



**REGULAR BOARD MEETING  
HAWAII TOURISM AUTHORITY  
Thursday, December 23, 2021, 9:30 a.m.**

**MINUTES OF THE REGULAR BOARD MEETING**

**MEMBERS PRESENT:**

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

**MEMBER NOT PRESENT:**

**HTA STAFF PRESENT:**

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

**GUESTS:**

Dennis Suo, Darragh Walshe, Jennifer Gaskin, Irene Lee, Eric Takahata, Jennifer Chun, John Monahan

**LEGAL COUNSEL:**

Gregg Kinkley

**1. Call to Order**

At 9:36 am, Chair Kam called the meeting to order.

**2. Opening Cultural Protocol**

Chair Kam requested that the opening cultural protocol proceed. The opening cultural protocol was conducted by Maka Casson-Fisher, Brand Manager for the Hawai'i Tourism Authority.

After the opening cultural protocol, Chair Kam requested that Chief Administrative Officer,

Keith Regan, conduct a roll call. All members were present with Chair Kam and Members Atkins, Chun, Downing, Kimura, Rafter, and Yuen attending in-person. The following members attended via Zoom: 1st Vice Chair Arakawa, and Members Alameda, Ching, Menor-McNamara, and Zane.

**3. Approval of Minutes of the November 25, 2021 Board Meeting**

Chair Kam introduced the approval of the minutes to the board members. 1st Vice Chair Arakawa requested that the item be deferred. 1VC requested additional time to work with the contractor to address a number of areas within the minutes to ensure accuracy. A motion was made by Member Arakawa and Seconded by Member Yuen to defer the minutes to the next board meeting. A roll call vote was conducted with all members voting in favor of deferral.

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

Chair Kam asked all members if any permitted interactions may have occurred. No members responded.

**5. Reports of the Chief Executive Officer/Chief Administrative Officer/Chief Brand Officer**

**a. Relating to Update on HTA's Programs During November 2021**

CEO De Fries provided an overview of the CEO report that was submitted to the board and included in the board packet. He then requested that Chief Administrative Officer, Keith Regan, provide an update on the administrative functions of the HTA.

CAO Regan provide an update on the administrative functions of the HTA.

CEO De Fries then asked Chief Brand Officer, Kalani Ka'anā'anā, to provide an update on the Branding activities.

CBO Ka'anā'anā provided an update on activities within Branding and introduced two new employees, Ross Willkom (Brand Manager) and Yvonne Lam (Administrative Assistant).

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

CEO De Fries provided an update and overview of the activities related to the Change Management Plan. This included an update on the ARPA funds provided by the

legislature for FY22. De Fries commented that budget line items identified by the board would be placed on hold until the board voted to allow them to move forward. HTA staff continues to have discussions with Budget and Finance regarding ARPA funds and requested an extension to December 31, 2024, but Budget and Finance would only allow an extension to June 30, 2023.

De Fries also discussed staff departures and hires along with ongoing position updates and reDescriptions. De Fries mentioned that there are currently five (5) vacancies with four (4) positions under recruitment.

De Fries discussed ongoing communications with State Procurement Office regarding procurement questions and concerns. It was also mentioned by De Fries that his team continues to update procedures related to procurement and that the revised bylaws of the Hawai'i Tourism Authority were approved at the November board meeting and are now in effect.

**6. Report by the Administrative & Audit Standing Committee of their Meetings held on December 14, 2021 and December 20, 2021**

Chair Kam gave an update on the activities of the AASC. Chair Kam explained that the first meeting, held on December 14, 2021 was to go over the financial audit. A presentation was made by the auditor (Accuity, LLP), questions were asked by the members, and the committee voted to support the findings of a clean audit by the auditors. He further explained that, on December 20, 2021, the second meeting was held. During that meeting, there were three items on the agenda. These were a discussion on policies, the annual review of the President & CEO, and legislative issues. Chair Kam mentioned that there were no policies discussed. Chair Kam discussed the annual review of the president and CEO. He stated that all members of the committee were in support of Mr. De Fries' satisfactory performance. He also mentioned working with the committee to develop evaluation documents which would include goals and objectives. Additionally, it was discussed that a quarterly evaluation update review may be considered. Chair Kam also mentioned there was a discussion about legislative PIG and the resolution which would be discussed by the board.

The committee reviewed and approved the resolution allowing the President and CEO to present positions at the legislature on behalf of the HTA.

- a. Presentation, Discussion and Action on the **Hawai'i Tourism Authority's Fiscal Year 2021 Financial Audit**

Mr. Togashi requested that Chair Kam entertain a motion to accept and support the results of the Hawai'i Tourism Authority's financial statement audit for the period ended June 30, 2021, conducted, reported and presented to the Administrative & Audit Standing Committee by Accuity LLP, which concluded the financial statements present fairly, in all material respects, and that the auditors did not identify any significant deficiencies in internal control and allowed for the timely issuance of the auditors' report.

A motion was made by Member Kimura and seconded by 1st Vice-Chair Arakawa. A roll call vote was conducted with all members voting in favor. Unanimously approved.

b. Discussion and Action on **Policy Positions for the Legislative Session**

Chair Kam mentioned that the HTA has taken specific policy positions during past legislative sessions and would continue to follow policy positions supported by the board. Chair mentioned that the Legislative Permitted Interactive Group would be meeting to further discuss the HTA's positions on legislation over the next month. It was further mentioned that the President and CEO would be delegated the authority to present positions during the legislative session as allowed by the next agenda item.

c. Presentation, Discussion and Action on **Resolution 2021-3-1 Authorizing the HTA**

President & CEO to Present Policy Positions During the Legislative Session

Chair Kam requested that a motion be made to adopt Resolution 2021-3-1 Authorizing the HTA President & CEO to Present Policy Positions During the Legislative Session. It was moved by 1st Vice-Chair Arakawa and seconded by Member Chun. Unanimously approved.

**7. Report by the Branding Standing Committee of their Meeting held on December 22, 2021**

Branding Standing Committee Chair Fred Atkins provided an update on the meeting that was held on Wednesday, December 22, 2021.

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

Director of Tourism Research, Jennifer Chun, provided an overview and update on the current market conditions in Hawai'i as well as the key major markets. November visitor statistics will be published next week. The Department of Taxation collected

\$41.9 million in Transient Accommodation Taxes in November, bringing FY22 TAT collections to \$282.2 million (+1,097.6%), which was \$258.6 million more than the \$23.6 million collected during the same period in FY21.

November hotel occupancy was 59.7% with ADR of \$333. Vacation rental occupancy was higher than hotel occupancy, but as can be seen in the supply charts, there was much more hotel supply than vacation rentals. November unemployment rates were 5.4% for the state, with a high of 7.2% for Kaua'i County. Looking at industries, both accommodation and food service & drinking places showed growth from November 2020.

December air service is approaching 2019 levels because domestic air service is greater than 2019; international air service is still lagging December 2019. International air service for Kahului is higher than 2019 due to increased flights from Canada. We see similar trends in January and February.

According to SMS's Community Pulse Surveys of Hawai'i residents, a majority of Hawai'i residents feel that Hawai'i must continue to promote tourism. 60% of residents believe travelers to the State should be required to take a COVID test, regardless of vaccination status.

The Skift Recovery Index Map is similar to October; however, a number of countries' recovery scores have slipped since last month. For our main source markets, Skift Recovery Index Origin Scores are generally on the rise since last month. The U.S. is the most ready to travel, followed by Canada, Australia, and Japan.

According to YouGov's Global Travel Profiles, residents of Australia, Canada, and the U.S. are still very impacted by COVID-19, with many people not planning overseas travel. Looking at what kind of trips are being planned, 54% of Australians are planning a domestic trip. Travelers from Canada, Japan, and the U.S. are also planning domestic trips. Travel obstacles are still primarily travel restrictions and health risks. The reasons why U.S. travelers who are not considering Hawai'i for their next vacation were primarily personal/family finances and other reasons, although entry restrictions/requirements and COVID concerns were also important.

MMGY recently released the Portrait of American Travelers Winter Edition 2021. 42% of respondents who had considered visiting Hawai'i changed their mind and decided not to go. Reasons for not visiting Hawai'i were similar to YouGov. Other locations that people who are likely to visit Hawai'i have visited in the past 3 years include

California, Florida, New York, Europe, Mexico, Nevada, Canada, Caribbean, Alaska, Costa Rica, and Australia.

Travel agency booking trends show that bookings have fallen off in recent weeks for the U.S. Planned trip dates follow a similar pattern to 2019. The Canada market also showed a decline in bookings in recent weeks, but this follows the 2019 trend. Bookings from Korea grew in November but have dropped off in recent weeks. The Australia market remains optimistic and has continued booking. Cancellations/rebookings for all markets have increased slightly in the beginning of December, but have increased dramatically for the Japan market. 2022 bookings for all markets are lagging 2020 (which was pre-pandemic), but bookings have increased for the U.S. and Canada markets since the last Board meeting.

- d. Presentation, Discussion and/or Action on the **Hawai'i Tourism Canada 2022 Brand Marketing & Management Plan (BMMP)**. Recommendation to Approve the BMMP

Chief Brand Officer, Kalani Ka'anā'anā, provided opening comments regarding the brand marketing and management plans (BMMP) to be presented. Ka'anā'anā mentioned that the process of how the BMMPs were created was presented at a high-level during the December 22, 2021 Branding Committee meeting and that today would be a more in-depth review of the plans by market. Ka'anā'anā introduced the presenter, Susan Webb, of Hawai'i Tourism Canada, to present the plan for the Canadian market.

Ms. Webb presented the Hawai'i Tourism Canada 2022 brand marketing and management plan to the board. A copy of the presentation was included in the board packet and made available to the public.

Member Kimura discussed the importance of key performance indicators (KPIs) and return on investment (ROI) as it relates to the major markets for Hawai'i. Kimura stated a concern that many international markets remain closed and that spending in those markets should be reduced if no visitors are able to travel from those markets to Hawai'i.

Member Arakawa agreed with Member Kimura's comments regarding KPIs and ROI. Member Arakawa suggested that spending triggers should be established by the Branding Committee. Member Arakawa also recommended that the Branding Committee develop KPIs and ROI measures.

**Chair Kam requested a short recess at 11:15 am. Chair Kam reconvened the meeting at 11:30 am.**

- c. Presentation, Discussion and/or Action on the **Hawai'i Tourism China 2022 Brand Marketing & Management Plan (BMMP)**. Recommendation to Approve the BMMP

Mr. Suo (based in Honolulu) introduced the HTC team for 2022 BMMP for the China market - Alex Wong, based in Honolulu, William Zhang, director of travel trade and partnership development, based in Beijing, Jasmine Li, senior manager for trade and training and education, based in Shanghai, Sarah Wang, director of PR and the social media marketing, based in Beijing, Davy Wang, advisor of technology development, based in Silicon Valley. He said for the China market - The GDP growth is still very strong, even during the pandemic in 2021 they saw an 8.1% growth, and next year 2022, is going to slow down, but still 5.5% growth, the highest that started from this year, November 9. He stated that regular visa services resumed at the U.S. embassy and the consulate general in China and said the U.S. embassy is starting the visitor visa in China.

He stated they've seen a strong Chinese domestic travel experience recovery from 2020 Q2. He mentioned that about 43% of the survey responded by McKenzie travel survey that they want their next trip to be outside of China. Estimation for people that have received the COVID 19 vaccine is 1.1 billion people. He said the Chinese household upper middle income is expected to grow by 68% between 2020 to 2030, and because of the lockdown, and cross border travel, Hainan Island in China remains a popular destination. There are very strong duty-free sales grossing this year during the main holiday season, and for five days, there's plus/minus 1.5 billion spend in duty free sales and the luxury market, which is their target market. He said they are seeing very strong growth and it doubled last year from 11% to 20% market sharing worldwide.

He mentioned that based on the bank's report they expect a 30% market share globally from the luxury market by 2025, which becomes the biggest market share in the world. He mentioned two types of competition for Hawai'ian islands in China – One, the island resort destinations like Bali and the Maldives. He said Hawai'ian islands has been flat for the past several years, a great opportunity now to create excitement in the China market. He said the other competitor landscape is within the U.S., California, Las Vegas and New York as the Chinese visitor requires a U.S. visa to come to the U.S. He said those locations are very aggressive in the China market in terms of marketing.

He stated that during the pandemic, they were seeing Thailand, Japan, Spain, Dubai as very active in terms of social posting for being the top destinations. He said they post daily, gaining about 10,000 likes, clicks and views per post. He said it's similar in the second tier, France, UK, Australia, New Zealand, which are also considered their competitor. He mentioned they post 2/3 times per week and gain 5,000-10,000 views per post. He said the target audience is – millennium, family and affluent elite travelers, based on five criteria. He said they define their target market – first, the mindful traveler, secondly, a desire to travel to long haul resort destinations, third, those with high disposable income, four, they need a U.S. Visa, five is looking at the first-year cities such as Beijing, Shanghai and all key cities. He said McKenzie travel also revealed the pepped-up consumer demand.

He said there's a strong opportunity, post pandemic travel for China market strategy. He mentioned the consumer strategy called B2C2B strategy - looking at how they can use content marketing solutions to drive the travel conversion to sales, which is the travel trade side. He said the three target markets are their stakeholders, and their brand. He said in the B2C side, they have three different groups, the millennials, affluent families, and the elite travelers. They use different platforms for those three groups – UGC, User Generated Content platforms, Tencent ecosystem, such as WeChat, the largest social media platform, and other social media platform like TikTok, The Little Red Book, and the mobile payment platforms. In the B2B market they have the airline partners and the OTA's. After the pandemic, the majority will be FIT and PIT. He said OTA is the main source of the market. The third is the MCI partners.

He said they're looking to align with the target audience through integrated digital marketing and the social media strategy, public relations, their platform development strategies, such as the WeChat Mini program development and to build the excitement and the curiosity to drive the demand, then to convert the demand onto the B2B travel platforms for bookings. He said it's a fully integrated B2C, and the B2B strategies promises the economies of scale, maximizes their return on investment, and strengthens brands positions throughout the industry. He said these are the wholistic approach to integrate the B2C consumer strategies and B2B trade strategies.

For the key campaigns and programs segment, he said they have eight different components - three components for the millennium market, three for the family market, and two for the affluent elite market.

He said their strategy is to focus on the key opinion leader influencer strategy, but in terms of content they're going to focus more on the vlog and the short video, which is



becoming a popular trend worldwide, to interact with consumers on social media platforms.

He said the Mālama Hawai'i message will be spread throughout all campaigns. For the family target market, he pointed out the Foodie Tour, to build brand awareness with their local diversified cuisine, as meal gathering is important for Chinese families. He said they want to create a Hawai'i kind of marketplace in China in the shopping malls – Bangkok/Shanghai. He said they will use a platform with graphics to showcase their artwork, culture history, Hawai'ian coffee, food, music, hula, with the outcome to drive awareness, curiosity and demand to explore and Mālama Hawai'i, from the mindful and high spender travelers campaigns.

For the millennial market, they have a campaign called Hawai'i Youth Force vlog, focusing on video content with the outcome to drive awareness, curiosity and demand to explore Mālama Hawai'i. He also mentioned the Time-limited challenge 10 days to travel in Hawai'i, focused on the multi-island, cross island experience, to create an interaction between the KOL and the consumer on the social media platforms. He spoke about the 'Ohana foodie travel guide which is purely focused on the family market, and they secured a celebrity rock singer, Zheng Jun, for April - a rock singer and A-list celebrity in China to do a talk show on social media and are in talks with him to write a Chinese song about Hawai'i.

For budget allocation - Consumer direct is 34% of the total, PR is 18%. He said they need to build more stories about Hawai'i and the Mālama message, using integrated digital solutions to build stories for the brand, and then push the demand onto travel platforms, including OTAs. He said they're also looking at different airline co-op programs in the travel trade.

For performance measures segment, he said they have five or six different key social media platforms and must focus on the total impression gained – clicks and likes. He said they're also working on the fan and follower base for each platform. He mentioned the DMAP measures - the number of DMAP action items supported and the number of initiatives to promote Hawai'i made products, including the number of Hawai'i festivals, events and Voluntourism program promoted.

Ms. Kimura asked if any direct flights restarted or resumed since it was suspended.

Mr. Suo said there are no direct flights yet. He said they're working closely with Hawai'ian Airlines discussing charter flight opportunities to China, as well as in discussion with charter operators in China. He said they have seen a lot of Chinese

consumers traveling from California to Hawai'i, so they should focus on the second tier of transition. There are three strategies to get people to Hawai'i: transit route through Japan, Korea, with JAL and Korean Airlines; second is the transfer route from California, and third is the charter flight opportunities with Hawai'ian Airlines.

Mr. Atkins asked what is the percentage of those travelers from U.S. mainland came to Hawai'i pre-pandemic. Mr. Suo said pre-pandemic 60%, 70% FITs and about 30%, 40% group travelers. He said around 30,000 to 40,000 pax per year using 2019 as an example.

Mr. Atkins asked about the transit from Japan and Korea and the possibility of having a direct flight from China to Hawai'i in 2022. He asked from what other areas they would have flights out of China. Mr. Suo responded it's mostly from Japan and Korea either by Japan Airline, ANA or Korea Airlines.

Mr. Atkins asked what type of restrictions the Chinese traveler has when leaving the country, and if he thinks it will lift in the future with the new variant. Mr. Sou said it's currently a 14-day quarantine plus, seven days at a home, so it's 21 days before people are allowed to go back to work. Mr. Suo also said there's no official announcement but they're looking at April or May 2022, right after the Beijing winter Olympics. He said Chinese central government is planning a gradual opening for the cross-border travel, selectively to pick a couple of key hubs such as Shanghai, Guangzhou, and Shenzhen. The government is building large COVID testing and quarantine stations in each airport with the capacity at 5,000 to 10,000 pax per airport.

Mr. Atkins noticed a few of their programs are ongoing and some starting in April and asked, besides the admin costs in the budget what percentage of their total budget are they spending on ongoing, compared to what they're going to ramp up in April 2022. Mr. Suo said he will check the report later. Mr. Atkins said Mr. Suo can get back to the HTA staff later.

Ms. Kimura asked if the U.S. or the state of Hawai'i accepts vaccinations other than Pfizer, Moderna, and Johnson? Mr. Suo said the U.S. accepts the World Health Organization recognized vaccines, including the two types of Chinese vaccines.

Mr. Ka'anā'anā said that based on the current rules and the way that a tourist gets here, they will be categorized by Safe Travels in different ways. If they come through China, Korea or Japan, directly from those countries, they would be treated as direct international travelers, subject to the CDC guidelines. If they were to make their way through, for example, LA, they would then have to follow Safe Travels as a domestic

traveler from the U.S. west coast to Hawai'i, so it's dependent on how that traveler gets to Hawai'i.

- d. Presentation, Discussion and/or Action on the **Hawai'i Tourism Oceania 2022 Brand Marketing & Management Plan (BMMP)**. Recommendation to Approve the BMMP

Mr. Walshe presented the 2022 BMMP for Hawai'i tourism Oceania. He introduced their new

Sydney based account director, Jennifer Gaskin. He said from a global perspective, Australia and New Zealand had less COVID impact than many other countries. He said their health, economic wellbeing, travel sentiment is very strong with good growth forecast, and vaccination rates are high – Australia and New Zealand have 91% fully vaccinated adults. He mentioned Australia have opened their borders and there are return flights from Sydney to Hawai'i, with Hawai'ian Airlines. He said it was great to see Hawai'i extend that spirit of Aloha and welcome to the islands of Aloha.

He stated that over the next six to eight months, they won't hit the capacity schedules they had in 2019 but are making good gains. New Zealand will restart their services end of March with Hawai'ian Airlines and Air New Zealand. He said they must focus on the diversity of experience and the emotional attachment their audience has with Hawai'i.

He said the post COVID traveler is different to the pre COVID traveler, and they're seeing more of a traveler that values authenticity, enrichment and seeking that connection to the people place and culture. They have identified three segments with a really strong fit towards the HTA pillars.

Ms. Gaskin spoke about the strategy for next year, saying she has been working at the Walshe group for the past five years as an account director and she is excited to work for the destination with a deep-rooted connection and respect for the environment and culture.

She said their core branding message is based on breathtaking landscapes, natural beauty, authentic culture, regenerative tourism, all connected by the Aloha spirit, and in 2022 HTA will focus on campaigns that integrate across consumer and trade marketing with PR, and communications aligned to amplify and deliver key messages. Their key focus will be on responsible tourism and educating consumers about that and the principles of Mālama Hawai'i. She said they will ensure all in-market content aligns

with regenerative tourism expectations, and they'll work with airline and trade partners to amplify Mālama content, as well as identifying volunteerism programs that fit with the culture of our market and promote Made in Hawai'i. She said they'll continue working with their partners that they know deliver volume into Hawai'i, flight center and Expedia to ensure a more regenerative tourism experience.

She mentioned their key campaigns and programs - Infinite experiences campaign where they'll send a group of influencers on a multi-island trip with spontaneous adventures to be streamed across influencers pages and HTAs highly engaged social channels. She said the main objective is to highlight the diversity of experiences and spontaneous adventures that Hawai'ian islands has to offer, while increasing engaged audience across social media. She said they will also create a premium long form video highlighting the Hawai'ian ethos in a storytelling format that appeals to their key audience segments, tapping into themes of culture, sustainability, responsible tourism, and connection to the land and ocean. She said the initiative has a potential to be featured on OnDemand video streaming platforms or broadcast channels, and they'll also try have the film featured in any ocean or adventure film festivals in Oceania.

Mr. Walshe spoke about the Sea Cleaners initiative, which started in 2018 highlighting the issues around plastics and the ocean and the Kuleana they have are specific neighbors. He said the initiative was about making generational change working with youth ambassadors from around the Pacific rim, including a Hawai'i exchange.

Ms. Gaskin spoke about the Aloha Down Under signature trade road show which will take place in August in Sydney, Brisbane, Melbourne, and Auckland, and will also have a cooperative partnership with luxury escapes. She said that Country Escapes is the fastest growing travel company in Oceania and the booking model has allowed them to remain strong throughout the pandemic. They also partnered with Luxury Escapes in 2020 on their TV show with a full episode on Hawai'i and also a destination spotlight campaign in partnership with some of their hotel partners for 2022.

Mr. Walshe spoke about the budget - consumer is significant, including PR, and with that investment they hope to help grow Hawaii's brand message, to be true to the strategy around regenerative tourism and lead that brand messaging. He said travel trade is still significant, and although it's downsized, there's plenty of optimism about the role that travel agents will need to play in a much more complex journey around travel. He said they need to zero in on research as they'll be working very closely with Jen, the DBEDT team, working with the YouGov research. He said they're withing the 22% threshold with admin and that their performance measures are tied directly to

digital marketing and PR, travel trades, social media, and also working with the various island DMAP programs that are available.

Mr. Atkins asked how committed the airlines are to holding the flights through the first quarter if Omicron gets worse and Mr. Gaskin said the government will remain committed to the border policy for now, and that there will be no more restrictions in terms of international travel.

Mr. Downing asked how many staff they have, and Mr. Walshe said they have downsized but have four main staff members – himself, Ms. Gaskin, Chris, trade and partnership manager, and a new digital and campaigns manager starting early in January.

e. Presentation, Discussion and/or Action on the **Hawai'i Tourism Korea 2022 Brand Marketing & Management Plan (BMMP)**. Recommendation to Approve the BMMP

Ms. Lee introduced their team and said they will have a total of six staff from the HTK team. She spoke about the market situation - the Korean economy is very positive, with 4% growth this year and another 3.1% growth next year, largely due to the support by the robust exports, exports have increased by 32% this year -the highest growth in their history. She said their vaccination rate is 82% and adults, 93%, with children between 12-17 being vaccinated now as well as the nationwide booster shots campaign. The government has shortened the period between shots from six months to three months.

She spoke about Korea having introduced a new social distancing relaxed measure, called With Corona, in November, with the plan being to go back to the normal pre COVID in different, phases, with their target date March 1<sup>st</sup>, but with the Omicron appearance it has been paused since December 3<sup>rd</sup>. She also said that Korea had lifted the quarantine requirement after returning from overseas travel from May earlier this year, but with the Omicron situation, the Korean government decided to impose temporary quarantine measures for December 3<sup>rd</sup> to January 6<sup>th</sup> and depending on the situation it can be extended for another two weeks. She stated that most indoor facilities require vaccine passes to access. She said the total projected air seats out of Korea for the coming year is about, 217,000 seats, about 50% the level of 2019. She said they currently have Hawai'ian airlines flying three times a week which will increase to four from January 22<sup>nd</sup>, Korean Air currently flies three times a week, and they have

upgraded the aircraft to a bigger one from December 12<sup>th</sup>. From January 3<sup>rd</sup>, they will increase to five weekly flights, with the plan to increase to daily service from April.

She spoke about Asian airlines that will resume their service to Honolulu from April 3<sup>rd</sup>, and in terms of competitive landscape, she saw an increase in demand for golf travel. She stated that during the past 18 months of COVID, their domestic golf population has grown, looking to travel to nearby destinations for golf. She said traditionally Guam and Saipan were not competitors, but now Koreans are looking to have the first vacation out of COVID into the nearby Island resort destinations. Flights are starting in January to Australia from Korea, and, Korea has the travel bubble agreement with Singapore and Saipan that even with the latest quarantine requirement, Singapore and Saipan don't require quarantine when Korean's travel, and vice versa.

She said the target audience will be high value mindful visitors travelling for leisure within the next 12 months, and they'll be targeting Seoul and Busan as the key geographical area, and mentioned Seoul represents 85% of outbound travel demand, and Busan about 10%, with the target being the millennial minded travelers, mainstreamers who are typically family travel and the upper income group, as well as outdoor goers, sweethearts, and sustainability seekers in relatively younger audience who are conscious about environmental issues.

She spoke about the strategy they will be developing for Mālama Hawai'i contents in Korean language and said they will be building the awareness of their destination with the Mālama Hawai'i theme with the contents that they developed, and will be partnering with high profile, consumer brands in line with their Mālama Hawai'i concept to engage with conscious consumers. She said they'll be educating the travel agents with their Mālama contents and collaborate with NaHHA and other Hawai'ian partners. She said they'll be targeting the repeat visitors, outdoor enthusiasts, golfers and the delayed honeymooners to target the higher per person per day spending in Hawai'i.

She introduced the four major initiatives of HTK - a Mālama Hawai'i campaign, which has different components of PRN trade, involving celebrity photo shoots to produce highly attractive contents that would appeal to Korean audience, and producing a new webpage on Mālama Hawai'i. They'll also be working with a popular, sustainable consumer brand in Korea to leverage their limited budget, but to reach a wider audience of the consumer brand.

She mentioned that in terms of trade they'll be collaborating with airlines and travel agent partners to include the Mālama Hawai'i message, and they'll have travel agency partners to include those sustainable travel options, in their package for Hawai'i. She said they'll have a series of educational seminars for the trade partners, and the next one is Kuleana Campaign, an integrated campaign with PRN trade components. They'll also be doing social marketing, distributing their Kuleana campaign videos, and will be organizing an offline event, titled, Travel to Hawai'i with Kuleana as a pre-arrival campaign, looking into help producing the Hawai'i local brand promo items as part of the DMAP action.

For trade they will be partnering with online booking platforms, or airlines to send emails to the ones who have already booked Hawai'i, containing the Kuleana campaign and pre-arrival educational contents. She mentioned the third major initiative, Made in Hawai'i campaign and they will be organizing a brand co-promotion with one of major department stores or major retail brands in Korea to introduce made in Hawai'i brands and products.

She said when they hold FAMs they will include access to Made in Hawai'i products and they will promote these products through their trade partners whenever possible. She mentioned the last major integrated campaign involving celebrity programs and TV filming and that with the increase of golf population in Korea, they will look into hosting a golf show with Korean celebrities in Hawai'i, supporting this initiative through all their PR channels with print media, online media and social channels as well. She said with the trade partners, they'll look into developing related tour products including golf, surfing and hiking.

She spoke about the budget – \$1.4 million budget for Korea, same level as 2019, and they have added a new budget in research they didn't have previously to measure how their Mālama Hawai'i message is being communicated to Korean consumers, how they perceive their brand positioning, and to set the base for the coming years programs to see where they grow from. She said it was the first big consumer research step they're planning in many years.

She spoke about performance measures - they have included a new social matrix and DMAP measures for the coming year and compared to the 2019 level they have the same budget but have enhanced their public relations measures impressions for next year.

Mr. Atkins asked if the TV filming and top-rated sports will be done in country. Ms. Lee replied saying there are popular golf entertainment shows in Korea and their plan is to bring the golf show to Hawai'i, and to have Hawai'i as the ideal golf tour backdrop. She said they'll be inviting the Korean celebrities from Korea to Hawai'i to play in different golf courses in Hawai'i, and to show this TV show on Korean broadcasting channels.

Mr. Atkins asked if Korea is totally closed down to Korea with the new variant and Ms. Lee said it is still open but with 10-day quarantine measure that has been imposed. She said the airlines are still flying and they have a plan to increase their capacity to Hawai'i from January so she said she felt the Omicron quarantine restriction is temporary, hoping it will be lifted in January.

Mr. Atkins asked if they have a schedule of when they're ramping up their spending as far as getting the programs out into the marketplace and whether they have a timeline for this, if it's changed with the new variant. Ms. Lee said yes and that they have their activity schedule lined up for next year, but they won't be starting until they have the contract ready, and get the notice to proceed, but will be starting with the TV program or major initiatives from April.

f. Presentation, Discussion and/or Action on the **Hawai'i Tourism Japan 2022 Brand Marketing & Management Plan (BMMP)**. Recommendation to Approve the BMMP

Mr. Takahata said looking at the market they have five 100% FTEs on the Hawai'i side, and four 100% FTEs that make up the HTJ team. He said Omicron caused issues with market recovery – they're back to a 14-day quarantine for returning residents for Japan. The Japanese travel industry is very optimistic for spring recovery, vaccination rates across the nation are 77.4%, rising daily, boosters are coming along as well, and the government is planning to revive domestic and international travel into the new year. He said airline partners, the Japanese carriers along with Hawai'ian air are investing into the routes and adding flights back on in January and February. Japan announced they would be flying daily flights starting February 1st and two extra flights a week from Haneda Airport, which is nine flights from Japan per week, with other carriers following suit adding flights back to Hawai'i.

He said their competitors are approaching the Japanese consumer and visitor, with their marketing efforts being ramped up in Japan. The ones to watch closely - Guam, Thailand, Singapore, Europe, Canada, Australia, and the long haul - Europe, Canada and Australia with lots of digital marketing going on, as well as print and TV ads coming out



from the destinations. They are monitoring this closely because they are eyeing a Q1 spring recovery for the Japan market.

Their target audience hasn't changed much, with the income, household income targets - the average household income for the single Japanese person is around \$45,000. He said their targets are a little higher than that and they're expecting the recovery to happen with the heavy repeaters, the Hawai'i lovers, the new norm workers, and the romance market. He said they have incredible pent-up demand from Japan, and once the restrictions are lifted, they will see the return, so said to keep the momentum of Hawaii's brand positioning in Japan, at the top of mind, and the Mālama Hawai'i message distribution and efforts to increase that booking pace. He said they must support their travel industry with co-ops, to recover the market as quick as possible and the continuation of industry education through Mālama Hawai'i initiatives.

He spoke about the strategy which can be broken up into three regions/ areas - consumer, public relations and travel trade. He said the consumer strategy has positioned the Mālama Hawai'i initiative as a catalyst for change in their state's regenerative tourism approach, and as far as PR they've got something exciting - launching their Mālama Hawai'i media 100 project. He said this is to get 100 media outlets, into next year, and through next year to feature stories about regenerative tourism and Mālama Hawai'i, and they've already negotiated with some of the major media in Japan - TV stations, radio stations, digital, and online. He spoke about travel trade which will be back - their eight top wholesalers OTAs are airlines and are ready to go. He mentioned the brands and their goal is to get the word out as much as possible, starting with cosmetics company, Kanebo, with the launching a new sunscreen product in February, with 99% less harmful ingredients, making it safer for the environment and reefs. He said the big national brands will help with the messaging and sustainable initiatives with the Mālama being the base for Hawai'i.

He said DMAPs are very important for them as well and mentioned their team has worked with Ms. Anderson and her team, the counties and the people in charge of DMAPs on all the islands and counties, continuing to focus on their sustainable tourism message moving forward.

He spoke about key campaigns and programs and said the advertising for the Mālama messaging is going to be big for them, as Mālama is the glue. He spoke about a new collaboration publishing house Gakken, much like Scholastic here in the U.S. They publish a lot of educational tools for educational institutions, and a lot of public public

libraries have the books published by Gakken. They have negotiated with them to launch a Mālama series of books and educational material that will be introduced at the elementary education level, explaining the Mālama concept and being sustainable overall. He also spoke about the influencer campaigns, which will be coming on with digital marketing and the Mālama serving as the platform.

He said the Hōkūle‘a Project is another one and pre pandemic they were ready to go with this, so hoping to start in Q1 or Q2, and he mentioned they have negotiated with the sister cities already, and they’re going to show the Moananuiākea film, which has been translated into Japanese. The idea is when they show the film in one of the sister cities, whoever's tied to that county, they’ll have a PR media surrounding, and they’ll be working to create a buzz. He mentioned the hybrid event, B2B and B2C, featuring Made in Hawai‘i products. He said they have lots of buyers and sellers coming, so the Hawai‘i product component is included as well.

He spoke about their Aloha program, which is their flagship educational program with 63,000 members and 25,000 Hawai‘i specialists that serve as ambassadors for Hawaii’s regenerative and tourism initiatives. They have all kinds of initiatives going on there and mentioned a few – they’ve increased 393 satellite offices across the nation for HTJ working with their travel trade partners. He highlighted Ōlelo Hawai‘i 10<sup>th</sup> anniversary in February. He said with this they will be utilizing the Aloha program to shine a big spotlight on ‘Ōlelo Hawai‘i. They’ve already started working with Mr. Ka’anā’anā and his team. He said they will be featuring the Hawai‘ian language through their Aloha program platform and people will be learning the Hawai‘ian word of the day.

He mentioned the romance market, which is important to recover, anniversaries, weddings, fortieth/sixtieth birthday parties, honeymoons, etc., which is very important.

He spoke about their budget - Consumer direct is all tied together with PR and travel trade. They will be working with Ms. Gaskin and her team and also have the benefit in Japan of being able to work with travel trades – HIS JTB, the big travel companies as they have their PR and marketing arms as well. He mentioned the total pre pandemic was \$9 million. He said their KPIs are in line with HTA.

Ms. Yuen said they’re excited to see what they’re going to be doing and excited to welcome the Japanese visitor back but asked if their partners on the islands are ready for the crush of visitors back, as she wants to make sure they have good experiences, not like what happened during the summer when they weren’t ready.

Mr. Takahata said they are ready; the hotels are ready, and they've been working closely with their Japanese sales divisions and been in constant communication with them. They have monthly Japan stakeholder meetings. He said car rental isn't very popular, but JTB is ramping up their transportation division, and already reopened their lounges December 1st in certain centers. He said as far as the infrastructure for testing, they have a government mandate in place. He also said they have everything working with the consult general of Japan in Hawai'i. All the information is on their general website. In November they had about 3,500 Japanese visitors. He said they've had 81 flights in December and the airlines reported that of the flights in December most of first class and business class were sold out, and then premium/economy class were at about 47% sold before Omicron.

Ms. Kimura asked if Japan would reopen before spring 2022, and Mr. Takahata said it will be much like the other international destinations, but it depends on the new variant and how the world responds to it. He said they have 83 flights for January, and so far, 81 flights for February. He said they're in constant communication with the Japanese government, as well as the air carriers and stakeholders. Mr. Takahata is optimistic about Japan's reopen.

Ms. Kimura said the new administration seems more conservative than the other one, and that Ms. Chun's report said that nobody's booking from Japan, and at the February board meeting the forecast for Japan for 2021 was \$1.16 billion expenditure by DBEDT. She asked if Mr. Takahata knows what gap they're at now. Ms. Chun said it was nowhere near that for Japan. Ms. Kimura reiterated that is her concern and that maybe they should wait a while and save this money towards the end of the year.

Mr. Takahata said they presented the BNP as all the contractors have stated they were under notice to proceed, but that none of that money is spent. He said it is at the discretion of the board and HTA what they want to do in each market. He reiterated that is the plan moving forward as timing goes and leaves it to HTA to decide when they want to start doing any marketing.

Ms. Kimura mentioned that DMAP has local business, local products, and asked if they are trying to do it with the trade show or the festival. She stated that she doesn't want the brand image to be associated with potato chips and noodles. Mr. Takahata said it can be discussed, as the goal is to make sure they have a sustainable initiative for their companies. Ms. Kimura mentioned that Maui banned instant noodles that are sold in Styrofoam. Mr. Takahata said they haven't moved forward with those. Ms. Kimura said safe sunscreen with Kanebo is fine. She asked if they offered the same to Marriott

vacations and Mr. Takahata said they did, and they have it in their stakeholder and that everyone is invited to their stakeholder meetings. He said that only Hilton responded to them.

Mr. Takahata reiterated that they're not aligning themselves with any old brand. He said there is logic and they'll be able to present why they want to partner with a brand on the Mālama messaging in Japan.

Mr. Arawaka said he was surprised at what the market and airlines were doing. He said they're increasing flights the next quarter. He wanted to know what the airlines know that they don't.

Mr. Takahata was cautious to respond saying that if the airlines are adding flights, they must think the latest variant situation will be short lived and not getting worse. He said he thinks that's their opinion, off record.

Mr. Arakawa suggested doing more online promotions and gathering data for when tourism ramps up, working with Mr. Ka'anā'anā and his branding committee. Mr. Takahata agreed to do this. He said they can also discuss their campaigns with national brands in Japan.

Mr. Rafter said the summer proved how much they need Japan, because O'ahu lagged the other markets because the Japanese audience wasn't there. He said he thinks they're all fully supportive of making sure that the pent-up demand remains in Japan, but at some point, over the last 20 months, they've spent probably tens of millions of dollars being prepared for Japan to come back. He said at some point they must shift strategy and stop the spend until the quarantine is lifted because visitors are not coming when there's a quarantine.

Mr. Atkins asked if they will be able to get back to the number of seats and flights that we were in December. Mr. Takahata said as of December 22nd, there were 64, but since then there are currently 83 flights for January, which is up by 19 flights with the recent announcements by the airlines. He said February showed 36 on December 6th, but as of December 22nd, they're up to 81 for February. He said JAL is the one adding flights back on, as well as United is adding flights, but not flying right to Japan. He said JAL are taking their flights up by 20 per month so seat wise for January is 15,868, but now they're up to 20,932 for February, but as of December 22nd, they had 81 flights for February and 19,230 seats total for the month of February, so have 45 more flights plus 12,000 and some changes on the seats since December 22nd.

Ms. Chun said what is being submitted to the DOT as of that week was higher - for February it was showing 116 from Japan with 4 from Osaka, 20 from Haneda and 92 from Narita.

Mr. Atkins mentioned the previous year and when they started out, their budget was severely reduced a couple times during the year, and it was asked to be cut back again. He said there was a point where if it was cut back anymore, they wouldn't have been able to retain a lot of their relationships or office space. He asked what the budget was in 2021 for their administrative costs.

Mr. Ka'anā'anā said year to date through November they've expended \$3.53 million in Japan, based on the \$4.5 million and the admin portion was \$160,000 per month.

Mr. Atkins asked if for the \$9 million budget this year is 22% of that admin, totaling \$1.9 million and Mr. Takahata confirmed this saying they're capped at 22% of the \$9 million. Mr. Atkins said when looking at the MMAs, the Japan admin budget is almost twice or more than twice the entire budget for Canada. He asked how it can be that high based on their administration budget from the previous year. He asked if it's a fixed number that everyone gets to put in as he saw one was 21 and all the other MMAs were 22, no matter what the budget is.

Mr. Ka'anā'anā said when they created the BMMP outline, one of the things that they determined based on past experience was admin cap percentage set at 22%. Chair Kam asked if it's the ceiling but not necessarily the spend. Mr. Atkins stated the spend is outlined in each of the BMMPs on the slides seen. He said he didn't understand as they had less than a 4 million budget that had 22% and then they raised it to 5 million and it remained at 22%. He said they must be prudent about how they spend the money.

Mr. Ka'anā'anā clarified that not a single penny of any of the presentations has been expended yet and they have not issued a notice to proceed. He said in 2022 and out of the contracts that they're presenting the BMMPs that they're attached to, nothing has been spent.

Mr. Atkins said they need to look at what the \$1.9 million budget looks like and Mr. Ka'anā'anā agreed. He said it's what each of the markets is proposing assuming that 2022 happens as planned. Mr. Atkins said he was wondering how to ramp it up. Mr. Ka'anā'anā said they can discuss it and that it's at the discretion of the board.

Chair Kam asked Mr. Ka'anā'anā for the previous years' admin budget and Mr. Ka'anā'anā said for 2019 the U.S. admin was 22.4 %, Japan was 25%, Canada was 23.6%, Oceania was 37.6% and Korea was 19%.

Mr. Downing said they picked 22%, but there were some people that needed 37% to run their administration so he said he wants to be careful that they're not stripping them of monies that they need to run their programs by creating this percentage. He said at the same time, he doesn't want them to maximize the percentage just because they give a cap, so as a board they need to talk about it later.

Mr. Ka'anā'anā said for reference in 2021, the administrative numbers also shifted quite a bit because they had them severely reduced, but they tried to maintain appropriate staffing levels, so depending on the market, they were in 2021, anywhere from 29, 28, 33.7, 36.3 and 36% respectively, so they felt that 22% was the prudent number to set as the cap for 2022.

Ms. Kimura asked if they still expect ROI from each market, but Mr. Regan said the legislators are not on the call to answer the question.

Ms. Menor-McNamara asked Mr. Takahata, based on the budgets, it seems the spending has increased per visitor in the past year, compared to pre pandemic and quite significantly, so she asked to go into a deep dive in the branding committee meeting to see how the spending changed, what areas have they added and why the significant jump per visitor.

Mr. Takahata asked Mr. Gaskin to help answer the question. He said the length of stay went up as well because the people that were coming here had the time resources, as well as the financial resources to come during that time, even if they had to quarantine when they went back to Japan for two weeks and that's why they saw the spend. He said one thing he didn't cover in the plan is the revenge spending factor phenomenon that's happening and that when they do come back here, they're going to viciously spend because they haven't been able to spend during this whole time.

Ms. Gaskin agreed on the length of stay. She said in some months there were staying for more than a month, but it varied especially during the pandemic. Mr. Kimura mentioned Maui and said there were a lot of in person classes that opened up for foreign students.

Mr. Ka'anā'anā said in Japan in 2019, it was six days and then 2021, it was 16.

Ms. Menor-McNamara asked about the marketing side in terms of spending, and did they average it out per visitor, and how has that changed the budget for 2019 versus 2020 versus 2021 with less visitors. She also asked about the budget and the increase in dollars per visitors. She asked what new programs have been implemented. She said the visitors are significantly less, but the marketing dollars that they spend is increasing and wanted to understand why.

Mr. Takahata said it was an outlier situation, with those visitors coming at the pandemic lockdown. Mr. Rafter said the denominator is so small and it's almost irrelevant data. Mr. Arakawa agreed with Ben and said they can go over those concerns in the next meeting, but it should be discussed sooner rather than later.

Mr. Atkins agreed they need to have a discussion on all of them, either in the branding or budget committee meeting. Mr. Arakawa reiterated that if they don't have visitors, they have to slow down the spending and Mr. Takahata agreed and is looking for guidance from the board.

Mr. Ka'anā'anā asked if to discuss it then and there, as they have and six voting and six non-voting members present and asked what they prefer. He suggested asking Mr. Monaghan to elaborate on the implications on speeding things up, in terms of visitor experience.

Chair Kam asked Mr. Monaghan to elaborate. Mr. Monaghan said the issue is startup costs – when things stop moving it has to get going again. He said in the U.S. they saw lots of sub \$200 hotel rooms and flights because people were trying to generate cash and business, which led to a different customer. He said people around the room got blamed but said it's what happens when they advocate the brand to private industry, as private industry does what they need to do to generate cash and survive. He said it's important to not lose control of the market and the difficult thing is knowing when it will start up again. The U.S. has been lucky with regards to Safe Travels and been able to generate some volume. He said you have to pay attention to what's going on in the market so that you have a little ramp up before opening it up.

Mr. Downing agreed with Mr. Monaghan. He said when things are slow, they should use the time for marketing, and looking at branding. Mr. De Fries said they were on the right track. He thought BRIC and Mr. Rafter were focused on establishing benchmarks that would trigger spending.

Mr. Atkins asked Mr. Monaghan if they approved the program with that as a caveat and would the board and him feel comfortable if they were going to start taking on the benchmarks without needing a meeting.

Mr. De Fries said that everything they can do is to preserve flexibility in between but reiterated that he thought they were on the track, headed in that direction when they had BRIC. He said they can still operate within that framework.

Mr. Chun said it's similar to how they amended the 2021 BMMP where they had the program approved, then built the timeline.

Mr. Ka'anā'anā he said his concern is that all the markets fall away before 2021 ends, so they have to come up with something in the meeting to make a decision.

Mr. Rafter mentioned China's 21-day quarantine and he said for Japan he thinks the benchmark is to lift the quarantine, blow the marketing out and go. He asked if the quarantine isn't lifted for 2022, if they can move the money to a different market.

Mr. Togashi said all of the funds and markets they encumbered with fiscal 2021 funds are contracted and they cannot move it. He said the flexibility is what they contract for fiscal year 22 funds, which is HT U.S. primarily, and if they don't spend the \$9 million, they give it back to the general fund. He said the contracts they have are only for one more year and they don't have the ability to extend them.

Ms. Kimura asked about China's market - the \$1.8 million can be partially spent to sponsor Ironman and Japan partially spent on a marathon - she asked if that is allowed, and she mentioned Korea's money being spent on the Lotte tournament. Mr. Togashi said the funds that are contracted with, for example HTJ, and can be subcontracted further to an initiative within there such as Ironman.

Mr. Ka'anā'anā said one of the concerns that was raised when they explored that option is that depending on the contract and which market, some are existing contracts that were awarded previously under other RFPs, and if the scope changes on that contract too far from the original RFP, people could have grounds to come after them. He said there might be a bit more latitude in redirecting budget for the contracts that were sole sourced in June of 2021, but they would not be able to extend.

Mr. Togashi agreed and said if they were to add an event that wasn't under the scope of the original contract, they're not able to do that.



Mr. Atkins asked about the money encumbered to ensure flexibility in case one of the countries don't open up and Mr. Togashi said the encumbrance is done at the contractor/vendor level, so there is no flexibility to move it once it's encumbered with fiscal 2021 funds. He said they have the flexibility within the contract to move monies on how they're going to spend it but reiterated they can't move monies from one contractor to another.

Mr. Atkins asked that because of unusual times if they could go to their legislators to let them know the situation and move the money over to a later date or carry over money that hasn't been spent by the end of the year, to the first quarter the following year, as they don't know what the following years budget will be and asked about an extension.

Chair Kam said they'll talk in depth with the legislative team, but either the funds get spent or it goes back to the general fund.

Mr. Regan said the deadline for the tourism special fund is December 31.

Mr. Ching agreed with Mr. Downing's comments. Mr. Arakawa agreed and said it's important that they show the legislature that what they're doing is judicious and not just spending money for the sake of spending.

Mr. Rafter suggested they should back load as much as possible to the point where whatever benchmark they choose, must be met, sooner rather than later, and think of ways to get a return on the encumbered money should the quarantines not be lifted, maybe get social influencers to start generating content to be used in the future.

Mr. Downing asked if contracts can be amended and said he liked what Ms. Kimura said and they must look at the scoping and create a timeline with benchmarks. Mr. Togashi said their contracts scope need to be consistent with what was RFP'd, and they're not able to amend the scope.

Mr. Arakawa said he doesn't agree with the contract, but agrees it has to fit the scope of the RFP. He said it can be changed at the HTA's sole discretion. He said he remembers reading the provision that HTA can change the contracts as long as it fits within the general parameters of the contracts and the RFP but said they can discuss with AG.

Mr. Regan agreed and said they have to stay within the guardrails.

Mr. Kinkley said the RFP, especially for non-sole source contracts is the ultimate, and impossible to exceed rubric, but he said he can approve contracts with amendments. He said for both federal and state level, the legislature is prohibited from changing the terms of a contract between private individuals or agencies. He said an extension is the same thing.

Mr. Yuen reminded them that this money was encumbered with the remaining special fund, because they couldn't use ARPA for international markets, so that's what they're trying to okay at this point. She said they're setting the overview plan for this year in the hopes that things start opening up.

Mr. Atkins asked, if towards the end of the year in Japan, if they're trying to spend the last million and a half and they can't get it encumbered to a program prior to the end of the year, can they encumber a program as long as it's spent by the end of 2022, then it's rolled over. Mr. Kinkley said that is a finance question.

Mr. Ka'anā'anā said each of the BMMPs are the specificity that the contractor relies on, and the contract says they have to satisfactorily and whatever in HTAs purview, fully execute the plan which they attach to this - the BMMP gets attached to the contract. He said the contract will not have specificity as to what's going to happen with the spending of the money, but it outlines a payment schedule which can be modified at their discretion through supplemental agreements. He said they can amend the BMMP, so they still take up the 2022 plans and change them, so if this board feels they're not comfortable to move forward on them and want to discuss with the branding standing committee meeting in January/February, they can do that. He was asking for approval from them to retain the contractors, in order to proceed and keep the paychecks going

Ms. Kimura said China won't be back for six months.

- g. Presentation, Discussion and/or Action on the **Hawai'i Tourism United States of America 2022 Brand Marketing & Management Plan (BMMP)**. Recommendation to Approve the BMMP

Chair Kam reiterated that they have to approve the BMMP as it stands today with modifications and amendments.

Mr. Ka'anā'anā said he also needs the notice to proceed, so if they issue that notice based on these discussions they can be specific and say they're only covering admin

costs – rent, lights, payroll, then they can come back to amend the BMMPs and have the discussion and decide they’re not starting any marketing of any kind until a certain date.

Chair Kam reiterated what Mr. Rafter said about backloading it, and then the branding committee can make amendments at their discretion.

Mr. Atkins said his only concern is he heard Oceania is ramping up with Hawai’i in March, and there may be exception to barring everyone from starting, so asked Mr. Ka’anā’anā to take a deep dive with them, to fast track things.

Chair Kam said they leave the discretion to the Chief Brand Officer, and they can consult with Mr. Ka’anā’anā or members of the branding committee at any time, but at least now Mr. Ka’anā’anā will have the ability to move forward. He said they’re not spending everything in the first month, and they can all determine the direction moving forward.

Mr. Ka’anā’anā made a recommendation of them to approve the BMMPs to “keep the lights on,” and then in January he proposes two branding standing committee meetings so they can break up the six markets, then they’ll come back with revised BMMPs that will adjust to back load the spending but be specific to each market.

Mr. Atkins had to leave to catch a flight and excused himself.

Chair Kam asked for a motion for the brand management plans.

Mr. Rafter made a motion to support the brand management plans, and Mr. Ching seconded. Mr. Regan did a roll call, and the motion was passed unanimously, with Ms. Kimura’s reservations.

## **8. Report by the Budget, Finance, and Convention Center Standing Committee of their Meeting held on December 21, 2021**

- a. Presentation, Discussion and Action on **HTA’s Financial Report** for November 2021

Mr. Rafter asked for motion to approve – Ms. Kimura gave motion and Mr. Yuen seconded. The motion passed unanimously.

- b. 2022 Discussion and action on the Hawai’i Tourism Authority’s **Fiscal Year 2021 Budget Line Items Identified by Board Members as Requiring Additional Information Prior to Action** to Approve or Disapprove

Mr. Rafter said at the meeting on Monday they went through all the major program codes that people had requested more information for. He said they broke them into four categories which was after further review with team members to recommend approval of them. He said the second was to recommend reprogramming of them, the third was upon further clarification they had already approved and the fourth was that team members asked to defer them until they could gather more data.

He stated that in total of the 19 items that were brought up, \$2.55 million was approved, \$2.75 million were approved, but the two programs were not given forward spending yet, \$10.7 million included was referred to as “the moonshot” from Mr. Ka’anā’anā, and was deferred for more information.

He said three programs were reprogrammed or effectively rejected, total being \$925,000, and then \$1.6 to \$1.8 million already approved and budgeted and allowed to continue. In total they reviewed \$18,546,800, and \$16.925 million is the amount that originally deferred from the November meeting. The two that were deferred were the moonshot, \$10 million for the smart destination app and \$700,000 for the technology consultant. The three that were reprogrammed were \$275,000 for sign improvement, \$500,000 for local business support, and one other program is going to be moved to CEP. He recommended a motion.

Mr. Arakawa suggested that as some of the programs are new it’s important to have better descriptions in future to avoid more meetings.

Mr. Rafter agreed and said they’ve had several conversations with Mr. Ka’anā’anā and John in relation to larger new items. Chair Kam asked Mr. Rafter to clarify about the process. Mr. Rafter said the next step is there’s a project to break down into tangible components, so they know what they’re getting for the 10 million and then they come back and approve. Mr. Rafter reiterated that everything goes back to him before going out to RFP.

Ms. Yuen asked about the deferred ones and Mr. Rafter said the other ones have been approved, but for next year before the RFP goes out, they would approve it in the budget.

Chair Kam mentioned questions from Mr. Ching, Mr. Downing and Ms. Anderson on the planning side and amount and asked if those were approved. Ms. Yuen confirmed they were approved, and that it was the \$925,000 that was held back. She asked if they knew where that money was going to, as Mr. Regan made a suggestion during the committee meeting that it go to the hotspot mitigation but was not confirmed. Mr.

Rafter said it was not yet determined, but John and Mr. Ka'anā'anā were putting together recommendation. Mr. Regan confirmed it is getting deferred for now and they need more time on that.

Chair Kam asked if they vetted the spend on YouGov, and Ms. Yuen confirmed. Ms. Yuen said she thought all the planning items got approved, but it's the deferred ones and the \$925,000 they need to reallocate, and they'll come back to the budget committee for proposals and then they'll approve.

Mr. Rafter said the hotspot mitigation was for \$500,000, the initial hotspot mitigation was approved. He said the three that were recommended for reprogramming were sign improvement, local business support and then one that is being deferred into another area. He said the team is coming back with recommendations for the \$925,000.

Chair Kam spoke about the research given with DBEDT and they were meeting to find out which part is DBEDT Kuleana and which part HTA, so said there's still discussions going on for now.

Ms. Anderson said the YouGov for the program evaluation was to be funded through HTA and not DBEDT. Ms. Yuen confirmed that one was approved. Chair Kam asked if it's that's the \$300,000 and asked about the other \$200,000, as it was a total of \$500,000. Ms. Anderson confirmed and said the other \$200,000 was for their program evaluation and sport creation.

Chair Kam mentioned some things that Mr. Tien couldn't do under DBEDT and that HTA had to take on and they were still determining what would be HTA Kuleana and what would be DBEDT's Kuleana. He said there might be more things to come under them.

Mr. Togashi said \$43.075 million of the budget had already been approved and there are programs that the board or committee had identified as suggesting approval for which were okay with moving forward as well, but there may be some additional programs above and beyond that and they have to see if HTA has any responsibility or is sharing those costs.

Mr. Chun asked a question regarding local business support as he attended the meeting and asked if they're going to reprogram the amount and if they're lending any support towards that, or how are they looking at that from HTA's side. Mr. Ka'anā'anā said they will come back with more details for that and make the request in the fiscal 2023 budget.

Mr. Rafter asked for a motion to approve the budget financing convention center standing committee's recommendation for the budget line items identified, requiring additional information with their recommendations.

Ms. Yuen gave motion, Mr. Chun seconded.

Mr. Ka'anā'anā asked a question regarding the sports consultant and asked if it's something they want to be specific about in the motion or is it for future discussions with unprogrammed funds.

Chair Kam said if Mr. Rafter sees worthy, they can put a motion in. He said it sounded like Ross would be great as it would mean hiring internally, and they might not even need RFP. Mr. Rafter said it would be about \$900,000 that was reprogrammed but that they don't have to approve the sports now. He said there was a motion and a second for further questions.

Mr. Togashi went through the programs. He said the ones approved or recommended for approval by the committee totals \$2,550,000 - those programs are a \$100,000 for programs 203 and 204 Ma'ema'e, \$200,000 for program 215 Hawai'ian Culture Opportunity Fund, \$250,000 for program TBD 5 Creative Agency, \$500,000 for program TBD14 Hotspot Mitigation, \$500,000 for program TBD 16 program evaluation, \$175,000 for program TBD15 community engagement, \$400,000 for TBD 18 tourism collaborative, \$250,000 for a program TBD Wahi Pana series, \$175,000 for a TBD 8, Pono travel program, with respect to the other two additional programs that are also approved, but for which staff does not have the ability to spend funds yet. The total includes or is comprised of \$250,000 for a program TBD 4 air service, \$2.5 million for program 318 GoHawai'i. He said there are three other programs that have already been approved totaling \$1,621,800.

Mr. Rafter mentioned the two that are being deferred totals \$10.7 million.

Mr. Regan did a roll call and the motion passed unanimously.

Mr. Rafter mentioned the presentation on the convention center from the Budget, Finance, Convention Center Standing Committee-will be covered in the next month's meeting. He reiterated the convention center needs serious investment and said Ms. Orton and her team were fighting leaks in multiple rooms/buildings due to the heavy rains last week. He said there is significant deferred maintenance there.

## **9. Report of the Ho'okahua Hawai'i Standing Committee of their Meeting held on December 13, 2021**

Ms. Yuen stated that it was a meeting to get oriented since it's a new committee. She asked the team to give an update on the DMAP managers they've hired and said the director report might be a little bit updated. She said they've hired for each island and their contracts go through 2023, which is good for continuity as working with community they want continued presence and consistent connections to maintain and build trust with the community. They're being tasked to help prioritize some of the action items and move on the action items that came out of DMAP. She thanked everyone for approving the budget items under planning, because a lot goes to start funding, getting things on the ground and helping communities with tourism impacts.

a. Progress Report of the **Fall Destination Management Action Plans** (DMAPs)

Ms. Anderson said this covers the period from August through November. She said all the DMAPs were available to the public that year. She said at the beginning of the year, starting from February, going all the way through August, then August and November, the destination managers for each of the counties came on board. She thanked HVCB and the island chapters for all they've done to help move DMAPs, and for hiring the destination managers. She said in late August she presented the summer progress report and is now presenting the fall progress report. She said with the tracking of the DMAP actions, she works very closely with both the island chapters, the counties and the rest of the HTA staff to review DMAP actions and see how the actions are being moved forward.

She met with each of the island steering committees to review it with them and to get their input, their feedback and then it will be finalized and provided it to the board.

She said for Kaua'i DMAP progress for the fall, there are 34 sub actions of which 25 or 74% are in progress - three of phase two sub actions have been started, and it's a three-year plan divided into three phases. She said progress is being made on all of them. She said Kaua'i DMAP is being moved forward with a lot of coordination between DLNR and Kaua'i visitor's bureau, DLNR and DOT airports, and Harbor's division are developing a ports of entry biosecurity project for the state.

She said Native Hawai'ian Hospitality Association (NaHHA) has been moving on a lot of the DMAP actions, and the county is establishing a retail networking space called Alakoko for Kaua'i made products, and a soft opening happened this month, with a full opening happening next month. She said the county is working on a new ordinance that allows farmers to sell products and value-added agriculture products directly on their agricultural lands.

She mentioned that the RFPs were issued for Hawai'i tourism of authorities programs, Kūkulu Ola, Aloha 'Āina, and community enrichment programs through Hawai'i community foundation and Hawai'i visitors and convention bureau.

She spoke about Maui DMAP – there are 18 sub actions of which 78% or 16 are in progress, and one of the sub actions has been completed. All of the DMAP overall anchor actions are being moved on – one of the major highlights. She also said Hawai'ian airlines has created a five-minute in-flight Travel Pono video, which began airing in their cabins in September, and United airlines is also making the Mālama videos accessible on all their flights that come to the Hawai'ian islands. She said starting in Q1, United airlines will be sending these videos to all their passengers who book a Hawai'i flight.

She said the county's management department is working on a “Park Maui” program to address parking congestion. HTA and MVCB held community forums on November 2nd to share about the DMAP, and also share about the visitor industry – what's happening there and also progress on the DMAPs and input on regenerative tourism activities.

She mentioned that RFPs were issued for the HTAs three community programs. She said it's not just HTAs money that goes into this, but also other partners are doing it on their own, helping to move DMAP forward, like Hawai'ian Airlines and United airlines. She spoke about Moloka'i - there are 11 sub actions of what 64% or seven are in progress and all of the anchor actions are being moved forward. She spoke about the major highlights that HTA is working with - DOT airports are to set up an Aloha ambassador volunteer program at Moloka'i airport, hoping that everything will be in place next month. She said MVCB already had two Moloka'i DMAP advisory group meetings the last two months to assist with the DMAP implementation. She said RFPs were issued for the three HTA community programs.

Regarding Lana'i DMAP progress: there are 23 sub actions of what 78% are in progress, and one has been completed. She said all, except for one of the anchor actions are moving forward.

Action D, which encourages sustainable tourism practices on Lana'i, is the only anchor action that has not been moved on yet. Ms. Anderson stated that MVCB will start working on this anchor action next month. Highlights presented from the Fall progress report included formation of the Lana'i advisory board by MVCB and their first meeting held in October. The purpose of the meeting was to guide messaging and day trip itineraries for Lana'i. Ms. Anderson also said the Mālama Maui video was created by



MVCB and it's being played on the Maui-Lana'i passenger ferry expeditions, which will reach 200,000 plus visitors each year.

For Hawai'i island, Ms. Anderson said there are 36 sub actions of which 86% are in progress, and five of the sub actions in phase two have started. She said all the anchor actions are in progress with exception of one action to advocate/create more funding sources to improve infrastructure. She mentioned some of the major highlights for Hawai'i island and reiterated that they appreciate the county of Hawai'i support. She said they've issued a number of RFPs to help move DMAP actions forward, and that NaHHA has also been a major supporter in moving DMAP actions forward with everything from their Wahi Pani webinar series, to expanding their resource page on their website, to their partnership with travel to change.

She spoke about the Edith Kanaka'ole Foundation's Kipa program being a pilot certification program that's funded by the county. She said Hawai'ian Airlines will also be playing the Pono Pledge video in flight starting the end of January 2022. She also spoke about Kohala Resort Association working with the county to develop opportunities to connect the islands, hotels, and resorts with the island's farmers. She said RFPs were issued for HTAs community programs.

She said the plan was approved in July for the O'ahu DMAP progress and made public in August. She said there are 37 sub actions and 70% of the sub actions are in progress, and one of the phase two sub actions has started. She showed that all the anchor actions are being worked on.

She spoke about major highlights for O'ahu's DMAP - Bill 41, which addresses the illegal vacation rentals, which is being moved through the council. She said John was part of the mayor's press conference in standing in support of the bill, and HTA also sent out communications on the bill trying to rally support for it.

She said DLNR and the state department of airports and harbor's divisions are working together to further develop a ports of entry harbor security project for the state and that DLNR is also in the process of developing the statewide comprehensive outdoor recreation plan (SCORP). She said in that plan, they do recognize the HTAs DMAPs and HTA staff had a meeting with them to give input to their SCORP. She said RFPs were issued for HTAs community programs.

Ms. Kimura asked if the DMAP manager is an employee of HVCB and Ms. Anderson confirmed. Ms. Kimura asked if they are going to be okay and Ms. Anderson said for the

contract as of January 1st, those destination managers will be okay as it's a separate contract.

Mr. Regan stated there were no Q and A's throughout the meeting.

#### **10. Closing Cultural Protocol**

Mr. Casson Fisher did the closing cultural protocol.

#### **11. Adjournment**

Chair Kam made a motion to adjourn. Ms. Yuen made motion; Ms. Kimura seconded. They did a roll call and the motion passed unanimously.

Mr. Regan adjourned the meeting at 2:06 pm.

Respectfully submitted,



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Sheillane Reyes  
Recorder