



**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, August 25, 2022, 9:30 a.m.**

Hybrid In-Person & Virtual Meeting

MINUTES OF THE REGULAR BOARD MEETING

MEMBERS PRESENT:

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

MEMBERS NOT PRESENT:

Sherry Menor-McNamara, Sig Zane

HTA STAFF PRESENT:

John De Fries, Kalani Ka'anā'anā, Marc Togashi, Caroline Anderson, Ilihia Gionson, Iwalani Kaho'ohanohano, Carole Hagihara, Maka Casson-Fisher, Jadie Goo, Micah Akau

GUESTS:

Representative Richard Onishi, Budget and Finance Director Craig Hirai, DBEDT Director Mike McCartney, Kylie Butts, Charlene Chan, Jennifer Chun, Jeffrey Eslinger, Erin Khan, Chris Kam, Nathan Kam, Rufino Dan Maglibs, Guillaume Maman, John Monahan, Barbara Okamoto, Teri Orton, Mari Tait

LEGAL COUNSEL:

Gregg Kinkley

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. Member who attended via Zoom was by himself. Ms. Menor-McNamara and Mr. Zane were not present.

3. Opening Cultural Protocol

Mr. Casson-Fisher did the opening protocol.

4. Approval of Minutes of the July 28, 2022, Board Meeting

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

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

There were no permitted interactions.

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

a. Relating to Update on HTA's Programs During July 2022

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

Mr. De Fries said the CEO's report captured activities that he and the staff undertook for July 2022. He highlighted a few things for August 2022. He spoke about the direct flight from Japan Airlines to Kona on August 2, which allowed him and staff to go to Kona with Gov. Ige to welcome the delegation, which included Hawai'i Island Mayor Mitch Roth.

He said Mr. Ka'anā'anā would speak later about the community meetings on the islands of Kaua'i. Ms. Iona would also give some input. Ms. Anderson would speak about the visit to Moloka'i and working with the task force.

Mr. De Fries pointed out the key performance indicators. He said Mr. Kam from Omnitrak would be speaking about the resident sentiment surveys.

Mr. De Fries touched briefly on visitor spend. He said the first six months of 2022, the average daily spend was \$224 versus the pre-pandemic numbers of \$195. He spoke about TAT collections and showed the numbers. They ended the FY2022 at \$738.7 million. The 2022 total state tax revenue generated by the visitor industry was \$2 billion.

Mr. De Fries showed the figures for visitor satisfaction percentages. A lot of the visitors rated their visit as excellent. Japan was more rigorous in its scoring. Ms. Chun added that they could not show figures for Canada and Japan because of the arrivals, but Japan would be included in the Quarter 2 report. Mr. De Fries said they would speak about the current survey on resident sentiments a bit later. He gave the floor to Mr. Togashi, who was serving as the acting CAO, since Mr. Regan departed on August 3, 2022.

Mr. Togashi spoke about the July 2022 report. He said they spent a lot of time preparing for Mr. Regan's departure as part of the CEO transition plan, and some of the efforts crossed into August 2022. Mr. Togashi said the transition plan included reading, understanding, and completing training courses and submitting related paperwork for him to serve as the HTA's procurement officer. At the end of July, 20 of the 25 HTA staff positions were occupied. On the administrative side, the procurement manager position had been vacant for eight months. It is a tight labor market, but it is a critical position for the HTA, and he will be giving greater attention to this effort and exploring their options for supplementary resources in the interim. An option the HTA has begun to explore is to use vendors who can help with the RFPs. It is Mr. Togashi's intention to obtain contracted help by conducting their own procurement for procurement and contracting support services.

Mr. Togashi said the finance team had been working hard. Their primary focus had been on the FY2022 year-end close, which included a lot of hard work going through the various processes, all under a very compressed window. Regarding funding circumstances related to HB1147, they have been working with the governor's administration on the FY2022 funding. He said they have been planning for upcoming procurement and will start the discussion under agenda item 11. He said that at the beginning of the FY, they looked at processes and spent time assessing internal procurement forms with the help of the contracts manager. They have been working with the State Procurement Office on various procurement-related matters and approvals.

Mr. De Fries asked Ms. Anderson to provide an update on the activity in the DMAP area and community meetings.

Ms. Anderson spoke about August 2022. She thanked the island chapters, the DMAP managers, the executive directors, and the Branding Standing Committee for moving the DMAPs forward. She said they had a meeting with the Moloka'i task force on August 11. It was the first meeting that was attended in person. She thanked Mr. De Fries for being there, as well as Mr. Gionson. She said it was a great discussion, and they continue building trust with the Moloka'i community and MVCB. The next meeting will be in September.

Ms. Anderson said they have subject matter committees for the Moloka'i task force, and they have been working diligently on moving actions forward and coming up with ideas. She thanked Ms. De Gaia, who was also a destination manager for Maui Nui. She said they are showing that they want to make the action plans happen for them. She also thanked the task force members. She said on August 16 and 17, they had a community meeting on Kaua'i. She thanked Sue Kanoho and Patricia Ornellas for organizing the meetings. Mr. Ka'anā'anā and Mr. Gionson also attended and helped answer community questions. She said there were about 50-75 committee members at the meeting, and it was a good chance for them to share about the DMAP actions and how they are being moved. She said it was also good to hear concerns and comments from the community. In the coming months, they will also have community meetings on the other islands.

On Kaua'i, they had a chance to look at the Alakoko store. The store will be provided upfront money to help get it started. On the second day, she and Mr. Gionson visited Ka'ena to see how the beach was impacted and how the shuttle worked. She said it was good to see everything in the process.

Ms. Anderson said they have been working on the EDA grant, which is still to be reviewed by the EDA. It is a continual process, but they have not had approval yet.

Mr. Ka'anā'anā introduced the new Brand Manager at the HTA, Mr. Micah Akau, who has a breadth of experience, and the role is suited well for him. He is diving into several projects. He spoke about the vacancies on the Branding Standing Committee. They still have an administrative assistant position that is open, but there was a conditional offer as of the morning of this meeting. He said they are currently interviewing for the remaining Brand Manager and Senior Brand Manager roles that are open.

Mr. Ka'anā'anā said the Dukes' Ocean Festival was represented by Mr. De Fries. He said the idea of how to create events that bring residents and visitors together, highlight part of the culture, and educate people is represented well by the Duke's Ocean Festival. He said they continue working with partners on that as well. Concerning the natural resource pillar, one of the highlights is the Aloha 'Āina site visit on Maui that Mr. Casson-Fisher participated in, which

happened earlier in August. Hawai'i Community Foundation staff helped administer Aloha 'Āina and Kukulū Ola grants. One visit was to Waihe'e Refuge with thriving kalos and a heiau, which the Aloha 'Āina grant is helping to restore.

Mr. Ka'anā'anā spoke about the community meetings and said both meetings were good. He said when people can see human faces behind HTA, it takes on a different feel. He was appreciated being there to listen to people's concerns, frustration, hopes, and vision and answer their questions. He looks forward to more face-to-face meetings.

Mr. Ka'anā'anā spoke about resident-facing communications. He said they have been sharing more about what the HTA is, and the work they are doing, whether articles or business news. He said there will be a lot more resident-facing communications in the next couple of months. For the Brand Marketing Pillar, he shared about his trip to ESTO, a well-known conference for VMOs and state tourism offices. He said it was the first ESTO since the pandemic. He and Ms. Chun sat on different panels there, and they were able to share some of their experiences and knowledge with other VMOs and state tourism organizations, and industry partners. They were able to learn a lot at the conference.

He spoke about how other DMOs and state tourism offices integrate all their activities around business development, economic development, and community. He said the roles are evolving and have accelerated in the last couple of years. He said the HTA is leading in that direction with its Strategic Plan. Mr. Ka'anā'anā highlighted the people from the Kumuola Foundation, who are cultural practitioners at the roadshow with HTO. He said he is excited to bring Aloha Down Under back online.

Mr. De Fries said Mr. Ka'anā'anā had touched on item 6b, the Change Management Plan, about positions that have been hired and are yet to be filled. Mr. De Fries added that when HB1147 was vetoed, it effectively dissolved all the jobs at the HTA, so the team had to reconstruct it within the system. Mr. De Fries thanked Mr. Togashi, Mr. Regan, and the team for coming together to make it happen without any interruptions during that time.

Mr. De Fries showed some of the images to the JATA attendees in April 2022 in Hawai'i. He said Duke Kahanamoku had a vision of surfing becoming an Olympic sport, and he wanted the people of Japan to know that their country manifest that vision at the Tokyo Olympics in 2021. Mr. De Fries said the first lady called on Mr. Ka'anā'anā to organize a welcome back ceremony in the governors' chambers. In Carissa Moore's acceptance speech, Mr. De Fries said the first thing mentioned was about Duke and his influence on her.

Mr. De Fries spoke about the LEI draping of Duke's Ocean Festival where he joined some colleagues at Outrigger. He showed the appreciation award he was presented with for the

HTA's support. He said the HTA subsidized and sponsored this event for \$255,000. He spoke about one of the highlights, Mehana Leafchild, the recipient of the Duke Kahanamoku Foundation scholarship. She recently made the national kayaking team for Under 20, and she was on her way to Hungary to compete in the World Championships. Mr. De Fries said when you can have an experience where local residents and visitors are engaged, it produces magical moments for Hawai'i. He said Ms. Leafchild captured this in her acceptance speech.

Mr. Arakawa asked if people were doing the same as the HTA and following HTA's DMAP models at the ESTO conference. Mr. Ka'anā'anā said they are, but it is more pressing for the Western states. He said they are leading in that regard, and there were many questions from people at the conference. Many people asked what it was like to make the shift, as many of them sense the need to make the shift but are unsure about how to go about it. Mr. Ka'anā'anā said it was mainly about understanding community concerns and needs and finding the balance.

Mr. Arakawa asked that question because he wanted everyone to see how people are watching, following, and modifying based on what Hawai'i is doing. Chair Kam asked which communities are looking more at what Hawai'i is doing. Mr. Ka'anā'anā said that among all, it is Sedona, Colorado State Tourism office, and Nevada that stood out.

Mr. Rafter mentioned that Sedona stands out as they have a lot of products there, and they have been heavily impacted by a lot of tourism in a small community, so he concurred with Mr. Ka'anā'anā. He said Colorado stopped doing tourism marketing about two decades ago and went through a period where they stopped, which did not work for them. They started up again, doing more than just Denver, and they have done well since then.

Ms. Chun said she has represented the state at national and international conferences for many years and said the eyes have been on Hawai'i for decades. Hawai'i as a state is doing good things, and it is partially the Asian culture where they are a lot harder on themselves than others. People from around the world think that Hawai'i is doing good things.

Mr. Ka'anā'anā said Colorado Tourism's office program is called "Care for Colorado" and they have also been doing a lot of work around "Leave no Trace." He said he can send out Sedona's sustainable tourism plan so that the HTA team can have a look. He said what stands out in his discussions is the metrics they use. The resident sentiment survey shows how Hawai'i has led that work for three decades. Hawai'i has a lot to be proud of. A lot of Pacific island destinations also look to what Hawai'i does.

Mr. De Fries spoke about CNN with the special called "United Shades of America", where Mr. Kamau Bell was the host. He said the finale was focused on Hawai'i and the adverse impacts

tourism is having on local people, native Hawaiians in particular. He said all the stories were authentic and said some people are getting hurt by the cost of living. He suggested everyone take a look at that to help them balance their work at the HTA.

Mr. Ka'anā'anā spoke about the integration idea and the power of what they have been able to do. He said their ability to ensure all the work amongst the four pillars happens together is getting recognition. Marketing is no longer the sole function. The integration of the four pillars is really important.

There were no comments from the public.

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

(01:06:50) Mr. Kam gave a recap of where they were in the Fall with the previous resident summary. The HTA was at a point where the Hawai'i residents began to perceive that the HTA is about more than destination marketing. It is about tourism management and destination marketing. They also saw that resident sentiment indicators were continuing on a downtrend but saw this as setting the stage, and there were efforts underway to help with this. This was an opportunity for resident sentiment to improve.

He said the HTA found that with the current research, the Great Reset is beginning. Resident sentiment indicators were strengthening. They took a deeper dive into the data, and they found that residents who are aware of the tourism management efforts have a stronger resident sentiment, and are more positive than those who were not aware of the tourism management efforts. Going forward, it would be good for HTA to continue to implement tourism management efforts and increase awareness and understanding of the economic benefits and the quality-of-life benefits of tourism.

Mr. Kam said they are seeing the early signs of strengthening in Hawai'i resident sentiment. Comparing Spring 2022 to Fall 2021, they saw a directional increase in the Mean Average Score, with a statistically significant increase in the midrange box. The perceived impact of tourism on the state overall has a slight increase of a 6.45 mean score, to 6.55. He said this is headed in the right direction. Regarding the impact tourism has on families, it remained flat at 6.01, 6.02.

Mr. Kam said they have three key tracking statements they have looked at since 1988. There was an increase of 5.94 percentage points for tourism bringing more benefits than problems. It was 54% for Spring 2022 and has also been tracked since 1988. This was statistically significant, over 49% in the prior wave. This number takes the percentage back to where it was in 2020. This is a step in the right direction, but he noted that it had been higher historically in 2010 at

80%. Mr. Kam spoke about the number in 1993, 75%. He found this interesting because at Omnitrak, they started doing a nationwide community sentiment survey because they wanted to get an assessment of how the relationship with tourism is received around the country.

Mr. Kam said 83% of U.S. residents possess a favorable view of tourism in their community. 61% say tourism contributes to the increased cost of living in their community. 75% say the benefits of tourism outweigh the negatives.

He showed a chart with the problems associated with the tourism industry. The top three continue to be overcrowding, environmental damage, and high prices/higher cost of living. There was a statistically significant change in crime. 33% said crime was a problem.

He spoke about the "Impact of tourism on you and your family." 36% say that tourism has been mostly positive for them. They are sitting at 67% for "This island is being run for tourists at the expense of local people".

He spoke about tourism management and attitudes. Some negative impacts included a few people thinking the island is run for tourists at the expense of local people or that the island economy is too dependent on tourism. The negative impacts were holding steady with no increase or decrease. In terms of tourism management, the statistics were measured on the following three tracking statements: More effort is being made to balance the economic benefits of tourism and quality of life for residents, tourism is being better managed than my island, and I have a voice in my island's tourism development decisions. All of those had an increase in ratings and a statistically significant increase in the ratings for each category.

Mr. Kam mentioned how the key statements pan out over each island. In 2019, visitors spent \$18 billion in Hawai'i which was \$2 billion in state tax revenues to support local schools, hospitals, and infrastructure. The question was posed: Do you think tourism is worth the issues associated with the industry? 75% concurred with this statement, where they benchmarked it two or three days ago.

On an island-by-island basis, the strongest resident sentiment was on O'ahu and Hawai'i Island. The weakest resident sentiment, the greatest opportunity for improvement, is in Maui County and the island of Kaua'i. The other tracking statement was, "Tourism has brought more benefits than problems." Another tracking statement is "tourism has been mostly positive for you and your family." That resident sentiment was stronger on O'ahu and Hawai'i Islands, and weaker in Maui County and Kaua'i. The resident sentiment for "my island is being run for tourists at the expense of local people", had the same patterns as above.

He spoke about the current setting. They found that residents who are aware of tourism management efforts are generally more positive towards tourism, but the problem is that awareness is low. For the resident sentiment, they posed the question, "Are you aware of destination management or the concept of managed tourism?" 27% of the Hawai'i residents said they had heard about it. 24% said they were aware of the HTA's DMAPs. The conclusion was that tourism management makes a difference in resident sentiment. Mr. Kam said they took a deeper dive into the DMAPs for people who were aware. They looked at it by island. 24% of O'ahu residents were aware of the DMAPs. For the individual initiatives that fall under DMAPs, three out of four said that they were aware of those. Maui had 23% awareness, and the majority also were aware of the individual programs. For Kaua'i, they had 22% awareness and three out of four were aware of the individual programs. Hawai'i island had 26% awareness and high awareness of the individual programs.

Ms. Chun noted that the list of programs for DMAPs is different for each island because each island has a different action item list, but mentioned that Mr. Kam is talking about overall favorability and awareness.

Mr. Kam said they have been measuring awareness and support for various regenerative and tourism management strategies for three waves. He showed an update on where they are going. Support remains strong. Regenerative efforts that they have been doing include educating visitors, and residents, and encouraging visitors to volunteer and give back during their visit to Hawai'i. On the "Accommodation front for eliminating illegal vacation rentals on the island, not allowing building additional hotels/condo/timeshare on the island," and "Stopping approval of additional legal vacation rentals on the islands" all continue to have broad support. In terms of access, "charging visitor access fees to state parks and trails," as well as "designating resident-only days of the week at some state parks, beaches, and trails," had strong support.

He spoke to Ms. Chun's comments on the focus groups to fine-tune their Hawaiian cultural statements to improve them. He said they are stronger, but not comparable with the prior data they collected. He showed benchmark indicators, but he does not have comparisons to the prior wave of data. The ones that received the strongest agreement was the authentic presentation of the Native Hawaiian language and that culture is important. Another one that received extremely strong agreement was, "visitors need to be educated about protecting Hawai'i's natural environment and cultural resources."

Mr. Ka'anā'anā said why he, Mr. Gionson, and Ms. Chun worked on the questions was because they thought the old questions did not capture what they were trying to find out. He said they

reformatted the questions in a way to engage the importance of the issues to their residents to help the HTA inform them about the work they do.

Mr. Kam said the new ones added were, "Tourism contributes to the perpetuation of Native Hawaiian Culture and language," and "Tourism helps fund the stewardship of Hawai'i's natural resources, parks, and cultural sites." Mr. Kam said there was much more agreement on those statements, which is the benchmark they will be using, moving forward.

Other tracked statements were "Using tax dollars to manage tourism" and "To encourage tourism." There was very strong support there, and two-thirds of Hawai'i residents said tax dollars should be spent to manage the impacts of tourism in the community. Weaker support for tax dollars should be spent to encourage tourism in the community. So, there was a 50/50 split.

Mr. Kam spoke about the next chapter; to fuel further improvement in resident sentiment, continue to build tourism management efforts, and economic/quality of life benefits of tourism.

He spoke about the statement, "tourism has brought more benefits than problems." He said that it is a driver analysis. He said to increase agreement with the statement, 53% of the programs and initiatives they undertake have to be related to promoting messaging and programs about the economic impact and quality of life, and 25% have to be tourism management and sustainability. Compared to the previous driver analysis, it is holding steady. Pre-pandemic in Fall 2019, 84% was tied in with economic benefits and quality of life. At that time, they were focused on what the benefits were. The focus has now shifted to economic and quality of life benefits, but they also want to get ahead to manage sustainable tourism.

Mr. McCully mentioned the reset in 2010/2012. He asked if anything occurred then or was due to socio-economic factors like the great recession. Mr. Kam said the survey had remained constant throughout time, so what Mr. McCully noticed would be due to the socio-economic factors.

Ms. Chun said the three-tracking questions go back to 1988, have purposefully not been reworded, and they have been asking the same question since 1988. They did change some other questions several years ago. Ms. Duarte asked what attributed to the increase in resident sentiment. Ms. Chun said that greater awareness of the tourism management efforts and people being more involved in the actual process contributed to this. She also said the DMAP process, where everyone gets to participate, has changed peoples' interactions with tourism management and planning and helped with the increase. Mr. Kam said that it is not necessarily attributed to communicating Mālama Hawai'i or DMAP. It is not necessarily the names of the

programs that have to build awareness, but the actions that are being taken in tourism management to improve the situation.

Mr. Ka'anā'anā said it is twofold in his mind. Bringing agencies together is what Ms. Anderson does, and keeping relationships between the county and state partners is important and the fruit of their labor. This widens the audience of people that are sharing about the work. It also leads to tangible fixes on things. He said residents are starting to see the tangible efforts of the interagency collaboration leading to results. The other part is because the HTA has placed a lot of emphasis on making sure residents know what they are doing, and said transparency is important.

Ms. Duarte asked how they define residents. Mr. Kam said it is defined as an individual aged 18 and above, a resident of Hawai'i for at least six months of the year, and includes the military.

Mr. Arakawa asked about the change in the wording of the questions and asked if a Board committee member could be consulted before changing the wording. Mr. Kam concurred. Ms. Chun said the idea of having leading questions is not great from a research perspective. Ms. Chun said they could change the format of questioning as per Mr. Arakawa's request. Mr. McCully said he preferred objectivity. Mr. Ka'anā'anā said that the resident sentiment survey is part report on how the HTA is doing, but it is also about learning and listening to align with what residents are asking for. He said it is understanding the questions that make up the totality of the report. He said it is about learning and listening and then making adjustments. He said that around 2010, when things started changing, is also when Airbnb started.

Chair Kam said the consistent decline in resident sentiment was directly related to the vacation rentals. Ms. Iona asked if the resident questions are being asked on behalf of the HTA. Ms. Chun said they identified themselves as from Omnitrak and are doing the survey for the HTA, but the questions are generally about tourism and not what the HTA is doing. Ms. Iona said if the HTA, as an authority, manages tourism, they should question anyone involved in tourism. She said if the HTA has the authority to guide management with their plans, then the respect for the decisions of the HTA and their representatives should be carried out because they are the quality behind the messaging. Ms. Chun said one of the issues is that the HTA does not have a regulatory role to hold people responsible. They do not have the ability to fine people if they do not obey rules.

Mr. Downing said the HTA should take advantage of having the minds to want to take care of the tourism industry, and they should take the opportunity to show it on social media. Chair Kam said it is their kuleana and they should take it seriously. Ms. Iona said that if the HTA was appointed to manage the future of tourism, they have a responsibility to everyone who works

in the organization, and that is to ensure they hold people accountable for the message. If the HTA does not get the support, the HTA has to speak up. The governor would expect that of them. Chair Kam said they might not have legal authority, but as it is their kuleana; it is up to them to figure out how they can sort issues out. Mr. Ka'anā'anā thanked the Board as it affirmed what the staff has felt. He said they need to be thought leaders and the experts in the room. He said the residents of Hawai'i expect the HTA to be their voice and to get the work done. He said many people go unnoticed, and a lot of work happens in a thought leadership way even though the HTA may not have the legal authority.

Mr. Rafter asked if HTA has ever asked the questions by residents' ethnicity. Mr. Kam said that resident ethnicity is part of the survey, so they can segment the data by resident ethnicity. Mr. Rafter asked if there was a big difference between the responses. Mr. Kam said that certain ethnicities have stronger positive ratings. Mr. Ka'anā'anā said the natives are restless. Mr. Rafter said he would follow up after the meeting for more information to make sure nobody is restless. Chair Kam said they also want a healthy, vibrant ecosystem in the tourism industry and Community.

Ms. Chun said they have a segmentation between people who work in the visitor industry and people who do not, but it would take too long to report on in the meeting. Mr. Ka'anā'anā said that with the absence of the formal written resolution of this Board, HTA needs to be the leader, whether in thought or being curious about what people are doing. He said if the visitor industry, businesses, economic pieces are ignored, the whole system could fall easily and quickly. He said businesses make purposeful decisions to invest and stay in Hawai'i, and they have to be recognized for the investments they make. He said everyone must understand that it is an ecosystem working together in balance.

Rep. Onishi had a question about the survey. He said two years ago people were interviewed about the survey. He said he never got a response back as to what the outcome was. He said that the same issues were at the top during the pandemic, namely overcrowding, vacation rentals, etc., but they had none of that during the pandemic as everything was shut down. Ms. Chun said that after the focus groups were done, if there were additional questions that the Board wanted to explore, they could do additional focus groups. The intent was not to report back to people who participated. She mentioned that she should have given the report to Rep. Onishi. She said they did report back some results to the Board, which did help shape some of the questions, so they tweaked the questions somewhat. She said if Rep. Onishi wants to see the reports, she will arrange that. Rep. Onishi did not recall that discussion at the Board level. He spoke about Ms. Iona's comments and said that for the past few years, his concern had been the lack of engagement with the industry at that level. He said there was nobody from the

industry participating in the meetings. He said that they have not heard from the industry partners, like hotels, etc., and said the Board needs to engage with tourism industry partners to improve tourism and meet with hotel operators or owners. He said he had not seen that engagement from the Board.

Mr. Ka'anā'anā concurred with Rep. Onishi and said they try to hear from those industry partners directly. He said they convene quarterly Industry Advisory Committee Meetings based on each MMA that interacts. Mr. De Fries added that during COVID, they were convening monthly meetings with the industry, HLTA, HVCB, and the mayor of each county, which has now moved to quarterly. The focus at that time was on safe travels and COVID. To Rep. Onishi's point, they need to reframe that meeting and get the engagement, input, and feedback they can bring back. He said they must work on engaging with the industry partners at the Board level. Based on the recommendations, Mr. Arakawa said eight months ago that the HTA should have a portion of the Board meetings where they have industry representatives talking, and have it part of the agenda. He said that Rep. Onishi and Sen. Wakai should also have a portion of the Board meeting for the Board to hear from them and put it on the agenda. He said they should revisit that point.

Ms. Iona said Rep. Onishi's and Sen. Wakai's staff should be invited to the meetings, and Chair Kam concurred and said they are invited. Mr. Ka'anā'anā spoke about neighbor island meetings and said often times some of the Board members do not get to see the fruits of the labor that the community partners do on their behalf. He said there is an opportunity for them to see that, and experience it with the meetings. Chair Kam said it is important for everyone to be included and to have meetings on neighbor islands. Mr. Downing said that Board meetings are open to the public.

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

Ms. Chun said for August 2022, the visitor statistics will be released on Monday, the following week. She had an abbreviated presentation for August 2022. Hotel and vacation rental performance for July 2022, showed hotels were at 81.5%, which was not as strong as prior July. July 2021 and July 2019 were very strong months. ADR was significantly higher in July 2022 at \$414 compared to \$304 in 2019. RevPAR was also higher in 2022 than in 2021 or 2019. Vacation rentals occupancy was not as high as in prior years, but the ADR was significantly higher. The hotel demand was higher than the vacation rental demand.

Airport throughput had increased through July 2022 but was down slightly in the last week of July. Daniel K. Inouye International airport was down 16%, and Kahului was down 5%, versus months in the past. Kahului was up, compared to the same time two years ago. Kona was down 2%, Lihue was up 7% compared to two years ago, and Hilo was up 12% compared to two years ago.

The unemployment rate across the state for July 2022 was at 3.8% overall, with the highest unemployment rates being on some of the neighboring islands. Jobs by industry, accommodation and food service, and drinking places, had increased over the prior years. Non-stop seats to Hawai'i by port of entry for July 2022 had an increase in domestic seats, but still lagging in international seats. For August 2022, there was a little lagging in overall total seats, but more domestic seats in 2022 than in 2019. There were fewer domestic seats than in 2021, and part of that was due to the changes in the airline schedules. For September 2022, there are less seats overall, compared to 2019, but more domestic seats than in 2019, but less than in 2021. There is an increase in international seats for September 2022. October 2022 has a similar pattern.

For Japan, August, September, and October 2022 versus 2019 and 2021, overall seats for August were 70,000 seats, September has 60,000, and October has 68,000. She said service from Fukuoka is starting in October 2022.

Mr. Ka'anā'anā said that Japan recently changed the rules starting September 7, namely, fully vaccinated means three shots, they do not need a PCR test to return to Japan, and they are raising the cap for inbound travelers as a daily amount.

Ms. Chun spoke about the PATA COVID update and recovery dashboard. PATA are tracking more destinations than they have in the past. Origin countries they are looking at are open for outbound travel except for China and Japan which have partial outbound restrictions, as of August 24. Hopefully, next month Japan will open up more. Most of the origin countries have high vaccination rates, particularly Australia at a 96.2% and 71.6% boosted. In comparison, the U.S. is at a 67.4% vaccination rate with 48.4% boosted. For the U.S. national travel indicators from the U.S. Travel Association, they are looking at increases in overall tourism spending and automobile trips (which are not of interest to Hawai'i). Overall tourism spending is up 1% compared to June 2019, but total TSA air passengers are down by 10.9% for the U.S. as a whole. Overseas arrivals continue to be slow for everyone across the U.S., down 40.7% compared to 2019. The hotel demand in the U.S. was down 1.6%. Across the nation, there is an increase in short-term rental demand.

Mr. Ka'anā'anā said the U.S. Travel Association made them aware of the national tourism strategy and goals, so they have recently released their five-year Strategic Plan, which calls for \$279 billion annually by 2027 in visitor expenditures, and 90 million international arrivals by 2027. At a national level, the federal government set some aggressive recovery goals for the tourism industry.

Ms. Chun said that for Travel Agency Booking Trends Report, bookings in recent weeks for the U.S. market had been flat. Looking at when people are coming, the trends are similar for 2022 as they were in 2019 and 2021, for the U.S. market. For Japan, there were a few increases in bookings. The reintroduction of the Kona flights probably helped with the bookings towards the end of July. When people travel, there is an increase towards the holiday season. For 2022 there are more spikes. Over the holiday and New Year's period, they expect to see many travelers who book through travel agencies, and then it flattens towards April 2023.

For Canada, there was a recent increase in bookings, for any time. The trend for 2022 periods when travelers are planning to visit is similar to prior years. There will be an increase towards the end of October and the beginning of November, and then during the holiday period, with an increase towards winter in January, February 2023, and a little bit in March.

For Korea, they continue to book, although slightly lower than they were months ago. Their trend is not where they were in 2019 and is significantly down. For Australia, there is an increase in interest in bookings, and their trend line is similar to previous years. Ms. Chun said these updates are done on a weekly basis, and they have reports that present data monthly and quarter by quarter. For the U.S. hotel forecast which was released in June, they are looking at RevPAR growth by location. Resorts will have the highest RevPAR growth relative to 2019, and the small metros and towns have significant growth. For the airport hotels, there is not a lot of growth. Urban hotels were seeing negative growth due to the meeting markets. Overall, the occupancy index, the country as a whole, will not hit 2019 levels until the beginning of 2023. From an ADR standpoint, they are beyond that on the index for 2019, and RevPAR. For STR's forecast for Hawai'i overall, they are looking to see the year-end at 74.5%, which is an increase of 19.1 percentage points. ADR is forecasted at \$380, which is up 15%. RevPAR is forecasted to be up 15.9% compared to last year. For 2023, they are looking at 80% occupancy for the state overall, \$375 ADR, and \$300 RevPAR.

For O'ahu, occupancy is forecasted to be 77.4% for year-end 2022, and 81.6% occupancy for 2023, with ADR increasing for 2022 and 2023, and RevPAR also increasing accordingly. For Maui County, which had some of the highest rates across the state, occupancy will be less than the rest of the state, which is consistent. 69% occupancy overall for 2022, and 74% occupancy for 2023. A prediction is for ADR will soften in 2023 for Maui County. For STR's forecast for Hawai'i

Island, there is stronger occupancy than Maui, but not as strong as O'ahu, but the rates are higher, and there is softening in ADR for Hawai'i Island in 2023 compared to 2022. RevPAR will be higher. For Kaua'i occupancy, ADR and RevPAR are expected to increase through 2022 and 2023.

Chair Kam asked if there were any questions.

Ms. Agas said their numbers will be very high in 2023. She said they must see the value that they are all doing and speak up about issues if necessary.

Chair Kam asked for insight from Mr. Rafter. Mr. Rafter said he would be surprised if they reached the numbers that DBEDT was projecting for Kaua'i, Maui County, and Hawai'i Islands. He said domestic travelers had experienced Hawai'i at high prices over the last few years, which will not be sustainable.

Mr. Ching said at the previous meeting that he felt they were cautioning to maybe slow down, but it does not feel like they are slowing down. Mr. Rafter said across all the markets, particular leisure-focused markets, the rate is up, and occupancy is down, and he said a lot of it could be because labor is not there in a lot of markets, which does not do well for revenue, but said at some level people would start traveling to other places. Mr. White said that Mr. Rafter had a good point about the high rates and that it is concerning that people looking to other places to travel. He said several hotels are playing the rate game by keeping the rates up because they do not have sufficient staff to accommodate higher occupancy. Mr. White said they have not been raising their rates to the degree everyone else has. He said November bookings are 70% ahead of 2019. Bookings for March are 72% ahead of where they were, so it is all about how they play the rate game. He said they do not see a lot of international visits, and the Japanese market is not back in Hawai'i, and there is less on Maui, but they do have international business. So, as they see U.S. business going to other markets, hopefully the international markets will balance it out.

Chair Kam asked Mr. Ching if labor was still a challenge in the restaurant business. Mr. Ching said there are many challenges, but keeping fair rates is also a challenge. It is a challenge for them to prepare realistically for what will come. Chair Kam asked which island Mr. Ching is most concerned about. Mr. Ching said he has been concerned about Kaua'i since the beginning and the unemployment is still the highest there. It is the hardest place to get staffing. Maui is the hardest one to keep control of. There are a lot of people and a lot of demand for various things. Kaua'i is concerning for him because he said the numbers are expected to go up in 2023 for arrivals, but they have the same people doing the same jobs. A comment online from one of

the viewers recommended that they change verbiage, rather than "best year yet," it should be "busiest year yet."

Rep. Onishi reminded everyone that the minimum wage was going up. Mr. Ching said he gets a lot of requests from people who want him to say that it has been their busiest year yet, but he said their focus is on serving people. He said he lost track of whether it is or is not their busiest year yet and said it is not a concern of his as there is plenty of business. He said his focus is more on ensuring they can continue with business in the long haul and take care of their employees, buildings, and community. He said that is more of the messaging he would like to put out rather. Chair Kam said Mr. Ching had a good point.

Mr. White said a local chain is coming to the big islands hopefully on multiple sites, and they are advertising that, and they had said no employee would be paid less than \$25 per hour, which will also put pressure on the service industry.

Ms. Chun noted that her presentation and Mr. Kam's presentation would be posted on the website after the meeting. The following Wednesday, DBEDT would be putting out their economic forecast, including the revised tourism forecast.

9. Presentation, Discussion, and Action on the HTA's Financial Report for July 2022

Mr. Togashi said the Board meeting packet has all the documentation relating to their financial position and related transactions, including balance sheets, statements of revenue and expenditures, budget statement summaries, budget detail, budget reallocations, and an executive summary as of July 2022, the first month of the fiscal year. Mr. Togashi said the last fiscal year was where they first used federal funding. Federal funding's budget has the ability to span across several fiscal years, so they are still encumbering funds against the FY2022 budget now that they are in FY2023.

Mr. Togashi spoke about the budget statement summary. He pointed out that it had been updated to include budget amounts for FY2023 that were previously excluded because the governor's funds were pending. The updated document was included in the Board meeting packet and would also be updated on the website. He said they have six main funds. He mentioned the FY2022 ARPA funds which is the 2022 Tourism Special Fund (TSF). He showed last year's budget that they continue to encumber against, as mentioned earlier. Over a series of meetings, a budget of \$53.1 million had been approved by the Board and \$6.8 million had not yet been approved, for a total anticipated budget of \$60 million. \$53.1 million had been released by the Board, of which they encumbered \$31.2 million cumulatively. He emphasized

the unencumbered funds that were not surplus, due to timing and circumstance where they could not encumber certain contracts, such as the U.S. Major Market Area RFP in protest. They are executing the plans and will discuss some shifts in the plans.

Significant activity for the month is for the Board's approval to release funds for the FY2023 payroll and the encumbering of those funds amounting to just under \$4 million. More detail is included in the budget statement. There were no budget reallocations to report.

Mr. Togashi spoke about the FY2023 budget approved by the Board and released by the governor. The updated version will be released. He clarified that it is not a lump sum disbursement. When the governor releases the amounts, it requires the Board to go through a detailed process involving several steps.

He spoke about the FY2022 EDA Grant they presented in the May 2022 Board meeting, which was approved at that time for \$14 million. He said they are working with the EDA to approve the Grant Administration Plan. He said three additional funds did not appear on the sheet, namely the TSF, which had sunset pursuant to HB862 of the 2021 legislative session, the 2022 condensed ARPA fund, and the HCC special fund, which they were unable to contract from. For all three funds, they continue to have significant expenditures from the funds as they stand down from previously encumbered contracts.

With regard to the HTA's financial position as of July 31, the HTA has access to \$33 million in TSF, which is consistent with June 2022. A summary of that is in item 2 of the executive summary. He spoke about the HTA TSF. As of July 2022, they have \$31.4 million of actual investments, of which \$5 million is reserved as their emergency fund invested primarily in U.S. treasury notes that are laddered in three-month intervals. \$21 million is encumbered to contracts, and \$5.3 million is unencumbered. Consistent with prior months, they anticipate \$5.3 million of unencumbered funds could continue as savings from certain encumbered contracts are realized. The TSF sunset on January 1, 2022, leaving the \$5.3 million available. The \$5 million emergency fund will remain as the HTA's reserve. The \$5.3 million returned to the state's general fund largely represents efficiencies realized that resulted from staff and contractors' discretion and oversight.

Regarding the ARPA HCC Federal Fund, \$10.2 million is available. Regarding the HCC Special fund which is the fund they have historically operated for the HCC purposes, they have \$23.9 million in cash, which represents the \$9 million decrease for June due to \$10.1 million in disbursements to fund the major R&M program offset by \$1 million of the HCC operating revenue related to FY2022 received in the first month of FY2022. Of that \$23.9 million cash amount, \$5.9 is encumbered for contracts. The remaining \$18 million of unencumbered funds

will primarily be stored as R&M reserves for future deployment when the appropriation expenditure ceiling is hopefully restored as part of the 2023 legislative process.

Mr. Togashi spoke about the HCC Enterprise Special Fund Board allocations. At the beginning of FY2022 the fund had reserves of \$17 million. He expects the balance to grow to \$29.3 million by the end of FY2023 after considering the \$1.1 million in operating revenue they received for the HCC in July 2022 and \$11 in TAT they received in FY2023. Of the projected \$29.3 million, \$2.5 million is earmarked for facility operations contingency reserve and approximately \$26.8 million is earmarked for the six-year R&M plan.

Chair Kam asked if there were any questions. Ms. Agas spoke about the previous meeting when they spoke about the projects that were behind for the HCC. Mr. Togashi spoke about the R&M schedule that had \$81 million in projects. Of that, \$15 million was earmarked for the rooftop repair that was appropriated by the legislature at that level, leaving about \$65 million in projects that they are currently working with. The projects have been accumulating over time, and they have been working their way through the partnerships with ASM. They have cash positions of about \$29.3 million in the HCC enterprise special fund reserve that they will be given access to with an appropriation by the legislature. In addition, there are funds available at ASM that they are using to fund their correct projects.

Ms. Agas said they need to look at a long-term plan. Mr. Togashi said they are in a deficit that will be significantly helped if they can get their HCC enterprise special fund appropriation release in FY2024. They are anticipating funds of \$29 million to help address the concerns. ASM does have and is equipped with a balance of \$37.4 million to fund existing projects.

Mr. Arakawa spoke to Ms. Agas' question. He suggested that at the September BFCC meeting, they could discuss that issue, so they have a plan going forward which could present a comprehensive plan. Mr. Togashi concurred with the suggestion. He said, regarding a long-term plan, they have a six-year plan, and they have a twenty-five-year plan that is with ASM as well.

Chair Kam asked for a motion to approve the budget as presented. Mr. Arakawa made a motion, and Mr. White seconded. Mr. Zane was excused. Mr. Gionson did the roll call, and the motion passed unanimously.

10. Presentation, Discussion, and Action to Amend HTA's FY 2022 and FY 2023 Budgets

Mr. Togashi made a few changes to the schedule on page 157. He said they identified programs they felt necessary to fund with the FY2022 budget instead of the FY2023 budget since they are still working with the governor's administration on releasing the funds from the FY2023 budget.

They plan to do so by using \$6.4 million in FY2022 funds that the Board has not yet released. To extend their commitment and responsibility to the community, the community programs, and the time they have to contract and fund the programs, they are proposing amendments to the FY2022/FY2023 budget.

Mr. Togashi spoke about the FY2022 budget. He started with budget amendment number one. Staff recommends using the \$6.4 million of funds not yet released by the Board that was initially purposed for the smart destination website and consultant, and instead fund the community programs that are Kukula Ola, Aloha 'Āina, and Signature events initially to be funded by their FY2023 budget. For budget amendment two, similarly, based on the life cycle of Kahea Airport Greeting program and Cruise consultant contract, they are proposing to move \$800,000 from the FY2022 gohawaii.com program to fund those two contracts that otherwise would have been funded by the FY2023 budget.

Regarding the FY2023 budget, for budget amendments three and four, they would move the funding for the FY2023 programs to each unallocated budget fund. The same programs are moving down to unallocated.

Mr. Ching mentioned when they previously discussed the importance of getting their website up to date, and the agreement was unanimous. He asked where this was on the priorities list. Chair Kam asked if everything the Board approved was in place. Mr. Ching said he recalls it being a time-sensitive issue.

Mr. Ka'anā'anā said that for the GoHawaii scope, the Board approved \$1.3 million for work on the website. The work was included in the scope of the procurement protest process, so the scope to move the website could not move forward until it is dealt with. They will replenish it once the FY2023 appropriation comes down. Mr. Ching said it still needs to be done.

Chair Kam reiterated that in the interim, funds are tied to the protest and the other components that Mr. Togashi shared, and until the governor settles the veto, funds are tied up. Mr. Ka'anā'anā said that on the program side, the RFPs related to it typically would have gone out in August 2022, if not earlier for calendar 2023 programs. Part of the reasoning for trying to move the programs up and make the budget reallocations are intended to get the programs up and off the ground now, so they can get the RFPs out, and then start funded programs for the calendar year 2023. Mr. Ching noted that when the HTA makes those decisions, and if they are not unanimous, they should be discussed, so everyone can understand the reasoning.

Ms. Duarte asked if the HTA administers the grant programs. Mr. Ka'anā'anā said it is related to agenda item 11, and they intend to procure for community program administrative services, so it would be somebody outside managing it.

Mr. Arakawa spoke to Mr. Ching's point and said that if they had a BFCC meeting, this would have been discussed and sorted.

Mr. White asked Mr. Ka'anā'anā to elaborate on the items that Mr. Togashi identified that have not gone through the procurement process. He also asked what the lead time is. Mr. Ka'anā'anā said the procurement they will ask the Board for will be to get a service provider to administer the RFP and the actual implementation, and the oversight over the award grantees separately. Once the service provider issues the procurement, it would be multi-award depending on the program, and they would have different requirements to receive funding and different maximum award amounts.

Mr. White asked what the schedule is. Mr. Ka'anā'anā said they would recommend a mid-September release of a request for proposals related to community programs administrative services. It would be for 30 days minimum which is required by law. He said they are confident that by inviting the right people to bid on the RFP, they will be able to encourage the competition, then hopefully make an award in 45 days. He said their team has discussed internally the requirements. He said they will work with the service provider to set the parameters. Ms. Duarte asked if the HTA does not liberate this item, and asked if the programs are in danger of going away. Mr. Ka'anā'anā said he hoped that is not the case, but the timing would be impacted, and they intend to get back on cycle, which would mean calendar year funding, so they do have some events early in the year in January, and February, so those programs would be impacted first, as well as any of the year-round programs. Ms. Duarte recalled some of the positive anecdotal remarks that were made around some of the improvements in resident satisfaction.

Chair Kam asked for a motion to approve the amendments to the FY2022 and FY2023 budgets as presented. Mr. White asked if they could take all of the items as one motion or if they needed to be addressed individually. Mr. Togashi said they could be addressed together. Mr. Kinkley said they can be addressed as one motion if they have a unanimous vote on them, but if they need to break it up, they will do so. Ms. Duarte seconded. Mr. Arakawa suggested a worksheet be provided before the meeting, which would be easier for everyone to review, including the online participants. Mr. Gionson did the roll call, and the motion passed unanimously.

11. Presentation and Discussion on an Update of Upcoming HTA Procurements

Mr. Ka'anā'anā updated everyone an update on upcoming HTA procurements. He said the funding predicament they are in and waiting for the FY2023 appropriation has required them to

juggle certain things. He showed a slide with the three markets, Japan, Canada, and China, with their associated value and the HTA's projected issues to date of the RFP. He said they are confident in their ability to issue the three at the same time because the RFPs traditionally have all been fairly similar in terms of their form. In terms of the administrative load to write the RFP and the forms attached, those are consistent for reporting purposes and similar across the GMTs. The Grant Administration Services, or the Community Program Administrative Services, which will probably be the end name, is the \$6.4 million that they just discussed and approved. He said they need to speed that up, so they are targeting mid-September. The Grant Administration is targeting to start in November 2022, because they need to turn an RFP out to community programs in December 2022 and get that moving for the calendar 2023 programs.

Mr. Togashi said they are looking to go out with an RFP on the management of the HCC as soon as possible. The current contract ends in June 2023, so they want this sorted out by November 2022. Mr. White asked about other markets coming up at the end of the year along with the island chapters. Mr. Ka'anā'anā said there are no other international markets for the RFP. He said they have options for Korea and Oceania that they will exercise and need to go out for the RFP. He said the island chapters also need to go out for procurement because the end date for that contract is December 31, 2022. His team is working on that. In the future, that will be termed as island destination management support services. Mr. Ka'anā'anā said they had had good meetings with partners in the space to ensure the strategies were covered.

12. Update of the Pending \$1.5 Million Funding Deployment for the Island Chapters Contract

Mr. Ka'anā'anā said the \$1.5 million the Board approved in the June meeting is going through the work of the SPO and the administrative team, so they have been working toward getting State Procurement Office approval to add funds via a supplemental contract to the island chapter contract that is in place. Once that is clear they will be able to execute the supplemental contract, adding those funds. He has spoken with Mr. Monahan, and they are working that out using the U.S. leisure funding they have on hand and within scope for programs that the island chapters need. Traditionally the island chapters would have been funded for U.S. activity with island chapters out of the leisure contract. They are going to make sure the work moves forward. There were concerns about timing, but they have been able to work out the funding and where it is coming from. He said everything was on track.

Mr. Arakawa noted that the HTA staff handed out the background information.

13. Presentation, Discussion, and Action on the Hawai'i Convention Center's July 2022 Financial Report and Update on the Hawai'i Convention Center's 6-Year CIP Plan

Ms. Orton welcomed all the new members. For July 2022, they hosted 22 events, including 2 city-wide offshore events. The Goldschmidt conference was the one city-wide event, and the Pacific Rim Basketball tournament was the second city-wide event for the month. Those two events brought in 4,100 attendees, 6,100 contracted room nights, and \$18.2 million in economic impact. It also generated \$2.7 million in tax and \$425,000 in revenue for the HCC.

They also continue to host Monet, the Immerse Experience. Attendance at their second event was about 50% lower than at the previous event. Monet is looking at dates for 2023 for another exhibit.

She spoke about the reforecast numbers. For this fiscal year, the numbers are down. They have taken out two corporate city-wide events that did not materialize. At the start of making the budget, they had two strong corporate leads in discussions, and they were looking at 85% conversion for the two groups. One of the groups came down for a full site inspection of the HCC and for hotels they were going to contract with. They were in negotiations contracting hotel rooms and rates for some hotel partners, but for some reason, the budget numbers that they put to their board did not materialize, so they selected another city. The total revenue loss was \$1.2 million. They are hopeful that they will be able to fill the shortfall within the year with last-minute pick-up, with the help of the visitor bureau sales team, or local business. As of July 2022, the total revenue for the HCC, the state, and the tax revenue generated by the building is \$22.1 million. Expenses from the HCC are also added to that. They took an estimate of the budget for the visitor's bureau that they spent for labor and marketing for the HCC, so they can get the full picture of what the ROI is for every dollar spent, which is \$1.4 million for expenses. The ROI is \$11.53.

She highlighted definite city-wide bookings. For FY2022, there are five city-wide events on the books, and she showed forecasted attendance. The economic impact is \$72.2 million, and the tax generation is \$9 million to the state. For the point of reference, in an average year, 2017 was probably the best year, but they normally run anywhere from 25 city-wide events a year, to 30 events on a good year. The mix of business also has an impact on the bottom line. If there is a corporate business, there is a higher spend on food and beverage in the building. She reminded everyone that it is not alarming to see a negative bottom line for profit and loss statement. She said they do try to reduce the negative bottom line.

Ms. Orton spoke about what is on the books for future years. She shared the pace report, showing definite and tentative business. She said there are zero events from 2027 onwards

which is a concern for her, but they all work collaboratively to bring business to Hawai'i and the HCC.

Mr. Arakawa asked what 2018 and 2019 were like for events. Ms. Orton said there were 20 events on average. Mr. Arakawa asked if there are goals that are set. Ms. Orton said that would be a question for the BFCC or the Branding Standing Committee, to get more information. The goals and benchmarks numbers are being addressed for future years. Mr. Ka'anā'anā said it would be better to discuss those issues at the Branding Standing Committee meetings. Mr. Ka'anā'anā said they are aware of the challenges ahead on the MCI front. He said the rates are high, and it has been difficult to convert MCI business or group business in that environment. When they are successful on the leisure side they feel the effects on the MCI side.

Ms. Orton gave a shout-out to Mr. Reyes and the Sales and Marketing team as it is a challenging environment. She meets with them weekly to ensure she is doing her very best and so that there are no obstacles. She mentioned that there are challenges out of their hands, and working with hotel partners, they have monthly calls to hear their concerns and put business in the months they need and want. She ensures they are not spending time on business that the hotel partners do not need or want. It brings all the hotels together to ensure there are no obstacles for the sales team to convert business.

Mr. Ka'anā'anā said he and Mr. Reyes have also paid attention to corporate business, as he feels there is opportunity there. Ms. Orton said there is also short-term corporate business as well. Mr. Ching said that it sounds like the rates are a barrier for the bookings, so he suggested they have some solutions before discussing it. Ms. Orton said the two headquarter hotels are beachfront properties, and they need a headquarter hotel for larger events. She said maybe they could group hotels off the beach together to be able to come up with the inventory and rates they need to go after some of the larger groups. She said they must start thinking outside the box.

Mr. Ka'anā'anā shared that there is an opportunity in the future work of DBEDT around the future HCC study about understanding that as part of their scope.

Ms. Orton spoke about recent events at the HCC. She said they also had the Polynesian festival bringing in 6,000 attendees to the building. They also had Hawai'i Stars present another event with 800 attendees. She spoke about upcoming local events. She highlighted the International Society of Neurochemistry, a small meeting, but they require a lot of food and beverage and have lots of meetings in the building, so it is good business for the HCC. She also mentioned the Okinawan Festival coming up on September 3, anticipating 35,000 attendees.

Ms. Orton showed the local business on the books, with nineteen events for August, fifteen events for September, and twenty-one events for October. Most of the events are one-day events, and some are two-day events. The local segment is helping support the HCC in short-term bookings.

She spoke about the HCC Carbon Offset Program. There are a few hotels in Waikīkī participating in this. This is something that was hitched to meeting planners from the start when they selected the HCC as the place to do business. This is to offset their carbon footprint while they are there. There is a formula and a calculation for rentable space that is applied, and there is a fee per square foot of \$1.19. Ms. Orton spoke about some pick-up they got from the press release. She showed the companies that have opted in on their books for the carbon offset program. The carbon offset is \$3,688, which is added to a kitty, and \$84 per tree to be planted. So, using the formula, they have planted about 43 trees to offset their carbon footprint at the HCC. This goes into the initiative to plant Hawaiian endemic trees, a reforestation project they participated in with Hawai'i Legacy Hardwood. Their commitment is to plant one million trees.

She turned the floor over to Ms. Tait for the R&M projects update. Ms. Tait said the projects are moving along well. She spoke about the updated 6-year plan. She noted that the projects are listed according to project number, not the priority of the projects. She said they assess and prioritize the need for repairs by looking at the cash distribution in the fiscal years listed. She said the total for the priority projects is \$80 million. For current projects, the HCC will be awarding contracts for the management and construction management services for the next construction projects. She said they would also be awarding a contract for installing additional exterior security cameras around the HCC, which would help with some of the vandalism damage since the beginning of 2022. There are upgrades to the kitchen hood control panels and the fire suppression system. They will award the contracts shortly. They have the RFPs out for two large projects. One project addresses the water leaks on street level. The face of the building leaks, and the planters leak on the third and fourth floors. She said they had received the proposal, which they will be evaluating. The second project is the chiller replacement, which is the second phase, second to the cooling tower replacement and upgrade, which they completed last year. It will be a great improvement in that area.

Ms. Tait spoke about the completed projects during the pandemic when the HCC was closed. The latest update was the completion of the trellis renovation project. They also enhanced lighting as part of the trellis system, with colored lighting.

Ms. Orton also mentioned that they have a twenty-five-year plan. They base the projects on the cash flow they have or what they anticipate receiving from the HTA.

Mr. Ching asked about the vandalism. Ms. Orton elaborated on the vandalism. She said the vandals have been shooting ball bearings into the windows for the last seven or eight months. Each window costs \$20,000 to replace. She said they are at about \$200,000 for window replacements currently. She said it is a safety hazard as some of the windows are on the second level. She said it has been covered under their insurance policy. They have installed cameras on the exterior of the building to try to find the color, make of the car, or number plate. She said they caught a blurred picture with someone wearing a mask in a car. There has been one incident where the security guard was in the lobby, and the glass cracked as he walked past it. She said this happens at different times of the day, and they call the police each time. She said other commercial businesses have also reported the same vandalism.

Chair Kam asked for a motion to approve Ms. Orton's financials. Mr. Arakawa made a motion and Mr. Ching seconded. Mr. Gionson did the roll call and the motion passed unanimously.

14. Adjournment

Chair Kam asked for a motion to adjourn. Mr. Ching made a motion, and Mr. Arakawa seconded. The motion passed unanimously. Mr. Gionson concluded the meeting at 1:41 p.m.

Respectfully submitted,



Sheillane Reyes
Recorder