



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, May 25, 2023, 9:30 a.m.

Hybrid In-Person & Virtual Meeting

MINUTES OF THE REGULAR BOARD MEETING

MEMBERS PRESENT:

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

MEMBERS NOT PRESENT:

Sherry Menor-McNamara

HTA STAFF PRESENT:

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

GUESTS:

DBEDT Director James Tokioka, Kylie Butts, Jennifer Chun, Minh Chau Chun, Jeffrey Eslinger, Laci Goshi, Joel Guy, Nathan Kam, Sue Kanoho, Lawrence Liu, Guillaume Maman, John Monahan, Bobbie Okamoto, Ryan Okano, Patti Ornellas, Teri Orton, Jessica Lani Rich, Malia Sanders, Allison Schaefer, Mari Tait, Jay Talwar, Chelsea Wolke

LEGAL COUNSEL:

John Cole

1. Call to Order

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

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

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

3. Opening Cultural Protocol

Mr. Ka'anā'anā did the opening protocol with a meme he composed to reflect the May day celebrations in Hawai'i, and the King Kamehameha Day in June.

4. Approval of Minutes of the April 27, 2023, Regular Board Meeting

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 was none.

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

a. Update on Programs During April 2023

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

Mr. De Fries noted that Mr. Ka'anā'anā was to be part of the Hawai'i delegation headed by State Senate President Ron Kouchi, along with the President and CEO of the Chamber of Commerce of Hawai'i, Ms. Menor-McNamara, and the Mayor of Kaua'i, Derek Kawakami. This delegation would take part in the ceremony of lei draping the King Kamehameha Statue in Washington D.C. during Hawai'i-on-the-Hill.

Mr. De Fries stated that some agenda items would be taken out of sequence because of time constraints. He then read a letter that he had received on April 23 from Mayor Kawakami. This was a copy of a letter that had been sent out to all legislative leaders expressing the support of

the County of Kaua'i for the work of the HTA to manage tourism sustainably in a manner consistent with economic goals, cultural values, preservation of natural resources, community desires and visitor industry needs. The HTA was congratulated on the success of its marketing and branding over the past two decades and its shift of focus with developing a Change Management Plan, incorporating the principles of Mālama Ku'u Home. The core of the management plan centered around natural resources, Hawaiian culture, community, and brand marketing. As part of HTA's emphasis on community, each island had formed a steering committee composed of residents and a cross-section of community and business members to build a road map directing the future of tourism on each island in Hawai'i. The letter stated that he was proud of the work done by the Kaua'i Destination Management Action Plan (DMAP) led by the Kaua'i Visitors' Bureau and the County of Kaua'i Office of Economic Development. This plan had identified strengths, opportunities, weaknesses, and threats. The Kaua'i DMAP had envisioned six objectives and ten priority actions to achieve its goal of redesigning tourism on Kaua'i.

Mr. De Fries stated that he was grateful for the support from the mayors of each county. The DMAP team had been invited to give a brief presentation.

Ms. Anderson gave updates on the Steering Committee meetings which had been held during the previous week. She thanked the Board members who had participated in the DMAP steering committee meetings. Individual DMAPs were to present an update on events on each island.

Kaua'i DMAP: Ms. Anderson thanked Ms. Kanoho and Ms. Ornellas from the KVB, the County of Kaua'i, and Mr. Guy, a Steering Committee member, all of whom had been instrumental in the Kaua'i DMAP. Ms. Kanoho thanked the Board for the opportunity to be part of the meeting. She expressed the gratitude of the community of Kaua'i for the support of HTA during the aftermath of the floods of April 2018. Discussions about risk mitigation had been going on for several years, but the floods of 2018 caused the shuttle program and the Haena Initiative to be established, with cooperation between the community, the government, and the private sector.

Mr. Guy thanked the HTA for their support when the area was reopened and the park launched after the 2018 floods. The North Shore State Park Management Plan had taken decades with the support of many people, especially community leaders. During the planning period, Mr. Guy had been the president of the Honaliki Tidal Community Association and had been concerned about the impact of launching the park on the local community. With 3,500 people per day entering the park, there were lines of cars outside the park. The community association had

feared a possible negative impact of the park. Mr. Guy stated that he was the director of a subcontractor to the park responsible for managing the entire park.

Mr. Guy gave a slide presentation to show what had been learned since the park's launch. He demonstrated the website, which allowed visitors to register for park access and make purchases, and provided the necessary information for visitors. Residents with a Hawai'i State ID could drive straight into the park, and these averaged about 100 a day.

All reservations were made ahead of time. Formerly there might have been up to 350 visitors daily, but the maximum had now been set at 900. About 450 visitors entered the park using shuttles operated by one of the park partners. Each shuttle carried 24 passengers, and shuttles left the parking lot every 20 minutes from 6.40 a.m. to noon. 100 parking lots were allocated, but the majority were used by residents. Some members of the park team were lineal descendants who continued with their cultural farming practices inside the park. The partnership of these community members was an important resource for the park management team.

Mr. Guy highlighted three major lessons learned about the management of the park. Firstly, in terms of public safety, the team made a difference by constantly monitoring stream gauges and storm patterns. Without this system, a storm could trap hundreds of people in the park, compromising their safety. A system was in place to send out refunds and stop visitors from getting in harm's way. Before this system was implemented, about 150 people were rescued by first responders every year, mostly concerned with stream crossings. With the present system, the number of rescues has been reduced almost to zero.

Secondly, financial viability was important. Operation of the shuttles was expensive, and the local community had provided parking lots far enough away from the park not to cause congestion and yet to allow local merchants to be patronized. The park was doing well financially, and community members obtained an income from their land. Many park staff was lineal descendants whose families had been displaced, but now they were gaining an income and being supported in other ways.

The third lesson was the responsibility of the park management to educate visitors. First contact was made when the tickets were purchased, providing an opportunity to give information to visitors. Signs at the shuttle stop were very intentional. Visitors needed to be aware of what was happening and considerate of the local community. The 25-minute shuttle ride undertaken by thousands of visitors every month, was used as an education and information opportunity through the onboard messaging. A script, written by Mehana Vaughn

and Carmela and narrated by Chandler, was specific to each area and explained the origin and meaning of placenames on the journey.

Every visitor was greeted individually as they got off the shuttle. This face-to-face interaction allowed visitors to ask questions and get individual advice before leaving for the beach or hike. Each visitor was scanned for feedback on how they found out about the park and whether they knew reservations would be needed. This survey data would be used to produce a playbook to assist other resource management teams.

Ms. Ornellas gave updates on the Kaua'i Destination Management Action Plan (DMAP). Many residents were unaware of the details of DMAP. Information videos will be shown on Hawaiian Airlines inflight programs during June and July. In January, DMAP collaborated with Haena on the 2023 Haena holo holo series. Both residents and visitors were given information on protecting natural and marine resources and the importance of shopping for locally sourced goods.

The HTJ had spread the DMAP message about mālama in action. Team members had shared segments focusing on the fragility of the island's ecosystems with the assistance of Mike DeMotta, the curator of living collections at the National Tropical Botanical Gardens. Hawaiian culture center was supported by workshops and presentations for guests and associates. The Japan audience had been internationally featured with airtime at the Merrie Monarch festival.

Ms. Ornellas said they further support Hawaiian culture, with necessary collaboration and engagement, along with a village of cultural practitioners and leaders who had become expert resources ensuring that the culture was being shared in the best Pono manner. The emphasis of DMAP was to bring culture to the forefront and to provide cooperation between the culture, residents, and businesses.

NaHHA provided cultural resources and training for resorts and business communities. The HTA had allowed DMAP funds to promote cultural enrichment programs that would otherwise have been part of a community program. These included Hawaiian music, hula, craft making, textiles, and cultural history. These activities had been carried out on Kaua'i between February 17 and April 28, and were well received by both visitors and residents.

DMAP had collaborated with the KVB, the Kaua'i County Economic Development Office, Kaua'i Chamber of Commerce, Leadership Kaua'i, and representatives of Makahiki to develop a curriculum to help integrate visitors into the island community with respect for culture and traditions. Conscious traveler guidelines were being shared with guests. When media events were hosted, the program hired a Hawaiian culture manager and published guidelines for the proper use of 'Ōlelo Hawai'i.

In addition, a Mālama Ku‘u Home video series on the Kaua‘i YouTube channel covered the Kaua‘i Museum, the National Tropical Botanical Garden, Mo‘olelo Murals, and Prince Kūhiō Park. This series would benefit residents as well as visitors.

DMAP worked with community partnerships, including Keoki’s Paradise, Surfrider Foundation, and Holo Holo Charters. In 2022 Holo Holo Charters gave back over \$75,000 to the Kaua‘i community with in-kind and monetary donations. Surfrider Foundation has carried out many beach cleanups to mālama beaches and shorelines. Keoki’s Paradise had hosted a series of Mālama āina presentations on culture, conservation, native species, natural resources and the environment, and this had been useful in enabling visitors and residents to get information. Keoki’s Paradise had also established the holo holo award, honoring Kaua‘i residents working to perpetuate Hawai‘i culture and traditions, giving back to people who were committed to environmental and cultural education to uplift and empower the island community, in line with their four pillars. All these events made it clear that the visitor industry gave back to the community, maintaining the Pono balance.

DMAP Kaua‘i had encountered various challenges, one of these being mainland operators who ran photography workshops during which clients were taken to places where they should not be or had not obtained permits. Meanwhile, local photographers had to comply with the rules and were disadvantaged. DMAP was working with DNLN to educate people about the necessity of permits. Any business which was hosting such people should make sure that they had obtained appropriate permits.

Ms. Anderson congratulated Keoki’s Paradise for Mālama āina and noted that this tied in with the wildlife summit to take place later this year. DMAP was to build up Makahiki and add practitioners and leaders to ensure they were culturally appropriate. It was planned to upgrade and revamp the Aloha portal and to spotlight 20 small local businesses. There was to be a collection of data about the numbers of cars and people at visitor hot spots, to mitigate congestion and avoid degradation of the environment and infrastructure. Community outreach was to include articles on public service announcements on island radio stations with Pacific Media Group, as well as educational and informational videos to be broadcast on Kaua‘i community television. In addition, the Kaua‘i DMAP Instagram page would be used for community presentations.

The Kaua‘i community was grateful to HTA, island agencies, and stakeholders for funding community outreach work, enabling a better understanding of DMAPs. Residents who complained about the HTA had failed to understand how tourism dollars helped the local community and were recirculated to lineal descendants whose knowledge base was valued by the industry. In return, lineal descendants benefited from financial security and investment.

Ms. Kanoho thanked Ms. Anderson for her help.

Ms. Agas thanked Ms. Kanoho for everything she did. They are proud to work with her and everyone who has been part of the journey. Ms. Kanoho thanked Ms. Ornellas and the Destination Managers. Ms. Duarte thanked everyone for their help and for being role models. She noted transparent and visible accountability.

Mr. De Fries thanked everyone. Dir. Tokioka noted that the KVB was the gold standard for managing tourism and pointed out that community or legislature members who saw this presentation would better understand the meaning of Destination Management. He stated that Kaua'i was a model for other island communities and recognized Mayor Kawakami's and Senator Kouchi's input, who had been instrumental in this success. The rest of the community needed to share this message. One of the changes which had made a difference was the involvement of community members in local meetings. Ms. Kanoho said that talking to residents has made a big difference.

Mr. De Fries asked Ms. Duarte to give an interpretation of the term maka'ainana. She said it referred to a person of the land who was aware of their responsibilities to the land and their reciprocal relationship with it, maintaining the environment and infrastructure and ensuring a healthy and abundant community. Ms. Agas thanked Mr. Ching for what he does for Kaua'i and the community. Mr. Ching said it is everyone involved that helps make it work.

Mr. De Fries reported on the activities of the previous month. He highlighted the Change Management Plan and noted that the position of procurement manager had been filled by Ms. Fermahin, the previous HTA procurement specialist. Ms. Fermahin has been temporarily assigned to this management position since January 2023. This left open the position of HTA procurement specialist. The Vice-President of Finance, Mr. Choy transitioned to full oversight of the finance section, responsible for fiscal and procurement functions. Mr. Choi had reviewed the 2022 auditors' report and would be recommending changes to procedures and policies.

May had been an important month for the Branding Standing section. Mr. Ka'anā'anā said Hawai'i Tourism Oceania had hosted a month of lei activities with their industry partners. The island chapters were thanked for their attendance at the lunch and learn event, which allowed sharing knowledge about the Hawaiian islands with travel advisors. This exponentially increased their reach through the contact of travel advisors with their clients. He said webinar training had taken place with OTAs. There were challenges with air capacity from Oceania to Hawai'i, because of stiff competition with much cheaper direct flights to the West Coast. This was ground that had to be made up in the Oceania market. He thanked the Oceania team for all their efforts.

Mr. Ka'anā'anā said the HTA team had participated in the DBEDT/State of Hawai'i food drive to help less fortunate neighbors. The goal of the State was 70,000 pounds of food donations and \$150,000 in monetary donations. A CANstruction challenge occurred between agencies, in which the HTA display gave a message to respect wildlife. DBEDT won the challenge. The HTA raised \$853 from a bake sale and collected over 100 canned foods.

He said the HTA and HLTA had been in partnership to administer scholarships providing four years' full tuition. This year nine recipients of the scholar cohort graduated. The second cohort of eight scholars will graduate in the spring 2024. This scholarship scheme had been an important focus for the legislature to allow Hawai'i kids to enter the hospitality and tourism industry. Visitors who interacted with Hawaiian people would have authentic and meaningful experiences. In return, young Hawaiians also benefited because they could stay in Hawai'i and share their culture with the visitors. All nine scholars had taken courses in Hawai'i culture and Hawai'i language to ensure they fully understood all four pillars of HTA Strategic Plan. Several scholars had carried out their required internship at the HTA, and eventually, at least one might be hired. The HTA also collaborated with the HLTA for the Charity Walk. The HTA raised \$964.72. He congratulated the staff who participated in the Walk.

He spoke about IPW, the leading inbound travel show for the U.S. travel industry, held from May 20 to 24 in San Antonio. The purpose of this show was to reunite and rebuild the global travel industry and provide an in-person platform to renew relationships. Several of the HTA staff took part in this show.

Mr. Gionson noted that this show provided the largest event for U.S. destinations and lodging establishments to meet with partners in inbound international travel and to direct international travel to the U.S. The show was appointment based, and the HTA team took part in over 100 appointments with industry partners and journalists. The team shared the HTA theme of regenerative tourism and destination management, opportunities for visitors to give back and the guiding principle of mālama. During the lunch break, the HTA hosted several luncheon tables and used the flag to ensure they were visible to the more than 5,000 participants in the conference.

Mr. Ka'anā'anā said they are a member of U.S. Travel Association, their national body for advocacy around tourism and hospitality. Hawai'i is a member of the Chairman's circle. Mr. De Fries is in the national circle of state tourism directors, Ms. Chun is in the research advisory committee, and Mr. Gionson is in the communications advisory committee. In these ways, they gather information about what's happening in tourism and hospitality across the U.S., so they stay abreast of the latest trends and evangelize about destination management, and as an island state, they have a unique viewpoint.

Mr. Ka'anā'anā noted that HTA was a presenting sponsor for 2023 Hawai'i on the Hill and congratulated the team participating in the lei draping ceremony to honor King Kamehameha.

The Hawai'i Tourism Canada team was congratulated for having received an award on behalf of Hawai'i as the 2023 Readers' Choice for tourism board Asia-Pacific.

Mr. De Fries said there was an online attendee who wanted to give a testimony regarding the Kaua'i DMAP. After a cultural greeting, Mr. Smith applauded HTA's shift from sustainable to regenerative tourism but pointed out that despite the work being done by DMAPs, the KVB, and CNHA some communities were under-served and socially disadvantaged. In addition to lineal descendants and local families, these communities also contained U.S. veterans and working-class families, and they had not always been able to participate in what DMAPs, KVB, and the CNHA were doing. The Office of Native Hawai'i Relations had recently made contact with a number of Native American groups on the mainland, as well as an international coalition of native groups.

Mr. Smith asked whether there could be an opportunity for groups like his own, which appeared to be excluded from the activities of DMAP and KVB, to offer presentations and insight about efforts in these under-served and mostly indigenous communities. These communities desired to participate but appeared to lack an appropriate forum at the local level. He was impressed by the work being done by DMAP, but felt that a community voice wasn't being heard. The working-class neighborhoods in Kaua'i needed guidance towards greater involvement. He said he hoped to find out what would be the implications and possible impact on those outside the scope of DMAPs and KVB on becoming a partner to the HTA. Finally, Mr. Smith appreciated TravelToChange, which had been instrumental in helping under-served communities stay involved in larger discussions about tourism in Hawai'i and assisting those communities in working on a reservation system for regenerative tourism opportunities.

Mr. De Fries thanked Mr. Smith for his insights and promised to work through the DMAP team to consider specific ideas and involve the CNHA in the new contract awarded. The DMAP staff assured Mr. De Fries that communications with Mr. Smith and his community were ongoing.

Mr. De Fries called on Mr. Nāho'opi'i for additional updates. Mr. Nāho'opi'i responded that most had already been covered. His office had been busy supporting work, especially in coordinating the major RFPs and providing information needed for testimonies and other legislative exercises. Financial updates will be given in the report from the BFCC. The VP in charge of Finance had focused on ensuring that their internal procedures had good quality assurance. Some policy changes might be outlined in the next Board meeting to effect changes in internal procedures.

c. Update on RFPs

i. RFP 23-02: Destination Brand Management & Marketing Services for the Canada Market

Mr. Ka'anā'anā stated that this had been awarded to Vox International, the incumbent, and had received a request for debrief. The HTA had seven working days to respond and hold a debrief meeting with them, whilst the contractor had an additional five working days to protest.

ii. RFP 23-03: Destination Brand Management & Marketing Services for the United States Market

Mr. Ka'anā'anā said this was awarded to HVCB as incumbent. The HTA had also received a request from an offer for a debrief, and similarly, the HTA had seven working days to have the debrief meeting, whilst the contractor had an additional five working days to protest.

iii. RFP 23-08: Support Services for Destination Stewardship

Ms. Anderson said this had been awarded to the CNHA, and the staff had already met with them to discuss their contract.

7. Report on Tourism Research

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

Ms. Chun reminded the Board that the HTA was a member of the Chairman's Circle of the USTA, and this was a source for the information package, which also contained some highlights from Memorial Day, Golden Week, and Marathon bookings. Visitor statistics will be available on Monday, May 30.

b. Transient Accommodations Tax Revenue Report

Ms. Chun said TAT revenue for April was \$81.3 million, bringing the total for FY2023 up to \$723 million. Comparing April 2023 with April of previous years, going back to January 2017, this was one of the higher months for TAT.

Regarding county transient accommodation tax, only the island of Hawai'i had given actual collections. For other counties, the income had been estimated based on reports from the Department of Taxation. Hence there was a time lag. For January 2023, the revenues were \$9.5 million for O'ahu, \$8.8 million for Maui, \$2.9 million for Hawai'i and \$3.8 million for Hawai'i County.

Key performance indicators for HTA include Resident Sentiment and Visitor Satisfaction. Currently, 57% of residents see tourism as positive for themselves and their families. A more detailed report will be presented in July. The report on visitor satisfaction had just been published, and Hawai'i received high marks across the board. The lowest marks came from Oceania. In response to the question, "Did your vacation exceed your expectations?" the marks were lower probably because most visitors already had high expectations. Many visitors would recommend vacationing in Hawai'i to family and friends. Fewer visitors are expected to return to Hawai'i in the next five years, apart from respondents from Japan. A return within five years was less likely for visitors from Korea and Oceania.

In March 2023, the average per person per day was \$233, and the total expenditure was \$1.8 billion. The tourism forecast will be published the following week, on June 1. The U.S. market appeared to be softening, while it seemed likely that there would be an increase for Canada and Japan.

Questioned about the change in per visitor per day expenditure, Ms. Chun cited the effects of inflation and pricing. In general, prices had increased, partly due to the lingering effects of supply chain issues. Additionally, higher volume and longer stays tended to result in higher per visitor per day or monthly expenditure. Regarding the slides relating to Destination Gateway events slides, Ms. Chun noted that the Memorial Day slide referred only to the U.S. market, while the Golden Week and Honolulu Marathon slides referred only to the Japanese market.

Mr. Ka'anā'anā said one of the concerns was that the length of stay per visit seemed likely to decrease from the present average of about eight or nine nights. Considering how the average stay could be increased, it was suggested that new products, fresh activities, and destinations for visitors be created. It was necessary to think about investment in the product and using the umbrella of DMAP's to create memorable experiences in a managed way. Another possibility was to emphasize multi-island trips to develop visitors' understanding that Hawai'i was more than one island. Destination management and regenerative tourism went hand-in-glove with the need to increase visitors' stay time. An increase in the length of stay would automatically increase the expenditure per visitor.

8. Report and Update by the Budget, Finance and Convention Center Standing Committee of their Meeting held on May 23, 2023

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

Mr. Rafter stated that the HTA Financial Report for April 2023 had been presented at the BFCC Standing Committee meeting, and the committee had unanimously recommended its approval.

The financial report format had been changed to resemble a CPA-prepared financial statement. Mr. Choy expressed surprise that many people, even legislators, failed to understand financial statements, and assumed that all the funds in the statement were available to be spent. He pointed out that even though more than \$136 million appeared on the report, only about \$11 million was the unencumbered balance available for use. Other funds were restricted and were not available for use. For the month, the income statement showed \$14 million from EDA tourism grant received.

Mr. Choy pointed out that it was important for any financial statement to disclose as much information as possible. The financial statement was supposed to answer more questions than it generated. Questioned about the purpose of funds allocated for governance and organization-wide expenses, Mr. Choy explained that these were for Board meeting expenses and transportation. Mr. Arakawa asked for the meaning of the term “modified cash basis,” Mr. Choy explained that while revenues were on a cash basis, expenses were on an accrual basis. Certain expenses were accrued just once a year during the audit. This referred to the ERS, health fund, and vacation payments.

Mr. Choy said the budget would change on July 1 as the funding method would change. Members were also reminded that the budget statements for the various programs were for historical information only. The HCC financial statement was at the end of the financial report, and this had been provided by the management of the center.

Mr. Choy stated that the finance department was developing a system for internal control of finances. In other words, the HTA intended to begin to audit itself. He said the purpose of an internal audit was not for punishment but for the purpose of education and improvement. It was hoped that this would ensure that the financial management of the HTA would improve since no one could carry out 100% perfect work.

Mr. Choy said the HCC roof project was moving swiftly, and the intention was to obtain the RFP for the employment of a project manager and a construction manager. Funding had been approved by the legislature for one year, from July 1, 2023, to June 30, 2024. However, it was clear that the project could not be finished in one year, so DAGS had been contacted to encumber the funds until the project was completed.

Mr. Arakawa asked about the process of monitoring the actions, spending, and meetings for the HCC roof project. Mr. Choy said they would go through the procurement process, the money coming through the HTA, and they would be paying the HCC management to manage the project. Mr. Choy said there had been daily meetings as they wanted to make it a showcase

project. He was willing to meet with all the relevant parties to ensure everyone was on the same page to ensure the success of the project.

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

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

Mr. Rafter said agenda item 9 would cover some of this. He said they have a lot of local events but do not have many city-wide or national events, but that will change in 2024. For 2026 and 2027, the sales team will need help to close some city-wide events. He called out the press about the executive chef. Ms. Orton also won a pineapple award. Ms. Tait had gone through the 6-year CIP plan. There was nothing new or unusual in the plan.

The BFCC Standing Committee recommended approval of the April budget and financials as stated. Mr. Nāho'opi'i asked for a motion to approve this. Mr. White made a motion, and Mr. Kam seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

c. Presentation on Proposal to Reallocate Funds from Multiple Budget Line Items

Mr. Nāho'opi'i said in the BFCC Standing Committee meeting, Mr. Kishi presented the reallocated funds from one budget line item to another. The report used to be in the financial reports, but since then it has been separated out and was a separate agenda item. All the allocations were less than \$250,000, so there was no action necessary.

Mr. Ka'anā'anā spoke about the Board's decision regarding the Hawai'i Tourism China contract. Suppose they were able to use the existing contract funds related to the contract. In that case, the HTA would no longer need what they previously budgeted for, and it would move into the Marketing Opportunity Fund, so the budget reallocation from 329 through 2380 is that reallocation. He said there were a few issues related to being unable to issue a notice to proceed to NaHHA, and work needed to be done. Some of that work was procured and contracted or awarded through the HTA directly, throwing off their line items. They reallocated the funds to ensure there were no zeros. They made a supplemental contract to contract 18200 to reduce the amount spent internally and adjust everything else. This was to ensure there were no negative balances in any BLI's.

He spoke about allocations that reflected deferrals they made for various programs, which would be discussed later. Ms. Duarte asked if they are confident that the changes they made to the NaHHA contract totals will be complicit with all rules. Mr. Ka'anā'anā said NaHHA did not receive a notice to proceed early enough in the contracting, so they will talk about the reductions mostly related to things the HTA paid directly.

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

Mr. Reyes reported that for April 2023, definite room nights were lower, but year to date, they are up by 68%. The team is very focused on closing the sales. In the sales pipeline, there has been an increase in tentative nights city-wides since the previous year. For the last few months, they focused on the HCC and production based on questions by the legislature. One of the most important things in their industry is being associated with key industry associations. Meeting Professional International Oregon/Aloha Chapter Seminar is very important. The Professional Convention Management Association Partner Summit is a core group of senior-level executives that plan HCC business. The Financial Insurance Conference Planner Culture Responsibility Webinar is also important. The Meet with Momentum Customer Education Trip was also a great meeting. Close to 200 MCI customers have been going to Hawai'i to talk about potential future programs. He spoke about Global Sales Activities, including the following:

Organized April TOBU TOP TOURS (MICE Agency) Hawai'i Workshop in Tokyo & Osaka MCI participation in April Japan Sales Summit (HTJ & Meet Hawai'i) sponsoring Japan MCI Customers.

Working on the Oceania 2025 City-wide RFP.

Working with HTA Korea on MCI Korea Sales Event in conjunction with Lt. Governor's Korea Visit.

Mr. Ka'anā'anā called attention to the fact that they have coordinated with Mr. Ling at DBEDT to support the Lt. Governor's delegation trip to Korea in October 2023. The HTA is ensuring they are supporting this.

Mr. Reyes spoke about the Future Pace and Consumption. He was a panelist at the HCC Budget and Finance meeting the previous week for any questions. There were many questions about the future pace. One thing they have been tracking is the increase in events. They continue to show a pickup in city-wide bookings. Their short-term strategy was to get 77 events booked from 2023 to 2027. He reminded the Board that city-wides are getting much shorter in their booking window, with the average booking window being five years. There is a strong pace in

2024, and 2025 as the city-wide customers have a shorter booking window. He said, thanks to Mr. Nāho'opi'i, for 2023, they have 63,553 definite room nights, and they should be at 72,000 with a 20% percent increase. 2024 and 2025 are still interested in people booking Hawai'i and the HCC. For 2027, they are waiting for a big city-wide convention to sign worth about 40,000 room nights. For 2028, they just received a big lead, which is confidential. He added that they would love to have a conversation about scaling up. It is all about sales power and the sales team.

Mr. Reyes mentioned the power of the MFF. He said they use the incentives to close business. Regarding the HCC rooftop, the \$64 million HCC repair will impact bookings for the HCC. Long-term, the good news is that they will have a fully functional building once the roof repair is complete. Short-term, they are navigating 2025 and 2026 customer opportunities. They provide ongoing city-wide customer updates regarding the HCC rooftop.

Mr. Reyes spoke about the construction strategy. They want to identify creative meeting and hotel options for single properties to keep bookings in Hawai'i during the HCC Roof Repair. Single property opportunities remain valuable during the HCC roof repair. They want to increase single property opportunities during 2025 and 2026 for neighboring islands and O'ahu during the HCC roof repairs.

Mr. Ka'anā'anā added that as they consider the future pace report, he reminded everyone that the kind of city-wide is an important aspect of timing. He thanked Mr. Reyes and Ms. Orton for all their work. Mr. Rafter asked what Mr. Reyes' budget looked like versus 2018 or 2019 and how much the MFF has changed things. Mr. Reyes said that in 2020, they had a \$6.9 million budget, and 55% would go to city-wide events, with 45% going to single property. Currently, they are at \$4.5 million. For city-wide, he is operating at about \$2.5 million. He said MFF has \$850,000 that they use per calendar year, and sometimes there is money to carry over. In 2023 they had \$471,500 committed with an \$850,000 budget, so they will have some carryover. He said MFF is committed to dollars.

Ms. Orton added that as Mr. Reyes and the team book for future business, they are committing to dollars for a particular business to incentivize them to book Hawai'i. As they roll into the calendar year, the cumulative dollar amount for all the contracted MFF they have committed to in contracts is rolled up, and the total is put into Mr. Reyes' budget for MFF.

Mr. Arakawa asked why they need the MFF to get the people and room nights. Ms. Orton spoke about the American Dental conference and elaborated on how it helps. Mr. Reyes added that American Chest Physician is also a good example of a good conference. Mr. McCully asked how the funds were characterized in terms of incentives. Mr. Reyes said the funds have to be spent

on Hawai'i-based businesses. There are different categories of destination support, transportation, etc. They have to have an invoice, and payment is not cleared until they are verified. Most importantly, they do not give money out, but it is handled through a process with signoffs, etc. Ms. Orton said the meeting planners also let them know how much they expect in incentives. Mr. Ka'anā'anā added that there is a form that helps them qualify for each of the opportunities to utilize MFF. It goes through a process of evaluation, and then it goes to Ms. Orton for a signature, then it moves to Mr. Reyes for his signature, and the CFO, and then to Mr. Ka'anā'anā for the HTA's approval.

Mr. Arakawa asked about the booking trend consumption and said they were averaging 20 city-wide events before the pandemic, and since COVID, they had to cut their budget. He asked what the incremental bump should be if they considered giving money to increase the pipeline numbers. Mr. Reyes said they would need a minimum of \$1 million. Mr. Ka'anā'anā said that if they recognize the importance of the state's assets, the building, and the ability to generate economic impact beyond its four walls, they need to consider what they are investing in to leverage it to the best it can be. He said previously, they were at \$7 million and are now at \$4.5 million. He said the budget cuts have made it difficult, but also the human aspect. Mr. Arakawa said the message from the legislative session is that the HTA should invest in the HCC.

10. Presentation, Discussion & Action on DLNR's Proposed EDA Project

Ms. Anderson said they voted not to approve the EDA funding for the Waikīkī snorkel trail at the previous Board meeting. The main reasons were ocean safety and user conflict. Thereafter the staff called a meeting with DLNR aquatic resources with Mr. Kam, Mr. Downing, and the HTA staff. The meeting was held on May 2. The purpose was for the DLNR to share out the intention for the snorkel trail and to hear the concerns from Board members. It was a healthy discussion, so DLNR revised its proposal. Ms. Anderson introduced Mr. Okano, the program manager with DLNR's division of aquatic resources, and Ms. Wolke, the program manager for the Hawai'i Coral Reef Initiative with the University of Hawai'i, to share their proposed project with the Board. Mr. Okano spoke about the O'ahu Coral Restoration Project. He said the project's purpose is to enhance leading coral resources at an existing degraded south shore dive site (25 - 40 ft depth) off Kewalo, Waikīkī, or Maunalua Bay, an existing dive site. The timeline is June 2023 to December 2026.

There are two phases. The first phase is the year one planning, where they heavily engage stakeholders, communities, resource users, and the scuba tour dive industry. They will conduct baseline assessments at target sites to determine if they are appropriate for coral restoration.

They will have stakeholder meetings to nominate additional sites, and capture feedback. The last step is to evaluate and integrate stakeholder input to finalize a project site. The next phase is to go from year two to year four, where they plan to continue engaging the community developing long-term management that is sustainable and adaptable; and they plan to implement the phase, where they will put coral on a reef and also grow urchins at their facility. They will monitor this to ensure the coral is doing well.

Mr. Okano spoke about the project outcomes. For aquatic resources, they anticipate aquatic improvements in the ecosystem, increased habitat, fish biomass, and live coral cover, and increasing resilience to bleaching. Next are Hawaiian visitors and residents. They are informed that the Hawai'i species are being restored and told how to protect and preserve Hawaii's aquatic resources. Users participate in low-impact nature-based tourism activities and increased recreation activities within the project site. Next is local businesses. Education outreach programs is provided to local businesses and community members. There is improved visitor satisfaction and perception of aquatic resources in a high-use area. The final group is researchers and scientists, with increased knowledge of Hawaiian restoration practices, engagement in developing and implementing coral restoration and increased opportunity for early career professionals. Anyone who wants to touch coral must get a permit from them. He said they have 65 coral species in Hawai'i, compared to other areas. Of the 65, 25% is endemic to Hawai'i. Hawai'i has cooler waters which results in a lower growth rate. Hawaii's reefs are in higher wave energy areas compared to other places. Because of the unique situation they have to focus on unique practices, so they focus on bouldering reef building species, refocus on larger coral colonies that are more resilient to environmental changes, and create situations to meet the demand for slow-growing species.

He spoke about their nursery and how they grow the coral at their facility. He highlighted a few milestones. They put out 150 modules with a survivorship rate of 97%. They funded the first novel structure for large coral species. They funded a 21-centimeter coral that took less than a year to grow. Mr. Downing asked how many other projects for coral restoration exist. Ms. Wolke said there are about a dozen projects. Mr. McCully said one concern of the HTA is recognizing that change is occurring in terms of resources and cultural support. For community interest, Mr. McCully wanted to know how DLNR provides interaction with the user. Mr. Okano said they see the project coming from the HTA as an opportunity to build that out properly.

Ms. Duarte asked about coral species in Waikiki. Ms. Wolke said in Waikiki; there are only four coral species they focus on. Waikiki is one of the places where the first year of planning will be done, and they will assess which site has the greatest need based on the risk. The three sites will be narrowed down in the first year to determine which species they want to focus on. Ms.

Duarte asked if the methodology would include traditional ecological knowledge as well. Mr. Okano said they would do that when they could.

Ms. Agas asked if they allow the tourism students to see what they do. Ms. Wolke said they have an education outreach specialist who goes to schools, and they coordinate tours to visit their facilities. They also reach out to undergraduate students to encourage local children to get interested in the field. Ms. Duarte said they could consider it an agricultural opportunity - farming coral. Mr. Okano said for now it is small scale, but they are looking at opportunities. Ms. Agas said it is a good opportunity for the HTA to partner with them for education and something native to Hawai'i. They should speak to companies that work on the ocean for funding sources.

Chair Kam asked if they were only focusing on the endemic species. Ms. Wolke said that out of the top four species they are working with, one is endemic, so they will not only be working with endemic corals, but others contribute to the project. Mr. Okano spoke about the algae they also work with, which is an important component of their reefs and coastline. It is a precursor to corals. He said nobody in the world does CCA restoration, but they are working on it and thinking out of the box.

Mr. Downing said, historically, from meetings with DLNR, his gut is telling him that this is a rushed job and that the information he received in the meeting should have been received weeks ago. He said Mr. Okano and Ms. Wolke have good passion, but he does not believe that trying to rush the HTA to make a decision when they are unsure of the area where they want to work, what work they are going to do, and how it will be done, is not a good idea. The monies have to be used by 2026, and if they are not, they have to give it back to the government. He wanted to defer the project if they went to vote. He wanted more definite answers. Mr. Okano said he wants the stakeholder engagement to unfold realistically. Mr. Downing said the time constraint is the problem. Otherwise, he understood his reasoning.

Ms. Wolke said in recent conversations with OCCL that the structures they are putting out are not considered artificial reefs, although they are grown on concrete, and they are 100% covered in coral at the time they put them out, they only need an OCCL site plan approval, which ensures they have landowners approval. Going to the Board does not require approval for something between 42 centimeters and 1 meter. Mr. Downing asked how long it takes to cover a total structure, and Ms. Wolke said it takes one year. The project timeline was that the first year would be for the planning process and the stakeholder meetings. They cannot start growing coral until they pick a site because they want to ensure they grow the correct coral, as not all corals grow equally well at each site. If they are to grow the structures within one year, they have some buffer with the planning in determining the final site. Mr. Downing asked for

the cost. Mr. Okano said it depends on how many meetings they have. The costs of placing the corals would be the cost of the staff, etc. Ms. Wolke said they have a drawdown frequency over three sections, but they are unsure of the actual cost for each section. Mr. Downing said that was another reason to defer, as they asked for \$750,000. He said the money could be used for other HTA projects. Ms. Duarte said that as a way forward, Mr. Okano and Ms. Wolke could email the HTA requesting what the committee wants to have in advance, then they can receive and review, then have a Ho'okahua meeting to preview. Mr. Downing said that was acceptable.

Mr. Ching thanked them for the presentation and said he supported them. He said the Waikīkī snorkel trail was an issue for him, but if a place was excluded, it would be easier for him to be onboard. A key factor was that if they approved the money, and if Waikīkī is selected, it would be a problem for him. Mr. McCully said he would appreciate having the proposal revised, including community observations. He said they should devise a conceptualization of how DLNR could develop their community interactions. Hence, the community is aware of the benefits of the HTA's support and DLNR's involvement, so it has some immediate, tangible benefits to the resource users. He said it is a good program to support, independent of tourism.

Ms. Anderson suggested returning to the Ho'okahua Hawai'i committee to share another revised proposal. To address Mr. Ching's comment, they originally proposed a snorkel trail; the revised proposal was the dive site.

11. Report of the Legislative Permitted Interaction Group on the 2023 Legislative Session

Deferred to the next Board meeting.

12. Discussion on the HTA Board Composition

Mr. Cole presented a few issues that Mr. Nāho'opi'i received questions about. The first question was about Board composition and the session previous to the last one. The legislation amended statute 201B2 to include, as a Board member, DBEDT director as an ex-officio voting member. The statute also provides for Board members a holdover provision, which gives them four-year terms, and members cannot serve more than eight years, but it provides further that each member shall hold office until the members successor is appointed and qualified. In the section where they added the DBEDT director as a member but did not increase the number of members of the Board, the amendments in section four of the bill say the amendments made in the bill shall apply to any vacancy of the Board that occurs on, or after the effective date of the act. The problem is the holdover provision. Three members terms ended last June, but there

was no Board vacancy because of the holdover provision. There were some questions on other Boards similar to this, but they had to do with interim appointments. The law's progressions had not addressed the specific issue, but if there was a holdover member, the governor could appoint a new member. For the three members, it would be up to a Board member to step down, or perhaps the governor could ask one to leave, and maybe the DBEDT director could fill in, but he was unsure. Mr. Arakawa said there is only a vacancy if somebody quits.

Mr. Cole said there was a question about the Board's authority compared with the DBEDT director and what kind of authority the DBEDT director has over the HTA. He referred it to state statutes chapter 26, section 35, which goes over the administrative supervision of Boards and commissions. He pointed out that 26 35 A8 states that, except for the things set forth above, the head of the department does not have the power to supervise or control a Board or commission and exercise their functions and duties. There was a further question about the HTA employees and whether the Board needs to approve changes, such as salary changes. It is addressed in HTA's statutes. He pointed out that 201B3 describes the HTA's powers in general. It states that the CEO can provide for the appointment of officers, agents, and employees subject to the approval of the Board prescribing their duties, qualifications, and fixed salaries. He advised that the Board needs to vote to approve all of those.

Chair Kam recognized everyone who committed to finding a pathway to fund the HTA's important work in Destination Management and visitor education, working with the staff, DBEDT director, and Budget and Finance Director to operationalize the funding mechanism. He said they would not be there without outpouring support from the community and industry they serve. He recognized everyone else who supported Destination Stewardship. Chair Kam asked for a motion to enter into the Executive Session pursuant to 92-5A8, allowing the Board to enter into the Executive Session to discuss matters that require consideration of information that must be kept confidential pursuant to law and/or 201B-4A. Mr. White made a motion, and Mr. McCully seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

13. Presentation, Discussion & Action on FY2024 Operating Funds Request

[Executive Session]

Mr. Nāho'opi'i asked for a motion to approve the FY2024 operating funds request as presented in Executive Session, and it would be transmitted to the BFCC Standing Committee pursuant to HB300. Mr. White made a motion, and Mr. Ching seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

14. Adjournment

Chair Kam adjourned the meeting at 4:19 p.m.

Respectfully submitted,

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

Sheillane Reyes