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David Y. Ige
Governor

John De Fries
President and Chief Executive Officer

**BRANDING STANDING COMMITTEE MEETING
HAWAII TOURISM AUTHORITY
Wednesday, January 26, 2022, at 2:30 p.m.**

Virtual Meeting

MINUTES OF THE BRANDING STANDING COMMITTEE MEETING

MEMBERS PRESENT:

Fred Atkins, Dylan Ching, David Arakawa, Keone Downing, Kyoko Kimura, Sherry Menor-McNamara, Ben Rafter, Sig Zane

MEMBER NOT PRESENT:

HTA STAFF PRESENT:

John De Fries, Kalani Ka'anā'anā, Maka Casson-Fisher, Ross Willkom

GUESTS:

Senator Glenn Wakai, Tom Kiely, Jay Talwar, Jack Zhang, Tony Shi

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule

Mr. Casson-Fisher did a roll call. Chair Atkins called the meeting to order at 2:33 pm. Mr. Casson-Fisher did the opening Pule. Chair Atkins asked if there were any legislators present. Mr. Ka'anā'anā said Senator Wakai was present on the attendance list. Chair Atkins thanked the Senator for joining.

2. Approval of Minutes of the December 16, 2021, Marketing Standing Committee Meeting

Chair Atkins said page 4, paragraph 4 - in a discussion about NCL and the benefits, since they stayed in Hawai'i for the seven-day cruise, some people come in early and enjoy 'Oahu. The way it read was they come in early and if they miss the ship then they get to spend time on 'Oahu. He said it must be cleared up that there is more "pre than post". He mentioned page 7, talking about the ships and GoHawai'i - if they can get it on the ships, they can look at other

ports of call and if they weren't doing a structured tour, they might be able to go out and find some Hawai'i products, but the way it read was the merchants, but it should be the passengers finding, so just changing word from "merchants" to "passengers". Ms. Kimura mentioned page one, item two, where they were going to pull the recording to check if it's a typo for the company GTL. She also said Oceania was spelt incorrectly somewhere. Chair Atkins asked for a motion to approve the minutes. Ms. Kimura approved the minutes as amended. Ms. Menor-McNamara seconded. Mr. Casson-Fisher did a roll call and the motion passed unanimously.

2. Sports Marketing Updates

Chair Atkins mentioned the discussion in the last meeting about moving forward in deciding how to allot the \$1.5 million. There was talk about getting a consultant or doing a three- or five-year plan. He said when he was talking to Mr. Ka'anā'anā, and it was apparent that to follow the ARPA rules, the RFP needed to go out by the middle of February. It takes beyond 30 days for the vendors to apply; and HTA would also need to put together a selection committee.

He said in the meantime, he had a meeting with CEO Mr. De Fries and Mr. George Kam. Given the tight time frame, Mr. De Fries and Mr. George Kam agreed that Mr. Atkins talked to Tom Kiely who is well versed in sports marketing. Mr. Atkins then reached out to Mr. Kiely via Zoom meetings in which Mr. Ching, Mr. Ka'anā'anā, Mr. De Fries, and Mr. Willkom also attended. Mr. Kiely would honor the same pay grade the board members get. Mr. Atkins and Mr. Kiely had a number of meetings and conversations since.

Mr. Atkins then gave some background on Mr. Kiely: he was with the Fairmont Hotel, the Hyatt Hotel in Hawai'i and he went on his own to create Team Unlimited which did over 250 sports programs about Hawai'i that were on major ESPN and NBC channels. He also created XTERRA, a very successful program they have supported on Maui. He said they ended up creating a sports vehicle after the event. He said he has also done sports marketing consulting in Hawai'i, for Utah, Bahamas, New Zealand and many other countries. He said it was constructive after talking to them all and they wanted to bring it forward to everyone with what their goals are moving forward through the process of the ARPA funds. He said they've got goals and strategies that Mr. Kiely will be sharing with everyone.

A. Presentation & Discussion with Mr. Tom Kiely on Sports Marketing Goals

Mr. Kiely said it was an honor to be invited to the meeting. He mentioned when him and Chair Atkins first spoke, he asked what the goals were of the committee. He said from those discussions he did some work and shared it back with the committee. He said for any start point of a plan there are two key elements: goals and strategy, and tactics flow afterwards. He said

what he finds in many organizations and companies that people start talking about tactics first before they define goals and strategies. He gave an analogy of goals and strategies for World War II.

He showed the first slide. He said he was invited by branding standing committee members to be involved in a number of meetings and then created some feedback for their thoughts and considerations. He mentioned the HTA branding goals: 1) extend the brand image and marketing of Hawai'i; 2) generate community benefits; and 3) generate economic benefits. He said within an organization anybody should be able to clearly say what the goals are. He said they are not easy to achieve but everyone can understand, recognize and buy into that, especially the element of merging together the community and economic benefits. He mentioned the strategy points once the goals are established as follows:

- Partner with sports/participation events that enhance the image, reputation, brand and culture of Hawai'i.
- Due to budget limitations, select those events and action steps that will produce the greatest impact.
- Mandate that event producers include a community benefits package as part of the HTA partnership.
- Pursue potential for selected events to be featured in the larger destination marketing plan through the HTA agency – HVCB.
- Target events that would have impact in Hawai'i's major source market areas.
- Target major championship events, e.g., Iron Man. Honolulu marathon.
- Consider "media only" sports related packages [non-events] featuring Hawai'i . [i.e. Netflix series, ESPN 30 for 30, major Meta campaign, digital marketing platform, etc.

He said goals and strategies must be kept tight and succinct so it can be understood where they want to go and the major forces taking them there. He said the next step that won't be discussed that day is to develop the tactical plan that should feed back to the strategy that feeds back to the goals, so that everything fits together. He read the conclusion:

"This working group feels that it is appropriate to provide direction and leadership to the HTA staff and then empower the staff to take on the initiatives which support the greater and more important elements of goal and strategy. The HTA staff will present its tactical plan to this committee and the committee may, from time to time, provide advice and recommendations."

Chair Atkins said it's critical to give the HTA staff the flexibility to take the direction, and he also believes what they've laid out will give them direction as well for RFP. He asked the committee if there were any questions, or if they think there is another strategy not listed there. He said Mr. Ching worked through the process with him and asked for his comments.

Mr. Ching said it was a good exercise for them to identify how important it was to find the goals and get into the tactics. He said keeping it simple was a goal he had and says they achieved that. He mentioned the strategies, and the wording can be debated, but he thinks it's a good start. He said from his personal perspective it was important for them to concentrate on community value as one of the main components especially when it comes to sports, as Hawai'i has a love for sports and it's difficult for them to get to major events or see some of the world class athletes. Sony Open is a great example. He said he thinks it's a value for them to put their time and attention into sports at the level they're at but can do more.

Chair Atkins asked Mr. Ka'anā'anā for input.

Mr. Ka'anā'anā said he thinks it restated their goals well. He said fundamentally it's important to understand that whatever they do moving forward, must complete the whole package. He said if they think about the goals expressed in the slide and if it doesn't hit all three, it will be difficult for them. He would advocate as they assess future sport properties that they ensure they have all three alignments.

Chair Atkins welcomed Mr. Willkom and asked for his input. Mr. Willkom seconded what Mr. Ka'anā'anā had said. He said the goals are vitally important to their message and mission. He thanked Chair Atkins, Mr. Ching and Mr. Kiely for their input and time.

Chair Atkins said one of their goals is to decide what they feel they need to move forward especially for the current year. He said they will have to be looking at 2023 shortly, so that was the reasoning they didn't come in with a big flashy presentation. He said 7 strategies with 3 goals is what they worked with. He said what he would like to do - the goal of the presentation is to let the board know they want to move forward and see if they like the strategy to give Mr. Ka'anā'anā and his staff the time get the RFP out, to get it done early, so they can sort through it and make the decisions to get the money spent in a timely manner, and give the events enough notice, and if they are awarded, they can use the money effectively through whichever platform, and then get a good return on investment of other goals.

Mr. Arakawa said we're competing with different areas and mentioned the Pro Bowl we lost to Florida. He asked what in our goals or strategy is similar or different from other venues we're competing with, and what is unique to Hawai'i with respect to our goals and strategies compared to other venues we're competing with.

Mr. Ching asked if his question is about goals or strategies, or both. Mr. Arakawa said it's about goals and strategies and asked if there are any other goals or strategies they should consider.

Mr. Ching said one thing they talked about at length was the third goal of economics and how some of the events are rich in value but may not always be measured in lots of dollars but have great community benefit. He said it's a different way of not just seeing dollars, but for the holistic approach it was important that the economics was called out. He said they had discussions on that verbiage whether it should be something more encompassing of value versus economics, but they felt there were a lot of stakeholders, and the economic word seems to be of higher value to some organizations, so they wanted to make sure they covered that goal.

Mr. Kiely said relative to other destinations, they would they have the same goals, and in many instances the primary goal would be to focus on economic return on investment. He said what makes Hawai'i different and better, is the brand imaging that the events will create and also the community benefits. He said when he did work in other destinations it was all about economics. He said with regards to strategies they will have similar strategies, but the ones they outlined are related to Hawai'i which is the most important thing. He said once they get into the next step in the process, tactics, that's where they will develop action plans that will separate Hawai'i from other countries. He said as the tactical plan rolls out, the answers will become clearer to the good questions.

Mr. Arakawa thanked him for the great answer.

Chair Atkins said other destinations marketing budgets, in regard to sports, is beyond what they have in their \$1.5 million and they had decided they could not fund Pro Bowl anymore as it was not a good ROI. He said they would have kept coming however, as the players loved coming, which is the difference. He said the money is the big one, but the difference is what Mr. Kiely mentioned. He said on their agenda they have the Dodgers and the Clippers visiting and he said they might have put feelers out, but the Clippers came to Hawai'i and liked it, regardless of whether Hawai'i could afford it or not (he mentioned that was for another agenda item). He said having the Clippers was a challenge with the current budget. He said he feels it's right not just to go after the bottom-line dollar. He said ROI is very important as well and is hoping the teams that visited Hawai'i, and enjoyed it, will come back.

Ms. Menor-McNamara asked Mr. Kiely what ROI looked like, and if there is a formula where they measure community or economic benefit and other aspects of the strategy.

Mr. Kiely said each organization will have different metrics that they measure. He said in the area of events they're talking about; he thinks the minimum return they want to look at is 10:1

or 20:1 benefit above and beyond the dollar spent. He said it's hard to evaluate the value of community benefits, and many other respects, but said the community benefits will be harder to put a value on.

Mr. Ka'anā'anā said they also conducted studies through YouGov where they survey residents and visitors who attended the event, and they ask questions whether HTA should continue to sponsor the event and other questions. He said Ms. Anderson is working with Ms. Chun to renew the contract to do those evaluations that are specific to them as a third party, so they get data on the ROI on each event.

Chair Atkins said, when looking at the third goal, and questioned how much it helped with branding or community as they have to go to the legislature every year to ask for money so they can fund the programs. He said in the RFP all three need an ROI, and if they don't touch on all then one of them must be through the roof for them to consider it.

Ms. Menor-McNamara asked if the Mālama campaign is something that's going to be incorporated in the proposals.

Mr. Ka'anā'anā said they haven't put together the RFP yet but the conversation at the meeting will help them do this. He said they can include it in the requirements in the RFP for the sporting events. He also said often times when they're given media space, they will use the current Mālama campaign to fill the assets they're given as part of the deal.

Chair Atkins referred to the PGA program and said there were a number of golfers, and they did various things on the island. He said they want the players to get into the community and a few players to get out and showcase the image of Hawai'i as they have lot of followers on social media. He said they need to ensure all three goals have a return on investment.

Mr. Ka'anā'anā asked Mr. Talwar to share the most recent PGA coverage as it will be helpful to illustrate that.

Chair Atkins said the PGA hit all three goals, but Mr. Talwar could show the coverage if they thought it would help.

Mr. Talwar said it was worth noting that it was a contract the HTA had with the PGA Tour, and he believed they've had it for about 18 years. He said they've been able to work with the tour as Chair Atkins mentioned in a lot of ways for community support. He said their corporate giving on an annual basis is more than what they pay them to have the events hosted in Hawai'i, and on top of that they have the media value which is great. He said what they've been able to do is work with the tour, and they've been great at finding the rising stars. He said they share experiences with them that are on brand message which has evolved over the last 18

years. He said earlier that month in Maui, at the Sentry Tournament of Champions they'd worked with the tour to get the players to bring the Mālama Hawai'i to life. He showed a short clip of what they aired.

Mr. Ka'anā'anā reiterated how they can incorporate those messages and how they can start to educate through that.

Mr. Arakawa mentioned the bullets under goals and strategy and suggested that a parenthesis after that includes emerging sports, not standard sports, that young people would like to do in Hawai'i.

Mr. Kiely said it was very insightful and encouraged that to go to the tactics section.

B. 2022 Community Enrichment Program Sports Awardee Update

Chair Atkins said they'll go over their CEP programs as they cover a lot of those categories, and that year is a little different. He said in the past there were two tiers in sports, as they had encumbered monies and they had to get the CEP programs out, with HTA rollover money. He asked Mr. Ka'anā'anā to brief them on what were the level sports. He also mentioned the discussion between him and Mr. Ka'anā'anā - even if they kept the other one in CEP next year, that's for future discussions, but there needs to be in the two tiers that they're looking at, the ones that are more money intensive, with more ask and those are the ones that can go into a signature event, and they will be looked at in RFP.

Chair Atkins confirmed that with RFP anyone can come up with a proposal, and that's the time for them to find out if there's any exciting new things that meet their goals and strategies, which may start out as a second tier but has the potential of being first tier. He said it's not only as well as they do it, but how they help and support them through HTA and HVCB and grow them into a signature event. He asked if Mr. Ka'anā'anā had anything to add.

Mr. Ka'anā'anā moved onto the CEP update. He said HTA partnered with HVCB to implement the Community Enrichment Program. He said RFP was issued back in September and the proposals were received November 5th, then went through the evaluation committees.

He shared an update of the sports events that were funded through CEP. He spoke about the surfing & SUP events that were funded, as well as the fishing events. He said these events were distributed across the state on all islands. The slide showed the award amounts Moloka'i Holokai (Stand Up Paddleboard Race) \$36,000; Moloka'i 2 'Oahu Paddleboard World Championships \$40,000; Kauai & 'Oahu Boogie Boarding Events \$15,000; Duke's Oceanfest \$55,000; Hawai'i Adaptive Surfing Championships \$40,000; Total \$186,000.

He mentioned the long-standing event, Duke's Oceanfest that has been in their previously named signature events category, but because of all the changes that happened the previous year, they had to re-work the program, and signature events got rolled into the Community Enrichment program. He spoke about the canoe paddling races that are included, as well as marathon events. He said those are the Hawai'i authentic events, some are unique to Hawai'i and should be hosted and supported from Hawai'i. He mentioned Rodeo and football programs that are also funded out through CEP.

Mr. Kimura asked if those are outside the \$1.5 and Mr. Ka'anā'anā confirmed they've already been funded. Chair Atkins confirmed they were funded with the rollover HTA money at the end of the previous year.

Mr. Ka'anā'anā said those events all occur in calendar year 2022.

Mr. Casson-Fisher confirmed there were no questions from the public.

Chair Atkins asked for clarity on the RFP process and who participates in the process and asked if they make a final selection then it goes to award.

Mr. Ka'anā'anā said staff begin to draft an RFP and all the requirements, then select an evaluation committee, then the evaluation committee is brought in to assess what the staff drafted of the RFP and make amendments to the RFP itself. He said once the evaluation committee approves the RFP draft then it's issued on the state procurement website as well as the timeframe needed, then the applications are received, reviewed, vetted, and made sure to meet the minimum requirements. He said if any are deemed not to meet the requirements or received late, those are denied, then the committee takes into consideration the proposals that met the requirements, then make their award recommendations. He said if they're approved, award notices are posted. He said after that, they go through a protest period, and if that period is cleared, they move forward with contracting, announcements of contracting via HANDS (Hawaii Awards and Notices Data System), then issues notice to proceed.

Chair Atkins asked if the evaluation committee is HTA staff and Mr. Ka'anā'anā confirmed.

Chair Atkins asked once it goes to the review of the RFP's, who sits on that committee and Mr. Ka'anā'anā said the evaluation committee members are selected by staff and approved by the HOPA (the Head of the Purchasing Agency). Chair Atkins asked if anyone from the board or the public would be on the RFP selection and Mr. Ka'anā'anā said that it would need to be decided if it's the boards desire to give guidance, but he is happy to accept guidance. Chair Atkins reiterated that someone, such as Mr. Willkom should be on, as he has strong sport experience.

Mr. Ka'anā'anā gave more clarity and said statute requires a minimum of three HTA staff to be on the evaluation committee and then they would invite other members of the community and industry who have subject matter expertise to serve on the evaluation committee.

Chair Atkins made a motion to recommend to the board the goals and strategies that Mr. Kiely laid out, that gives them the flexibility to have staff move forward on creating the RFP that can go out to the public. Mr. Rafter gave a motion, Mr. Ching seconded. He asked Mr. Casson-Fisher to do a roll call and the motion was unanimously approved.

Mr. Casson-Fisher mentioned a question in the Q & A - is Hula such as Merrie Monarch included under CEP. Mr. Ka'anā'anā said it can fit under that and they have funded Hula events under CEP before, depending on the kind of program, and depending on if it's an event or program that goes over several months, and depending on what format it takes, it could apply to various funds under HTA.

C. Presentation & Discussion on a Potential Opportunity with the LA Clippers

D. Presentation & Discussion on a Potential Opportunity with the LA Dodgers

Chair Atkins went through the two combined proposals and said they must look at the goals and strategies they to see how they fit with the Clippers. He said it's not something he recommends for passage today; he said they're just reviewing it to see if it's something that they could go back and recommend to them to go through RFP. He said this doesn't happen within the fiscal year, ending June 30th, but is something that would happen in 2022/2023 fiscal year. He reiterated what Mr. Arakawa asked - having people ask them to present, and he says out of courtesy and respect they should take a look at them and see how they stack up with goals and strategies.

Ms. Kimura asked if this is proprietary information that competitors could possibly see, and then steal to get a competitive advantage. She reiterated that they're on Zoom and anyone can see the information.

Mr. Ching didn't know the answer so requested that someone else answer. Mr. Kiely said if he is with the LA Clippers or LA Dodgers or any sports team, this kind of proposal usually gets sent out to 20 different destinations, so it's not proprietary in terms of it being unique, and it's commonplace.

Mr. Ka'anā'anā said it is the staff, HVCB and sub-contractors' assessment of what they've proposed to them.

Chair Atkins asked Mr. Talwar to go ahead and present both proposals and then discuss them.

Mr. Talwar said they have worked with the Clippers before in Hawai'i, and the Dodgers is a new proposal, but they have not negotiated and it's what they have presented to them for a foot in the door, so there is room for participation to make decisions. He said how they look at the proposals is considering the Event Evaluation Criteria - Media value, Community Involvement and Economic Impact.

He said what they've done to date is look at that from their area of expertise which is media value, and the committee needs to look at the opportunities, particularly in the community involvement area to ascertain how they would value the community benefit for these. He said the economic impact can be looked at with a math exercise.

He said the Dodgers have asked for \$2.2 million over three years, starting at \$700,000 a year, escalating each year. He said they looked at the proposal they sent them, and without negotiation it doesn't have all the details they need on every element of the plan, but what they can look at and judge in terms of media value fits there. He said it's more about brand awareness in terms of the media opportunities they present. He said if they were a destination not on the map and weren't being considered but needed people to be more aware of them as a name, those opportunities fit better for the others than they do for them, adding a new dimension to the brand and changing perceptions of how to visit their home. He said it's a much more complicated messaging strategy they have in place than what the opportunities allow them to do.

He mentioned the audience the Dodgers have - there is some overlap with the Hawai'i target audience and the Hawai'i mindful traveler, but he said the real challenge was it doesn't allow them to present the messaging they need to share with future visitors to educate and shape their behavior when on their islands. He said the opportunity for the communities is to have a clinic for the Kids Clinic and a Meet & Greet with two current or former players, coaches or executives, and HTA would be responsible to cover those travel and accommodation costs. He mentioned the economic impact in the destination, since it would be done in Los Angeles at the stadium, is negligible, as they would pay for anyone from the Dodgers to go to Hawai'i.

Mr. Ka'anā'anā mentioned a concern he had with the proposal at present: the tier at participation gets watered down quickly, and said they've set it up as if not, then what? And then keep moving through the tiers. He said he had issues with the proposal drafted.

Chair Atkins asked if it's a Dodger Day with Hawai'i in the stadium and Mr. Talwar confirmed that. Chair Atkins asked what coverage Hawai'i would get during one game. Mr. Talwar said there would be other opportunities for messaging within the game, on the stadium, within the

stadium, but said the challenge is it doesn't give them the opportunity to talk about Mālama Hawai'i messaging but would be more logo placement type messaging.

Chair Atkins said his concern is the community where they have the option to bring current or former players, coaches or executives. He said they got burnt with LA Rams. He reiterated that he doesn't see a community benefit that's not locked in. He said looking at the three goals, before getting to strategy, they have to go back to the drawing board, as he said it doesn't meet their goals.

Mr. Talwar mentioned the Clippers and said they've been there before, and he started with the media pillar. He said it's a similar challenge with the messaging opportunities in their proposal. He said they're not a simple awareness issues but are a brand perception changing challenge and adding a new dimension to a brand as well-known as theirs takes time, focus and consistency of message. He said they didn't see that opportunity with what they proposed. He said they haven't negotiated with them. He said LA is a great market, so there is overlap and alignment with their target audience, but the challenges remain the same. He said what they're able to value in their proposal from the media falls short of the \$725,000 that they're asking for.

He mentioned the community pillar - different to what the Dodgers proposed. He said there was one or two pre-season games played on O'ahu, a training camp week for the community and they'd also invested in the community with a computer lab. He said there would also be economic impact with the team and crew coming out and they'll need to add a judgement factor on how many fans would come out. He said he would leave it to the committee to decide on the community benefit and judgement on economic impact.

Chair Atkins asked how many years they had the Clippers and Mr. Ka'anā'anā said he would look into it. Chair Atkins asked if they have ROI on it and how much it cost to put a computer lab in a school. Mr. Ka'anā'anā said he can pull the final contract evaluation in the prior agreement and distribute to members.

Ms. Menor-McNamara said it would be good to see if it reached the target audience they wanted. Chair Atkins said they had two games, but one couldn't come so they had an international team which wasn't well received, but he can't remember looking at the ROI on everything, so said it would be good to have the information.

Mr. Rafter asked if anyone watches pre-season games and Chair Atkins said that's what they need to find out, but he said this is the start, and if the committee doesn't want to go beyond that, then they'll let the board know. He said it won't be worthwhile but reiterated it's hard to judge without having previous data.

He said Mr. Rafter's question on viewership was a good question and they need to find the information. Mr. Rafter said with the Clippers it's easier to pull the information as they don't have information from the Dodgers. Chair Atkins mentioned Mr. Kiely's suggestion in that if it doesn't meet their criteria for \$725,000 package, they could reply and reiterate what they can spend and bring out some of the top players for community service on a good social media package for Hawai'i, get together with HVCB and do as they do with the golfers, at a reduced budget. He reiterated the locals love sport and tickets sell out quickly so said they should be more creative.

Mr. Ka'anā'anā said he had 2018 numbers - ROI for Clippers resulted in 6,911 for estimated attendance, 329 of that was continental U.S and overseas visitors to Hawai'i. He said the direct expenditure into Hawai'i as a result of the 2018 was \$821,065 - 75% of attendees likely to recommend the L.A. Clippers Hawai'i Classic on a 10-point scale, 72% of residents believed it was somewhat or very important to HTA to host the L.A Clippers Hawai'i Classic in any given year, and 76% of residents agreed that they were likely to return to a future L.A. Clippers game in Hawai'i. He said he would distribute the information and will get the 2019 ROI as well.

Mr. Arakawa mentioned Chair Atkins idea about bringing athletes from those teams to Hawai'i to do clinics and said it was a good idea, but said one thing they could do is make it a requirement of the contract to participate with their Mālama partners in their Mālama programs relating to regenerative tourism to the extent they can share that with the star athletes in the media around the world to help the brand and promote the Mālama program focus.

Mr. Ching said something is better than nothing, but in this case, there is much more to unearth, but having a game speaks to the community component. He said growing up in Hawai'i, a preseason game was as good as a regular game. He said they should build on Mr. Rafters question - if people watch pre-season games. He said he didn't know the answer, but basketball is also an interesting sport season to watch. He said they don't have a venue big enough for baseball and football, and basketball is maybe the only team sport outside of golf that they can have an NBA tier visit there, so said basketball is an option to put forward.

Chair Atkins asked the committee if it's okay for him, Mr. Ching and Mr. Talwar to talk to the people putting forward the proposals, with Mr. Willkom, and give them their concerns to help them recraft something on their side, and if they can do that, they can apply for the RFP. Chair Atkins reiterated they can't do anything prior to the RFP, as that's the way it goes with ARPA - there is no sole sourcing. He said they can give an update to the board and let them know they'll do as such. He says Dodgers is a long shot and doesn't want to waste anyone's time on that. He said the Clippers might want to scale it down. He said it's only fair to let someone put a

proposal forward if the goals of the committee are understood and said it's up to the committee.

Mr. Kinkley said he sees a potential lurking procurement problem if other than passively receiving this from the teams, start having private meetings with them, it sounds like they're being coached on how to best respond to an RFP in the future.

Chair Atkins asked if he suggests that they tell them they're unable to move forward on it, and they'll get the criteria when the RFP comes out, and asked Mr. Kinkley if they must wait until that time.

Mr. Kinkley said it would be less efficient than what they were originally proposing, but it's clearer legally and the committee agreed.

Chair Atkins said his recommendation to the board on the two programs is that they'll need to go through the RFP process that will be coming out later in February.

4. Update on HVCB & OMD/Socratic's Progress on the Hawai'i Visitor Segmentation Research Study for GoHawaii.com

Chair Atkins said a study came in and HVCB is reviewing it and there is one other component before bringing it to the committee - they have a questionnaire going out to the HVCB members - a form asking what they like about the current website and what they don't like. He said he didn't want to get into a presentation without having 100% of the components ready so HVCB could give them a presentation. He said they feel if they can get the information out and back, they can have a presentation the following month.

5. Presentation, Discussion and/or Action on Approval to Solicit a Consultant Related to the Hawai'i Smart Destination Initiative

Mr. Ka'anā'anā said they're requesting the board to support them procuring a consultant with the intention to make sure they can understand the landscape they have and articulate and formulate the vision they have for Smart Destination Hawai'i, in terms of the digital infrastructure, and the same consultant would have to have the technical skills and experience to help them build a solid RFP.

He spoke about the slide regarding the program that is on hold for \$10 million. Mr. De Fries said the visual speaks for itself and said in the board meetings they've had various descriptions on

what it would look like and should consider it a starting point with some of the key components that will be addressed. He said some people with understanding on technology is not enough to provide the kind of detail and insight into the technological advancements.

Mr. Ka'anā'anā spoke about the slide showing the vision of Smart Destination Hawai'i . He said the consultant they want to bring on needs to have the technical expertise to help them, and the first step being the discovery phase - defining the scope and requirements they need, understanding the landscape they have and the tools and assets they have at their disposal, as well as helping them conduct stakeholder outreach so they can learn and listen.

He then spoke about the next step, design - how do they map out Smart Destination Hawai'i, taking it back to the board, then the final step being putting together the procurement, helping them to write the procurement, making sure they had all the right technical aspects that they need to include and to make sure they haven't missed anything.

There were no questions from the panelists or public. Chair Atkins asked Mr. Ka'anā'anā if they are looking for funding for exploratory on the whole concept and not just to craft an RFP, to see if it's realistic to move forward.

Mr. Ka'anā'anā said yes and that it's an intermediate step. He said they just need someone with technical expertise to help them understand what assets they already have, what they still need, and do the community stakeholder outreach, then put that into a plan to help them draft an RFP.

Chair Atkins asked what the amount is for the funds they're requesting. Mr. Ka'anā'anā said they don't have an amount, and said he is sensitive to that topic because of the boards feedback in prior meetings. He said he hasn't proposed an amount.

Chair Atkins said he would ask Mr. Kinkley because of the sensitivity, if they need to go into an executive session to talk about it the following day. He said he is not sure how the board can move forward and write a check to go ahead.

Mr. Kinkley said that with all the assumptions behind the question, the executive session is the only way to go forward for the one question.

Chair Atkins asked Mr. Ka'anā'anā if he wants to explain it the following day in the session and Mr. Ka'anā'anā said he would. Chair Atkins said if the board wants to move forward, they will go into an executive discussion prior to that for the amount to be clarified. Mr. Ka'anā'anā deferred to Greg but said his understanding is that if it were not noted with the asterisk on the agenda, they would not be able to enter into an executive session the following day.

Mr. Kinkley said he wanted to ask if anyone knows if they're expecting two thirds of the people entitled to vote at the meeting, as they'll need to amend the agenda and they'll need that to put it to an executive session. He said they can do it at any time before.

Chair Atkins said he would need to check who agreed to the next day's session. Mr. Rafter said he thought they had two thirds and said it's eight people.

Chair Atkins asked Mr. Ka'anā'anā if he wants to move on the meeting and he said it's their preference. He said in order for them to go back to the board, the committee asked them for a detailed plan and implementation of the Smart Destination Hawai'i program. He said the original ask was that they don't have the expertise or technical skills to put it together, but they do have a broad vision where they want to go, so they need the expertise and help to formulate the plan and take it back to the committee.

Chair Atkins said that in the presentation the next day he will ask Mr. Ka'anā'anā to review it and if they have quorum then it's good. He asked Mr. Kinkley if any legislators or tourism chairs are on Zoom, as he would like them to go to the executive session.

Mr. Kinkley said if Chair Atkins announced at the time that he is making a motion, and he has a rationale for it, that is legal. Mr. Kinkley said it's Chair Atkins judgement call, but the actual judgement is whether their presence is necessary to make a decision. Chair Atkins asked if they did that, they would ask them to confirm if they wanted to join or not and whether they're by themselves. Mr. Kinkley agreed that be correct, but also mentioned that it's important that the person who is running the meeting has prepared a device to sustain an executive session, separate from the Zoom link they have. Chair Atkins said there would not be a video, but Mr. Kinkley said that part of the meeting they should have video, but it would have to be a separate connection, not to the public.

Ms. Kimura suggested they can have a breakout room and only the people invited can go in there.

Mr. Ka'anā'anā said in a webinar format, the breakout rooms don't work, but they have done breakouts before something, but he'll check with Mr. Casson-Fisher and Mr. Regan to provide the necessary links to do the executive session if the board determines they would like to do so.

Chair Atkins said there is no motion needed on that and no further discussion.

6. Presentation, Discussion and/or Action on HTUSA's Brand Marketing and Management Plan for January to June 2022

Chair Atkins said they've been given the contract up to another six months and Mr. Talwar will present the plan.

Mr. Ka'anā'anā said it's important to note the circumstances that Chair Atkins started to mention regarding the six-month extension of their previous contract which means a late start, so the timeline and cycle they'd usually use in anticipation of the next calendar year has been disrupted. He said it's also a 25% reduction in the budget for the six-month BMMP. He turned it over to Mr. Talwar.

Mr. Talwar reiterated what Mr. Ka'anā'anā said about the first six-month annual plan for Hawai'i Tourism United States, and said they are a little concerned given the timeline that they've been working with. He said they were able to work with the PGA Tour to help fill in the first two months with more media weight than they had done in the past in that period and using the Mālama Hawai'i messaging as conveyed by the PGA Tour professionals, has given them the media weight in that period. He said they also worked with their -media team to get stories placed to help with that.

He spoke about the agenda - market analysis, target audience, how they align with destination management and regenerative tourism, what the campaigns are that get them there. He said they also include a highlight on public relations, travel trade and the PGA Tour, and said they will close with the budget.

He said in terms of the market analysis, looking back at 2019 and the most recent data for 2021 which is November, in 2019 U.S air arrivals represented about two thirds of total arrivals and two thirds of total expenditures. He said looking where they are in 2021, arrivals are down 7.2%, relative to 2019, but expenditures are up 2.9%. He said the visitors are down in count but yielding greater. He said 2019 was the peak, and they were at \$187/\$188 PPPD and they're up to \$197 PPPD. He said part of what's allowed the behavioral shift is they've been targeting the Hawai'i target traveler and Avid Traveler, which has been an evolving target as they get to understand what destination needs are and who they want to invite to visit.

He said they always looked at the yield of the visitors and they continue to see the U.S MMA traveler PPPD spending increase going upwards from year to year. He showed a chart reflecting various years and data. He said long term focus, consistent messaging allowing them to have the investment, coming out of the financial crisis, the HTA board and staff work with the legislature to maintain funding in that environment and said the chart reflects the results. He said looking forward, it's challenging but the positive side is the U.S economy is strong, and they're seeing continued demand growth for services and supplies.

He said what they're seeing in terms of prognostications by economists is by the second half of 2022, supply should catch up with demand and inflations will flatten out. He mentioned domestic leisure travel spending growth and recovery - by the second quarter to 92% of 2019, but back to 2019 levels by the end of the year, so solid growth based on that economic outlook.

He said The DBEDT Quarterly Tourism Forecast (as of January 2022) estimates the U.S market will contribute \$13.60 billion in total expenditures, 7.68 million arrivals comprising of 70.07 million visitor days.

He said the unknowns come along with regard to COVID - the Omicron variant has been challenging and slowed down visitation and may continue to do so further if booster requirement. He said that might slow down the recovery. He said if another variant comes, they may benefit if international destinations are seen as more challenging for their visitors from the domestic market.

He mentioned their target audience and said the Hawai'i traveler has evolved over the years, and for over a year they have been targeting the mindful Hawai'i target traveler - someone who selects destinations and chooses to help perpetuate the natural beauty and the unique culture of the places they visit. He said historically they've always spoken to them before they made a destination decision. He said they see an expanded role for marketing working within destination management and that's also to educate the visitors on appropriate behavior when visiting.

He said the post destination decision making messaging is something new for them. He said they also talk to Hawai'i residents about how they are inviting guests to visit and all the great things HTA is doing through DMAP and the other programs in place.

He showed a summary sheet on the target audience. He said the predestination decision messaging is focused on those who are open to embrace the spirit of Hawai'i, those who understand that tourism should exist to benefit the local community.

He mentioned the media channels that are also noted in the spreadsheet. He said they're able to look at them through a variety of filters - they work with OMD, the largest buyer of media globally, and in the United States. He said they have sophisticated tools that help them to do buys that focus their dollars on those they want to invite. He said they also look at different targets with the signals they give them on other data and information they're consuming. He said they can track that beyond demographics and look at their desired travel experience based on what they're going for on the internet, through social and search. He said they also look at personality traits and their value system as they target those who would fit within their target.

He mentioned the tactics. He said something new for them that was started last year was messaging visitors post destination decision, and that's where they get into more education. He said Mālama Hawai'i has a point of education. He said they're focusing on enlightening them on the Hawai'i culture, giving travel tips for their safety and appropriate behavior and ensuring positive interactions with residents, communities and the environment.

He mentioned similar channels to reach the visitors, including their GoHawai'i app which allows them to carry it with them after their decision and are on their way, or are in Hawai'i. He said they use media and signaling through airline lodged in transportation booking data. He said once the visitors are en route or on the island the messaging becomes practical in terms of behaviors, so focused on positive interactions with residents, communities and the environment, having them understand what their values are so they can behave in a way that's appropriate.

He said together with social media they are looking at in-room media, in-flight, out of home, and on their website with the app, and they look at where they are based as they send the messaging, so they're able to target them finely. He said with regard to residents of Hawai'i, they share the actual steps that have been accomplished by DMAP programs and others, sharing there are ways they are working to manage the impacts of tourism to ensure a positive effect for a greater part of the community. He said they're also working with the island chapters executive directors and DMAP managers to understand community level media opportunities.

He spoke about how marketing helps with destination management & regenerative tourism. He said marketing, aligned with destination management and economic development, plays a more important role now than ever before in helping shape a bright future for residents, the tourism industry of Hawai'i and visitors. He said they believe there is a way they can work together to help affect change and behavior on the island, and the objective is to have marketing play a catalytic role in evolving tourism in Hawai'i so it has a positive impact for our communities, the natural environment, and the traveler.

He said in their strategy it's time to flip the tourism equation from residents as the denominator to residents as the numerator. He said tourism should be built for the benefit of the communities that are hosting. He said to achieve this, they must come together with a shared Kuleana and a singular message strategy that is more important than ever before.

He said what they've also been able to do, thanks to the partners and key stakeholders, is to get them all behind the messaging strategy. He said HTA is doing a great job with their programs.

He spoke about the new era of regenerative marketing and management for Hawai'i. He said it's how and when they message, and it starts with listening to the communities at the base of

everything, working with HTA, DMAP, community enrichment programs, and as they talk to potential visitors it's with the Mālama Hawai'i campaign.

He mentioned the major campaigns - Mālama Hawai'i. He said before creating the campaign they took it to the market and did research on a quantifiable and qualitative level, creating an understanding of the appetite for this type of vacation. They created the work and met with people who committed their lives to Mālama Hawai'i. He said the people spoke on the videos to share their experience, then did more research to make sure what they were communicating was being received by their target audience. He said they have many focus group videos, and the research is online, so interacting with the participants is easy. He showed a few videos of the positive reactions from various people.

He said originally one of the concerns was if people would want to participate and they found that they were eager to. He spoke about various components and said first and foremost it's consistent with Mālama Hawai'i - the campaign, and it continues, and he said hopefully it will continue beyond the next six months. He said there needs to be freshness added to it. He said as they learn how the marketplace evolves and how their communication is consumed and effecting perception of the brand, they will continue to make adjustments and as media habits change, they will follow suit.

He said one thing they want to do from the start is frame Hawai'i slightly differently from the perception of a sun, sand, surf vacation spot. He said they want the visitors to understand it's the home of many people, Kuleana for their home, the lands and the islands they live on, and the communities they're part of. He said often times visitors don't understand this. He said they will create a video showing this message and then break it down in pieces and share on social media with paid distribution.

He said as they start to get to the island they will work with the partners - they have amazing partnerships with industry partners who share their messaging.

He showed a slide of United Airlines Instagram page, which he said is their exact campaign and they work closely with them. He said Hawaiian airlines and Alaska airlines are also doing great work with them. He mentioned another way to intercept the visitors is at the airports and to give them the message as they get off their flight.

He said they have partners on the lodging side who have their videos playing in the properties, and they have put aside a budget to supplement that to make sure many visitors can see the Kuleana messages when arriving to their rooms. He said visitors explore once they've checked into their rooms so they've discovered a way with their agency partners on the Waze app, where messaging will be created and placed on there.

He said they're working together with the HTA staff to get the appropriate messaging finalized to be ready to go once the plan is approved. He said in terms of the benefits of tourism they want to make sure that it expands in a concentric circle as it goes out, to more people in the community.

He spoke about the great craft people in the destination who don't have means to figure out distribution and how to get their messaging and products out to a larger audience, so they're committed to working with them, with Pinterest and other tools to help them get their products out to visitors, both while they're in the destination then when they go back home - a reminder of their vacation.

He spoke about how to share how the DMAP programs and others are helping their quality of life. He said HTA started with the community, allowing the community to share what their issues are, funneling that up through DMAP steering committee, crafting anchor actions, hiring island chapter destination managers, and working through all those to flow into the marketing communications, allowing them to share accomplishments happening with hard work from the community level with residents throughout the state.

He spoke about Surfrider Foundation, asking visitors to help with plastic pollution, and bringing awareness. He said they create organic posts from that and boost it on paid social. He said they also use programmatic bid allowing them to reach a target audience they define, regardless of where they are on their mobile device on the web, for messaging to the right people at the right time.

He said they will also house it on their YouTube channel too. He mentioned another area they're working with their media team, making sure their news partners and media partners integrate the messaging into their editorial content through paid fashion.

He mentioned going back to the community - their team has met with the island chapter executive directors, DMAP managers and asked for all the different media that are within their communities that can't be bought, on a statewide basis, but important to the people in the communities. He said they have a strategy in place on the earned media side to work with them to take the organizations that are seeing good results out of DMAP and work with the editorial teams to get content in the different media closer to home.

He said, overall, in public relations, they have a coordinated statewide effort, with one team representing each island aligned with each island chapter for information. He said they're focused on Mālama Hawai'i and Kuleana thanks to DMAP process. He said the PR team is immersed in DMAP priorities, working with the DMAP managers making sure they understand

what is being accomplished and sharing what's newsworthy to get the right content to share with residents.

He said with regard to the overarching effort, they work with the paid media team to identify who they should be reaching as they don't have the media budget for advertising and earned media team targets those.

He mentioned another part of the organization - looking at visitors that purchase vacations through a travel consultant, the numbers are growing, and he said it's an important channel for them, so their team works closely with them to deliver messaging, information and helps them understand why they need to be targeting the mindful Hawai'i target traveler, and what's the benefit to them as an individual business person and the benefit to Hawai'i. He said it's in overlapping benefit and is a great fit.

He said the team has great salespeople, which are educators. He said they've had more webinars and participants in the last year than they had before. He said they'll be doing virtual until they can get back to in-person and updating all the content to be consistent with the Mālama Hawai'i messaging, and using the tools, including HDS data base to communicate all the important information about Hawai'i.

He spoke about the budget and said they're working with a reduced budget based on the 2021 level with the contract being carried forward for the first six months of 2022. He said they've put a good amount in the consumer direct marketing, and said public relations and promotions has a great return. He said the cost there is the time of staff as well as some participation costs for media as they enter the destination.

He mentioned trade marketing and said it not only has the educational component, but also has a cooperative marketing component allowing them to get a multiplier for their investment. He said they make sure they're completely aligned with the research HTA and DBEDT and already employing, and they're looking at contemporary research that's more messaging related and they invest in that. He then mentioned the staffing and office line item.

Mr. Talwar opened the floor for questions.

Ms. Kimura asked if they first had a plan for one year with \$22 million and if there was any critical program they had to cut with the reduction of the budget and duration.

Mr. Talwar said there are items and weight, so they continue to do some things but not with the same emphasis or dollar levels as they did before, which is the challenge. He said another area they were looking at to add insight and marketing efforts, is talking to potential visitors after they've made the destination decision to visit and said there is a way to work with credit

card companies to identify them and get the Kuleana messaging right away when they've booked their vacation.

Mr. Kimura asked what the timing is when they will know if HVCB can continue for another six months.

Mr. Ka'anā'anā said HVCB's contract ends June 30, 2022, and there is no ability to extend beyond that, so the next RFP will be the only opportunity for the next contract to be awarded. He said the bureau's extension that was granted was an emergency extension through six months. He said they plan to issue the next RFP soon, so that respondents have ample time to respond, then be awarded with the intent that the new vendor or contractor could begin work starting July 1.

Mr. Rafter asked why the budget would not be, at the very least half of the original 2022 budget. He said it was stated earlier that they load up on spend earlier in the year when people are making their travel decisions at a higher rate, especially considering the back half of the year seems to have some uncertainty - who or when.

Mr. Ka'anā'anā said \$8.5 million, which is the six-month extension is half of the contract amount. He said the 2021 contract amount was \$17 million.

Chair Atkins mentioned that the original RFP went out for \$22 million.

Mr. Ka'anā'anā clarified that the amount is the extension of the 2021 contract, \$17 million, for the six-month extension, and a supplemental \$18 million they're on for that contract. He said they took half the years amount because it made a 12-month contract into an 18-month contract.

Mr. Rafter asked what will be left for the second half, starting July 1.

Mr. Ka'anā'anā said \$14 million July 1 through December 31, 2022. He said the HTUSA's extension is a solid contract for six months, the longest SPO will grant them.

Chair Atkins asked Mr. Talwar to go back to the target market slide showing culture, escape, adventure and cuisine. He said what Mr. Talwar laid out was very powerful with the Mālama program, but he said what's not in the videos is touching on the desired traveler experience. He asked if they're planning on doing more videos for the six months, and asked if they could feed some of the messaging they're doing into the Mālama program as he wants them to understand the various cultures in Hawai'i.

Mr. Ka'anā'anā said the bureau provided the assets for the marketing to United that Chair Atkins was talking about.

Mr. Talwar confirmed that it's a partnership with United. He said they were open to understanding how the destination wanted to present itself.

Chair Atkins said he didn't see any of the adventure being showcased in any of the videos.

Mr. Talwar said that is one of the challenges - how do you affect consumer behavior. He said what they're trying to do in their messaging is convince someone to choose Hawai'i as their next destination - where does culture, volunteering, fine dining fit it. He questioned what to lead with and what would motivate them to dig in a little deeper. He said what they're doing doesn't close the sale - no price, distribution, inventory, but what they're trying to do is get them looking for a booking and committing to a visit. He said that's why they do the research projects after the creative to make sure the components they put in are there to get them sold. He said they're seeing great effect.

He said people of all ages and socio-economic circles are mindful, being environmentally aware and when they think of Hawai'i they think of an enriching experience. He said they want to add another dimension to motivate them to book, other than the adventure, escape, or cuisine aspect. He said they do have a lot of cuisine in their messaging as well as adventure, so he said it's a matter of balance and if they had a different budget, they would be able to create a lot more, but said they need to get most of the budget into the media and deliver in significant ways.

Chair Atkins said they need to make a recommendation to the board saying they feel the budget should be approved and then can move forward with what the program is that they shared.

Mr. Rafter said he understood the reasoning on the previous year's \$17 million and then \$8.5 million but asked if they can increase it knowing they'll have \$13-\$14 million at the end of the year in what is a more uncertain situation. He asked if they can't increase it based on what was approved on previous years metrics.

Mr. Ka'anā'anā said he understood it that they wouldn't be able to amend the supplemental agreement for the six-month extension.

There were no questions from the community.

Chair Atkins asked for a motion. Ms. Kimura made a motion to recommend HVCB's plan for six months, to the board. Mr. Rafter seconded. Mr. Casson-Fisher did a roll call and five unanimously approved (Ms. Menor-McNamara had stepped away)

7. Presentation, Discussion and/or Action on the GMT's Marketing Guidelines

Mr. Ka'anā'anā said they need clarity from the board - when a market has meaningful barriers to travel what are the activities GMT should be conducting. He said they need to know how they should strategically guide the GMTs - they need policy from the board in executing what they should be doing.

He said the board heard the BMMPs for 2022 and had some concerns especially around the expenditure funds. He asked what it is they should be doing during a 'red light', when there is a meaningful barrier to travel.

He spoke about a slide containing measure of success they feel are important, which are part of the KPIs, that are part of the BMMPs, where they feel they move forward even during a period when there is a meaningful barrier to travel.

He showed a slide with a list of activities that they felt as staff to recommend to the branding standing committee and to the full board the following day that they would allow the GMTs to do, and the activities they could undertake when there was a barrier to travel.

He mentioned a few - crisis communication; Government relations - important relationships to maintain; website development and maintenance; social media campaigns to educate visitors - organic and boosted posts; E-newsletter distribution; Direct consumer education, e.g. travel planners; media support - travel writers draft stories about Hawai'i; travel trade education; community/stakeholder relations and communication; digital asset development - photoshoots, video shoots; CRM database maintenance; planning and coordination with wholesalers, airlines and maintaining the relationships for future activities; market Insights; media clippings; admin costs - inclusive of salaries, office expenses, and retainer.

Mr. Ching asked what the green light list is.

Mr. Ka'anā'anā said it's the full BMMP, and he said if they're in a green light period the plans that were presented last meeting would be allowed to move forward. He mentioned that there are things on the BMMP that are included on the red light list, so there is some overlap, but it's the frequency and depth of messaging they can do. He said they don't want to do large paid media buys during red light time - they will hold back on this and reserve cash.

Chair Atkins asked if the green light is North America and Mr. Ka'anā'anā confirmed.

Mr. Ka'anā'anā said they do large paid media buys but won't do that during red light. He said there are things they can do at a reduced level to help them to maintain their presence, but don't require the large influx of cash.

Chair Atkins gave an update on what Mr. Ka'anā'anā mentioned. He said most of the red light is barebones, green light is North America - he said they're going to recommend moving forward on the plans for the next six months.

Mr. Ka'anā'anā reiterated that the list of ongoing activities are things they're asking the committee to recommend to full board for approval.

Chair Atkins asked how a dollar value is put to each major market area.

Mr. Ka'anā'anā said it's for the members to have that discussion. He said he wanted to bring clarity to the activities he feels they should be doing, and then if the board can give guidance in terms of policy, and would it be 25%, 50%?

Chair Atkins said it would be a discussion for the committee to recommend. He said there will be a few countries that won't be coming back for a while so it's a broad stroke, and he is not sure if they should be giving 30% or 50% of their budget. He asked what they're going to be doing to keep the lights on and keep things moving forward, and he said he liked the social media that was spoken about and mentioned going into the other areas when locked down, and other than keeping awareness of mind, it will be a challenge.

Mr. Rafter said they know China and Japan won't have any relevance in the next six months.

Chair Atkins said it would make sense to have different thresholds for various countries depending on where they are, regarding COVID restrictions. He said they should not be spending a lot for when the countries with restrictions come back.

Mr. Ka'anā'anā said he understood the sensitivity around the topic. He said it's important to have a better discussion the next meeting about the visitor statistics that will be released the next day - he said they were embargoed but said it will give them a better view into the ROI on the activities they've undertaken.

He said it's important to understand the branding they're doing needs to be evergreen. He said there is a role for some level of ongoing presence and reiterated that the board needs to give them the policy direction and they'll be happy to make recommendations to them with the best information they have available to them and the best team experience to bring back to them for consideration.

Chair Atkins asked for clarification on the numbers that came out the previous day. Mr. Ka'anā'anā asked if they want them to bring a recommended funding level amount for each market and Mr. Ching said he would like that.

Chair Atkins asked if he is referring to per MMA and Mr. Ka'anā'anā confirmed and Chair Atkins said it would be helpful. He said they want to be prudent as they have no funding for the following year. He said they put in a placemark for \$60 million and said they're watching to see what's done. He said he understands both sides and said Mr. Ka'anā'anā is in the middle as he works with all the GMTs. He said he agreed with Mr. Ching, having more focus on what they want to do - increase it? He said it's a challenge to have a lot of ideas they want to do but not have the funding to do it.

Ms. Kimura reiterated that the only open market currently is the U.S. and the rest are closed for at least six months. She asked if they could use the excess budget for the U.S. for the six months, but Mr. Ka'anā'anā said they can't move money between contracts.

Ms. Kimura said nobody knew about Omicron before it arrived, so asked if it could be a force majeure.

Mr. Ka'anā'anā deferred to Mr. Kinkley.

Mr. Regan said it's more of an accounting issue than a procurement issue. He said they're under a new paradigm and are restricted in terms of how they can utilize the funds and move them between contracts. He said in the past it would have been easier as they were exempt from procurement, and they had their own special fund.

Mr. Ka'anā'anā said it's important to note there are meaningful barriers to travel but people are still visiting and spending. He said the next day after visitor statistics are released, they'll have a better picture of the impact for 2021 and will give the members additional insight into what the performance of each market has been.

Mr. Rafter said he's seen statistics on visitors, and they've discussed it in many meetings and it's not necessary to repeat the discussion.

Ms. Kimura used an example and said if Japan market opens in six months - they'll spend \$1 million in the first six months, then \$8 million later in the year, which is the same as what the U.S. is spending in six months.

Chair Atkins questioned if she thinks it's better to be prudent and not have the legislation say they just spent the money for the sake of spending and do what they need, and if they don't spend \$1.5 million in Japan, it goes back, and they maybe give them more than \$61 million.

Ms. Kimura asked what will happen to the money if the market doesn't open up for the rest of the year.

Chair Atkins said he agreed with Mr. Ka'anā'anā to keep relationships and commitments to their partners. He said Japan doesn't have to go to Hawai'i, they could go to other destinations and they've been loyal and one of the best markets for Waikīkī for many years, and to shut it off is not the right thing to do, but they have to have the red and green to give them enough to maintain relationships, keep minimum staff, keep offices in Japan going as maybe they'll be ready sooner than they thought.

Mr. Rafter said he agreed with Chair Atkins and Mr. Ka'anā'anā, and said they need to keep a base level going. He referred to Ms. Kimura's comment about the \$1 million/\$8 million - he said it's been about 2 years since they've had any real tourism from some of the markets. He said it's an awareness building effort. He said if it's closed towards the end of the year and looks like it won't be back at all in 2022, he said they should return it and working with the legislation to let them see they're doing the right thing and they should help them next year, as they need a good campaign to bring people back. He agreed there should be some base level of awareness.

Mr. Downing said he understood Mr. Ka'anā'anā's viewpoint and if the red light people need a certain amount to keep working then said the staff must go to the board to ask for a certain amount to get certain functions to take place, and not leave it to the board to decide on a percentage they should be giving the staff to work with. He said they should prioritize for the different areas and see what it would cost. He said the percentage could change for what they need at the time. He said they should tell the board what they need to keep operating so they have something to work from.

Chair Atkins said what he was asking for if they go in larger programs, media, do they have to give them the appropriate funding. He said he agreed with Mr. Rafter - if the \$8 million is justified to spend on marketing for a good reason, then he agreed to it. He said they have to take the heat for decisions, and he said he is okay with it.

Mr. Rafter was reminded that Canada is open.

Chair Atkins reiterated that he is always trying to be prudent about everything.

Mr. Ka'anā'anā clarified that red light means there are meaningful barriers to travel but they aren't impenetrable barriers, and they still have Japanese, Korean and Chinese visitors. He pointed out that there are flights from Australia, Canada and Japan so people are still travelling. He said although there is a red light, there are still people visiting and spending.

Chair Atkins asked what they are recommending from the presentation.

Mr. Ka'anā'anā said he would provide and circulate funding levels recommended by market to them for consideration for the full board meeting the following day.

Chair Atkins said they have approved the overall package and said Mr. Ka'anā'anā wanted to go beyond the green/red light which was discussed at the previous meeting, and he will share some of those in certain market areas that are important, that they go beyond a minimum - Canada might be one. He said that would be a fair discussion for the next day and asked if everyone agreed.

Mr. Casson-Fisher acknowledged that Mr. Jack Zhang from the public has comments.

Mr. Jack Zhang and Mr. Tony Shi representing the Chinese Chamber of Commerce in Hawai'i and Fujian Business Association, are speaking the importance of the Chinese market to Hawai'i. He said China ranked first in the world in terms of population and consumption level, especially on the high-end products. He said they're the number one outbound market and during the pandemic they have stopped for two years. He said they're hearing from China that the market will be open after the winter Olympics in China. He said during the pandemic, the cities of Honolulu and Fuzhou have become sister cities, and the chamber of commerce has successfully established economic, cultural and educational cooperation with China, including the promotion of Hawai'i coffee and agricultural products. He said they feel tourism is the key economic driver in Hawai'i and HTA should continue investing in development in the China market to ensure they can attract more high spending visitors.

Mr. Ka'anā'anā thanked Mr. Zhang and Mr. Shi for the testimony.

There were no further comments or testimony from the public.

Chair Atkins said this item does not need a vote as they've already voted on the whole package. He asked Mr. Ka'anā'anā to give more information prior to the vote of how much money is going to each of the market areas.

Mr. Ka'anā'anā said he will provide a recommended funding to them by market.

8. Discussion on HTA's Future Global Branding Allocations Strategy and Guidance for Staff

Chair Atkins said this item will rollover to the next meeting.

9. Adjournment

Chair Atkins asked for motion to adjourn. Mr. Rafter made a motion to adjourn, and Mr. Ching seconded. Chair Atkins adjourned the meeting at 5:16 pm.

Respectfully submitted,

Sheillane Reyes

Sheillane Reyes

Recorder