



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, September 24, 2020
Virtual Meeting

MINUTES OF REGULAR BOARD MEETING

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| MEMBERS PRESENT: | Richard Fried (Chair), David Arakawa, Fred Atkins, Daniel Chun, George Kam, Kyoko Kimura, Ku'uiipo Kumukahi, Sherry Menor-McNamara, Benjamin Rafter, Kelly Sanders, and Kimi Yuen |
| MEMBER NOT PRESENT: | Micah Alameda |
| HTA STAFF PRESENT: | John De Fries, Keith Regan, Pattie Herman, Marc Togashi, Marisa Yamane, Kalani Ka'anā'anā, Caroline Anderson, and Jennifer Chun |
| GUESTS: | Senator Glenn Wakai and Representative Richard Onishi |
| LEGAL COUNSEL: | Gregg Kinkley |

1. Call to Order and Pule:

Keith Regan, HTA Chief Administrative Officer, called the meeting to order at 9:30 a.m. Mr. Regan provided instructions to the general public with regard to submitting testimony. He confirmed the attendance of the Board by roll call. Mr. Regan turned the floor over to Chair Richard Fried. Kalani Ka'anā'anā, HTA Director of Hawaiian Cultural Affairs & Natural Resources, opened the meeting with a pule.

2. Approval of Minutes of the August 27, 2020 Board Meeting:

Chair Fried requested a motion to approve the minutes of the August 27, 2020 Board meeting. George Kam 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 August 2020:

Chair Fried recognized John De Fries, HTA President & CEO, and welcomed him to his first Board meeting. Mr. De Fries thanked the Board for the opportunity to lead the organization and said the first nine days have been exciting and a steep learning curve. He noted that he has had a number of meetings with elected officials and the PGA. Mr. De Fries commended the staff for their hard work and for welcoming him into the organization.

Mr. De Fries recognized Mr. Regan, who prepared the report for this month's meeting. Mr. Regan commended the HTA team for their hard work. He reported that many team members continue to work remotely, and team leaders are managing work flow and productivity. The program managers continue to push forward with continuing programs and newly approved programs. Mr. Regan highlighted that the Nā Ala Hele Program has been moving forward and the Mānoa Falls Trail improvements have been completed. He reported that the 'Iolani Palace repair project has been moving along and a significant number of improvements have been made. He noted that the bees embedded in the walls of the palace have been removed. He added that the rehabilitation of the coronation stand was also a part of the palace repairs.

Mr. Regan reported that the destination management action plans have been moving along very well. He commended Caroline Anderson, HTA Director of Community Enrichment, and thanked the Board members for their involvement. He noted that the Kauai, Maui, Moloka'i, and Lāna'i steering committees have already met, and the project will have incredible results.

Mr. Regan said Pattie Herman, HTA Vice President of Marketing & Product Development, and her marketing team have been doing an outstanding job in preparing for the restart of the visitor industry on October 15th. He noted that HVCB and HTJ have been doing excellent work with their recovery marketing campaigns.

Mr. Regan reported that Marisa Yamane, HTA Director of Communications & Public Relations, and her communications team have been disseminating information to the visitor



industry. He noted that Ariana Kwan, HTA Administrative Assistant, and Ms. Yamane redesigned and redeveloped the HTA website and improved the COVID-19 information page in a nicely packaged and intuitive format. He added that HTA saved money by doing the redesign in-house, and the template can be used for other purposes on the website.

Mr. Regan commended Jennifer Chun, HTA Director of Tourism Research, and her team for timely publishing reports. He then commended Marc Togashi, HTA Vice President of Finance, and his team. He thanked Chair Fried and the Board for bringing Mr. De Fries into the organization and noted that there is a palpable sense of excitement, optimism, and energy.

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

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

Chair Fried recognized Mr. Ka'anā'anā to provide an update on the establishment of a Surfing and Canoe Paddling Advisory Group. Mr. Ka'anā'anā said the committee needs to leverage new technologies, platforms, and organizations to promote surfing and canoe paddling. He noted that the Kahua (foundation) of the committee's work will be environment, culture, community, education, safety, and infrastructure. He added that the committee is in alignment with the 5-Year Strategic plan and HTA's Four Pillars. Mr. Ka'anā'anā explained that the committee's work will promote human and environmental health, celebrate Hawai'i's connection to the sports and the ocean, develop the ability to be an environmentally-aligned economic driver, create development opportunities for established and related industries, emphasize social and economic benefits, make recommendations of support for related initiatives, projects, programs and contracts, and raise public awareness for historical and cultural significance.

Mr. Ka'anā'anā recognized the budgetary limitations and said the committee will leverage partnerships that do not cost money like with Mālama Pono. He added that the committee would work with the USA Surf Team, work to showcase the history of the sports in a museum setting, and support volunteer groups that clean beaches. He noted that activities and sports are statistically the number one reason why avid travelers visit Hawai'i, and Hawai'i visitors are more than twice as likely to engage in water sports.

Gregg Kinkley asked if the advisory committee will be a standing committee or a permitted interaction group. Mr. Ka'anā'anā responded that it would be neither, but rather a community-generated advisory group. Mr. Kinkley replied that if that is the case, then the Board does not have the statutory authority to create an outside advisory committee. He



noted that in this circumstance, it would be within the Board's authority to nominate a member of the Board to sit on the committee. Chair Fried said Mr. Ka'anā'anā and Mr. Kam should be a part of the committee regardless of how it is denominated.

David Arakawa asked Mr. Kinkley for his recommendation for establishing the advisory committee. Mr. Kinkley responded that if the advisory committee is construed as being created by HTA, the advisory committee would likely fall under the Sunshine Law. Mr. Ka'anā'anā replied that this advisory committee would be like the other advisory committees supported by HTA staff. Mr. Kinkley responded that if the advisory committee is a HTA staff matter and someone from the Board is in attendance, there would be no issues with the Sunshine Law. He noted that HTA staff members are free to convene meetings of interested parties to further the purpose of the organization. He added that the Board can nominate a member to participate in the staff-convened meetings.

Mr. Rafter asked Mr. Ka'anā'anā if he is requesting funds for the advisory committee. Mr. Ka'anā'anā responded that the committee members would be volunteering their time and will not be compensated. He added that there would be no cost to convene meetings because the meetings would be virtual.

Representative Richard Onishi asked if the committee would assist with the evaluation of submitted inquiries for projects and funding, or if it would determine what types of projects should be done. He cautioned that generating projects is not HTA's responsibility. Mr. Ka'anā'anā said it would be a little of both. Senator Glenn Wakai responded that it would be like a neighborhood board in that there is no budget and the committee would not strike deals. Rather, the advisory committee would offer ideas for worthwhile projects and be in touch with community sentiment. For example, the committee could decide that there should be a surf museum in Hawai'i. Sen. Wakai said that hopefully either the private sector or Legislature would take that idea, fund it, and make it happen. He noted that the committee will not make things happen, but rather develop ideas to generate momentum to make things happen. Sen. Wakai said the committee would be in a purely advisory capacity.

Rep Onishi said that this activity may not fall within the scope of HTA's responsibilities, and HTA should be careful expending staff resources for the coordination of the committee. He noted that it is a slippery slope to create advisory committees for matters that fall outside of HTA's role. Sen. Wakai responded that the advisory committee falls within the HTA Pillar of Perpetuating Hawaiian Culture. He added that no one else is moving on this issue, and HTA is the perfect organization to take the lead because it is aligned with HTA's responsibilities.



Sen. Wakai added that Mr. Ka'anā'anā is willing to take on this project, and it will not be a huge commitment of time or financial resources.

Mr. De Fries expressed that he believes that the advisory committee falls under each of HTA's Four Pillars, but is mindful of Rep. Onishi's concerns. Chair Fried said it would be good to have a committee of some capacity to deal with these two items that are unique and critical to Hawai'i. He recommended that Mr. Ka'anā'anā come up with a solution by the next regular Board meeting that is amenable to everyone because it makes sense for HTA to take the lead on this.

Mr. Arakawa said he would like the Board to make a motion to support the initiative. He noted that the HTA staff has been working within these staff committees for years. He added that he trusts Mr. De Fries and Mr. Ka'anā'anā to continue working on this initiative. Mr. Arakawa said they can work in conjunction with Mr. Kinkley to ensure that such a committee complies with the relevant statutory requirements and take into consideration the concerns of Sen. Wakai and Rep. Onishi. Mr. Sanders agreed with Mr. Arakawa. Chair Fried said this would be the type of activity to improve resident sentiment. He told Mr. Ka'anā'anā to put a group together and then come back to the Board with a recommendation to either carve out a separate standing committee or keep it as a function of the HTA staff.

Ms. Kumukahi made a motion to support Mr. Ka'anā'anā proceeding with this initiative, which was seconded by Daniel Chun. The motion was unanimously approved

Chair Fried invited the public to provide 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 Ms. Chun to present current market insights and conditions. She reported that a new resident sentiment survey is in the field and will conclude before the election. She explained that it is a phone survey open to any resident over the age of 18. Ms. Chun noted that the Department of Taxation has not updated the July TAT collections, and she will provide an update at the next Board meeting. Ms. Chun did a comparison of hotel occupancy with current room inventory against hotel occupancy with full room inventory. She said that in April, hotel occupancy with current room inventory at the time was 8.9%, whereas hotel occupancy would be 4.9% with full room inventory. In August, hotel occupancy with current room inventory was 21.7%, whereas hotel occupancy would be 12.2% with full inventory. She noted that this trend applied to all islands.



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

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

Chair Fried recognized Mr. Regan to present the financial reports. Mr. Regan reported that this is the second month of the current fiscal year, and HTA has received no TAT. He said expenditures are low. He explained that encumbrances are not a cash-out, but rather a hold to support a contract or anticipated payment. Mr. Regan noted that there were \$4.1 million for different contracts encumbered in August. He added that year-to-date there are \$10.7 million in encumbrances for the fiscal year. He said there is \$41.8 million in total encumbrances, which include encumbrances from prior fiscal years. Mr. Regan noted that \$14.7 million is in the process of being disencumbered. He said there is an additional \$3.9 million in available funds. He recommended keeping the funds unallocated and in reserve in the event HTA does not receive CARES Act reimbursement or Governor David Ige does not release the \$5 million in emergency funds.

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

Chair Fried invited the public to provide testimony. Mieko Horikoshi provided testimony. Ms. Horikoshi said she believes that it is a great idea to focus more on mindful tourism. However, she expressed concern that doing so would mean fewer visitors, which will result in less revenue and hurt small businesses. Chair Fried responded that there needs to be a balance to keep COVID-19 in check and ensure that the economy does not die. He added that HTA wants small businesses to survive. Sherry Menor-McNamara explained that small, local businesses are at a critical juncture. She said it would be helpful if HTA's marketing partners actively supported small businesses with specific campaigns. She added that HTA's marketing partners have the opportunity to develop something creative to keep small businesses open. Ms. Horikoshi said a safe reopening is important, but expressed frustration that some residents are not complying with social distancing guidelines. Chair Fried responded that the rules need to be strictly enforced and hopes that everyone understands that.

8. 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 make his report of the Marketing Standing Committee meeting. Mr. Sanders reported that it was a productive and informative meeting and thanked HVCB and HTJ for their work and presentations. Mr. Kam said Travelzoo gave a presentation on how they attract higher end travelers. He added that it was a basic



presentation that was well-received. Mr. Kam also expressed appreciation for HVCB's and HTJ's presentations. He added that Ms. Menor-McNamara had great comments about how to support local businesses that are the heart and soul of the community.

Mr. Arakawa asked Chair Fried if it would be appropriate for these presentations to be made to the full Board because the Board members not on the Marketing Committee only hear summaries. Mr. Arakawa suggested that the presenters can come back and do the presentations as a Board agenda item Mr. Sanders said everyone would benefit from receiving the Power Points from each presentation. Chair Fried responded that receiving the Power Point presentations would be a happy medium, and any specific questions can be directed to Ms. Herman.

Chair Fried recognized Mr. De Fries to make closing remarks. Mr. De Fries said he is the beneficiary of a 5-Year Strategic Plan approved by the Board. He noted that the Natural Resources Pillar is benefitting from the economic collapse, but the other pillars are suffering. Mr. De Fries said it is important to find a place to connect as things unravel at a rapid speed and for him it is Waikīkī Beach. He described Waikīkī Beach as a world-class destination and where he grew up. He said the ability to care for Hawai'i is not exclusive to native Hawaiians. All kama'āina have the ability to connect with Hawai'i, and Hawai'i is currently under threat.

Mr. De Fries described mālama as an organizing principle for the work at HTA by bringing together disparate parts of the community that normally do not come together. He described mālama as a sister traditional value to aloha, and the concept of protecting, caring for, and nurturing Hawai'i will be as important as aloha. He added that mālama is embedded in HTA as an institution and in the visitor industry. Mr. De Fries said visitors need to be educated on how to mālama Hawai'i and its residents. He said a new kind of tourism needs to be built around the Hawaiian cultural value of mālama.

Mr. De Fries envisions tourism as a positive force for change. He noted that tourism needs to be the driver of diversification of the economy. He said tourism is not a monolithic institution or singular industry complex, but rather a fragile ecosystem with the immediate community around it that becomes operational as residents come in as staff. He said resort owners need to look at how to build resilience within that ecosystem and within that community. Mr. De Fries said HTA needs to nurture small businesses and support entrepreneurial development training to build capacity that supports the larger ecosystem. He noted that the pandemic has shown that when the supply chain is too reliant, Hawai'i becomes increasingly more vulnerable. Mr. De Fries said Mālama Ku'u Home represents a connection with Hawai'i and the effort to establish a different mindset of how the local community interacts with the visitor industry. He noted that mālama is a call to action.



9. Adjournment:

The meeting adjourned at 11:08 a.m.

Respectfully submitted,

Reyn S.P. Ono

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Recorder