



Ke'ena Kuleana Ho'opipa O Hawai'i
1801 Kalākaua Avenue
Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
hawaii tourism authority.org

**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, December 21, 2023, 9:30 a.m.**

Hybrid In-Person & Virtual Meeting

Hawai'i State Capitol
Conference Room 325
415 South Beretania Street
Honolulu, Hawai'i 96813

MINUTES OF THE REGULAR BOARD MEETING

MEMBERS PRESENT:

Mufi Hannemann (Chair), Mahina Paishon Duarte (Vice Chair), Kimberly Agas (Zoom), David Arakawa, Stephanie Iona, James McCully, Sherry Menor-McNamara (Zoom), Blaine Miyasato (Zoom). James Tokioka (Ex Officio, DBEDT Director), Mike White (Zoom), Sig Zane

MEMBER NOT PRESENT:

Dylan Ching

HTA STAFF PRESENT:

Daniel Nāho'opi'i, Isaac Choy, Caroline Anderson, Jadie Goo, Maka Casson-Fisher, Carole Hagihara-Loo

GUESTS:

Kylie Butts, Jennifer Chun, Lorenzo Campos, Puka Kahau, Erin Khan, Tyler Gomes, Laci Goshi, Noelle Liew, Margaret Lu, Guillaume Maman, John Monahan, Tom Mullen, Faith Rex, Jessica Lani Rich, Teri Orton, Jay Talwar

LEGAL COUNSEL:

John Cole

1. Call to Order

Chair Hannemann called the meeting to order at 9:31 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 all members were confirmed in attendance except for Mr. Ching, who was excused. Members who attended via Zoom were by themselves.

3. Opening Protocol

Mr. Casson-Fisher did the opening protocol and wished everyone a happy holiday.

4. Report of Permitted Interactions at Informational Meetings or Presentations Not Organized by the Board Under HRS section 92-2.5(e)

There was no input on Permitted Interaction Groups.

5. Approval of Meeting Minutes of the November 30, 2023 Regular Board Meeting

Ms. Paishon Duarte made a motion to approve the minutes. Dir. Tokioka seconded. Mr. Casson-Fisher carried out the roll call, and the motion passed unanimously.

6. CEO Report

Mr. Nāho'opi'i stated that his written report formed part of the Board packet and had been posted on the website. The HTA staff had continued to work through existing community support, and they were now in the 2024 award session managed by Kilohana. Applications had been accepted in October and were now passing through the review process. Decisions would be made during January.

The staff were continuing the follow-up on the response to the Maui fire and disaster recovery process. After the Disaster Response Committee had reported to the Board, public meetings and opportunities for public input took place over the following two weeks. The Board would hear the results of these public meetings and input and the staff's analysis. Later, the Board would hear about the follow-up on the U.S. Maui Marketing Recovery Plan carried out by U.S. and Canadian contractors and plans for the next phase.

7. Board Chair Report

Chair Hannemann expressed his privilege for the opportunity to work with the Board and the staff of the HTA, as well as with elected representatives, to address the challenges, issues and concerns facing Hawai'i tourism.

He reminded the Board that the Maui crisis remained a major priority. The HTA had implemented a series of recommendations based on the community's response and the concerns voiced throughout the state. The intention was to tap into \$5 million, and he looked forward to hearing the final recommendations. The disaster in Maui had a statewide ripple effect whose impact was felt by every county, and Chair Hannemann emphasized the importance of everyone working together.

When the legislature convened in January, the HTA would come under intense scrutiny from elected officials, the community at large, and anyone who called Hawai'i "home." The Chair stressed the importance of the HTA speaking with a single voice. Whether or not it was directly involved in tourism, every business in Hawai'i was affected by the tourism industry. He hoped that the HTA would continue to work, as it had done in previous decades, to meld together marketing and destination stewardship.

8. Discussion and/or Action of the Report of the Disaster Response Permitted Interaction Group

Ms. Paishon Duarte referred to the previous meeting in which a report had been presented by the Disaster Response Permitted Interaction Group and its contractor, SMS, represented by its president, Ms. Faith Rex. She outlined the remit of the PIG, which was to review and discuss the proposed strategies, actions, and budget to support Maui's recovery from the wildfires. During the course of the committee's work, conversations had taken place with several Maui stakeholders.

Ms. Paishon Duarte stated five facts that the PIG considered before recommending that \$2,150,000 should be allocated from the Tourism Emergency Special Fund towards specific actions and strategies to support Maui's recovery.

More than two hundred people attended a community meeting in person or virtually at the Maui Arts and Culture Center on December 4, 2023, to share the PIG's conclusions and receive feedback on the suggested strategies and actions. In addition, an online form had been created for public feedback. Up to December 15, when the online form was closed, 123 persons had made submissions.

A spreadsheet entitled “Recommended Funding from Tourism Emergency Special Fund” contained the five strategies proposed by the PIG and outlined at the November 30 Board Meeting. Since that meeting, item 2b has been expanded to include the community’s recommendation of consistent Mālama Maui messaging to visitors before and after their arrival. Item 5 was also expanded to include additional funding to bolster communication and branding efforts to appeal to transient vacation rental (TVR) owners for longer-term housing for families affected by the wildfire. Even though the provision of housing was not the responsibility of the HTA, the authority could support and supplement county and statewide community-level communications relating to housing.

The Vice-Chair informed the Board that the HTA staff recommended their approval. Ms. Anderson gave more details regarding the marketing efforts of the HVCB. \$300,000 had been added to the second phase of the U.S. Marketing Recovery Campaign to support post-arrival marketing on the island to be done by Kiloohana, along with an additional \$50,000 to aid communication with owners of short-term vacation rentals.

Mr. Nāho’opi’i clarified that item 4 “Expand tourism product on Maui to provide new activities for visitors and support Maui businesses,” was already being covered by Hawai’i Tourism USA, and the money had been redistributed across other programs.

Ms. Paishon Duarte expressed her appreciation for the work of the committee members, the HTA staff, and the contractor SMS, as well as the community and industry stakeholders and leaders who had given their input. These included Maui Mayor Bissen’s advisory group, attractions and ground transportation operators, hoteliers, and community members who had attended meetings or participated online.

Mr. Choy requested that the motion not only approve the expending of the funds but also specify the period over which they would be disbursed.

Mr. White thanked Ms. Paishon Duarte for her work and pointed out that Maui was still hurting from a housing perspective, but the assignment of the HTA was to ensure that the economy continued to grow. He appreciated the work of the committee.

Dir. Tokioka pointed out that no vendor was listed for item 5, but the CNHA was the listed vendor for item 4. He was to leave the meeting early to represent the state and the governor of Maui because of the website that the CNHA was opening up. The Hawai’i fire relief program was to be turned over to the CNHA, having reached a plateau after arranging homes for around six hundred people, with an inventory of another seven hundred homes that had not yet been connected. He believed the CNHA could assist by connecting fire victims and survivors with

available housing and recommended contacting Mr. Luke Meyers, the State Disaster Management Advisor. Mr. Arakawa echoed this recommendation. Ms. Paishon Duarte thanked members for their recommendations.

Chair Hannemann thanked Ms. Paishon Duarte and the committee members for their work. He appreciated their outreach, which had addressed many concerns, including messaging. Local people had expressed the desire to return to work, and in the meantime, the HTA was attempting to address some housing issues. He and the vice chair discussed this issue with Mayor Bissen of Maui. There must be a collaborative effort between groups who are knowledgeable about housing. The governor and the Maui Mayor had prioritized housing, and the HTA must do the same.

Mr. McCully asked about Statutes 201B-9 Tourism Emergency, dealing with responsibilities and powers, and 201B-10, defining the Tourism Emergency Special Fund, and pointed out that the use of these funds should be consistent with Subsection B, “provided for in articles, by-laws, resolutions, and other instruments.” The Board had approved action on the Maui disaster as a matter of policy. By definition, emergencies are unexpected events that require an immediate response. When the HTA was defined in 1999, there was no Tourism Emergency Special Fund, but after 9/11, it was clear that it was important to be prepared for unexpected events. It was important to learn from history to be better prepared.

Mr. McCully requested clarification from the Budget and Finance Department on interpreting Section 237D-6.5. The original language did not seem ambiguous, but experience had taught that laws that were not enforced were meaningless, and it was only when laws were enforced that their meaning became clear. This was an opportunity to clarify the statute, independent of the administration and necessities of the moment, to determine whether an emergency warranted access to funds specifically provided in the statute. Mr. McCully requested that, if the Chair agreed, Mr. Cole provide a report in a forthcoming meeting.

Mr. Cole undertook to interpret the statute in a formal attorney statement concerning the HTA Tourism Emergency Special Fund and the TAT statute, which appeared to be involved. The Chair was to determine if this should be placed on the agenda in a future meeting. The Chair pointed out that the occurrence of emergencies was a matter of “when,” not “if,” and it was important to be prepared with the legal arguments, the first step of which was an Attorney General opinion.

Dir. Tokioka asked whether an emergency ceased to exist after six months or a year. The governor’s initial emergency proclamation had been valid for 60 days, but it was thought likely

that it would be extended. However, the questions raised by Mr. McCully needed to be addressed by the Attorney General.

Mr. Choy repeated that the motion should be very clear about the period of time during which the HTA would be allowed to use emergency funding.

Mr. McCully thanked members for their contributions and pointed out that implicit in this question was the necessity for the HTA to respond more rapidly. A rapid response to an emergency was vital, even if it was imperfect. The most important aspect was to be decisive, and preparation would help ensure good results. None of these comments detracted from the hard work that had been done, but it was vital to define when the emergency would end.

Chair Hannemann commented that one of the benefits of a deadline was that it forced people to work seriously. Mr. Arakawa supported the proposed motion and the use of emergency funding. He hoped that the Attorney General would examine the “Whereas” clauses in the statute. He reminded the Board that when the statute was passed, the HTA had direct funding from TAT, a specific amount of funding had been laid down in the statute, and the HTA also had procurement exemption. These factors no longer applied, so if any of these factors were included in any “whereas” clause of the statute, it would make a difference, and they would need to redefine the standards and information needed to create a new policy.

He went on to point out that it was important to define the *kuleana* of the HTA and to determine if it included housing or business goals. He asked whether emergency response could be broader than simply tourism. He supported the five items suggested by the PIG but reminded the Board that some questions needed to be answered.

Chair Hannemann thanked Board members for their comments and acknowledged the consultancy work done by Ms. Faith Rex, which Board members applauded. He was happy that the HTA would be able to fund the second phase of the Maui recovery marketing program, building on the work being done by the HVCB.

Mr. Choy suggested that it would be necessary to make two separate motions, one of which would specify that the money from the Tourism Emergency Special Fund was to be spent or encumbered before the expiry of the emergency declaration unless otherwise extended.

Ms. Rex clarified that the planning phase was a two- or three-month period that would end shortly, and the implementation phase would take place primarily in 2024, even though some sections might start in 2024 and extend into 2025. Dir. Tokioka pointed out that it was no longer an emergency once the contractors had encumbered the money when 2025 was reached. Mr. Nāho’opi’i confirmed that the short-term items referred to 2024, as Ms. Rex had stated. He also clarified that the report recommended short-term and longer-term projects that would be put into economic recovery support to be approved by DBEDT. The funding

concerned in the present discussion included only short-term projects. Ms. Rex expected that most of these would be six-month projects and the funds would be expended before the end of the fiscal year.

Ms. Paishon Duarte proposed a motion to approve the plan presented by the Disaster Response Permitted Interaction Group to address the impact of the wildfires on Maui's communities and visitor industry. Mr. White seconded this. Mr. Casson-Fisher took the roll call, and the motion was carried unanimously.

Ms. Paishon Duarte proposed a motion for the Board to accept the summary of the recommended funding from the Tourism Emergency Special Fund equal to \$2,150,000, to be encumbered and expended before June 30, 2024. The motion was seconded by Mr. Arakawa. Mr. Casson-Fisher took the roll call, and the motion was carried unanimously.

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

Ms. Chun presented a detailed report on current market insights and conditions in Hawai'i and key major Hawai'i tourism markets. She stated that the quantity of material was less than usual because statistics for visitor numbers and vacation rentals for November had not yet been issued. The unemployment data for November had been issued that morning.

Monthly highlights for November 2023 showed a preliminary total for transient accommodation tax (TAT) collection of \$59.8m, giving a year-to-date (YTD) total for Fiscal 24 of \$342.6m, representing a reduction of 4.9%. Ms. Chun noted that this did not correspond to figures published in October because the Department of Taxation had revised some figures.

YTD Fiscal 23 TAT collection stood at \$361.5m, a reduction of \$19m over the previous year.

Ms. Chun presented detailed tabulations of scheduled non-stop seats to Hawai'i by port of entry for December 2023 to February 2024, comparing 2019, 2022, and 2024 for domestic and international flights. She noted that January 2024 continued to have slightly fewer seats. February 2024 would have more than 2022 and 2023 but still fewer than 2019. PACE was lagging through May 2024.

Ms. Chun presented data comparing the present period with the pre-pandemic period. With regard to the U.S. market, bookings were stronger in April and May 2024, while Japan was ahead of PACE for February 2024. Canada was consistently behind PACE, with a trend showing that many visitors now made bookings closer to their departure date.

She presented detailed data on unemployment, job availability, market trends, insights, U.S. Travel Association dashboards, and Skift Travel Health Index.

Ms. Chun pointed out that the STR Hotel Forecast was to end the year slightly above 2022 at 74.2%. Occupancy for November 2023 was 72.9% overall for the state, with a statewide YTD of 75%, up 1.2% for the year. Average daily rate (ADR) was up 2.1% at \$373.

She stated that she anticipated a stronger December, based on historical data, with ADR very strong, especially for Wailea. A significant increase was predicted for O'ahu given their weak occupancy in 2022. Maui County had experienced a decrease in occupancy but was expected to regain this loss in 2025, Kauai was expected to be ahead compared with the previous year but 2024 was likely to be lower.

There were no questions from Board members, audience or online participants.

10. Discussion and/or Action on HTA's Financial Report for November 2023

Mr. Arakawa proposed a motion to approve the HTA Financial Report for November 2023. The motion was seconded by Ms. Agas.

Mr. Choy presented the HTA Financial Report for November 2023 and characterized it as mostly routine. He referred to an item on page 3, \$250,693 in accounts receivable, which was the amount expected to be reimbursed by FEMA for Maui expenses at some time in the future.

The report contained an attachment for the October financial statement of the HCCr, which could be disregarded since a detailed statement of the HCC's finances for November would be submitted later in the agenda. Mr. Choy stated that he had continued to give details about tourism to the chairs of all the tourism committees in the legislature and hoped that this would eliminate the majority of questions about finances that might otherwise be raised.

There were no questions from Board members, audience or online participants.

Mr. Casson-Fisher took the roll call, and the motion was carried unanimously.

11. Discussion and/or Action on the Hawai'i Convention Center's November Financial Report and Update on the Hawai'i Convention Center's 6-Year Repair and Maintenance Plan

Chair Hannemann proposed a motion to approve the HCC November Financial Report and Update on the HCC 6-Year Repair and Maintenance Plan. Ms. Agas seconded the motion.

The General Manager of the HCC, Ms. Orton, gave a detailed presentation for the month of November. During this month, the HCC successfully hosted some familiar local events, including the Hawai'i Food and Wine Festival and Schools of the Future, as well as new events such as the Honolulu Mineral, Fossil, Gem and Jewelry Show and the Hawaiian Airlines Purpose and Values Expo. The Center has also hosted citywide events, including the Society for Social Studies and Science and Applied Materials FTC.

As well as housing DBEDT and HIEMA, the Center hosted 25 events in November, three more than budgeted. The total facility revenue for the month was more than \$3.2m, which included \$169,000 of other income, mainly interest. The Center had a net income of \$1.2m, marking a record year with five successive months of positive income and the highest grossing year since the Center opened.

Ms. Orton extended her thanks to her team, the citywide sales team, and the local sales team.

Ms. Orton presented a detailed financial statement, including a reforecast for FY24 and detailed updates for November 2023. The reforecast for FY24 of \$24.1m included \$1.46m of interest income and a facility net loss of one million, with the result that the Center was now under budget by \$4.3m.

She forecast a strong year financially and expected the Center to outperform its budget. Excluding the \$1.45m in interest, the Center would close the year at \$22.7m in gross revenue, saving the state \$4.3m in subsidies for running expenses.

Ms. Orton gave an analysis of the return on investment of the Center, with total revenue as follows:

Hawai'i Convention Center Revenue + State Revenue + Tax Revenue = \$253.9m

Total investment was as follows:

Hawai'i Convention Center Expenses + HVCB MCI Expenses = \$10.8m

This gave a return on investment of \$20.63 per \$1 invested.

Ms. Orton presented a detailed analysis of return on investment for the previous twelve months, noting the number of citywide events hosted, their contribution to the ROI, and their overall positive impact on the state's economy.

Nineteen citywide events had brought the state a total of 118,810 hotel room nights, 56,000 delegates, and \$363m in economic impact, accounting for \$42.4m in total tax generation.

Ms. Orton pointed out that local sales events helped offset some expenses and appreciated the efforts of the local sales team, who had booked 21 local events for December, 12 for January, and 12 for February. She gave details of upcoming events for January and February 2024.

The HCC was proud of its carbon offset program, which, in 2023, brought about the planting of 252 trees in two local reforestation programs. Ms. Orton listed specific events and the number of trees planted by each one.

Legends had recently acquired ASM Global, and the merger would take effect over the next six months. Legends had a reputation in the industry for premium experiences. They provided venue planning, project management, sales and sponsorship, hospitality, and merchandising services to many of the world's iconic sports and entertainment attractions. Legends currently managed stadiums and arenas, and the HCC would be its first venture into convention center management. Ms. Orton did not expect any immediate impact on the operation of the Center.

In reply to a question from Mr. Arakawa, Ms. Orton assured the Board that Legends would be willing to sit in on a presentation for the Budget and Finance Committee or the Board.

The Chair asked whether the collaboration with Legends required the consent of the Board. Mr. Choy suggested a clause stating that the consent of the Board would not be unreasonably withheld.

There were no further questions from Board members, the audience, or online participants.

Mr. Casson-Fisher took the roll call, and the motion to approve the Hawai'i Convention Center's November Financial Report was carried unanimously.

Ms. Orton presented the Hawai'i Convention Center 6-year Repair and Maintenance Plan on behalf of Ms. Tait.

Mr. Choy gave an update on the roof repair project for which \$64m CIP had been allocated from the governor's budget. PMCM had been hired, an architect was to be engaged, and the project was scheduled to start construction at the end of 2025 and be finished by 2026.

The repair and maintenance update comprised detailed lists of projects and cash flow. During the past month, ASM Global was awarded a contract for exterior painting to begin in February 2024. A contract had been awarded for the replacement of the main dishwasher. The demolition of the old dishwasher had been completed, and the floor was to be renovated before the new equipment was installed at the beginning of next year. The walk-in refrigerator of a third-floor satellite kitchen was to be replaced, and the contract would be executed in January. Other projects included the repair of planters and the replacement of a chiller, and

these would be carried out during the second quarter of 2024 once permits were completed. Other projects being evaluated included renovation of the house sound system, an upgrade of the LED lighting, and the replacement of the flooring in the kitchen. RFPs for replacing the escalator and repairing the roof parapet were to be issued in early January.

To date, ASM Global has completed 29 projects over the past four years with an estimated total cost of \$25m.

There were no questions from Board members, the audience, or online participants.

Ms. Orton expressed her gratitude for the funding and the progress of the ongoing projects, particularly the roof repairs.

The Chair stated that he would continue to look into the possibility of assigning naming rights to the Convention Center.

12. Presentation and Discussion Regarding an Update of the Meetings, Conventions, and Incentives Market Activity and Pace Report, and Hawai'i Convention Center Activity and Local Sales

Mr. John Reyes gave an update on Mālama Maui and MCI Outreach. He stated that they had succeeded in finalizing strategic partnerships with corporate event marketing associations and customers, providing short-term opportunities for citywide and single-property events. He explained that 30% of Hawai'i's business was incentive and distributed among many different islands, particularly Maui. Eight thousand attendees, many of whom were major decision-makers, used the research foundation. His team had just participated in the Northstar Leadership Forum, an association of corporate third-party leaders in the meetings industry. The HTA sponsored a breakfast, which gave an opportunity to share Mālama messaging. This was the largest third-party producer for room nights to Hawai'i single-property events.

Mr. Reyes reminded the Board of the definitions of sales production, meaning the new volume of events and room nights for future years, and consumption, which referred to events that were already on the books (OTB), booking events and room nights in the year in which they were to occur.

Regarding citywide sales production, Mr. Reyes stated that room nights for November were up by 69%, with a year-to-year variance at 78% of the goal and an increase of production by 20%. Room nights for November had been slow and tentative, although they were 36% ahead. The

team at citywide had closed six bookings on which they had been working on all year. This compared with only one last year. As Ms. Orton mentioned, they hosted 29 events this year compared with 14 events last year. Last January's Board meeting had been told that the goal for short-term events 2023–2030 was 77. From 2022 to 2023, the average was around 21, so estimating 21 events per year between 2023 and 2030, the goal of 77 might be reached and even surpassed as far as 85.

Mr. Reyes gave details of future Pace consumption and events booked at the Hawai'i Convention Center. The total number of room nights in 2023 was 70,153, 89% of the projected 78,000. Focusing on 2026–2028, the status of the roof repair project was an important issue that would determine the type of groups that could be booked. Otherwise, the citywide team was confident that they could produce more events.

Considering the booking trend for consumption and responding to Mr. Arakawa's question about how events were produced, six events have been added from last month to the present month. The team continually increased the number of events, which showed up in the profit line for revenue and the economic impact of citywide events.

Mr. Reyes gave some details on the methods used for event strategy collaboration. Meet Hawai'i and Hawai'i Convention Center collaborated on Joint Event Goals for greater alignment. He continued to focus on interviewing possible hires for a corporate citywide seller. The citywide team had set individual event goals for the calendar year 2024 and targeted citywide tentative events for 2026–2030. The target for future Pace events for 2024 was nine, but the number was fifteen.

Mr. Reyes explained to the Board that he would be retiring shortly and introduced his successor, Ms. Lynn Whitehead, with whom he had previously worked in San Diego.

Ms. Whitehead greeted the Board, thanked Mr. Reyes for the introduction, and congratulated him for his hard work. She thanked the Board and the staff for their time and commitment and looked forward to carrying MCI ahead in the future. She had been part of the citywide team for the past two years. It was a pleasure to have the opportunity to work with Ms. Orton, and she looked forward to earning the trust of the Board as she began her new appointment.

There were no questions from Board members, the audience, or online participants.

Mr. Choy repeated that the period of roof construction was expected to be from the end of 2025 to halfway through 2026, implying that bookings would be lower during 2026.

Mr. Nāho'opi'i thanked Mr. Reyes for his hard work and for the many occasions when he had made extra efforts to further the aims of the HTA. He thanked Mr. Reyes for showing him how citywide and MCI functioned and looked forward to working with Ms. Whitehead. Given that a great team was in place, he was confident that the transition would be smooth.

Mr. Arakawa welcomed Ms. Whitehead and reminded her to consult Mr. Choy if she had any financial questions.

Chair Hannemann thanked Mr. Reyes for his presentation and expressed appreciation for himself and Ms. Orton. He welcomed Ms. Whitehead to the team.

The Chair informed the Board that agenda item 13 was to be transferred to the end of the meeting and called for agenda item 14.

14. Presentation on the U.S. Marketing Maui Recovery Plan #2 and the Canada Marketing Maui Recovery Plan

Mr. Talwar gave a presentation on the U.S. Marketing Maui Recovery Plan #2. He congratulated MCI for booking 29 citywides in November, which was especially laudable because of the uncertainty about the roof project.

Mr. Talwar summarized U.S. Recovery Plan #1, which is operational between August and December 2023, with a budget of \$2.6m. He had been working closely with the staff, and his brief overview of marketing insights would show a level of continuity, with the 2024 plan building on the 2023 funding to operate between January and June 2024 with a budget of \$2.5m.

Mr. Talwar summarized market insights with data on TransPacific air seats by country, comparing 2019 with 2023 and 2024. The significant markets were Australia, Canada, China and Japan. All the air seats were lower than the 2019 volume. His data considered nations that provided direct flights into Hawai'i. The only region with increased numbers was the U.S. Mr. Talwar believed this detailed data would provide information, allowing the Board to make reliable decisions.

Data were presented concerning airseats into Hawai'i airports from the U.S. only, comparing differences between 2019 and 2023, and 2023 and 2024. Mr. Talwar believed that the main cause of the reduction in Hawai'i seats was the weakness of Maui, although Kona and Kauai were also reduced. He reminded the Board that the number of air seats did not mean the number of visitors but simply the ability of visitors to travel.

Considering total room nights for Maui and West Maui, graphs for year-on-year changes from August 2023 to June 2024 showed reductions to November 2024. Issues with West Maui and Maui had affected the performance of the entire state as far as actual bookings to date were concerned. The presentation demonstrated the impact of the wildfires on Maui's economy in terms of their impact on six significant economic indicators.

The HTA had provided \$2.6m in August to start the economic recovery of Maui, concentrating on consumer direct programs, public relations, social media messaging, owned media, websites, and the GoHawaii app. They had also worked with a meeting group called Signature Owners, which informed other meetings that it was all right to meet in Hawai'i. The Meet Hawai'i team could keep almost all the scheduled meetings in the state apart from five that did not occur and five that were moved to different destinations. About twenty meetings were kept on the calendar where they were booked. Some were relocated to other locations, and the HTA underwrote some transport costs.

The Board had directed that the people of Maui should share how they wanted to invite people back to their homes, and Mr. Talwar showed the Board three videos filmed in August at a time when compassion was the greatest necessity. His team had also created the Ola Maui series, which informed visitors about activities available in Maui. The Board viewed one of these videos. At the start of the emergency, celebrities had given conflicting messages about whether or not to visit, so the team wanted to provide the people of Maui the opportunity to send their message.

The PGA Tour allowed further conversations about the January events on Maui and O'ahu. Some of the celebrities and professionals were to create video messages to encourage people to visit Maui.

The weeklong visit of the Entertainment Tonight team to Maui and O'ahu was a great promotion, and Mr. Talwar shared a clip with the Board. He thanked the Board for approving the budget, which had allowed the staff to take advantage of these opportunities. It had been a challenge to be innovative with a limited budget.

Consumer programs had been lined up, continuing with the Kupa 'Āina and Ola Maui series. The team had shot a large amount of footage which could be edited to produce more content. Over three months, the team trained three thousand travel agents and had a list of agents to meet with at various events. It was intended to bring selected travel agents to Maui for FAM visits, and consortia programs had reached the mindful Hawai'i traveler by means of cooperative marketing.

Public relations and earned media had uplifted the voices of Maui and small business owners. The team had a database of travel writers, editors, and content developers with whom they stayed in touch to offer stories. The team also hoped for national editorial coverage. They were to start proactive pitching in January with international media marketplaces, mostly U.S. and Canada media, and working with the Maui team to encourage travel writers to visit.

Mr. Talwar outlined the plan for 2024, beginning with a virtual media blitz and one-on-one meetings during the first quarter, ensuring that Maui people met with the media. The Bay area was to be targeted later in the spring with the plan to create an experiential event in the San Francisco Bay area. Mr. Talwar reminded the Board that the effect was always greater when the Hawai'i people could travel to the market. The team continued to target high net-worth mindful travelers.

The team also hoped to collaborate with three different hoteliers from Maui to reach out to as many people across the island as possible. They would also seek out volunteer opportunities for mindful visitors.

Mr. Talwar shared with the Board a concept his team was developing, aimed particularly at the younger market in whose eyes Hawai'i had a poor image. This campaign would invite the younger visitor to set aside their expectations and come with an open mind. The team hoped to be able to work with a luggage company called Away, to give the message of leaving your baggage behind and traveling open-mindedly with an open bag to support economic recovery on Maui by buying local and learning about the stories behind the people, the communities, and the places. Mr. Talwar explained that if the cooperation with Away failed, the team would try to work with other brands on shared messaging.

Mr. Talwar gave an outline of the proposed budget for the second phase of Maui Recovery, comprising \$2.1 for direct-to-consumer messaging along with \$200,000 each for public relations and travel trade as detailed in the following table:

Budget Category	Amount
Consumer direct:	
Maui Ola Paid social media content	700,000
Made from Maui Promotion media	1,400,000
Public Relations:	
Media blitzes	100,000
Healdsburg Food and Wine Experience	50,000
Maui and Multi-Island Media visits	50,000

Budget Category	Amount
Travel Trade:	
Travel partner education program	110,000
Trade FAMS	60,000
Consortia cooperative marketing programs	30,000
Total	2,500,000

Chair Hannemann thanked Mr. Talwar and appreciated his detailed presentation. He noted that the first set of messages had been effective, but in the second phase, it was necessary to explain why travelers should visit Maui. He agreed with the emphasis on the younger traveler and the need to build on momentum sooner rather than later. Ms. Chun had already explained that the fire disaster had affected the entire state, so there were dangers in making the message overly focused on Maui. There might be complaints from the tourism industry on other islands.

Mr. Talwar agreed with this analysis and stated that Mr. Naho'opi'i and Ms. Kaho'ohanohano had worked on mingling the existing efforts with PACE funding. He believed that this campaign's boundaries were soft and would impact the rest of the state, not only Maui. Other parts of the state might complain, but the examples of media that had been shared were developed during the time in August when the emphasis was visiting with the heart and Mālama Maui. Future messaging would emphasize all the possible activities that visitors could enjoy.

Influencers from the world of entertainment had sent mixed messages and had to be woven back into the conversation. Even those who lived on the mainland kept coming back to Hawai'i. The messaging would start with the PGA Tour but would expand. The tour had a major following, which had to be leveraged for the benefit of Hawai'i tourism.

Ms. Iona asked about the romance market, which had been successful in the past. Mr. Talwar replied that this was a visit for an occasion rather than a different type of visitor. These were people visiting Hawai'i to celebrate a life stage, whether as a couple, for a wedding, for a honeymoon, or with their children. He pointed out that any message sent out was the start of a story that the traveler would continue searching for themselves.

Ms. Paishon Duarte asked how it was possible to target a higher-spending visitor deliberately. Mr. Talwar replied that, like it or not, there was a whole range of data on everyone, so it was possible to look at previous behavior, spending patterns, websites visited, and data searched

for to develop profiles of people who were likely to be mindful travelers, and of course income was important.

Mr. McCully pointed out that Ms. Orton calculated a return on investment to justify spending on the HCC. In the same way, the time might be near when the HTA would have to justify the value that its budget brought to the state. The Maui emergency was different from COVID or a recession because it was an isolated event that led to cancellations. Business had been lost and had to be regained with focused messaging. Mr. McCully asked whether there was data available which could determine the effect of our budgeting on particular markets and extrapolate what more could be done with a larger budget to increase the state's total revenues. This would help the legislature understand why, at a time of limited availability of funds, requests for funding from the HTA differed from requests from other agencies and departments because tourism was a contributor to the economy.

Ms. Chun explained that a study into ROI had originally been on the budget but had been cut out. In brand marketing, it was important to isolate a particular factor from other variables before a projected expenditure to find out what the return was likely to be. When the effect of market saturation after the 2008 economic crisis was examined, ROI studies were carried out on market-specific programs to determine effective elements.

Mr. Talwar stated that it was preferable to set up such a study before beginning a program, but it might be possible to develop a methodology for the 2024 basic plan, looking at different media partners to assess effectiveness on a programmatic level.

Chair Hannemann pointed out that for good data, a control was necessary, and in this case, a control would be a market in which there was no investment compared with other markets that had been targeted. There had been previous discussions about focusing on the L.A., San Francisco, or Seattle markets, and it might be possible to carry out a retrospective analysis.

Mr. Talwar replied that this would be more difficult because the present campaign did not target specific markets but targeted mindful Hawai'i travelers regardless of location. This seemed the best use of the limited resources of \$2.5, since the isolation of specific programs would be at the \$5m to \$10m budget level. However, it might be possible to examine the response of people exposed to the messaging compared with those who had not.

Mr. Nāho'opi'i stated that a test would be carried out during the fourth quarter to compare differences and changes in behavior and attitude between those who had seen the messaging and those who had not.

Mr. Choy pointed out that at one time there had been a proposal to write ROI into the contract of the HTA contractors. This had been resisted, but it was possible that ROI analysis could be inserted into contract definitions. If so, all contractors, not only those for the U.S. market, would examine ROI and provide useful data.

Chair Hannemann thanked Mr. Talwar for his presentation and stated that there would be a brief break for lunch before continuing agenda item 14. He hoped that Board meetings would never be longer than two and a half hours. The meeting resumed with the Canada Marketing Maui Recovery Plan.

The President of Hawai'i Tourism Canada, Ms. Susan Webb, presented the Maui Recovery Plan, which is effective between January and May 2024.

Ms. Webb extended seasonal greetings to Board members and reminded them that the Canada Maui Recovery Plan had been approved at the previous Board meeting with an incremental budget of \$900,000.

Ms. Webb expressed her gratitude to the Board for approving this funding and stated that the funds would be used as quickly as possible. Mālama Maui messaging would be a vital part of this campaign. Over the past few months, there had been a large amount of mixed messaging, so the Canada team made sure that their messaging was strategic and encouraged visiting Maui, except for Lahaina. It emphasized the importance of a respectful and compassionate visit in which local businesses would be supported by shopping, eating, and participating in activities across the island.

Ms. Webb reminded the Board that Canadians loved Maui and sometimes referred to it as their eleventh province. Canadians were well aware of all that Maui had to offer visitors. Messaging would highlight culture, culinary experiences, romance, honeymoons, destination weddings in Maui and Hawai'i as a whole, and wellness, adventure, and snowbirds. Volunteer tourism would also feature since Canadians love to give back and would be positive about Mālama Maui activities in the spring.

Ms. Webb listed some consumer initiatives based on digital and national campaigns on television, which was still an important source of information for Canadians. Campaigns with connected television, social media, display advertisements, and targeted audiences would exist. The team was to work with the Weather Network to showcase Maui's beauty. Local markets in Vancouver, Calgary, and Edmonton would be targeted since the West of Canada had significantly more lift and a greater propensity to travel to Hawai'i. Toronto was the main market in eastern Canada. The team would work with influencers to get the message to the right clientele.

Regarding public relations, earned media refers to individual media visits such as those by journalists from the Globe and Mail and the Toronto Star and Post media, both major publications with high-income readerships. Other media personalities had worked on paid broadcast segments to expose messaging about Maui to Canadian consumers. It was noted that these targeted increments to include Maui were in addition to the pre-existing media campaigns. The team expected over a million impressions to be generated from online articles and broadcasts.

Ms. Webb pointed out that trade initiatives were very important, and the team was working with several partners, including WestJet, WestJet Vacations, Costco Travel, AMA Travel, and others. They also worked directly with AMA CAA Travel, which is associated with Alberta's high-wealth consumers. The team was running a campaign with WestJet. Costco was now Hawai'i's number one travel provider, and the team was working with Costco to contact their members.

Ms. Webb added that her team was also working with editorial magazines. The team was using a campaign called BranchUp to provide content helping travel agents market travel to Hawai'i, and this also incidentally educated the travel agents themselves. So far, two hundred travel agents have been trained through BranchUp.

The team was working with Air Canada on campaigns and carried out cooperative campaigns to keep messaging about Maui in front of consumers.

Ms. Webb presented a detailed incremental Maui recovery budget as follows:

Budget Category	Amount
Consumer direct	535,000
Public Relations	25,000
Travel Trade	175,300
Administrative costs	164,700
Total	900,000

Ms. Webb pointed out that this funding would enable additional campaigns to begin immediately. Boxing Day sales were significant in Toronto, and she expected that retail and wholesale partners would focus on returning to Maui along with an ongoing snowbird advisory campaign giving updates on travel to Maui. She stated that each campaign had key performance indicators (KPIs) to assess its success. The team was working with the airlines to encourage them to schedule more flights to Maui. Air Canada and WestJet would monitor demand to plan their response.

Ms. Webb informed the Board that Canadians had begun to book their tickets closer to the travel date, often within two to three weeks. June was becoming more popular for Canadians to travel, so there were now four months for marketing campaigns.

Chair Hannemann thanked Ms. Webb for her presentation.

There were no questions from the Board, the audience, or online participants.

No further action was required since the Board had previously approved the budgets for the U.S. and Canada markets.

15. Discussion and/or Action on Initiating a Search and Hiring Process and Compensation for the Hawai'i Tourism Authority's President and CEO and Chief Brand Officer Positions

As Chair of the Administrative and Audit Standing Committee, Mr. White pointed to the importance of filling in gaps in staffing. Due to the short space between recent Board meetings, his committee couldn't obtain essential information, and he saw no benefit in discussion at Board level without details such as salary levels. Former Chair Miyasato had focused on returning the staff to its full complement, not just the two top positions but also other positions. Referring to Mr. McCully's comments about making hay during sunshine, leadership must be in place and not drain staff and other resources. Hence, Mr. White repeated that there was nothing to take a vote on without additional details, which were unavailable for the time being.

As Vice Chair of the Administrative and Audit Standing Committee, Chair Hannemann supported Mr. White's recommendations. Filling vacant staff positions was a priority since any organization was only as good as its staff, and an overworked staff would not be effective. If necessary, a trail would have to be blazed at the administrative or legislative level. Chair Hannemann believed that a game plan would come out of the early January meeting of the Standing Committee, which could be brought to the full Board. For the time being, action was deferred.

Ms. Paison Duarte agreed that the Standing Committee should continue to deliberate, and she believed that action would be taken very soon.

Mr. Arakawa supported all the previous comments and pointed out that the Administrative and Audit Standing Committee represented the input of the HTA staff and the Board. He thanked Mr. Nāho'opi'i for implementing a temporary plan for staffing to ensure that branding would function smoothly. He supported Mr. White's proposal.

13. Presentation, Discussion and/or Action on the FY25 Supplemental Budget***

Mr. CEO Nāho'opi'i informed the Board that this agenda item referred to submitting the FY2025 supplemental budget, which formed part of the Board packet. The detailed initial budget had been submitted to the Budget and Finance Standing Committee and through DBEDT to the governor and the Budget and Finance Department. It was brought to the Board today to discuss possible questions on budget line items. The governor's response had been limited since the amount originally requested was \$69.915 million, but the amount recommended by the Department of Budget and Finance was approximately \$60 million.

Regarding recruitment, the number of positions assigned to the HTA was 25, but the Board and staff had requested additional positions to correspond with the chart, which the Board approved in July. Existing multi-year contracts had been examined, and some programs had been added to change and address various issues and marketing opportunities. Mr. Nāho'opi'i informed the Board that he or Mr. Choy would answer questions.

Mr. Arakawa clarified that the document before the Board was Form A, which had been approved by the Budget and Finance Committee and forwarded to the full Board some months ago. It was then submitted to DBEDT, the Department of Budget and Finance, and the Governor. Mr. Arakawa was apprehensive that in the process of discussing this supplemental budget matters might be discussed, which could affect existing contracts and issues of competitive advantage. He suggested that the discussion should take place in an Executive Session.

Mr. Cole also understood that this discussion might touch on current and future procurements that, under the law, should be confidential to protect Hawai'i's competitive advantage. He agreed that the Board should go into Executive Session pursuant to Section 92-5 (a)(8) to deliberate upon information that must be kept confidential within HTA statute 2018-4 allowing for executive session to protect the Hawai'i competitive advantage regarding tourism.

Mr. Choy agreed that the discussion should remain confidential, especially if cuts were to be made.

Mr. Arakawa stated that a budget of sixty million dollars had been submitted to the legislature, and there would not be time to discuss it in committee and Board meetings since the first two legislative hearings of the HTA budget were scheduled for January 3 and 12, 2024. The supplemental budget had to be discussed at the present meeting. Transparency was important so after the discussion in Executive Session the Board could go on record and arrange a meeting of the Budget and Finance Standing Committee where issues could be brought to light.

Mr. Nāho'opi'i pointed out that staff would need specific information before January 3 to prioritize adjustments based on guidance from the Board in responding to questions from legislators.

Chair Hannemann stated that members should be advised beforehand if an Executive Session was envisaged during a future Board meeting.

Mr. Arakawa reminded the Board that events beyond staff's control had taken place. The supplemental budget was to have been discussed at the November meeting, but time ran out. It could not be addressed in a subsequent Budget and Finance Standing Committee meeting. He had requested that it be placed on the agenda at the special Board meeting, but because of other matters, this was impossible. It was clear that a robust discussion should take place, but because of time and other circumstances, it had not been possible.

Mr. Arakawa proposed that the Board go into Executive Session based on matters stated on the record. This was seconded by Mr. McCully. Mr. Casson-Fisher took the roll call, and the motion was carried unanimously.

The regular Board meeting was paused to go into Executive Session.

When the Board meeting reconvened, Mr. Cole summarized the discussion that had taken place during the Executive Session. No action had been taken, and it was decided to obtain additional information from the HTA staff. A special Board meeting was to be called for Tuesday, January 2, at which decisions would be made on approaching the budget discussions with the legislature.

Chair Hannemann stated that the Board would reconvene on Tuesday, January 2, 2024, at 10 a.m. to continue the discussion of the FY25 budget. He thanked everyone who had attended the present meeting and extended his good wishes for a safe and happy holiday season.

16. Adjournment

The meeting adjourned at 1:22 p.m.

Respectfully submitted,

Sheillane Reyes

Recorder