



Hawai'i Convention Center  
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815  
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**David Y. Ige**  
*Governor*

**John De Fries**  
*President and Chief Executive Officer*

**REGULAR BOARD MEETING  
HAWAII TOURISM AUTHORITY  
Thursday, October 28, 2021, at 9:31 a.m.**

**In-Person and Virtual Meeting  
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, Sig Zane, Ben Rafter

**MEMBER NOT PRESENT:**

**HTA STAFF PRESENT:**

John De Fries, Keith Regan, Kalani Ka'anā'anā, Caroline Anderson, Carole Hagihara, Iwalani Kaho'ohanohano, Marc Togashi, Maka Casson-Fisher

**GUESTS:**

Jennifer Chun, Charlene Chan, John Reyes, Erin Khan, John Monahan, Jay Talwar, Nathan Kam, Jessica Lani Rich, Eric Takahata

**LEGAL COUNSEL:**

Gregg Kinkley

**1. Call to Order**

Mr. Regan, HTA Chief Administrative Officer, called the meeting to order at 9:31 a.m. He provided instructions to the general public with regards to submitting testimony. Mr. Regan confirmed the attendance of the Committee members by roll call.

**2. Opening Cultural Protocol**

Mr. Casson-Fisher opened the meeting with a pule that calls upon the responsibilities of the aumākua of this season.

**3. Approval of Minutes of the September 30, 2021, Board Meeting**

Chair Kam requested a motion to approve the noted changes from \$464 million to \$64 million in the minutes of the September 30th, 2021, board meeting. The motion was seconded by Ms. Yuen. Mr. Regan confirmed the votes through roll call, and it was unanimously approved.

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

Chair Kam requested a motion. The motion was seconded by Mr. Ching. Mr. Regan confirmed the votes through roll call, and it was unanimously approved.

**5. Presentation, Discussion and Action on HTA's Financial Report for September 2021**

Mr. Regan thanked the finance team. He mentioned that moving forward, the use of the American rescue plan act funds, the ARPA monies, that a significant amount of time and resources will be dedicated to monitoring reporting on the expenditure of those funds.

Mr. Togashi reported that as of September 30th, there is \$64.3 million in cash and investments, which represents a \$3.1 million decrease from the August financials. \$5 million is reserved as the Emergency Fund. Approximately \$56.6 million is encumbered to contracts. \$2.7 million remaining is unencumbered. He noted that the Tourism Special Fund is set to sunset on January 1st, 2022, upon which all unencumbered funds will be remitted to the State's General Fund and the \$5 million Emergency Fund will remain as HTA's reserve. He reported that the Board has approved approximately \$35 million for the Tourism Federal Fund, of which \$3.2 million has been encumbered for payroll. He spoke about a table in the Executive Summary that shows the four levels of approval that are required to expend funds and the status at each level.

He reported that the Convention Center Enterprise Special Fund has \$47.7 million in cash, which is an \$11 million increase from August due to the \$11 million in TAT that was received. \$35.9 million is encumbered toward contracts and the remaining \$11.8 million of unencumbered funds will include future deposits of Convention Center revenue. He reported that at the beginning of the fiscal year the CCESF had reserves of \$870,000 which they anticipate increasing to about \$16.8 million by the end of the fiscal year.

Ms. Kimura asked if, in the 2022 budget breakdown, they could breakdown the 85% branding to four pillars.

Mr. Togashi stated that they have \$8.6 million approved by the Board so far that includes \$100,000 of cruise consulting costs, \$22.5 million dedicated for the U.S. major market area RFP, \$4.5 million related to MCI, and about \$1.5 million remaining for support costs.

Mr. Ka'anā'anā stated that most of the support for Hawaiian culture, natural resources and community had already been funded out of the FY 2021 budget and the allocation is in branding for the 2022 budget because the majority is the U.S. MMA RFP at \$22.5 million.

Chair Kam asked for a motion to approve the September budget.

Mr. Arakawa made a motion, and it was seconded by Ms. Yuen. Mr. Regan confirmed the votes through roll call, and it was unanimously approved.

**6. Report of the Chief Executive Officer/Chief Administrative Officer/Chief Brand Officer Relating to Staff's Implementation of HTA's Programs During September 2021**

Mr. De Fries reported that the Public Affairs Officer, Mr. Gionson, will start on November 1<sup>st</sup>, 2021 and gave background information on his career to date. He spoke about a three-day visit to Maui with the Senate Ways and Means Committee and the creation of a tourism working group within HBR headed by Bob Harrison.

Mr. Regan reported that Ms. Ariana Kwan has accepted a job within DBEDT and will be leaving on Friday and he recognized her as a valuable asset to the organization. He reported that a lot of focus has been placed on human resource related activities throughout the month of September for the change management plan.

Mr. Ka'anā'anā introduced two new staff to the brand team, Todd Toguchi, the new Administrative Assistant and Iwalani Ku'ali'i Kaho'ohanohano, the new Senior Brand Manager.

**7. Discussion Related to 1). DLNR Reservation System; 2). Senate Ways and Means (WAM) Committee in Maui Meeting (October 18, 2021); 3a). Hospitality Industry Update – Kaua'i County (October 20, 2021); 3b). Hospitality Industry Update – City and County of Honolulu (October 25, 2021); 4). HTA Advisory Group Initial Meeting (October 29, 2021); 5). UHERO Blog Post Entitled (October 13, 2021) *"Hawaii Needs to Focus on Good Governance in Managing Tourism"***

Mr. De Fries spoke about the webinar that took place at the Convention Center on October 1<sup>st</sup>, 2021. He stated that it would help people gain knowledge on the use of federal funds and how it will affect HTA moving forward, the DMAP programs in each of the counties and

brand marketing plans. He stated that the feedback from the webinar is coming from the airline industry senior executives, hotel marketing senior executives, communities, heads of neighborhood boards and native Hawaiian organization, indicating how the community and the industry work together as a seamless system.

On the topic of the importance of educating visitors Mr. Ka'anā'anā reported that visitors were aware of tourism activities, 92%, and aware of local government mandates, 98%.

He spoke about opening restaurant capacity and other attractions to vaccinated guests and modifying the safe travels program to align with the new federal guidance.

Mr. De Fries mentioned that the mayor made an announcement regarding the lifting of restrictions that there is a 71% vaccination rate as well as vaccinations for children becoming available.

Mr. Ching mentioned that restaurants were at a point where they were at 100% capacity, but six-foot distancing, which in essence is 50% capacity and that the lifting of restrictions is good news for the industries it applies to. He mentioned how safe access, protocols and vaccinations have helped contain the coronavirus and that circumstances are improving.

Mr. Atkins mentioned that, whether 75% or 100% capacity is allowed for the restaurants, it's not going to happen overnight because of the labor shortage, staff needs to be brought in and trained, which he hopes is taken into consideration.

Mr. Alameda complimented the upgrades to the airport.

Mr. Atkins spoke about his encouragement towards the CEO taking time for meetings regarding the legislature.

Mr. De Fries spoke on the various meetings regarding the legislature, specifically the trip to Maui where the strategic plan regarding the DMAP's was spoken about and collaboration among departments was emphasized on day one. He noted that he believes they are succeeding with the actionable items because every one of the mayors has taken ownership of DMAPS and made it a priority.

He mentioned that on the evening of day one they went through the Maui technology part where emphasis was placed on the diversification of the economy and the technology sector and the importance of the presence of the supercomputer.

He reported that they were briefed by the air force and then we went into the Pacific Disaster Center where they begin to understand how important that center is and how

important it is to have that kind of advanced warning system for the safety and security of their own residents as well as a visitor population.

He stated that the next morning they had to watch a film called The Wisdom of Trauma on their way to Hana where there was a panel that presented on alternative learning pathways that have been designed and implemented within the Department of Education. He mentioned that they visited farms and value-added agricultural products and HTA was called upon to find ways in which to help the local farmers move products both locally and globally through their systems. He emphasized the importance of sensitivity towards the community with regards to tourism.

Ms. Kimura spoke about the fact that Maui has the greatest number of vacation rentals, approximately 9,000, and that there is a need to eliminate the illegal ones.

Mr. Ka'anā'anā stated that marketing funds go beyond paid media, marketing is about educating the travel agents and wholesalers and all the other people that are involved in the industry that become extensions of HTA and help to educate visitors before they arrive.

Mr. De Fries asked Mr. Ka'anā'anā to give an update on the field and reservation system.

Mr. Ka'anā'anā stated that at the meeting on October 15th with DLNR and members of the Senate, DLNR identified 10 parks that they felt were appropriate for a reservation system, and what HTA would build on their end is something similar to a channel manager that connects to the existing systems of other partners, so they could provide a platform for educating visitors on the branding content, safety information and natural and cultural history background of the sites all them in one central unified place.

He stated that he would be presenting to TIG group on Maui on Friday to discuss a parks reservation system for their country parks.

Mr. Regan reported that a total of 55 people attended the hospitality industry update meeting on 20 October where the mayor shared a lot of insight in terms of his support for the visitor industry as well as his desire to protect the community as part of that process. He stated that on the 25 October they had a meeting with Mayor Blangiardi where 122 individuals attend, and he was able to provide some insight as to his announcement.

He spoke about the statute with regards to the development or the creation of an Advisory Group that may be created by the Hawai'i Tourism Authority. He said they reached out to those listed in the statute and the first meeting is going to be going to be held on 29 October from 2:30 to 3:30. He stated that it will to be an opportunity for them to share with

those directors a high-level overview of their strategic plan including the six Destination Management Action Plans. He reported that the goal is to establish whether synergies can exist and to ensure that they design a framework that will allow them to address and implement the over 150 actions and sub actions that are contained within the Destination Management Action Plans.

Ms. Kimura stated that during the one meeting the idea of reestablishing the tourism liaison at a state cabinet level came up and the mayor was in support of it, but they had not said anything.

Mr. Chun commented on the Advisory Council or Committee bringing together different people within state governments and then having HTA sort of be the convener because that's what they are, and the cabinet level tourism liaison position was.

Mr. De Fries spoke about the blog post entitled ‘Hawai’i needs to focus on Developing Good Governance in Managing Tourism’ that received coverage in media, and he mentioned that yesterday they had a chance to meet. He stated that the concern that was expressed is having another layer of governance and that the staff currently enjoys a governance structure that is accountable to the 12 board members that all went through Senate confirmation.

Mr. Arakawa stated that the key message that he took away from the meeting was that they were looking for a model to ensure that this type of governance and working together with departments is part of the law or part of legal authority so that what they are doing right now continues.

Mr. Ka’anā’anā stated that they feel there needs to be a longer framework for institutionalizing the governance model moving forward. He mentioned that he challenged the fact that there was no governance model.

Mr. Regan mentioned that, rather than create this additional layer of bureaucracy, instead enhance and strengthen 201B because it is a very effective statute.

## **8. Update on HTA’s Implementation of Change Management Plan**

Mr. De Fries highlighted that Governor AGA, on September 21, signed off on the use of the article budget so Mr. Regan and his team have been working with Budget and Finance to submit the necessary forms to begin encumbering and expending the funds.

He reported that for a total of 14 out of 25 positions requiring varying degrees of redistribution in their job positions, realignments have been completed and recruiting is ongoing and that a review and revision of policies and procedures is in motion.

**9. Presentation, Discussion and Action on Draft Revised Bylaws of the Hawai'i Tourism Authority**

Mr. Arakawa asked to make a motion to send both new versions of the Code of Conduct to the administration committee and vote on them in the next meeting.

Chair Kam stated that they have been working on revising the bylaws and they think it best to refer it back to the administrative committee to get it finalized and then presented to the members.

He stated that what Mr. Arakawa is recommending is they vote on item number 9 and 10 and the revised committee assignments at the next board meeting, he asked for a motion.

Chair Kam requested a motion. The motion was seconded by Mr. Alameda. Mr. Regan confirmed the votes through roll call, and it was unanimously approved.

**10. Presentation, Discussion and Action on Draft Policy #100-03 Code of Conduct Policy**

Mr. Arakawa motioned that this item is given to the administrative committee for revision to be updated and approved at the next board meeting.

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

Ms. Chun stated that this is the fourth round of this COVID study, and it is the last one for the contract. She handed over to Mr. Pettinger from anthology research group to do the presentation.

Mr. Pettinger handed over to Ms. Ankersmit to start with an introduction and methodology for how the study was conducted.

Ms. Ankersmit stated that the survey conducted from October 14<sup>th</sup> to October 20<sup>th</sup> and all of the respondents in the study were in Hawai'i from October 1<sup>st</sup> to October 5<sup>th</sup>, 2021. She reported that they completed 263 surveys from the U.S. West and 262 from the U.S. East and when looking at the total overall the margin is a little over 4%, which means there is a 95% level of confidence that the results wouldn't change by more than about 4%.

Mr. Pettinger stated that the arrival experience started with testing protocols. He reported that the first question asked was did visitors who are not fully vaccinated understand that protocols were in place and required, the result of which was 9% said that they were not aware.

He reported that about 1 in 7 visitors, 14% from the U.S. West and 13% from the U.S. East expressed some level of difficulty during the pretesting process, whether that was getting a test, reporting on the test or something else.

He stated that many of the comments related to the Safe Travels website were about issues with reporting for dependence children, especially issues with directions and understanding the process overall and interacting with the website and then just various technology issues with getting logged out.

He reported that 15% mentioned the airport, COVID screening or doing the testing at the airport and some of the challenges that they had there and there were other comments about the window of 72 hours for test results being unreasonable or difficulty finding trusted partners.

He reported that 92% were aware before coming to Hawai'i that there would be some limitations in areas including restaurants, bars, gyms, and other attractions which is important because it directly impacts their level of satisfaction and their ability to do what they expected to do coming to the State.

He stated that almost everyone coming to Hawai'i in October was aware that there are government mandates for social distancing, masks wearing and other things.

70% said that they would not have changed anything about postponing their trip or otherwise rescheduling but 30% of 44 people said they would have.

Ms. Ankersmit reported that satisfaction has remained relatively stable over the course of this whole year with just a minor dip in, 80% to 76% and that they had a few people complaining about the capacity available at the restaurants and attractions.

Ms. Ankersmit stated that, looking at the comparison of before the pandemic and now, U.S. West in 2019 had 9,990 people compared to 263 now and the U.S. West and East have gone down 9%.

She stated that in June they had only 64% who said they were very likely to recommend a trip to Hawai'i in the next six months, whereas now it went back up to 74%.



Mr. Pettinger stated a full 90% of visitors would recommend visiting Hawaii in the next six months.

Ms. Ankersmit stated that 8.0 would be a perfect score and most people gave somewhere between a 6 and 8.

Mr. Pettinger reported that about 60% of the respondents identified as repeat visitors that they'd come to Hawai'i before. 13% said that this trip was a lot more enjoyable than their pre pandemic trip, 18% said somewhat more enjoyable so a little over 30% say that it was a little more enjoyable this time, 32% said that there was no difference between the two trips and 38% of visitors identifying somewhat less or much less enjoyable in comparison to their pre pandemic visit. He said there was a 14% difference in overall satisfaction between the two trips with 81% now being satisfied with their current trip, which are excellent scores, 40% of visitors said this current trip exceeded their expectations, mainly visitors under 35- and first-time visitors, for 50%, it met their expectations, and about 9% said that they left disappointed. He stated that 90% of visitors did all or most of the things that they had planned to do, only 2% said that they were not able to do any of their planned activities. He stated that these results were largely due to restrictions and limitations due to covid.

He reported that 70% said they will visit Hawai'i again regardless of COVID, 18% say that they would visit again when the pandemic is over and the COVID related mandates and restrictions are removed, 8% say that they just have no plans to return to Hawai'i ever again, primarily visitors from U.S. East who have a long distance to travel.

Ms. Ankersmit stated that 1 in 5 said that Hawai'i's relatively low rate of COVID infections was a factor in choosing to come for another quarter and 35% said it had no bearing whatsoever. She reported that nearly everybody was fully vaccinated, only 5% will not get vaccinated. She said for 2 out of 3 the vaccination status had no impact on their trip planning, but another third did wait until the vaccine exemption was in place before they came.

She reported that, of 96 people, over 90% found information on COVID-19 guidelines on the Safe Travels website and 1 in 5 said they had issues with the website, 8 out of 10 said they had no problems, 40% said it was confusing.

Mr. Arakawa reported that 61% of the visitors who responded to the survey indicated business and not their first visit to the islands, 39% said it was their first visit.

Mr. Ka'anā'anā stated that they are seeing a lot more first-time visitors, a year to date it's up 5.7% and in September it was up 34.3%.

## **12. Presentation and Discussion of Current Market Insights and Conditions in Hawai'i and Key Major Hawai'i Tourism Markets**

Ms. Chun reported that, looking at September compared to 2019, there is an overall increase in expenditures from the U.S. West and U.S. East, but not necessarily the other markets and per person per day spending is higher across the State.

She said there are decreased visitor arrivals compared to 2019, but tremendously higher than 2020 and with regards to TAT collections \$61.3 million was collected in September of 2021 and FY2022 preliminary collections were \$195.5 million, which is up 1300% over last fiscal year. She stated that they collected \$61.2 million in August of 2019.

She said that occupancy is lower than 2019 levels for hotels and vacation rentals, and people are mostly staying in hotels. She stated that visitors coming in September of 2021 are mostly coming for vacation and listed the most popular points of interest. Ms. Chun reported that overall unemployment for the state was 6.4% in September, accommodations has increased 232% and food service and drinking places have increased 47.6% in terms of jobs. She stated that, looking at travel sentiment, 42% of people are planning a vacation in the U.S., 42% of companies are planning to resume domestic business travel, 82% of people say they are ready to travel and 86% have travel plans within the next six months and cancellations and rebooking of trips is reducing.

Mr. Alameda mentioned a lack of respect to Hawai'i National Volcano Park.

## **13. Presentation and Discussion on the Fiscal Year 2022 Budget of the Hawai'i Tourism Authority**

Mr. Regan mentioned almost \$35 million of the \$60 million has already been approved by the board through interim proposed budgets which leaves approximately \$25 million that they have worked to allocate and to propose as part of the FY2022 budget.

Mr. Ka'anā'anā, Chief Brand Officer, spoke about the high-level budget items.

One of them is a continuation of the Kukulu Ola and Aloha 'Āina Program, which under 201B is a shell and the other amount is for Fest pack, planning continues with the festival to be hosted in June of 2024. He stated that many of the interpretive signs across the state are in disrepair and recommended using QR codes which is included in the natural resources section. He stated that the other one I would call out is the VIP program, the visitor impact

program which helps to measure consumption around water waste and energy at the hotel partners and event partners.

The other one is a new series called the Hawai'i Wahi Pana series which helps to further educate visitors about natural resources and about those who are caring for them.

He stated that most of the sports line item is the PGA commitment that was already approved by the board, as well as \$1.5 million for an RFP for a major sporting event.

He stated that, with regards to community, a lot of the DMAP implementation money has already been encumbered as part of fiscal 2021 funds so they also added some funding pursuant to workforce development as well as a line of about \$500,000 for community product development and capacity building.

He stated that, in branding there is a small business support program as part of this recovery phase and promoting local businesses and tourism related businesses as well as rebranding of the Hawai'i islands.

He stated that there is a line for consulting services for destination management technology services for leveraging technology to make sure they are positioned for the future.

He reported the biggest single line item represents \$10 million to position them to create a digital ecosystem where they can follow that visitor through their entire travel journey and leverage technology to improve the visitor satisfaction and be able to contact and communicate with their visitors.

Ms. Anderson stated that roughly around \$2 million is for activities such as hotspot mitigation, community engagement, meetings, and forum, program evaluation, events evaluation, development of dashboards, tracking of different programs, planning tools, and assessments to help with destination analysis and also to communicate, information to the public, and a new program it's called the community tourism collaborative.

Mr. Regan mentioned that from a safety and security standpoint there are the visitor assistance programs, funding to support crisis, safety and security funding. He stated that, in terms of administrative, governance and organization wide costs, there is payroll, operating funds, leases and board costs.

Mr. Ka'anā'anā emphasized the importance of branding.

Mr. Regan stated that the state has until the end of December 2024 to spend the ARPA monies fully, but they are being told to do their best to spend the \$60 million by June 30th.

#### **14. Closing Cultural Protocol**

Mr. Casson-Fisher offered a Pule about spiritual entities or ancestors.

#### **15. Adjournment**

Respectfully submitted,



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Sheillane Reyes

Recorder