



**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, January 27, 2022, 9:30 a.m.**

Virtual Meeting

MINUTES OF THE REGULAR BOARD MEETING

MEMBERS PRESENT:

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

MEMBER NOT PRESENT:

HTA STAFF PRESENT:

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

GUESTS:

Chipper Wichman, Presley Wann, Jennifer Chun, Chris Kam, Jay Talwar

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order

Chair Kam called the meeting to order at 9:30 a.m.

2. Roll Call

Mr. Regan did a roll call, and all members confirmed they were by themselves except for Ms. Kimura with general public Glenn Yamasaki Kimura in the premise.

3. Opening Cultural Protocol

Mr. Casson-Fisher did the opening cultural protocol. Since it is still the new year, he shared the 'Ōlelo No'eau number 100 where it encouraged everyone to be prepared and make preparation for the future now.

4. Approval of Minutes of the November 25, 2021, and December 23, 2021, Board Meeting

Mr. Arakawa said he had revisions to the November 18th minutes on page 8, regarding the draft code of conduct, in the middle it refers to Mr. Rafter that said HTA code of conduct retaining the existing one, and they have to comply with chapter 84. It was Mr. Arakawa's comment, and he asked to have it changed to his name.

He said the sentence right after that was him as well, "We feel very protected by Chapter 84 and our current code of conduct." Mr. Arakawa asked to have that changed as well. He said further down where they were discussing the procedure under the current code of conduct, "When there's an issue, Mr. De Fries will notify them and himself." but he said the current process is that Chair Kam and Mr. Arakawa will know about it, so he said that section needs to be corrected as well.

He also said the last line on page 8 should be corrected to read, "Chair Kam and CEO Mr. De Fries confirmed that this is correct." The process where they get notified and refer to the attorney general and the ethics commission. He mentioned typo's - section 14, page 9 refers to ex-officiate, non-voting members, but it should be "ex-officio," and at the bottom of page 9, when he was talking about Ms. Kimura's experience with HTA, "She has an understanding of the Japanese market," not Japanese "more." He said also to clarify, "When she came back onto the HTA." He mentioned page 10, there are a lot of references to "has" and they should all be changed to "proposed," so instead of reading "Chair has," it should read "Chair proposed."

Ms. Kyoko said in the December minutes, item 7, page 27, "Mr. Rafter made a motion to support the brand management plans," but the motion was not to approve the plans, but to approve the expense to keep the lights on. Mr. Atkins agreed with it.

Chair Kam made a motion to approve the changes recommended by Mr. Arakawa and Ms. Kimura. Mr. Arakawa made a motion and Mr. Chun seconded it. Mr. Regan did a roll call for the motion to accept the minutes for November and December as revised and the motion passed unanimously.

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

There were no reports from any board members.

6. Reports of the Chief Executive Officer/Chief Administrative Officer/Chief Brand Officer

a. Relating to Update on HTA's Programs During December 2021

Mr. De Fries said he was wearing a lei from the previous night, and he wanted to highlight and congratulate Danny Kaleikini. He said the Kahala hotel had seen fit to rededicate their entry driveway and rename it the Danny Kaleikini Square. He said it's the kind of event that he wished every visitor and resident could attend.

Both the Lieutenant Governor Green and Mayor Blangiardi attended the event. He said he had a special appreciation for Senator Ms. Donna Mercado Kim and her interest in the Center for Hawaiian Music and Dance as she worked as a front desk clerk at the Kahala Hotel at one time, and a former hula dancer at the Royal Hawaiian Hotel. He said all in all it was a very special event.

He wanted to highlight that they were asked by DBEDT and Director McCartney to help organize meetings the coming week with HLTA, HHA, the restaurant association and retailers in a unified effort via the visitor industry to get the workforce booster shots. He said they did something like that before when the initial vaccination shots came out and they've been asked to do it, and they anticipate that it will probably be an announcement by the governor that will define fully vaccinated as including a booster. He said the board will be informed as soon as it is certain.

He mentioned that they all have the full CEO report in front of them for December 2021 and is happy to respond to any questions. He wanted to highlight some of the current activities going on in January 2022, highlighted by the third year of their PGA contract with the Century Golf tournaments, Sony Open and Mitsubishi at Waialae. He said when Kapalua has the kind of weather it had during that week, it is an elite golf destination; the scenery and the beauty ranks within any other golf vista seen in the world.

He spoke about a few of the players and how the game went. He said the Mitsubishi had some fresh faces in it that helped leverage viewership with Ernie Els and Vijay Singh. He said during The Sony Open, him, Mr. Ka'anā'anā and Mr. Monahan from HVCB had an opportunity to meet with a PGA commissioner, Jay Monahan, to explain that they were at the end of a three-year

contract, and also to explain to the commissioner how HTA and its funding abilities have been changed. He said they await the final evaluations on all of those tournaments and then will begin to examine how best to move forward in that area of golf.

He thanked Mr. Monahan and said it's clear that he is highly respected by the office of the commissioner of the PGA. He said they're grateful that he helped to facilitate the meeting, and meetings with the golf channel. He said the event gave him an opportunity to reconnect with Mr. Mark Roling, who became a mentor of his when he was assigned on the golf negotiations for the senior skins at Mauna Lani.

He said it will be good for Mr. Atkins on the standing committee to hear from Mr. Roling on how sports media is changing and the different digital platforms. He said he gave Mr. Ka'anā'anā, Mr. Monahan and himself a brief overview that deserves further review by their standing committee.

He mentioned the previous weekend when the Polynesian Football Hall of Fame was on which was co-sponsored by HTA and said it was a wonderful event. He said the previous time when it was in person, there were 1,200 people at the gala, but this year for COVID protocols, they limited it to 700. He said it was a well-supported and professionally-run event.

He said the following day at Mauna Lani the Hawai'i executive conference would convene, chaired by HVCB board member and businessman, Duane Kurisu. He said Mr. Kurisu asked the HTA and himself to appear on a board with the Head of Tourism from Spain, and the Director of the Tourism Council from Bhutan. He said the panel will take place on Sunday.

Mr. De Fries said there are a number of people who understand bits and pieces about what happened at the last legislative session, and they can get various perspectives about what they believe happened. He said he was trying to explain what happened: the loss of special fund, the loss of dedicated funding, the loss of the procurement exemption, and people came heavy hearted when they heard that.

He pointed out a speech at the Polynesian Football Hall of Fame by Ms. Lucy Wedemeyer, a wife of one of the inductees. He said Lucy's late husband, Mr. Charlie Wedemeyer, would resonate with Mr. David Arakawa and Mr. Presley Wuan because Mr. Wedemeyer was an all-star athlete at Punahou School, albeit years ahead of them. He spoke about Mr. Wedemeyer's football career after which he came down with ALS and lost his ability to speak and move, but never stopped coaching, and his wife became his voice because she could read his lips. He said his point is that the HTA model was deconstructed, and certain things were taken away, just like Mr. Wedemeyer's abilities. Ms. Wedemeyer's point in the acceptance speech was that Mr. Wedemeyer wasn't focused on what he lost but made the most out of what he had.

He said the fact that the HTA model has been deconstructed means that there is no status quo and that proves to be a silver lining. He said if there is no status quo they cannot plan for it, cannot budget for it, and there is no reason to invest any energy into it. He said they are taking the best of what they have and redesigning and recreating it. He said if status quo were there, they would not be talking about Hawai'i as a smart destination, and they wouldn't be accelerating their inner agency collaboration. He mentioned they lost a few things but have so much to work with. He said he is extremely proud at the way the staff and the leadership had come together and appreciates the guidance they have received from each of the board members between the meetings.

Mr. Atkins asked Mr. De Fries about the booster and what they're doing at hotels and asked if the CDC only recognizes someone as being vaccinated if they have the booster. Mr. De Fries did not have the current information but said, as of a week ago, it wasn't part of the definition of fully vaccinated. He asked Mr. Ka'anā'anā for his input, and he said he believed it was part of a two-course recommendation.

Mr. Chun said he believed that fully vaccinated means a person that received primary series and up to date means they received the booster.

Mr. De Fries added that they have tried to communicate to the governor that they felt adding the requirement of a booster is not necessary and it will thwart the number of arrivals. He said he was scheduled to make the announcement on Wednesday, and it's held off for another week.

Ms. Kimura said she thinks Maui County's requirement has changed to require the booster shot and Mr. De Fries agreed.

There were no further questions.

b. Relating to Update on HTA's Implementation of Change Management Plan

Mr. Regan said they continue to work diligently to support the change management plan that was approved by the board and said Mr. De Fries would be speaking about the work that was done over the past month.

He said the finance team continues to work hard to actively support the needs of the organization by processing many requests coming through, and to support their team, which includes their relationship in communication with budget and finance due to the use of the American Rescue Plan Act funds to support HTA's fiscal year 2022 budget. He said the funds have been approved, but there are more documents to submit in order to move the funds into a place where they can utilize them.

He said they've been working closely with DBEDT to respond to various questions coming up related to the legislative session which is in full swing, and the funds requested as part of HTA's operational needs for fiscal year 2023. He said this includes a request to provide additional information related to the rooftop replacement project approved by the board to include a request as part of the upcoming fiscal year 2023 budget discussion for the Convention Center. He said they continue to support their teams' procurement needs in various ways and they're in the process of recruiting for a vacancy on their procurement team, a procurement manager, but until it's filled Mr. Regan will be serving in that role.

He said for context, there are only two positions in the HTA that have procurement as their primary responsibilities and mentioned that they're actively recruiting for the positions. He said their planning team continues to work to support the implementation of the Destination Management Action plan, actions and sub-actions, Ms. Anderson, and a lot of the liaisons on the islands are working hard to ensure the actions and sub actions get implemented as part of phase one.

He said in addition to that they're working through the economic development and administration grant that Governor Ige assigned to them, which includes regular meetings with the EDA (Economic Development Administration) making sure they're following their requirements and forms asked to submit.

On the legislative side, he said they've spent time reviewing bills that have been submitted, which is be discussed more on agenda item 8.

He said they continue to support the team on human resource needs. He reiterated they are recruiting for a number of positions at the HTA, including senior brand manager, contracts administrative manager and procurement manager. He said they have challenges finding applicants, but they've been fortunate to find great team members to join.

Mr. De Fries said Mr. Regan's report mirrors his change management report. In June 2020, the HTA board adopted unanimously the 'Āina Aloha Economic Futures Declaration and became a signatory to that declaration. He said there are 14 co-authors who meet every week and continue to move their operating principles, but also engage with the community. He read an excerpt by the House majority leader Belatti on the opening day at the legislation, it was an acknowledgement to the great work that 'Āina Aloha Economic Futures have done, an acknowledgement to the HTA board for recognizing the value of the organization, and one of the co-authors is Mr. Ka'anā'anā, their Chief Brand Officer. He congratulated him on his AAEF achievement.

Mr. Ka'anā'anā was the next presenter. He said the team has been very busy - a number of things happening across the four pillars. His report started with the natural resource pillar. He said the Aloha 'Āina program went out and first payments went out in record time. He reported that the partnership with the Hawai'i Community Foundation had been huge in implementing this program.

He said they continue to work with DLNR on the partnership to do brushing and clearing on the trails, so they're hoping to have that wrapped up in June 2022. He said they're close to selecting a program manager for the formerly known as the Universal Reservation System, the Channel Manager now. He said there is more detail in the CEO report.

He said UH TIM school continues their work in the study they commissioned from them, to understand what the landscape is as it relates to tour guide certifications and possible licensure, and they're hoping to have that work and study published before June 2022. He said they continue to work with Sustainable Tourism Association of Hawai'i on their certification and re-certification of tour guides.

He said there is cohesion among all the certifications; and the goal is to see them all come together.

Mr. Mr. Ka'anā'anā moved on to report the Hawaiian culture pillar, Kūkulu Ola, whose first payments already been distributed. He said the Native Hawaiian Hospitality Association (NaHHA) is busy and said Ms. Ilihia Gionson has been doing a great job mirroring some of the content on their social calendar to ensure they can drive attendance to the various training at NaHHA is doing.

He thanked Alaskan airlines and Mr. Chun and their partnership with travel2change, as well as Hawaiian Airlines, NaHHA and HTA to build the capacity of their community-based nonprofits to create tourism products, to create the capacity to be listed on travel2change so they have a hub, and said they've been doing it in partnership with HVCB.

He said they're close to wrapping up Pop-Up Mākeke season 3, coming into the final plan and said it has been successful. They were able to support locally-based micro and small businesses that had no expertise with e-commerce, and unlocked markets they would never have access to. He said they were successful as an investment for HTA in partnership with DBEDT, supporting Pop-Up Mākeke.

For the festivals and event that are funded through the community enrichment program, he said the final Island Maui was wrapped up and made their final award letters, so now they're moving forward with HVCB to get contracted with the programs. They've also moved forward

with Kahea greetings program which is important to the visitors to create a Hawaiian sense of place, and they have started performances at their airports statewide. He said they're also doing that for cruise as cruising has resumed without major incident, which is another important part of the work going on with Ms. McKee.

He asked Mr. Talwar to give updates on PGA.

Mr. Talwar reiterated the partnership to the HTA contract with the PGA Tour for over 18 years. He said they've worked with them in ways to allow them to forward the appropriate brand messaging using their talent, stars and players. He said they've had great luck with them finding the talent. He said it's the best deal they've ever had to have superstars promote the sport that's appropriate to their branding. He said the branding message has evolved over time as their needs have evolved. He said they're also participating in Mālama Hawai'i experiences, so they have two shows full of content running on the PGA Tour, broadcast on the Golf Channel as well as NBC. He showed a video clip to give a visual reference to his report.

Mr. Ka'anā'anā said he wanted to close with a friendly reminder that they do have their Winter tourism update, a virtual event, which is scheduled for February 9 and there will be a registration link coming soon. He said they will be presenting their activities for the winter update that pertain to marketing branding in particular.

Mr. Atkins said a few weeks ago he asked Chair Kam if they could bring Mahina Duarte to their meeting the following month to give more of an update. Mr. Ka'anā'anā confirmed that they can attend so the board can ask questions as well. He thanked Chair Kam for letting it happen.

Mr. De Fries recommended Chair Kam to extend an invitation to Senator Wakai and representative Onishi for the legislative update, and provide a view of their legislative priorities, when the Chair deemed appropriate during this meeting. Chair Kam agreed.

Mr. Regan reported there were no questions from the public.

7. Ho'okahua Hawai'i Standing Committee Update

a. Presentation by Presley Wann, President of Hui Maka'āinana O Makana and Chipper Wichman of Limahuli Gardens on Their Experiences Related to the Destination Management Action Plans (DMAPs)

Ms. Yuen said the committee didn't meet that month, but she attended the American Planning Association Hawai'i chapters annual directors panel, and they had invited all the county as well as Mike McCartney from DBEDT to speak.

She said they asked questions specifically about HTA's DMAPs and how the counties have all been working with HTA and the staff, and the new DMAP managers, and everyone was excited. She said the work with HTA to manage tourism impact has been warmly received by all the county directors. She said she is thankful to Ms. Anderson and the leadership staff to help continue with that.

She said some of that wraps into their guest speakers, in that it's important as HTA makes the shift towards destination management/tourism management. She said it's a great Segway into what they've asked Mr. Wichman and Mr. Wann to talk about and thanked Mr. Atkins for reaching out to the guest speakers. She said Hā'ena State Park is an example of that and is being held upright as the shining example, but it is not as easy and doesn't happen overnight. she said she was the planner working on that project and was invited into the community to help develop a master plan that had been in the works for decades.

She introduced Mr. Wichman, the president of The National Tropical Botanical Garden and Mr. Wann, an Ohana member from Lahaina Community, a Punahou Alumni, the president of Hui Maka'āinana o Makana, who has the curatorship agreement with State Parks that has evolved from restoring the Lo'i to improving other historic sites, taking over the shuttle system that has been successful in managing traffic that was impacting the north shore of Kaua'i and beyond. She said they continue to grow, but since they started the masterplan process over 12 years ago, it had come a far way. She gave the floor to the guests.

Mr. Wichman started his presentation with a slide. He said he has worked with the National Tropical Botanical Garden for 47 years and said it has been a great life journey and an honor and privilege. He said Mr. Wann's ancestors facilitated the community purchase of that land in 1875 which allowed them to restore the Ahupua'a system and it had been there for countless centuries.

He said He 'Āina Momona is a place with abundant fresh water, crystal clear waters, abundant sea life and spectacular sunsets. He said the Limahuli Valley is the second most biodiverse spot in the Hawaiian Islands and they currently manage over 165 threatened and endangered federally listed species.

He said when their ancestors arrived, they circumnavigated the island and found Hā'ena to be one of the ideal places to begin to establish their civilization. He said it's a very important spot and showed an artistic rendition he commissioned 20 years ago based on traditional cultural knowledge and practices, as well as archaeological reports.

He said Hā'ena had a thriving community for over 800 years. He spoke about He Panepo's Keia Wahi Pana which is the pinnacle of Wahi Pana - the landscape all has names and significance. He said it's a place where their ancestors lived as companions with the land for centuries.

He said in the 1960's as part of the Statehood they condemned the Hā'ena land to get away from their ancestors, evicted the taro farmers and created the Hā'ena State Park as a gateway to the Nā Pali Coast. The Nā Pali trail and coast were recognized as the world class resources, and they needed a gateway, so Hā'ena State Park was created.

He said this beautiful natural resource attracted more visitors and the State Park was ill-equipped to deal with that. The state brought bulldozers in to make a parking area and built a comfort station on the most culturally sensitive dune right by the lagoon where the iwi kupunas were underneath. He said people came in ever increasing numbers. He said the parking lot was a mess, exceeding the carrying capacity of the place and visitors doing lots of culturally inappropriate things. He said DOT put a rubber strip over the road and counted over 3,500 cars a day.

The community groups have gotten together to come up with solutions. He spoke about the Limahuli Garden and that he built an Ahupua'a program there, and had successfully created the first CBSFA (Community Based Subsistence Fishery). They took it beyond concept to implementation, and recognized their property from the mountain ending at the highway. They created the Hui Maka'āinana o Makana through community leaders who recognized that they wanted to work with the state. The mission of Hui Maka'āinana o Makana is "dedicated to perpetuating and teaching the skills, knowledge and practices of our kupuna through the interpretation, restoration, care and protection of the natural and cultural resources that are located with the Hā'ena State Park." He said they created the non-profit to take care of their 'Āina, the place their ancestors lived, where they are raising their children.

He said Aunty Pualani Kanahale said this about Hā'ena, "Only the most worthy experience Hā'ena from childhood until wrapped in kapa." He showed a slide of their visionary leaders that expressed and guided the formation of the Hui and its years. The vision is to empower their Maka'āinana because they're the people of the community, and they wanted to empower the people of the community to be stewards of the place.

He showed a few slides of volunteers working in the fields - true community-based work for decades. He showed Mr. Wann's quote - "Hā'ena to me is the definition of 'Āina Momona and it is my kuleana to protect and perpetuate it." He reiterated what Ms. Yuen said about the Master Plan Process - it was long and frustrating, and he began working on it in the early '90's. He said

the state began the formal process in 1997 after they realized they had created a mess. He said the process ended in 2001 after the community put in hundreds of hours of work.

He said they had a community preferred master plan and the consultant walked away and it wasn't until Ms. Yuen and PBR Hawai'i came along in 2008, which took another decade to complete the master plan. He said in the meantime the cars caused a lot of congestion where even emergency vehicles couldn't get through.

He said when government couldn't step in, nature did – on August 14, 2018, there was a flood that isolated Āina for 14 months, after which the community said they would never let it go back to the way it was. He said the next step was critical with State Parks and the trust they built over decades of work. He said the state stepped in, and in record time took the masterplan and they put it on the DLNR agenda, and it was adopted on May 25, 2018, all in one month. The plan called for a maximum number of people - 900 people per day in advanced reservations.

He said they reallocated their CIP money and began construction of the paradigm shift. He showed a picture of what it looked like on June 19, 2019, which they called the new day celebration, where the governor came down and visitors came in by shuttle, through the boardwalk, and it created the beginning of a regenerative system that would allow their community to become partners and co-managers of the resource. He mentioned it took place in July 2021 when DLNR changed their status from being curatorship status they had for 20 years, into a revocable permit that allowed them, along with their partner, nonprofit, the Hanalei Initiative, to enter into a co-management agreement. He said they are managing the shuttle, entry and parking and they're sharing in the revenue - the revenue is going back into the project.

He said they have now created over 20 community-based positions, employing their community in culturally appropriate ways and the Āina is being regenerated and restored, and a number of people on the beach and trail is at a sustainable level. He said the experience for the visitors and community alike is different. He showed a slide with the DMAP code for Kaua'i, about being a global model, and said they are implementing the 'Āina Aloha Economic Futures in the process, creating circular economy where the money is churning in their community and restoring their Āina, and community.

Mr. Wann was the next presenter. He shared that he is a lineal descendant of Hā'ena and Nā Pali coast, and could trace some of the family stories back to Nihoa. He said the approach to some of their success and solutions for their visitor management and place-based management has been from working with the state, especially DLNR, State Parks, State Forestry and the State

of Hawai'i. He said it took a long time for them to build relationships - over 20 years, all built on trust.

He said taking care of their place and being a role model came naturally to them and said they were recognized by the United Nations for some of their work, especially with the management of their fisheries, so taking care of Āina Momona was taking care of what feeds them.

He shared some of the challenges they're facing, and said the DLNR has been a great partner, and he said they need the help, including the fisheries. He said they're fortunate to be in a good place with regard to the non-profit and they're starting to depend on the visitor industry with their programs which are community capacity building programs: fishing camps, school groups, and a constant flow of educational opportunity programs. Every day they're working, they're on the frontline dealing with visitors and their own community.

He said everyone is happy about the developments and he attributed that to Mr. Wichman's ability to get everyone in the community involved. He reiterated that is where the success and solutions are for visitors. He said in Āina, they're inviting people into their house and with that a certain amount of respect is expected for the place.

He asked if there is any way HTA could help support some of the pre-travel education to let people know how to be a good visitor, teach them about the culture, and expose the visitors to the culture and history of Hawai'i. He reiterated that the HTA is doing a great job, but it's important to educate the visitors. He also spoke about the evacuation plan for when they have visitors - shuttle to and from there is important, for the safety of the visitors and families that live there. He thanked everyone for letting them share solutions and experiences.

Mr. Wichman thanked Mr. Atkins for reaching out and said it's an honor to speak to the board and commended the team. He said it's the moment to recalibrate the visitor industry and try make it more sustainable and circular and said they're happy to help with anything on the journey.

Chair Kam thanked Mr. Wichman and Mr. Wann.

Mr. Ka'anā'anā showed a picture of his first trip to Kaua'i when he joined HTA 6 years ago. He was honored to have visited their organization and is pleased to see how much has accomplished since then. He thanked them for their input.

Mr. Atkins spoke about Mr. Wann mentioning a lot of media going out to his area and Mr. Wann gave a good message to the media, such as an article by Hawaiian Airlines. He said it is great as Hā'ena is different now. He commended him on his powerful message to tell, as it is a success story for Hawai'i and said they will work together to get the message out.

Mr. Wichman said it's a better experience now for the visitors compared to what they had before all the changes happened, even though the organizing is more difficult now for visitors, but the vast majority are not pushing back at all and are happy to cooperate.

He touched on the community; he said most of their community had been squeezed out of Hā'ena for decades and said many residents came back in tears, thanking them for allowing the community back in. He said with DMAPs, the destinations are not the problem, but the number and volume of visitors. As they think of managing their visitors in the culturally, biologically and socially sensitive areas, Hā'ena is only a small two-lane road, and the social impact of the visitors coming in was immense.

He said they need to keep in mind how they benefit the community with the tourism and said it goes back to creating the ability for the money to churn the economy and in the community, so that they are regenerating not only the Āina and the natural and cultural resources, but regenerating their communities, because if the communities are regenerating, they will open their arms and welcome visitors. He said they don't want confrontational experiences that could get to social media it.

He said it's hard to calibrate and go from \$10 million to \$7 million, but they have to figure out a number and manage the hotspots so that their communities and Āina can heal. He said they were fortunate that nature intervened with the flood; otherwise, the implementation of the plan would have taken years, so it will be hard to replicate what happened as all the things came together, but they can take basic foundational building blocks and build from there, and other communities can learn from that. He wanted to emphasize that it took decades to work on before the opportunity came to reset.

Mr. Wann thanked the team again for everything they have done for them. He mentioned the organization couldn't hold the two largest fundraising events, the Taro Festival and Mango Festival. Mr. Atkins and Mr. George Costa contacted him and gave them an opportunity for funding. He will never forget HTA and thanked them again for always supporting them. He said the whole idea is to educate, support the community, and have a healthy and happy community. He said they have great staff and ambassadors in the park.

Ms. Yuen mentioned that Mr. Wann and Mr. Wichman wanted it to be a generational thing - for families to be able to take care of their homeland and make a living out of it, and to see it happen is amazing. She thanked everyone for what they've done and said there's opportunity for them to support other communities in similar ways.

Mr. Arakawa thanked everyone who brought the presentation to the board and public. He said they should consider making action items from it and the first one could be to make sure they

continue to fund this type of program and similar programs. He mentioned, secondly, in the future they can look at special board meetings on these types of programs to give them their due and attention and have a program with these types of presentations and updates on Mr. Wann and Mr. Wichman's programs on Kaua'i on a regular basis.

Mr. Chun added his thanks and said it's inspirational to hear that it's all happening. He said they must think about how they can accelerate the work across the state. He wanted to note, in terms of what Mr. Wann was saying about supporting pre-travel education underscores the importance of brand management and the marketing communications HTA is putting out there, and why HTA does what it does. He wanted to thank them for acknowledging that as a way they can support them better.

Chair Kam thanked Mr. Wann and Mr. Wichman, and said his dream was always to make sure the board members can go to all the islands. Mr. Wann and Mr. Wichman said they will welcome them with open arms when the time comes.

Chair Kam skipped to item 11.

8. Legislative Update on the 2022 Legislative Session and Related Bills Relevant to the Hawai'i Tourism Authority

Mr. Regan said the legislative session opened on January 19th, and Governor Ige State of the State address was on January 24th, and it was the last day for bill introductions. He said they have been actively monitoring and reviewing measures that have been introduced and proposed as part of the process, that either directly or indirectly impacts HTA, the board and/or the visitor industry.

He said there were currently 40 measures in the Senate and 39 in the House on their tracking list. He said the measures include green fees, requiring production of educational videos by the HTA, tourism governance study, performance-based contracts, changes to 201B to update the language, and much more. He mentioned for context, the green fees alone - there are four measures in the house, and three in the Senate that are specifically focused on that particular concern of green fees.

He said there is a lot of activity going on and wanted to make everyone aware that the Senate's committee on Energy Economic Development and Tourism is having a committee meeting the following day, Friday, 3 p.m. There are a number of measures on the agenda, some of which relate to their responsibilities and some they're tracking that they want to consider submitting

testimony on. He said one in particular was SB20-75, to address performance-based incentives for professional services contracts related to their marketing branding work they do at the HTA.

He said they've worked closely with Chair Wakai and Chair Onishi and introduced measures on performance-based incentives for their marketing contract, and also introduced 201B cleanup measures, which is essentially better aligned with their strategic plan and Destination Management Action Plans, and to clean up some of the language that was there from inception of 201B which needs to be modernized and updated.

He said there was also a measure to place the HTA CEO, Mr. De Fries, on the Board of Land and Natural Resources, and the Land Use Commission, as a non-voting ex officio member. He said, additionally, both chairs introduced measures to have the legislative reference bureau, LRB, to conduct a tourism governance study. He said they look forward to meeting and engaging with the legislative PIG (Permitted Investigate Group), led by Mr. Arakawa as the chair, and vice-chair, Mr. Alameda, as they go forward to set the policy direction for the HTA.

Chair Kam asked if Mr. Regan would provide all the board members with links and information so they can keep track of all the different bills. Mr. Regan asked Chair Kam to provide guidance in terms of what he needs him to do, and if he needs to forward all 79 bills to the board members? He said he is happy to do what is needed and can do a list/tracking spreadsheet. Chair Kam confirmed the tracking spreadsheet can be sent out. He deferred to Mr. Arakawa and Mr. Alameda.

Mr. Arakawa said it was a good suggestion and they'll continue with the process they had in prior years where Mr. Regan prepared a list of bills with the links and he will help with that, so the board members can follow. He said they'll work with the staff to present to the administration committee position statements on general legislative issues that they understand will be coming up. He said, in the meanwhile, the Legislative Permitted Interaction Group would work on the day-to-day, week-to-week matters that have been prioritized by the board.

Mr. De Fries said there were no bills of concern to him at that time, and reiterated the intent was to put it into a format as they've done in the past. He also wanted to extend an invitation to Chair Wakai and Chair Onishi to make any comments they would like to make. Mr. Regan didn't see Chair Wakai on the call.

Chair Onishi gave an update from the House. There were a lot of bills introduced by members regarding tourism or HTA, and they hadn't received the full list yet, but they will review it as per their process, have discussions with members, then decide which bills they will schedule for hearing. He said their hearing dates are the same - Tuesdays and Thursdays. He said the House

had a similar schedule it had in the past where, if it's referred to three committees, they've got to make sure to hear the bills that are related to their committee within the next couple of weeks, if not, the bills will die.

He said they have three issues they're working on, and the first one is the tourism governance study bill by LRB, the second one - another bill to try get a development planning committee established within DLNR for Banyan Drive. They've been unsuccessful for the last five years, mainly because the Hawaii island senators have been killing the bills, but he said they're hopeful for this year. He said they've narrowed the scope to just Banyan Drive, versus it being a development committee that could apply to other areas within the state that are designated by statute. He said the final one, the Convention Center roof repair, they met on January 12th with Mr. Regan, Ms. Orton, Chair Luke and Chair Yamashita to discuss the request for the funding for the Convention Center.

He said they had questions on the status of the plan to put out an RFI for the development of the Convention Center. He said they were under the impression previously, 2020, that it was going to move forward, and HTA did two studies regarding the development of the Convention Center, and they had preliminary discussions with the House leadership, and said they supported the effort, but had not heard anything about that effort moving forward. He said the effort was also in conjunction with the repair of the rooftop, so it was a concern of theirs.

He said at the meeting and after the meeting they asked for additional information about the plan for the rooftop repair and they're awaiting the information. He said he also introduced three Senate bills as a courtesy to Senator Wakai and one was adding non-voting members to the HTA board, one is the president of HTA having a seat of the board of Land and Natural Resources and the third, he couldn't remember.

9. Report by the Branding Standing Committee of their Meeting held on January 26, 2022

Mr. Atkins said it was a long meeting and they covered a lot of ground.

a. Discussion and/or Action on Sports Marketing Goals and Strategy and Branding Standing Committee Recommendation from its Meeting Held on January 26, 2022

Mr. Atkins spoke about the \$1.5 million they had for sports and it was on the agenda the month before, and after that, Mr. Ka'anā'anā told him, because of ARPA, they would need to move fast on trying to figure out what the guidelines are moving forward so he can go out with an RFP in

the middle of February, so he reached out to Chair Kam, Mr. De Fries and asked them if he can bring someone in who was well-versed in sports and destination marketing, Tom Kiely.

Mr. Atkins thanked Mr. Williams, Mr. Ka'anā'anā, and co-chair Mr. Ching for taking the time to go through a number of meetings. He said the goal at that meeting that they brought to the branding committee was what their goals and strategy are.

He said the goals were to extend the brand image and marketing of Hawai'i , generate community benefits, and generate economic benefits. He said they discussed those and agreed on those goals.

He spoke about strategies that they felt would help Mr. Ka'anā'anā and his staff craft an RFP that could go out to the general public and from there, they hoped to have a number of events that they used to have in 2019, apply any new events that would like to fit under this broad RFP, on a CEP RFP, where they take everything out, weigh it, score it and then make a decision.

He said there will be three staff members involved in the RFP process and four outside, either board members or community that would help with the finalization of who is awarded a contract. He said they had a good number of their board members on as far as committee and also non-committee board members. But if there were any board members that weren't on and had questions about that part of the branding committee meeting, he said they must ask the committee at that time, and if not he said their recommendation was to go to the board to ask for approval of the goals and strategy for moving forward with sports in general, but also to allow Mr. Ka'anā'anā to move forward with the RFP.

He would like to have addressed any questions at that time. Chair Kam made a motion and Ms. Kimura seconded. Chair Kam clarified the motion was for Mr. Ka'anā'anā to put out an RFP for the \$1.5 million for sports and to use the goals and strategies as the guidelines. Mr. Regan did a roll call and the motion passed unanimously.

b. Discussion and/or Action on the 2022 Los Angeles Clippers Proposal and Branding Standing Committee Recommendation from its Meeting Held on January 26, 2022

c. Discussion and/or Action on the 2022 Los Angeles Dodgers Proposal and Branding Standing Committee Recommendation from its Meeting Held on January 26, 2022

Mr. Atkins spoke item 9b and 9c in one item. He spoke about the Dodgers and Clippers and said they looked at their goals and strategies when they viewed both teams. He said the Clippers met all three goals and they've visited before and said Mr. Ka'anā'anā gave them a little bit on the ROI. He said the Dodgers really hit one of the three goals and said in their discussion they

felt it was best to have them if they want to continue, to look at the funding from the HTA to also present their presentation as an RFP.

Mr. Atkins said Mr. Ka'anā'anā went over the CEP, relating to sports, they were able to use under the encumbered funds for CEP programs and Mr. Ka'anā'anā reviewed what they were, which were included in the packet.

He said GoHawai'i HVCB had two of the components of a presentation. He said they didn't have for the previous days meeting is that they're going to be sending out information and a questionnaire to HVCB members asking what they like about GoHawai'i now, what they don't like, and how they can make it better. So instead of two presentations Mr. Atkins said he will defer to February, and said they will have everything done by then and take it to the committee and board for comment.

d. Discussion and/or Action on Request to Solicit a Consultant Related to the Hawai'i Smart Destination Initiative and Branding Standing Committee Recommendation from its Meeting Held on January 26, 2022

Mr. Atkins said Mr. Ka'anā'anā will come back with the cost for what it will be to do the initial consulting, and look at the whole \$10 million, and asked Mr. Ka'anā'anā for comment. Mr. Ka'anā'anā asked if they can defer to the following month on the branding committee agenda.

e. Discussion and/or Action on HTUSA's Brand Marketing and Management Plan for January to June 2022 and Branding Standing Committee Recommendation from its Meeting Held on January 26, 2022

Mr. Atkins asked Mr. Ka'anā'anā to comment why the RFP had to go out to the public again and how long the extension is for. Mr. Ka'anā'anā said the RFP 22-01 issued was recalled or cancelled, which resulted in them going to the state procurement office asking for a six-month extension of the prior encumbrance contract, and the approval was granted by SPO to extend the Hawai'i Visitors and Convention Bureau's contract through June 30, 2022. He said the amount for the contract, and supplemental extension approved by the SPO was for \$8.5 million which represented half of the amount of the 2021 contract which was \$17 million in total. \$8.5 was awarded in the supplemental contract for up to the first six months of 2022.

Mr. Atkins said there was a discussion the previous day because the original contract went out for \$22 million, and it was their understanding from Mr. Ka'anā'anā that in the second half, the

contract would go out for closer to \$14 million. Mr. Ka'anā'anā said the funding available to them was ARPA funding and the \$8.5 million represented half of the prior 12-month contract, so what was left of the \$22.5 million appropriation that the board approved, is the \$14 million - the amount for the back half of 2022. Mr. Atkins said Mr. Talwar of HVCB did a full presentation on where they feel the budget for the first six months of the year will be most effective, and he said after the presentation there was a vote, and it was recommended from the branding committee that the board approves it so they can do what's needed to get the program roll out.

Mr. Downing asked if the amount is for six months, or up to six months. Mr. Ka'anā'anā said the contract is executed through June 30th, 2022, but has provisions for them that if a contract is awarded via an RFP that they could make the move if they prefer, but the contract is for up to six months.

Mr. Atkins asked Mr. Ka'anā'anā to give a quick update on where the process of the RFP is now, and what the timeline is, but Mr. Ka'anā'anā said he couldn't speak to that at the time as he doesn't have an exact or target date to release the revised and updated RFP, but he said it has to be soon, as the vendor that has the current contract ends June 30th.

Ms. Kimura made a motion to approve the HVCB six-month contract extension for \$8.5 million.

Mr. Ka'anā'anā said there is no necessary action as the contract is in place, but the motion would be to approve the six-month BMMP that was presented. Ms. Kimura made a motion. Mr. Ching seconded. Mr. Regan did a roll call it passed unanimously.

f. Discussion and/or Action on the GMT's Marketing Guidelines and Branding Standing Committee Recommendation from its Meeting Held on January 26, 2022

Mr. Atkins said Mr. Ka'anā'anā presented to them everything that had been done in the GMTs at the present time. He said one of the questions was, is it just bare minimum, social media, keeping staff, everything done in the office space? Mr. Ka'anā'anā said there are certain areas of the GMT's that will go beyond that, so the committee asked Mr. Ka'anā'anā if it was possible for him to go into the different GMT's and see where they need to spend more money at that time, as the ones they are talking about are not North America, they are international ones and they're closed at the time. Mr. Ka'anā'anā said as of the Branding Standing Committee meeting the previous evening, they were asked to present a recommendation of a funding level for each market, and he had it distributed it in the morning, 9 a.m. via email.

He noted, that included in the sheet, were a couple of updates from the previous evening; one change from the previous days discussion is, he wanted to recommend that Canada move to “green,” and amounts in the restricted first quarter budget are the recommended funding levels that he is requesting, representing the first three months, and the number would be divided by three for a monthly amount in the first quarter of the year.

He mentioned moving Canada to “green” and said some important information is that they have direct flights, with good load factors, no quarantine upon return for the Canadian travelers, anticipating the Prime Minister announce the following week that Canadians won't need a PCR test to return to Canada. He also said vaccination rates are 82%, 42% for booster shots, and over 87% of Canadians have had at least one shot. And lastly, Canadians can travel via the U.S mainland to Hawai'i via connecting flights. He said for those reasons, his recommendation is to move Canada to “green” and approve the first quarter budget amounts.

Mr. Atkins said this part is not coming with a recommendation from the committee as it's the first time all of them are hearing about it.

Mr. Rafter asked how Mr. Ka'anā'anā came up with \$250,000 for China, given that it's a fairly small office and team, and currently no flights. Mr. Ka'anā'anā said a big part of that was when they heard from Dennis and Alex, the establishment of their social channels and the WeChat platform, the primary platform in China, is going to be a significant undertaking. He said they have the China office and the Honolulu office as well. Mr. Rafter said he is pleased to see the recommendation for Canada to go “green,” as it will start to reestablish their awareness with them, which is important.

Mr. Ching thanked Mr. Ka'anā'anā for putting the presentation together. He mentioned the comment the previous day about Australia being open. He asked if it factored into this part or not enough to get them closer to “green?” Mr. Ka'anā'anā said Oceania is unique in the sense the it is made of two distinct, sovereign countries, so Australia is open and he would argue and advocate that Australia is, but New Zealand is not. So if the board is comfortable with it, he would move Oceania to open again as they still have flights directly coming from Australia to Hawai'i. Qantas did reduce some flights, but the other carriers including Hawaiian Airlines and Jet Stars are still going, so half the market is open - what they term Oceania.

Mr. Atkins spoke about Hawaiian Airlines - they stopped flights indefinitely to Brisbane.

Ms. Kimura asked if they still have entry restriction, quarantine, and Mr. Ka'anā'anā said he will provide the specific requirements for each country. Ms. Kimura said she thinks if they still quarantine and mandatory requirements, they can't say the destination is open even if there are flights.

Mr. Ka'anā'anā reiterated the \$250,000 for Oceania, two countries, for the first quarter, roughly \$83,000 per month for the first quarter, as they're requesting for the recommendation. He said their attention would be focused on Australia for the moment, as that's where the opportunity exists.

Mr. Atkins asked if they've approached Mr. Ka'anā'anā with any programs other than keeping the lights on and asked if they have any idea when the governments will open up for non-restricted travel. Mr. Ka'anā'anā said there have been requests made by the GMTs for specific campaign activities that they would like to undertake, and they're all within the BMMP that was presented, but because their NTP restricted them to the "bare bones" they did not approve it. He said they may have lost the opportunity for an Ocean Film festival which was roughly \$12,000 but had great reach. He said he will check if it's still an opportunity available to them, but he said they've made specific requests they haven't responded to.

Ms. Kimura asked if the 22% administration cap still reflected to the budget and Mr. Ka'anā'anā confirmed the administrative cap would remain in place and said it's important to note the administrative costs include things beyond salary. All the expenses in the BMMP that are under administrative costs such as office expenses, supplies, insurance, etc.

Ms. Kimura asked about Japan's administrative cap being \$50,000 per month as per her calculations, but Mr. Ka'anā'anā said he did not calculate yet, but the cap would remain in place as per the contract of 22%.

Mr. Ching said he recommended more attention to Australia as he thinks there is value there.

Mr. Atkins is looking for recommendations from the board on how to go forward as they can approve what there is so far and take into consideration what Mr. Ching mentioned. He asked if there is a way to give the staff some flexibility, especially Mr. Ka'anā'anā and his team, that if a really good program comes up, how they move forward. He said they need to be respectful of budgets in place, but also how to be strategic in trying to get the markets as they open up, as Hawai'i needs them to return. He asked for ideas to give Mr. Ka'anā'anā direction.

Mr. Downing said to trust the staff they have to do the best they can do with the resources they have. He said Mr. Ka'anā'anā came up with "bare bones" to show what they need to keep the lights on, and adjusting in time they need to give staff flexibility and trust that they are looking out for Hawai'i. He suggested the Board not to micromanage, He commended on the HTA staff coming up with the numbers in such a short time frame.

Mr. Arakawa agreed with Mr. Downing; however, he said there should be some general guidelines/triggers/benchmarks. He suggested perhaps Mr. Ka'anā'anā could work on it with

Mr. Atkins and Mr. Ching, determining what criteria can be used, so they don't have to keep coming back to the board for approval. He said it was impressive listening at the Budget Finance Convention Center Committee meeting to the committee Chair Atkins, Mr. Rafter, Mr. Ching and Mr. Downing who operate businesses on how they determine when they ramp up, and how it affects them when there's no customers.

Mr. Atkins agreed they don't want to micromanage. There is a fine line between them being prudent about expenses, and letting their team not be micromanaged. He said there may be something in the middle where they can set an amount and discuss it between Mr. Ching and himself without having a full meeting.

Mr. Ka'anā'anā said he appreciates the comments from the members and understands the sensitivity around the investment HTA is doing in those markets. He mentioned that they'll see in the presentation later from the Japan year to date, through December 2021, that Hawai'i welcomed 24,232 Japanese visitors who spent \$82.9 million dollars in total expenditures that made its way through the Hawai'i economy and generated \$9.67 million in direct tax revenue through GET and TAT to the state. HTA spent \$3.6 million in branding in Japan in 2021; it's making double their money in Japan, even in a time when there are meaningful barriers to travel; therefore, the ROI on the investments they're making in the markets is still in the positive range even at their worst condition because of COVID. He further explained even at it's very worst, Japan is still providing positive economic benefit to Hawai'i .

Mr. Ching suggested, without overcomplicated things, to color code each country, as they're all different and dynamic in different ways. It'll give flexibility to move on some of those markets.

Mr. Ka'anā'anā said there are a lot of dynamics in the market and understands it's fluid and things can change rapidly, good and bad. He said what they're trying to do with the recommendations HTA has made is to set them up for some success. He thinks 90 days is an appropriate time frame for them to manage their business in a reasonable way to allow them to make those adjustments.

To Mr. Downing's point, he is aware of the kuleana that he bears in making sure HTA makes good investments in the markets and activities that are being supported through the funding. He said if they go shorter than 90 days it will make it hard to get something done and said what's important to remember is that their contractors also work with other vendors and partners, and HTA can't continue to make commitments then retract them. He said it's important to honor relationships and stay aligned with the market and what's going on with the partners.

He mentioned the example he used in the Branding Standing Committee meeting of travel trade media and the PR opportunity that is coming. He said they need to be a part of the press to gain the awareness, inspiration and education with travelers before they arrive. He said the funds he is recommending for approval helps them accomplish that. He said they are looking for the quarterly approach as the time between meetings leaves not much time to work with his team. He said the 90 days helps them get into a rhythm to implement something if appropriate.

Mr. Rafter suggest they vote now to give Mr. Ka'anā'anā the quarterly timeframe. Mr. Ka'anā'anā said in the February Board meeting he is happy to make recommendations for quarter two, and he asked for their support to adopt the recommendations that he distributed at 9 a.m. for the first quarter, unless Mr. Ching or the Board had a different number for Oceania. Mr. Ching made a motion. Mr. Chun asked if the numbers for the restrictive first quarter budget was formulated in concert with their contractors and Mr. Ka'anā'anā confirmed it. Mr. Chun asked if they feel that is the correct number based on the markets, and Mr. Ka'anā'anā said the numbers were recommendations from their GMT executives based on the latest available information.

Chair Kam made a motion to approve, and Mr. Ching seconded.

Mr. Arakawa said, based on the information getting to the staff a bit late, he asked as per Mr. Rafter's suggestion to revisit. He said it does not have to be in the motion, but must be in the minutes, as things change, to revisit and maybe they can then address Mr. Ching's issues about Oceania as they revisit.

Mr. Downing commented that Mr. Ka'anā'anā made it clear that it is for the first quarter so things can change for second quarter, and when things get ready to change for second quarter, it will still go to the Board. Mr. Atkins said the motion is to approve the first quarter as presented by Mr. Ka'anā'anā. Mr. Downing asked if Mr. Ka'anā'anā will come back to them every quarter and Mr. Atkins said yes, but it might be opened up by the second quarter; they can make that determination through the Branding Standing Committee at that time. Mr. Atkins said that it's his understanding that Mr. Ka'anā'anā is going to put together a second quarter budget based on the conditions in the market at that time. The motion that the Board is voting on is to approve the presentation Mr. Ka'anā'anā gave each market area that through his staff and GMT need to market for the first quarter. Mr. Regan did a roll call, and the motion passed unanimously.

g. Report on the Status HTA's Future Global Branding Allocations Strategy and Guidance for Staff for CY23 as Discussed at its Meeting Held on January 26, 2022

Mr. Atkins mentioned that Mr. Ka'anā'anā said this item was not critical and would be the first item of discussion in February.

Chair Kam asked Senator Wakai to make some comments.

Senator Wakai said he had been working with the leadership team at HTA for months, and they crafted and introduced three bills and he briefly explained them. He said the first two are to do with governance structures. He said the DMAPS are well done, but the HTA can't do it themselves. All of the agencies need to be on board; DLNR, DBEDT, agriculture, etc., so the first two bills go into how to make the DMAPs real. He said one of the bills will allow for new board members onto the HTA Board; they are non-voting members, and they are from the sister agencies, such as DBEDT, the Department of Agriculture, and DLNR.

He said the second bill is similar, but it goes the other way; it puts Mr. De Fries' or one of his designees onto the Land Use Board, as well as the Land Use Commission (LUC). He said those two bills will help HTA do the job it is tasked to do.

He spoke about the third bill is with regard to procurement and allowing HTA to do performance-based contracting, as the law right now is not clear. He said in this system contractors are held to certain benchmarks and goals, and the contractor is paid in relation to how well they hit the benchmarks or goals. He said it's an opportunity for government to get into what the private sector has always been doing in getting good value for money.

Senator Wakai said the next day they're having their first hearing in EET and they're going to hear the procurement performance-based bill. He wanted to alert everyone on the bill that Senator Agaran has introduced on the next day's agenda to put TAT on campers and vans, as sometimes those entities are out there taking away tourists from hotel rooms and letting them sleep on the beach or in vans, and if there is commerce to be had there, and to make sure they put TAT on those mobile accommodations.

Mr. Atkins commented about the camper vans and said Senator Wakai is correct as they are not paying any tax. The camper vans in Kaua'i is unregulated; they are parking outside of farms and on the side of the road. Some of them get permits for campsites, but most of them just find a place to park. He said it's a growing problem as it's a cheap way for visitors to visit Hawai'i .

He mentioned New Zealand has setup for camper vans with beautiful amenities. Hawai'i, on the contrary, is trying to get rid of the illegal vacation rental, but has created an industry that's not regulated at all. He reiterated that if it's going to be taxed it has to be regulated.

Senator Wakai agreed and said if he had a choice he would get rid of camping and vans as a means for accommodation, but the State's interest in short term vacation rentals whether it's on ground or on wheels, is to tax it. Permitting and land use issues are on the counties, maybe the HTA should engage them to make sure these are no longer acceptable to be advertised online. He reiterated that the state's interest is purely on the tax interest of it.

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

a. Presentation by the Omnitrak Group of the Fall 2021 Resident Sentiment Survey Results

Ms. Chun spoke about two presentations under the agenda item. She said for December they had a good year regarding expenditures. She noted that they are spending more than they had for the U.S. West and U.S. East in particular in December 2019, and their PPPD spending was higher in December 2021 than in December 2019.

She also noted that Canada was higher in December 2021 versus December 2019. She mentioned visitor arrivals are still lagging overall, but U.S. West and U.S. East are higher than December 2019. They had more visitors every day within the State on the average daily census.

She said on an island basis they have a bit more PPPD for some of the markets: Kaua'i, Hawai'i islands, and 'Oahu. She said visitor arrivals were nowhere near 2019 levels, but they see the average daily census going up across the State.

For TAT, the Department of Taxation had collected \$48.3 million preliminarily for December, which brought them to \$330.4 million for fiscal 2022, an increase of 783%. In comparison with last year, they only collected \$37.4 million through that time.

For purpose for trips, most visits for vacation. For accommodation, most people stayed at hotels. She said for hotel and vacation rentals, December was a good month for hotels in the state of Hawai'i, and vacation rentals didn't do as well. She said they have a lot more hotel inventory than they do vacation rental.

She shared slides from Smith Travel Research, looking at the four weeks ending January 15 (the holiday period), and said 'Oahu is doing really well in the top 25 U.S. Markets Maui County is doing well outside top 25 U.S. markets, as well the combined Island of Hawai'i and Kaua'i. So Hawai'i is doing a lot better than a lot of destinations across the U.S.

For the 2021 visitor arrival mix was mostly U.S. West and East, but they do have some visitors from Japan and Canada. When compared it to 2019, the mix was lopsided. She said the

spending mix was similar, and there was spending coming in from Japan and Canada. For the PPPD and average length of stay 2021 preliminary versus 2019; for a few of the markets they are ahead for overall for the year compared to 2021. Note the average length of stay: all markets are staying longer than they did in 2019 in general. For spending by category: they did have higher overall spending for the year than in 2019. Lodging is comprising a lot of the expenditure with the increasing average daily rates. People are spending a little more food and beverage, a little less shopping and a bit more transportation costs in 2021 versus 2019. She said the overall unemployment rate for Hawai'i is coming down with 4.9% overall unemployment. The highest unemployment is in Kaua'i at 6.7%, but 'Oahu is down to 4.6%.

For the unemployment rates for different industries: there is recovery since last year for accommodation and food service and drinking places. She spoke about the scheduled nonstop seats to Hawai'i by Port Entry for the month of December: they had fewer total overall seats than 2019, but domestic seats were higher for the state than in 2019. January will have fewer seats but more domestic seats. She said schedules will still be loaded into the systems so they think the international seats will start to come down especially in February and March.

Looking at the World Tourism Organization (UNWTO) figures, Global tourism arrivals are up 4% compared to 2020, but still 72% down compared to 2019. She said America was up versus 2020, and Asia Pacific was down versus 2020 and worse in 2019. She said Ms. Hagihara will send information out to everyone.

Looking at the UNWTO overall long-term look 2000 to 2021, they are seeing a shock to the system with the different epidemics and economic crisis, and also gain there for 2021. She said looking at industry experts for UNWTO, there is some optimism for 2022, there is a lot of optimism in Europe with Asia Pacific less optimistic. Most people are saying they will recover to 2019 levels in 2024 or later, especially in Asia Pacific, but there is more optimism in Africa than other regions.

She spoke about the Monthly Skift Recovery Index. Similar to November and for the markets they're tracking, she added China this time. She said the U.S. is prepared to travel as an origin market, with slacking from Canada, and a little increase from Australia. By looking at the YouGov impact from COVID on overseas travel plans graph, it shows a lot of people are not planning to travel overseas, and most people are saying they're going to go on a domestic holiday. She said the numbers for international holiday are really low for Australia, Canada, China, Japan and the U.S.

She spoke about travel obstacles: health risks are really important as well as travel restrictions, and part of the travel restrictions are visa issues impacting international arrivals. She said

according to the U.S. Travel Association (USTA) in 2019, 5.6 million non-immigrant visas were issued to the top 20 inbound markets to the U.S. and accounted for 64% of all the non-immigrant visas issues worldwide. She said for the people who are non-visa waived programs, it is impactful for them, and she highlighted the average wait times for non-visa waiver countries exceeds 343 days, so people have to apply for a visa a year before needing it. She said for the visa waiver countries they still had some visa waivers that were issued for those countries.

She said Canada is number one, and Mexico is number two for inbound to the U.S. She noted the current vaccination rates for Canada is 77%, China, excluding Hong Kong is also 77%. Looking at visa waiver countries, they're seeing 77% vaccination rate for Japan, 79% for South Korea and 74% for Australia. Those are really high vaccination rates among the countries that they care about as origin markets.

She spoke about the YouGov survey refreshed every week. When asked the reason for not considering Hawai'i for next vacation, 14.3% said COVID is still an issue for them, as well as travel restrictions at 9.2%. She said most people are having issues with personal, family, finances and a few other reasons.

For the travel agency booking trend, the full report is in the board packets. She spoke about the U.S market, there are some softening for bookings in the last week. There are no bookings for Japan, and Canada has an increase in bookings in last week, and they are also following a similar trend to 2019. Korea is having some negative bookings which includes cancellations, but there are not a lot of bookings. She said Australia has a slight uptick in the next week, and the pattern doesn't completely mimic 2019 but it's similar. Looking at the U.S. for what they saw, some good bookings in February, March; but they are lagging prior year levels.

Mr. Atkins asked about the softening in the last couple of weeks - he asked where she finds the data so quickly. Ms. Chun said it's travel agency data, so they have always had the data, and they get daily data updated every week.

Ms. Chun introduced Chris Kam, president and COO of Omnitrak, who has been doing the resident sentiment survey for some time and they won the contract with DBEDT, and she said this is the first report under DBEDT in fall 2021. She reminded everyone that the resident sentiment is one of the KPI for the HTA's strategic plan.

Mr. Kam took the floor and provided the update of the Fall 2021 Resident Sentiment Survey from November 8, 2021, to January 3, 2022. The three things the survey has shown are: 1) there has been a great reset in the marketplace; a reset in the way people view the Hawai'i

Tourism Authority, first and foremost it's viewed as a tourism marketing agency but they're increasingly becoming known as a tourism management agency.

He said while awareness has gone up, people want to see action and results. 2) The current setting as of fall 2021, resident sentiment continued to weaken slightly, and residents still say tourism is worth the issues associated with it. He said looking forward, 3) managed tourism efforts are gaining in support and influence in how people think about tourism.

He then took a deep dive to discuss the great reset; 7 out of 10 were aware of the HTA, but for most of those people, the strongest awareness of HTA's roll are marketers, marketing tourism leadership, sustainable tourism, cultural preservation, communication with residents and balancing the needs of residents and visitors tends to be more in awareness; however, with fall 2021 survey they saw an increase in awareness levels in the areas of sustainable tourism, cultural preservation and communicating with residents, a great shift in the way people are seeing and viewing HTA.

He mentioned fall 2021 versus spring of 2021 and the readings on ratings on the HTA on each of the individual areas remains steady, and he said awareness is growing but so far they haven't seen enough action being taken and they're waiting to see improvement in the area.

For the current setting - there are about 20 different attributes to measure resident sentiment, and there are three key ones. The first one being that tourism has brought more benefits than problems. He mentioned visitors' arrivals to Hawai'i going through drastic changes through the pandemic, and resident agreement with the question continues to track down, hitting 49%. There are two reasons why this happens: tourism recovery concerns, such as the speed of the recovery and the quality of the visitors; and the longer-term issues like affordable housing: visitors buy properties which drives property values high so residents can't afford to buy a house.

He said they also perceive the industry to have low paying jobs and an industry that generates revenue, but the revenue instantly leaves the state. These are perceptions that contribute to the long-term issues, the downturn in the resident sentiment and that's why there is a gyration of visitor arrivals, but resident sentiment continues to decline.

He said the second major statement they tracked is a percent saying tourism has been mostly positive for them and their families, 36% showed agreement in the graph.

He said the third major statement they tracked is if the island is being run for tourists at the expense of local people? While 68% felt agreeable in fall 2021, 67% felt the same way in spring 2021.

Another important question is “Does tourism create more benefits than problems?” He said most people said the top problems created by tourism was overcrowding, traffic problems, no respect for culture, tradition/‘āina, but what was surprising about the latest survey is “damage to the environment” went to the top. He said it is an indication that there is a lot more attention being paid to climate change.

He said there was 74% said tourism is worth the issues associated with the industry. He quoted three comments from the Resident Sentiment Focus Groups across the islands; one Kaua‘i resident said, “I think tourism is a necessary evil, but I wish that it was controlled more.” While one ‘Oahu resident said, “I’d prefer if we could have less of it, but without any kind of replacement for our economy, it kind of is what it is.” One Kaua‘i resident said, “tourism is the primary thing that is required for people to financially stay viable, to stay alive.”

Going forward to the next chapter, Mr. Kam said that support for managed tourism are rising and the managed tourism efforts are gaining an influence in improving resident sentiment. In Spring 2021, they started testing support for three particular types of tourism management strategies: regenerative, accommodations, and access. As of fall 2021, they saw that encouraging visitors to volunteer and give back during the visits, and stopping approval of illegal vacation rentals on their island has a slight gained in support. Support for other strategies, such as educating visitors and residents to mālama the islands and each other, not allowing building of additional hotels/condos/timeshare units on my islands, remain strong.

Regarding resident support for visitor access fees: charging visitors to enter state parks went up. Mr. Kam then spoke about, “What is going to improve agreement that tourism has brought more benefits than problems?” He said that economic benefits and quality of life continue to be the number one top drive, but they see a shift in managed tourism and sustainability efforts. He said accommodations went from 2% to 10%.

Ms. Kimura asked who the focus group is, and Mr. Kam said they had six focus groups; two on Hawai‘i island, one on each of the neighbor island. Ms. Chun added that Moloka‘i and Lana‘i has its focus group.

Ms. Yuen said she appreciates the findings coming out of the surveys and the shift and the recognition of it. She wondered if the environmental issue rising to the top of concern had a lot to do with the tourists acting poorly with endangered species post summer. She said the front-end education is very important to support, and their branding messaging should include a lot of education to visitors. She thanked Mr. Ka‘anā‘anā and team for taking that focus.

Chair Kam concurred and said that it can be discussed in the Ho‘okahua Hawaii Standing Committee meeting more in detail.

Ms. Kimura said it was interesting that the question of tourism bringing more benefits than problems is only 49%, versus tourism being worth the issues associated with it being 74%; it's a big difference but is almost the same question. Ms. Kimura asked why is there a gap?

Mr. Kam said he thinks people realize it's not a perfect industry and they see that it does have its problems, but what they heard in the focus groups is that it's a catch 22, and a necessary evil, but there is no other alternative.

Ms. Chun added that it's how people value the benefits and problems. She said that if it's what's making the economy grow, they do understand that and maybe that's why there's that gap, but the benefits outweigh the problems in the value it holds.

Mr. Chun said he remembers the last time Mr. Kam presented and he found the gap interesting as well, and the way he explained it makes sense. He said the industry has its problems and the way they balance and live together with it is important, so the residents need to get closer to that place, and that's HTA's role.

Ms. Chun followed up on Mr. Chun's comment. There are issues and problems cited for tourism that HTA cannot control or help with, so the questions they added regarding regenerative tourism and etc. is following within HTA's kuleana. Things like solving traffic issues, sometimes there might be help, but they don't have control over the roads and things like that, and HTA staff can only do so much regarding the problems that are identified.

Ms. Kimura asked if it's too much work to divide the data by islands, and Ms. Chun replied there are 60 pages of appendix and the information is all in the appendix, and she was asked to cut the presentation short. Mr. Ka'anā'anā said the information is also on the research tab of www.Hawaiitourismauthority.org

Ms. Chun said for everyone else in the general public who doesn't get a board book, the presentation that Mr. Kam presented will be posted in the next hour on the HTA website. Mr. Ka'anā'anā said the packet that the board members received also gets posted there as well, so everyone has access to it.

Mr. Regan said there were no questions.

11. Report by the Budget, Finance, and Convention Center Standing Committee of their Meeting held on January 20, 2022

a. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on the HTA's Financial Report for December 2021 as Presented at the January 20, 2022, Meeting

Mr. Rafter said the budget committee met and they recommended to accept the December financials as presented as there were no issues, concerns or anomalies of note raised by the members. He made a motion to accept the HTA's December financials as presented during the standing committee meeting.

Mr. Arakawa made a motion and Chair Kam seconded. Mr. Arakawa mentioned what was also discussed under the agenda item was the Hawai'i Convention Center's budget request, so they requested the governor's budget to fund repairs at the Hawai'i Convention Center and mentioned how dire the situation is and how critical the funding is. He said it was not an agenda item to vote on. But he wanted to raise it as part of the major discussion during the budget committee meeting, and that he would recommend, with their approval, that the legislative issue be forwarded to the legislative permitted interaction group, and they can work on it. He said it's not part of the motion but asked that after the vote they can talk about it.

Mr. Rafter agreed that there are serious issues at the Convention Center that need to be funded or resolved, so he supports that.

Ms. Kimura added that they have six out of order rooms.

Mr. Rafter agreed and said it's a problem and that it's an excellent idea and they must work on that through the legislative PIG to make sure everybody is aware of it and that it must be resolved soon.

Mr. Rafter reiterated the motion to approve the budget report. Mr. Regan did the roll call and the motion passed unanimously.

b. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on the Budget Line Item for the Native Hawaiian Hospitality Association in the Amount of \$475,000 as Presented at the January 20, 2022, Meeting

Mr. Rafter said it's important to note they have done this for many years, so it's not a request out of the ordinary, and it was recommended by the committee to support the request to create a budget line item of \$475,000 to support the funding of the upcoming contract for the Native Hawaiian Hospitality Association.

He said they did request a presentation be made to the branding committee at a future meeting to review the work that will be formed by the Native Hawaiian Hospitality Association for the upcoming contract, so they have a better understanding of what the funds are going to support. But beyond that, the budget line item approval is to make the funds available as part of the fiscal year 2022 budget.

Chair Kam made a motion and Mr. Ching seconded.

Ms. Yuen said she is not on the branding committee, but it would be helpful to hear back from them how many are attending the training sessions. She said it would be great to hear the its effectiveness and feedback on how the programs are going.

Mr. Ka'anā'anā said he will provide an update via email, and Chair Kam said they can present it at Ho'okahua Hawai'i Standing Committee Meeting, too.

Mr. Atkins said it was his understanding that the \$700,000 be approved when they were going to come back to give them more of a presentation, or what they're going to do with the \$700,000, as it was not relayed to them.

Chair Kam reiterated it was the \$475,000 they were talking about, and it was not in the original information when they had the changeover from the 862 bill, and it was to make up what was originally proposed, and Mr. Ka'anā'anā confirmed it. Mr. Ka'anā'anā said they were also targeting the April Ho'okahua Hawai'i Standing Committee Meeting, as the workplan is due to them March 31st.

Mr. Regan did roll call and the motion passed unanimously.

c. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on the Approval of the Hawai'i Convention Center Financial Report and Repair and Maintenance Project Report for December 2021 as Presented in the January 20, 2022, Meeting

Mr. Rafter noted this was a separate issue and it would just be the December financials as Vice Chair Arakawa already mentioned the longer-term issues, they're trying to work with at the Convention Center. He said they're recommending to the board to accept them as presented as there were no issues or concerns raised by anyone, nor notable anomalies of concern.

Mr. Arakawa made a motion and Chair Kam seconded. Mr. Regan did a roll call and the motion passed unanimously.

Chair Kam requested a short recess at 11:08 am. Chair Kam reconvened the meeting at 11:20 am from agenda item 8.

12. Closing Cultural Protocol

Mr. Casson-Fisher did the closing protocol to echo the opening pule he did: do not procrastinate, make preparations for the future.

13. Adjournment

Ms. Yuen made a motion to adjourn, and Mr. Chun seconded. Mr. Regan did a roll call, and the motion was approved unanimously.

Chair Kam adjourned the meeting at 12:59 p.m.

Respectfully submitted,



Sheillane Reyes
Recorder