



**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, November 18, 2021, at 9:30 a.m.**

**In-Person and Virtual Meeting
Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815**

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

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

MEMBER NOT PRESENT:

Daniel Chun

HTA STAFF PRESENT:

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

GUESTS:

Jennifer Chun, Chung Chang, Charlene Chan, John Reyes, Erin Khan, John Monahan, Jay Talwar, Tom Mullen, Jessica Lani Rich, Eric Takahata, Teri Orton, Mari Tait, Allison Schaefer

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order

Chair Kam called the meeting to order at 9:32 a.m. Mr. Regan provided instructions to the general public with regards to submitting testimony. He confirmed the attendance of the Committee members by roll call.

2. Opening Cultural Protocol

Maka Casson-Fisher opened the meeting with a pule.

3. Approval of Minutes of the October 28, 2021, Board Meeting

Chair Kam asked for a motion. Ms. Kimura made a motion which was seconded by Ms. Yuen. The motion was unanimously approved.

4. 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 permitted interactions to report.

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

Mr. Togashi stated that one change for October's budget statement summary packets is a change in formatting to all four funds as it is appropriate to show all four funds on a one-page budget statement. He said that the focus of the I report as always is on the executive summary itself.

He reported that, as of October 31st, they have \$61.2 million in cash and investments in the Tourism Special Fund, which represents a \$3.1 million decrease from September, \$5 million is reserved as the emergency fund, \$53.5 million is encumbered to contracts and \$2.7 million remains unencumbered regarding the Tourism Federal Fund.

He stated that the board has approved individual budget lines totaling \$35 million so far, this fiscal year, of which they have encumbered \$3.2 million for payroll.

He reported there is \$895,000 in funds for Admin and Governance that was released by the department of Budget and Finance, bringing the total to \$4.2 million year to date and regarding the Convention Center Enterprise Special Fund and Convention Center Federal Fund, there were no significant changes.

Chair Kam asked for a motion to accept the financials as presented. Mr. Ching made a motion, and it was seconded by Ms. Yuen. The motion was unanimously approved.

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

Mr. Regan reported that all four DMAP managers have been hired. He stated that there is significant attention and focus on the DMAPS to make sure that they are moving them forward and accomplishing the actions and sub actions contained within those plans. He said that they have continued to have the hospitality industry updates.

He reported, with regards to the Visitor Assistance Programs, the number of cases has been handled year to date; Maui has handled 102, 195 visitors, Hawai'i County has handled 191 cases, 530 visitors, the city and county, which is run by the VASH Partners, has handled 567 cases, 1,513 visitors and Kauai has handled 75 cases, 200 visitors.

Mr. Ka'anā'anā reported that the pandemic drove a lot of traffic to the gohawaii.com website and if you filter all the COVID page traffic, it was still up 32%. He stated that, with regards to 2020 data, COVID traffic only decreases by about 8 to 20% and they believe that's attributed to consistent travel alerts and updates as well as their residual brand awareness and visitors dreaming about traveling to a bucket list destination again, and even with that decrease in traffic they remain one of the highest, year over year, relative to all other destinations as many other destinations saw traffic decreased from 30 to 50%.

He stated that they had 11.3 million in organic traffic, a year over year increase of 127%, 13.8 million overall site sessions and that 1.3 million is equal to an approximate 82% share of the overall website traffic. He mentioned that they are number four in SEO and the organic traffic that they are getting is saving about \$3 million. He reported that their monthly maintenance budget is \$24,000 per month, \$289,000 per annum for minimal site updates and SEO efforts, mainly attributable to hosting and server maintenance. He confirmed that most of the traffic is domestic.

7. Update on HTA's Implementation of Change Management Plan

Mr. De Fries reported that the ARPA funds for FY 2022 is \$60 million and the remaining \$25 million of \$60 million will be discussed later today.

He stated that ENF will be developing and providing a form for HTA to submit a request. HTA intends to request an extension on the period of performance through December 31, 2024.

He reported that recruitments were conducted for several positions, including Senior Brand Managers, Brand Managers, Administrative Assistant, and contract, and Administrative Manager positions. He said that there are a total of seven vacancies with six positions in various stages of the HR process.

He reported that their finance and procurement teams continue to work through procedure revisions to comply with various new requirements set forth by the state procurement office, ARPA at the federal level and DBEDT. He said that procedures are being updated to include draft laws that were reviewed and amended by the HTA Board's Administrative Standing Committee.

He stated that, on 4 November, the draft code of conduct was discussed at the HTA Board's Administrative Standing Committee meeting, and it was determined that the recommendation would be to keep the current code of conduct policy number 103.

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

Ms. Chun reported that October TAT collections were \$44.8 million and the total for fiscal year 2022 is \$240.3 million, which is an increase of almost 300% compared to 2020. She stated that fiscal year 2021 collections are \$17.5 million, which is up \$22.8 million.

She reported that, for the month of November, there was an increase of domestic air service compared to 2019 levels, but they are still lagging; however, coming into December and January, there is an increase in international air seats. She stated that, on November 8, they stopped screening international direct flights to Hawai'i because they are abiding by the federal rules.

She reported that, looking at the recovery index for Skift from October 2021, a lot more countries are seeming to be ready to travel including Australia, Canada, Japan and the U.S. She reported that, looking at the U.S. travel forecast, they are predicting that they will get back to 2019 levels in approximately 2023, in terms of total number of trips.

She said they broke it down between domestic trips and international trips (Hawai'i is part of the domestic trips). She said that in 2019 there were 40 million international arrivals, not including Canada and Mexico, but that international recovery is not being seen until 2025, according to U.S. Travel Forecast.

She reported that, according to U.S. travel forecast and special research between October 28 and November 14, the results of whether people are considering a vacation to Hawai'i or whether there are too many restriction requirements, shows that the cost of the Hawai'i vacation is difficult for them due to personal finances. She stated that 9% is due to general entry requirements for safe travels, the general threat of COVID is high and not feeling welcome in Hawai'i is 4%.

She reported that 51% of Canadians have some intention to travel during the winter and almost half of the people who are intending to travel are looking to go outside of Canada. She said that the top motivator for travel for Canadians is favorable weather and the levels are still below 2019 levels for booking. She said there is an uptick in travel agency bookings for Australia.

She reported that the cancellations and rebooking's as a percentage of the total ticket transactions for travel agencies is getting lower and closer to the 2019 trend for the U.S. market. She stated that the booking volume for travel agencies is lower than 2019, but there is an increase in volume for Q2 2022 and Q3 2022.

She reported that, with regards to Maui, there is a little bit of activity from Canada and Australia, and the Canadians are a lot stronger on Maui than they were on Oahu. She stated that most of the visitors the Hawai'i are going to be from the U.S. market.

9. Report of the Budgetary Review Investigative Committee of their Meeting held on November 16, 2021

Mr. Rafter reported that they requested confirmation from the State on when they can spend the ARPA funds and they then decomposed various budget macro areas to better understand where many of the key HTA activities are located, particularly in the branding area.

10. Discussion and Approval of the Fiscal Year 2022 Budget of the Hawai'i Tourism Authority

Mr. Regan stated there is a listing in the meeting packet that applies all the changes that were made and updates to the documents based on those conversations and feedbacks from all the members from BRIC and the Marketing Standing Committee.

He reported that about 58% of the budget had already been preapproved by the board, which is \$35 million, so what they are talking about now is the remain the remaining \$25 million in ARPA funds.

He stated that they made the movements of the funds that were discussed in the Marketing Standing Committee meeting into general categories within those areas, for example, the \$700,000 for the technology consultant, \$10 million that was for the Smart Destination Hawai'i concept and \$500,000 for the small business support was moved into a general line item so that they can come back to the Board in the future.

Mr. Atkins expressed some concerns. He mentioned that he was in all three meetings, and he said there was a lot of robust discussions. He said that by the end of the third meeting,

which was a BRIC, he felt uncomfortable passing the budget as is without having reservations. He said what he saw through the three meetings was that nowhere did any one individual want to throw out one of the new proposals, and there are about 20 of them, but he said it seemed like there could have been some duplication in some of them. He said a lot of them, if you look at the information they have, was conceptual with a couple paragraphs. So, what he was hoping is that without micromanaging the staff, that these items that are really ready and beyond conceptual, that they can get them moving as they did with the million dollars on the branding. He said they need to follow a procedure where the staff goes out and gets these, more to a place that its ready to go to RFP and have the meetings with other state departments on some of these line items to find some synergy between them and then bring it to the BRIC, whether it is on a monthly basis where there are four or five of these ready to go, and the BRIC can ask questions, and then they can also take it to the board and support that they move forward and go out to RFP. He mentioned that he thinks their role is basically just oversight, to look at it and to ask questions at that time and then give a referral to the board. He said it gives him comfort that the board is set up to be oversight, and they expect and want to support the staff to go out and fill in all the blanks. He said this is necessary so they can feel comfortable about them moving forward. He mentioned that he is glad there are names at each one, as from time to time he is asked questions about certain programs that they're doing, and if he doesn't have the knowledge or the direct answer, then he can go back to the key person and ask them and get back to them. He said it really helps with moving forward. He stated that he thinks it's important to follow a role oversight and not get in oversight where it's micromanaging.

Mr. Regan stated that they are asking for consideration and approval of the 2022 revised draft budget as presented based on the conversations that they had with all the members, the Marketing Standing Committee meeting, as well as the BRIC input that was incorporated into that document.

He stated that option one is a proviso, and the other option is coming back to the Board before expending or encumbering the money.

Mr. Ka'anā'anā stated that he would like to get started on the programs that they think they can get done for this fiscal year.

Chair Kam stated that conceptually they are approving the budget based on what it is, but they need to identify if there are more than 3 programs that they want to have on the list.

Mr. Rafter suggested the entire board take a week to identify other items and they proceed with voting on the budget today, with those provisos in place because there are a lot of

other things in the budget that are probably ready to go and can't wait another month or two.

Mr. Regan stated that the motion on the floor is to approve the draft proposed fiscal year 2022 budget with the proviso that they will not expend from the budget, the budget line items that are newly approved, of the \$25 million until at least one week from now where upon they will receive a listing from the Board of budget line items stating that more detail is being required or requested before they move forward in expenditure.

Chair Kam asked for a motion. Mr. Downing made a motion, and it was seconded by Ms. Yuen. The motion was unanimously approved.

11. Report by the Administrative Standing Committee of their Meeting held on November 4, 2021

Chair Kam said they discussed the bylaws, the code of conduct, potential formation of committees and PIG's and the executive review. He said what was discussed with the bylaws will present in the following agenda coming up, then on the code of conduct after reviewing the proposed code of conduct from their CAO, and then looking at the one they currently have, the administrative committee decided to keep the current code of conduct that they have in place. And he said they also attached in the board packet, chapter 84, which is part of ethics and the code of conduct, which is basically state law. On committees and PIGS, he mentioned in the bylaws of how they proposed the new makeup.

He said they decided they will just review the CEO and the CEO is responsible for reviewing his Chief Administrative Officer and the Chief Brand Officer. He said they'd like to get that completed in December the year and then annually they'll do that there. So once they form the new administrative committee, they'll work on the review for their CEO that will present at the next board meeting the results of their review.

Mr. Arakawa spoke on the necessity of a legislative permitted interaction group. He said they will work on the position statement for HTA and present at the December board meeting.

Ms. Kimura stated that the reason why they propose to keep the current code of conduct is that it is in line with the chapter 84 and the reviewing of the CEO is in the statute.

12. Discussion and Action on Proposed Draft Bylaws

Chair Kam stated that one of the main things that will help transparency and have all board members participate is article five on the committees, one of the paragraphs says “all board members are members of all committees, but only those members appointed as voting members of a committee may vote at committee meetings, board members who are not appointed as voting members of a committee may attend committee meetings as ex-official non-voting committee members” which means all board members are members of the committees that can participate but only six of the voting members can vote, the other six will be ex-official.

He reported that section two was a Branding Standing Committee, section three is an Administrative and Audit Standing Committee, section four is a Budget, Finance and Convention Center Standing Committee and section five is a Malama Ku’u Home Standing Committee.

Chair Kam asked for a motion to approve the bylaws. Ms. Yuen made a motion, and it was seconded by Ms. Kimura. The motion was unanimously approved.

13. Discussion and Action on Proposed Draft Code of Conduct

Chair Kam mentioned the code of conduct that they submitted in the packet and that they talked about earlier. He said they had the original proposed draft that their CEO drew up. He mentioned they had some of the changes that they were working through and in their meeting for the admin, they decided to keep the current code of conduct that they have.

Mr. Rafter asked if they are effectively voting to reject the red line one in the packet. Chair Kam confirmed and said they reviewed the red line and as the administrative committee, they decided to keep the current code of conduct, so they’re making a motion to approve the current code of conduct of how it exists. He said also attached in there is chapter 84, which is basically state ethics. Mr. Rafter said currently their HTA code of conduct, they’re retaining the existing one, and they have to comply with chapter 84, which is 16 pages long. Mr. Rafter said they feel very protected by that. Mr. Arakawa asked Chair Kam, regarding the process and procedure under their current code of conduct and chapter 84, if there is an issue that arises related to code of conduct ethics, the current process is they Chair Kam and Mr. Rafter will know about it, and CEO De Fries would refer it to the attorney General's office and the ethics commission for further guidance for the board. And they would notify the board what the guidance from AG is and ethics commission are. He asked if that is the process they will continue to use. Chair Kam confirmed that it is correct. Mr. Atkins said

they don't need a motion to continue with what they already have, so the motion would be to reject that version and then therefore by default, they're continuing with the current one.

Chair Kam stated that they decided to keep the current code of conduct.

Chair Kam asked for a motion to reject the proposed draft of the code of conduct so that they may retain the current code of conduct Ms. Kimura made a motion, and it was seconded by Mr. Ching. The motion was unanimously approved.

14. Discussion and Action on Proposed Committee Assignments for Standing Committees

Chair Kam sent everyone the matrix. He told them to list the first and second choices and he made the recommendations for possible committee assignments currently and gave everyone their rankings. With the passing of their bylaws, they have four committees, the branding standing committee, the administrative and audit standing committee, the budget finance and convention center standing committee and the Ho'okahua Hawaii standing committee. Chair Kam left himself out. He wanted to sit on every committee as an ex-officiate, non-voting member but for the actual committee, should have people presenting from specific industries in the committee. The board decides on which committees they may want him to serve.

Chair Kam stated that, for the Branding Standing Committee, he has Mr. Atkins, Mr. Ching, Ms. Menor-McNamara, Mr. Rafter Mr. Zane. He mentioned that Ms. Kimura also asked to be on that committee, and he proposed having Mr. Atkins be the Chair and Mr. Ching be the First Vice Chair. He said Ms. Kimura also asked to be on that committee and Chair Kam said he also had that as a recommendation, but he is happy to not be on that if that allows others to be on, but he turned it over to the board on that. And then he proposed having Mr. Atkins as the chair and Mr. Ching to be first vice chair. He said Mr. Chun who is actually the marketing chair now has the third option on his. So, his understanding is that they try to get all number ones on there. Mr. Arakawa supports the proposal and he stated that Ms. Kimura represents Maui, at least three separate islands, and he said she is one of the longest serving HTA members because she served a full two full terms before she came back on and also has under an understanding of the Japanese more, which is very important to Hawaii. He thanked Chair Kam for being willing to give up his seat. He also said that Chair Kam adds a lot to the branding committee, and so should still stay actively involved there.

Chair Kam stated that, on the Administrative and Audit Standing Committee, he has Chair Kam, Mr. Arakawa, Ms. Yuen, Mr. Ching, Mr. Downing and Ms. Kimura, with Chair Kam as Chair Mr. Arakawa as First Vice Chair.

He reported that, for Budget, Finance and Convention Center Standing Committee, it is Mr. Arakawa, Ms. Yuen, Mr. Alameda, Mr. Atkins and Mr. Rafter and Ms. Kimura with Mr. Rafter as Chair and Mr. Atkins as First Vice Chair.

He stated that, on the Ho‘o Kahua Hawai‘i Standing Committee, he has Ms. Yuen, Mr. Ching, Mr. Chun, Mr. Downing, Mr. Zane and Chair Kam with Ms. Yuen as Chair and Mr. Downing as Vice Chair.

He stated that, on the Legislative Committee PIG, he has Chair Kam, Mr. Arakawa as Chair, Mr. Alameda as First Vice Chair, Mr. Atkins, Mr. Chun and Mr. Rafter.

Chair Kam asked for a motion to approve the committee assignments. Mr. Atkins made a motion, and it was seconded by Ms. Yuen. The motion was unanimously approved.

15. Discussion and Action on the Creation of a Legislative Permitted Interaction Group for the Purpose of Developing Policy Positions and Legislation for the 2022 Legislative Session

Chair Kam asked for a motion to approve the creation of a legislative permitted interaction group for the purpose of developing policy positions and legislation for the 2022 legislative session. Mr. Atkins made a motion, and the motion was seconded by Ms. Yuen. The motion was unanimously approved.

16. Discussion and Action on the Assignment of Board Members to the Legislative Permitted Interaction Group. This Agenda Item is Dependent on the Approval of the Creation of the Legislative Permitted Interaction Group

Chair Kam stated that, on the Legislative Committee PIG, he has Chair Kam, Mr. Arakawa as Chair, Mr. Alameda as First Vice Chair, Mr. Atkins, Mr. Chun and Mr. Rafter. In order to establish the PIG, they have to state the specific reason why it is created.

Chair Kam asked for a motion to approve the members of the Legislative Committee PIG. Ms. Yuen made a motion, and the motion was seconded by Mr. Ching. The motion was unanimously approved.

17. Report by the Marketing Standing Committee of their Meeting held on November 15, 2021

Chair Kam stated that part of the meeting was about four different proposals with regards to the Hawaiian Islands rebranding project, and the proposed budget was \$1million. He said that it is to maintain an increased brand strength with new positioning for Hawai'i that is aligned with the current market conditions and resident sentiment. He stated that they support this program at this time.

He reported that another item was the destination management technology consulting services with a proposed budget of \$700,000 which was funding to support strategic consulting services for implementing various technology solutions for Hawai'i, as it pertains to destination management and they felt they needed more information to recommend, therefore they in theory have a conditional approval.

He stated that another item was a local business support program with a proposed budget for \$500,000 to support a marketing campaign for visitors, which encourages visitors to buy local and support Hawai'i's own tourism related businesses in order to raise awareness and spending amongst them. He reported that there was a conditional approval needing more information at that time.

He reported that the last item was a Smart Destinations Hawai'i with a proposed budget of \$10 million. Which included planning, design and implementation of a suite of digital infrastructure to advance Hawai'i as a premier visitor destination and as a lifestyle brand. He stated that the elements include the development of regenerative tourism engine modules to support Hawai'i and Hawai'i made products, reservations, booking engine and unique Hawai'i content for the Hawaiian island. He said they needed more information to recommend to the Board, so it is standing neutral from the Marketing Committee.

Mr. Ka'anā'anā stated that they will do more due diligence on those and come back to this board for more feedback at a later time which he hopes will be in the next few months. He mentioned that it will be market research that will have to go into what becomes an RFP.

He stated that they won't know what the offer is so there won't be specific line-item budgets or specific KPI's as those are things that'll be evaluated by the Evaluation Committee as part of the procurement process.

Ms. Kimura suggested the possibility of co-funding from DLNR for the consultation item and the local business item.

18. Discussion and Update on Meetings, Conventions, and Incentives (MCI) Business and Convention Center

Mr. Monahan stated that, in 2019, there was about a 20% higher per person per day spending, they also stay an established accommodation and are not prone to alternative short-term rentals.

He stated that, on January 1, 2020, HVCB was awarded the global MCI contract for Single Property and Citywide Sales and Marketing.

He stated that they were servicing customers that had events in the future and they held virtual webinars to inform the clients of what was going on in Hawai'i.

He reported that, in February of 2021, they got additional funding and began to build back the MCI team, primarily through the Citywide program. He said they hired senior directors for all three of the corporate markets, the Eastern associations and the Midwest associations.

Mr. Reyes stated that their priority as they rebuilt the Citywide team was to attract the best team that they could put together, so they were very excited to hire Ernie Garcia who came from San Francisco Travel, but more importantly, for 18 years sold the Mosconi Convention Center and all the major corporate Citywide's in San Francisco he had a hand in. He reported that they were excited to have Adrienne Nudo from San Antonio who will be covering the Midwest as well as the mountain states and West Coast, and Lynn Whitehead from the San Diego Convention and Visitors Bureau. He mentioned that Ms. Nudo is based out of Chicago area, Mr. Garcia is based out of the San Francisco area and Ms. Whitehead is based out of the DC area.

Mr. Reyes reported that the 2020 calendar year was the best Citywide year, they had over 20 events and all those events canceled due to COVID, but they were able to rebook 47% back to Hawai'i.

Mr. Monahan reported that the leisure segment is going to almost fully recover in the coming year, but the meetings business is only going to fully recover in 2024. He noted that international travel, which has an MCI component, is expected to reach 72% of 2019 levels.

Mr. Reyes mentioned the previous week in Las Vegas where there were over 10,000 attendees at IMEX not wearing masks because had to be fully vaccinated. He said there were over 3,500 exhibitors representing 155 countries, they had 27 hotel properties, five destination management companies and over 687 total partner appointments.

Mr. Monahan said it was very exciting to see that there was enthusiasm for business travel. He reported that lost Citywide business, Convention Center business, from the beginning of the pandemic was \$520 million worth of economic impact and they have been able to rebook 47% of that.

Mr. Reyes reported that the number one question that they had at IMEX was “are you open?” and a lot of their participants were asking if Meet Hawai‘i could assist in getting an official statement to meeting customers that says structured events are welcome in Hawai‘i and they are willing to follow whatever protocols are established. He stated that since the pandemic they have had MCI updates on every island and within a one-week period they organized a Meet Hawai‘i Grid which is on their webpage.

Mr. Monahan reported that there are cancellations in 2022 because of uncertainty.

Mr. Monahan said that HTA and Meet Hawai‘i and were actively working with the administration, Department of Health, the city and county of Honolulu and with the customer on the issues.

Mr. Reyes mentioned that a corporate group of 2,200 attendees (Franchise corporation) flew into O‘ahu on Monday. Mr. Reyes and Mr. Garcia met them at the Convention Center to look at options. He said that they really want to come to Hawai‘i in January of 2022, but they must make decisions logistically and the key on this is being able to get an official statement and an understanding of how to be able to have a citywide convention under current restrictions that can go beyond 300 customers. He stated that this customer is not comfortable waiting longer in hopes of an official lift capacity.

Mr. Reyes reported that everyone is talking about Single Property business being strong. The pace line should be at about 120,000, and they are at 100,000 now. He mentioned there are a lot of tentative opportunities to still work on, so they feel positive about 2022. They feel very good about single property business. He mentioned the concern is, if you look at citywide business in their baseline, it takes five to seven years to book a citywide convention in Hawai‘i. He stated that using the 5-year formula, any association that has an opportunity to book the convention in ‘27 and beyond, those are who they are targeting. He mentioned that anything beyond 26 is high priority, and they’re trying to fill in that Citywide

business. He mentioned that it's important to let all structured events know that they're welcome to Hawai'i.

Mr. Monahan mentioned they're trying to help businesses recover and that they are a well-positioned, smaller team, an experienced team. They see demand and have further evidence from last week at IMAX that all they need is the continued work locally to help ease the restrictions and help come up with mitigation plans to allow these events. He stated they're working hard to see that, and he's optimistic that they'll be able to get something done in the near future.

Mr. Atkins thanked Mr. Monahan and Mr. Reyes for the presentation and letting them know the urgency of the message. He said it sounded like they have a good team in place but that their hands are tied because they don't know when they're going to be open and what the protocols are. He mentioned that he read the Trade magazine about three months ago and that it stated that Las Vegas was open and inviting visitors, and that they were booking a lot of short term and long-term business. He said the competition out there is open now. He mentioned that he hopes the governor can speak with them verbally and put it in writing what the conditions are.

He mentioned that regarding single properties in Kauai, when the message came through that they were closed for a couple of months, there were tens of millions of dollars lost within the first week. He also stated that when there is a booking on Kauai for a big group, the trickledown effect for the communities is huge, whether it's the people that do sound and lighting, staging, music or the entertainers, it all comes down to community.

He mentioned that they lost a couple of \$100,000 themselves within two months. He said they've also had a number of groups, smaller groups of a hundred or less, and they also stick to strict protocols, to make sure it works for all parties. He thinks that convention groups are the safest travelers. He mentioned that the cruise ships aren't back, but he thinks they will be safe travelers too, as they can't afford any mistakes. He thinks that the message gets out so they can go out to get the business needed for single properties, city wise convention.

Mr. Monahan agreed with Mr. Atkins, stating that these are professionally structured events, and they know they have a lot at stake if they have a cluster. He thinks the reason for so many cancellations is the natural fear of clusters. He mentioned the number they gave were Citywide losses. He stated that they assist the hotels in making the connection and the sale, so they don't really know the number but it's a multiple loss for the convention center.

Mr. Atkins reiterated that most of the groups are vaccinated, but those that aren't vaccinated are tested every other day. He feels comfortable to move forward and get the messaging out.

Mr. Monahan mentioned they are having verbal conversations with the decision makers, face to face, so there is traction, and he hopes it comes to fruition.

Mr. Arakawa asked what HTA's role is in this. He asked if they must just sit and let them do their thing.

Mr. Monahan mentioned that Mr. De Fries and Mr. Ka'anā'anā know everything that they're doing. He mentioned that Mr. De Fries is the meetings professionals, and they rely on him, but from a standpoint of putting the right pressure in the right place and making the right communications, and that HTA has been a huge help to them.

Ms. Kimura asked why there is a cancellation, and the group went to Taiwan instead, given that the country has tighter COVID restrictions.

Mr. Reyes stated that a lot of the Citywide conventions have 30% to maybe 40% international and what was challenging for a lot of associations primarily is the inconsistency with Hawai'i Safe Travels and the federal jurisdiction on how people could get into the United States. He mentioned that it has changed recently with Biden's decision, but he thinks the other part of it is that the learning process is that it wasn't the date of the event, it was information that they had to provide to their attendees' bar in advance, and they just didn't feel comfortable if they couldn't give them a definitive answer for people to make those decisions.

Mr. Monahan followed up to Ms. Kimura's question mentioning that they all have an international element and there's an event called ASLO on one of the cancellations that in addition to their restrictions is the fact that they couldn't get their international visitors to the country up until recently.

Ms. Kimura asked if there are protocols, they can come up with, and asked Mr. De Fries as he is sitting in Covid meetings with the governor. She suggested maybe to find testing to create a safety package set up to support the larger groups. She mentioned that she went to Vegas and everyone going to the Raiders game had to show vaccination, so she asked if there was a way that they can help, if there's funding to pay for the rapid test to support the MCI business.

Mr. Arakawa reiterated that whatever Mr. De Fries is doing will cover all of that.

Mr. Atkins stated that there is a lot of discussion around vaccinations. He suggested Ms. Orton to give some insight. He mentioned that vaccination is the baseline. He mentioned that events will do a self-test that is approved by Hawai'i, but that there are costs involved but that has not become an issue yet. He mentioned that the event would possibly cover the cost, but if it became an issue the MCI would figure out how to get it paid.

Mr. Reyes mentioned there are mitigation plans in place for health and safety. He reiterated Ms. Kimura's statement of, in the instance of meetings, conventions and incentives, they want the same alignment as safe travels. He said they can't understand that if people come into Hawai'i and show proof of vaccination and have a test, then why are the restrictions in place and that's where an official statement becomes so important because they want to feel welcome.

He mentioned that they're willing to test every other day, but they want an alignment. He reiterated that the cost of testing hasn't come up, but what is the protocol is what they are questioning and what needs to be done to ensure a safe and healthy Citywide incentive group in Hawai'i .

He mentioned that corporate accounts, in particular don't want to go to Hawai'i feeling that they're not wanted, and that's where an official statement becomes so important because all their attendees are reading newspaper articles. He mentioned that Ms. Orton, as general manager, and himself are overseeing the sales efforts and it stipulates that they're welcome. He mentioned they have protocols, and they can work on them, but there's no official weight behind it. He mentioned that he is trying to be respectful and also trying to understand how they can thrive in meetings, conventions and incentive environments, and book business, and be respectful of protocols.

Mr. Monahan mentioned they are writing a protocol document to present to the department of health to get buy in and that it's part of the process. He mentioned that as per Mr. De Fries' statement they are looking for some type of baseline protocol, and he said it is moving in that direction.

Mr. De Fries says it runs really close to what they did in the past with the previous year's golf events. He stated that Ms. Orton and the team have been running a bubble and said that's what they're looking for. He said that structured events are ideal for a bubble operation. He mentioned the golf tournaments are coming back up and all the protocols are being subjected.

Mr. Monahan mentioned they held golf tournaments prior to the vaccine with frequent testing. He followed up on Ms. Kimura's question mentioning that it boils down to how the

testing will be done, or are they going to be vaccinated, and if they're not, how they are going to be tested, as well as the issue of social distancing. He stated that to hold one of these events satisfactorily for the client, it's very hard to do it with a static event where no one moves, where you're six feet distanced at all times. He mentioned that they want to be able to waive the social distancing in lieu of them doing the vaccination, and/or testing.

He mentioned that it has two phases, the event itself and meal service. He mentioned that meal service is a bit more static and something that need to be worked through as more people mingle at meals a bit longer. He mentioned the two events.

Mr. Reyes addressed Ms. Orton saying that ASM global has put together a food and beverage plan, as well as other parts of how a Citywide convention operates. He stated that everything is in place, but they just have to tell customers they're welcome to come.

Mr. Regan said there is no questions from the public.

Ms. Orton began her report by talking about the restrictions because it dictates the business in the convention center. She pointed out the current restrictions for outdoor and indoor interactive event because that truly is where their focus is to allow small or larger meetings and more importantly, citywide conferences. She reported that currently their restrictions for indoor events are at 150 and outdoor at 500. Starting on November 24, they will move indoors to 300 and outdoors to no limit capacity based on the space that is being used.

She mentioned that, at some point they were able to operate in a no limit capacity for the space being rented so no social distancing applied, which was just prior to the Delta variant. He reported that they filled up their calendar immediately for short term business, within 12 to 24 months. She said that when the Delta variant hit it shut them down again.

She reported on the impact that the change in restrictions has had on the Center including the four citywide events that they lost, there were two associations and \$238,000 in lost revenue, two citywide corporate events at \$292,000 in lost revenue and the local events that was roughly \$604,000 in lost revenue. She mentioned that to date for the remainder of the fiscal year there are 42 definite events, including four Citywide's and 48 for option events meaning they are very interested, but they have not signed their license agreement yet, and these are all local events.

She stated that, as of October year to date, compared to the current forecast they are doing about \$80,700 better than anticipated to the budget.

She mentioned that the three state agencies that are in house are leaving at the end of this year.

Ms. Tait wanted to highlight some of the capital improvement projects. She reported on the list of priority projects that are managed by both the PMCM company and HCC. She stated that they are in the process of going out with an RFP to award a second PMCM company to help us with these projects.

She mentioned the four projects that they had completed since the August meeting and that prior to that they had outlined nine projects that were completed from last year until 2021.

19. Closing Cultural Protocol

20. Adjournment

The meeting adjourned at 1:30 p.m.

Respectfully submitted,


