



**BRANDING STANDING
COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Monday, October 23, 2023, at 10:00 a.m.**

Virtual Meeting

MINUTES OF THE BRANDING STANDING COMMITTEE MEETING

MEMBERS PRESENT:	Mufi Hannemann (Chair), Sig Zane (Vice-Chair), Dylan Ching, Blaine Miyasato
MEMBERS NOT PRESENT:	David Arakawa, Sherry Menor-McNamara
NON-VOTING MEMBER:	James McCully, Mike White
HTA STAFF PRESENT:	Daniel Nāho'opi'i, Kalani Ka'anā'anā, Caroline Anderson, Maka Casson-Fisher, Carole Hagihara
GUESTS:	John Monahan, Jay Talwar
LEGAL COUNSEL:	John Cole

1. Call to Order and Opening Protocol

Chair Hannemann called the meeting to order at 10:01 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. Casson-Fisher did the roll call, and members were confirmed in attendance were by themselves.

3. Approval of Minutes of the October 12, 2023 Branding Standing Committee Meeting

Mr. Zane made a motion to approve the minutes, and Mr. Ching seconded. The motion passed unanimously.

4. Presentation, Discussion and/or Action on Funding the Incremental Spend for the US Market, Oceania, and Korea

Mr. Ka'anā'anā asked that before they turn the floor over to the HTUSA team, he wanted clarity on what outcome they were looking for so they could steer the presentation correctly. Chair Hannemann had asked them to return with information for the two critical markets, Canada and the U.S. With the visitors coming to Hawai'i, many are from the U.S. market. He asked Mr. Monahan and Mr. Talwar to give the presentation so they could see what was needed. Chair Miyasato said they had already approved the incremental plan at the previous meeting but wanted clarity if the presentation looked at the U.S. market. Chair Hannemann said he is giving them another opportunity to look at the \$10 million, subject to funds availability. With Japan and Canada, they removed the caveat. He wants to see if they can make a strong case for the U.S. as the key to the Maui recovery will be Canadian and U.S. tourists.

Chair Miyasato pointed out that they recognized that as a body, so they allocated \$2.5 million to that exercise specifically for Maui and the U.S. market. Mr. Monahan said the \$2.6 million approved was for 2023, but this plan was for 2024, the entire year. They looked at their history with the HTUSA with disasters and economic catastrophes. He said they lost 15% of the tourism business when West Maui was shut down. They put together a plan to mitigate the problems when they lost Aloha and ATA airlines within three days, then followed a few months later with the U.S. mortgage meltdown, which led to a global recession. They modernized old strategies ten years later, and that is what the presentation was about.

Mr. Talwar prepared a deck with the HTA staff to give more information about the plan and provide information on the results of the strategy at the beginning of the recession. Mr. Talwar spoke about hotel reservations. Until September, this was still an issue, and there was a need to support visitation from the U.S. market and globally. Statewide, that translates to the rest of the state, so there are significant decreases on a month-to-month basis.

There are also airlift issues. For October to December, seats to Kahului are down. They need to support airlift and get people into hotel rooms. Why the U.S. market? The U.S. market was about 85%, and Canada was about 10% in 2019. For 2020, it showed similar figures. In 2021 and 2022, it increased. On a statewide basis, they had two-thirds of tourists from the U.S., 15% from Japan, and 5% from Canada. In 2020, the U.S. was at 95%; in 2021, at 74%; in 2022, the U.S. was at 85%; and currently, the U.S. market is at about 80%.

With regard to market saturation from 2010 to 2011, they increased with the program and visitor expenditures, arrivals, etc. The market saturation impact was high, and they had a significant return on investments. For context, he showed the slide with the level of leisure funding. For 2024, they are at \$14 million, so they require funding to help recover the state's economy.

Chair Hannemann asked about the current campaign. He asked what the projected results were and how quickly will they see results. Mr. Talwar said it is starting to have some effect and is attributed to many factors. The airlines play a role, too. Some airlines have moved their planes out of the market based on the lack of yield. They do not have measures yet, as they are in the middle of the campaign. The paid media for social is going out through the end of November 2023. The cooperation program started on October 11 and goes through November 22, including partners like Hawaiian Airlines, Alaskan Airlines, Southwest Airlines, Marriott Hawai'i, and Hilton Hawai'i. They also have a lot going on with travel trade partners and leaders. They are doing a lot of events, training, and education. There are a lot of efforts in play, but it is too early to attribute results to the tactics.

Chair Hannemann asked what part Japan plays in the Maui recovery. Mr. Ka'anā'anā said that historically, less than 2% of Japanese visitors go to Maui, which is a nominal amount. Most of it has to do with where the planes are flying. The strategy for Japan is mostly overall recovery and less about driving the Japanese to Maui because some infrastructures are limited. Chair Miyasato said the press has confirmed that 60% of West Maui is taken up by displaced residents, female workers, and Red Cross people. He asked what they were opening up to. It is not a question of people coming in but how they will have enough space for visitors. He said airlines have stepped up, as well as rental cars. Accommodation seems to be an issue. The market revolves around supply and demand. Chair Hannemann responded that the PIG committee is considering Maui's economic recovery. He said the governor and mayor understand that permanent housing is the priority. They have assurances that they are doubling their efforts in this regard. He is a lot more optimistic about this as well. He said the HTA should also consider that area part of their strategy. He said Chair Miyasato's points are well taken, but that cannot stop them from opening up to visitors. He spoke to Mr. Nāho'opi'i's previous comments about the adjustments with other programs they need to make for Japan and Canada. He also said some of the implementation of the programs can be moved across to FY2025. The incremental ask for the entire calendar will span over two fiscal year budgets.

Mr. Hanneman said if they were to entertain adding special provisions to Japan and Canada, \$10 million is out of the question for now. He said their challenge is to go into the next fiscal year with guaranteed funding. He likes the direction they are moving in and said the timing is on their side. He said they can make the case for additional funding on the back end to further their efforts to prove that they are taking a strong leadership role as an authority. He asked Mr. Talwar if \$2.5 million would make a difference to what they are doing. Mr. Talwar said it would make a difference and that they had been fortunate to work closely with the industry partners to amplify the effect of the state funding. They would go full-on with the partnership with all industry partners to stretch the effectiveness of the funds as far as possible. He said they can make any amount effective and would like to do the Los Angeles market if funding allows.

Mr. Monahan said they have to protect the West Coast because there are very few nonstop flights from the East Coast. Chair Miyasato added that the full Board approved the plan, so there was no question about it, but a question about prioritization and finding the funding. The recommendation around the back end is sound; they could vote on it again. He said if there is something short-term, the Board would be open to that.

Mr. Ching said he was in full support of the votes. Mr. Arakawa also supported the comments. He noted that they are in a war in the Middle East and are unsure how that will affect tourism. With that caveat, they need to be mindful of that. He said they might need to remain flexible.

Mr. White said that the list of expenditures over the years, he recalled spending \$31 million, and now they are at \$14 million, so adding \$2.5 million takes them to \$16.5 million. He was concerned and said they needed to take a closer look at how many markets they addressed. Addressing one market is not enough. He said HVCB must take another look at what they think is needed to have the same result as the previous time.

Mr. Monahan gave some historical background. Mr. Talwar said if they were to look at three markets, it would be closer to \$6 million. Chair Hannemann addressed Mr. White's comments and said he would consider at least \$5 million, but the staff said they still have ways to figure out how they will find the first \$4 million for Japan and Canada. He would instead start smaller, but he is optimistic they can make it up on the back end.

Mr. Ka'anā'anā gave an overview. If the approved \$2.6 million for the U.S. is added, the \$2.5 million for Japan, and the \$1.5 million for Canada, that comes to \$6.6 million. Compared to the \$60 million budget, that is roughly 11% of the total. Adding the additional \$2.5 million in

FY2024 would represent 15% of the FY2024 budget. Moving the \$2.5 million to FY2025 would help, but even with the commitments already made at \$6.6 million, that is about 11% of the budget they need to adjust. Chair Miyasato said the \$2.6 million approved was not subject to. Chair Hannemann said they have not decided on how that \$5 million in emergency funds will be utilized, so this might be a compelling argument on why they need to tap into that. Mr. Arakawa thanked Mr. Ka'anā'anā for raising that significant point about the budget percentage.

Mr. McCully asked if Dir. Tokioka was on the call, but he was not. He said the budget of \$60 million was an allocation from the governors' funds for the year. His question for Dir. Tokioka is that, given the nature of the emergency and its issues, they could gain support from the governor's discretionary funds. It is more an executive issue than a legislative one. Chair Hannemann said he was more optimistic that they could make a stronger case this time. Mr. McCully said the faster they go to markets, the better. Chair Hannemann said they will have an opportunity at the Board meeting to discuss this further. Chair Hannemann asked for the \$2.5 million in incremental spending recommended by the committee to the Board for the USA market. He wants to put it in the same category as the \$2.5 million for Japan and \$1.5 million for Canada which did not have a subject to funding clause. Mr. Arakawa said they researched the HRS, looked at the HTA and state contracts, and all say they are subject to funding. That is part of the technical fix to the motion they will do at the upcoming Board meeting. The law requires it to have the clause subject to funding. Chair Hannemann wants the same language for all three markets, and Mr. Arakawa said it will be the same.

Chair Miyasato said he was uncomfortable with this. The full Board approved removing the language. It was not about the contract, and at no time was the contract referenced, but just a prioritization to find the money. Because the U.S. already received \$2.6 million, the prioritization for \$2.5 million and \$1.5 million was separate from the exercise as it was already approved. When they approved \$2.6 million for the U.S. market, there was no subject to funding in that approval. Mr. Arakawa said emergency funds are considered part of the budget. Mr. Arakawa said it will all be legal, and everyone can sign off without any problem, with the motion subject to funding. He said they have been subject to funding for the past few years. They do not have a budget, and the legislature has not approved a budget for the HTA for the last few years.

Mr. Cole said if the emphasis is on the priority of which programs, then they need to be clear that the three contracts are top priorities. If there is or is not an argument using the language subject to funding, they could avoid it. Chair Miyasato said these meetings are all

public meetings, but he would fix the technicality for the Board meeting. He will be clear that the priorities and the will of the Board will come to pass based on the intention of what the committee just passed.

Mr. Cole said the motion should be to place the U.S. market incremental funding with a top priority with the Board and the Canadian and Japanese markets. Chair Hannemann proposed that they include USA marketing as one of the top three priorities in incremental funding along with Japan and Canada and that the amount be \$2.5 million. Mr. Ching seconded. Mr. Ching asked how it changed the original amount they approved. Chair Hannemann said it does not change anything.

Chair Miyasato asked what they are doing with the U.S. if there is a new motion to vote on as it has changed what was voted on the first time. Chair Hannemann said he would take this current motion to the Board and put the U.S. market in the same priority as Japan and Canada. They will continue to work to find the full \$7.5 million to bring the U.S. brand up to \$10 million, as well as Korea, Oceania, and China. He said they must keep the approval they already did on the incremental fund for the total budget. Mr. Nāho'opi'i said part of the technical fix is also to include prioritization. Mr. Arakawa said adding subject to funding does not erase any priorities. As part of the motion to fix the technicalities, they can state that the three markets are priorities. Chair Miyasato said he would also put them in ranking order. He asked Mr. Cole to fix the motion to articulate that they are fixing a technicality but that it does not change the Board's intent. Mr. Casson-Fisher did the roll call, and the motion passed unanimously.

5. Presentation, Discussion and/or Action on the Review of 2024 Marketing Initiatives and Spend, Including Recommendations for Maintaining or Dissolving Programs)

Mr. Ka'anā'anā said Chair Miyasato had asked for this agenda item. He shared what was discussed at the September Board meeting. The Brand Marketing Plans for each market for the calendar year 2024 were presented and approved. Chair Miyasato asked them to start talking about the 2025 plan and budget.

Mr. Ka'anā'anā prepared a summary slide as a starting point and elaborated. Regarding the GMT, he showed the slide with the contract amounts and details for each. All the amounts are under-executed contracts. The plans against those amounts in the first column were approved at the September BOD meeting. At the meeting, the Board also included incremental funding, but there is some nuance to those. Some of those funds are prioritized, and some are subject to the availability of funds.

All the contracts do include that provision for flexibility to respond to market conditions and make adjustments. He said they separated the initial \$2.6 million that the Board approved after the Maui fires. The total would be \$46,014,600 if everything were approved and passed for 2024. He noted that the major sports programs and contracts were not included. They will present that at a future Board meeting. The process is usually done by June. The GMTs submit their plans for the following calendar year, so they are on track now. They are focused on implementing the 2024 plans and getting ready, so they used the last few months for January 2025. From a planning cycle perspective, they will have the final reports of calendar year 2023 activity until 45 days after the year-end. The staff will take two or three weeks to go through those reports. In March, they are ready to present the year-end recap to learn what did or did not work during the year. If the Board wants a mid-year report for the half year, he can also present those highlights. Evaluations are done in June and December.

Chair Hannemann asked for the sports funding to be reflected in the next meeting. He asked for the mid-year and end-year valuation. He wondered if he was correct in his understanding that incremental funding for Japan, Canada, and China was approved, but the others were subject to the availability of funds. Mr. Arakawa confirmed that as correct. Mr. Arakawa asked if they have a monthly report for the Branding Standing Committee of the major contracts. Mr. Ka'anā'anā said they receive monthly reports. Mr. Arakawa said that would help with the mid and end-of-year report.

Mr. Ka'anā'anā explained the process. Brand managers are assigned to markets. Those markets, depending on which one, meet at minimum once a month at a standing meeting on the first Thursday of each month, with the GMTs for a monthly update. They also file written reports monthly, narrative, and financial about activities from the prior month. In June and December, he gets the summation of the two six-month periods, a complete and mid-year report. The reports become contract evaluations when the staff writes a formal evaluation of each contract. The staff needs a few weeks to review the reports, so the Board receives them once they have finished evaluating them. Chair Hannemann said Mr. Arakawa's comment is well taken, as the HTA will be under increased scrutiny going forward, especially for the Maui recovery.

Mr. Ka'anā'anā said in the CEO report that each of the markets and market managers prepare summaries and pull the highlights into the CEO report. If the HTA wants the full report, he could provide that, too. Chair Miyasato said the genesis of the question continues to be building the next set of budgets, programs, and plans. He agreed that they would be

under a lot of scrutiny. He asked that they get into a regular cadence and at the full Board meeting, they do a high-level review there. Mr. Arakawa concurred with Chair Miyasato's comment.

6. Presentation, Discussion and/or Action on the Review of 2024 Grants programs, protocols to obtain grants, and 2025 planning.

Mr. Ka'anā'anā asked for clarity on what they needed to discuss. Chair Miyasato asked for the condensed version around the grants, especially the percentage share between Kilohana and the HTA and the mechanics of how they get the grants.

Mr. Ka'anā'anā said the HTA has five funding opportunities. The first is the Resort Area Hawaiian Culture Initiative, for cultural practitioners sharing culture within resort areas. The next one is Kūkulu Ola, which is a Hawaiian Culture Program focus. They are objectives outlined under the HTA Strategic Plan pillar for natural resources. Kahu 'Āina is the new name for what was formerly known as the Aloha 'Āina program. Those are for programs related to natural resources under the Strategic Plan objectives under the natural resource pillar. Next is the Community Enrichment Program, called under the community pillar of the Strategic Plan. It is for festivals, events, and seasonal or yearlong programs. The Signature Events are the bigger, tentpole events related to the Branding Marketing pillar to attract visitors. The sixth program, which was a response for Maui, is the Resort Area Hawaiian Culture Initiative (Maui). All six of these opportunities are administered by Kilohana and represent just over \$8,050,000. They are all open, and they are in the live application process. The deadline is November 13, 11 p.m. HST, and the applications are available online.

Chair Miyasato asked what the total Kilohana contract was worth. Mr. Ka'anā'anā said the current work period contract is for \$17, 41,341 of which \$8,050,000 comes out. Chair Hannemann asked when they make decisions after the application process. Mr. Ka'anā'anā said that once the program applications close, they have evaluation committee meetings for all the programs across the islands. They hope to make awards close to the end of November 2023. Then, the Kilohana team gets the contracts out to the awardees, and the cheques are issued in December. Program work begins January 1, calendar year 2024.

Mr. Arakawa asked Mr. Ka'anā'anā to explain the process as the Board did not specifically approve each grant. Mr. Ka'anā'anā said the HTA had previously brought some of the programs in-house, and HVCB and now Kilohana. Regardless of who is administering them, there is always a procurement, a written document outlining the goals and objectives for the funding opportunity, the minimum eligibility, any requirements related to the specific

procurement, and scoring criteria and guidelines. Those are all evaluated by evaluation committees that approve recommendations by the HTA staff. Those program approvals are made at the staff level at the HTA, and the contracts are awarded.

Chair Hannemann asked Ms. Anderson to give a brief report. Ms. Anderson said there are two things she has been busy with. She reached out to the Hawai'i representative for the EDA. He had mentioned in DBEDT's Pathway to Recovery last week that there may be EDA supplemental funding for disaster recovery. She is checking with him about the process and waiting to hear from him. The other area is that they have subscribed to a database email system called the Federal Fund Information for State. This shares twice a week the opportunities for federal funding competitive grants. She has been going through the emails to see what they can tap into. So far, nothing has come up in their area of economic development, tourism, and disaster recovery.

There was no action required on the agenda item.

7. Adjournment

Mr. Casson-Fisher adjourned the meeting at 11:22 a.m.

Respectfully submitted,



Sheillane Reyes

Recorder