested in visiting Hawai'i but changed their minds. 36% of people planning to go to Hawai'i but did not were questioned why they did not follow through with the visit. The top reasons were the price. They are still listing Hawai'i COVID restrictions as a deterrent for not going to Hawai'i, which is bizarre, as they are part of the U.S. market, so they obviously did not do their research.

Looking at where people went in the last three years, among people who were likely to visit Hawai'i, the other destinations they considered were California, Florida, New York, Nevada, Europe, the Caribbean, etc. Interest in Hawai'i is significantly higher for long-haul travelers. For the types of trips to Hawai'i, there is a decrease in people visiting with their children. Most people are planning to stay in hotels and are taking domestic flights. The reason for visiting is to spend family time and to visit friends. Destination choice influences include beautiful scenery, food, drink, and safety. People are also interested in beaches, historical sites, shopping, museums, etc. The other places people want to visit include California, Florida, Colorado, Alaska, and New York. Hawai'i is a top destination for most, but people also want to visit New York, San Diego, San Francisco, Las Vegas, and Florida. They are also interested in going to Europe, the Caribbean, and Canada.

The six-month outlook, going into the first quarter to April, May and June, is lower compared to pre-pandemic numbers. January and February are also lower, but March is a little higher. Los Angeles, San Francisco, and Seattle remain the top origins.

Most people are booking direct and booking more than 91 days out. Japan is lagging. Most people are coming from Tokyo, and most are booking direct, as the retail travel agents have not started yet. Lead time is 91 days or more. For Canada, it is a similar pattern to pre-pandemic numbers but lagging. Some origins are Vancouver, Calgary, and Toronto. Many people are booking direct and with a longer booking time. For Korea, it is similar but lagging behind pre-

pandemic levels. Most people are coming from Seoul. Korea is using travel agents. Australia is still lagging behind pre-pandemic, but most people come from Sydney, Melbourne, and Brisbane. Australia is using a lot of retail travel agents with a lead time of three months.

She spoke about new data where they asked if golf would influence people's travel choices. 81% said they liked golf. Looking at the data, most people are concerned with value for money, accessibility, and family friendliness, but a more interesting priority is the consideration of the same old practices. It is important to look at how they feel about sustainability, mālama, etc.

Most agreed that Hawai'i is a fun, exciting destination, but some said cost is a problem. She spoke about surfing. People who are into surfing are more aligned with Hawaii's values and trend well with mālama type statements. She said she wanted to do the chart for the Clippers, but it was difficult to identify the travel patterns because they are not as big as the Lakers. Perhaps the following month, she would have data for the Clippers.

## **9. Report and Update by the Ho'okahua Hawai'i Standing Committee of their Meeting held on January 17, 2023**

### **a. Presentation, Discussion and Action on the Recommendation by the Ho'okahua Hawaii Standing Committee Regarding the Implementation of 'Āina Aloha Economic Futures Principles in the Work of the HTA**

Ms. Duarte said that at the Ho'okahua committee meeting, they discovered that over half of the Board members are new. In June 2020, she was not yet a Board member but a committee member and a co-author of 'Āina Aloha Economic Futures (AAEF). She and Nā'ālehu Anthony, were invited by then-Chair Richard Fried and several other members at the time to present on AAEF because there is a lot of traction and a lot of eyes around what they were trying to do to transform the economic systems while they were in the middle of a pandemic. At the previous week's Ho'okahua meeting, the committee members had asked for a presentation and a refresh to understand what AAEF is. At the June 2020 meeting, they were new at the time. She thanked several members who had been and continue to be supportive: Mr. Arakawa, Chair Kam, and others who want to integrate and operationalize AAEF. She gave the floor to Mr. Price, who has worked in community engagement and development for many years.

Mr. Price said AAEF, at the onset of the pandemic in 2020, saw that tourism was battling. Ultimately, a handful of them worked together and had discussions via Zoom, including both chambers of the legislature and the governor. What they recognized was that many community voices were not represented. The discussion was to decide whether they fight for a seat at those tables or do they create their own table. They resolved to create their table. It started off as an opportunity to call for unity amongst economic sectors. The first step was establishing

values, alignment, and economic alternatives. They put together the core values. There was community input gathered at every step. They then drafted the AAEF declaration, a bold vision of identifying core values they could align around. He elaborated on the core values. He said the community members recognized the declaration as a breath of fresh air.

Mr. Ka'anā'anā said that as they went through the process, not only did they have different opinions amongst the fourteen co-authors, but as they engaged in their community, they saw a diversity of ideas, so the values were a place of refuge for the co-authors. Being value-driven is important. Mr. Price said the AAEF declaration was launched, and they are still gathering signatures which generated conversation, and they started to design a table of their own with like-minded folks.

Ms. Duarte added that core signatories include the HTA, Hawaiian Airlines, some major banks, every county, and some small business owners. She said they had built an inclusive table that is grounded in the value system that has always served them. She reiterated that fourteen volunteers meet a few nights a week. The declaration was where they started some action. Because there was community input during the process, that declaration snowballed into a lot more work than anticipated. The next step was developing the action agenda, which was pertinent because it is community driven. Then there was a common thread shared in the meetings: they will never effect change if they do not change the scorecards. That means what metrics to use and how to establish goals and milestones. Based on their input, they developed an assessment tool that could help identify some metrics to guide decisions. These tools are available online. Anyone could use the assessment tool. She elaborated on the scorecard that Mr. Price spoke about and gave a few examples. After the declaration, step two is creating concrete goals and priorities that they all will galvanize around, step three is two parts: measuring the progress together and shifting away from the old way of doing business to a more generative way of doing business and then sourcing the best ideas from public/private partnerships or community. She said 180+s proposals came through, reviewed by individuals. There were a lot of comments and opinions, and it was a healthy debate. Mr. Price noted that these were compiled via 15 individual workshop sessions across sectors, so they identified 15 sectors that make up the community. Each had a specialized workshop to elicit ideas.

Mr. Ka'anā'anā said it was a powerful tool. He spoke about the online tool they had to purchase. He said great discussions helped them formulate which ideas were best and how to move forward. The proposals were put into one policy playbook, and they ended up with 26 policy proposals across seven economic sectors that are all contained. He said the policy playbook was included in the meeting packet. He said they also identified other needs. One, was a funders playbook and how to get funders engaged in driving their investments in

alignment with the community priorities. Policy makers have one opportunity to lead, and funders have an opportunity to lead. He questioned how they support locals, islands, and districts and lead the economic transformation discussion. That was the short or midterm level. He said that on a long-term level, is how to support the ongoing conversations as perspectives have changed since 2020.

Mr. Price mentioned a few takeaways: the assessment and other adopted tools. Overall, the most important piece for him was the process, community engagement, and how decisions are made. The decisions cannot be left to status quo decision makers at the top, the community has to be engaged. There are great ideas in the community that carry value. Without bridging the divide, they are not left with a lot. The industries that make investments outside the government need to be brought to the table. The HTA is in an influential place to make that happen. He commends the HTA's efforts to implement some of the shifts. He said AAEF is a tool that could be used to achieve what the DMAPs set out to do.

Mr. Ka'anā'anā spoke to the theory of change, shared vision, and prosperity, saying that is what they are looking for. He reiterated that community input is important to get to a place that the community envisions. He spoke about the Strategic Plan with the four pillars and said they all need to be balanced.

Ms. Duarte asked Mr. Ka'anā'anā to elaborate on how the HTA has integrated the AAEF. Mr. Ka'anā'anā said the first was the Board's decision in 2020 to be a signatory to the declaration as it sent a strong signal to the community of what they do and how they get it done. The second step was staff support. He spoke about Ms. Anderson's work with SMS and Ms. Chun's work on the logic model and performance measures. He said it is an opportunity to infuse the ideas into the work across every program they are working on.

Ms. Duarte said that at the January 17 Ho'okahua meeting, they discussed areas where they could further operationalize and expand the integration of the AAEF into the structures of the HTA. They recommended four areas: planning, procurement, evaluation, and communications. She said they had a good conversation, and the community provided the recommendation unitedly. She thanked members who applied the AAEF and Ms. Menor-McNamara approved signing the declaration. She also thanked Mr. Atkins, Mr. Ka'anā'anā, Mr. De Fries, and the staff and leadership that are supporting and seeing the value of the AAEF.

Mr. De Fries asked Mr. Nāho'opī'i to provide foundational information and Ms. Anderson to speak on how this translated into her work. Mr. Nāho'opī'i said Ms. Anderson's project was to create performance and measures for all their programs. They utilized the AAEFs assessment tools and the eight assessment areas to perform the basis of the metrics they will be using.

Using the four pillars, they aligned the different areas. An example was to buy local produce to encourage increased local economies to return impacts to the community. They created measures to align all the programs from the bottom up. He mentioned that he is co-chair for the Ala Wai Watershed Collaboration, and they used it effectively to look at Ala Wai flood mitigation proposals. With Ms. Duarte's tool, they could assess each project and provide an understanding of how it works for the community, natural resources, and economics.

Mr. Downing asked how it could be incorporated into the hospitality industry. Mr. Price said they had many discussions about this and that gaps must be closed. He recognized the reality of asking industry to change. He said the community could not understand how the industry moves to inform them to make those shifts. He said there is a need to develop a tool that could translate those two areas. There needs to be a tool where they need an impact investment strategy that analyzes the strengths, weaknesses, and opportunities in the organizations who are willing to do it but cannot get there without the expertise and the capacity. The industry stakeholders who are willing and open to the change must be able to take the information and use it. He said what is important is the impact to the communities.

Ms. Duarte said they need to have multiple sources of data. She suggested that if there is funding, perhaps there are operators that want to be the first adopter, and they can take on risks for the purpose of learning for the greater good. Ms. Duarte asked if there was a recommendation to motion some of the areas. Chair Kam said they already have that, so it educates the new people. He said the motion was unnecessary as they had already motioned, but the signatories must educate everyone. Mr. Arakawa said they are okay with adopting it but asked for a follow-up report every six months on things that have been adopted or projects they have worked on. Chair Kam gave Ms. Duarte his kuleana and everything she shared; he said the HTA Board fully supports her. Mr. Downing said it was printed out for the Board, who was not around in 2020, to read and understand. He asked the Board to think about it, and it will be better for Hawai'i. He wanted to Board to understand that there are pieces they need to look at and discuss. He thanked Ms. Duarte for the excellent report.

#### **10. Presentation, Discussion and Action on 2023 Los Angeles Clippers Partnership**

Mr. Ka'anā'anā said the initial proposal and the last partnership were in the meeting packets. He said they ask for approval for staff to move forward in negotiations for an amount not exceeding \$500,000. That amount is \$150,000 less than the 2019 partnership, but the deliverables in the partnership agreement dated January 12 are still subject to further negotiation and are roughly equivalent, minus a few spots. On the whole, for \$150,000 less, they are getting the same deal they got in 2019. What is important in discussions with the Clippers is driving home the point about the community benefits, doing computer laboratory

replacements, and hosting clinics or camps on neighbor islands. They need to finalize that. One game would be in October, with Utah Jazz as a recommendation from staff. One important piece is the idea that the marketing does not stop at the current season but builds a bridge from the current season through the game and camp in October and into the next new season. The ask is to reallocate some of the slots for in-stadium stuff into the new season and the back half of the current season. In-game advertising is important.

Chair Kam asked for a motion. Chair Kam made a motion, and Ms. Duarte seconded. The motion passed unanimously.

## **11. Report and Update by the Budget, Finance and Convention Center Standing Committee of their Meeting held on January 25, 2023**

### **a. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on the HTA's Financial Report for December 2022**

Mr. Rafter said the committee met the previous day. They went over the December financials. The report included a summary of the HTA's current financial position across all the revenue. There were no anomalies in the report, and he recommended the full Board's approval. There were no questions on the report.

Mr. Rafter asked for a motion to approve the December 2022 financial report as presented at the BFCC Standing committee meeting. Chair Kam made a motion, and Ms. Duarte seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

### **b. Update by the Budget, Finance, and Convention Center Standing Committee on the HTA's FY 2024 and FY 2025 Executive Budget Request to the 2023 Legislature**

Mr. Rafter said the team provided a detailed update to the budget briefing for DBEDT that took place on January 17. The team also showed the draft of the FY2024 and the FY2025 budgets submitted to finance and the senate WAM. Although the budgets have not been approved by the Board yet, it is a starting point. The budgets represent \$75 million in 2024 and \$60 million in 2025, which was in line with former Gov. Ige's executive budget request to the legislature. This was included in the meeting packets. The next step for the BFCC would be to break down the budgets so that the Board could approve them. They have reviewed the higher-level budget multiple times, including in the 2022 BOD.

Mr. Arakawa said they also noted that the \$65 million in repairs for the HCC was not included. He felt that it should be included. He said the repair will help attract MCI business. Mr. McCully asked about the \$20 million reduction of the \$95 million and \$80 million. Mr. Togashi said they did not notate the original amounts they sought from the governor in their initial request. He



said the legislature is aware of the initial ask. When the legislature receives its meeting packet, it includes the amount that the department initially requested, and the governor's decisions are then reflected. There were no further questions.

**c. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee to Release Funds for the United States Major Market Area Brand Marketing and Destination Management Support Services Requests for Proposals\*\*\***

Mr. Rafter noted that the previous discussion in the committee meeting was before anything was discussed at the previous day's WAM budget briefing and DBEDT director's announcement. Team members presented and identified recommended amounts for the upcoming U.S. Brand marketing and destination management support services RFPs. To protect the integrity of the RFP process, they discussed those amounts in an executive session, including the breakdowns of the two. They had intended to bring the full Board in to discuss the team's recommendation for funding levels for both the RFPs. For confidentiality, they needed to move into an executive session to do that. The BFCC committee felt that any decision on the amounts of the two RFPs, pending on what Mr. Sadayasu Chris, would be best noted by the Board, not just the BFCC committee.

Mr. Sadayasu gave the reasons for the executive session. It is when the Board considers matters that require information that is confidential by law under the procurement code for some of the information before posting or making it public. It is also under 201B, including reasons for the HTA to hold executive meetings, one being the competitive advantage for information related to that.

Chair Kam made a motion to go into executive session, and Mr. White seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

After the executive session, Mr. Togashi asked for a motion to approve the release of funds for the U.S. Brand marketing and destination Management Support Services RFPs in the amounts recommended in the executive session. Chair Kam made a motion, and Mr. McCully seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

**d. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on Hawai'i Convention Center's December 2022 Financial Reports and Update on the Hawai'i Convention Center's 6-Year CIP Plan**

Mr. Togashi said Ms. Orton presented the reports and updated the Board on the 6-year plan. As part of the discussion, staff confirmed that no request for CIP funds had been made for a long-term fix of the rooftop terrace deck. They must discuss whether the HTA needs to make a

similar request for what they need in the 2022 session. He said they also discussed the \$15 million temporary rooftop fix the legislature appropriated. Staff provided a status update as they worked with DBEDT to release the funds. In anticipation of the release of funds, the HCC issued an RFP for a private manager for the temporary fix project. He said they requested a motion to approve the HCC December 2023 financial reports as presented at the BFCC Standing committee meeting.

Chair Kam asked for a motion to approve the HCC financial report. Mr. Arakawa said they should put in the \$64 million. Mr. Arakawa said the sooner they get the expert on board, the better it is. Ms. Orton said they would have the letter by the next Board meeting, where they can discuss it. Mr. McCully asked if the \$64 million was exclusively for the rooftop repair, and Mr. Togashi confirmed that as correct. Mr. McCully made a motion to approve the financial report and update of HCC, and Mr. Arakawa seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

Ms. Orton said all the legislatures were going for an HCC site walk on January 27 because she wanted to show them the rooftop damage. Her ask was going to be that they support the HTA's request. She said they might lose the opportunity to ask for the amount if they wait longer. Mr. McCully asked for the status of the study. Ms. Orton noted there were two. The one was the \$500,000 study by DBEDT, and an updated study done by HVS that the HTA is doing. The study was done to see if they could have a private partner project where they would put a hotel on the rooftop to kill two birds with one stone. They found out in the study that they could not put a hotel on the rooftop as the infrastructure could not support the weight. Mr. Arakawa asked if this expert consultant could justify the \$64 million needed for the project, Ms. Orton said it is the same company HCC initially hired to do the original assessment. They have been around since the HCC building construction and have the history and data of the HCC.

Mr. Arakawa asked what Ms. Orton recommends. She said she recommends asking for \$64 million. \$15 million does not return the rooftop to a fixed status. Ms. Agas asked who made the recommendation for \$64 million. Ms. Orton said she hired a professional company that did a study. They brought in architectural firms to assess the structural damage to the building, and it was their recommendation based on their investigation. This took place a year prior. She said they continue to have issues at the HCC because of the damage, and it cannot be put off anymore. This amount could increase as the quote was from a year ago. Mr. De Fries said he recalled from the consultant's presentation that they had shown the percentage increase for each year that it was delayed. Ms. Orton confirmed that it was a 7% increase. Mr. Ching recalled that the discussion was complicated and confusing, and after deliberation, they had decided on \$64 million. He said it is clear that the HCC needs repair but nothing has happened

about it. Mr. Arakawa said it is prioritized. He said the damaged HCC affects the MCI. Ms. Agas said they should have the proposal from the year prior and would need to revisit the amount that is currently required. She said if Mr. Reyes could quantify the loss of business due to the damage, that could elevate the amount requested.

Mr. McCully asked if the \$15 million is part of the \$64 million. Ms. Orton confirmed that it is a separate amount. The \$15 million was given to them for a temporary repair. Ms. Duarte asked what year the repairs would be completed. Ms. Orton said planning would be in 2023, and construction would not start until 2024.

Chair Kam said the motion was to recommend that the Board supports asking for \$64 million as per the proposal submitted the previous year, which reflects the increase per year for the HCC rooftop repair in the legislative session. Mr. Arakawa made a motion, and Ms. Duarte seconded. Mr. Downing asked if they should add the 7% increase. Mr. De Fries said their proposal has a percentage increase per year. There was a question from an online attendee. They asked Ms. Orton if the roof leaks would prevent the HCC from being able to fulfill its service as an emergency shelter for the public, and she confirmed that as correct.

Mr. Gionson did the roll call, and the motion passed unanimously.

## **12. Presentation and Discussion Regarding an Update on the Meetings, Conventions and Incentives Market Activity and Pace Report, and Hawai'i Convention Center Activity and Local Sales**

Mr. Reyes said it is about reading the customers. He spoke about the WAM committee meeting and said that in sales, accountability is about production. He said they have a short-term plan to get 77 events in the HCC from 2023 to 2027. He gave a production update from December 2022 to date. There were 84,546 city-wide definite room nights for December 2022. He said 2019 was the base year. He said their team had its first year in recovery, and there is an interest and demand in Hawai'i.

He spoke about sales before and after COVID. They are looking at the market segments that could pay the rates, such as medical, engineering, scientific, corporate, etc. He spoke about the pace. In 2022 they had eight bookings, but the pace report said they should be at 16 events, as the average amount of city-wide events was around 16 when they were up and running. In 2023 the target was 9, and there is an increase, but by 2027 they want 27 events. The pace report shows where they should be. Things are picking up.

Mr. Ka'anā'anā asked what the members preferred to see: a table format handout or a graphic with the pace report and the different colors. After discussing, Mr. Ka'anā'anā said he would do

both reports. He spoke about their short-term focus. Strategy for recovery from the 2-year shutdown of HCC: Focus on booking 77 events into the Center for 2023-2027. Larger city-wide event takes up to 8 years to book. Adjusted booking window to fill the Center in the short run, with a focus on smaller events with shorter booking windows. There is an opportunity to close 16 high-probability events for 2023-2027. Mr. Monahan spoke about previous contracts and budget cuts they had to do. He said the contract value is \$4.5 million, and they have started to see production. He said the organized meeting business did very well, but when Safe Travels ended and there were restrictions, activity increased towards the end of the year. He spoke about the 25% reductions. He reiterated that the rooftop does need to be fixed, and they will quantify the data from the lost business reports and work with Ms. Orton to see what they lost from the pipeline.

Mr. Reyes emphasized the importance of timing and fixing the roof. He spoke about the San Diego building that is competition for the HCC. He said they know there is a deficit and are doing what they can to make up the events.

Mr. Arakawa said he had requested the number of events historically as the senate had requested this information. The senate wants them to have over 20 events a year. They are operating 25% down from pre-COVID. He said they need to increase their budget to compete with San Diego, or provide incentives, and they would revert. Ms. Agas said the reports must reflect quality, not quantity. Mr. Ka'anā'anā said it is important for them to look at the quality of events, the timing of the year for the event, and the size of the event that takes place at the HCC. He said the strategy that the Board approved in the March BMP made them rethink their approach to sales, what kinds of events, and what tiers they are in. They have a more mindful approach to booking city-wide events.

### **13. Discussion and Action on Selection of Legislative and Governmental Affairs Investigative Committee Members**

Chair Kam said they have five members. He made a motion to remove himself, leaving them with four members. He requested to add Ms. Duarte and Mr. White. He said the members are Mr. McCully, Ms. Iona, Mr. Rafter, Ms. Duarte, and Mr. White. He will join the members, leaving them with six members. Chair Kam made a motion, and Mr. McCully seconded. Chair Kam did the roll call, and the motion passed unanimously.

### **14. Adjournment**

Chair Kam asked for a motion to adjourn. The motion passed unanimously at 3:29 p.m.

Respectfully submitted,

*Sheillane Reyes*

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Sheillane Reyes  
Recorder