



**REGULAR BOARD MEETING  
HAWAII TOURISM AUTHORITY  
Thursday, May 26, 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), Fred Atkins, Dylan Ching, Daniel Chun, Keone Downing, Kyoko Kimura, Sherry Menor-McNamara, Ben Rafter, Kimi Yuen, Sig Zane

**HTA STAFF PRESENT:**

John De Fries, Keith Regan, Kalani Ka'anā'anā, Marc Togashi, Ilihia Gionson, Caroline Anderson, Carole Hagihara, Maka Casson-Fisher, Iwalani Kaho'ohanohano

**GUESTS:**

Representative Richard Onishi, Charlene Chan, Jennifer Chun, Guillaume Maman, Mike McCartney, John Monahan, Jessica Rich, Allison Schaefer,

**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. Regan did the roll call, and all members were confirmed in attendance.

**3. Opening Cultural Protocol**

Mr. Casson-Fisher did the opening protocol.

#### **4. Approval of Minutes of the April 28, 2022, Board Meeting**

Ms. Kimura pointed out on page 13, that the last sentence should read "collection to counties," not "Kaua'i." Chair Kam asked for a motion to approve the minutes. Mr. Ching made a motion, and Mr. Rafter seconded. Mr. Regan did the roll call, and the motion passed unanimously.

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

Mr. Arakawa asked for a moment of silence in light of the tragedies that happened in the past two weeks. He said everyone must be vigilant of the issues.

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

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

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

##### **c. Update by Representative Onishi, Chair of the House Committee on Labor and Tourism**

##### **d. Update by Senator Wakai, Chair of the Senate Committee on Energy, Economic Development, and Tourism**

##### **e. Update by Visitor Industry Organizations**

Mr. De Fries reported that pages 5 to 21 of the CEO report is the detail of the activities and programs that have taken place. He acknowledged that one of the Brand managers, Ms. Goshi, resigned to pursue a career with the Department of Education after working nine years with the HTA. Mr. De Fries wished Ms. Goshi the best but said filling her position would be a significant task for the Branding Department.

Mr. De Fries asked Mr. Ka'anā'anā to update the HTA Branding efforts. Mr. Ka'anā'anā shared the 10 Pele awards HTA won, including one national award. He spoke about the importance of the Mālama Hawai'i campaign. The Pele awards have been part of Hawaii's advertising and designing community for more than 40 years. The Pele awards is one of 15 national district competitions for American Advertising Awards, also known as the ADDYs. The Pele gold winners in all national categories are sent to the national finals of the ADDYs competition to represent district 13. It is designed to recognize excellence in advertising and design in Hawai'i for the past calendar year. HTA won Pele Gold in each of the following:

1. local campaign advertising, television advertising, regional and national for a sustainable

farming mālama video;

2. local campaign advertising, television advertising, regional and national, for the stewardship video;
3. local campaign advertising, television advertising, and regional and national for aquaculture;
4. branded content in entertainment, branded content, non-broadcast campaign;
5. online film, video, and sound, branded content for film, video, and sound for aquaculture.

HTA also won Pele gold for film and video for cinematography for aquaculture, which was submitted by the shooters of the video for cinematography. HTA won Pele gold in film and video, cinematography for reforestation, and a national award to be announced on June 5, in Florida. He thanked all at HTA, The Hawai'i Visitors Convention Bureau (HVCB), MVNP and all the partners that helped bring the stories to life, which helped educate visitors on their travel Pono. He thanked the Board who saw the vision and supported HTA in their vision, who resourced HTA to do the work and the team that works together.

Mr. De Fries spoke about the Hawai'i Food and Wine Festival, and said it was terrific for actual farmers to come up and talk about the mālama campaign and the idea of repositioning Hawai'i around mālama. This meant a lot to the farmers.

Mr. De Fries said ten years ago that the HTA president could speak to industry stakeholders and have unanimous feelings about things. Today, that audience in the stadium has doubled. They have to refine the messaging so they can address the whole audience uniformly and universally.

Mr. Ka'anā'anā played a video with one of the judges talking about the awards.

In the video, Mr. Valim announced the best of the show for advertising. He said it was a campaign with a new perspective, well shot and well written and edited. 2022 Best of show advertising went to HVCB: Mālama TV Campaign. He congratulated everyone.

Ms. Hanson congratulated everyone at MVNP via video.

Mr. Regan said the administrative team has been working very hard to support Mr. Ka'anā'anā and the rest of the programs at HTA. Their finance team has been working diligently to ensure that the financial reports are completed and filed on a timely basis, and that all of the organization's accounting needs are being addressed, so they can move forward on the work at HTA. He thanked everyone for their hard work. He said the procurement team under Ms. Fermahin has been working nonstop through contracts, intricacies, and requirements of 103D. Ms. Fermahin has also been promoted as the Procurement Specialist.

He mentioned Ms. Anderson, Director of Planning, who has been participating in meetings to ensure the actions and sub-actions are moving forward. Ms. Anderson was also instrumental in putting together the Economic Development Administration Plan, which was discussed at the BFCC standing committee meeting. He said Ms. Goshi has moved on to her new position at the Department of Education, and HTA has started the recruitment process to replace her. He said they are still looking for a procurement manager. He mentioned they did participate in Hawai'i Emergency Management Agency which is the hurricane preparedness exercise.

Mr. De Fries mentioned the safety and security issues. Mr. Regan said Mr. Willkom and himself participated in the Hawai'i Lodging and Tourism Association (HLTA) Security Conference held at the Hawaii Convention Center (HCC). He said it was well attended. There were many people from the industry with responsibilities related to security within the hotels and resorts in Waikiki. He thanked HLTA CEO and President Mr. Hannemann for convening this conference and bringing all their partners together. The Honolulu Police Department and the Emergency Services were there, including the prosecuting attorney, to present some of the activities and actions they are taking to address some of the security issues. This included things like homelessness, et cetera. Jessica Lani Rich (VASH) was also present, as well as Mayor Blangiardi, who shared his thoughts on some of the work that the city of Honolulu is doing to address safety and security in Waikiki.

Mr. De Fries asked Mr. Regan if Sen. Wakai was on the call, and to bring him in as a panelist.

Mr. De Fries spoke about the legislative session and said it was a learning experience. It was the first time in HTA's history that they went through a budgeting process, and they will get better at it. He turned the floor over to Sen. Wakai.

Sen. Wakai spoke about the legislative session. He said the request for \$60 million was funded through general funds, with a \$28.5 million ceiling for the HCC. There was one new position at HTA. There are now 26 positions at HTA. Some of the Board met with his colleagues in the Senate, and they had assurances from Mr. De Fries that he would reorganize the staff at HTA to be less weighted on the Branding side, and move more people over to the other three pillars of the House. The Senate provided HTA with the \$60 million to continue operations. On July 1, Mr. McCartney will be a Board member with a voting opportunity on the HTA Board.

Mr. Arakawa clarified that they had a committee interaction group working with the legislature, and he, Ms. Yuen, and Ms. Kimura participated in the process with HTA staff.

Sen. Wakai thanked them for being receptive and for doing things differently.

Rep. Onishi said the year's legislative session was a challenge because they had some initiatives that did not move. They were looking at a governance study done by the Legislative Reference Bureau that would look at governance models throughout the world, but have similar relationship to Hawai'i, in terms of island community natural resource management challenges and other issues regarding governance. He hoped they would be able to look at all these worldwide governance models and then bring some suggestions back to HTA and the legislature for them to look at. Unfortunately, the particular Bill did not move. They are still looking at the next session, able to move something similar to that if necessary.

He mentioned that another big issue that did not move forward was establishing the natural resource management commission. They faced many challenges with it. The House felt it was important to address this directly with government and community input into how they will manage the natural resources. He said they also want to focus on more natural resource development and protected areas. The House initiative intends to establish a \$30 million fund from the TAT to provide to this commission under the management of DBEDT to look at these factors. Unfortunately, that Bill did not move forward but had broad support in the House.

He mentioned green fees, which was discussed previously. The House does not believe that their natural resources are only used by visitors, and that visitors should pay for the management, so they are looking at different models on how to best manage that.

Rep. Onishi said if the \$60 million is not spent, it goes back to the general fund, but the next fiscal year, they get another \$60 million. His concern was that the HTA-based budget should not be a subject of discussion every year in the legislature but should all be part of the base budget. Unfortunately, to keep the HCC operating, funding is still coming out of the TAT for \$11million, which is subject to adjustment. He said they allocated \$15 million to repair the HCC roof to stop the leaking temporarily. He hopes the project could move forward very quickly so they can implement it to prevent the damage from occurring at the HCC. They also appropriated \$500,000 for the development of a study and a request for general information on the development of the HCC. He said the state continues to provide a subsidy to the HCC. He is hoping there will be opportunities for public-private partnerships with the state on the HCC so they can utilize those funds in other ways to support the industry. The legislature is fully aware that this is only a temporary fix. How they move forward will depend on the study and the HCC district.

Mr. Arakawa thanked Rep. Onishi and Sen. Wakai for all the support. He asked about the HCC study and the other properties surrounding the HCC. He asked if that would be part of a package to market the sale of the HCC, or part of the study, selling the HCC to a private entity.

Rep. Onishi said they are not looking at selling the HCC, but merely looking at possibilities of a partnership for the development. The state might be interested in acquiring other vacant properties around the HCC. So, it looks at the bigger picture than just the HCC itself.

Mr. Atkins said the HTA did not know where the funding would come from, but the bottom-line budget helps HTA's branding and marketing programs to be more successful.

Ms. Yuen thanked Sen. Wakai, Rep. Onishi, and the legislature for supporting what they are doing at HTA. She said it is exciting to see what is happening.

Mr. De Fries said he had an appointment with the governor. As they sit through the remainder of the fiscal year, they are operating from the same organizational structure and charts that the Board approved previous August. When the process started, he spoke to Sen. Wakai's reference of an organizational chart. The Senate came to them with a proposed revision to their organizational chart. HTA went back with a revision to that organizational chart, and that chart lived in Bill 1785, which did not pass, but they got a clear message from the Senate that they wanted to see a better balance between Branding and Marketing Committees. So. Mr. De Fries, Mr. Ka'anā'anā, and Mr. Regan will be meeting in the coming weeks about all the proposed organizational changes. They will bring that before the Audit and Administrative Standing Committee, and then it will go back to the Board. Mr. De Fries concluded his report and asked to bring Gov. Ige on.

## **7. Presentation and Discussion on Governor Ige and HTA's Official Visit to Japan**

Gov. Ige said they had a successful trip to Japan and said it is essential for HTA to continue to be engaged. Many of the activities they engaged in were a result of the people-to-people relationships that they established between Hawai'i and Japan. This starts with the visitor industry, but rapidly extends to various other issues and mechanisms that are important to their community.

Gov. Ige said it was great to hear that the notion of mālama Hawai'i resonated across every sector in Japan, from the government, and people they met to the airlines and tour companies. He said their visitor industry must be on board for every meeting, from the airlines to the tour companies to the other partners in travel. He said JATA did not go anywhere else but to Hawai'i. He said Hawai'i is the only state engaged with the prime minister of Japan and the Ministry of Foreign Affairs to talk about the importance of the relationship between Japan and Hawai'i. This is essential to make significant changes and to help each other be successful. Thousand seats for package tours to Hawai'i only happen between Japan and Hawai'i during Golden Week. Gov. Ige noted that good relationships lead to further discussions and economic activity.

Gov. Ige said they had the opportunity to meet with NEC. NEC opened an office in Hawai'i to look at business opportunities. He said that on his first trip to Japan in 2015, he had an opportunity to meet with ANA, and they talked about different ways to improve the Japan, Hawai'i relationship. He encouraged ANA to focus on Hawai'i and believes they can all benefit - both ANA and their community. In 2018 they revamped what they were doing to focus on the Japan Hawai'i route as their premier route that they would be investing in the Airbus A380s. They wanted to explore new classes of service and revamp the product and the flight from Japan to Hawai'i. They invested millions of dollars in their lounge at the airport. And then COVID happened. The country is committed to restarting travel between Japan and Hawai'i. It is because of the relationships that HTA helps to establish and maintain. No other state in the country has the intention that Hawai'i. Gov. Ige said they had several discussions on the trip to discuss sustainable development goals and Japan's commitment to transforming its energy sector. They spoke about potential Japan/ Hawai'i projects. Japan is a leader in hydrogen and converting hydrogen to energy. Discussions on the trip went beyond the visitor industry; it also went into renewable energy technology in general and several other business areas that depend on a vibrant visitor industry connecting Hawai'i and Japan.

Ms. Kimura asked if there was mention of when the restrictions will be lifted and testing requirements.

Gov. Ige said they were cautious and refrained from giving specific deadlines or targets. He mentioned that ANA would be restarting their scheduled flights for their Airbus 380s, beginning July 1. Japan airlines announced that they would restart flights between Haneda and Kona beginning August 1. He expects that they are going to be methodical in increasing international travel. One hindrance is that Japan requires post-arrival testing of all incoming travelers. The wait time for testing is about 2- 8 hours. Dropping the post-arrival testing requirement is going to be something that they are going to have to deal with. He said Japan will systemically increase the number of international travels that they allow in. They are focused on package tours as a way to manage and control the numbers that are coming in. They intend to use the package tours to deliver the mālama Hawai'i message and are incorporating it in all of their messaging.

Mr. Ka'anā'anā gave an update and said that as of June 1, they are lifting the post-arrival test on travelers. They will also be doubling the inbound cap from 10,000 to 20,000.

Gov. Ige said they were hoping they would double the number of travelers from 10,000 to 20,000 daily travelers from June 1, but they were not committed to that in the meeting. He said they encouraged them to return to the numbers that they had pre-pandemic by the end of the year.

Ms. Kimura asked if the post-arrival testing waiver is for all countries. She asked if the U.S. was included.

Gov. Ige said the U.S. was included. He said they identified seven countries that were allowed to travel, but could not remember the names.

Mr. Arakawa said it was good to hear that both Hawai'i and Japan are interested in sustainable development goals, and in particular renewable energy. Okinawa has a major project on renewable energy. He asked if, for the next delegation, they would consider inviting the tourism chairs.

Gov. Ige said they are focused on engaging as soon as possible. He spoke to Ambassador Emmanuel about further Japan, U.S. activities. He said Hawai'i would be the best opportunity for the Biden Administration to have successes in energy. He discussed with the prime minister and the Minister of Foreign Affairs about his advocacy for U.S. Japan project involving the U.S. Department of Energy and the Government of Japan in their pilot projects that they could jointly fund with the Japanese and Federal Government's involvement. They are looking at grant opportunities that would fit the profile and are working hard to ensure that Hawai'i gets more than its fair share of the infrastructure money. He thinks they have a competitive advantage. He wants to leverage all the touch points to encourage the Federal Government investment in Hawai'i to not only deliver on Biden Administration priorities but also enhance the U.S./Japan relationship.

Mr. Arakawa reiterated that the tourism chair and energy chair should be included on the next trip.

Mr. De Fries thanked Gov. Ige for his leadership. He spoke about the people they met on the trip. He said he found Gov. Ige's insights extremely valuable in making him a better diplomat. He also thanked the House speaker Saiki, the Co-Chair of the Japan Hawai'i Legislative Friendship Association, and the Chairman and CEO of Central Pacific Bank, Paul Yonamine, who was part of the delegation for the business sector. He asked Mr. McCartney if he had insights from the Japan trip he wanted to share.

Mr. McCartney said the trip was a three-way trip between government, business and economic development, and channel access. He said that without HTJ the coordination would never have happened. It is more than just an ROI. One hundred eighty locations around Japan have Hawai'i-certified travel agents. They must get certified by HTJ and know the mālama message and campaign. The key to ROI is not just money, arrivals, or visitors spend; it is about relationships, connectivity, and business confidence. He spoke about the project at DBEDT, Sandbox. He said they would have a digital governor and part of the partnership is a company



like NEC from Japan. He said there is a lot of effort on clean energy, primarily hydrogen, so travel between Japan and Hawai'i is essential. He said the trip was the first step in trying to renew their travel and access to each other during the post-pandemic. They learned a lot from each other. It is a different market and time, and they have a different strategy in the future. Still, the relationship is the essence of what keeps Hawai'i, the world, and Japan connected. Hawaii's role is to help bring peace to the world, bringing two parties together and holding that relationship together.

Mr. De Fries asked Mr. Takahata to offer his thoughts.

Mr. Takahata said the trip was successful. He added that from the tourism standpoint, with all of the activity they hear about, there will be a lot of MCI business coming from that. There is talk of bringing 30 to 50 people to have meetings in Hawai'i. He reiterated the importance and success of the delegation trip. He thanked Gov. Ige for leading them. He said there are a lot of opportunities with Japan, so they must keep going.

Mr. De Fries thanked Mr. Takahata and his team for their leadership and coordination. He asked Mr. Ka'anā'anā to give his update on the delegation.

Mr. Ka'anā'anā said it is an opportunity for HTA to recognize and thank the partners that did work and invested time, energy, and money into making Hawai'i present. He mentioned the partners. He said the whole page spread of Hawai'i in the Japanese newspaper is an excellent example of the partners investing in Hawai'i, showing their commitment to the destination.

Ms. Kimura asked if there was a conversation on preclearance.

Gov. Ige said that when they met with some officials, they implied that there was no interest. He had a talk about preclearance at both the U.S. Ambassador's residence with customs and border patrol. They had a very good conversation about where they saw it and the roadblocks they thought were in place. They had an opportunity to meet with the airlines and the airports, and they all want to proceed with preclearance. They have wanted to do a pilot out of Haneda to Hawai'i, and it became apparent that they have an opportunity to move preclearance forward again. He said he got a call from the Consulate General the previous night about a specific request to Japan Airlines to restart service to Kona, which they publicly announced the previous day. HTJ has pushed mālama Hawai'i forward. This is the best opportunity for them to pivot a large number of visitors because the terrific partner fully embraces the message and the vision of what HTA is trying to do as part of the DMAP. He thanked everyone for their support and recognized and acknowledged their work over the last 12-18 months through the pandemic so that they are ready to welcome travelers from Japan safely and healthily.

Mr. Arakawa agreed that relationships and partnerships do matter. He said many Hawai'i local tourism companies have tours to Japan, which were all canceled, so people have been struggling. He said Mr. Takahata took a broader view, being a local, about helping Hawaii's local tourism industry and residents who want to travel because that is part of the industry. Going forward, they must keep supporting local businesses and residents' tourism between Japan and Hawai'i.

Mr. Atkins said that Waikiki, and other Big Island hotels really relied on the Japanese. He said they are coming out stronger than before regarding their commitment to each other.

Mr. Arakawa had questions about the prior CEO presentation. He asked Mr. Ka'anā'anā if there was more the Board could do to support efforts like the awards. He asked everyone is doing to win the award again the following year.

Mr. Ka'anā'anā said the support of HTA's work through the resourcing they give, and the approval of the programs is a direct way to make things possible. The commitment made in January 2020, with the approval of the Strategic Plan and the four pillars, is the way to continue supporting the work allowing HTA to succeed. He spoke about the judge's remarks about how there is a new way of thinking about travel and tourism, which is the kind of change they need. It is balanced out by highlighting all the unique, rich, and memorable experiences the visitors can see and do in Hawai'i. He said they must balance their major roles for the fiscal year (FY) 2023. One of them is branding and marketing the Hawai'i Islands, promoting and creating awareness, inspiration, and travel demand for the Hawaiian Islands. The other is delivering on the brand promise to their communities and residents and ensuring HTA is attentive to their needs. If they are meeting those needs, they also meet the needs of visitors.

Mr. Arakawa commented that being part of the DMAPs and the Strategic Plan covers the natural resource, cultural and community issues.

Mr. Ka'anā'anā said the strategic fund - the four pillars are the conceptual framework. The first three - natural resources, Hawaiian Culture, and community make up the product. It also means reinvesting in Hawai'i to ensure it is thriving to provide for residents and visitors.

There is a lot of implementation that happens behind those pillars, the objectives that are outlined in the pillars in the strategic fund. The next layer is the TMP, the Tourism Marketing Plan, which is the annual work fund that accompanies the budget and DMAPs. Each of those has functional roles to play in guiding the actual implementation.

Mr. Arakawa spoke about security and safety and asked what the Board could do to support those efforts or improve issues on safety and security. He asked if the Board would benefit from being able to attend those conferences.

Mr. Regan said what came out of attending those conferences and how the Board and HTA would be able to support the needs in that area is what they have done in the past, by providing funding to their safety and security budget line items. This includes supporting their Visitor Aloha Society programs. They serve as an insurance policy for the State of Hawai'i because they are the ones that come out and support visitors in crises. In Hawai'i, visitor assistance programs such as BASH step in and provide assistance, guidance, and support to visitors experiencing trauma. He said it is important to continue to fund those programs. If they did not have BASH or similar programs, HTA would have to deal with more issues. They discussed the importance of funding to support advertising at the airports, which is another critical project/program that the Board will continue to support. There are several touch points at the airport where they could put their messages out in front of visitors just arriving on the islands to inform them about what to do, how to act, what not to do, or how not to act when they are here. Mr. Regan said it is important to continue supporting these messages. It costs money, but it is important to get the messaging out.

Mr. Regan mentioned that the HTA Board has previously supported cameras in Waikiki, in public parks, to help support their police department to try to curb crime. It is important that the Board is receptive to these issues. He said within the safety and security budget category, in the line items, there is a portion for the crisis, which is for hurricanes, tsunamis, any natural disaster, or even for COVID. There are funds available through the HTA, through the Board's approval. He said with regard to the Board attending the safety and security meetings, it would not be a bad idea. The chair of the committee could be invited going forward. He said it is a good idea to make them aware of the discussions. They could request from the person in charge of safety and security if they could attend the next meeting.

## **8. Ho'okahua Hawai'i Standing Committee Report and Update**

Chair Kam asked Ms. Yuen to discuss this item. Ms. Yuen thanked Mr. Downing as he helped in setting the agenda. She said most of the islands continue to have their Steering Committee meetings, so the good work and collaboration with the communities are ongoing. They had a brief update on the legislative session during the meeting. Two big topics were inviting Mr. Clarke to give a presentation and continue discussing restoring Hawaiianness to Waikiki and other resort areas. His talks were about the Hawaiian names of sites in Waikiki and taking a look at the interpreter signage around Waikiki, cleaning them up and refreshing them.

They spoke about bringing in technology and what HTA could do to help the partner refresh that information on the markers. One thought that came to her was to amend NaHHA's contract. Mr. Ka'anā'anā and staff will continue that effort.

Ms. Yuen said they spoke about fireworks. She mentioned how fireworks affect their natural resources. Mr. Downing had talked about HTA rethinking their position on fireworks or having a message for their industry partners to rethink the alternative solutions to make fireworks more green and environmentally safe. The idea of drone displays and light shows came up, which would have a similar effect of celebration and welcoming community without the impact of fireworks.

Ms. Yuen asked if Mr. Downing wanted to add anything else. She asked the Board to think of other ways to celebrate. She said green technology was also part of their Strategic Plan to invigorate that aspect of tourism. If HTA becomes leaders in green technology and innovation, they could have homegrown industries doing wonderful things. HTA must innovate to be leaders at the forefront. She turned it over to Mr. Downing.

Mr. Downing spoke about fireworks, green technology, and how they can sustain and keep it clean for Waikīkī or Hawai'i. He said the discussion they brought up with the committee, as if they should take it to the Board and ask for their viewpoint. He said it was nice to have fireworks but asked if they needed one. He said the drones and lights could provide just as much excitement and it is not damaging the environment. He said it is a discussion he wants to see moving forward.

Mr. Ching said some events are not beneficial for locals, outside of a few vendors, and he had received phone calls from people complaining about congestion, fireworks, and other issues. He said events should add cultural value to Waikīkī.

Mr. Rafter said they do a lot to make Waikīkī more interesting for tourists so that they do not go elsewhere, and said now they are making Waikīkī less attractive. He said fireworks are not great, but asked where they must draw the line in making Waikīkī a more interesting experience, as they do not have light shows or drones at the moment, but he would love to see those in place. He said if they are worried about ocean cleanup, they should start focusing on recycling. He said they must look into how they can invest in the light shows and drones, so they are a replacement for something they will be taking away so that HTA can continue to make Waikīkī more interesting. For years they tried to make Waikīkī more interesting for visitors and make Waikīkī the heart of O'ahu again so that locals want to visit. He said the locals he sees love the fireworks. He suggested proceeding with caution about this as they need compelling replacements.

Chair Kam said they are all in agreement, and HTA must look at what they can do to make Waikīkī interesting and special, and how they can use technology to restore the magic. They must restore the Hawaiianness to Waikīkī, find better ways to transition, make it better for everyone, and find the balance. HTA must make Waikīkī the "jewel" of the Pacific.

Mr. Atkins asked if it is directly a Waikīkī issue or if it is about fireworks in general.

Mr. Downing said his personal opinion is that it is about fireworks in the ocean, and the Board has a responsibility going forward to move to the green side. They must evolve. Chair Kam said everyone loves the fireworks, and it is acceptable for the 4th of July or New Years, but not every week, so there must be a balance.

Mr. Ching thinks this is not just for Waikīkī but for all the areas. They must find common ground to attract visitors to all areas. He said they must think of something better to replace fireworks as well. There should be more reasons for the visitors to go to Waikīkī and other areas. He is a huge advocate of keeping visitors in the visitor areas.

Mr. Atkins said they have not banned fireworks in Kaua'i, but they require a permit for fireworks, which costs money. He said on the aerial displays in Waikīkī once a week, there is a display on big holidays and the military base, and the community goes to see that. He said he did not realize there were "green" fireworks; stopping fireworks is a cultural challenge, but he is glad this topic came up for discussion.

## **9. Report and Update by the Budget, Finance, and Convention Center Standing Committee**

Chair Kam asked Mr. Rafter to speak about this agenda item.

### **a. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on the HTA's Financial Report for April 2022 as Presented at the May 24, 2022, Meeting**

Mr. Rafter mentioned they would not be reviewing the financials for the month of June because it is the end of the fiscal year, and it is not possible until June's financial is done. They will review June and July financial in July 2022. He said the budget starts on page 133 in the meeting packet. The first Agenda Item was HTA's financial reports that were presented to the Committee during their meeting on Tuesday. The Committee reviewed the financials from Mr. Togashi and the HTA's team and recommended approval of the HTA's financials as presented. He said they recommend approval of HTA's financials by the entire

Board. Chair Kam made a motion, and Ms. Kimura seconded. Mr. Regan did a roll call, and the motion passed unanimously.

**b. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on the Hawai'i Convention Center's April 2022 Financial Report and Update on the Hawai'i Convention Center's 6-Year CIP Plan as Presented at the May 24, 2022, Meeting**

Mr. Rafter said they went through the HCC financial reports, and Ms. Orton and her team presented them to the full Committee. The BFCC received the overview of them and went through updates on repairs and maintenance activities at the center and potential future repair and maintenance activities. The BFCC Committee recommended approval of the HCC's financials as presented. Chair Kam made a motion, and Ms. Kimura seconded. Mr. Regan did the roll call, and the motion passed unanimously.

**c. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee to Reallocate \$225,000 from BLI 702 (Community Training Workshops) to BLI 014 (Pono Travel Tips)**

Mr. Rafter said the BFCC discussed a request to reallocate \$225,000 from EOI702, Community Training Workshops, to EOI014, Pono Travel tips. They received a presentation on it with an explanation and request. Mr. Rafter said they recommend the Board approve the request to reallocate \$225,000 from 702 to 014. Chair Kam made a motion, and Ms. Kimura seconded. Mr. Regan did the roll call, and the motion passed unanimously.

**d. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee to Reallocate \$106,000 from BLI 702 (Community Training Workshops) to BLI 102 (Hawai'i Tourism Summit)**

Mr. Rafter said another reallocation request was for \$106,000 from BLI 702 Community Training Workshop to BLI 102, the Hawai'i Tourism Summit. Initially, they did not know if they would have the Tourism Summit, but this would be moving money back into the Hawai'i Tourism Summit on November 1 and 2. The request was presented with an explanation, and the BFCC recommended approval to reallocate the funds.

Mr. Downing asked what Community Training Workshops are. Mr. Ka'anā'anā said HTA has a line item set up specifically for things like IFEA workshops, the International Festivals, and the Events Association. Those are tourism workshops. They have also done agricultural tourism workshops. HTA has paused those programs because they did not know what

would happen and what would happen, so the funds were not spent in the current year. Mr. Ka'anā'anā said they are working with Ms. Anderson on the plan for the year ahead. They will discuss the EA funding in the FY2023 budget and how they bring those back up to FY2022. They had some existing training in the previous year's contract that was held over from COVID, and they were able to implement them two weeks ago. Some of it carried over for the current year, so they will pause it for 2022 and resume in 2023.

Mr. Arakawa commented that some of them attended that IFEA training conference the previous year, which was every day for an hour. He said it was beneficial and great feedback from non-profits all over the state. He said it was a great program and deserves HTA's support. Mr. Rafter said they recommend approval to request to reallocate \$106,000 from 702 to 102 Hawai'i Tourism Summit.

Mr. Arakawa made a motion, and Ms. Yuen seconded. Mr. Regan did the roll call, and the motion passed unanimously.

#### **e. Discussion and Action on the Revised Fiscal Year Budget Process**

The HTA team led by Mr. Regan proposed a revised budgeting process that better aligns with the legislative session and gives Board members a better chance to review the budget. It also provides the HTA with team members a better opportunity to prepare the budget. The revised process establishes a schedule of activities that begin in April 2022 and conclude in the following July, so it is a 15-month process at the start of the new fiscal year. The process has been included as part of the meeting packet. The BFCC reviewed that with the team and proposed that it should be adopted.

Chair Kam spoke about a point of reference - Rep. Onishi said they would have the reoccurring \$60 million for the next two years. He asked if it makes sense to discuss possibly doing a biannual budget for a two-year budget as one shot instead of every year. He wanted some insight on that.

Mr. Regan said that because it is new territory for HTA, he believes they will have to submit the biannual request to the governor as part of their next package. It will be forwarded on as part of the plan that HTA introduced. They will probably ask for it in November 2022. HTA would have to think about two fiscal years essentially. He spoke to Chair Onishi's point earlier - now that HTA is in a base budget, they know the allocation will be at least \$60 million for those fiscal years. From a planning perspective, it does provide some comfort knowing that HTA can plan out for two of those fiscal years for the \$60 million allocation. That would be part of that discussion as HTA is building this out.

Mr. Rafter asked how that works with things changing so rapidly in terms of programs that HTA supports, and within the different pillars, how would HTA do that over two years.

Mr. Regan said it will take a lot of forward thinking. He said a budget is not etched in stone, and it is important to understand that HTA's budget is a living document that may need to be adjusted. If things need to be changed, that discussion will be brought back to the Board and the Board would have an opportunity to approve it and change the direction of their budget. Chair Kam reiterated that it is about flexibility and accountability. He said it can all be revised with the Board, but at least they have an idea.

Mr. Rafter said the BFCC recommended that the Board adopt the legislative realigned budgeting process as submitted. Ms. Yuen made a motion and Mr. Ching seconded. Mr. Regan did the roll call and the motion passed unanimously.

**f. Introduction of HTA's FY 2023 Draft Budget**

Mr. Rafter said at the BFCC meeting that they discussed introducing the FY2023 draft budget. The BFCC accepted the draft budget, understanding that the BFCC would present it to the Board at the meeting. The introduction is the starting point for the internal discussions that will take place in the next few weeks. They will receive a message from Ms. Hagihara or others, putting together meetings to walk through the budget so that they can all be fully versed in it. He said no specific action is required by the Board, except to recognize that they all have the draft 2023 budget. He encouraged everybody to look at it in detail over the next few days before the meetings.

Chair Kam said the meeting is Wednesday, June 1. He said once they have the two-by-two meetings with everyone, they will have more time to take back to the committee meetings to review the components. The budget will be reviewed a couple of times over a month. He recommended that everyone review it before the meeting on Wednesday.

Mr. Rafter thanked the team for putting the budget together.

**g. Discussion, and Action on the Economic Development Administration FY 2021 American Rescue Plan Act Travel, Tourism, and Outdoor Recreation Grant Assigned to the Hawai'i Tourism Authority by Governor Ige**

Mr. Rafter said this is related to the Economic Development Administration and some discussion around it. He asked Mr. Atkins to elaborate. Mr. Atkins spoke about the previous meeting with the committee regarding the presentation of the EDA for the 2021 American Rescue Plan Act, Tourism Outdoor Recreation Grant, assigned to Hawai'i Tourism Authority



by Gov. Ige. The HTA team has been working diligently to complete the requirements identified by EDA, and as directed by DBEDT and the governor's office.

The HTA team completed the Grant Administration Plan, and provided the documents to the Committee as part of the presentation. The project was to align with the DMAPS. The Board recognized the excellent work of the HTA team, and recommended the approval of the Grant Administration Plan, and that HTA moves forward on it. This includes the referral of the Grant Administration Plan to the Branding Standing Committee and to the Ho'okahua Standing Committee for review and recommendations. During those discussions, Mr. Arakawa had asked about the \$14 million and how it is segmented. One amount was money for Mr. Ka'anā'anā and his team for branding.

Mr. Atkins said the motion was to recommend the Board approve the Grant Administration Plan for EDA's '21 American Rescue Plan Act, Outdoor Recreation Grant, and allow HTA to move forward with committee meetings before submitting the final plan to EDA. He mentioned something new that the Ho'okahua Committee had not seen yet. Mr. Arakawa asked that he mention it. Mr. Atkins said Mr. Regan had spoken about a walking trail, where they use \$7 million to spend on a trail. This money was available until 2026. Some money would go to Ms. Anderson. He asked if they must hold off on it and let the committees review it to get a better feel of it, as \$14 million is a lot of money. He asked if they should defer it to get it vetted.

Mr. Arakawa said his comment was that the motion approved by the committee was a recommendation to allow them to go forward and vet the proposal with Ho'okahua and the Branding Committee. So that was what was approved yesterday, and he recommended to bring it to the Board that the staff go forward and check with those two committees before submitting the final application.

Mr. Atkins reiterated that they go through the committees before making a final approval of the \$14 million, as they might want to change something, but that is for the Board to discuss.

Mr. Downing spoke about an article he read about the urban trail, using part of a 14 million tourism recovery plan. It stated that the HTA had a plan to spend \$750,000 to develop the urban trail. He said this implies to him that the Board has agreed to this. He said this item has never been brought to the HTA Board. To find this out in the newspaper did not feel right to him. He read part of the article to the Board. He said the Honolulu Advertiser or Star advertisers also had an article about the urban trail in Honolulu. Mr. Downing said he was troubled as to where this was going, as it was not vetted in committee yet. He asked why

they are rushing to spend EDA funds as they have until 2026 to spend it. He said it is not a good use of the \$750,000 funding.

Mr. Downing asked if there is data to show why the urban trail should go through the capital district downtown, waterfront, and Chinatown, versus staying within the resort area, such as Waikīkī, which has historical sites and venues. He asked if those areas needed more visitors vending outside the resort areas. He also asked if the businesses are set up to service the additional influx of visitors. He questioned whether Hawai'i had the infrastructure needed to support and keep everyone happy with the new experience. He asked how downtown will manage visitors, cars, and restroom usage. He asked if they wanted to keep visitors within resort areas. He said they need to go back to Mr. Kanahale's document on restoring Hawaiianess to Waikīkī, as HTA's reference of what has been done, and what should continue to be completed. He spoke about Mr. Clarke's video on the history of surf, Waikīkī, and Hawaiian based names. He said they must focus on areas where visitors go to. HTA must also look at its symphony dashboard as the top point of interest.

Mr. Downing said funding should be spent on what exists by upgrading and enhancing the experience like their own Waikīkī historic trail, which delivers more action items in DMAPs than the proposed urban trail. He said they must also have cleaner, working bathrooms in areas highly used by visitors and residents. Waikīkī has so much to offer in history. HTA should optimize it to deliver an excellent experience for visitors and residents if it fits in the EDA grant.

Mr. Downing spoke about the Ala Kahakai trail that goes around Hawai'i Island managed by the National Park Service and the DLNR, established in 2000 to preserve, protect, and interpret traditional Hawaiian native culture and natural resources. The trail is 175-miles encompassing a network of culturally and significant historical trails. He said they must ask the island community if they want to continue something like this.

Mr. Rafter said HTA suggests that the committee vet, review, and lend ideas. He pointed out that part of this was a federal grant. There are different requirements for getting approval and acceptance of federal grants. Part of the \$14 million goes to bringing in the expertise to know how to deal with that. He pointed out that it does not change the fact that HTA needs to approve what the money is being spent on. Part of the \$14 million is making sure they can get the grant for the money. He added that Rep. Onishi and others advised them that a downtown urban trail are all within their purview of making Hawai'i a better place for tourists. He added that it is not their job to spend funds cleaning bathrooms and putting cameras up. He encouraged everybody to identify the programs for the money to be spent on.

Chair Kam mentioned that he and Mr. Regan spoke about the DLNR component the previous day. He asked Mr. McCartney what HTA's kuleana is so that HTA can be accountable for what is given.

Mr. McCartney said he would follow up and check. He would speak to Gov. Ige and let HTA know. He said they should use the grant and work their way backwards. Mr. McCartney said it is all new that HTA got a federal grant, so they must have a good discussion to ensure they administer it correctly.

Ms. Yuen asked if someone could let them know the timeline for the grant and funds. Mr. Regan said there was a notice of funding opportunity for the EDA, a non-competitive component where every state received a portion. Hawai'i received a little over \$14 million to support tourism-related COVID recovery, plans, projects, and programs. That notice was provided to the State of Hawai'i. It was provided to the governor through a letter from the EDA. The governor then designated the HTA to be the administrator of that grant through a letter the governor sent back to the administrator of EDA. Then the letter came from EDA to Mr. De Fries. Mr. De Fries then sent a response back saying they would be involved in September 2021. The Board was also informed of that on the record. At one-point, HTA was instructed that the governor wanted them to partner with DLNR. That is when the chair assigned Deputy Director Masuda to be the lead from DLNR. DLNR put a team together and started working with HTA. HTA also has other responsibilities as part of EDA to submit documents to allow them to receive the award and expense, so many documents are going back and forth. As part of that, DLNR showed great projects that align with DMAPs. They wanted to utilize a little over \$7 million to support that.

Ms. Yuen said her recommendation would be, with Mr. McCartney's input, to figure out the actual process to do this and the timeline for any approval to expend the funds. Mr. Regan said they have a Grant Administration Plan, and everything is there. Ms. Yuen said it would be great to share that because if it is going through the committees, it would be helpful for them to know what they need to do. She supports the motion to take it to the committee.

Rep Onishi addressed Mr. Downing's concern about the public information. He said it happens at the legislature, where they have a public hearing and the media picks up on an issue not fully vetted. He said they don't always report that it still needs to be vetted. So, to alleviate some of Mr. Downing's concerns, he said it was not a done deal. The final deal is when they are given final approval.

Ms. Yuen reiterated that is why the timelines are important. Mr. Arakawa suggested they do the timelines for all the initiatives so they do not have deadline issues. He suggested to

Mr. De Fries that they look at a process that could apply to all the major initiatives. Chair Kam asked Mr. Ka'anā'anā and Ms. Anderson if this would be reasonable for the next committee meetings, or would it be better to present it in July 2022.

Ms. Anderson said she would prefer to do it in June 2022, as DLNR is their partner and are eager for the funds as well. Mr. Ka'anā'anā said it would allow the Board to vet both the budget and FY2023, as well as the programs outlined in the EDA, so that they can understand how the two interact. Mr. Arakawa said the important thing is it will be vetted by Board members who have heard the legislator's message and know some of these programs because the Board is going to change in July, so June would be better.

Mr. Atkins asked how many different committees would be vetting it. Chair Kam said from his understanding that it is the Ho'okahua Committee, the DLNR, Ms. Anderson, and the Branding Standing Committee. The BFCC is okay with how it is now. After that, it will go through the entire Board. Mr. Rafter said the BFCC is okay with it but just not sure what they are spending on. He said they are making a motion to send this to the two committees.

Mr. Arakawa suggested making the motion to approve the committee's recommendation for the staff to move forward on making the presentation to the Ho'okahua Committee and the Branding Standing Committee for their recommendations on the EDA grant.

Chair Kam made a motion, and Ms. Kimura seconded. Mr. Regan did the roll call, and the motion passed unanimously.

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

Ms. Chun said they published the visitor statistics for April 2022 that morning. She thanked her team. She said the Symphony Dashboard was also updated. She showed the April 2022 highlights of where we are, compared to 2019. Recovery was the highest since the beginning of the pandemic. Visitor expenditure was slightly higher last month and a lot higher in April 2022, compared to April 2019. Visitor arrivals are increasing. Visitors by air, not including Cruise - expenditure is up. U.S. West and U.S. East are much higher than 2019. Per person per day spend is higher overall, but from U.S. West, U.S. East, and Canada, it is much higher than 2019. Japan visitor's spending is the same as 2019.

She said average daily census was up, compared to April of 2019, mainly from visitors from the US West and US East. Per island basis, expenditures are up on all islands, per person per day spend, except for O'ahu. She noted that visitor arrivals are not necessarily up on all islands.

Multi-island visits drive some of the higher expenditures and average daily census. Compared to this time last year, there are more people doing multi-island visits. The majority of the people are going to O'ahu. A lot of the people that visit O'ahu stay only on O'ahu, but there is a lot of day-tripping going on in April 2022. The people staying on the neighbor islands, one day or less, are day-trippers, with a significant increase.

Ms. Chun said the Department of Taxation collected \$75.9 million in TAT, including what the counties collected. Total fiscal year to date 2022 collections is \$602.7 million, up 350.5% compared to the \$133.8 million that they collected, same time for the fiscal year to date of 2021. April 2022 collections are some of the highest collections since January 2017. Most people who visited in April 2022 were going on vacation. Some people went to meetings, but for the most part, everybody was on vacation. Most people stayed in hotels, but some stayed in condos and timeshares. There was some rental house stays.

Ms. Chun spoke about lodging highlights. The occupancy for the State of Hawai'i for April was 76.2% for hotels and an ADR of 371. The occupancy for 2022 was slightly lower than 2019, but ADR is almost \$100 higher, which is driving RevPAR for the State of Hawai'i. For vacation rentals, occupancy looks similar at 72.4%, but their ADR is significantly lower at \$291. Hotel demand far outstrips vacation rental demand, even though those numbers are similar.

Ms. Chun said unemployment rates for April of 2022 was 3.6%, a little higher than in March 2022, but still better than earlier in 2022. The lowest unemployment rate was for O'ahu, and the highest was for Kaua'i. Looking at jobs by sector, they saw continued improvement in accommodation, and food service.

Looking at seats to Hawai'i, for April, slightly fewer seats came into the state than in 2019. Domestic seats are up compared to 2019. International continues to lag in April. In May, seats are slightly closer to where they were in 2019. The domestic market is up, while the international market is still low on the number of seats for direct flights. This is similar to June when there are more domestic flights and still a delay in international flights. They are exceeding the total number of scheduled seats for July with domestic going up, and also a return of some of the international seats. June had 98,000 international seats, and 196,000 international seats in July. For Japan, in May there were 20,000 seats, in June 23,000 seats, but for July, there are expected increases in scheduled seats for Japan. Right now, there are about 97,500 seats scheduled for July with renewed service from Fukuoka. They will also see some service from Sapporo.

Looking at the overall world and tourism for the entire world, the Skift Travel Health Index is at 77. This is compared to 2019, which was 100. Increase in trend upwards for 2022, much better

than 2021 or 2020 at the same period. Looking at the specific countries they are interested in, the U.S. market is almost 100% back, at 99.3%. The Canadian market is also strong, with Australia, at around 91%. Japan is slightly up at 48.8%, and China trending down a little at 46.5%.

Ms. Chun shared that the Pacific Asia Travel Association has recently started providing weekly updates on COVID 19 status and recovery. They are looking at lockdown status, inbound travel, and outbound travel. Looking at the countries that HTA is marketing to, Australia is open, and its vaccination rate is 83.7%. All incoming travelers from international markets to Australia can bypass things. China is partially locked out, and inbound and outbound travel is restricted from China. There are situations with their direct flights. Travel to some countries has eased a little bit for China. Right now, every Chinese air carrier can only have one flight per route for each country. They can fly once a week. For all the international carriers, they are also similarly restricted, where they can only have one route per country and fly at most once a week, so that is restricted a lot. While it is restricted right now, Japan is anticipating some changes coming soon. The restrictions are being relaxed, and the capacity is up to 10,000 visitors daily. People coming on package tours starting June 10, can come in as long as they are on a set itinerary with guided tours.

Travelers from low infection COVID areas can come in with proof of three doses of vaccine. For Korea, they are open, and people can take antigen rapid test to come into Korea. For U.S. no restrictions are coming from the U.S., but for international visitors coming from the U.S. from visa waiver countries, there is the ESTA fee, the Electronic Processing fee that they charge. It has increased from \$14 to \$21 since last month.

Ms. Chun showed the U.S. booking trend through December as of May 21. There were some areas where it was neck and neck with 2019. There is a little bit of activity in Japan, and there will be activity in summer with people coming at the end of July and August 2022. People also plan to come in the holiday season at the end of the year. Looking at Canada, there are trends for arrivals, which will be similar to past year's trends as to where the highs and the lows are. In summer, there will be a lower level than 2019. Looking at Korea, a similar trend as to when people are coming, but much lower levels in 2019. For Australia, it is similar, with much lower levels than 2019. Ms. Chun said these details are updated on a monthly basis and a quarterly basis on their website.

Ms. Kimura asked where she could view how much county TAT was collected. Mr. Regan said the finance directors for each of the counties produce a quarterly report, an update to the council on expenditures and revenues. That is the document they should be looking at. He looked at Maui County's finance director's report, quarterly report for the third quarter, and

they had projected that they were going to, for this particular fiscal year, collect \$15 million total in TAT. According to the third quarter report, which ended at the end of March, they had already collected more than \$20 million in TAT for the county. They are already ahead with \$5 million of their projection. It is not a full fiscal year that they were collecting TAT, so their projections for the next fiscal year are significantly more. There is still one more quarter to go. He has not looked at Hawai'i, Kaua'i County, or the cities quarterly reports, but they all have to report to their councils the revenues received.

Chair Kam asked what other things are driving up expenditures. Ms. Chun said everything was more expensive. For those operators on the Board, there are the supply site issues driving costs up. People are spending more on food, more on lodging, and more on transportation.

Mr. Rafter said all business travel is 30% - 50% more, not just air, car, and hotel. There are also supply chain problems driving up costs. For goods in hotels, like linen, there are no improvements in supply. Mr. Ching said it is a cycle, and he cannot see it improving. He said the prices and costs of goods seem unsustainable to him, but people are paying it. He said people are still in a consumption mindset. Some are willing to double book or double-spend to ensure they have a good vacation. Mr. Rafter concurred with what Mr. Ching said. He said as a Board, they must watch Ms. Chun's numbers very carefully because at some point, they are looking forward to traveling again, and it has to break. He said he could not see how families can afford to visit Hawai'i before it starts to retract. Mr. Ching concurred. He said that staff and sick calls it is more popular now. It is easy to call in sick now without any consequences.

Mr. Chun said the airlines are experiencing the same thing, and there is also the issue of pilot staffing. Ms. Yuen thanked Mr. Ka'anā'anā and his team for all the efforts and information. Chair Kam asked Mr. Ka'anā'anā what his outlook for summer was.

Mr. Ka'anā'anā said hearing from partners is a little bit slow at the moment, but then it picks up in June and July. He said they would see a strong summer. He said they need to stay focused on the mālama messaging. He said things are not back to normal, and they must all learn how to be kind. Hawai'i must be that beacon of that light that stands out brightly when everything else is cloudy. They must share their aloha and mālama to show people who they are.

## **11. Report and Update by the Branding Standing Committee of their Meeting held on May 25, 2022**

**a. Discussion and Action on the 2022-2023 Pono Travel Education Program (Hawai'i Airport Advertising and Clear Channel Airports) with a Recommendation to Approve as Discussed by the Branding Standing Committee at the May 25, 2022.**

Mr. Atkins said Brand manager, Ms. Willkom updated on the sports program. They are coming close to finalizing the window for the RFPs. They will find out exactly how many people turned in a presentation, and from there, it will go to the committee to see what they come up. There will be more information in June 2022 on that. Mr. Willkom had also mentioned that he would be doing a presentation on the LPGA LOTTE championship that happened in April. He said they got a good ROI on that.

Mr. Atkins said Mr. Reyes and Ms. Orton had also joined and shared on the global MCI Initiative and had a lot to share about the busy month of April and what they expect for the upcoming months and years. He said the breakdown is included in the meeting packet. For April 2022, they exceeded the numbers they anticipated for attendees at the HCC. For May, they had 18 events; in June, they had 17 events; in July, they had 13 events. Most are local events. He said Ms. Orton has been booking a lot of local business.

Mr. Atkins said there is great synergy between Mr. Reyes and Ms. Orting and that chemistry will pay a lot of dividends. Mr. Atkins spoke about Mr. Reyes report, saying he was very optimistic. He said there would be eight total large groups in 2022. He showed the slide with all the numbers. He said there is a possibility and opportunity to get some short-term business. He said they were looking at 64,000 definite room nights but currently showing 114,000. This would be doubling what they do. Mr. Reyes was confident they could make those numbers. He spoke about the trellis and said all the information was in the meeting packet. He encouraged everyone to look through the information. He said the meeting was good, and Mr. Reyes said he would give them a monthly update.

Mr. Atkins said Ms. Orton also went over some of the CIP projects about what they are doing to mitigate some of the challenges with the HCC. He said the main presentation had been the virtual tour of Hawai'i airports and what Phase 2 of their Pono Travel Education Program messaging would look and feel like. Clear Channel Airports and Hawai'i Airport advertising gave individual presentations. These presentations were about how to visit Hawai'i responsibly, respectfully, safely, and mindfully. The meeting packet shows a detailed layout of each of the presented airports. He said Mr. Ka'anā'anā and his team did a great job negotiating prices for Honolulu and the outer islands. Mr. Atkins asked Mr. Ka'anā'anā to take the floor.

Mr. Ka'anā'anā reiterated that their partners at the airports are helping bring that message of kuleana and mālama, home. He said they are sharing what it means. He said as soon as visitors



arrive at airports and throughout their stay, they see the messaging. The project is helping HTA meet the needs of their residents by reaching the visitors throughout their journey, to, and from Hawai'i.

He addressed Ms. Kimura's questions and said they are still trying to finalize the specific numbers with the following breakdown by the airport: \$82,262 for Honolulu, \$71,175 for Maui, \$56,830 for Lihue, \$41,720 for Kona, and \$40,565 for Hilo. That's a total investment all added up to \$400,000. The Board approved the budget reallocation earlier in the meeting. The final step is the final approval of the Board of the overall program and the \$400,000 expenditure. He turned it back to the Board.

Mr. Atkins asked if Mr. Ka'anā'anā could mention the different contracts. Mr. Ka'anā'anā said Honolulu runs from June 27 to October 18, 2022, and on the neighbor island airports, it runs from June 30 to June 29, 2023. That is the overall campaign. Certain pieces of inventory were already pre-sold or committed to others, so inventory shifts within that timeframe.

Mr. Atkins asked if there were questions. Mr. Ching asked, as far as the continuation potential is there opportunity to continue. Mr. Ka'anā'anā said that messaging is important in the long run. The airports are one of the main places with a captive audience to share that messaging. He said it is an important touch point in the traveler journey, so this must be long-term. He said next year, with the conversations around biennial budgets, they need to take a look at it, and explore what other options exist. He said there might be other opportunities to partner directly with DOT and the airport's division. He said if this is a long-term investment on the part of the HTA in educating visitors, would the airports be open to HTA installing their own monitors and making them permanent elements of the airport experience.

Mr. Atkins said that it is worth exploring. Ms. Kimura asked if the neighbor islands are all one-year contracts, and Mr. Ka'anā'anā confirmed as correct. Ms. Kimura questioned about Honolulu being a different time frame and said the price is the same. Mr. Ka'anā'anā said the reason is that Honolulu is expensive. Mr. Atkins confirmed that Honolulu is very expensive.

Mr. Atkins said all the messaging is very visible, and the timing for June is good to get all the messaging up. He said there was a question as to how they could get the statistics on how many people are looking at the messaging. The lady who gave the Honolulu presentation said they can get these statistics and would get them to Mr. Ka'anā'anā. He spoke about the mālama messaging during the Master Golf Tournament. A gentleman called him in Honolulu saying he saw the messaging, and it made him proud to be living in Hawai'i, so the messaging does get out there.

Mr. Ka'anā'anā clarified that their messaging started on April 18 under HVCB. They are running it, and HTA has adopted that inventory. There will be a seamless transition on those dates that he outlined. He clarified that HTA's takeover is at the end of June and is pursuant to the end of HVCB's contract.

Ms. Yuen commended everyone for their work and liked the idea of them getting their boards as it makes the most sense. She said there could also be a venue to partner with sister agencies to get messaging out, whether it is for safety or some other event. She said it is important to have that flexibility without constantly trying to purchase airtime.

Mr. Ka'anā'anā said there is a mix of inventory with permanent tension fabric displays that are more the evergreen messages they want to share. They have tailored the digital assets to have a more targeted message for each island and issue specific to that island. They have that flexibility within a 48-hour window, and he is sure they could push them on that under an emergency circumstance.

Mr. Ching said they would have to buy, maintain, or upgrade, so it would be easier if they did it themselves. Mr. Ka'anā'anā said they are doing the homework for that.

Mr. Atkins asked if they touched on the water program. Mr. Ka'anā'anā said it would start with the phase they approved in the BOD. They have partnered with the Department of Health and the Island Lifeguard Associations to create the actual collateral and create it. He said they already have \$100,000 in the budget for that messaging. They have rolled it into the buy to maximize the efficiency of their advertisement buy-in at the airports. So, the \$100,000 of ocean safety messaging is also part of that. He noted that they have been strategic about the frequency of messaging, placement, and time of day. He wanted HTA to know his team had done the due diligence on the actual detail of the strategy for the messaging. They also projected heavier for summer, so they have bumped up the frequency.

Mr. Downing asked if it is a television they buy an advertisement on, and everybody buys advertisements at a different time. Mr. Ka'anā'anā confirmed that as correct and that the advertisement loops. If anything goes wrong, the company fixes the television to ensure the advertisements keep running. They will look into this more in the budget in the coming year to see how they will move forward on this.

Mr. Ka'anā'anā said that is the homework they are doing to figure out what that all looks like, with the pros and cons. He noted that in the FY2023 budget, the line item for Pono Travel Education is at zero, and that is because they did not have a number to plug in yet, but they will come back with a number.

Mr. Atkins spoke to Mr. Downing's questions and said they are on a loop with other advertisers, but there is a maximum number that could be on that, maybe six or eight, and then it loops again, so it comes up every couple of minutes.

Mr. Ching asked if they are considering being a landlord and selling advertisement space in their space. Mr. Ka'anā'anā said no, and instead of paying every time, if it is a more evergreen message, they can pay for the production and installation of the tension fabric displays. He said the digital stuff might make more sense, but that is all due diligence.

Mr. Chun said he liked doing the due diligence to see how they can put their evergreen messaging up there. He asked if they are looking at taking over some of the existing spaces or looking to install new ones. He asked about the partnership with DOT. Mr. Ka'anā'anā said he does not have an answer at the moment. He said he also wants to make space as there are other partners, so he is trying to be mindful of that too.

Mr. Chun said he liked the idea that it is state property, and as they are a state entity, and as a state function, they should be able to have dedicated space, that they would not have to exhaust the limited budget they have.

Mr. Arakawa asked if the final program will be vetted while they approve the budget item. Mr. Ka'anā'anā said the Branding Standing Committee approved it the previous day. Mr. Arakawa asked if they approved it without knowing the final outcome of where the displays are going. Mr. Atkins said they know where the displays are going, and everything is in the booklet. They also know what is happening with the digital displays. The only thing he had questioned Mr. Ka'anā'anā about was the island chapters, as each island is a little different, and as they make the new ones, or as they do the video content, they might have a little different message on the big island than HTA has on Kaua'i. That is what they need to take into consideration as they move forward. He said Hawai'i has got a number of banners that have to be made and the sooner they are made, the sooner they can start the program. They do not want to micromanage that aspect.

Mr. Ka'anā'anā clarified to Mr. Arakawa's question that the vote now is asking for the approval of the expenditure of \$400,000 of FY2022 dollars for the campaign that was presented the previous day in detail. The conversation they have been having about the next steps is what happens when those campaigns end.

There were no questions from the public.

Mr. Ching made a motion to approve the \$400,000 to continue the messaging for all islands. Mr. Chun seconded. Mr. Regan did the roll call, and the motion passed unanimously.

## **12. Legislative Update on the 2022 Legislative Session and Related Bills Relevant to the Hawai'i Tourism Authority**

### **a. Overview and Update on 2022 Legislative Session**

Mr. Regan gave an overview of the legislative session. They went over it with the legislative PIG. He said they had a very busy legislative session for 2022, and he thanked Rep. Onishi, Sen. Wakai, and other chairs for all their support. They had over one hundred measures they were tracking. In addition to that, they submitted tons of testimony throughout the session and a lot of focus and effort from the team. At the end of the day, they had seven measures they were tracking that were enrolled with the governor.

He listed the measures. HB 2026 HD2 SD 1 defines Board business and formal gatherings. This was important from a Board perspective because it requires that the Board meeting packets be made public 48 hours before the Board meeting. One of the aspects of the Bill is that if there is no Board meeting packet, there will still be a meeting. That Bill is currently with the governor.

HB 23, 29 HD2 SD2 CD1 is to place historical markers out there where there is the significance linked back to President Obama. This one they provided testimony on. They were asked to consult with the DLNR on this particular measure, so they will be involved in that. The funds are appropriated directly to DLNR so that HTA will play a role in that.

Bill SB3219 HD1 CD1 - if they participate virtually in meetings, they ask if anybody is present and where they are located. When this Bill passes, they will no longer have to report a minor that may be with them during the meeting. So, for that one, they did submit testimony.

SB3334 SD2 HD1 CD 1 - this Bill places the director of DBEDT on the Board as an ex-officio member. This Bill has implications for the Board. They welcomed the director of DBEDT as part of the process. This Bill is currently enrolled with the governor as well.

SB3357 SD2 HD2 CD1 - they are tracking this one and providing testimony as it would support native Hawaiian communities by making appropriations to help those programs and projects. Total appropriation in this Bill is \$2 million. One million went to DBEDT, for their virtual marketplace, \$500,000 to DBEDT for physical co-working space, and \$500,000 to DLNR for the repatriation and reburials for native Hawaiians nationally and internationally. He said they were involved and provided testimony, and supported this Bill.

HB1600 HD1 SD2 CD1 - the budget Bills. Their budget was not included in HB1600. It was in another Bill. That particular Bill did provide \$15 million in general obligation bonds to the HTA

for the design, construction, repair, and improvement of the HCC rooftop and terrace deck. They will be working closely with Ms. Orton and the team on this.

HB1147 SD1 CD1 - the other budget funding Bill, that appropriated funds to the HTA for their operations -\$60 million in recurring general funds. There are 26 temporary positions, one additional position that was provided to the HTA, and a \$28.5 million convention center enterprise special fund ceiling. This allows them to spend up to \$28.5 million. This is a special fund. So, unlike general funds, which Rep. Onishi mentioned, anything that is not encumbered goes back into the general fund at the end of the fiscal year. The specialist funds are maintained and stay within that special fund until they are encumbered or expended. This allows HTA to utilize those funds currently in there to support the activities at the HCC, and, more specifically, to help move some of the repair maintenance projects forward.

The next one is a matrix, and he thanked the chair of the legislative PIG for helping put it together, as well as Mr. Downing. It explains which Bills throughout the process impacted the overall final result of the session. There was also a Bill HB1785 SD 2 that did not get enrolled by the governor. That one was to require performance-based budgeting incentives.

Mr. Arakawa said the other was about their consultants hiring experts coming to HTA and getting recommendations on areas in which they did not have expertise.

Mr. Regan asked if Mr. Arakawa wanted to add anything to the presentation, but he said he had nothing to add but mentioned they would be meeting to discuss and implement some ways to improve the legislative process with legislators internally with HTA staff, with HTA committees, and with stakeholders. It is an ongoing process, working with the legislators and others.

Mr. Atkins said five of them are leaving at the next Board meeting and would like to bring in five Board members so they can get started in July to listen to the Board discussion about the budget. Chair Kam said they would consider it as it is a good recommendation. Mr. Arakawa asked whether they could invite them to participate in the committee meetings as public members. Mr. Regan clarified that they have been sending out the meeting information to the new members that are coming in. Some of them are also on the call. He said they would be having an orientation for the new members on June 23, where they will go over how things are done to keep them up to speed.

### **13. Closing Cultural Protocol**

Mr. Casson-Fisher did the closing protocol. He spoke about how the world will turn to Hawai'i as they search for world peace because Hawai'i has the key, and the key is aloha.

#### **14. Adjournment**

Mr. Atkins made a motion to adjourn the meeting, and Chair Kam seconded. Mr. Regan did the roll call, and the motion passed unanimously. Mr. Regan concluded the regular Board meeting. The meeting adjourned at 12:32 p.m.



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Sheillane Reyes

Recorder