



Hawai'i Convention Center
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David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, July 30, 2020
Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815**

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

Richard Fried (Chair), Fred Atkins, Daniel Chun, George Kam, Kyoko Kimura, Ku'uipo Kumukahi, Sherry Menor-McNamara, Benjamin Rafter, Kelly Sanders, and Kimi Yuen

MEMBERS NOT PRESENT:

Micah Alameda and David Arakawa

HTA STAFF PRESENT:

Chris Tatum, Keith Regan, Pattie Herman, Marc Togashi, Kalani Ka'anā'anā, Marisa Yamane, Jennifer Chun, Caroline Anderson, Carole Hagihara, Minh Chau-Chun, Lawrence Liu, and Ronald Rodrigues

GUESTS:

John Monahan, Jay Talwar, Mufi Hannemann, Jared Higashi, Malia Sanders, Erin Khan, Nathan Kam, Allison Schaefer, John Reyes, Teri Orton, Eric Takahata, and Alex Wong

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule:

Chair Richard Fried called the meeting to order at 9:31 AM. Kalani Ka'anā'anā, HTA Director of Hawaiian Cultural Affairs and Natural Resources, opened the meeting with a pule.

2. Approval of Minutes of the June 25, 2020 Board Meeting:

Chair Fried requested a motion to approve the minutes of the June 25, 2020 Board meeting. Ku'uipo Kumukahi made a motion, which was seconded by Kelly Sanders. The motion was unanimously approved.

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

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

4. Report of the CEO Relating to Staff's Implementation of HTA's Programs during June 2020:

Chair Fried recognized Chris Tatum, HTA President and CEO, to present his report. Mr. Tatum reported that HTA continues to support the call center, which will be making follow-up quarantine calls beyond the September 1st reopening for visitors who fail to arrive with a negative pre-test. He commended Keith Regan, HTA Chief Administrative Officer, the HTA team, and the Hawai'i Convention Center (HCC), for its work in assisting the City and County of Honolulu with Hurricane Douglas. Mr. Regan confirmed that between 325 and 350 people used HCC as a hurricane shelter.

Mr. Tatum introduced Mufi Hannemann, President and CEO of the Hawai'i Lodging and Tourism Association (HLTA), to present and discuss on hotel industry readiness when Hawai'i reopens to visitors. Mr. Hannemann reported that HLTA hosted the "We are Ready" Day event on July 23, 2020. The purpose of the event was to publicly unveil the safety measures in place at the Outrigger Waikiki Beach Resort, Alohilani Resort, and Hilton Hawaiian Village to show that Hawai'i's resorts are ready for visitors to return. He noted that Senator Glenn Wakai, Representative Daniel Holt, Councilmember Ann Kobayashi, and the staff of Councilmember Tommy Waters were among those who toured the resorts. Mr. Hannemann played a video recap of "We are Ready" Day. He noted that the local economy will only accelerate when travelers start to return in a safe and responsible way and advocated that the State not extract more fees from the hotel industry. He added that there will be additional touring days with other resorts on O'ahu, Maui, Kaua'i, and Hawai'i Island to demonstrate what the industry has invested into these safety measures. He explained that this represents a statewide effort by the hotel industry to adopt standards vetted by Governor David Ige, the Department of Health, the Office of the Attorney General, and the four county mayors. He said there are three aspects to the safety measures in place: (1) Mākaukau (Preparation), (2) Hana Pono (Proper Procedures), and (3) Pane (Answer). Mākaukau refers to the preparations to resume business, which include mandatory employee training programs and the establishment of social distancing standards. Hana Pono refers to standard operating procedures, which include the establishment and display of comprehensive sanitization practices for all common areas, guest rooms, and staff areas. Pane refers to the resort response to possible COVID-19 cases, which include guests who arrive with a pre-test and those who do not. Mr. Hannemann explained that guests who do not provide a negative pre-test or are awaiting results will receive a single-use guest room key and must quarantine until 14 days have elapsed or until they receive a negative test. He added that law enforcement will be notified if guests violate their quarantine. Mr. Hannemann said that if a guest falls ill while staying at the hotel, the guest will be isolated and asked not to leave the hotel. He noted that the hotel will establish internal policies to

set aside a part of the hotel should this occur and contribute to State contract tracing efforts. Mr. Hannemann emphasized that the hotel industry is ready for visitors to return to Hawai'i, and the goal is to restore trust because he understands that there are concerns about Hawai'i's reopening.

Sherry Menor-McNamara asked how many hotels are ready to open. Mr. Hannemann responded that HLTA is currently conducting a statewide survey of its members as well as non-HLTA properties. He said HLTA will share this information with HTA and will know which hotels are available before visitors begin to arrive. Mr. Tatum added that when the reopening was set for August 1st, half of the hotels set their opening dates for August 15th. He said the hotels are still preparing, but likely will not flip the switch until they are confident that the reopening will occur on September 1st. Benjamin Rafter replied that there is a lack of confidence that the reopening will occur on September 1st. He added that some hotels will be ready to open by mid-August or by September 1st, and depending on the initial volume of tourists, other hotels will follow suit and open by mid-September. Mr. Tatum said he invited Mr. Hannemann to present because promoting Hawai'i as a safe destination and building traveler confidence will be important. Mr. Tatum said it is vital to share this information with travelers and residents. He noted that this is aligned with responsible tourism and making Hawai'i as safe a place as possible for residents and visitors. Mr. Tatum added that aligning HTA's efforts with the Hawai'i Visitors and Convention Bureau (HVCB) and HLTA will be crucial. Mr. Rafter said HLTA has incorporated the best practices available, and there is no doubt that every hotel is implementing these best practices. He added that there is no question that the hotels will be ready when the reopening occurs.

Mr. Tatum introduced Caroline Anderson, HTA Director of Community Enrichment, to provide an update on the county destination management action plans. Ms. Anderson said HTA has been working with the counties and with the Island Chapters to develop a list of potential members for the steering committees. She said invites have been sent to potential members of the Kaua'i, Maui, and Lāna'i steering committees, and she is awaiting responses from them. Ms. Anderson said two RFPs have been issued for drafters of the Maui and O'ahu plans. She noted that the Maui and Kaua'i plans are on track to be ready by the end of December. She also mentioned that due to staff resources, O'ahu and Hawai'i Island destination management action plans will be postponed to early next year. Ms. Anderson thanked Kimi Yuen for her guidance in this process.

Chair Fried said City and County of Honolulu Mayor Kirk Caldwell is in favor of the September 1st reopening.

5. Presentation and Discussion of Current Market Insights and Conditions in Hawai'i and Key Major Hawai'i Tourism Markets, Including the United States, Japan, Canada, Oceania, Other Asia, Europe, and Cruise:

Chair Fried recognized Jennifer Chun, HTA Director of Tourism Research, to discuss market insights and conditions as contained in the Board packet. Ms. Chun highlighted that there

were 17,000 visitors in June, which is down 92% from 2019. She noted that most of the visitors were from the U.S. West and U.S. East. Ms. Chun said that no visitor expenditure data is available at the moment.

Chair Fried asked how visitor arrivals are being counted and differentiated from other categories such as returning residents. Ms. Chun responded that monthly visitor arrivals are based on the Agricultural Form and reports from airlines. She noted that during these COVID-19 times, HTA is also reporting information from the Mandatory Traveler Declaration Forms, and those include different passenger categories such as military and exempt, which are Purpose of Trip options on the Agricultural Form and not passenger types. She added that if an arrival is categorized as "Military" on the Mandatory Traveler Declaration Form and not stationed here for at least a year, then that arrival is considered a visitor for HTA's monthly statistics. Ms. Chun explained that if those military numbers were removed, the number of visitors would be much lower.

6. Presentation, Discussion and Action on HTA's Financial Reports for May and June 2020:

Chair Fried recognized Mr. Regan to discuss the financial reports as contained in the Board packet. Mr. Regan said that as of June 30th, there was \$77.3 million in cash and investments in the Tourism Special Fund, which includes \$5 million in the Emergency Fund held as investments. He noted that the funds are in safe instruments with \$3 million in money market funds and \$2 million in treasury notes. He added that there is some interest revenue, but not much. Mr. Regan reported that there was a decrease of \$14.3 million due to \$15.7 million in expenditures during that two month span, which was partially offset by \$1.4 million in investment income. He said HTA anticipated canceling \$14.7 million in encumbrances, which will be made available for the FY 2021 budget. Mr. Regan discussed a breakdown of funding sources for the FY 2021 budget and identified a \$3.9 million savings available to increase the FY 2021 budget. He noted that \$6.2 million has been earmarked and set aside for the Hawaiian Center for Music and Dance and \$325,000 has been earmarked and set aside for accrued vacation time. Mr. Regan said there was a decrease in the budget utilization of the FY 2020 budget due to contract cancellations related to COVID-19 or reductions HTA made due to TAT funding being temporarily suspended.

Chair Fried asked about the status of the Hawaiian Center for Music and Dance. Mr. Regan responded that HTA has been working with the Legislature to pass a bill that would allow HTA to develop the center. He noted that currently, the funds are set aside only for the operation of the center. He added that before HTA can operate the center, it needs to be developed first. Mr. Regan said they have been trying to amend the statute to insert language permitting that, but the bill did not make it out of the Legislature due to COVID-19 and will have to wait until the next legislative session. Chair Fried asked if the location will be at the Bishop Museum. Mr. Regan responded that HTA wants to put it out for RFP and make it as attractive as possible for those who want to utilize those funds. He noted that the Bishop Museum is one entity that will be interested, but there will be others as well. Chair Fried requested a motion to accept the financial reports. George Kam made a motion,

which was seconded by Ms. Kumukahi. The motion passed unanimously.

7. Update on the Status of the 2018 Audit Action Plan:

Chair Fried recognized Mr. Regan to provide an update on the status of the 2018 Audit Action Plan. Mr. Regan reported that HTA received a communication from the auditor's office in mid-June. He said HTA started the process of addressing the twenty-seven recommendations from the auditor in December 2018. Mr. Regan noted that all recommendations have been reviewed, addressed, and completed to the best of HTA's ability. He added that the communication from the auditor was a request for an update, and a letter was sent in response on June 29th.

8. Update Relating to the 2020 Legislative Session and Related Bills Relevant to HTA:

Chair Fried recognized Mr. Regan to discuss updates relating to the 2020 legislative session and related bills relevant to HTA. Mr. Regan reported that none of HTA's bill requests made it through the Legislature due to complications related to COVID-19. He added that HTA will have to go back in the next legislative session to address those measures. Mr. Regan noted that there are a number of funding bills related to CARES Act funding that Gov. Ige continues to review.

Chair Fried announced a break in the meeting at 10:16 AM. The meeting resumed at 10:34 AM.

9. Report of the Marketing Standing Committee with the Committee's Recommendations to Support Various Marketing Proposals, for Discussion and Action by the Board:

Chair Fried recognized Mr. Sanders to report on the July 29, 2020 Marketing Standing Committee meeting. Mr. Sanders reported that Ms. Chun provided an update on booking pace for the future, Mr. Hannemann presented on hotel readiness, Avi Mannis, Senior Vice President of Marketing for Hawaiian Airlines, presented on airline readiness and safety protocol in place, Amy Terada, Vice President of Marketing for Pleasant Holidays, presented on demand and interest in Hawai'i, Eric Takahata, the Managing Director of Hawai'i Tourism Japan (HTJ), presented an update on HTJ's recovery plan for the Japan market, and Sen. Wakai and Mr. Ka'anā'anā proposed establishing a Surfing and Paddling Advisory Group.

Mr. Sanders introduced Jay Talwar, Senior Vice President and Chief Marketing Officer for HVCB, to present an update on the implementation of HVCB's recovery plan. Mr. Talwar discussed U.S. travel sentiment statistics and highlighted that U.S. travel sentiment remains low. He noted that the tourism recovery will start slowly, and many Americans likely will not get on a plane until 2021 because of health and safety reasons.

Mr. Talwar discussed the challenge of how to effectively communicate the safety measures in place for travel to Hawai'i, as well as communicating to local residents that these policies are in place so that residents are comfortable with Hawai'i's reopening. He noted residents

care most about health and safety and perpetuating cultural and environmental sustainability. Mr. Talwar said people will be more willing to travel to places that are closer to home and that they are more familiar with. He noted that repeat visitors and respectful travelers will be the focus. Mr. Talwar said it is important to update the content on www.gohawaii.com with accurate information from the State and to coordinate this information with industry partners. He noted that HVCB is preparing content related to safety protocol and pono travel for all stages of travel from planning, pre-departure, in-flight, and arrival. Mr. Talwar said there will be a greater emphasis on earned media rather than paid media to work more efficiently as the budget tightens. He noted that there will be a greater emphasis on strengthening connections with the community so HVCB is aligned with how the community wants to share the islands with visitors. Mr. Talwar said the focus will be on the U.S. West and national media outlets with a transition towards more digital media. He said the content will have two phases of messaging, the first of which will be sharing the health and safety protocol in place. Mr. Talwar added that the second phase of messaging will cover unique stories about the destination. He noted that there is a change in traveler sentiment in regard to being respectful travelers, which is aligned with resident sentiment. Mr. Talwar highlighted that programming on Netflix (Somebody Feed Phil) and PBS (Field Trip with Curtis Stone) will feature Hawai'i.

Mr. Talwar discussed HVCB's travel trade strategy. He said the focus will be on communication, providing training content, and partner marketing to ensure a consistent message. He added that HVCB will be hosting a Virtual Hawai'i Destination Expo scheduled for the fall. Mr. Talwar shared a visitor journey map that notes opportunities to interact with visitors with appropriate messaging, as well as protocols in place for each step along the traveler's journey, which are designed to provide confidence to travelers.

Mr. Talwar discussed the "It's Time" messaging. He said the goal is to maintain brand integrity, dial up responsible traveler messaging, and share health and safety protocol. He added that messaging will be delivered both pre-arrival and post-arrival. He said HVCB will continue the "Rooted" campaign, in which cultural ambassadors share values and stories that will increase the depth of knowledge of visitors. Mr. Talwar said messaging will also focus on resorts and the importance of appropriate behavior in the community and in the environment. He added that the target visitors for the "Kuleana" campaign will be travelers who are looking to rejuvenate themselves and are sensitive and responsible. Mr. Talwar played a "Kuleana" sample video. Mr. Talwar discussed message delivery and noted that U.S. media consumption has evolved with increased consumption of over-the-top media, digital media, and streaming. He added that there has been an increase in advertising demands and premiums due to the holiday season and political election. He said there is potential to leverage paid media to secure and connect with earned media. Mr. Talwar discussed a breakdown of the budget. He said that with the current budget, major market coverage would be about 20%. He noted that with a supplement of \$2.5 million as requested, the market coverage would increase to 41%.

Mr. Talwar introduced John Reyes, Senior Vice President and Chief MCI Sales Officer for

HVCB, to present an update on MCI recovery. Mr. Reyes said HVCB is developing a new MCI blueprint with new health and safety protocols. He added that they are focusing on digital sales tools and redeveloping the www.meethawaii.com website. Mr. Reyes said the new blueprint will be built around input, process, and output. He noted that input will be based on customer trends, and the data shows that customer confidence in convention venues is waning while customers have a higher level of confidence in resorts. Mr. Reyes said the question is how Hawai'i has a competitive edge. He said each meeting venue must have guidelines and best practices in hand for the customer to see. Mr. Reyes noted that customers believe that Hawai'i is a safe place, but that the customer wants as much in-depth information as possible in regard to the health and safety measures in place before they make their decision. He added that the sales team needs to be proactive in providing that information to customers. Mr. Reyes noted that he will be working across the industry to develop templates and be a resource so customers have all the information they need to feel confident in booking.

Mr. Reyes introduced Teri Orton, the General Manager of HCC, to present on HCC's reopening plan. Ms. Orton reported that HCC developed a reopening plan and along with the other 325 members of ASM Global, submitted reopening plans to ASM Global. She noted that the President and CEO of ASM Global was impressed with HCC's comprehensive reopening plan and subsequently sent copies of it to all 325 member venues. She said HCC created two documents: an internal plan with a comprehensive breakdown of HCC's new safety measures, and an external document to be sent to clients. She noted that creating both documents built both consumer and employee confidence. Ms. Orton explained that attendees want to be reassured that the airlines, hotels, and venues are all working collectively to ensure a safe travel and meeting experience. She further explained that employees want to feel confident that they can return to work safely. Ms. Orton said the external document has been uploaded to the HCC website and is made available so customers can distribute this information to their attendees. She said ASM Global has issued a worldwide set of proprietary environmental hygiene protocol with best practices and operating procedures that can be customized to individual cities. Ms. Orton said the HCC document communicates what an attendee arriving at HCC should expect and describes what the journey from the airport to the venue looks like. She explained that everyone needs to undergo a temperature screening before entering HCC. Ms. Orton noted that HCC has thermal cameras that will expedite this process. She said the Department of Labor and Industrial Relations and the Office of Elections have been utilizing HCC with between 350 and 400 employees being screened every day since April. Ms. Orton said mask wearing and social distancing is mandatory. She explained that the temperature check stations are mobile and can be deployed in different places depending on where meetings are being held. Ms. Orton added that sanitization team ambassadors are visible throughout the day to showcase enhanced cleaning and sanitation efforts. She noted that HCC is encouraging virtual site inspections, and any physical visits must be scheduled at least 72 hours in advance and limited to fewer than ten people. Ms. Orton said the capacity per room has changed based on the type of seating. She noted that there are new food and beverage protocol, and HCC has suspended buffet and plated services and are currently

only offering boxed cold and hot meals. Ms. Orton added that as the proper equipment becomes available, food and beverage service will evolve and be served by an attendant behind a sneeze guard. She noted that for workforce safety, employees answer daily health questionnaires, undergo temperature screening, wear protective equipment, and receive COVID-19 training.

Mr. Reyes said the MCI blueprint finished product needs to be specific and detailed. He said he and Mr. Talwar will launch an MCI marketing campaign with ongoing messaging that Hawai'i is ready, and the blueprint will be a consistent part of their marketing message.

Ms. Kumukahi noted that natural resources are so important to these islands and asked how the "Kuleana" messaging will continue to be delivered to visitors throughout their stay. John Monahan, President and CEO of HVCB, responded that hoteliers have requested that video content and will use it within their properties to continue delivery of that message. Mr. Monahan noted that everything HVCB does will be integrated and connected. Mr. Talwar added that they are in discussion with their ambassadors, many of whom are cultural consultants for various hotel properties.

Daniel Chun asked if there will be advance communication of this material within the industry because it often takes time for this material to work through individual organizations. Mr. Monahan responded that HVCB will be distributing materials working with September 1st as the anticipated timeline, but that remains a moving target. Mr. Chun asked if this information regarding health procedures and responsible travel will be communicated to residents. Mr. Talwar said HVCB is working with its Island Chapters, the Department of Health, and media partners on each island to communicate the protocol to residents.

Ms. Kumukahi asked if any of this messaging is shared with the military. Mr. Talwar responded that there is no outright communication with the military.

Ms. Yuen asked for an update on the recovery plan for the Japan market. Mr. Takahata responded that the State is working on establishing a travel corridor with Japan by September 1st, and it is looking promising. He added that the messaging is prepared, and as the date becomes more of a reality, HTJ will be releasing content and working with international carriers on messaging and timing. Mr. Takahata noted that HTJ has been in constant communication with stakeholders in Japan. He said the messaging will be similar to HVCB and tailored to Japan. Mr. Takahata said there will be different safety procedure videos made specifically for the Japan market and will be ready by mid-August.

Ms. Yuen asked if there has been any discussion about creating a travel bubble similar to the NBA. She asked if resorts would be able to create a safe space and corridor between the airport and resorts using charter buses. Ms. Yuen added that travel packages could be marketed as a "bubble" concept. She suggested partnering with voluntourism groups so that there would be activities. Ms. Yuen noted that it would provide comfort to local residences knowing that visitors would only be in their respective bubbles. Ms. Orton

responded that they have been looking into travel bubbles. She said there have been several inquiries into using HCC facilities for movie post-production. She noted that one client will be using five or six HCC rooms for post-production, and HCC partnered with Highgate to create a hotel bubble with transportation between HCC and the hotel during the 14-day quarantine. Ms. Orton said Disney Plus has also inquired about a travel bubble for movie production starting between August and January. Mr. Sanders added that in the short term, approval from Gov. Ige is required for gatherings larger than ten people. Mr. Takahata then added that HTJ is in discussion with MCI groups in regard to travel bubbles. He noted that HTJ is working with a company called Top Tours, which is a company that specializes in group travel, for any future corporate groups that want to do a travel bubble. Mr. Takahata said travel bubbles are widespread in Japan for domestic travel.

Kyoko Kimura asked if the travel corridor with Japan includes the neighbor islands. Mr. Takahata responded that it depends on what Gov. Ige and the Japanese government decides is appropriate for the travel corridor agreement.

10. Report of the Permitted Interaction Group Serving as a Selection Committee to Guide the Search for the Next HTA President and Chief Executive Officer:

Chair Fried reported that the selection committee has chosen Bishop and Co. as the firm to assist with the search for the next HTA President and CEO. Chair Fried said 324 candidates applied for the open position. He noted that most of the applicants are from the mainland, but added that the position requires a deep connection to Hawai'i in order to function properly. Chair Fried said there is consensus among the nine committee members as to which candidates should be interviewed. He noted that nine finalists out of thirteen candidates presented to the committee by Bishop and Co. will be interviewed. Chair Fried said the interviews will occur next Thursday and Friday, some of which will by necessity be via Zoom. He noted that those candidates are people from the mainland with strong Hawai'i ties. Chair Fried added that the committee feels confident that a good choice will present itself among the nine finalists. He explained that the following week, the committee will hold no more than four callback interviews, and then they will present the final one or two candidates to the Board at a special meeting possibly a week before the regular Board meeting on August 27th.

11. Adjournment:

The meeting adjourned at 11:47 AM.

Respectfully submitted,



Reyn S.P. Ono
Recorder