



**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, April 29, 2021 at 9:49 am
Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815**

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

George Kam (Chair), David Arakawa, Kimi Yuen, Micah Alameda, Fred Atkins, Dylan Ching, Daniel Chun, Keone Downing, Kyoko Kimura, Sherry Menor-McNamara, Ben Rafter, Sig Zane

HTA STAFF PRESENT:

John De Fries, Keith Regan, Pattie Herman, Marc Togashi, Kalani Ka'anā'anā, Marisa Yamane, Caroline Anderson, Jennifer Chun, Carole Hagihara, Chris Sadayasu, Laci Goshi, Jadie Goo, Minh Chau-Chun, Ronald Rodriguez

GUESTS:

Rick Fried, Ku'uipo Kumukahi, Erin Khan, Barbara Okamoto, John Monahan, Jay Talwar, Jessica Lani Rich, Kara Imai, John Reyes, Noelle Liew, Mari Tait, Teri Orton, Eric Takahata, Mitsue Varley, Allison Schaefer

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule:

Kalani Ka'anā'anā, HTA Director of Hawaiian Cultural Affairs & Natural Resources, opened the meeting with a pule which is about a new day and opportunity that lies ahead. He acknowledged the meeting being held in person and welcomed everyone, most especially the new HTA Board members. Chair Kam called the meeting to order at 9:49 a.m. He confirmed the attendance of the Board by roll call.

2. Mahalo to HTA's Outgoing Board Members: Rick Fried, Kelly Sanders, Ku'uipo Kumukahi for their Service to the Hawai'i Tourism Authority:

Chair Kam recognized the outgoing and new members of the Board. He acknowledged the contributions of Kelly Sanders, outgoing Chair of the Marketing Committee, in so many ways and unfortunately, he couldn't come. He thanked Rick Fried who served as HTA Chair for seven years for his leadership and guidance. He turned over the floor to Mr. Fried. Mr. Fried thanked the present Board who he finds most rewarding to work with considering the depth, knowledge and diversity it possess. He identified each of the members of the BOD for their valuable insights and contributions to HTA and recognized the HTA staff for their valuable work and support. He acknowledged Gregg Kinkley for his legal counsel and for keeping him running the meetings. He continued to thank individuals who had been invaluable resources to HTA, especially Rep. Richard Onishi, Allison Schaefer, and Teri Orton. Chair Fried noted of HTA's part in the Hawaii Climate Change Mitigation and Adaptation Commission and endorsed the requirement to review any invoice amounting to \$50,000 and above. Chair Kam recognized Ku'uipo Kumukahi to say a few words. Ms. Kumukahi showed a 120-year old scarf from when the Kingdom was overthrown. She said that she's not a leader but a servant of Hawaii, and looks at the audience as the guardians. She urged everyone to protect Hawaii, and so that she will take care of them in return. She proceeded to sing a mele with her guitar. Members of the Board spoke of their appreciation for Ms. Kumukahi's contributions to HTA. Mr. De Fries thanked Mr. Fried for his leadership and noted that both he and Ms. Kumukahi will be missed.

3. Welcome to HTA's New Board Members: Dylan Ching, Sigmund Zane for terms ending 06-30-2024; Keith Downing for a term ending 06-30-2022; and reappointment of David Arakawa and Sherry Menor-McNamara for terms ending 06-20-2021

Mr. De Fries congratulated Sherry Menor-McNamara and David Arakawa for their confirmation. He introduced and welcomed three new Board members, Dylan Ching, Sig Zane and Keith Downing. Mr. Ching expressed his gratitude and noted that he embraces the principles of "servant leadership" and will help HTA in every way he can. Sig Zane expressed his mixed emotions with the new journey. He said that he was inspired with the words spoken and sang today and called on Hawaii's ancestors and invited them to be by his side with this huge journey. He said that he's ready to move forward. Keith Downing said that when asked why he wanted to join HTA, his response was that he is always up to the challenge of riding big waves. He added that this is a great opportunity to leave a legacy to his kids and to listen to people who are hurting the most and find balance for Hawaii, as it's a place he was born and plan to die.

4. Approval of Minutes of the March 25, 2021 Board Meeting

Chair Kam requested a motion to approve the February 25, 2021 Board Meeting. George Kam made a motion and it was seconded by Kelly Sanders, and unanimously approved.

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

Chair Kam asked whether there were any permitted interactions. Mr. Arakawa reported that there were about five people who had interactions and the administrative committee will report on the issues raised, as well as decide on the adjustments.

6. Report of the CEO Relating to Staff's Implementation of HTA's Programs During March 2021:

- **Major Market Management including Destination Marketing Management Services, Global Meetings, Conventions and Incentives (MCI) Program Management Services, Responsible Tourism, Support of State COVID-19 Mitigation Efforts**

Mr. De Fries addressed Senator Wakai's comments about HTA's leadership in safe travels and mentioned his participation in the weekly discussions months ago with DBEDT Director McCartney, Lieutenant Governor Agie Haima, and the DOH to discuss policies in safe travels and the business perspective of it. He noted that vaccination passports can be done on May 11th with the challenge of certifying the validity of the card. He read about a paper written on January 15, 2005 by Dr. Richard Kelly, then chairman and CEO of Outrigger Hotels, that speaks about the state having to increase tourism marketing to compensate for the inflation experienced after the 9/11 attack, which played a big role in the economic recovery but was cut back in succeeding sessions. He read further that Dr. Kelly urged for the restoration of the marketing funding at the original agreed percentage if Hawaii is to become competitive in global tourism. He turned over the floor to Kelly Sanders to provide the summary of the CEO report.

Mr. Sanders reported that there are 25 member teams of HTA working who are led by managers. He noted that all of the programs continue despite the pandemic, particularly with that of the Natural Resources and Hawaiian Culture and the DMAP that addresses tourism issues at the county level. He said that marketing and product development activities were performed to ensure Hawaii's readiness for recovery and important research information were provided to the public to make decisions. He recognized Marisa Yamane, Director of Communications and Public Relations, for reaching over 1700 briefers with the pandemic information and related activities. He thanked John De Fries for bridging the communications between the mayors and the industry, including the Hawaii Hospitality Industry Update. He recognized Jessica Rich, Executive Director of Visitor Aloha Society of Hawaii, for supporting visitors in crisis, as well as the COVID-related flight assistance program. He thanked Rochelle Hennings, Daphne Therese, and Janet Cohar for their hard work with the visitor assistance programs in various counties. Mr. Sanders said that the last

page of the CEO report contained the listing of contracts that have been executed during that month. He turned over the floor to Kalani Ka'anā'anā.

Mr. Ka'anā'anā thanked the Governor's office for working closely on the reservation system and said that there are scheduled meetings with them and the DLNR to continue these works. He noted of the worldwide premiere of May Day on May 1st, presented in partnership with Hawaiian Airlines and the nonprofit Kāhuli Leo Le'a, which will air in both Japan time and locally on KGMB and Facebook Live. He reminded everyone to "Make a Lei, Wear a Lei, Give a Lei".

Mr. Regan recognized Caroline Anderson, Director of Community Enrichment, to give an update. Ms. Anderson reported on the status of the DMAPs. She noted that the Maui Nui DMAP was released to the public, the Hawaii Island DMAP was finalized, and the Oahu DMAP Action Plan is in its planning process. She noted that in partnership with the University of Hawaii, Go Farm Hawaii, Hawaii AgriTourism Association and Oahu Resource Conservation and Development Council, they have updated the AgriTourism guidebook: "Starting AgriTourism Operation" and are trying to uplift other niche markets of tourism in Hawaii. Ms. Yuen asked if there will be a community meeting soon for the Oahu DMAP. Ms. Anderson responded that Oahu Community presentations will be on the following Tuesday and Wednesday.

Mr. Sanders recognized Patty Herman, VP of Marketing and Product Development, to give an update. Ms. Herman reported that Mr. Shibata has replaced Mr. Noguchi as ANA General Manager. She noted that the Taiwan TTP process was completed with the governor making a press release from his office. She said that the final decision was for HTA to participate in trade show discussions for IPW, where a lot of international travel trade partners come. Ms. Herman reported that the Safe Travels program is efficiently implemented basing from the ocular survey they did at the airport. She noted updates for the HTA website's branding section is finished with its improved verbiage and look. She noted their participation in the DMAP process and discussions on the budget and budget cuts, promotions and campaign timings, and in marketing presentations to travel partners and residents. She added that they held financial review meetings with all of the GMTs. Mr. Sanders reminded that the HTA has been involved in the development of Safe Travels Program since its onset in 2020 but it transitioned over completely to DOT and DOH sometime in 2021.

Marissa Yamane, Director of Communications and Public Relations, reported that they've been writing and drafting all written testimonies with input from the legislative team. She acknowledged her team for putting much effort and hard work. She noted that they've been responding to questions daily from local and international media. She added that Mr.

De Fries did a lot of TV interviews also. She said that they helped with the DMAPs editing and provided support to all of the different departments.

Ms. Kimura asked how to read the chart of the contract list. Mr. Regan responded that if the contract amount is blank, the number is an extension of time which is a non-monetary extension of the contract. He added that if there's any amount tied to it, those are encumbrances and that no new amount was added to the contract.

Mr. Chun asked how to bridge the communication gap between the legislation and HTA. Mr. De Fries responded that the commitment is to get in front of each legislation and take guidance from them. He said that to get the message out, it's critical to go beyond paper, and go on a dedicated tour primarily this summer and fall. Mr. Sanders added that the big challenge has been the inability to access legislators directly by going to the Capitol, unlike in 2019. He said that the communication needs to be re-examined to get it better. Chair Kam said that the message from Chair Onishi and the comments from the legislators are very clear that HTA is not standing up for what's important. He noted of a need to come up with a plan with the Ontology team to strategically and consistently share HTA's story which resonates with the community and legislature.

Ms. Menor-McNamara noted that aside from communication, building and strengthening relationships with not only the Chairs but 76 legislators is also important. She asked of HTA's involvement in the vaccination passport programs. Mr. De Fries responded that the Mondays and Wednesday meetings he mentioned a while ago takes a look at all the agencies involved which mostly centers on the DOH. He added that at some point in the discussion, the implications to travel and tourism comes into play. He said that HTA's role is to bring voice to the visitor industry and make sure that operational needs, priorities, and the interactions at the airports, in particular, are understood and communicated. He added that Fridays are reserved for just the Governor and the mayors to come up with decisions and agreements.

Mr. Arakawa noted that three very strong elected officials were pounding HTA to do things with the community, and they aren't aware of the finished and ongoing work on the DMAPs. He suggested creating an agenda to talk about the four pillars and then work with the legislators to create legislative champions who will help HTA in educating their own. Mr. Kam asked how to get more Board members involved with the committee meetings so they can listen to them and provide their valuable contributions. He suggested having a deeper discussion on what committees to form because sometimes, it might be the "To don't" list more than the "To do" or less committees formed but more inclusiveness where everybody can all contribute.

Mr. Atkins recounted that initially, the legislature didn't want to have any dialogue with the Board but just the CEO and some executive staff. He noted that there was a period where they go into executive sessions and have invited Senator Wakai and Rep. Onishi for transparency. He said that he was surprised to hear that three key legislators didn't know about DMAP and some of the programs when aside from being discussed in the meetings, it is also available in the papers and online. He noted that when he spoke to a number of Senators about HB 682, some of them haven't read HTA's strategic plan. He suggested that it's got to be a one-on-one communication with them where they are asked if they have any questions and concerns about HTA's 5-year plan. He added that the Marketing and the Board has to come up with a plan to prove that HTA needs a budget over \$60 million. Mr. Chun responded that he was suggesting, not of transparency, but of the need for strategic communications in a way that people will listen to HTA's key messages, for the things that they need to know most is out there and they're aware of it.

Mr. De Fries said that when HB 862 came out of the joint Senate committee, it was discussed as a vision of Hawaii's future and it wouldn't have deprived the larger community from responding. He noted that in 18 hours, the HTA staff was able to get 202 written testimonies submitted, with 201 testimonies opposing the bill, but the bill still passed. He added that the 201 letters and testimonies all break out into the four pillars with the cross sections of the community, namely travel industry (airlines, hotels, resorts, destinations), community nonprofits, environmentalists and native Hawaiian cultural practitioners. He suggested to work through that to maintain and build support and to build on the voice that the individual pillars are resonating with the community. Ms. Yamane said that they have a strategic communications plan which is always updated as things happen and was emailed to Chair Kam.

7. 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

Ms. Chun reported on the highlights of the March Visitor Statistics published today at 9:00 am. She noted that there's an increase in total expenditures by air in March compared to March 2020 because the Governor then announced the need for a lockdown and 14-day quarantine period. She noted that interesting visitor statistics are starting to be seen from now on. She said that while visitor arrivals and average daily census are up, PPDS is going down with the increasing average length of stay for all visitor market. She noted that the Department of Taxation initially collected \$20 million for March, and \$93.5 million for FY 2021 which is down 81.8% compared to \$514.1million in FY 2020. She said that air seats are lower than because flights kept on flying until first week of April last year. She said that

occupancy is the same as last year with ADR slightly higher, but with the lower occupancy, there's a lower RevPar at 0.3%. She noted the vacation rental side is having a higher occupancy because of fewer supply compared to hotel rentals.

Ms. Chun reported that the second round of the resident sentiment survey was fielded on April 27 and will end on May, with different questions from summer. She thanked Mr. Atkins for his pointed questions that made its way to these changes. She noted that the sample expanded and is conducted online and by phone to Hawaiian residents who are 18 years old and above. She discussed the types of questions and the questions that were added, removed and improved.

Mr. Arakawa suggested incorporating into the questions the impact of DMAP on the public, the reservation system with DLNR, and other HTA programs the next time the survey is done. Ms. Chun took note of it. Ben noted that the purpose of the questions is to get data that HTA can act on and not to change people's behavior.

Ms. Chun reported that with HTA's membership with the Tourism Economics and Chairman's Circle of the US Travel Association, they are able to produce the Symphony dashboard of and will report the February data because the March report will probably be published on Monday. She said that there were a number of phases done with the first phase having to integrate HTA visitor statistics, lodging data and Uber media geo-location data. She noted that in there's no presence of the international market at all in February 2021. She said that the top most visited area is Waikiki and Kalakaua Avenue was the number one point of interest. She added that the next most popular place of interests were Lahayna Bypass, Kailua Town, Upcountry Maui, and 4th St. Lahaina. She noted that people are going to Oahu and Maui, which is consistent with the visitor statistics. She added that the lodging summary consists of three major types of lodging: hotel information, short-term rentals and timeshare (quarterly basis). She said that the lodging demand and the room nights statistics are by quarter. She noted that the summaries by island found in the board packet were broken down to the top POI visited by visitors and by residents. She explained that a deeper analysis of POI was done like the top POI for Oahu, where they went from there inside Oahu, and where else they went outside of Oahu. She explained that since they can't publish the interactive database, they will do the PDF reports every month. She said that the lodging summary phase showed all the other Islands except for Molokai and Lanai in the Board book.

Ms. Chun reported that the Tourism Economics Global Survey Travel Outlook specifically tracks Honolulu for their domestic and international arrival which was indexed in 2019. She noted that domestic arrivals to Honolulu are expected to be back to 2019 levels in 2022

while international arrivals in 2024. She noted that indexing spending to the same levels of 2019 is likely to happen in the middle of 2022 and will not happen till closer to 2025 for international arrivals.

Ms. Kimura asked about vacation rentals. Ms. Chun responded that it's mixed. She said that they've been working to increase the amount of direct contribution and ensured that these respondents are legal vacation rentals but integrated with the whole, it does include illegal vacation rentals that they don't support.

Mr. Kalani said that it's hard to believe that 70% of the visitors to Kalakaua Avenue as POI are residents. Ms. Chun explained that every time a resident goes there, it's being counted and driving through won't be counted if not stuck in traffic. Mr. Kalani noted that he asked the question specifically because the mapping of the POIs was very specific and intentional and will help in knowing how many people went to festivals to understand resident visitor interaction and to know if funding is to continue for those programs. Ms. Chun said that the interactive dashboard allows for evaluating pre and post trips of people who went to the convention center, festivals or events as they have been doing in the past.

Ms. Kimura asked if the residents pertain to residents of Hawaii and not per island. Ms. Chun explained that the dashboard is interactive and can be manipulated to show by all residents of the islands or by county. She asked if anybody else had other specific questions to guide her through a report format to publish every month. Mr. Kam asked if every island that the Kama'aina travelers are visiting is not counted for that Island as a resident, and that this is to gather information on inter-island travel which helps the hotels. Ms. Chun responded that the dashboard could show where the residents for a County are going.

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

Mr. Rafter reported that the March financial statements reflected activity for the past nine months. He noted that HTA did not receive TAT disbursement since May of 2020 because it was suspended due to the pandemic, the need for the State to conserve funds and through the emergency proclamation issued by the Governor. He added that no disbursements are expected between now and the end of the FY 2020. He noted that HTA approximately had \$6.5 million in expenditures which includes \$4.3 million from the approved FY 2021 budget and \$2.2 million reflected in the statement of revenues and expenditures for prior fiscal years. He added that they received miscellaneous revenue of \$160,000 from refunds and a little from the investments which resulted in an overall net reduction of \$6.4 million to the TSF. He noted that the total encumbrances for March were \$196,500 and \$36.8 million total encumbrances year-to-date against FY 2021 budget. He noted that this reflects about 90%

budget utilization and that carryover savings are expected in the next fiscal year. He said that the total outstanding encumbrances, which includes prior years is \$33.6 million with \$5.7 million from prior fiscal years and \$27.86 from the current fiscal year.

Mr. Sanders reported that approximately \$57.8 million in cash and investments left from the Tourism Special Fund, which includes \$5.1 million in the Tourism Emergency Special Fund. He added that HB 862 has left the tourism emergency special fund intact. Chair Kam asked for a motion to approve the budget. Micah Alameda made a motion, seconded by Daniel Chun, and was unanimously approved.

9. Report of the Budgetary Review Investigative Committee of their meeting held on April 16, 2021

Mr. Kam acknowledged Ben Rafter to provide an update. Mr. Rafter said that the Budgetary Review Investigative Committee (BRICK) met with the main focus of tightening the budget process and to prepare for the next fiscal year. He noted that the committee asked for either reductions and/or analysis for lagging markets which includes Japan, Korea, Canada and Oceania, with the goal of cutting spend to a minimum and to maximize spend and ROI when marketing triggers are hit. He added that the third focus was to take the opportunity with HTA leadership to take a look at the budget and team and address the next 5 to 10 years of HTA as if it was built from scratch. He said that they have reviewed the impact of HB 200 and HB 862 which involved major changes to funding, funding sources, staffing and programs. He noted that they've focused more on the budget being flexible enough to incorporate whatever spend present and then to maximize the ROI of when there's a need to spend.

Mr. De Fries said that the worksheets detailing both bills are not yet available but information within the bill is enough to understand its challenges. He noted that the Governor expressed his deep concern about HB 862 and of his intention of having an executive session for the Board to discuss the matter.

Mr. Kam noted that the governor has until June 21st to give notice to the legislature who in turn has until July 6th. He said that they will do due diligence and work on a strategy on how to address the two bill in the executive session.

10. Report of the Legislative and Governmental Affairs Investigative Committee of their meeting held on Wednesday, April 21, 2021

Chair Kam recognized Senator Wakai who called in to provide an update. Sen. Wakai congratulated the new members of the Board. He reported that HB 862 placed HTA's TAT

budget from general funding to special funding and will receive \$60 million federal fund. He added that yearly, they will have to come back to the legislature to request for a general fund appropriation. He added that they took out \$103 million and gave the county an opportunity to implement up to 3% of TAT of their own to make up for any shortfalls with their allocations being taken away. He noted that the HTA's procurement exemption was removed and that the lawmakers expect continuous full funding of the 3-tiered pillars and that the budget cut of \$19 million will be seen in the marketing and operational expenses. He said that we need to be mindful of the value of tax payer fund for many lawmakers didn't see that HTA was willing to pull back on tax funding.

Mr. Atkins asked for the justification of taking the HTA from dedicated funding to federal funding. Sen. Wakai responded that the TAT will also be used for paying for the convention and not for marketing purposes alone. He noted that HTA will get \$60 million this year and if HTA will come up with a good plan, then the marketing funding should be back to \$79 million and the the lawmakers will reconsider it. He noted that it's about holding HTA accountable to make sure that the lawmaking body and the community can lobby how HTA is spending those tax dollars.

Mr. Fried asked for the justification of not getting them go through procurement. Sen. Wakai answered that there were instances in the past that the procurement exemptions were abused like with the contract with a lobbyist where \$110,000 annually is spent. They can bring back exemptions from procurement depending on what HTA can do to show in the coming years that these are needed.

Mr. Arakawa asked if the Senate and HTA can work together on the interim to educate each other about these issues and to come to a mutual understanding moving forward. Sen. Wakai said that the House is willing to meet in the interim. He said that unless the Senate sees that HTA is taking a leadership role in the important status of tourism, then he ensures that the lawmakers will be thrilled to provide all the funds it needs.

Mr. Chun asked about the appropriation process and if VASH (The Visitor Aloha Society of Hawaii) is still under HTA. Sen. Wakai said that HTA will start up the fiscal year with \$60 million and that the VASH and cultural groups funded in the past will continue to be funded. Chair Kam recognized Rep. Onishi to provide an update. Rep. Onishi acknowledged the HTA staff in working to craft the budget. He noted that such budget was put together to ensure the continued services of HTA, its primary function of marketing and to retain all of the staff and is the budget that the House introduced in HB 200 HP1 but the Senate made adjustments along with other adjustments in terms of another bill, HB 862 and HP321 to curtail HTA's functionality and budget. He noted that the main issue was the transfer of the

research arm of HTA to DBEDT. HTA wasn't the only research portion that was consolidated but so with other entities to be able to look at the research for the State of Hawaii in a larger picture.

Rep. Onishi said that they did a bill that has looked at the Safe Travels program but felt that the Governor and the mayors were all headed in the direction of coming up with a Statewide protocol that will be consistent across all of the counties that the bill was not needed.

Ms. Kimura said that the Plan and Go strategy particularly pointed out that HTA needs to make decisions based on responsible, accurate and targeted data which was the reason why the research came in house. Rep. Onishi said that they had no intentions of eliminating the tourism research and it's just going to be consolidated in a larger scale for the State Hawaii. Mr. Atkins asked about his feelings on HTA moving forward not having a dedicated funding. Rep. Onishi responded that the intention of the House is a balanced budget, and they chose to use the American Rescue Funds for the next fiscal year for HTA and the convention center. He added that the House is looking at general funded moving forward for HTA funding for it is more secure than TAT Revenue. He noted that by moving to general funds, they'd have a fixed amount of money that they're going to get every year.

Ms. Yuen asked if they could still work directly with the research team to measure different things in the DMAP. Rep. Onishi responded that HTA can make those out because it was clear that it was transfer to DBEDT to consolidate all research efforts of the State. He added that should problems with getting the support of DBEDT, HTA can bring it up to him.

Mr. Arakawa said that HTA's staff is looking to work together with the legislature and other state departments as discussed yesterday.

He responded that he is continuously supportive to both HTA and the visitor industry and does so by working with the leadership and sharing the House's perspective among others. He noted that he and HTA planned to provide a convention center tour to the freshman legislators to give them some perspective of the issues. He noted that the House had different takes with regards to HTA's direction and some believe that HTA should be completely abolished for wasting public money on HTJ. He noted that there were no industries outpouring when the Senate introduced the amendment HB321 and HB862 which is surprising. He advised that HTA needs to address different opinions and to engage the industry people.

Mr. De Fries thanked Rep .Onishi and Finance Chair, Sylvia Luke for their hard work in restoring the functionality in the conference committee. Rep. Onishi said that he committed

to HTA's leadership that the House's intention was not to eliminate any jobs but it didn't happen in the Senate proposal with the elimination from 32 to 16.25 staff members. Mr. Fried expressed his gratitude for his strong support and understanding to HTA and hoped for his continued support to the new Board and to call out when things needs to be addressed.

Chair Kam thanked Rep. Onishi, in behalf of the entire board for being the biggest advocate and supporter of HTA. Rep. Onishi expressed his satisfaction in working with current and previous Board members, staffing and the visitor industry for their huge amount of dedication in ensuring that people wanted to visit Hawaii, they are taken care of and in creating a product that Hawaii can be proud of. He acknowledged Mr. Ka'anā'anā for being one of the hardest working people and for his tremendous efforts to take on the responsibility, not only with the HTA but the leadership of the stack.

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

Mr. Kam reported that Chris Kam of HVCB, Ms. Chun and HTJ gave their presentations. He noted that the budget was originally \$10 million which decreased to \$9 million then \$4.5 million and had proposals to lower it to \$2 million. He added that New Zealand and Australia have narrowed to three people and then down to one person. He said that although cuts on spending are desired, investments in marketing are important and planning the infrastructure is needed. He asked Mr. Atkins to share his thoughts.

Mr. Atkins asked about Oceania's number of manpower. Ms. Herman confirmed that it was down to one person at the moment. Mr. Atkins expressed his opposition to such extreme cuts and these should be approved by the Board before doing so. He said that changes can happen very quickly like with the CDC today allowing the cruise ship industry in America to open on July 1st with four or five states warning to sue them. He said to take the time with the budget, then work on the plans laid out and debt cons should be approved by the board.

Ms. Herman responded that they didn't have the debt con yet and are using the 2021 approved \$400,000 budget. She said that it was a 3-person team with two working part-time, and it was by choice that they took other full-time positions. She noted that as of May 5th, any fully-vaccinated Korean person going back to Korea does not need to go through a 14-day quarantine and they just get tested with Trusted Testing Partners.

Mr. Kam noted that when Safe Travels started, it was about health and to keep everybody out, which was down to 98%. He noted that the challenge is on how to welcome travelers back which is far from great because it was done from a health perspective and not from the traveler's experience. He added that to change the game is to get everybody in alignment to welcome visitors in a safe and persistent way.

Mr. Kam asked Mr. Chun to share an update on airlines and on his perspective of the legislatures' "high spend, high quality visitor". Mr. Chun noted that they're waiting for the Health Pass and the State's decision in terms of allowing trans-Pacific passengers to utilize their fully vaccinated status. Mr. Chun said that HTA is targeting a higher spend visitor in the highest market in the U.S. with a strategic plan that looks for tourists who are supportive of all four pillars. He noted that there's a lack of correlation between Hawaii's highest spend visitors and those surveyed having the most sensitivity to the environment and culture, thus targeting people with both qualities would require a higher cost per visitor. He added that lifetime spend is also something to look at for people who may initially be undesirable visitors but overtime, become desirable visitors by advancing their career and sensitivity to what they want. He said that with the distribution of marketing funds, mixed messages needed to be cleaned up especially for visitors that, no matter what the spend, are sensitive to the culture and environment and who will walk home with local products, and not of Louis Vuitton bags, which do nothing for a local artisans and they leave Hawaii a better place. He noted that it's important to understand the difficulty of the marketing job because of all of these different messages that HTA is trying to work through.

Mr. Rafter commented on what Mr. Atkins brought up with Japan's spend and cutbacks for Oceana saying that they looked at the different scenarios with the different budget cuts. He noted that of the \$4.5 million remaining budget, he believed that less than \$2 million was spent. He added that it's so important to build the tiers so the budget can be kept as much and spend when the market is ready. He said that the message about budget cuts is getting lost and cutting the budgets more would point to penalties. Ms. Chun said that in her March hotel report, Hawaii has the highest ADR in the U.S, thus visitors are spending a significant amount. She said that working with each HVCB, they've been putting out reports on the responsible traveler with two months data available for them. Ms. Herman said that the Global Marketing Teams International were there because they're experts in their own country. She acknowledged the passion of the GMTs and said that if they needed to be cut, why HTA has to operate them. Mr. Rafter reiterated that HTA can make the budget anything they want, but the idea that people are not being responsible is unlikely.

Mr. Atkins asked if what's being done is deferring any action until it goes back to BRICK. Chair Kam confirmed that it's a sharing from the marketing standpoint and Ms. Kimura's

point is to take it back to the BRICK to be decided on. He said that it can be discussed later with the whole Board for the decisions involved people's lives. He added that one can't trick its way to success and investments are needed.

Mr. Ka'anā'anā said that it's important to understand that the GMTs are critical to the implementation of the specific actions from the DMAP. Mr. Rafter said that when asked by Sen. Wakai and Rep. Onishi about opinion of things, two subjects came up: (1) the Star Advertiser article about DLNR finding two people building a dock illegally but missed in the article that it was a blatant illegal vacation rental at \$2,000 bucks that was making all the neighbors mad; and (2) vaccination passports with efforts to make it fully digital. He noted that now is the time to work with counties and legislature to find a better way to handle the illegal ones. He said that they need to urge the Governor and the legislators to put together a pragmatic approach to hinder fake ones.

Mr. Arakawa said that the marketing committee meeting yesterday went over all the issues and why Hawaii's marketing should not be cut. He noted the all members of the Board believed and agree with the GMTs to keep the funding right for marketing. He said that there was a new paradigm coming out of the presentation which was about the future of tourism. He noted that Tourism has definitely changed pre- and post- COVID as to how people decide where they want to go and why they want to go places. He added that there were three interesting questions that came out: (1) how did COVID change people and what are they going to do different in marketing; (2) what are the competitors doing and what can we incorporate in Hawaii (3) what is the connection to the community and what's the status of their marketing in promoting local community businesses. He noted that the Board members of the marketing committee asked these contractors to come back with new stuff that will put us ahead of the competitors.

12. Nominations, Selection and Appointment of the Chair of the Hawai'i Tourism Authority

The table was opened for the nomination of HTA's Chair. Fred Atkins nominated George Kam. Mica Alameda seconded Sherry Menor-McNamara nominated David Arakawa. Kiyoko Kimura seconded. The nominees gave their speeches. The election was done by roll call. George Kam was elected President.

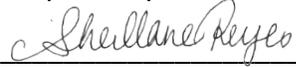
The table was opened for the nomination of First Vice Chair. Kiyoko Kimura nominated David Arakawa and Kimi Yuen seconded. George Kam nominated Fred Atkins and Micah Alameda seconded. The election was done by roll call. David Arakawa was elected as the First Vice Chair.

The table was opened for the nomination of Second Vice Chair. Ms. Menor-McNamara nominated Fred Atkins and Mr. Rafter seconded. Mr. Chun nominated Kimi Yuen. Mr. Arakawa recommended taking two Vice Chairs. Mr. Chun reminded everyone that the Marketing Chair needed to be filled. Mr. Rafter voted Kimi Yuen for Second Chair and Daniel Chun for Marketing Chair and it was unanimously agreed. Kimi Yuen was elected Second Chair and Daniel Chun for Marketing Chair.

13. Adjournment:

The meeting adjourned at 3:13 pm.

Respectfully submitted,



Sheillane Reyes

Recorder