



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiitourismauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, August 27, 2020
Virtual Meeting**

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

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

HTA STAFF PRESENT:

Chris Tatum, Keith Regan, Pattie Herman, Marc Togashi, Marisa Yamane, Kalani Ka'anā'anā, Caroline Anderson, and Jennifer Chun

GUESTS:

Representative Richard Onishi and Director Mike McCartney

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule:

Keith Regan, HTA Chief Administrative Officer, called the meeting to order at 9:31 a.m. Mr. Regan explained the virtual meeting procedure for the general public to provide testimony. He confirmed the attendance of the Board members by roll call and turned the floor over to Chair Richard Fried. Ku'uipo Kumukahi opened the meeting with a pule.

2. Approval of Minutes of the July 30, 2020 Board Meeting:

Chair Fried requested a motion to approve the minutes of the July 30, 2020 Board meeting. George Kam made a motion, which was seconded by Ms. Kumukahi. 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 July 2020:

Chair Fried commended Chris Tatum for his leadership during his tenure as HTA President and CEO. Chair Fried recognized Mr. Tatum to present his report. Mr. Tatum reported that at the request of the Hawai'i Emergency Management Agency (HIEMA), HTA continues to support call center operations for the 14-day visitor quarantine. He added that Marissa Yamane, HTA Director of Communications and Public Relations, continues to provide information to the Board and the visitor industry with regard to status updates from the State, as well as visitor arrival information. Mr. Tatum said HTA continues to focus on the Four Pillars. He said the HTA Marketing Standing Committee received updates from the five markets (Canada, US, Oceania, Japan, and South Korea) that HTA continues to support. He noted that it is vital for the economy that Hawai'i is ready for visitors to return safely. Mr. Tatum said HTA is working with the State, counties, community, and visitor industry to develop destination plans as the state reopens. He noted that Caroline Anderson, HTA Director of Community Enrichment, has been working primarily with Maui County and Hawai'i County to organize their respective steering committees. Mr. Tatum commended Kalani Ka'anā'anā, HTA Director of Hawaiian Cultural Affairs and Natural Resources, for his work, and shared that HTA has supported some of the renovations at 'Iolani Palace. Mr. Tatum said that moving forward, HTA will shift its focus to projects that will have the largest impact. He said HTA will continue to work with the Department of Land and Natural Resources. Mr. Tatum noted that although funds are limited, HTA will not forget its values, will continue to be a balanced organization, and will continue to invest in Hawai'i's natural resources. Mr. Tatum thanked the teams at HTA, Hawai'i Lodging and Tourism Association (HLTA), and Hawai'i Visitors and Convention Bureau (HVCB) for pivoting to areas and responsibilities that were needed during the COVID-19 crisis. He added that these organizations stepped up and made a difference. He thanked Senator Glenn Wakai and Representative Richard Onishi for their support of HTA. He thanked the Board, especially Chair Fried, for their support. Mr. Tatum said he will always be available for input and support.

Chair Fried shared that he was at a small reception with Surgeon General Jerome Adams and Lieutenant Governor Josh Green, and that unless the numbers start coming down, this could be a 4-week lockdown. Chair Fried said he was impressed with Surgeon General Adams and that he is apolitical and went out into the community. He noted that Hawai'i needs to reduce its numbers so that tourists will want to return to Hawai'i. He added that a big concern is a significant nurse shortage that will continue to get worse.

Chair Fried invited the general public to submit testimony, and there was none.

5. Discussion and Action to Establish a Surfing and Canoe Paddling Advisory Committee:

Chair Fried recognized Kelly Sanders to discuss establishing a Surfing and Canoe Paddling Advisory Committee. Mr. Sanders reported that there is support from the Marketing Committee, but more research and thought needs to go into it. He said Mr. Ka'anā'anā has committed to it and will report to the Marketing Committee with a proposal once it is

ready.

Ms. Kumukahi asked if the Advisory Committee would involve all islands, or if it would be O'ahu-centric. Mr. Sanders responded that it would not be O'ahu-centric and would be focused on all islands.

Chair Fried invited the general public to submit testimony, and there was none.

6. 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. Ms. Chun highlighted that there were 22,600 visitors in July, which is down 98% compared to 2019. She also highlighted that hotel occupancy in July was at 20.9% compared to 85.3% in 2019. Ms. Chun noted that hotel supply and demand has dropped dramatically for April, May, June, and July. She added that the Department of Taxation reported that the State has collected \$564.3 million in TAT year-to-date through June, which is down 6% from FY 2019. Ms. Chun said the Annual Visitor Report for 2019 has been published on the HTA website. She thanked Mr. Tatum for his leadership.

Fred Atkins asked if the hotel occupancy numbers only reflect the hotels that are currently open. Ms. Chun responded in the affirmative. Mr. Atkins asked how many hotels are operating now compared to pre-COVID-19. Ms. Chun responded that she does not have that information readily available and would have to look into it because the statistics reflect total room supply as opposed to operating hotels. Ms. Chun noted that the supply-and-demand chart in the hotel report shows the decline in total hotel room supply from the beginning of the year.

Kyoko Kimura asked if the vacation rental report also reflects a decrease in supply and demand. Ms. Chun responded in the affirmative. She noted that although there is a decrease in supply, she has heard anecdotally that it may be misleading because if the rental is not on one of the major platforms, it may have a different refund policy. Ms. Chun added that if the reservation is not fully refunded it may count toward the unit supply-and-demand statistics even if the unit is empty.

Chair Fried invited the general public to submit testimony, and there was none.

7. Presentation, Discussion and Action on HTA's Financial Reports for July 2020:

Chair Fried recognized Mr. Regan to discuss the financial reports. Mr. Regan thanked Mr. Tatum for his support, mentorship, and leadership. He reported that this is the first month of the new fiscal year. Mr. Regan noted that HTA did not receive any TAT revenue, and no expenditures were made against the approved budget. He highlighted that there are \$6.5 million in new encumbrances on the books for July, which brings the total encumbrances to

\$39.3 million. Mr. Regan said there is a \$3.9 million surplus not currently in the budget, which includes \$1.4 million in investment interest income and \$2.5 million from canceled contracts. He noted that the Board will have to decide how that money will be allocated for the fiscal year. Mr. Regan said HTA is still awaiting approval from Governor David Ige to release the \$5 million in emergency funds. He noted that the emergency funds are held in safe and liquid instruments. Mr. Regan thanked the finance team for their hard work.

Mr. Atkins asked if any projects have been put on hold due to the emergency funds not being released. Mr. Regan responded in the negative. Mr. Regan said that if Gov. Ige does not release the emergency funds, the \$5 million can be offset by the guaranteed \$3.9 million surplus, but the budget will have to be reduced by \$1.1 million.

David Arakawa expressed concern that the Hotels for Heroes Program is beyond HTA's mission. Mr. Regan responded that General Ken Hara of HIEMA requested that HTA restart the program because of the program's success. He added that the \$250,000 expenditure is from HIEMA's budget and not HTA's. Mr. Regan said Gen. Hara requested assistance due to the collective experience and expertise of HTA, HLTA, and HVCB in running the program. He noted that many people are not working within their traditional responsibilities during the COVID-19 crisis. Mr. Regan said HTA decided it was the right thing to do to support the community, Gen. Hara, and the first responders. Mr. Arakawa replied that the right people need to manage this program, and HTA needs to focus on HTA's mission. Mr. Tatum said it was within the realm of HTA's expertise because HTA was the facilitator, whereas the other organizations executed the program.

Mr. Atkins said Community is one of the Four Pillars. He added that the outbreak is worse this time, and it is important to take care of the community.

Ms. Kimura asked which budget the call center program falls under. Mr. Regan responded that the expenses are paid through HIEMA.

Rep. Onishi expressed his full support for HTA's involvement in the Hotels for Heroes Program. He said HIEMA asked HTA for help because HTA has expertise in working with the hotel industry. Rep. Onishi said it seems logical for HTA to coordinate this program, and it is not outside the function of HTA, especially with the huge increase in first responder infections. He described it as one government agency assisting another government agency to address a community need.

Chair Fried invited the general public to submit testimony, and there was none.

Chair Fried requested a motion to approve the financial report. Mr. Kam made a motion, which was seconded by Mr. Sanders. The motion was unanimously approved.

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 the legislative session has ended, and he expressed his desire to work with Rep. Onishi and Sen. Wakai next session on legislative matters relevant to HTA. Chair Fried thanked Mr. Regan for his multi-faceted work with the finances, legislative matters, and the audit.

Chair Fried invited the general public to submit testimony, and there was none.

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 August 26, 2020 Marketing Standing Committee meeting. Mr. Sanders reported that the Marketing Committee had an opportunity to hear on branding and recovery updates from the U.S., Japan, South Korea, Oceania, and Canada markets and noted that the recovery will be a long process. He noted that visitors from Japan may not return until the end of the year, and visitors from Australia may not return until the second quarter of 2021. He added that Japan, South Korea, and Canada have 14-day quarantines within their countries, and the borders may not open for some time. Mr. Sanders said the marketing strategies have a clear focus on education and revitalizing Hawai’i content. He said Mr. Ka’anā’anā has the support of the Marketing Committee to develop a formal proposal for the establishment of a Surfing and Canoe Paddling Advisory Committee for presentation to the Board for approval.

Chair Fried invited the general public to submit testimony, and there was none.

Director Mike McCartney of the Department of Business, Economic Development, and Tourism thanked Mr. Tatum on behalf of Gov. Ige and the State of Hawai’i for helping HTA evolve to the next level. Dir. McCarthy noted that Mr. Tatum was the first CEO from the visitor industry to lead HTA. He thanked Mr. Tatum for being a team player and adding value to the process.

Chair Fried requested a motion to recess the meeting. Mr. Kam made a motion, which was seconded by Ms. Kimura. The motion was unanimously approved. The meeting recessed at 10:28 a.m. The meeting resumed at 11:51 a.m. Mr. Regan confirmed the attendance of the Board by roll call.

10. Discussion and Action on the Recommendation of the CEO Search Committee, Reported to the Board at its August 20, 2020 Special Board Meeting, on the Selection of a New CEO for the Hawaii Tourism Authority:

Chair Fried reported that there were nine members on the selection committee, which included six board members and three non-Board members. He noted that in the selection committee’s final vote, one candidate received five votes in favor of recommending the candidate to the Board, another candidate received three votes, and a third received one vote. Chair Fried said that given the number of Board members who requested to be on the selection committee, the selection committee decided to bring the top two finalists to the

full Board for a final interview. For confidentiality reasons, Chair Fried said the final interview will be conducted in an executive session. He explained the interview process and the procedure for voting during the executive session.

Chair Fried requested a motion to enter an executive session to provide the full Board the opportunity to interview the final two candidates for the next President and CEO of HTA. Mr. Kam made a motion, which was seconded by Ms. Kumukahi. The motion was unanimously approved.

The Board entered an executive session at 12:00 p.m.

The executive session ended at 3:23 p.m.

Chair Fried requested a motion to offer the position of HTA President and CEO to John De Fries. Mr. Kam made a motion, which was seconded by Ms. Kumukahi. The motion was unanimously approved.

11. Adjournment:

The meeting adjourned at 3:33 p.m.

Respectfully submitted,



Reyn S.P. Ono
Recorder