



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, February 25, 2021 at 9:31 am]
Virtual Meeting**

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

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

MEMBER NOT PRESENT:

HTA STAFF PRESENT:

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

GUESTS:

Senator Glenn Wakai, Representative Richard Onishi, Adam Sacks

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. Kalani Ka'anā'anā, HTA Director of Hawaiian Cultural Affairs & Natural Resources, opened the meeting with an oli. Mr. Ka'anā'anā noted that February is celebrated as Hawaiian Language month annually in Hawai'i and encouraged everyone to learn the Hawaiian language. He shared the video of Rep. Kai Kahele's floor speech given during Hawaiian Language Month talking about the importance of reviving the Hawaiian language.

2. Approval of Minutes of the January 28, 2020 Board Meeting:

Chair Fried requested a motion to approve the January 28, 2021 Board Meeting. Ms. Kimura

made a motion to amend the minutes to reflect that she made a motion for the approval of the DMAP for Lānaʻi and not just the hot spots. Chair Fried requested a motion to approve the minutes of the January 28, 2021 Board Meeting as amended. It was seconded and 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 since the January meeting, and there were none. 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 January 2021

Chair Fried recognized John De Fries, HTA President & CEO, to present his report. Mr. De Fries reported that after the initial meeting with the Hawai'i Lodging and Tourism Association (HLTA), they met with the Health and Safety Committee of Local 5 Unite Here and the American Hotel and Lodging Association (AHLA) in relation to HTA leading the employees' vaccination of the visitor industry. He said that the plan is to bring these organizations plus ILWU at Local 142 and the Department of Health together to discuss on how to organize information to be submitted to the DOH.

He reported that HTA's will be responsible in providing the names and contact information of about 216,000 employees. He said that AHLA will provide the framework of major hotels and HLTA goes beyond hotel memberships, which include retail, merchants, restaurants and more. Mr. De Fries noted that the first vaccination will happen in 3.5 to 4 weeks but added that with the system not completed yet, the DOH went ahead to vaccinate employees of Kaua'i hotels earlier this week so as not to waste the vaccines.

Mr. De Fries thanked Governor David Ige for holding the executive session of the Board and for his news to HTA to anticipate TAT funds to resume on July 1, 2021. He said that together with Mr. Regan, he met with Senator Wakai and Rep. Onishi to update them regarding the governor's news and to determine their priorities in relation to HTA's budget. He added that Rep. Onishi's committee had been helpful in getting them to understand the House's interpretation on what the near-term future looks like in relation to the budget.

Mr. De Fries turned the floor to Mr. Regan. Mr. Regan reported that their Natural Resources Program had been busy working with DLNR ensuring that they're moving forward with their projects and to provide them support. He noted that Mr. Ka'anā'anā has been working with his Kūkulu Ola programs and Ms. Anderson has been working with DMAPs and through the

Lānaʻi and Hawaiʻi island action plan. He reported that Ms. Herman’s team had been working with Trusted Testing Partners particularly in the Korean market, HE’s office and various government officials and work on Taiwan while Ms. Yamane had been busy with website updates. He added that Ms. Chun’s team continues to work on the different reports. He said that the other teams had been working hard to function as effectively and efficiently as possible.

Mr. Regan acknowledged Kalani Kaʻanāʻanā, Director of Hawaiʻi Cultural Affairs and Natural Resources, to provide an update. Mr. Kaʻanāʻanā clarified that they only have one active DLNR left and will finish up at the end of the calendar year. He noted that no contracts were made with DLNR since the last one in May 2020. He added that they’re also focused on determining ways to implement the DMAPs action plan. He noted that they are working on the contract closeouts for the Aloha ʻĀina program and the Kūkulu Ola programs in the 2020 calendar year cycle. He added that the Hawaiian language program and Nūpepa projects are still moving. He reported that initial work has been done with the wall repairs of the palace and coronation pavilion. He added that they are looking to finalize some plans toward conveying the first meeting of the HTA Surfing Advisory Committee.

Mr. Regan thanked Mr. Kaʻanāʻanā and his team for incorporating ʻŌlelo Hawaiʻi in their everyday operations. Mr. Regan recognized Caroline Anderson, Director of Community Enrichment, to provide an update. Ms. Anderson reported on the stages of the different DMAPs with the Kauaʻi DMAP already released to the public and Maui Nui , consisting of the islands of Maui, Molokaʻi, and Lānaʻi, DMAP to follow while the Hawaiʻi Island DMAP is still being finalized and Oʻahu’s DMAP process will begin next month. She said that they’ve been closing contracts and preparing final reports on the 2020 Community Enrichment Program. She added that they have sponsored the LEI (Lead Expose and Inspire) Program targeted in getting high school students interested in careers related to the visitor industry which will be done virtually in mid-April.

Mr. Regan recognized Pattie Herman, VP for Marketing and Product Development, to provide her report. Ms. Herman reported that the TTP has been covered for Korea but Taiwan has been put on hold because of lack of air operations. She said that they attended the Hospitality Industry Updates from Maui County and Honolulu County with good questions asked up to the mayors. She said that they will continue with the DMAP process.

She reported the hospitality industry is improving with most hotels getting last minute bookings for March and April with the bulk coming from June to August. She said that they attended various meetings such as with the Japan Hawaiʻi Travel Association to see what’s happening, with Chair Wakai and VP Chair Misalucha on branding budget, with Chair Onishi and leadership team on convention center budget related to marketing, with the GMTs

regarding BMP. She added that they presented Japan, US and Canada yesterday and will present the rest next month. She noted that they are finishing a strategic plan marketing guideline which will be used to see where and when to start energizing advertising in relation to the COVID-19 by country and CDC guidelines.

Mr. Regan recognized Marisa Yamane, Director of Communications and Public Relations, to provide an update. She reported that her team had been working with updates on the HTA website and its daily COVID alerts page and on boosted social media posts which include responding to questions from the media and travelers. She added that they participated in the DMAP research and process and are getting ready for the press release of Mau'i DMAP. She noted that they are also prepping for the legislative hearings which include drafting the written testimony for the bills. She said that she have continued to share the news on where these updates are to the HTA team which is almost 1600 updates.

Mr. Regan recognized Jennifer Chun, Director of Tourism Research to provide an update for January activities. Ms. Chun said that they've put out the Q3 Visitor Satisfaction monitoring reports and that the January stats was published this morning and there will be a presentation by a special speaker, Adam Sacks, later in the meeting. She noted that Mr. Sacks presented this morning for U.S. Travel Association a look at their Symphony dashboard and that her team is working on their own version.

Mr. Rafter suggested that the Resident Satisfaction Survey be done quarterly or bi-annually contrary to annually. Ms. Chun responded that she would love to do it more frequently if the Board approves budget allocation. Mr. Regan said that his team will look into it and see how to make adjustments for the request.

Chair Fried said that the manner on how the questions are asked should be altered and hoping that the dissatisfaction results will be better. He went on to acknowledge the presence of Rep. Onishi and Senator Wakai and that of Ms. McNamara.

He noted that there's a study in the CEO report regarding deaths and near-deaths with snorkels and there were major issue with the full-face mask where HTA needs to take a look and see what's to be done. Mr. Regan responded that the report is due on April.

Chair Fried said that he sent a copy to each since there's been a concern about the testing and asked if it is adequate to have an offsite. He recommended Krishna Jayaram to present next month, the point man on testings and working with HE on exemptions.

5. Presentation, Discussion and Action on the Destination Management Action Plan for Hawai'i Island

Chair Fried acknowledged Ms. Anderson, Ms. Kumukahi and Mr. Alameda give their reports on the DMAP for Hawai'i Island. Ms. Anderson acknowledged the people who worked on developing the plan. She reviewed the purpose of doing the DMAP and explained the process for the Hawai'i Island which is similar to the other DMAPS with exception to collaborating with their County Tourism Strategic Plan Cohorts. She presented the steering committee's identified overarching themes and anchor actions together with the list of hotspots. HTA is up to bring other counties and state agencies to work on solutions and mitigating issues.

Ms. Anderson turned the floor to Ms. Kumukahi and Mr. Alameda to share their thoughts on the process. Ms. Kumukahi noted that the hotspots are geographically far away from each other. She added that it would help HTA to partner with several organizations and one in particular is the Office of Hawaiian Affairs with their collaboration for the Burial Council. She referred to a YouTube video promoting Palahemo with a man jumping over shrimps that are becoming extinct and that no one can go there as it's far from the mainstream highway. She asked how HTA can help with community and state partners to bridge that gap and make such places safe and manage the resources, and what it means in terms of budget.

Mr. Alameda said that there are tons of hotspots in this island that aren't regularly kept and managed. He noted that HTA should need to get more serious in enforcing the existing laws and look into the laws we are creating. He urged the Board to support the DMAP.

Chair Fried called for a motion to accept the DMAP for Hawai'i Island. The motion was seconded and unanimously approved.

Ms. Yuen asked where these DMAPs will be stored. Ms. Anderson responded that they can be found in the Community Based Tourism Programs section of the HTA's website, and there is a link on the homepage directly linking to the webpage.

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 and Cruise

Chair Fried acknowledged Ms. Chun to give her report. Ms. Chun reported that with the Visitor Stats, the expenditure is down 77.6% at \$383 million compared to last January with \$1.7 billion for the month. She added that sheer visitor numbers is down to about 80%, with January being typically a high season for Hawai'i. She compared January's hotel and vacation rental performance and highlighted that the unit night supply for vacation rental is tremendously lower than hotel supply, which is a reminder that most of the visitors industry in the state is hotel.

Ms. Chun reported that the Department of Taxation collected \$21.3 million in Transient Accommodation Tax in January. Year-to-date Fiscal 2021 collections was \$56.6, which is down 85.6% and down \$334.9 million compared to same time in Fiscal Year 2020.

She shared the quarterly STR Hotel Forecast looking for the State of Hawai'i's occupancy to increase to about 47% statewide compared to last year, with ADR going down a little which could be due to discounting and for REVPAR having a net increase. She reported that O'ahu is looking at 50% occupancy and with a decrease in ADR resulting to increase in RevPAR to about \$95. She noted that Maui is looking at 46% occupancy and \$370 ADR with resulting increase in RevPAR. She said that the Island of Hawai'i has similar occupancy level to Maui County at 47.9% with \$240 ADR and small increase in RevPAR. She noted that Kaua'i is expecting for 43.2% occupancy based on assumptions of reopening but may be adjusted depending on what's happening in Kaua'i, with a \$222 rate and slight increase in RevPAR.

Mr. Rafter asked whether the STR reporting is based on current visitor plan inventory which excludes closed hotels. Ms. Chun responded that it is based on total inventory basis, meaning that closed hotels were assumed to re-open.

Mr. Atkins asked for clarifications on the percentage of end of month number for hotels. Ms. Chun responded that January statewide ended at 23.3% and it's at 18.4% for Kaua'i. She added that she benchmarked using 2019 since doing so on 2020 doesn't make sense, thus resulting to 13.2% occupancy for Kaua'i using the 2019 supply for January. It goes to 21.5% occupancy for the state.

Ms. Kimura expressed her observation that the arrival in January from Japan was 1600 with the 59 flights averaging to 19 passengers per flights and if she thinks they have to use more flights. Ms. Herman responded that all of the reports taken from the main airlines are basically status quo operations, which are their usual flights for the week coming in to Honolulu. Ms. Chun added that the passengers are not only visitors but also returning residents or those transiting through on the flights. Ms. Kimura agreed and said that half of the passengers stayed with friends and relatives and not on accommodations. Ms. Herman responded that the HTA is looking into maintaining or working through the visitor's length of stay.

Mr. Regan read the audience's question on how many units report to STR compared to the total units of 9,250 for Kaua'i. Ms. Chun responded that although not specifically written in the report, she do lists the number of statewide units but doesn't have it on hand.

7. Presentation and Discussion of the Tourism Economic Outlook from Tourism Economics

Chair Fried recognized Adam Sacks, President of Tourism Economics to provide an update. Mr. Sacks reported that deaths and hospitalizations being the two most important metrics of the external environment will go on a downward trend because of vaccination and should roughly be at 50% to 60% by the beginning of summer. He noted that there will be enough supply of vaccine for everyone in the U.S. to receive the vaccine. He said that looking at the trend right now, air passenger travel and hotel and room demands are down to thirds and auto trips are down to 7%. He noted that these are expected for a couple more months but hope can be seen with travel confidence trending upwards.

Mr. Sacks reported that the economy will define the pace of travel recovery and that jobs and labor participation rate are important indicators to determine how long this will take. He noted that the U.S economy lost 22 million jobs in spring and now only down to 10 million jobs. He added that the labor force participation rate has fallen so low which artificially lowers the unemployment rate. He explained that if the labor force is kept, unemployment rate would have been at 11% compared to only 6.3% in January. He said that the job market is expected to improve in the next months because most of the jobs lost are in leisure and hospitality and travel is expected to resume. Mr. Sacks noted that the economy is going to move forward because of the expected increase in labor market traction, interest rates set to nearly zero, and the \$4 trillion fiscal stimulus which will exceed \$5 trillion plus the additional stimulus checks pending approved by Congress.

Mr. Sacks reported on the assumptions on when travel recovery starts. He noted that Q1 will continue to be tough but with vaccination programs in Q2 and Q3, leisure travel will take up in the summer months with Q4 seeing business and group events travel normalizing substantially. He added that higher income households will drive the travel recovery and will account for 59% of leisure spending on lodging. He reported that their forecast with News Travel Association is that they expect domestic travel to fully recover in 2022 and International inbound travel to the U.S. fully recovering in 2024. He noted that Hawai'i is a different experience with its exposure to Asian markets and the differentiation with the mainland and minds of consumers' means that it will very well and likely beat the U.S. forecast for international.

Mr. Sacks reported that leisure travel in the U.S. is going to come back to 2019 levels in 2022 and business travel nearly back in 2024. He said that one of the reasons for optimism is that historically once a crisis resolves, like with the SARS outbreak in Hong Kong and Singapore, travel comes back seeing full recovery within 14 to 17 months. He added that according to the International Air Transport Agency survey, 80% of travelers are ready to go

within six months of virus containment. He noted that a big survey by the Cruise Line Industry Association of America found that 80% of responders globally wanted to get vaccinated within a year and 96% within the U.S. He added that 84% in the U.S. said that they will cruise again in December 2020. He added that a survey of the U.S. general population of travelers by Longwoods found that 81% have travel plans in the next six month. He commenced his presentation by saying that the enduring legacy of the crisis is gratitude and that people will be more grateful and appreciative of travel in a different way.

Rep. Onishi asked if there's a quantifiable measurement as to the reasons why people are leaving the workforce and if those people are intending to come back to the workplace. Mr. Sacks responded that he didn't have the exact numbers but the reasons boils down to parents sacrificing income to be with their kids, people not feeling safe, the presence of fiscal stimulus allowing people to be out of workforce longer and that historically, they will come back.

Mr. Atkins asked about the cruise industry moving back their dates further and people required to be vaccinated to be on a cruise. Mr. Sacks responded that though the cruises are being pushed back, it's encouraging that they are beginning to advertise again. He added that he doesn't have insight on the vaccination requirement but noted that majority of cruisers are willing to get vaccinated.

Chair Fried asked if vaccination will be required to fly. Mr. Sacks said that the lobbying forces on the aviation side are too strong to be publicly mandated requirement for domestic flights but internationally, certain countries will require proof of vaccination for a period of time.

8. Presentation, Discussion and Action on HTA's Financial Reports for January 2021

Chair Fried recognized Keith Regan to present HTA's financial reports for January 2020. Mr. Regan reported that the HTA for January can be found in the packet that Ms. Anderson sent out and will be posted at the conclusion of the meeting for public viewing. He noted that the financial statement reflects activity for the past seven months.

Mr. Regan reported that HTA received no TAT disbursements for the month of January. He said that there were expenditures of approximately \$4.1 million which included \$2.8 million from the approved fiscal year 2021 budget and \$1.3 million from prior fiscal years. He said that they did not receive any other revenue for January and

had about \$200,000 worth of encumbrances. He noted that the total encumbrances balance year-to-date against the fiscal year 2021 budget is \$36.63 million. He added that HTA's total outstanding encumbrance is \$40.4 million with \$8.3 million coming from prior fiscal years and \$32.1 million from current fiscal year 2021. He added that many of the current fiscal year contracts that were encumbered in December were to cover calendar year 2021 operations, such as branding, research, visitor assistance programs and others.

He reported that the current Tourism Special Fund is \$64.1 million in cash and investments which includes \$5.14 million in the tourism emergency trust fund held in safe instruments. He noted that the instruments included money, funds that are put into money market funds totaling \$4.1 million, in U.S. Treasury is at \$1 million. He added that the remaining balance of the tourism special funds separating out the tourism emergency special fund is \$59.07 million. Mr. Regan asked for a motion to approve the January 2020 financial reports.

Mr. Arakawa asked if the \$3.3 million reimbursement from the State is covered by the report. Mr. Regan responded that a bill H.P. 914 was introduced which provided a total of about \$ 5.5 million as an emergency appropriation to HTA. Mr. Togashi responded that they will incorporate it as language but not in terms of financial number to reflect in the financial statement as it is still subject to the legislature passing the bill.

Rep. Onishi said that the Labor Tourism Committee removed the language specifying how the funds should be used so it's just \$5.5 million emergency appropriation. He added that in Feb 22nd, they received a governor emergency appropriation message to ask the legislature pass the funding but hadn't been scheduled by the finance committee yet.

Chair Fried asked for a motion to approve the January 2021 financials. The motion was seconded and unanimously approved.

9. Report of the Budgetary Review Investigative Committee of their meeting held on February 19, 2021

Chair Fried acknowledged Mr. Rafter to give his report. Mr. Rafter reported that his committee is working on three main points for the budget which are building trigger points for when to increase spend, building the lowest level of spend that HTA can run on and on identifying savings that were made. He explained that if the market

doesn't show appreciable gains, then to spending won't wrap up until those trigger points are hit.

Mr. Rafter reported that they are working on building the ROI for increased revenue based on those spends and the market coming back. He added that Mr. De Fries' team is working on it to be incorporated into the budget. He noted that requested a full line item so they can look at it more closely on how the budgets were done 3 to 4 years ago. Mr. Rafter said that the key to doing this budget differently is based on market recovery and wise levels of spending based on the market conditions. He noted that with HTA hitting various trigger points, the plan will be available on how to accelerate thru the next one.

Mr. Arakawa reported that the they will be working on three scenarios like no funding, partial funding and full funding thru the milestone process and trigger points. He mentioned that they will be looking at quarterly timelines as to whatever happens to the market for the budget projections. He added that they asked Mr. De Fries to take a look and talk to department managers to see what needs to be done to restructuring or reorganizing HTA as every company has changed internally with COVID-19 and the changing tourism.

Mr. De Fries noted that Mr. Rafter and Mr. Arakawa received a proposed timeline commencing with staff focusing on the budget beginning March 1 with some work already being started. He added that they furnished a timeline that get the results with the final approval of the FY 2022 budget in June 24 with a whole series of milestones with nine dates in which his staffs are obligated to meet and get before Mr. Rafter's committee. He said that they will go on with it after the meeting.

10. 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 gave the floor to Mr. Kam to provide insights on the Legislative and Governmental Affairs Committee. Mr. Kam reported that they are tracking 53 bills, 5 in support, 3 opposed, 5 comments, 4 no positions and 65 no longer tracking. He noted that the Board's position is in support of full funding of \$79 million to HTA and \$16.5 million to HTC and opposed any measures that may impact HTA's funding. He added that HTA and HTC received no funding since May 2020 for the entire fiscal year 2021.

Mr. Kam reported that with their preliminary meeting with the Budget and Finance together with DBEDT Director and Mike McCartney, they shared that the HTA will not be funded for the remainder of Fiscal year 2021. He acknowledged that the entire funding for Fiscal year 2021 has been provided by budget cuts, cost reductions, carry overs and reserves by HTA and HTC. He noted that the Budget of Finance expressed intention to fully fund HTA and HTC completely starting fiscal year 2021. He added that HTA approved the 2021 budget of \$41 million ending June 30 and marketing branding budget is effective January 1 to December 31, 2021. He said that they are operating within the \$41 million approved budget until June 30 in addition to \$7 million saved in reserve not allocated for the fiscal year 2021 budget.

Mr. Kam reported that the HTA's total fiscal year 2021, including legislative pending approval, is approximately \$53.5 million until June 30. He noted that the \$79 million HTA funding by statute starts July 1 for fiscal year 2021 - 2022 per budget and finance. He added that the first money out will be \$1.5 million, second, the \$16.5 million Hawai'i Convention Center Enterprise Special funds and third, the \$79 million HTA special funds, thus with the first 97 million of TAT funds, HTA and HTC will be fully funded.

Mr. Kam reported that Tourism has provided 18 billion in revenue, \$1.9 billion in state tax revenue and 216, 000 job supported by tourists. He noted that the Board ensured that it is fully strategic in fund allocations to ensure the best return for the state.

11. Report of the Legislative and Governmental Affairs Investigative Committee of their meeting held on February 1, 2021

Chair Fried acknowledged Mr. Regan to give his report. Mr. Regan gave the floor to Mr. Kam to provide insights on the Legislative and Governmental Affairs Committee. Mr. Kam reported that they are tracking 53 bills, 5 in support, 3 opposed, 5 comments, 4 no positions and 65 no longer tracking. He noted that the Board's position is in support of full funding of \$79 million to HTA and \$16.5 million to HTC and opposed any measures that may impact HTA's funding. He added that HTA and HTC received no funding since May 2020 for the entire fiscal year 2021.

Mr. Kam reported that with their preliminary meeting with the Budget and Finance together with DBEDT Director and Mike McCartney, they shared that the HTA will not be funded for the remainder of Fiscal year 2021. He acknowledged that the entire funding for Fiscal year 2021 has been provided by budget cuts, cost reductions, carry overs and reserves by HTA and HTC. He noted that the Budget of Finance expressed

intention to fully fund HTA and HTC completely starting fiscal year 2021. He added that HTA approved the 2021 budget of \$41 million ending June 30 and marketing branding budget is effective January 1 to December 31, 2021. He said that they are operating within the \$41 million approved budget until June 30 in addition to \$7 million saved in reserve not allocated for the fiscal year 2021 budget.

Mr. Kam reported that the HTA's total fiscal year 2021, including legislative pending approval, is approximately \$53.5 million until June 30. He noted that the \$79 million HTA funding by statute starts July 1 for fiscal year 2021 - 2022 per budget and finance. He added that the first money out will be \$1.5, second, the \$16.5 million Hawai'i Convention Center Enterprise Special funds and third, the \$79 million HTA special funds, thus with the first 97 million of TAT funds, HTA and HTC will be fully funded.

Mr. Kam reported that Tourism has provided 18 billion in revenue, \$1.9 billion in state tax revenue and 216, 000 job supported by tourists. He noted that the Board ensured that it is fully strategic in fund allocations to ensure the best return for the state.

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 reported that their meeting was focused on marketing and recovery of tourism thru three of the GMTs: HBCB, HTJ and HTC. He noted that the three gave an update on market conditions and overall key trends. He noted that their consumer strategy did focus on the four pillars of the HTA's strategic plan and the Mālama Hawai'i as the core message going out to all consumers for all those markets. He said that a lot of the marketing spend will be more on digital and mobile, some travel trade and a lot of focus on MCI and the future of meetings and incentive business when recovery is seen and current efforts of team members to drive both single property, group business, potential city-wide and further out opportunities. He noted that the Rotary Citywide Convention rebooked for 2027.

Mr. Sanders reported that each of the market leaders presented a budget timeline and overall spend focusing primarily on market recovery and performance measures. He added that the HVCB has no significant spend starting until May and the majority of spend will happen in Q3 then Q4 of their current budget. He noted that HTJ has a minimal spend on PR

work until Q3 which is a big boom for spend with a slight decrease in Q4. He said that Canada has very little spending in Q1 and Q2 with evenly spread launch of mainly social and other areas in Q3 and Q4.

Mr. Arakawa suggested on the next presentation to do some type of measurement that will give HTA an idea on the ROI on the marketing contractor efforts. He acknowledged that sometimes ROI can be in the future but it would be good to have it shared which can be shared to the public. He suggested serving the States Safe Travels Program to the DMAP groups and other groups that deal with HTA to get their inputs which will better inform government decision makers.

Mr. Sanders responded that they will be able to track the GMTs as they have submitted their performance measures. He added that he brought up to all of the GMTs about doing more survey on the Mālama Hawai'i program and acknowledged that it's great to use the DMAP organization to ask them of things within their own communities that HTA should be opening up for tourism for the Mālama program that haven't been addressed yet.

Ms. Herman noted that aside from the performance measures, she said that they now have KPI pace which is basically aligned to HTA. The purpose and per day spend expenditures, visitor and resident sentiment are part of their KPIs.

Chair Onishi asked what the HTA think about tourism taxing bills as these are significant taxing proposals. Mr. Sanders responded that any increase in overall tax to tourists will slow down tourism and will impact their ability to get the higher spending customer. Mr. De Fries, Mr. Sanders, Mr. Atkins, Ms. Yuen, Mr. Chun and Mr. Arakawa expressed the same sentiments and shared their insights and suggestions about it.

Mr. Regan read the audience's question whether there's a focus to go after older travelers who will be fully vaccinated and able to travel before any other groups. Mr. Sanders responded that they are definitely targeting the elder generation but that the main goal are the high spend visitors who he believes are 28 to 54 years of age.

Mr. Onishi shared that that the tax proposal is coming from people who are concerned of the environment and the DMAP process suggested by HTA as a solution is a long process but these taxes are for immediate relief.

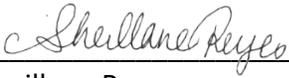
Mr. Arakawa asked Senator Wakai's input on what HTA should do on these increased taxes imposed on tourism. Senator Wakai responded that HTA should be fighting against it. He

added that the Green Fee bill is moving in the Senate and that he watered it down by having the tax connected to visitor arrival by having it kick in after 5 million visitors compared to July, 2021 and cut it down from 40 to \$20 but they changed all that back to 40 and the date of implementation is on January 2022. He cautioned that an analysis of these fees or survey might be counter to HTA's position.

13. Adjournment:

The meeting adjourned at 1:08 pm.

Respectfully submitted,



Sheillane Reyes
Recorder