



**SPECIAL BOARD MEETING
HAWAII TOURISM AUTHORITY
Friday, June 11, 2021 at 9:30 am
In-Person and Virtual Meeting
Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815**

MINUTES OF SPECIAL BOARD MEETING

MEMBERS PRESENT:

George Kam (Chair), David Arakawa, Kimi Yuen, Micah Alameda, Fred Atkins, Daniel Chun, Keone Downing, Kyoko Kimura, Sherry Menor-McNamara, Ben Rafter, Sig Zane

HTA STAFF PRESENT:

John De Fries, Keith Regan, Pattie Herman, Marc Togashi, Kalani Ka'anā'anā, Marisa Yamane, Caroline Anderson, Jennifer Chun, Carole Hagihara, Ronald Rodriguez

PUBLIC:

Charlene Chan, Mike McCartney, Nathan Cam, Jay Talwar, Jessica Lani Rich, Kara Imai, John Reyes, Noelle Liew, Mari Tait, Teri Orton, Eric Takahata, Mitsue Varley, Allison Schaefer

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order:

Chair Kam invited Kalani Ka'anā'anā to start the opening cultural protocol. Chair Kam called the meeting to order at 9:35 a.m. He confirmed the attendance of the Board by roll call.

2. Opening Cultural Protocol:

Kalani Ka'anā'anā, HTA Director of Hawaiian Cultural Affairs & Natural Resources, opened the meeting with an opening cultural protocol. He started by thanking the nature and all the ancestral homes which take people to innovations, compassion, love, and unity. Chair Kam quickly talked about preserving Hawaii tradition and innovation in the east and west intersection in regards to rapid changes due to Global Pandemic. Chair Kam is looking forward to finding balance as a razors edge between the opportunities of tourism and

challenges that present in the community towards the improvement of a quiet life in Hawaii. He is looking forward to working with the community, the elected leaders, the HTA team, and the HTA board to find that balance. Chair Kam turned over the floor to Mr. De Fries who did a recap about the past agendas.

Mr. De Fries started with the topic of recovery and sustaining the visitor industry (Mālama Ku'ū Home) which is the central theme for HTA to go forward, and proceed with Strategic plan 2020-2025, Refinement of Responsible Tourism in the form of Regenerative Tourism.

Mr. De Fries also discussed the DMAP which has taken HTA into every community and 45 days away from getting the auto DMAP to put in a place for it to find rapid return of tourism which began to accelerate a number of priorities and actionable items that are found in the DMAP, and since the industry and community are changing the pivot has also began and adopt the four pillars to demonstrate, expanded awareness and a sense of responsibility in a more holistic way.

Mr. De Fries also addressed the community partnerships between Hawaii Green Growth Initiative and Hawaii Green Growth Local 2030 hub wherein United Nations adopted the Hawaii Green Growth and partnered with the East West Center that soon will open a secretariat office and will serve as focal point for international conferences and conventions that mirror IUCN World Conservation Congress.

Mr. De Fries also mentioned about the Last Global Tourism Summit wherein he emphasized the technology as the critical part of it due to artificial intelligence (AI) wherein the luncheon speaker in the last summit was an Android named Sophia and probably will run the state reservation system at some point. He also stated that they will reshape every sector of the economy including tourism by collaborating with all the technology advancement.

Mr. De Fries honored the state holiday and Kamehameha's birthday who lived and ruled during a time of Huliau and embrace, engaged and build a stronger Hawaii out of it. Mr. De Fries quickly mentioned that the Change Management Plan (Papahana Ho'okele Huliau) serves as their navigational plan to navigate through the transformative period turning point. Mr. De Fries thanked all the board members and expressed his appreciation for prioritizing the meeting. He introduced and turned over the floor to Ms. Anna Elento-Sneed to facilitate the board retreat.

3. Board Retreat lead by Anna Elento-Sneed assisting all the Board Staff in terms of Discussions of Change Management Plan to Realigned and Reorganized for the Strategic Planning for Hawaii Tourism Authority (HTA).

Mr. De Fries mentioned the funds that are now on their way to HTA and into the Tourism Special Fund which have to be encumbered by June 30.

Ms. Elento-Sneed wanted to know how the board members got appointed, what they represent, and their particular expertise. The board members introduced themselves accordingly.

Ms. Elento-Sneed and the board started to proceed with the key points and break downs all the details needed for effective strategic planning.

Ms. Elento-Sneed stated that the purpose of the strategic planning is to know and understand the process from where the boards are now and how to get there. The main objective is to determine if and how the 2020-2025 HTA Strategic Plan should be realigned and reorganized.

Ms. Elento-Sneed mentioned and emphasized the boards to get familiar with HTA'S Legal Status starting with HRS Section 226-8 which is the Policy of the State to support the visitor industry followed by HRS Chapter 201B that outlines the statutory mandate including HTA board powers and responsibilities, HTA long-range strategic planning, Hawaii brand promotion with specific targets, key performance indicators and collaboration and cooperation with private sector that measures the effectiveness to assess overall benefits. Wherein the bottom line of all the topics mentioned was HTA is required to have a comprehensive and detailed strategic plan to promote the Hawaii brand.

Mr. Arakawa started to ask about the organizational alignment, strategic roles, research-based decision making. He raised a question regarding the research decision making on how important the data is when it comes to Resident Sentiments Survey.

Mr. Downing suggested that they need to listen more in the community and verbal data is more important than the numbers. Mr. Arakawa supported the suggestions of Mr. Downing that verbal data will help them to frame questions for surveys and bring different types of data, and come up with the conclusion they can use both data. Ms. Elento-Sneed acknowledged the opinion of Mr. Arakawa and Mr. Downing but also shared that they can collect data in a more efficient manner than using both methods.

Mr. Atkins addressed the issues of over tourism prior to the pandemic and came up with the question of what are they lacking in the Strategic Plan to have a sustainable tourism and what are the flaws that they need to dissect or analyze and where are they going with the new concept of changing the strategic plan. Ms. Elento-Sneed asks Mr. Atkins to hold the thought and they will get back with that point of discussion later.

Ms. Elento-Sneed asked the board to look at the Strategic Decision-Making Model as it was focused on the short-term goal than the long-term goal which looking at the visitor industry more holistically. She compared the results between the strategic plan between 2012 and 2020 and said that 2020 Plan is more qualitative and more focused on people. She raised a question to the board if they will switch to all qualitative or still do both qualitative and quantitative?

Chair Kam started to share his perspective and conclude that doing both is important to redefine the future of tourism in a sustainable and healthy way and find the balance between the ROI (Return of Investment) and the ROO (Return of Objective).

Ms. Elento-Sneed proceed to discuss with the board the importance of fulfilling the statutory mandates and its consequences from the state of the legislature as the plan requires specifics. While Mr. Chun, Mr. Atkins, Mr. Arakawa and Chair Kam gave their opinions about the community, Ms. Menor-McNamara raised a question to Ms. Elento-Sneed if the industry needs to redefined? The board came up with Ground Transportation, Restaurants, Activities and Attractions, Retails, Construction and Financial industries and they decided to break it down by geographic segments. Ms. Kimura raised a question of what category would a large land owner such as Larry Ellison belong to? Mr. Arakawa concurred and mentioned other entities such as Kamehameha Schools, A&B, Castle & Cooke and Mahi Pono belong to this category.

Mr. Arakawa also suggested to add the hotspots to the stakeholder groups. He also mentioned the timeshare interest people, the legal timeshares and legal vacation rentals. Ms. Elento-Sneed confirms the groupings of Stakeholders considering the vacation rentals (Airbnb), legal vacation rentals and car rental industry. Ms. Elento-Sneed proceed to discuss the Situation Analysis where they evaluate if the strengths, weaknesses, opportunities and threats are all listed accurately.

The board added the Residents Sentiments and the technology in the list of threat box, and Mr. Arakawa suggested to add the HTA roles and communications as well under the Opportunities and Weaknesses list, while Mr. Atkins added the traffic as the biggest challenges.

Mr. Arakawa and Ms. Elento-Sneed also discussed and gave their own opinions on remote working issue and brought up the use of advance technology in terms of brand marketing. Board members confirmed that they already have guiding principles to enhance marketing efficiency and effectiveness to reach their intended audiences and promote responsible tourism.

Ms. Yuen brought up again the strategic plan in terms of communications while Mr. Ka'anā'anā emphasized to communicate and hear the community as well. Ms. Yuen also shared her opinions to consider the shift of the discussion to support things as they already started to build relationships and re-connection and they should come up with the solution that works on each community and address the community needs as well. Mr. Atkins acknowledged Ms. Yuen opinions and shared his thoughts on creating and maintaining sparks in the community. Ms. Elento-Sneed acknowledged that the ideas were good.

As the board pointed out the primary issue is the communication, Ms. Elento-Sneed gave insights about the 7 Measures of Success that focused on commitment to purpose, analysis and actions where she briefly discussed the customer culture, data strategies and organization adaptability along with the alliance building. She also came up with the topic Key to Hitting Strategic Targets where she let the board members know the importance of having a common language that help forge alignment to improve communication in terms of values and strategies. She ended her presentation slides with the tips on Best Practices in Performance Management to established a results-oriented set of measure.

Ms. Elento-Sneed proceed with the creation of new Business model and Structural alignment where she shared the ideas on having a SMART goal that it should be specific, measurable, achievable, realistic and timely. Mr. Atkins raised a question on what they need to learn before going in and put a model going forward. Ms. Elento-Sneed responded to Mr. Atkins that it should be related to the needs of the people, how they communicate and how they get the information.

Mr. De Fries stated that he worked diligently along Chairman Luke and Chairman Onishi to pull Bill 862 back and expressed his gratitude to both. But he also stated that the Bill is still concerning and problematic operationally. He broke down all the matters that need to improve and announced: (1)Ms. Elento-Sneed will retain to its position because there's so much more to learn to meet the demands of increased accountability and transparency. (2) The lack of strategic framework to understand each other and to retain the design that was intended for HTA.

Mr. De Fries turned over the floor again to Ms. Elento-Sneed to continue the discussion regarding the communication alignment. She continued and emphasized the ultimate goal of HTA is to develop a tourism conglomerate that's resilient for each other. Mr. Atkins brought up the messaging problem with the legislators, and he would love to have a discussion on how they will have a better communication. Mr. Arakawa stated that HTA board needed to have a better communication with the legislators, county councils and the communities. Mr. Downing responded by having the cliff note version with the questions (1) What are we going to do? (2) How are we going to do it? (3) How long is it going to take to implement?

Mr. Ka'anā'anā also asked Ms. Elento-Sneed about the drivers of the strategic planning and the discussions continued on breaking down what their drivers are. Mr. Togashi paraphrased it that the drivers are the stakeholders HTA established, the enablers are the ability to take the stakeholders and get them to collaborate or communicate. The core areas are the programs and funding (the natural resources, the Hawaiian culture and, community, branding, safety and security, research and administrative and government support). Whereas the deliverables are the metrics that also ties in with the four pillars. Ms. Elento-Sneed confirmed that the deliverable is DMAP where it serves as a tangible roadmap.

Ms. Elento-Sneed asked the board what HTA does? Mr. Arakawa responded that HTA provides funding while Mr. Ka'anā'anā said HTA sets standard authentic culture and one of the board members said HTA build economic development.

As the discussion moves forward Ms. Elento-Sneed gave a scenario that HTA can easily understand and pinpoint the problem regarding the bill and conclude that it is the Funding Issue. She said that HTA are worth the funding if they can explain in to the people what they really do. They go back on creating the HTA business model discussions.

Mr. Togashi clarify the areas under the HTA business model, what are the drivers, enablers, core areas and their objective. Ms. Elento-Sneed summarized the discussions of the HTA Business Model wherein the overall pillars or the deliverables are the natural resources, Hawaiian culture and their brand marketing. The HTA drivers are the people and community, through collaboration, communication and competencies all of them are on the same page the culture and values were instill and ends up with HTA core functions which is the data, communication, knowledge and funding resources that gives satisfactions that leads to regenerative tourism.

Mr. Togashi proceeds with the questions on What value does tourism industry create to the state of Hawaii and what will be some measured examples? Ms. Elento-Sneed responded

that it can be measured in different way while Ms. Herman added and emphasized the impact Hawaiian Culture to the visitor and suggested to carry the DMAP message globally.

4. Update on the Status of HB862 and HB200 CD1

Mr. De Fries stated that he worked diligently along Chairman Luke and Chairman Onishi to pull 862 back and express his gratitude. But he also states that the bill is still concerning and problematic operationally. He also mentioned the lack of support from him and HTA about 862 He also said that Chairman Luke and Chairman Onishi strongly feel about it and they obviously support it but he already pre-scheduled a meeting with Director Mike McCartney and there's still nothing definite to the report.

Mr. De Fries also said that they already facilitated a meeting with HLTA group of 35 signatories and they offered their willingness to help. There is also no definite decisions as of the moment from the governors yet the deadlines approaching and the part of the reason is that the use of ARPA funds.

Mr. De Fries noted that ARPA money has been embedded in 862 and they are still trying to get clarification on it and they have been advised to be cognizant of the fact that their poll money cannot be used toward international or foreign business entities. So that would include their GMT's that are domiciled outside the United States. He also said that they we're taking some precautions on that ARPA funds be the only source of funding that HTA has but it's certainly not their preferred choice of funding. But if it turns out to be the only source of funding available, and Mr. De Fries noted that they will find some way to make it work.

5. Report by the Budgetary Review Investigative Committee of their meeting held on June 9, 2021

Mr. Rafter reported an update regarding the Budgetary Review Investigative Committee (BRICK). He noted that they had a meeting on Wednesday and there would be a released of memo that indicates that TAT would be released to HTA in fiscal year 21. He also mentioned the Convention Center fund, and the tourism special fund that estimates for 16 and a half million for Convention Center fund and 19 million for Tourism Special Fund.

Mr. Rafter pointed out that by encumbering now in fiscal year 21, that money does not need to be spent until probably 2022 but he also added that it does not mean that the money will be spent. There's still a fairly process that's been put in place until markets are

ready to come back to Hawaii. Chair Kam acknowledged Mr. Rafter and added there's a notice to proceed where the NTP's are attached so nothing will be released until it's fully vetted and approved by HCA and their team.

Mr. Atkins noted the major market areas will be benefited and enough time to come up with a full proposal of what they could do with the money which gives them some really good lead time and will be beneficial to the MMA and to staff and board. Mr. De Fries added that they are doing their best efforts to encumber it all by accelerating all of the new contracts. He also noted that the staff was instructed to encumber it quickly and add the new language of notice to proceed so that they will get another chance at the month end of board meeting to get an update on it.

Mr. De Fries expressed his appreciation to the efforts of the BRICK in working toward not only budget approval, but also with the benchmarks that will trigger the funding with GMT.

6. Presentation, Discussion, and Action on HTA's proposed FY22 Budget

Mr. Regan reported the agenda by mentioning the fiscal year 22 budget will come forward at a later date but also noted that's only primarily because of the uncertainty built around 862 and 200.

He added that what are they going to proposed to the board is an interim budget, which is primarily to fund the expenses or expenditures, which they anticipate coming up over the next 3-4 months that revolves under payroll expenditures.

Mr. Regan added they already reached out to all of the programs to identify any potential encumbrances or expenditures that were necessary within that time period in order to plug them into this interim budget and the process are seems pretty good so far and there's nothing to worry about encumbering and turned over the floor to Mr. Togashi.

Mr. Togashi noted that they seek funding respective to with respect to payroll on the HTA side, and it's \$1 million, which will fund for approximately four months through October 2021. And on the convention center side, staff that is allocated to payroll functions from the same period of July through October they were asking for \$162,000.

Chair Kam asked for a motion to approve the budget. Ms. Alameda made a motion, seconded by Ms. Yuen, and was unanimously approved.

Mr. Regan presented the second item under the agenda that discussed on how to anticipate the funds being expended within the 19 million since the deadline is June 30. He added that the need for securing or providing some sense of stability on funding going forward relates to ARPA.

Mr. Regan showed the table and allocation recommendation of a million dollars for to support the action items within the DMAP process, which is part of the community pillar.

BUDGET ALLOCATION

Mr. Regan added that they we're concerned about whether or not they can use the ARPA monies to support those contracts. He had put an inquiry with the US Treasury but haven't heard back yet.

Mr. Togashi noted that he wanted to clarify and made a correction under Island Chapters that the pillar should be under Branding not Community.

Chair Kam reported about the Visitor Assistance Programs (VASH) wherein they were not 100% sure whether or not those funds would be able to be utilized. He also added that VASH played a significant role in helping those families get through those crises and It's important and encouraged to secure and preserve those funds in order to support them going forward for their future contract, safety and security, as well as some of the board minutes and the total adds up to about 19 million and he noted that he recommends to consider it in the next board meeting.

Mr. Regan also added that, looking at the \$16.5 million that was allocated or will be allocated to us very shortly from through budget and finance and how we intend to secure those and preserve those funds in order to allow the content center as well as the associated expenditures within the convention center to be addressed and, and making sure that the funds are available in order to support them.

The anticipating funding about a 3.85, almost a \$4 million facility loss. And this should be common, there should be an understanding in terms of what that means. But happy to go through that at the next board meeting as well.

He explained that the 1.6 6 million in contingency including relocation costs of DENT, Department of Defense and other agencies have been utilizing the facility for different activities including contact tracing, and as well as to support individuals calling in for

unemployment questions or trying to get unemployment issues resolved. He added that it is consolidated into exhibit hall one and they just have to provide very specific information to clearly indicate what that contingency or that loss relocation costs might be and they will release the funds about 533,000 to support their local sales.

He added that this is a very important component of what the Convention Center does, as well as \$320,000 which includes insurance, and other shared costs that the convention center and HTA are involved in and then approximately \$10.1 million in significant or major repair and maintenance costs.

Mr. De Fries noted that due to tight budget it will be under advisement and should revisit the scope. As, it didn't go off as they had expected. It needs to be revisited and will required some detailed work and make some adjustments on a Change Management Plan.

Chair Kam acknowledged Mr. De Fries to continue to keep on working with all parties, to the admins and the legislature on ironing things out before the meeting on June 24. Chair Kam asked Mr. Zane for a closing cultural protocol.

7. Closing Cultural Protocol

Mr. Zane expressed his gratitude and appreciation for today, especially for everyone who showed up even on a holiday. He said he witnessed today the compassion and commitment to the goal at hand and the passion to see where they live to be the best place. He also showed his appreciation for all the learning and things were all clarified even he's a newcomer. He thanked what Mr. Atkins said, where it made him to see things a little clearer and differently. He acknowledged what Mr. Ka'anā'anā said about today is coming home in a day and right now they all shares a common goal, and he told the board to just let go and enjoy the rest of the holiday and respectfully ended it by raising their hands and just go one to one.

Chair Kam started the motion to adjourn. Ms. Menor-McNamara seconded the motion.

8. Adjournment:

The meeting adjourned at 2:43 pm.

Respectfully submitted,



Shaine Lorenzana, Recorder