



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, July 25, 2019
Hawaii Convention Center
1801 Kalākaua Avenue, Honolulu, Hawaii 96815

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

Rick Fried (Chair), David Arakawa, Fred Atkins, Daniel Chun, George Kam, Kyoko Kimura, Sherry Menor-McNamara, Benjamin Rafter, Kimi Yuen, Kelly Sanders

MEMBER NOT PRESENT:

Micah Alameda, Ku'uipo Kumukahi

HTA STAFF PRESENT:

Chris Tatum, Keith Regan, Karen Hughes, Marc Togashi, Marisa Yamane, Jadie Goo, Kalani Ka'anā'anā, Caroline Anderson, Jennifer Chun, Carole Hagihara, Chris Sadayasu, Chael Kekona, Joseph Patoskie, Laci Goshi, Minh-Chau Chun, Noriko Sloan, Ronald Rodriguez, Minami Aoki, Lawrence Liu

GUESTS:

Representative Richard Onishi, Senator Glenn Wakai, Guy Sibilla, Jon Itomura, Lynn Miyahira, John Monahan, John Knox, Randall Tanaka, Mari Tait, Lee Conching, Erin Khan, Nathan Kam, Malia Sanders, Roth Puahala, David Baronfeld, Allison Schaefer, Trisha Watson, Brandon Askew

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule

HTA Board Chair Richard Fried called the meeting to order at 9:35 a.m. Kalani Ka'anā'anā gave a chant to open the meeting.

2. Approval of Minutes of the June 27, 2019 Board Meeting

Chair Fried requested a motion to approve the minutes of the June 27, 2019 Board meeting.

George Kam made a motion to approve. Fred Atkins seconded the motion, which was then unanimously approved by the Board. Chair Fried thanked Representative Richard Onishi and Senator Glenn Wakai for attending the meeting.

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

Chair Fried asked the Board whether there were any permitted interactions to report, and there were none.

4. Report Relating to Staff's Implementation of HTA's Programs During May 2019

Chair Fried recognized HTA CEO Chris Tatum to provide his monthly report. Mr. Tatum began by discussing Mauna Kea. He said that HTA has received calls about HTA's position regarding Mauna Kea, and emphasized that with Hawai'i culture as a pillar of HTA, it was important to consider that perspective. He recognized Mr. Ka'anā'anā to discuss the sacredness of Mauna Kea and provide context for the protest. Mr. Ka'anā'anā said that, in the genealogy story of the Hawaiian people, Maunakea is the child of Wākea and Papahānaumoku, the parents of the Hawaiian Islands. The kupuna have affirmed their royal lineage to Mauna Kea. He said that he believes that much of the frustration is over the Office of Mauna Kea Management, and this is also an opportunity to reassess the eight operators that are currently permitted to take tours to Mauna Kea. He added that understanding the history of the conflict informs what is happening now.

Mr. Kam noted that these protests are distinct from the protests regarding Kaho'olawe, and are about aloha and the human spirit. He said that this is an opportunity, and everyone who has been up to Mauna Kea feels changed. He said that the protests have been peaceful and it may be affecting the industry, but it is also strengthening the industry to allow it to find balance.

Mr. Tatum noted that the HTA Board member Micah Alameda has been up on Mauna Kea for eight days. Mr. Atkins asked whether Mr. Ka'anā'anā saw a balance and whether there is a way for HTA to help foster a balance. Mr. Ka'anā'anā responded that Hawaiians have a complicated relationship with money, but it is a new frontier for Hawaiians to be able to manage their rich resources. Mr. Kam added that a happy, healthy, strong community fosters happy visitors. He said that he believes that we are at a tipping point to start healing, but the quest is to improve the quality of life for all people in Hawai'i. Mr. Kam said that he is confident there will be a resolution and that everyone will walk away better from this event. Ms. Kimura asked whether HTA is taking any action regarding this issue, and Mr. Tatum responded that it was not.

Chair Fried introduced Mondy Jamshidi Kent from Travel2change. Travel2change is a "voluntourism" non-profit that facilitates volunteer experiences for visitors. HTA has been funding Travel2change for the past two years. The vision of the organization is a healthy and

resilient Hawai'i that benefits hosts and travelers through in-kind and donation-based activities. Since 2018, Travel2change has served 1,800 travelers. HTA funding goes towards purchasing supplies, paying for administrative costs, and providing transportation for volunteers, among other things.

Chair Fried introduced HTA Director of Communications Marisa Yamane to discuss updates to HTA's Facebook page, but first noted that he was sent an article about Volcanoes National Park that read like an article about reasons *not* to come to the park. He said that he had discussed it with Ms. Yamane and that she had said that she believed that her counterpart at Volcanoes National Park may be receptive to recommendations to editing the piece so that it reflects that there are still a lot of activities at the park.

Ms. Yamane said that HTA's Facebook page highlights many of the programs that HTA funds, like Travel2change. The Facebook page is part of HTA's effort to get the word out about what HTA is doing in the community, through social media. HTA also funds athletes, like Tristan Santos, who recently competed in the Gorge Outrigger Canoe Race in Oregon. Mr. Atkins, who attended the event, said that Mr. Santos came in fourth in the race, beating the top paddler from California. He recommended that in the future that it would be great if the Facebook page could also feature footage from the actual race. He also noted that there was a Hawai'i Night event that was well-attended and well-received, and brought together people from Hawai'i living in the region to share Hawaiian culture.

Chair Fried introduced Jay Talwar to discuss HTA's Kuleana campaign. Mr. Talwar discussed HTA's effort to respectfully show visitors how to act in a way that is consistent with local values. He said that the Kuleana campaign shows visitors what our values and kuleana are, with the intention that respectful actions will follow. The team developed brand statements for each island, identified individuals that align with those brand statements, and asked them to share their stories. There is different messaging for visitors in pre-selection and post-selection of Hawai'i as a destination. The airlines have been cooperative by playing the messaging for visitors before they arrive, and HTA directs the messaging towards visitors once they are already in Hawai'i through social media.

Mr. Tatum concluded his monthly report by discussing his recent trip to a meeting of the Travel Directors Board in California. He said one of the things that was discussed was educating visitors on the importance of respecting the destination, and that he believes that Hawai'i can be a benchmark in this effort. There were a number of markets that the similar challenge of a small population but a large number of visitors. He said that he believes that Hawai'i can be a leader on the best way to educated visitors on respecting the destination and protecting the environment. Mr. Tatum said that it is also important to perpetuate the Hawaiian culture through people that are from Hawai'i but no longer live here and that he recently met with David Matlin to work on collaborating with UH and focusing on specific events in target markets, like the upcoming football game between UH and the University of Washington in Seattle. He said that it is a great opportunity to bring Hawai'i to Seattle and engage the community.

Mr. Tatum also noted that the football game between the LA Rams and the Dallas Cowboys is coming up soon and he introduced Mufi Hannemann to discuss the community engagement events that are associated with the game. Mr. Hannemann said that the week of the event of the game there will be activities with the military and county-wide. Not everyone will be able to go to attend the game so it is important for those without tickets to also have an opportunity to have an experience. Mr. Kam asked whether the Cowboys were having any events. Mr. Hannemann responded that the Cowboys had initially reached out to HTA for funding to do events but that HTA had already invested in the Rams. Mr. Tatum said the Rams have reached out to discuss a longer-term relationship, and that they would like to have Hawai'i be a part of Rams Nation. Mr. Tatum said that he believes there is a huge value there for the Hawai'i brand.

5. Recap of the U.S. Conference of Mayors in Honolulu, June 28-July 1, 2019

Chair Fried discussed his experience attending the U.S. Conference of Mayors, which was held in Honolulu from June 28 to July 1, 2019. He said that he was very impressed by the event. The feedback that he received from the attendees was that they were struck by the openness of the people in Hawai'i. Events were held throughout O'ahu, including at the USS Missouri Battleship, 'Iolani Palace, and the Hawai'i Convention Center (HCC). Chair Fried said that the Conference was apolitical and mayors are dealing with the same issues like water, climate change, homelessness, and illegal guns. HTA contributed \$500,000 to the Conference. Mr. Atkins asked how many people attended the event that was held at HCC. Chair Fried said that at that point in the Conference some of the attendees had left already, but that there were still approximately 700-800 attendees. He said that he heard a lot of feedback that the attendees would like to return to Hawai'i with their families. Ms. Kimura noted that the Governor of Tokyo attended, but that it was disappointing there was not more coverage in Japan.

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

Chair Fried recognized Jennifer Chun to provide a presentation on current market insights. Ms. Chun said that HTA is not ready to release visitor statistics report until the next week, so HTA will provide June Market Insights and the Dashboards at the next meeting. Next month, the Board meeting will also be earlier in the month and July Market Insights and Dashboards will be presented at the September meeting.

On Monday, HTA released the June 2019 Hawai'i Hotel Performance report. Hawai'i ended the month at 84.1% occupancy, with an ADR of \$280 and a RevPAR of \$236, which are increases year-over-year from the prior year. The Board packet included a comparison with other destinations. Ms. Chun said that Hawai'i fares well compared to similar destinations.

HTA has also been monitoring hotel occupancy on a weekly basis since Kīlauea began erupting. On the island of Hawai‘i, the Kohala coast saw a significant increase compared to last year and 2017. She noted that occupancy rates on Kaua‘i have not been as strong as 2018, but there is not a significant change in RevPAR from 2017.

Chair Fried said that he was interested to see what effect the new City and County of Honolulu ordinance regulating Airbnb on RevPAR, when it takes effect. Benjamin Rafter asked if the lower occupancy on Kauai was due to fewer air seats, but Ms. Chun said that there has not been a decrease in air seats. She also noted that the flooding affected only a limited part of Kauai. Chair Fried said that there may have been some confusion about the reservation system to Haena and access to certain parts of the island. Mr. Atkins said that there are only a limited number of reservations allowed. He noted that the large number of negative comments he heard when the reservation system took effect has begun to calm down. He said that there has been negativity with the weather and other issues, but that overall it could be worse. Mr. Tatum said that this emphasizes the importance of comparing numbers from 2017 as well as numbers from 2018. Ms. Chun said that Kaua‘i had reported strong, significant growth in 2018, so less growth this year is not quite as troubling as it could be. Mr. Tatum said that the good news is the growth from Hawai‘i Island but that there is still a lot of work to be done.

7. Presentation, Discussion and Action on HTA’s Financial Reports for May and June 2019

Chair Fried recognized Mr. Regan to provide the consolidated May and June financial reports. Mr. Regan thanked the Board for providing extra time to submit the May financial reports. He recognized Marc Togashi to present further detail. Mr. Togashi directed the Board to the financial information contained in the Board Packet, which includes a budget statement, executive summary, and a list of all the year’s budget reallocations. Chair Fried requested a motion to approve the May and June financial reports. George Kam made a motion, which was seconded by Kelly Sanders.

Mr. Atkins noted that it did not look like a significant amount was spent on cultural allocations, but the allocation was \$1.5 million. Mr. Ka‘anā‘anā said that HTA has to allocate \$1 million for the Center of Hawaiian Music and Dance, which made up the largest portion. Mr. Regan said that HTA is required, by statute, to allocate \$1 million a year to the Center of Hawaiian Music and Dance. The law was recently changed so that the Center for Hawaiian Music and Dance is no longer required to be housed at HCC. HTA is now working to identify a new location. Mr. Tatum asked if the new law requires the project to go out for RFP. Mr. Regan responded that an RFP is not required but it will be an open, transparent process that will engage the community. Mr. Tatum said that they planned to meet with the legislators to ensure they are aligned on that process. The motion to approve the May and June financial reports was unanimously approved.

8. Update on the Status of the 2018 Audit Action Plan

Mr. Regan said that HTA has been working on the procedure reviews, which are taking longer than expected. They were initially anticipated to be completed in July, but the new completion date is scheduled for mid-August. That item represents the bulk of what needs to be completed for the 2018 Audit Action Plan. Some of those procedure reviews included procurement integrity, contract monitoring, contract enforcement, and budget amendment procedures. There are other financial processes that still need to be completed. Mr. Regan says that the review requires a great deal of focus beyond just a cursory review.

9. Update Relating to the 2019 Legislative Session and Related Bills Relevant to HTA

Mr. Regan said that the Governor has signed off on the bills that passed the legislature that HTA supported, including the bill on the Hawaiian Center for Music and Dance, and the bill separating the HCC management contract. City and County of Honolulu Bill 89 was signed by the mayor and will go into effect in August. HTA submitted testimony in support of both Bill 89 and 85 and is eager to see the result and how it will be carried out. DBEDT has asked HTA to begin looking forward to the 2020 legislative session and what kinds of legislation HTA would like to have introduced.

Chair Fried noted that Bill 89 has created a great deal of controversy and some people believe that it went too far in prohibiting people from using their entire homes for short-term rentals, so it will be interesting to see if there will be attempts to revise that legislation.

10. Report of the Strategic Plan Investigative Committee's Activities

Chair Fried recognized Kimi Yuen to discuss the activities of the Strategic Plan Investigative Committee. They kicked off their efforts following the June Board meeting. Ms. Yuen said that there is a very short time frame for updating the Strategic Plan. The plan is to present it to the Board at the December meeting. Some of the ideas that have emerged so far are the importance of communicating the plan to the community and ensuring the plan works for each island. She said that the team is still in the information-gathering phase and three working meetings are scheduled for August.

11. Presentation by AEG Regarding an Update of Hawai'i Convention Center Recent Operational Activities and Sales Initiatives

Chair Fried recognized Lee Conching to provide an update on HCC. Mr. Conching said that Teri Orton is in Chicago for the International Association of Venue Managers, and meeting with the American Dental Association to discuss their return to HCC in 2028. Mr. Conching provided a sales and marketing update, and a CIP update. He said that tentative pipeline for June year-to-date is 117,842 room nights but that number is anticipated to increase in the coming months because the team is working with several city-wide events to rebook room nights. Mr. Conching said HCC has received confirmation for a December 2019 group of approximately 1,000 attendees that will generate \$350,000 in food and beverage revenue at HCC, 4,350 room nights, and \$2.6 million in visitor spending. HCC just completed an attendance promotion in

Hamburg, Germany for the Rotary International Convention in 2020. There is huge excitement among Rotarians eager to attend the Rotary International Convention in Honolulu, and 23,000 attendees are expected. Rooms will be difficult to book during this period. The Rotarians' Hawai'i Host Committee is meeting at HCC once a month and representatives from HCC are also attending those meetings to make sure that everything goes as planned. The sales team attended a number of shows recently and will be attending the American Society of Association Executives in August in Columbus, Ohio. This month, HCC hosted AVID, the U.S. Conference of Mayors, and two local sports tournaments. The sales team is now focusing on business for the second half of 2019 for local sales to generate revenue, discussions with third party planners, and incentives to drive business to Hawai'i. In regards to CIP updates, Mr. Conching said that there were no major changes from the update last month.

Mr. Tatum said that HCC has a challenge with room availability for city-wide events, so HTA met with the major hotels on the process on engaging them with decision-making. He said that they will continue that dialogue and will put together a process that can be a win-win for everyone.

Mr. Rafter asked about the outlook for 2021. Mr. Conching said that 2021, 2022, and 2023 are focus years for HCC, and they are looking at ways better impact those years. He said they are beginning to see more interest for 2021.

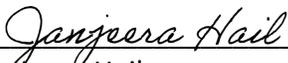
Mr. Atkins asked about the RFI for the Convention Center. Mr. Tatum said that only one organization has responded with the qualifications for the RFI. The plan is to complete the transition by the end of the year, and HTA will continue to keep the Board updated.

Chair Fried noted that the next Board meeting will be longer because Congressman Ed Case will be presenting on the federal role in tourism.

12. Adjournment

Chair Fried requested a motion to adjourn. George Kam made a motion and Kimi Yuen seconded motion, the meeting was adjourned at 11:24 a.m.

Respectfully submitted



Janjeera Hail
Recorder