



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii-tourism-authority.org

David Y. Ige
Governor

John De Fries
President and Chief Executive Officer

**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, February 24, 2022, 9:30 a.m.**

Hybrid In-Person & Virtual Meeting

MINUTES OF THE REGULAR BOARD MEETING

MEMBERS PRESENT:

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

MEMBER NOT PRESENT:

Kimi Yuen, Micah Alameda

HTA STAFF PRESENT:

John De Fries, Keith Regan, Marc Togashi, Ilihia Gionson, Caroline Anderson, Maka Casson-Fisher, Carole Hagihara, Jadie Goo, Iwalani Kūali'i Kaho'ohanohano

GUESTS:

Representative Richard Onishi, Jennifer Chun, Charlene Chan, Erin Khan

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order

Chair Kam called the meeting to order at 9:33 a.m.

2. Roll Call

Mr. Regan did a roll call, and all the members confirmed they were by themselves, except for Ms. Menor-McNamara who was at a public setting, getting into her car. Mr. Regan said they have quorum for today's meeting.

3. Opening Cultural Protocol

Mr. Casson-Fisher did the opening protocol. He said they celebrated the Hawaiian language in the past few weeks. He showed a video highlighting the HTA project and program. He is humbled and proud to say their team is growing, and sharing the stories they are doing for the community and Hawai'i.

4. Approval of Minutes of the January 27, 2022, Board Meeting

Mr. Downing said his name is spelt incorrectly in the minutes. Mr. Regan said that Ms. Yuen had joined. Chair Kam asked for a motion. Mr. Ching made a motion and Mr. Arakawa seconded. Mr. Regan did a roll call 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)

Chair Kam asked if there were any permitted interactions. There were none.

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

a. Relating to Update on HTA's Programs During January 2022

Mr. De Fries asked any questions related to the CEO report in the packet. He said they all have an opportunity this morning to receive a legislative update; unfortunately, Senator Wakai had to withdraw because WAM Committee is now convening at the hour, so Rep. Onishi will provide a House legislative update.

Rep. Onishi went through the House Bills he thinks are related to the visitor industry or HTA. He gave a brief update.

House Bill 1645 is regarding personal care products in small plastic bottles prohibits lodging establishments from providing these bottles. The implementation date for establishments with 50 or more rooms is by 2025. The implementation date for establishments with less than 50 rooms is by 2027. It will be heard by the Finance Committee on Friday, February 25, at 1:30 p.m.

HB 1785 is the tourism governance study. The Legislative Reference Bureau is to conduct a study that identifies and analysis alternative tourism governance systems. The final report is to be provided to the Legislature before the regular session of 2025, so they've been given a two-year period to complete the report. The Finance Committee passed it out yesterday, without amendments.

HB 1839, the transit accommodation tax on camper van rental, would include the commercial renting of camper vans in the requirement to collect the TAT tax. It will be heard by the Finance Committee on Friday, February 25 at 11:00 a.m.

HB 1852 is the Unemployment Compensation Trust Fund Appropriation bill. This Bill relates to the tourism industry because all businesses pay the State a State Unemployment Tax. The State had a huge increase in unemployment due to the pandemic. The money in the funds was exhausted, so the rate used to calculate the amount of unemployment insurance for employers would have been the highest rate on the schedule.

The Bill was passed last year that artificially sets that rate. He said they were at the C schedule, and it artificially set the schedule at the D schedule for two years. He said they are still not fully funded, and therefore this Bill will appropriate \$300 million. He said the schedule is based on how much money is in the fund. If they are fully funded, the schedule drops to the lower rates, otherwise, the rate will increase in order to fully fund the unemployment fund. The State is trying to infuse money into the fund to keep the rates as low as possible. He said the Bill has not been scheduled yet, but he will cover a few other measures addressing the same issue with the unemployment fund.

HB 2448 is a statewide data hub for employers and employees by DBEDT. He said they always had to make decisions regarding minimum wage issues and employment issues. The State doesn't have clear, accurate data statewide, but it depends upon the unemployment reporting requirements by the Federal Government and other reports made to the Federal Government. Rep. Onishi said that the database is restricted; for the State to use that data by other departments and agencies outside of the Department of Labor, they have to get permission from the Federal Government because they provide all the funding to collect the data. So many states have started their own employer/employee datahubs to accurately track on a broader scale on the issues regarding employment, compensation etc. He said it's not a good situation where they don't have accurate data and setting policies. This is an attempt for the State to start collecting the data on their own to utilize it by the Department of Labor and other State agencies. This Bill was passed yesterday in the Finance Committee unamended.

He mentioned that some of these Bills have Senate Companion Bills, so they might be coming over with the Senate version.

HB 2469 also deals with the Unemployment Compensation Trust Fund, and it establishes a new special fund, The Unemployment Compensation Insolvency Special Fund. This fund is to be expended solely to resolve any unemployment compensation trust fund insolvency emergencies declared by the Governor. Rep Onishi explained that if the unemployment fund drops because of an event and the unemployment rate spikes, the Governor has access to this money to put into the Unemployment Trust Fund to bring down the tax rate for employers. This Bill was passed by the Finance Committee yesterday unamended.

HB 2471 is the Adequate Reserves, dealing with Unemployment Compensation Trust Fund and rates. Rep. Onishi explained that the highest level of unemployment was between June 2020 to August 2021 during the pandemic. The rate is set looking over a ten-year period, and the unemployment experience. This Bill proposes not to consider the June 2020 to August 2021 period of the unemployment rate experience for employers in their calculation of how to resolve the unfunded liability in the Unemployment Insurance Trust Fund. He said if this is not done, their requirement for the State would be \$1.3 billion to be adequately funded; therefore, employers' tax rates would be affected until they are fully funded. He said they are at nearly zero in the fund. It will have a huge spike in the rate, and it will last for a long time. By enacting this Bill, the federal requirement for them to be fully funded will be dropping to under \$600 million. He said there will be a small spike next year, but after that when this Bill goes into effect, that schedule rate will drop down and continue to be a lower level through the ten-year period. This Bill passed yesterday unamended.

HB 2510 is the House omnibus helping families Bill, making the earn income tax credit permanent. This bill would have an impact on the tourism industry as well. If a couple is making \$53,000 a year or less, the couple may be entitled to \$1,900 every year in this tax credit. The second part is making the Food Excise Tax Credit permanent. They are setting the level at \$150 per qualified dependent, which is for a single person earning up to \$30,000 a year. Currently, this tax credit is on a schedule of a maximum \$110, so the more money an individual make, the less the tax credit is per dependent. If an individual earns under \$30,000, they get the full tax credit. For a married couple, filing jointly, or head of household, the limit per year is \$50,000 per year, and they will get \$150 per qualified dependent.

Bill 2510 HD2 SD1 is about increasing the minimum wage. The first increase is \$0.90 from \$10.10 to \$11 beginning January 1, 2023. The proposed yearly one-dollar increment is until it reaches \$18 in 2030. There's also a matching increase on the same schedule, except for the tip credit at a quarter per year, \$0.25 per year. Rep. Onishi said they also added, after 2030,

indexing of the minimum wage based upon the median wages in the State of Hawai'i. This means all the wages paid reported to the Federal Government, from everyone who is employed, is the median value of all of those employed. So, they're using the increase of that wage yearly and a three-year average of that increase. If the mean wage is \$20 in 2030, in 2031, that median wage goes up to \$20.60. The percentage difference will be averaged against the other two previous years, and that will be the increase to the minimum wage for 2031. He said if this Bill passes, they'll be able to project better what those increases might be for employers.

Rep. Onishi said they've also increased the Household and Dependent Care Tax Credit, previously a tax credit for childcare expenses. This has been expanded to eliminate the age limit at 13 years old, so it includes older children and adults. It is designed to help families with dependent care costs. He said they're providing funding to the Department of Taxation to do an outreach and education program for lower-wage earners. If this Bill passes, the lower-wage income earners will have significant tax credits available to them, affecting how much taxes they owe.

Mr. De Fries asked if there were any questions. Mr. De Fries thanked Rep. Onishi for his support of HTA, and for adding depth to the conversation about the Convention Center, not just the focus on the roof repair, the urgency for doing that, but also for the future envisioned for it.

Mr. Regan said there were no question online.

Rep. Onishi said after March 10, they'll see what the Senate passes over to the House, a new list of Bills to review. He added that the House is in support of addressing the roof problem.

Mr. De Fries went back to the expression of Mālama Ku'u Home because he got asked a lot. He stressed the importance that it's not a campaign and it does not belong to HTA. It is one of those sayings that belongs to anyone who cares about Hawai'i, regardless of ethnic background. It's a call to action and that action that's taken to Mālama is the perpetuation of Kama'āina way of life.

He highlighted two individuals; first is Mr. Pierre Omidyar. Mr. Ka'anā'anā is not in the meeting today because he is attending the commencement retreat for his Omidyar Fellows program (Cohort 7).

Mr. De Fries showed a photo of Cohort 7, in which Mr. Zane's son, is also in the same fellow's program. He sent his congratulations to them.

He said before the Fellows program was developed, it was launched in May 2012, and between November 2011 and April 2012 he met frequently with Mr. Omidyar and Mr. Kelvin Taketa,

who was the President CEO of the Hawaiian Community Foundation. Mr. De Fries said he was asked to organize the four-day visit for the Dalai Lama, in engagements with the community and the Hawaiian community in particular.

He said it was during these meetings that he recalls Mr. Omidyar asking him and Mr. Taketa, “Where tomorrows leaders are coming from?” That question recurred at the following meetings. After that time, Mr. Omidyar had already formulated the fellow’s program to challenge the next generation of leaders that would be moving forward.

He showed a photo His Holiness at East West Center Forum with Dr. Pualani Kanahale and navigator Mr. Nainoa Thompson. One of his functions was to bless Hōkūle’a before it embarked on the worldwide voyage. He said there was an initial blessing by kupuna.

Mr. De Fries showed a photo of Pam Omidyar who inspired him because she made a commitment to train and develop her skills so she could become a crew member on Hōkūle’a.

In the months preceding the Dalai Lama's arrival, there were meetings with the U.S. Secret Service, at it came out of Secretary Clinton's State office. He said one of the people helping organize the logistics is Mary Charles. Ms. Charles approached Mr. De Fries one day and mentioned the assistant Lama would like to meet Mr. De Fries, so they met in 2012. The assistant Lama told him when his Holiness came to Hawai’i in 1976 for the first time, he received his first lesson in aloha from a woman who had his last name, it was his Aunty Emma De Fries. Mr. De Fries’ father and Aunty Emma were siblings, and he is coming back this story in a few moments.

In May of last year, Mr. De Fries said he got a call from Duane Kurisu, and Mr. Kurisu is one of the newer trustees at Punahou School. He was invited to deliver a podcast/webinar on what he refers to as the soul of Hawai’i. Instead of presenting it, he responded to the President at Punahou and said, he wants to have a conversation about this with someone. So Mr. Kurisu called Mr. De Fries, and they spent the afternoon talking about it, he learned that Mr. Kurisu takes the Hawaiian soul seriously; it is embedded in his business mindset and culture. Mr. Kurisu is also the Chairman of the Hawai’i Executive Collaborative. They convene the Hawai’i Executive conference annually, and this January it was held in Mauna Lani Hotel on the Hawai’i Island.

Besides Mr. De Fries, Mr. Monahan, Peter Ingram, Jeff Wagner were also in attendance. It is significant for Mr. Kurisu to hold the conference there. The first workshop, moderated by Corbett Kalama from the Harry and Jeanette Weinberg Foundation, was grounded in Hawai’i’s soul. The focus was on the homeless camp out at Wai’anae (Pu’uhonua o Wai’anae) and a homeless transition program out in Waimanalo (Hui Mahi’ai ‘Āina). It was important to Mr.

Kurusu and his Committee that they got to places that were slightly uncomfortable for the business community, and they began to learn how much support the business community is providing for this. What was inspirational is knowing that Ms. Twinkle Borge and Ms. Blanche McMillan were going to do their work, with or without cash or support.

He remembered what Ms. Twinkle Borge said that evening, "I was slightly okay with homeless adults, but when I started to see the growth of homeless children, I couldn't stand back any longer." And the reason Mr. De Fries talks about this, is what he witnessed at the conference was the extension of the four pillars that HTA are focused on in the strategic plan or DMAPs, and topics that were covered.

Mr. Kurisu called on Mr. Zane to do the opening oli at the reception of the opening night. Mr. Zane spoke about water as a source of life, and given what they're experiencing up at Red Hill, he set the foundation for the events that would unfold over the next three days. Mr. Kurisu then asked Mr. De Fries to do the opening remarks to the CEO gathering, and he was joined by Mr. Beau Boice from Strada. The reason Mr. Kurisu wanted this is he knew that back in the 1970's before anything was on this land, Mr. Francis Brown was the major landowner in the area. but before anything was there, the first vertical structure to be built was the Golf Club house, and there was a groundbreaking ceremony that morning.

Everything leading up to the ceremony referred to this project as the Mauna Loa Rerost, the Mauna Loa Bay Hotel, the Mauna Loa development company, the Mauna Loa land company. The intent was to juxtapose this new resort next to the success that Lawrence Rockefeller was having at Mauna Kea. At the ceremony, Aunty Emma De Fries did a cultural protocol. On that morning, the summits of five mountains, Hualālai, Mauna Loa, Mauna Kea, Kohala and Haleakalā, were visible. When Ms. De Fries saw the summits, the name came to her in a dream, nights before, and she changed that name of the resort in that moment. She said it would be disrespectful to name it after one, after all five appeared, so Manua Lani is a reference to the vortex of the spiritual energy that emanates from all five.

Mr. De Fries said the eventual chairman of Manua Lani resort was Mr. Kenneth Brown. Some associate him as the co-founder of NaHHA and he was the presiding executive, along with the Japanese ownership. At that time, he was the Board Chair of all the organizations shown on the slide. Mr. De Fries said the story he is telling is relevant to the gathering that was being convened and that's why Mr. Kurisu wanted the story to be told. What was interested about it, throughout the conference, is people would tell him that they saw two of the summits or three.

Mr. De Fries spoke about the depth and relevance of why they were there, and those were things that Mr. Brown envisioned would happen. He showed the topics that were focused on

during the three days they were there, with presenters that most of the HTA knows. He said what stood out during this gathering was how linked all of the activity was. These were not just topics, but executives that are immersed in programs, in trying to find solutions to each of the topic areas and it was interconnected to the work the HTA is doing.

Mr. De Fries spoke about the importance of affordable housing for locals and making sure locals get work opportunities in their homeland.

Mr. De Fries spoke about Ms. Georja Skinner from DBEDT who is looking to rejuvenate live performances by local musicians. He said the mayors were there and they had the opportunity to engage with them.

He mentioned the incredible support for HTA and DMAP work from the Mayors Panel. Mr. De Fries had the opportunity to be on a panel - the head of tourism of Bhutan came in virtually and provided a great contrast between what is being done here and the approach in Bhutan. He said the Bhutan model might be a better fit for Moloka'i or other places that are that intimate, and it would afford some opportunity to influence different pockets throughout the State.

Mr. De Fries concluded with a parting message to the group - Hawai'i finds itself in a place with solutions/opportunities HTA are seeking, and many are beyond the horizon, so the HTA has to be willing to adopt a mindset that the first canoe crew had before knowing that Hawai'i was there, to constitute a new way of thinking and living and doing it for generations to come.

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

Mr. De Fries added that HTA is in the eighth month of the change management program, and all the reports represent the change management plan in action. Of the 24 authorized job positions HTA has, they still have 4 vacancies. He is grateful to the entire team for aligning themselves with this new philosophy and approach.

Chair Kam asked if there were any questions.

Ms. Kimura asked the Kahea harbor greetings have resumed in Kauai, Hilo and Kona. Lahaina Harbor is on hold. It didn't say anything about Kahului Harbor and asked if it's resumed.

Mr. De Fries said he does not know enough about that particular issue. He said he had a conversation with a developer, but he will find out.

Ms. Kimura said she heard some resistance from the community to the cruise ship in Maui, and this time it's not from the Tourism Group, but larger communities, especially the NCL.

Mr. De Fries mentioned that he is aware of Maui, but said there are a couple of available hotel sites in Kona that doesn't automatically translate into communities being ecstatic about it, but reiterated that he is not current where the County stands, or the landowner, but the developer world is well aware of where Maui is at right now.

Since he spoke to the Governor, Mayors and Chairs of the Legislative Committees, Mr. Arakawa asked them to consider adding a government relations section to Mr. De Fries' report. He spoke about a Bill that was heard last week, Senate Bill 1065, and asked if Mr. De Fries could enlighten them about the purpose of the Bill, what happened to the Bill? What are the HTA going to do with some of the issues that were raised moving forward? Mr. De Fries asked Mr. Regan to summarize Bill 1065 SB1, which was amended, and what the amendment looks like in SB2.

Mr. Regan said SB1065, SD1 was originally SB1065, which was a placeholder short-form Bill from the previous session that carried forward into this session. It was transformed into SB1065, SD1 and heard in the EET Committee, which is the Senate Economic Development Energy and Tourism Committee chaired by Senator Wakai. Bill SB 1065 SD1 had language in it speaking about regenerative tourism, sustainable tourism, etc. There was also an entire section devoted to having 97% of the HTA's budget going to support destination management and then pushing those funds out to the County with 3% of it remaining as administrative to support the operations of the HTA. So, they got their team to craft testimony and opposition of that particular measure. They submitted their testimony from the industry and the community submitted testimony and opposition.

Mr. Regan said there was a united front in opposition to the measure in particular, section 2 that he referred to, removed once it was heard in Committee and became 1065 SD2. SD2 codifies in statute the destination management portion of the work HTA has been doing. So SD2 is preferred to SD1, and they've been working on what SD2 will look like when it's finalized. There is still ongoing work and HTA will continue to monitor to see what comes out of WAM. He appreciates the support in the process and the support from Senator Wakai in making the change to SB 1065.

Mr. Arakawa asked, from the CEO's standpoint, what the purpose of that Bill is to push it to the counties, and what HTA will be doing going forward to address the purpose.

Mr. De Fries went back to SD1 - moving 97% of HTA's budget to the counties, the author of the Bill, Senator Wakai, perceived he was moving the middleman, and getting the money deployed immediately into the counties. Perhaps it would have helped to consult with the mayors first, because all the mayors objected to it, and reaffirmed that they had great working relationships

with HTA, but not the skillset or bandwidth to do this. So, HTA was appreciative of the universal support by all four counties.

He said Mayor Kawakami opted not to submit written testimony but assured HTA that he would be calling Senator Wakai and Mr. Dela Cruz because they feel the engagement with HTA is working well with them at this moment. He mentioned that when Mr. Regan spoke about the support, Mr. De Fries believes there were 37 written testimonies submitted, of which 29 opposed the Bill, so, besides HTA's testimony, it helped to have industry, community, and County respond to that.

Mr. De Fries said Senator Wakai was interested in stimulating a lot of debate about the matter. From Mr. De Fries' perspective, he didn't understand the Bill when it was written, didn't support it, but understood that Senator Wakai and his Committee wanted to stimulate debate. Mr. De Fries sent out a thank you to the Committee members for amending the Bill.

Mr. Arakawa said his question wasn't answered, so asked Mr. De Fries if his understanding of the purpose of the Bill was to support DMAPs at the community and County level directly.

Mr. De Fries said it was understanding of the intent to do that.

Mr. Arakawa asked what HTA are doing going forward to work with the Counties, the neighbor island visitor's bureau, the DMAP stakeholders' group, given that legislative concern about getting money directly to the counties to support DMAPs.

Mr. De Fries mentioned they will receive copies of a consolidated report of the priorities. The intent of getting funds to DMAP priorities is what Mr. De Fries and the team are focused on.

Mr. Arakawa asked if Senator Wakai said the Legislature could support even more than HTA asked for in the budget for those DMAP programs. Mr. De Fries confirmed and said Senator Wakai had good ideas about that, and mentioned Mr. Rafter referring to the Smart Destination concept before the Board. He mentioned the meeting with Senator Wakai yesterday was uplifting to hear things never heard before from him. His concern that HTA was only focused on the \$60 million budget submitted by the Governor, so Mr. De Fries was grateful that the meeting was called.

Mr. Arakawa said the takeaway was that the purpose was to support the DMAPs program and that the Senate, and hopefully the House will be open to possibly more funding, over the \$60 million for the DMAPs programs and supporting the Counties. He said it's important for the public and Board members to know going forward.

Mr. Ching commented on Mr. De Fries' report and thanked him for the inspiring story he shared. He said he is grateful for the opportunity Mr. De Fries had to talk at the Hawai'i Executive Conference audience and share HTA's new vision. He was curious if there was any surprising or notable feedback from the community?

Mr. De Fries mentioned the story about the mountains and said he realized it moved people at a visceral level. It centered the conference in a way the Mr. Kurisu had not witnessed before. Since they talked about the visitor experience, and the majority of the CEOs were visiting Hawai'i island; therefore, HTA's Board member Mr. Zane was called upon to do the oli because he is from the Hawai'i islad. Mr. De Fries said he was proud at the conference that HTA is able to provide Kama'āina and all ethnic groups and walks of life, a meaningful experience. So that translates into the effort HTA of implementing its strategic plan and the DMAPs. He said the general reaction he got from CEOs in attendance and others was that there was something very personal about the conference that people had not witnessed before. He didn't want to attribute that all to the frame that was put there, as the topics that were covered were heavy topics, and of urgent concern to the leadership of the State in the private sector and philanthropic sector.

Rep. Onishi commented on the previous discussion regarding the DMAP and Bill that was introduced in the Senate to redirect the funds from HTA to the counties. He said it's disappointing that part of the discussion at the Board is not related to the State giving the counties the ability to assess a TAT tax or surcharge. He said the whole concept of providing them that opportunity was because they took away funding directly from the TAT to the counties, which was supposed to be used to mitigate the impacts of the industry.

Rep. Onishi said this Board has not looked at the implementation of the surcharge by the counties and how it is going to be used to provide the sources to address the impact to the DMAPs or other types of analysis of visitor industry impact. They're entertaining this discussion about the Legislature providing HTA additional funds for the DMAPs when that was part of the whole purpose of providing the counties access to their own funds.

Rep. Onishi said he is troubled as it seems like a huge implication of allowing the counties to put a fee on the visitor industry isn't in the forethought of the HTA Board. He said the counties have just started to implement the tax, and they have already submitted a Bill to increase it. Rep. Onishi reiterated that he is not sure where the Board is headed, when there is no discussion on the very topic which has a direct impact to the industry.

Rep. Onishi said they're looking at multiple issues with this discussion, and said it goes back to governance. He said they stopped the Bill to allow the counties to increase the TAT tax,

because they just got it and they haven't shown what they're going to do with the tax to the HTA, to the industry, and how it's going to address the impacts of the visitor industry in the counties. He said he leaves it up to HTA.

Mr. Arakawa responded to Rep. Onishi's concerns and said they share in his concerns, and said they are also troubled that they do not know what that TAT is being used for, but they know it's not going directly to the DMAPs, so that is the issue, but they will look into it. He said they're interested to see the money goes to the communities.

Rep. Onishi said it might all be true, in terms of the Board and Administration HTA, but he doesn't recall seeing any testimony from the Board, the members of HTA, at the time of the ordinance approvals by the counties regarding, HTA needs to spend somebody's money on the DMAPs. He said it's important the counties support the process, and HTA was given access to visitor money to address the industry impact. He said all the counties had to go through the process, similar to the Legislature where they have hearings, readings, and that was the opportunity to make a point of this tax and how it will be spent.

Mr. Atkins said he has addressed the question and said one of the challenges was, yes, they go a 3% increase, but they didn't get the normal money they used to get from TAT, as that was taken away from them. He asked where did the money go in the past? Did it support a lot of things that the County needed, for example, infrastructure to address a lot of the needs that were used by the visitor?

Rep. Onishi said the whole concept was that they took it away, but they provided them the opportunity to get their own funds directly without their control. Rep. Onishi said that he had asked the counties for years to give him a breakdown of how they spend the TAT allocation on the visitor impact in the County. He has never received a report, but the counties have asked for more of the TAT every year without justification on how it's being spent. He said it's HTA's responsibility also as they represent the industry.

Mr. Atkins said he has been on the Board for 8 years and has asked the same question to the Legislature - where do hundreds of millions of dollars go, that's been raised by the industry, and he has never gotten a response, except the money that comes from DBEDT, HTA and the Convention Center. He said it's a lot of money, but they don't want to tell them how to spend it as it's up to the Legislation, but it would be nice to know where the money goes so the local people can see that these funds really do go out and help them.

Rep. Onishi said as long as he has been chairing, Mr. Atkins has never directly asked him for that information, but he can provide to the entire Board the fact that the monies go into the General Fund to support programs across the board, so those funds are not specific to

anything. He said the details of the TAT fund is like income tax - where does income tax go, or excise tax - it goes into the General Fund. He reiterated that they provide HTA funds and asks HTA directly how they are spending that money. He said he has done the same thing with DLNR and allocations, as well as the counties as it's important that it's known as these are specific amounts of money that are needed for specific purposes.

Chair Kam said it's a healthy discussion and that can be continued offline. He asked for a recess and thanked Rep. Onishi for his comments.

Recess for ten minutes.

7. Ho'okahua Hawai'i Standing Committee Update

a. Discussion and Action on the Recommendation by the Ho'okahua Hawai'i Standing

Ms. Yuen gave the update on where they're at. They had a meeting on February 15 and had the newly established Destination Managers give a report on what they're working on within their respective counties, so welcomed them all and the Island Chapters that were in attendance that gave updates to what's going on in the DMAPs.

She emphasized a bit in response to Rep. Onishi's comments earlier that a lot of what the DMAPs are doing is giving HTA an opportunity to bridge the work that HTA is doing with what is happening on the ground with the counties. She said it's been an unprecedented awakening for everyone to realize that the impacts of tourism do not know the difference between County and State boundaries. So, what they're trying to do with DMAPs as their guide that was established by the Steering Committees of each island, is to provide a roadmap moving forward. In response to Rep. Onishi, Ms. Yuen said this is what is guiding them now, and the next step is a budget for the priorities. The three top priorities are based on the limited time they have to spend for this fiscal year.

She said Ms. Anderson is involved with the Island Chapters and the Destination Managers to come up with budgets moving forward, to be more strategic, and it will be based on those DMAPs, and the priorities set out by the communities on what they want to tackle and with what funds.

Ms. Yuen said in setting the budgets, they are going to start working with the counties to start identifying what they can take on themselves and what tasks/goals/projects need support and funding from HTA. In doing all this, the goal and the hope is that there will be clearer ideas of which monies are going to which projects, and who is dealing with what.

She said the Island Chapters are also trying to be efficient with the funding that they get so they're not duplicating work that County may be working on as well. So, at the next March meeting, she is hoping Ms. Anderson and her team will have the budget for HTA, moving forward, to help identify all those things. She said they're working hard to coordinate with each other to address the issues that Rep. Onishi brought up. She wanted everyone to know, that because it's such a shift and is going to be critical for HTA moving forward in how they look at budgets and work with respective sister agencies, they are coming together to address a lot of the impacts that are concerns for the community and industry.

Ms. Yuen said it's great to see everyone working together to find solutions to more efficiently spend the funds that HTA is managing. She addressed Rep. Onishi's concerns and said they're just getting started on this and there are still a lot of things they're figuring out, but said they're willing to work with him to address his concerns.

She welcomed everyone to watch the recording of the Committee meeting they had. She mentioned the other topic they discussed was the Tourism Recovery and Management Plan that was sent to HTA for review - the Committee had approved revisions to the TRMP based on comments she shared with leadership team and staff. She heard back from them, and they said they're incorporating a lot of the changes and there is another agenda item today to elaborate more on that. She said the Committee did vote to recommend approving the TRMP with some revisions. She said she is open for questions.

Ms. Anderson mentioned the budgets, and wanted to let everyone know that the first DMAP action plan to get approved was Kaua'i, back in February, so they have met with the County as well as other State agencies and Island Chapters in moving the DMAPs forward. She wanted to make sure everyone knew that. She said the counties have also put funds in of their own to move DMAP actions. She said in the progress reports every quarter it shows what actions the counties are moving on.

Mr. Downing asked if that can be sent to Rep. Onishi so he can see that the Counties are putting money that HTA is giving them, into the DMAPs.

Ms. Anderson confirmed this can be done.

Ms. Yuen added that they are all trying to see how the budget is broken up and categorized so that might help too. She said the leadership team is working on that as well.

Chair Kam asked Ms. Anderson to check if the report Mr. Downing is talking about is for the top three for each, for the counties and the second quarter and Ms. Anderson confirmed. Chair

Kam reiterated that it's the top three for each county and how they are going to fund that, as top priority and Ms. Anderson confirmed as well.

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

8. Report by the Budget, Finance, and Convention Center Standing Committee

Mr. Rafter said the Budget, Finance and Convention Center met on Tuesday for several hours, and covered five topics.

a. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on the HTA's Financial Report for January 2022 as Presented at the February 22, 2022, Meeting

The first one - financial reports, they went through the reports and didn't find anything out of the ordinary. Received a regular overview from HTA team and they recommended approval of those financials as provided, so for today's purposes recommending approval of HTA's financials. He asked for a motion. Chair Kam made a motion and Mr. Atkins seconded. Mr. Regan did a roll call and the motion passed unanimously.

b. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee to Allocate FY22 Funds to Support HTA's Branding Partnership with University of Hawai'i Athletics through Funding of HTA's Contract with the Big West Conference as Presented at the February 22, 2022, Meeting

Mr. Rafter said they listened to a presentation from HTA team regarding the need to allocate funds for this, and mentioned they have \$1.5 million in unallocated sports budget, the amount being \$167,000, and said this is the second year of a three-year commitment. The Committee voted unanimously to support the request to fund the various Big West sports activities, so asked for motion from the Board to approve. Chair Kam made a motion and Mr. Ching seconded. Mr. Regan did a roll call and the motion passed unanimously.

c. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee to approve the Convention Center's American Rescue Plan Act of 2021 (ARPA) FY 2022 Budget as Presented at the December 21, 2021, Meeting

Mr. Rafter said the presentation identified that the majority of the funds would be utilized to support repairs and maintenance at the Center. Total appropriation was \$11 million. Some of HTA members are aware of the issues with the roof, but this amount is separate to anything related to roof repairs. He said the Committee, during that meeting, approved the request, but they did not get it on the December/January agenda, so this is a belated agenda item from December that is on February's agenda. Mr. Rafter asked for a motion for the Board to approve the \$11 million of ARPA funds that has been committed for the Convention Center repairs. Chair Kam made a motion and Mr. Arakawa seconded. Mr. Regan did a roll call and the motion passed unanimously.

d. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on the Hawai'i Convention Center's January Financial Report for January 2022 as Presented at the February 22, 2022, Meeting

Mr. Rafter said the Hawai'i Convention Center reported its financials to the Committee at the meeting, received an overview and nothing was out of the ordinary. The Committee recommended the approval of HCC's financials as presented. Mr. Rafter asked for a motion. Chair Kam made a motion and Mr. Ching seconded. Mr. Regan did a roll call and the motion passed unanimously.

e. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee for the Funding to Support an Update of the Hawai'i Convention Center Futures Study as Presented at the February 22, 2022, Meeting

Mr. Rafter said in 2019 a study was done on future opportunities for the Convention Center. Several things were in the document including the idea of a public/private partnership and the building of a hotel, as well as an estimated potential cost for that. He said they discussed allocating \$50,000 for an update of that study, but the issue got caught up in several other issues, including the new roof for the Convention Center, as well as a broader strategic plan as brought up by Rep. Onishi.

Ultimately the Committee deferred the motion to update the Futures to a future date. If it ever gets done it's a ten-week project, so they'll have some time to execute or make a motion to approve an update to the Futures study. There was no recommended action, but Mr. Rafter said he could answer questions.

f. Presentation, Discussion, and Action to Create a Convention Center Permitted Investigative Group to Explore Issues Relating to the Future of the Hawai'i Convention Center and RFP Issues

Mr. Rafter said they might need assistance from Mr. Kinkley, but HTA is recommending creating a PIG for the Convention Center to handle some issues in 8e, which is how to HTA handle replacement of the roof, and what is the longer-term strategic plan for the Convention Center.

Mr. Rafter's recommendation is they use people from the Budget and the Legislative Committee both, not just the Budget Committee, because it involves interaction with HTA's Legislators. Mr. Rafter said they have to make a decision on who the six potential members are.

Mr. Rafter created a list of volunteers, but said nobody was obligated. He reiterated that they could take volunteers. He suggested the group to be himself, Chair Kam, Mr. Arakawa, Ms. Yuen, Ms. Kimura and Mr. Chun. He opened it up to the floor for responses. Everyone was happy with the decision. Mr. Arakawa supported the decision. Mr. Rafter said it's a complicated issue as HTA has several long-term opportunities with the Convention Center, and the public/private partnership is a good example of one, and in his opinion would take a decade at least if it's viable. Mr. Rafter said if it is viable, it could be very exciting, but in the meantime as they've heard from Ms. Orton and Convention Center Team presentations, they have a roof that only has a couple of years' life over. He said they don't want a stadium issue with the Convention Center.

He pointed out something a lot of people don't know - the Convention Center is a place of refuge for O'ahu, and it's designed to that if there were a hurricane or destructive event, it would be a place of refuge. He said there are a lot of short- and long-term issues that are in conflict with each that HTA has to work out, hence the idea for a PIG.

Ms. Yuen said she is fine with being on the PIG. Mr. Ching and Ms. Kimura also confirmed they're happy. Mr. Kinkley said they must take a vote to create the PIG, and give more specificity to the issues to be addressed, e.g., roof, long range strategic plan, etc.

Mr. Rafter summarized in three - the roof and other repairs, the Futures study and feasibility of a public/private partnership to expand the Convention Center. Chair Kam said there must be a fourth - the RFP being renewed for the Convention Center next year as it expires. Mr. Regan added for clarity that it's the management for the HCC and Chair Kam confirmed this. Mr. Rafter asked for a motion to create the PIG. Mr. Arakawa made a motion and Mr. Atkins seconded. Mr. Regan did the roll call and the motion passed unanimously.

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

Ms. Chun said because of the holiday and short month, she does not have any visitor statistics for HTA today, but it will be distributed next week Monday.

She spoke about the TAT. Preliminary January TAT Collections was \$82.0 million. Ms. Chun added that this was the highest single month collection that they've had since January 2017. Preliminary Fiscal 22 TAT Collections was \$412.4 million (+595.7%) compared to \$59.3 million for last year.

She spoke about the hotel report and the vacation rental report. The total supply for January for hotels is a bit higher than it was 2021 and 2019, with properties coming back online.

In comparison, the vacation rentals, their supply is lower than in prior years, and even though total occupancy is slightly higher, the demand is much lower than hotels and the ADR is lower than hotels.

She spoke about air seats. For February there were more seats than 2021, but still behind 2019, mostly because of lower international air seats. Domestic seats are up. March will have more domestic seats, and more international is coming back in March. April is the first time they're seeing the total number of seats higher than 2019, so domestic is higher, but although international is still half of 2019, it's still coming back.

She mentioned TSA airport throughput - airports have been busy during summer and towards the end of the year, but looking at airport by airport basis, the amount of throughput compared to two years ago, Daniel K Inouye is down 42%, Kahului is down 19%, which a lot of people have felt with Maui being busy, but still not back to the volume seen a couple of years ago.

She spoke about the Skift Travel Health Index - this used to be called the Skift Recovery Index and it was changed as of January 2022. The measures were also changed. She said January 2022 is less than what was seen in 2020, because a lot of that period was pre-pandemic for most of the world, including for Hawai'i, but significantly 21% higher than what was seen in 2021. Looking at it by region, the regions with the highest scores are North America and Latin America, and there has been Latin American visitation to Hawai'i, but Asia Pacific region is the least ready for travel.

She spoke about the Global Airline Seat Capacity - for future months, there is an increase in international air capacity versus domestic air capacity, which means more areas around the world will open up to international travel.

She spoke about YouGov data - a lot of people are saying they're not planning to travel overseas yet. Looking at the planned trip types, all of the markets are saying that they are going to go on domestic holidays and not travel internationally for vacation or business. Those numbers continue to be low.

She said the travel obstacles remain similar to what they've been in past months, where it's the health risks, and travel restrictions, so one thing she noted about travel restrictions, she got a press release from the World Travel Organization saying they're working with the World Health Organization to figure out a global structure so everything is the same around the world, and they're advocating lifting travel bans and encouraging risk based evidence informed context specific policies for the world, so that will affect international travel.

Looking at the U.S. Travel association and their travel sentiment, the data shows that half of the U.S. population is planning a vacation, and a similar amount is planning a vacation in the U.S. which is good for Hawai'i. She said they're seeing 79% of the companies saying that business travel will be resumed and travel sentiment is generally positive for the U.S. 76% of U.S. consumers say they're ready to travel, and 91% say they already have travel plans in the next 6 months.

Looking at the travel agency booking trends - the U.S. market saw an increase in travel agency bookings through the end of January 2022, and a small downturn in the last week. Looking at when people are planning to come for the U.S. it is a similar trend to 2019 , but month by month, the strongest bookings are for March, where there are also bookings for April, May, June for the U.S. market, and Q3 and Q4 also have some activity.

She noted for Japan, because these are travel agency bookings, her understanding is that none of them have started wholesale packages, or anything like that. She said most of the Japanese visiting are doing direct bookings, so they're considered FIT travelers with high repeat.

She spoke about Canada and there has been an increase in recent weeks for travel agency bookings. Month to month there are good bookings for March, then through the rest of the year there are a few, but it's too soon in the year for this to be accurate.

Ms. Chun said what's interesting about Korea is that people are booking and cancelling, so in some weeks there was net cancellations because of COVID in Korea that leads to uncertainty.

Their booking trend is flat and there aren't many Korean's planning to come via travel agencies right now.

Australia - increase in bookings throughout the last quarter. Looking at when they're coming, it's still pretty low, but there are a few highs, similar to 2019, but the pattern isn't that strong. There are more bookings for April than in March, and trailing off, then it raises in June compared to May.

She shared the STR Hotel Forecast, which is done on a quarterly basis. STR is looking at, for the total State ending 2022 at 74% occupancy, which is higher than 2021 and 2020, but still lower than 2019, but looking at the ADR and RevPAR, those are higher than 2019. O'ahu is estimated to end at 75.2% occupancy, higher than the last few years but lower than 2019, but ADR is similar to 2019. Because of occupancy level RevPAR is expected to be lower than 2019.

She said Maui County had strong ADR in recent months, and they're expecting to end at 72% occupancy, and a \$500 ADR, which is slightly lower than 2021, but higher than 2019. ADR's have been rising in the last few months. Hawai'i expects to end the year at 73% occupancy, lower than 2019, but ADR is higher than 2019, but lower than 2021. RevPAR is expected to be higher than 2021. Kaua'i is expected to end at 71.7% occupancy, almost to 2019 levels. ADR and RevPAR are higher than pre-pandemic.

Ms. Kimura mentioned that they just converted Australia to green and said she still sees a weak booking pace and future travel intention, as it's more domestic. She said she is concerned about that.

Ms. Chun said the timing of the data was from Monday and the Branding, Standing Committee, moved Australia to green, on Tuesday, so she said maybe Oceania hasn't had time to impact the data yet, but will see how the bookings develop over time.

Ms. Kimura asked if Ms. Chun thinks Canada and Oceania's recovery will be seen soon.

Ms. Chun thinks, looking at the data, a lot of people are booking direct and not through travel agencies, so it's not a 100% look at the market. Policies for Australia and Canada are expected to soften and hopefully that makes the market recover. She mentioned the airlines are also putting seats out there.

Ms. Kimura wasn't sure who to address this question to but asked if something can be done about Maui's TSA line as, when booking a Maui trip, a warning shows that you have to arrive 3 hours prior.

Chair Kam noted this question.

10. Report by the Branding Standing Committee of their Meeting held on February 22, 2022

Mr. Atkins spoke about a few of the agenda items that were discussed. He said the first agenda item in that meeting was the global 2022 Brand Marketing allocation strategy. This was an item Senator Wakai asked them to bring up to the Branding Committee, which was something on the former agenda and it had to be rolled over for time constraints. He said Mr. Ka'anā'anā explained how he and the staff allocate the different monies to the different major market areas. Mr. Atkins said it was a good discussion and it's all in the packet, and asked Mr. Regan to put up a slide to explain in more detail. The slide shows year 2015 - 2022 and one of the concerns the Senator had was that the HTA keeps giving the same amount of money to some of the major market areas, year after year.

Looking at the trend, whether the U.S. or Canada, in 2017 it showed \$2.3 million, and 2018 the same, then it dropped \$800,000, then dropped in 2021 - \$400,000, but looking at Japan it had a few years at \$8 million then went up to \$8.5 then continued up and down to \$4.5 million. It showed for this year \$9 million, but right now, \$6 million of it would be spent, if in its entirety, in the second half of the year.

He said looking at the spreadsheet, the figures fluctuate and there are also MMA's that they've eliminated completely. He said CEO, Mr. De Fries mentioned that HTA's Legislative Chair, him and Mr. Arakawa had a meeting yesterday with Senator Wakai, and they went over a lot of different legislative things that he wanted to discuss with the Legislative PIG. They went over the allocation, and there were a few ideas that can be taken back to the Branding Committee to see how to work with the MMA's and how they come up with the budget. More information will be put forward before allotments are given out for 2023. Chair Kam reminded him about inflation, so he said this year inflation was the same, but there will be a 7% increase.

a. Discussion and Action on Recommendation by the Branding Standing Committee on the GMT's Brand Marketing & Management Guidelines for Q2 2022 as Presented at the February 22, 2022, Meeting

Mr. Atkins said Australia and New Zealand - Oceania, is opening up, and HTA has decided to open that up as far as their marketing plan. They also have Canada open now.

For Japan - Mr. Takahata gave a presentation on what he feels needs to be done in the second quarter and Mr. Atkins asked Mr. Takahata to see what they could do for outer island marketing.

For Kaua'i they're looking at more of a FIT visitor, not a package tour, and Mr. Takahata will look into that and look at doing some goal programs for some of the resorts throughout Hawai'i.

Mr. Atkins spoke about what they're looking at for the second quarter. The Branding Committee felt that what was presented was in line, it doesn't fully open Japan, China or Korea, but felt the increases were prudent since Japan has started relaxing some restrictions and only require a three-day quarantine when returning.

Mr. Atkins said HTA felt they needed more time with China as there hasn't been any movement from China to warrant an increase other than the minimum HTA has approved to keep the lights on and relationships. This doesn't start until April 2022, so they've asked Mr. Ka'anā'anā to come back in the March Branding Meeting with an update, and at that time they can see whether it should be opened more.

b. Discussion and Action on the Recommendation by the Branding Standing Committee on the Tourism Recovery Marketing Plan's Brand Marketing Section as Presented at the February 22, 2022, Meeting

Mr. Atkins said Ms. Yuen gave a good overview. They were asked to review the Branding side of the marketing plan, and it's a long plan with 54 pages. He thanked the staff for doing this. He said branding has changed from the branding they would have done 4 or 5 years ago. He said reading the 54 pages they'll all get a better understanding of the paradigm shift and highly recommends reading it.

Mr. Atkins spoke about the next item that was discussed - Sports Brand Marketing & Management Updates. Mr. Willkom had addressed this item. They asked Mr. Ka'anā'anā to get a sports RFP going and he is working on that. He gave a date that he hopes the RFP goes out to the public, by the middle of March. He said this will send a good signal to the sports people who have done programs in with HTA in Hawai'i over the past years, and yes there will be allocated money they can apply for. He said Mr. Rafter mentioned there was a third-year contract with Big West and that needed to be taken out, so Mr. Willkom gave a briefing on that as well.

Mr. Regan said he found the slides he needed earlier. Mr. Atkins asked to show these as it will show the Board the increases that HTA took up from minimal first quarter, marginal second quarter.

Mr. Atkins spoke about the next agenda item that was discussed - Update on GoHawaii.com website.

Mr. Talwar spoke about this agenda item and two things were discussed - what they need to update GoHawai'i website, and the other is if HVCB could send out some questionnaires what they thought of the website, any feedback to make it better.

He said overall the response - 900 went out to different people, and around 300 responded. The majority were favorable, but he said the packet has all the information. There was about a 20% negative response.

Mr. Talwar went on to present what Miles' communication could do in order to upgrade the website. They agreed on monthly maintenance on the website for now which is \$20,000 per month. Later they can upgrade which will cost around \$1.6 million. The Branding Committee agreed that they must move on in upgrading this. One of the things important for a website is speed. It was approved but there were some reservations, but Mr. Ka'anā'anā said it would move over to procurement and some of the discussions and concerns can get ironed out in that process.

Chair Kam said they spent about \$2.7 million on the site, and the upgrade will be \$1.6 million more, so a total of \$4,362,165 overall. Chair Kam said that although it was approved to go forward, there were a lot of concerns and questions.

Mr. Atkins asked if there were any other thoughts. Mr. Ching agreed with Chair Kam and said there wasn't a lot of excitement, but considering all the factors, he reiterated that websites do get old really fast and 12-18 months was estimated for the upgrade, but it could be longer, and they had already approved the budget, but not the full amount, so he said, as Mr. Rafter said, doing nothing is often worse, so in the end lots of people had reservations but realized it was a necessary thing to do.

Chair Kam said the \$1.3 they want to delay a bit more so it's in alignment with the overall vision of Smart Destination, so it's seamless, the integration, but it's essential to keep it running for the six months and everyone will support it.

Mr. Atkins said they're able to address all that and still move forward. He is glad they will upgrade it. Mr. Chun agreed they need to move forward and should invest in an upgrade. He apologized for not being able to make the Branding meeting. He asked if they know when the last time was the imagery was updated on the site. Mr. Atkins said it wasn't during or too long before the pandemic. They did some photography in Kaua'i but they didn't have great weather. He said they did discuss, on the \$600,000, could they work closer with the Island Chapters and

also with local photographers and it makes more sense to use them, especially if the weather is bad.

Chair Kam mentioned the steering committee on the islands. Mr. Chun asked about the brand work and the timeline and how it goes hand in hand with the site upgrade. Mr. Atkins said Mr. Ka'anā'anā addressed that in the meeting and said everything has to intertwine. He said he is hoping they can have a good social media presence on the site, because social media is where a lot of people go. He would like to explore Apps as well for activities, videos, for awareness, etc.

Ms. Yuen was glad to hear they will be working closely with the Island Chapters and the Destination managers. She had a question about the procurement - the current contract ends this fiscal year and asked if it's going out to RFP, or is it still up for discussion.

Chair Kam said it's not the current contract, but it's RFP to move forward with the proposals for an upgrade on a new system. The other one is an existing one that HTA hasn't funded yet and it's for the \$155,000 for the maintenance of what's currently there, until June 30, and that's with HVCB.

Mr. Regan said they have senior brand managers on the call if official clarification is needed.

Mr. Ching asked if the question was about maintenance costs.

Chair Kam clarified what the question was about. Mr. Ching wanted clarification if the total amount was \$1.6 million during the first part of the year and then the second part of the year.

Chair Kam said that's what the \$310,000 or \$155,000 is for. So, it has the ability to release funds from the HTA branding group and the Board approved the release of the funds, and the \$2.5 million was already earmarked of what HTA approved earlier, but they needed the approval of the Branding Committee to release those fundings. So that's what was approved that day.

Mr. Atkins asked if there were any other questions.

c. Discussion and Action on the Recommendation by the Branding Standing Committee to Solicit a Consultant Related to the Hawai'i Smart Destination Initiative at the February 22, 2022, Meeting

Mr. Atkins said this item was deferred to this meeting and Mr. Ka'anā'anā had asked if he could defer one more time as there are so many components and it's the \$10 million. Mr.

Ka'anā'anā needs to figure out what the consultant will come back to them with as they're trying to move forward on the Smart Destination.

Ms. Kimura reiterated that HTA already had a \$2.5 million approved budget, which is from the ARPA funds, so whatever they approve, there will still be at least \$800,000 HTA can reallocate by June 2023.

Chair Kam confirmed this and said if nothing is approved then they will still have the total \$2.5 million, but because it's ARPA there is flexibility. Mr. Atkins said they also have flexibility to roll it over or put it into another category where there is a shortfall.

Ms. Kimura said they should at least approve maintenance.

Chair Kam said the maintenance of \$155,000 was already approved, and the \$1.3 million, as well as the other \$155,000, and the HTA is sharing reservations and concerns on the procurement of the other funding. Moving forward Mr. Ka'anā'anā and his team have to work through the other part.

Mr. Atkins said since it's in the budget, they can go ahead, and it doesn't have to be Board approved.

Chair Kam confirmed this and said the caveat they put in was that the Branding Committee would vet it, and with the Brandings recommendations, the HTA team could proceed, which is where they're at right now.

Mr. Atkins wanted to make sure that the \$155,000 is only for 6 months. Chair Kam said they approved \$310,000 for the whole year. So, the other \$155,000 is for the second half of the year.

Mr. Atkins concluded his presentation.

Mr. Regan said some items needed vote and approval, which includes the Board to vote and approve on the Q2 budget for Japan, Korea and Oceania to go green.

Mr. Atkins thought it was the same, as they had already approved the overall budget for Japan, but Mr. Regan said they needed approval.

Mr. Atkins said they needed a motion to recommend that the Branding Committee supports Japan, Korea, the Mainland, and Oceania to open. Chair Kam made a motion, and Ms. Kimura seconded. Mr. Regan did a roll call, and the motion passed unanimously.

11. Discussion and Action on the Tourism Recovery Marketing Plan

Ms. Anderson wanted to let the Board know that the Ho'okahua Standing Committee as well as the Branding Committee, recommended out of their Committee for their approval. She wanted to see if the Board had any questions about the Tourism Recovery and Marketing Plan. Chair Kam asked for a motion. Mr. Ching gave a motion and Ms. Yuen seconded. Mr. Regan did a roll call and the motion passed unanimously.

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

Mr. Regan gave an update on activities going on related to HTA's work at the Legislature. He gave a high-level overview. Mr. Regan said they had a great discussion on some of the Bills that are in the House. For awareness, at the start of the legislative session, HTA had been monitoring at least 99 measures in their tracking worksheet, but currently as they are now, there are 53 measures that are currently alive in both the House and the Senate that they continue to monitor, that have direct or indirect impact on HTA or the industry.

Current measures in the House is 21, and in the Senate, 32, so they continue to watch as the Bills/measures move through the process and prepared testimony to either support, comment or oppose. Currently there are 46 of those 99 measures that are no longer active, and to date they've submitted 44 individual pieces of testimony to the Legislature on measures that have been heard in various different committees, 20 for the House and 24 for the Senate.

Mr. Regan said the team has been busy monitoring, reading, reviewing, preparing and submitting testimony on some of the measures. He also thanked the many Board members who have been participating in the process, especially the Legislative and Governmental Affairs Investigative Committee for their guidance, and Chair Kam, and Vice Chair Arakawa for their guidance, going forward in the process.

He said Rep. Onishi touched on a few of the House Bills, but there are other Bills out there that HTA is watching. SB1065 is one of the Bills that they continue to monitor, and there are Green Fee Bills out there that directly impact the use of State Parks, beaches, forest trails and other state owned natural areas by visitors, that HTA continues to monitor as they move through the process.

He mentioned the State budget and said HTA continues to watch and engage finance,

House Finance and WAM Committee and the Senate on any questions they may have related to the HTA's budget. He thanked Mr. Ilihia Gionson for his hard work and help, as well as Ms. Carole Hagihara for actively supporting and being a part of the process. He deferred to Mr. Arakawa if he wanted to add additional comments.

Mr. Arakawa said the Legislative PIG will be having meetings with the key Legislators and said they need to set it up with Rep. Onishi too.

a. Presentation, Discussion, and Action on Memorandum of Understandings (MOU) Between HTA and Counties Related to the Destination Management Action Plans (DMAP) Actions and Sub-Actions

Mr. Arakawa asked if Mr. Regan can explain this item.

Mr. Regan said a number of Legislators who support HTA's overall DMAP program, they've recommended HTA do memorandums of agreements of understanding with the counties, to codify and solidify the understandings, relationships, roles, responsibilities and any funding related to the DMAP programs in the counties. He said they've been actively working to pull the agreements together in alignment with what the Legislators have been recommending, but said they wanted to bring it to the Board to have the discussion and get guidance from the Board. He mentioned that Ms. Anderson has been helping in pushing that forward as well, as part of the DMAP process.

Ms. Yuen added that HTA also recommended that the Destination Managers and Island Chapters have meetings with the islands with the Legislature as soon as possible. Ms. Yuen said the team is pulling the meetings together because they thought it would be great for each island caucus to hear it directly from the HTA team that is working on all the items and DMAPs, so she is hoping it will get set up soon.

Ms. Anderson told her that they have the list put together and they're setting up the meetings now. She said it would be good to have the meetings with the respective Legislature Committees at the Senate and the House, based on some of the input they've been getting. It helps to hear directly from the folks on the ground what is going on, and within the island caucuses they can dig deep with the Legislatives, so that everybody knows what is going on.

She is thankful to hear that the staff supports this. She said there was pushback on the MOUs but thinks it will help, and she sees the value in making this stand out moving forward.

Mr. Arakawa made a motion to authorize HTA leadership and staff to go forward with memorandums of understandings, or MOUs between HTA and the counties related to, and consistent with HTA's strategic plan and the DMAPs, and the actions and sub actions in the DMAPs. Mr. Downing seconded. Mr. Regan did roll call and the motion passed unanimously.

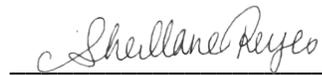
13. Closing Cultural Protocol

Mr. Casson-Fisher did the closing protocol.

14. Adjournment

Chair Kam made a motion to adjourn, and the motion passed unanimously. Chair Kam adjourned the meeting at 12:35 p.m.

Respectfully submitted,



Sheillane Reyes
Recorder