



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 hawaii-tourism-authority.org

David Y. Ige
Governor

John De Fries
President and Chief Executive Officer

**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, January 28, 2021
Virtual Meeting**

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

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

MEMBER NOT PRESENT:

Sherry Menor McNamara

HTA STAFF PRESENT:

John De Fries, Keith Regan, Pattie Herman, Marc Togashi, Kalani Ka'anā'anā, Caroline Anderson, Gregg Kinkley, Jennifer Chun, Marisa Yamane

GUESTS:

Senator Wakai, Representative Richard Onishi, Eric Takahata, David Pettinger, Barbara Ankersmit

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule:

Chair Richard Fried called the meeting to order at 9:31 a.m. Keith Regan, HTA Chief Administrative Officer, provided instructions to the general public with regard to submitting testimony. Mr. Regan confirmed the attendance of the Board by roll call. He turned the floor over to Chair Fried. He informed that Ms. McNamara will be attending the meetings irregularly due to conflicts with her Chamber of Commerce role. Kalani Ka'anā'anā, HTA Director of Hawaiian Cultural Affairs & Natural Resources, opened the meeting with a pule, honoring the former Hawai'i County Mayor Billy Kenoi. Chair Fried acknowledged the presence of Representative Richard Onishi and for being diligent in making time for the meeting.

2. Approval of Minutes of the December 17, 2020 Board Meeting:

Chair Fried requested a motion to approve the minutes of the December 17, 2020 Board meeting. George Kam made a motion, which was seconded by Ku'uipo 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 interactions, informational meetings or presentations to report, and there were none.

4. Report of the CEO Relating to Staff's Implementation of HTA's Programs During October 2020

Chair Fried recognized John De Fries, HTA President & CEO, to present his report. Mr. De Fries reported that there was a decrease in workload for HTA despite the staff reductions and new jobs that have emerged which are outside HTA's job description. He said that trust and clarity of vision are very important components for Hawai'i to fully recover. He thanked the tourism Chairs, Representative Onishi, and Senator Wakai, for their commitment and support in looking through HTA's operations and budgets.

Mr. De Fries said that Senator Wakai recently communicated his disappointment for not receiving information on budgets and aerals in December. He explained that he informed the senator in December that he needed until February to have the report ready allowing him time to discuss with the Board the resumption of HTA's TAT fund as it involves the livelihood and future employment of HTA's staff. He added that the report will be available to Senator Wakai and Representative Onishi after the February Board meeting. Mr. De fries thanked Senator Wakai for urging Governor Ige to consider the resumption of HTA's TAT funds, noting that the governor affirmed on resuming the TAT fund when he deemed feasible.

Mr. De Fries reported that he met with the senator to determine the indicators that will get him to resume the TAT funding and reasoned out that a \$41 million budget is like operating on one side of a football field where in the stadium calls for a \$79 million. He said that since the market will not recover overtime, it would also be prudent to look at Fiscal 2022 in sections with the levels of funding while the administration, legislature and HTA are navigating jointly out of the current situation. He noted that the senator included Director McCartney of DBEDT in drafting the proposal with the inclusion of the conditions authorizing HTA to draw down on the \$5 million emergency fund.

Mr. De Fries reported that the Governor requested the HTA to be on the front line in developing a vaccination plan to support the DOH with the industry planning the distribution when the visitor/employees arrive at the top of the packing order. He noted that he had only spoken to the President of Hawaii Lodging and Tourism Association (HLTA), Mufi Hanneman, whose memberships run across all sectors which includes the presidents of labor unions. He noted that HTA received an inquiry from Queen's Medical Center for the possibility of establishing a central vaccination center at the HTA Convention.

Mr. De Fries shared a quote saying "People will forget what you said or did, but they won't forget how they made you feel" which speaks to everything that is central to reopening tourism and re-launching the economy. He explained that it's how Hawai'i will make people around the world feel when they come to Hawai'i. He remembered the late mayor to have an incredible capacity to make people feel good.

Mr. De Fries acknowledged the support that Representative Onishi and Senator Wakai are providing which affirms that the House and the Senate feels a sense of responsibility to HTA. He quoted Senator Wakai's statement that "Hope is not a strategy" and that in understanding what hope is, he remembered a quote by Martin Luther where he said, "I have a dream." He concluded that this sets the people to collectively recognize that Hawai'i needs a dream as a means of cultivating an environment of collaboration and working side by side in trust to develop the clarity of vision that will get Hawai'i to recover.

Mr. De Fries turned the floor to Mr. Regan to discuss the form of the CEO report. Mr. Regan reported that the 71 pages of the CEO report is available to the members, wherein 18 pages are detailing some of the activities of the various segments of HTA. He noted that majority of the activities in December were listed in the Executive Summary. Mr. Regan noted that December was a busy month with the compression of the holidays and with the direction received with fiscal year 2021 money that HTA had to speed up some of the processes that are in place. He noted that Ms. Ka'anā'anā, Ms. Anderson, Ms. Herman and Ms. Chun will directly share their reports and activities that happened on December.

Mr. Regan recognized Kalani Ka'anā'anā, Director of Hawai'i Cultural Affairs and Natural Resources, to provide insights on his team's activities. Mr. Ka'anā'anā reported that activities were focused on wrapping up the final reports of the remaining 45 contractors left from Kukulu Ola and Aloha 'Āina to make sure that all requirements and deliverables were met. He noted that with the changes in the budget of natural resources and Hawaiian culture, they started to work on the problematic actions involving stakeholders around the reservation system. He recommended to the Board to not pursue the project planned with working with DLNR because it turned out that the department has their hands full. He nevertheless thanked Representative Onishi for sharing his thoughts on the matter.

Mr. Ka'anā'anā reported that they have begun to move on the state-wide reservation system on a part by part basis with the goal of launching with Diamond Head in the next month or so, which will in turn bring other parks online within months of the opening. He said that they partnered with the UH team school to do a study for tour guide certification and licensure and are finalizing the agreement to get it started. He noted that part of it is work done with Ms. Anderson who works in the certification space and in the program that they have at KCC and the other CCs. He said that they will figure out those existing programs as part of Ms. Anderson's workforce development activity and on how to integrate with some of the Destination Management Action Plan (DMAP) actions seen from communities across the state.

Mr. Regan recognized Caroline Anderson, Director of Community Enrichment, to report on the activities within her sector. Ms. Anderson reported that her team is wrapping up the DMAP for Kaua'i, Mau'i, Moloka'i and Lana'i and also the 2020 Community Enrichment Program awardees. She added that they are finalizing their reports and processing final invoices.

Mr. Regan recognized Pattie Herman, VP for Marketing and Product Development, to report on her sector's activities. Ms. Herman reported that she and the market managers had been very involved with all the activities of the global marketing team and on being on top of it week by week as it relates directly to the budget that needs to be devised occasionally. She said that the industry partner meetings are continuously discussing the activities of hotels and centers rotating the properties on a weekly basis. She added that they are also involved with Ms. Anderson with the DMAP process. She noted that they had the Aloha Taiwan seminar, occurring virtually and in person, with most of the Hawai'i partners presenting, the Aloha Canada webinar done virtually, regular budget brainstorming sessions, and HPR meetings discussing with several representatives and senators. She added that they had the resident sentiment's survey about feelings about COVID-19 towards tourism and hospitality industry updated with the Maui County.

Mr. Regan recognized Jennifer Chun to share the highlights of December as it related to Tourism research. Ms. Chun reported that they have put up the visitor stats, hotel report, and vacation rental report and that last month, Mr. Kam presented regarding the residents sentiment survey. She added that the visitor plan inventory for 2020 has been put up for weekly destinations for their index reports, weekly travel agency booking reports and daily briefers.

Mr. Regan noted that the legislative section will be added back to the CEO report moving forward to highlight legislative activities, tracked bills, and testimonials provided based on

those bills. He said that HTA had worked with 32 contracts for the calendar year 2021 which are mostly for branding, research, safety and security and Visitor Assistance Program (VAS).

Mr. Regan acknowledged Ms. Yamane of the HTA communication to share the sector's activities. Ms. Yamane reported that they have been real busy completing the annual report to the legislature. She acknowledged her team from the Anthology Marketing group for their work in getting the messages out, in updating the website, analyzing website traffic coming in for the COVID information. She added that they were also engaged with responding to media requests and inquiries, in helping out the different department's HTA like the DMAP and in boosting HTA's FB page and social media presence.

Ms. Kimura recalled that there used to be a budget committee on the board who is extensively involved in line by line budget and Chair Fried responded that such committee will be reinstated today.

Representative Onishi advised the Board to determine whether HTA is an integral part of the government's efforts in ensuring the visitor industry as an important part of the economy. He added that the HTA funding is the decision of the governor and that the HTA should advocate for someone to be able to control marketing and the visitor industry, its effects and its future in Hawaii. Senator Wakai advised the Board to save money from the \$41 million fund for Q3 when there's a rebound in tourism activity and when the governor replenishes the fund by then to ensure that HTA lives beyond July of this year. Mr. Atkins said that they need to find a budget that can follow the 4 pillars, make an ROI and have sustainable tourism and that they can justify to the governor

Mr. Rafter asked how decisions are made to execute contracts in preparation of the multiple budget scenarios next month. Mr. De Fries responded that the contracts were executed within the framework of the approved budget and expenditures were adjusted to deal with the reality of the market.

Chair Fried asked Mr. Eric to provide insights on the breakdown of budget for contracts. Mr. Takahata reported that 2020 was definitely an anomaly year and that they had three stop gos for the Japan market to resume travel back to Hawaii which are mainly focused in creating pathways and removing roadblocks to resume travel, getting Hawaii exempted from the Japanese travel restriction and safe travel programs. He explained that criteria were set with HTA on budget expenditure and allotment and that they are in constant communications with HTA on allocating budgets.

Ms. Herman said that the contracts are constantly shifting funds based on the global situation. She explained that with the Japan market, 2020 started with \$20 million and was

cut on April 9 to \$6 million. She said that they continue to pivot and decrease funding on a weekly basis.

Mr. De Fries summarized that of the \$4.5 million, \$2.48 million are currently positioned for program budget starting July. He added that the situation will be evaluated each month and will continue to slide if the market conditions don't continually move.

Mr. Togashi said that they are placing restrictions on how much MMEs can spend in a fixed cost level with the intent of saving cost for later. He added that in consideration of Senator Wakai's advice about saving around \$15 million, they anticipated about \$7 million in reserve at the end of the fiscal year which, when coupled with the \$3million COVID-related cost of reimbursement, will bring up to \$10 million savings for Fiscal 2022 to operate.

Mr. Regan said that HTA is looking at disencumbering unused budget at the end of the fiscal year plus \$1.6 million from prior fiscal years to return for allocation which will be an additional budget.

Ms. Herman said that when the COVID-19 effects started in Hawaii, they terminated several contracts such as Southeast Asia, Europe, China and Taiwan. The 5 markets that survived are going thru TTP process. And they're working on with Taiwan now.

5. Adoption of a Resolution to Grant Authority to Present Policy Positions at the County, State, Federal Level and Other Venues as Deemed Appropriate

Chair Fried recognized Mr. Regan to report on the adoption of resolution to grant authority to the CEO. Mr. Regan asked for a motion to approve the adoption of a resolution granting Mr. De Fries as the CEO specific authority to represent the Board and its policy decisions as it relates to legislation in state, county or federal level during calendar year 2021 and the legislative session. George Kam made the motion which was seconded by Ku'uipo Kumukahi.

Mr. Arakawa said that if the CEO needs to take a position, he can give the Board advance notice. Chair Fried suggested that Mr. De Fries send an email to the Board in those situations. Mr. De Fries agreed and said that he welcomes any form of feedback. Chair Fried called for a vote for the adoption of the resolution and it was unanimously approved.

6. Presentation Annual Meeting of the Board of Directors to Elect Officers, Establish Committees, and Assign Committee Leadership and Members to Committees

Chair Fried asked for a motion to affirm that today shall serve as the Annual Board meeting. The motion was moved and seconded and was unanimously approved.

Chair Fried opened the floor for nominations for the position of Chair and Vice Chair of the Board. George Kam nominated Chair Fried and there were no other nominations made. Mr. Regan confirmed the votes by roll call. Chair Fried remained as Chair.

Chair Fried nominated George Kam for First Vice Chair and Kelly Sanders as Second Vice Chair. There were no other nominations. Chair Fried recalled for the votes. George Kam remained first Vice Chair and Kelly Sanders as second Vice Chair.

Chair Fried asked for a motion to establish the following Committees as allowed for in HTA's bylaws: the Convention Center Planning Investigative Committee, Convention Center Planning Investigative Committee, Legislative and Governmental Affairs Investigative Committee, Visitor-related Infrastructure Investigative Committee, and the Budgetary Review Investigative Committee. The motion was moved and seconded and was unanimously approved.

Chair Fried moved on to the assignments of committee leadership and members for the committees starting with The Audit Standing Committee. He proposed David Arakawa as Chair, Micah Alameda as Vice Chair and Fred Atkins as member. There were no other nominations. The motion was seconded and the vote was unanimous.

Chair Fried proposed himself as Chair, Kelly Sanders as Vice Chair and David Arakawa, Fred Atkins and George Kam as members of the Administrative Standing Committee. Mr. Arakawa asked one member to be added. Chair Fried asked for Kyoko Kimura to be added and she agreed. The six members were unanimously approved.

Chair Fried proposed Daniel Chun as Chair, Kimi Yuen as Vice Chair, and George Kam, Ku'uipo Kumukahi and Sherry Menor McNamara as members of the Convention Planning Investigative Committee. There were no further nominations. The motion was seconded and unanimously approved.

Chair Fried proposed George Kam as Chair, David Arakawa as Vice Chair, and Fred Atkins, Ben Rafter and Daniel Chun as members for the Legislative and Governmental Affairs Committee. There were no further nominations. The motion was seconded and unanimously approved.

Chair Fried proposed Kelly Sanders as Chair, Sherry Menor McNamara as Vice Chair and Mike Alameda, Ku'uipo Kumukahi, and Kimi Yuen for the Visitor-related Infrastructure Investigative Committee. The motion was seconded and unanimously approved.

Chair Fried proposed David Arakawa as Chair, Ben Rafter as Vice Chair and Daniel Chun and Kimi Yuen as members for the Budgetary Review Investigative Committee. Mr. Arakawa proposed that Mr. Rafter be the Chair and that he wouldn't mind serving as Vice Chair. Chair

Fried accepted the proposal. Fred Atkins and Kyoko Kimura were nominated. Chair Fried asked for a motion to approve the six members. The motion was seconded and unanimously approved.

7. Report of the Discussion and Action on the Destination Management Action Plans for Lānaʻi

Chair Fried acknowledged Ms. Anderson to report on the presentation and action on the Destination Management Action Plans for Lanai. Ms. Anderson said that the purpose of doing the DMAP stems from the 2020 HTA Strategic Plan. The focus is to reset and rebuild to the desired visitor industry that the island wants, to collaborate with the counties, communities, visitor industry, other businesses and community organizations and to improve product offerings and establish new ones. She explained about the process done to develop the DMAP.

Ms. Anderson turned over the report to Ms. Kimura. Ms. Kimura reported that they have undergone five steering committee meetings with 13 members. She noted that there were issues encountered with visitors and that the committee identified nine actions to resolve these issues. She asked for a motion to approve the hot spots wherein the residents don't want visitors to go. The motion was seconded and unanimously approved.

Chair Fried called for a motion to accept the DMAP for Lanai. The motion was seconded and unanimously approved.

8. Presentation and Discussion of Current Market Insights and Conditions in Hawaiʻi and Key Major Hawaiʻi Tourism Markets, Including the United States, Japan, Canada, Oceania and Cruise

Chair Fried acknowledged Ms. Chun to give her report. Ms. Chun reported that the performance for 2020 is very much down from 2019. She said that visitor's arrival is down 75% for the month of December but noted an improvement compared to other months. She added that compared to 2019 where there are about 284,000 visitors in the state at any given time, the number of visitors have shrunk down to 94,000 for 2020, with much of the number coming from Q1. She added that the majority of visitors are coming from U.S. West and U.S. East. She explained that there were no total expenditures per person per trip because the sample sizing is not enough to be reported. She noted that the state collected \$21 million which is down 89% from the previous time in Fiscal 2020 through December 2019. She added that it was a preliminary data received from the Department of Taxation.

Ms. Chun reported that the air seats situation fluctuated greatly during the pandemic and that in 2020, the air service has reduced greatly. She reported that hotel occupancy was low at 23.8% compared to 80.2% for December and that ADR decreased from \$353 last year to \$291 2020.

Representative Onishi asked for clarification about the \$35.1 million TAT collection and Ms. Chun reported that it's for the Fiscal year of 2020.

9. Presentation of the Hawai'i Tourism Authority's Visitor Satisfaction & Activity Report (VSAT) Special COVID Survey.

Chair Fried recognized David Pettinger and Barbara Ankersmit of Anthology Research to discuss on Hawai'i's Tourism Authority Visitor Satisfaction & Activity Report (VSAT) Special COVID Survey. Ms. Ankersmit explained that the VSAT survey is in place to understand the changes in visitor's satisfaction post COVID vs. pre-COVID. She reported that there weren't much difference between VSAT 2019 and COVID study with the East Coast and West Coast. She added that top responses of visitors for what is needed for their ratings to change to 7 or 8 are opening businesses, attractions, and beaches, confusing COVID mandates or rules and the need to quarantine. She added that the likelihood for them to recommend Hawai'i complaint of visitors had to do with COVID testing and its requirements. She noted that a high percentage of visitors trip either exceeded or met their expectations noting that 60% of travelers under the age of 35 exceeded their expectations. She said that there were higher satisfaction among first time visitors and a higher rate for repeat visitors to respond that the visit either met or exceeded their expectations vs people who were left disappointed. She noted that their disappointment is mainly attributed to the testing requirements and closure of businesses and attractions. She said that there's a huge percentage of visitors planning to come back when the pandemic and the restrictions are over and when vaccinated they get vaccinated. She added that complaints had to do more with testing requirements and quarantine than with the actual visit while they are in Hawai'i.

Mr. Pettinger reported on the effect of COVID-19 on the planning process and experience as to visiting Hawai'i. He noted that a higher percentage said that the low COVID-19 infection rate had either no bearing or little impact or one of several reasons why they chose Hawaii as destination and a low percentage for people who said that it was a very important consideration. He said that for surveys done with the Hawai'i Department of Health, a high percentage of residents consider COVID 19 to be a serious and urgent health concern. He added that 76% are willing to get vaccinated if it meant that they can come back to Hawai'i without the pretesting requirement and that those with a college degree are more likely to get the vaccine compared to those without

one.

Mr. Pettinger identified safe travels website as the main source of information that visitors use when travelling to the State followed by family and friends, gohawaii.com, HTA website and airline staff, social media and online travel sites. Ms. Chun said that it will be posted on their website at the VISAT page of the research section.

Chair Fried shared that the lieutenant governor is hopeful that if a person had both of their vaccinations, they will be able to travel interisland as of February 15 without the need for the testing and that as of March 1st, one can travel from the mainland to Hawaii.

Ms. Chun reminded that it's a point in time survey and done for people who visited Hawai'i at the beginning of December and future surveys will be done in time. Ms. Chun said that she will send a copy of the data requested by the board.

10. Presentation, Discussion and Action on HTA's Financial Reports for December 2020

Chair Fried recognized Keith Regan to present HTA's financial reports for December 2020. Mr. Regan reported that the HTA received no TAT disbursements into the tourism special fund since May 2020. He said that there were expenditures of a little over \$1.2 million which includes \$113,000 from the approved fiscal year 2021 budget and \$1.09 million from prior fiscal years. He added that there was a net decrease of \$1 million in the tourism special fund and received about \$167,000 in investment income. He noted that there were encumbrances of \$25.9 million in December and that year-to-date, the total encumbrances balance against the fiscal year 2021 budget is \$36.4 million. HTA said that HTA's total encumbrances which includes encumbrances from prior years is \$44.4 million with \$9.6 million of it from prior fiscal years and \$34.8 from current fiscal year. He added that many of the current fiscal year contracts recently encumbered are for calendar year 2021.

He reported that the current Tourism Special fund is approximately \$68.2 million in cash and investments which includes \$5.14 million of the tourism emergency trust fund held in safe instruments. He said that remaining balance of the tourism special funds separating out the tourism emergency trust fund is \$63.2 million. He said that they will closely monitor the conditions with the fiscal year progressing without TAT flowing in the tourism special fund.

Mr. Regan asked for a motion to approve the December 2020 financial reports. The motion was seconded and unanimously approved.

11. Update Relating to the 2021 Legislative Session and Related Bills Relevant to the Hawai'i Tourism Authority

Chair Fried acknowledged Mr. Regan to give his report. Mr. Regan reported that they are closely tracking 110 bills impacting HTA. He noted that these are going to be busy and fast-moving sessions which require a lot of oversight and attention and significant resources to monitor the bills for the HTA needs to submit testimonies to meet the tight deadlines.

He shared that in terms of budgetary concerns, there are bills that talk about moving special funds to the general fund that are not encumbered. He stressed that this is something that HTA needs to monitor.

Mr. Rafter asked if there were initial feedback on the bills that impacts TAT the most where one allows the county to do a TAT assessment. Representative Onishi said that he had seen a number of bills assessing visitor's fees, reducing TAT appropriation and addressing natural resources and funding that would affect targeted visitors. He added that virtual meetings will be used in legislations with the House and that testimony has to be written and submitted, and one needs to indicate upon submission the intention to testify in person. Testifying in person isn't allowed without a written testimony in anticipation of lost internet connectivity where the House could still review the written testimony and make decisions.

Mr. Rafter asked for insights about the dual referral and triple referral. Mr. Wakai informed that a triple referral is a more difficult to approve than a double referral. Representative Onishi said that with regards to HP6, it has dual committee first referral which actually is referred to four committees and that the more it's referred to, the more problem it creates as it has to be coordinated with other committees. He explained that in such case, it would be for the Environmental and Representative Onishi's Committee to coordinate a date and time to hear the bill and that if it's a triple committee, it's only heard on the first week of February.

Chair Fried asked the audience for any questions and there was none.

12. 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 acknowledged Mr. Sanders to give his report. Mr. Sanders acknowledged Ms. Chun's update on the travel agent booking pace which the committee has been tracking for a few months to understand when more demands are starting to come back to the Island. He noted that they are in communications with the GMT from Korea about approved trusted travel partners who has covered all of the vaccines for the entire population and will start vaccination at the end of February. He said that there were communications with HBCB regarding current situation branding and their focus on advertising which is more on Q3 as demands return. He added that from communications with Hawaii Tourism Japan, they were informed that vaccination will potentially start on February and of the rumors that the Olympics might be cancelled but it's actually moving forward even if it's just for athletes and not visitors. He added that discussions made were mainly on all GMTs to postpone expenses and on conserving budgets until travel is projected to resume on Q3 and Q4 of 2021.

Mr. Regan read the audience's question on how travel agent bookings are gathered. Ms. Chun responded that Global Agency Pro, which HTA is subscribed to, processes the travel agency actual transactions, thus they're looking at actual people being booked.

13. Adjournment:

The meeting adjourned at 1:07 pm.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sheillane Reyes". The signature is written in black ink and is positioned above a solid horizontal line.

Sheillane Reyes
Recorder