



**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, March 31, 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, Keone Downing, Kyoko Kimura, Sherry Menor-McNamara, Ben Rafter, Sig Zane

MEMBER NOT PRESENT:

Daniel Chun, Kimi Yuen

HTA STAFF PRESENT:

John De Fries, Keith Regan, Kalani Ka'anā'anā, Marc Togashi, Ilihia Gionson, Caroline Anderson, Carole Hagihara, Jadie Goo, Laci Goshi, Maka Casson-Fisher, Dede Howa, Irina De La Torre, Ross Willkom, Iwalani Kaho'ohanohano, Yvonne Lau

GUESTS:

Senator Glenn Wakai, Representative Richard Onishi, Representative Jackson Sayama, Mufi Hannemann, Jennifer Chun, Lawrence Liu, Charlene Chan, Erin Khan, Nathan Kam, Jessica Rich, Allison Schaefer, Malia Sanders, Guillaume Maman, Jay Talwar

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order

Chair Kam called the meeting to order at 9:32 a.m.

2. Roll Call

Mr. Regan did a roll call, and everyone confirmed attendance. Ms. Menor-McNamara would join later. Mr. Rafter confirmed there was no one present with him. Mr. Regan said they had a quorum for today's meeting.

3. Opening Cultural Protocol

Mr. Casson-Fisher did the opening protocol.

He spoke about the U.S. Mint and the American Quarter Program. This four-year program celebrates the accomplishments and contributions made by women to the developmental history of the country. Beginning 2022 and continuing through 2025, the U.S. Mint will issue five new reserve designs each year. Each coin will maintain a likeness of George Washington, but is different from the design used during the previous quarter's program.

He said the American Woman quarters may feature contributions from various fields including, but not limited to, suffrage, civil rights, abolition, government, humanities, science, space, and the arts. The women honored will be from ethnically, racially, and geographically diverse backgrounds. He mentioned all the women that will appear on the 2022 quarter, and said that among the other women appearing on the 2023 quarter will be Edith Kanāka'ole.

Ms. Kanāka'ole passed away in 1978 and she was an internationally acclaimed kumu hula, composer, chanter and performer. She was credited for playing a vital role in passing down the teachings of Hula, amid the 1970's Hawaiian Renaissance when cultural traditions, languages and institutions were being revived widely and publicly among native populations. Her dance school was internationally acclaimed for teaching Hula and chanting. The non-profit was focused on uplifting cultural teachings, philosophies, and traditions that were revived thanks to the Kanāka'ole family.

4. Approval of Minutes of the February 24, 2022, Board Meeting

Chair Kam asked for a motion. Mr. Atkins made a motion, and Mr. Ching seconded. Mr. Regan did 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 Office

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

Mr. De Fries first reported the suspension of Safe Travels Hawai'i. He said there is a sense that they are moving into a phase of stabilization, focusing on leisure travel and HTA's ability to capture the meetings, conventions, and incentives market.

He spoke about the sequential re-opening of international markets led by Japan. He mentioned HTA's continuing efforts to work with each of the island DMAP steering committees, with the island chapters, and the DMAP managers to address the hotspots. He said HTA's efforts double on strengthening relationships with community and leadership, community groups, and industry partners. To that end, he had invited HLTA President, Mr. Hannemann, to join and provide an update on the current hotel and restaurant show in the Convention Center and an HLTA update. He said their efforts are focused on investing in Hawai'i businesses and supporting more entrepreneurial development and the small business community.

Looking at year-end 2021, versus pre-pandemic 2019, visitor spend pre-pandemic was \$17.7 billion, and in 2021, it was \$13 billion. State tax revenue generation pre-pandemic was \$2.7 billion compared to 2021 at \$1.52 billion. Arrivals in 2019 was \$10.4 million compared to \$6.77 million in 2021. TAT ended the fiscal year (FY) 2019 had slightly over \$600 million in the first six months. In the last 6 months. July to December year-end, TAT had already accumulated \$326.9 million. He added emphasis to the per person per day spending. In 2009 it was \$145.70 compared to 2021, at \$199.72.

He said the coming month is filled with a range of activities, but none more important than the weeks ahead at the Hawai'i State Legislature. He asked Ms. Gionson to pull up a graph showing the House Bill 1600, State Budget. He said a request of \$60 million was made, and the House draft is currently sitting at \$1. For staff positions, HTA requested an expenditure ceiling of \$28,500 and a CIP request of \$64,000. He said he spoke to House Finance Chair, Ms. Sylvia Luke, and Tourism House Chair, Rep. Onishi who both confirmed they are placeholder numbers for negotiations that lie ahead.

He spoke about HB 1785, and said it looked to a Legislative Reference Bureau study that would be conducted looking at alternative Tourism Governance systems, and HTA fully supported it. It was later revised, but the revisions raised concerns. They had meetings scheduled the following week with the joint committees, and he encouraged the Board Legislative Permitted Action

Group to convene the next day, so that HTA could coordinate a course of action leading into the meetings coming up.

He added that Mr. Ka'anā'anā was delayed at getting to this morning's meeting because at the request of the first lady, Dawn Ige, he is presiding over a ceremony and celebration of the anniversary of Washington Place. He deferred that part of the presentation until Mr. Ka'anā'anā arrived.

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

Mr. De Fries asked Mr. Regan to provide an update on this section.

Mr. Regan spoke about the administrative work HTA is doing. He said they continue to work diligently to support the overall organization. On the accounting side, with the assistance of Vice President of Finance, Mr. Togashi, HTA continues to process the requests coming from the HTA team in a timely, efficient manner. He said the financial reports continue to be compiled, reviewed, and entirely according to GAP, FAZBE and presented to the Budget, Finance and Convention Center Standing Committee (BFCC) for review and consideration in a timely, efficient manner.

On the procurement front, HTA continues to work to support the procurement needs of the HTA team. HB 862 had put them into HRS 103D, and took away HTA's exemption. He recognized Ms. Tracy Fermahin who helped lead the effort within procurement, and Mr. Togashi, for assisting in helping move through the numerous RFP's and contracts that are being executed, in support of HTA's overall mission and goals. This is in accordance with HRS 103D and the related Hawai'i Administrative Rules set up by the State Procurement Office.

He mentioned there is a Procurement Manager position that is vacant right now. He said Mr. Ronald Rodriguez left HTA in December 2021, and HTA has been actively recruiting for that position since then. He said it had been a challenge filling vacancies as this specialized type of worker is hard to find. He said those responsibilities are with himself and his team for the time being.

He recognized the Director of Planning, Ms. Anderson, who is extremely hard working. He said she is the reason why DMAPs has been so successful. He reminded everyone that this position is extremely important for HTA to continue to do the work associated with implementing the actions and sub-actions of those DMAPs. He commended Ms. Anderson on her hard work.

He mentioned that they recently convened the island caucuses with legislators from different islands. They had focused discussions to share with them and activities going on with DMAPs. This was specific to what was happening in their area, allowing them an opportunity to ask questions and engage HTA. He thanked the legislators who could participate and those who joined later. They are working through the Grant Administration Plan for the Economic Development Administration Grant. This was assigned to HTA by Governor Ige, working closely with HTA and DLNR to move the process forward. They anticipated completing and submitting that soon to the EDA.

He said they were fortunate to welcome a new member to the team, which would be filling the Contracts and Administrative Manager position that has been vacant since Ms. Isabella Dance left in December 2020. New member, Mr. Bryant Yabui would join Friday, April 1, 2022. He said Mr. Yabui has extensive experience in Enterprise Technology Services (ETS) and the Department of Health, with an understanding and a background in procurement. He had declined the Procurement position and preferred the Contracts and Administrative Manager role.

Mr. Regan concluded that part of his role as CAO, is to guide HTA with any issues and challenges. He said he is proud to work with the team and the Board. He mentioned the CEO report has detailed information about what HTA is working on.

Ms. Kimura said both HB 1600 and Senate Bill 1785 are very important. She mentioned Rep. Onishi's comment on the placeholder. Mr. De Fries said they do not have the Senate draft. Out of the Energy, Economic Development and Tourism joint committees, a \$60 million budget is embedded in there. He has arranged a meeting next week to discuss this subject. Mr. De Fries said there was a disagreement about the number of staffing positions, as it appears that 3 positions had been eliminated. There is another interpretation saying none of the positions had been eliminated, so he said they would get that resolved.

Ms. Kimura asked what the position of the WAM Chair and Senator Wakai is. Mr. De Fries said he would know that after next week's meeting. Ms. Kimura asked if Mr. De Fries was planning to meet with Senator Wakai the following week, and he confirmed that it would be a joint meeting with WAM and Senator Wakai and Government Operations and Labor.

Mr. Arakawa thanked Ms. Kimura for the follow-up question, and Mr. De Fries for clarifying the Senate Bill. He spoke about HB 1600 and said it showed zero positions for HTA, with the Senate version expressing that they were not going to delete any vacant position. He said there was a discrepancy between the Bill and the Committee Report, so it needs to be clarified. Mr. De Fries said it is correct as it is shown, but he had multiple conversations with Rep. Onishi who verified that the House has no interest in tampering with the number of positions that HTA currently

had. Mr. Arakawa said they discussed and made a request for PIG meetings on the issue and the relevant House Chairs and the Senate Chairs which include Senator Brian Taniguchi, the Chair of the Labor, Culture and the Arts committee, as well as WAM Chair Senator Dela Cruz, Government Operations Chair Senator Moriwaki and Energy, Economic Development and Tourism Chair Senator Wakai. Mr. De Fries confirmed that was correct.

Mr. De Fries emphasized that key conferences are taking place in April, starting as early as April 4 in Washington D.C. The U.S. Travel Association is convening its Board meeting, and it is promoting Tourism on Capitol Hill. Mr. Ka'anā'anā will be representing HTA in Washington. He said the Hawai'i Convention Center hosts the Japan Association of Travel Agents and its important delegations on April 4. He thanked Mr. Eric Takahata and Ms. Mitsue Varley for coordinating it.

He was grateful that a few of HTA's Board members would be able to attend the evening reception the night of April 5. He said later in April, Travel Weekly is convening on April 26, and April 27, which would be an important opportunity for HTA. He said Mr. Talwar was doing an opening segment, and the Governor was the keynote speaker. Mr. De Fries said he had been asked to be the luncheon speaker. The conference would be followed with a round table of leaders in the industry on April 27. He added that HTA received a 64-page CEO report including much of what Mr. Regan presented, and the work going on in each of the four pillars.

Chair Kam recognized the arrival of Mr. Hannemann. Mr. De Fries had prepared a special slide for Mr. Hannemann before his presentation. She showed a slide of three UH football coaches, who he has known for years. Mr. De Fries recently had a dinner with Coach Jones to discuss the support the current head Coach Chang needs. UH Football Coach Larry Price came in during their dinner, which reminded him of a lesson Coach Price told: the difference between involvement and commitment. He elaborated and said the difference is like a bacon and eggs breakfast. The chicken is involved, the hog is committed. One dropped an egg and the other dropped a leg. He said in HTA's Board meetings are filled with committed people, including HTA staff, Board, and the community leadership in HTA's leadership partners. He said one of the leaders in that commitment is the President of Hawai'i Lodging and Tourism Association, and he welcomed Mr. Hannemann.

Mr. Hannemann thanked everyone for working in partnership with HLTA to ensure the industry thrived as the industry started to open up. He spoke about the Hawai'i Hotel Restaurant Show that was currently underway, and said it was a sterling example of what is going to happen in the future. They had a sold-out event with over 200 exhibitors on the Convention Center's ground floor. As of March 30, nearly 4,500 had signed up to come through. He said people are ready to open up and do business. He said he was grateful for that opportunity as it

demonstrated that large, structured, safe gatherings had returned, and if HTA gets off to a good start, which will reverberate through the communities.

He said it also signals that tourism is coming back, and two things had to happen on the road to recovery - international travel and large gatherings. He said it demonstrates what must happen going forward and enhances Hawai'i's reputation of being a hospitality mecca, that Hawai'i is the place to be.

Mr. Hannemann said two mayors came through the previous day. One was Mayor Blangiardi, who was very instrumental in working with HTA to ensure large gatherings. He commended Ms. Orton and her staff at the Convention Center. The other mayor was Mayor Victorino, who mentioned that he wanted to do a similar Trade Show on Maui, which is a great show and good for generating future business. He said he appreciated HTA's support in helping HLTA promote these type of activities, as it goes a long way to ensure the success of these type of gatherings.

Mr. Arakawa asked who the slide of the coaches belonged to. Mr. De Fries said it was constructed about 30 minutes ago. Mr. Arakawa said it was missing an important coach, the Hawai'i State High School Basketball Jamboree coach. He recommended putting the slide with the coach on in the future, as it is important for female athletes, basketball athletes, and for the State of Hawai'i. Chair Kam thanked Mr. Hannemann.

Mr. De Fries emphasized that HTA is moving back to in-person gatherings. They will make sure to bring in the leadership of the various industry partnerships in hotels, restaurants, retail and activities, and community leaders on occasion. Mr. De Fries wrapped up his presentation.

Chair Kam recognized that Senator Wakai, Rep. Onishi, and Rep. Sayama from the House were also on the call. He thanked them for their attendance.

7. Administrative and Audit Standing Committee Update

a. Discussion, Recommendations and/or Action Regarding the Annual Evaluation of the HTA President & Chief Executive Officer's Performance

Chair Kam recapped what the Administrative & Audit Standing Committee (AASC) meeting had discussed regarding the annual evaluation of the HTA President and CEO's performance. He said the AASC meeting packet showed extensive research of what HTA had been doing. The committee is still working through that and wants all the Board members to contribute on that. He said it is still pending and will provide more information on another date.

Chair Kam said along with the present CEO evaluation, the Committee presented and discussed the proposed recommended Annual Evaluation Form for the Committee's use in evaluating the Committee. The President, CEO and the staff solicited recommendations and edits from the Committee members. He said they are still working through it. The Committee also spoke about the Legislative and Operational Budgeting policies, and the Committee recognized the need to update the current policy. The process for doing so had already begun with staff outlining the Legislative and Operating Budget process at a prior Budget, Finance and Convention Center Committee meeting.

b. Review, Discussion and Action on Hawai'i Tourism Authority's Policies, Procedures, and Investigatory Committees as Discussed at the March 24, 2022, Administrative and Audit Standing Committee Meeting

The Committee recognized the need to replace the existing policies and procedures with HRS 103D, which is a State Procurement Code for procurement policies and procedures. The HTA staff had also reached out to the other State departments, noting that they do not follow any other procedures beyond 103D. Additionally, the committee discussed the following items: The Committee received the updated organizational chart and they discussed providing assistance to nominated Board members to brief them on the organization and current issues, concerns, programs, funding et cetera. The Committee recommended that at the full Board meeting, an industry update be provided by various industry organizations as part of the CEOs section of the agenda. The Committee also received an updated list of all of the Standing Committees and Permitted Investigation Groups (PIG).

The Committee discussed the process related to the Uniform Information Practices Act request. They would consult with the HTA's assigned deputy AG to ensure the HTA is in alignment with the law.

Ms. Kimura said they also discussed the organizational Chart and recommended approval, but she said that the organizational Chart was different from what the Senate was proposing. She asked if Mr. De Fries would talk to the Senate, and Chair Kam confirmed that he would. Mr. Arakawa confirmed that Chair Kam and Mr. De Fries had discussed that. He noted that the HTA had several vacancies for positions up for confirmation, and that was the last day for names to be submitted to the Senate for confirmation.

Mr. Regan said there was no testimony, comments, or questions.

8. Ho'okahua Hawai'i Standing Committee Report and Update

Chair Kam asked Mr. Downing to update them with discussion and action, as Ms. Yuen was excused from the meeting.

a. Discussion and/or Action on the Recommendation by the Ho'okahua Hawai'i Standing Committee on Reinstating the Resort Area Hawaiian Culture Initiative Program in 2022 as Presented at the March 28, 2022, Meeting

Mr. Downing said they talked about the reinstatement of the Hawaiian Cultural Initiative and how they could find a place for Hawai'i's local artists, a venue to promote Hawai'i's music, to create a sense of place following their DMAP. He said they spoke about whether Sunset on the Beach was important. He thought that focusing on music and their culture was more important than any kind of Sunset on the Beach Program. He said, as a committee, they are looking forward to the reinstatement, and it is an action that the Board had to take. He recommended that HTA vote for it.

Chair Kam asked if there were any other comments because it was a great presentation. He said in the BFCC meeting, Mr. Ching spoke about what it was before, as this \$250,000 was approved and allocated. HTA wanted to get it back to the original amount, so Mr. Ching proposed that at the BFCC meeting, HTA would propose \$400,000 to the full Board. He said HTA's original proposal was to ensure that Hawai'i's cultural practitioners and musicians were funded in an appropriate manner for all the islands. He mentioned that Kaua'i did not use that funding, so he wanted to make sure that HTA put efforts to ensure that the funding goes there.

He mentioned an outstanding presentation from NaHHA and all the great work they are doing, in front, and behind the scenes, and he encouraged all the members to read through it.

Mr. Ching said from his experience through the pandemic, the musicians were pretty robust as long as they have places to play. He said the pandemic put the musicians in a tough spot, and they had to pivot online. There is a real need for live music and spontaneous dancing. He said it is difficult for nonprofits to navigate the RFPs to get funded. He hopes HTA could bring the musicians back to where they should be.

Chair Kam said Mr. Ching also offered his kokua and said TS Restaurants had done an outstanding job of ensuring that musicians are employed, thriving, and sharing Hawai'i's culture. He said NaHHA also asked to see where they could help. He said he is excited about what HTA and Mr. Ka'anā'anā and his team, working with NaHHA, can come up with for shorelines of all their resort areas throughout the State.

Ms. Kimura said that before the pandemic, they were spending almost \$400,000, and asked to get a little bit more as Maui County has three islands.

Chair Kam said it was a good point. He said Mr. Ka'anā'anā pulled the funds from the Hawaiian Opportunity Fund and added another \$150,000 to bring it up to \$400,000. He said it could be later, but that is something HTA had to work on and invest in the right way.

Mr. Atkins echoed what Mr. Ching said, and even though many places were open, all the costs had increased, so music was one thing they could cut down on to save on costs. He said the support in this area from HTA would be appreciated. He asked if the increase from the \$250,000 to \$400,000 was across the Board, pro-rata, where the other islands get more money too.

Chair Kam said Ms. Ka'anā'anā and his team are working towards that and if the Board approves the \$400,000, Mr. Ka'anā'anā and his team could decide how to share it throughout the islands.

Mr. Atkins asked if that would be through an RFP process, where different ideas come through for each island. He said in the presentation, there were specific things they wanted to bring back.

Chair Kam confirmed it would be for them to discuss. He said the intent is to get their musicians employed. He said the "how" has been the challenge. He said HTA is looking at their kuleana to figure out a way how they could do it, whether it is nonprofit or for-profit, Mr. Ching will share some of their best practices.

Mr. Atkins asked once they work through the process, how will the counties be notified. Chair Kam said they would work closely with the counties because a lot of the venues are county venues. He said it would be a partnership, and they are looking to engage all their stakeholders, whether private landlord, State, or County, to share Hawai'i's culture with the world.

Mr. Regan said for the procurement, HTA would follow 103D, and the appropriate State Procurement Laws and Administrative Rules. He said this agenda item required a motion to ratify the approval of the recommendation of the Committee to reinstate the program.

Chair Kam asked for a recommendation.

Mr. Downing made a motion and Ms. Kimura seconded. Mr. Regan did a roll call and the motion passed unanimously.

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

Mr. Rafter said they discussed several things and said he would run through them as action items. He said multiple items needed to be approved by the Board.

a. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center (BFCC) Standing Committee on the HTA's Financial Report for February 2022 as Presented at the March 29, 2022, Meeting

Mr. Rafter reported that the BFCC committee reviewed the financial reports presented by Mr. Togashi, and the HTA did not find anything out of the ordinary. HTA recommended approval of the financials presented and provided. There were no questions. He asked for a motion. Chair Kam made a motion and Mr. Downing 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 on the Hawai'i Convention Center's February 2022 Financial Report and Update on the Hawai'i Convention Center's 6-Year CIP Plan as Presented at the March 29, 2022, Meeting

Mr. Rafter said they reviewed the Convention Centers Financial Report as presented by Ms. Orton, Ms. Tait and their team. He said they discussed the update on the repairs and maintenance activities at the Convention Center, not in relation to the request for funding for the roof. It was just an update on repairs and maintenance. The meeting packet had more information. He said HTA recommended approval of the HCC financials as presented and provided. He asked if there were any questions, but there were none. He asked for a motion to recommend the approval of the HCC financials. Chair Kam made a motion and Mr. Arakawa 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 Reallocate FY22 Funds from Route Development to Resort Area Hawaiian Culture Initiative in the Amount of \$250,000 to Support DMAP-Related Activities as Presented at the March 29, 2022, Meeting

Mr. Rafter said the Committee discussed a request to reallocate the FY 2022 funds from Route Development, which was deferred to Resort Area Hawaiian Culture Initiatives, as recently discussed in the amount of \$250,000, to support DMAP related activities. He said the Committee also discussed the need to further enhance the activities related to Resort Area Hawaiian Culture. They identified additional funds from the Hawaiian Culture Opportunity Fund, in the amount of \$150,000, to raise the total amount for the initiative \$400,000. He said they recommended the approval of the request to reallocate these funds from the various places to \$400,000 for the Hawaiian Cultural Initiatives Sport DMAP-related activities. He said it is one vote, but they recommend approval of the request to reallocate \$250,000 from Route Development and \$150,000 from Hawaiian Culture Opportunity to Resort Area Hawaiian

Culture Initiatives. There were no questions or comments. Mr. Rafter asked for a motion. Chair Kam made a motion, and Mr. Downing 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 to Reallocate FY22 Funds from GoHawaii to Sports Unallocated in the Amount of \$167,000 to Increase the Total Funding in Support of the Sports RFP to \$1,500,000 as Presented at the March 29, 2022, Meeting

Mr. Rafter said the Committee discussed and requested to reallocate the FY 2022 funds from GoHawaii, to Sports Unallocated, in the amount of \$167,000, to increase the total funding in support of the Sports RFP to \$1.5 million. He said it was replenishing the money they approved before to the Big West sponsorship. The Committee recommended approval of the request to reallocate these funds back into the Sports RFP. There were no questions. 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 to Reallocate FY22 Funds from GoHawaii to LPGA in the Amount of \$500,000 to Support the LPGA Lotte Championship as Presented at the March 29, 2022, Meeting

Mr. Rafter said the Committee discussed the LPGA Tournament coming up. He requested the Board to approve the request to reallocate the FY 2022 funds from GoHawaii to LPGA in an amount of between \$0 and \$500,000, not to exceed \$500,000, to support the LPGA Lotte Championship. The topic would also be covered in the Branding Standing Committee meeting, which will set the amount that is being recommended. Mr. Atkins said it should be done at the Branding Standing Committee, as it had to be the Branding Standing Committee's recommendation. Mr. Regan said the motion could be as described, and replace "in the amount of", with, "up to" or, "not to exceed." Chair Kam said another proposal could be to change the amount to \$250,000, and on the Branding Standing Committee side, it would be in alignment. He asked if there were questions, but there were none.

Mr. Ching said it was okay to say, "up to" and the Branding Standing Committee decided on \$250,000, so in the spirit of what was discussed, they should say "up to \$500,000."

Mr. Arakawa said it should be deferred as it is a lot of money. He said the Branding Standing Committee could deal with the further issues and then decide to amend the budget.

Mr. Rafter backed up Mr. Arakawa's point and felt the decision should be made by the Branding Standing Committee for numerous reasons. Chair Kam said to defer Item "E" to the Branding Standing Committee and then they could circle back after the Branding Standing Committee had the discussion. Everyone was happy with that decision.

f. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee to Reallocate FY22 Funds from GoHawaii to Marketing Opportunity Fund in the Amount of \$43,000 to Support the Market Allocation Platform as Presented at the March 29, 2022, Meeting

Mr. Rafter said the committee discussed the request to reallocate the FY 2022 funds from GoHawaii, to the Marketing Opportunity Fund, in the amount of \$43,000, to support the Market Allocation Platform. The Committee recommended this approval. There were no questions. Mr. Rafter asked that the Board approve the request. He asked for a motion. Chair Kam made a motion and Ms. Kimura seconded. Mr. Regan did a roll call and the motion passed unanimously.

g. 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 March 29, 2022, Meeting

Mr. Rafter said they discussed the request to support and approve the expenditure for funds in an amount, not to exceed \$50,000, to update the Hawai'i Convention Center Futures Study. For context, he said the study was completed in April 2020, and since then market conditions had changed, and there had been big increases in construction prices and supply chain issues. The committee recommended that the Board approves the request to update the Futures Study, as it would help assist the Convention Center PIG, and is work related to what the future of the Convention Center is. He said they would also reallocate the Major Repairs and Maintenance Budget funds for this. He said the Committee recommended approval of the request. There were no questions. Mr. Downing mentioned he had an issue with the wording again, but Chair Kam said they will amend the wording. Chair Kam made a motion and Mr. Arakawa seconded. Mr. Regan did a roll call and the motion passed unanimously

Mr. Arakawa commented on the \$250,000 that would be spoken about in the Branding Standing Committee. Still, under a prior administration, the Board approved the policy, allowing the CEO and the Chair to approve contracts up to \$250,000 without the Board's approval. He said if the Board voted not to approve the LPGA, the CEO and Chair could approve the amount without anyone knowing it. He said they should revisit that subject as it was not on the agenda, but it came up because of the \$250,000 number. He said the new Board members should know

about this old policy in place. Chair Kam said he would not approve the \$250,000 unless the majority of the Board supported it. Mr. De Fries said he would not proceed with the topic either without the Board's support.

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

Ms. Chun mentioned that March 25 marked the end of the Safe Travels Program, which had been a big effort, since the beginning of the pandemic for her team. She thanked Mr. Regan for his support. She also acknowledged Mr. Liu, who worked tirelessly every week to update the data that feeds into the Safe Travels Program. She also recognized Sunnie Lacosia and Paul Oshiro of DBEDT. She is pleased the program itself is over, but the pandemic is not over yet.

She presented the February expenditures. She said these expenditures were not too far off from 2019, and most of the expenditures were coming from the U.S. West and U.S. East with the majority of visitors. They also had higher per person per day spending. Japan was similar to 2021. One of the reasons that Japan per person per day spending was not as high is because those visitors are staying much longer than they normally would, and acting more like residents than visitors. Usually, Japanese visits are short, and they do a lot of shopping before leaving.

The Canadians were staying longer than they normally would. The spending of Canadians per person per day was higher than 2021, but still behind 2019. Canadians usually have the longest length of stay.

Looking at the average daily census, she said they were approaching similar levels to 2019 for some markets. So, U.S. West had more people per person per day, on average census on any given day of the month. The U.S. East versus the other markets was significantly behind that. Looking at per island, the overall spending was higher on some islands, such as the Island of Lāna'i, and Hawai'i Island, but a little bit lower because of the number of people coming.

Looking at a per person per day basis, for O'ahu, Maui, Moloka'i, Lāna'i, Kaua'i and Hawai'i Island, they were all ahead of 2019 on a per person per day spending. And part of that was higher lodging costs and higher transportation costs.

Looking at the Transient Accommodation Tax (TAT), the State Tax Department collected \$56.3 million in TAT in February, which brought the FY 2022 total up to \$468.7 million, which is up almost 510% compared to the prior fiscal year. In the FY 2021, they only collected \$76.8 million, a difference of \$391.8 million. She showed a graph with the current TAT Collections compared to January 2017.

Looking at the reason for people's travel to Hawai'i, they mostly came for vacations, weddings, conventions, incentive business, and visiting friends or relatives. Looking at accommodation choice, by far, people were staying at hotels and condo hotels. Lots of people were also staying with friends and relatives, and some were renting houses.

She spoke about hotel occupancy, ADR and RevPAR published last week, and the Hawaii Vacation Rental Report published on Monday. She said they saw similar occupancy level for both hotels and vacation rentals, remembering that the vacation rental supply is significantly lower than the hotel supply, which means the overall demand numbers were lower. This meant there were fewer people staying at vacation rentals. Also, the ADR at vacation rentals was lower in February than it was for hotels. She said for February 2022, the hotel number is slightly higher than it was in 2019, but looking at the supply number for vacation rentals, it was significantly lower than in 2019.

Next, she spoke about the unemployment information that was collected through their Labor Research Division at DBEDT, and the trend going back to January 2020. For February 2022, the total State was at 3.8% unemployment, and among the Counties, the highest unemployment was for Koi County at 5.1%, with the lowest unemployment for Hawai'i County at 3.6%.

Looking at the sectors, the food service, drinking places, and accommodation had a healthy recovery from prior years. Looking at how people will be coming to Hawai'i, those were the nonstop scheduled seats by port of entry. And looking at the last day of March, there were fewer overall air seats than in 2019, but more domestic seats than there were international, compared to 2019.

Looking at April 2022, the number of air seats was very similar to 2019 overall, but the increase is still on the domestic seats, even though there was some movement in the international seats. Looking forward to May 2022, there are a similar level of seats overall to 2019 with the strength in domestic, and June 2022 is also similar, so June is a little bit ahead of 2019. She said they are waiting to see what all of the different carriers will do because, as was discussed yesterday in the Branding Standing Committee meeting, Korea is now open.

Other countries are opening up, and as they do, they expect the frequency of international direct flights to increase.

Looking at the total Skift Travel Health Index as mentioned last month, it changed as of January 2022. So, the overall index for the whole world was 74, which increased over January 2022, with some overall improvement. However, she said she expects the war between Ukraine and Russia is going to continue to impact some travel outlooks in the future, especially for Europe.

Looking at the Travel Index by country, these are for the markets that her team is tracking. The U.S. is at 94.9%, so U.S. people are very ready to travel, with 7.8% for Canada, and 76.4% for Australia. Those are a little bit more robust. China is at 57.9%. The number for Japan is still low, but they do not have data since they opened up.

She spoke about the YouGov data. Many people are not planning to travel anywhere overseas because of COVID. She showed the graph with a Planned Trip Types that people are taking. The majority of the trips are going to be domestic vacations. Some people plan international vacations, but not as many as domestic vacations.

She spoke about travel obstacles and said travel restrictions were still a big obstacle. She said health risks are also a factor for people when thinking about traveling overseas.

She spoke about the travel agency booking trends, which they present every week on their website. For U.S. Travel Agency Bookings, there was an uptick in March 2022, leveling off towards the end of the month and coming down. She said those bookings were for anytime in the future, and she questioned when they were actually going to travel. She said the trend for 2022 was similar to 2019, with a lower volume. For Japan, unfortunately, people are not booking through travel agents for Japan. She said the previous wholesale packages are not available yet.

For Canada, it is similar to the U.S. with an uptick in bookings in the middle of March 2022, and coming down in the last week or so. She said those people are coming in at a similar trend to 2019, but at a lower volume.

Korea also had an uptick in the middle of March 2022, but it was nowhere near the volume in 2019 for Korea. She is hoping that the numbers on the graph will be different with the announcements and when this is presented the following month again.

Australia was similar with some bookings in March 2022, but the volume is tremendously lower than 2019. For the DBEDT Forecast, which was published the week after the Board meeting, she said for 2022; they were looking for an increase back to 2019 levels for visitor expenditures. That would only be in 2023, they estimated. Visitor arrivals for a pure volume level are not expected back until after 2025.

Looking at per market, she elaborated on what the DBEDT Forecast was looking like. Overall, the U.S. compared to 2019, there was an increase compared to 2021. Japan is still expected to lag behind what was seen in 2019. For Canada and all other markets, they expect that although there is some cruise ship activity it would be less than in 2019.

Visitor arrivals were very similar to the trends on visitor expenditures. She shared updates on the Symphony Dashboard page. On the HTA website, you can navigate to the visitation insight dashboards. It shows the visits to the POI page. She showed an example of what it would look like in February 2022 for Diamondhead, with residents still visiting. She said that State residents from Honolulu were the most popular for the Diamondhead.

She spoke about Wai'ānapanapa State Park, where they had many residents and a surge in domestic visitors for February 2022. While most of the residents who visited the park were from Maui, some were also from Honolulu, California, Illinois, and Texas. She showed the different areas of Cook County (Chicago, Illinois), Maricopa (Phoenix, Arizona), and King County (Seattle, Washington). She said they also had some Canadians visiting the park. She asked if there were any questions.

Ms. Kimura asked about her TAT comparison and if the county's 3% coming into place was included. Ms. Chun said it is not because it was what they actually collected, and she did not believe they had collected the extra amount yet, but she will double-check.

Chair Kam asked if it would be on the county side, or if it would be on this report with the State when that does happen. Ms. Chun said she would ask Mr. Colby to see where it was being reported.

Mr. Arakawa asked if the State or County collects the 3% tax, or does the County have a separate taxing authority for visitors. Ms. Chun said she believed that the State collects it, but where they were reporting it, might be in a different line item. She said the report she pulled was the TAT line item, so that was from their data dashboard. They might have a more detailed report that had not come out yet. She expects there might be further breakdowns. She said when they had a previous increase in TAT, every month, she did a comparison.

Mr. Regan said there was a question from an online attendee: Did Ms. Chun have a comparative by years for the number of jobs in the State and in the visitor industry to determine job shrinkage due to the pandemic?

Ms. Chun said on the DBEDT website, there were jobs by sector. On the DBEDT research page, there is a manual for labor, since the labor research team got moved into DBEDT as of July 2021. There are different pull downs for jobs, and there are also wages, etc. She said if anyone needed help on the website she encouraged them to contact her.

Chair Kam asked Mr. Ka'anā'anā to do the CBO report.

Mr. Ka'anā'anā said he had the pleasure of being the MC at the 175th Anniversary of Washington Place. The highlight for him were the 2,000 students comprising 38 schools statewide who danced Lili'u E to honor Lili'uokalani as part of the celebration.

He highlighted a few programs for the upcoming month. The Lei Program is in the first week of April 2022, with Ms. Morikawa from ClimbHI. He highlighted that he would be travelling to Washington, D.C., to represent HTA at The U.S. Travels Destination, Capitol Hill. There were meetings scheduled there with the Hawai'i delegation as well as other legislators from Congress to discuss some of the most pressing issues in travel. He will raise the issues that have been longstanding for Hawai'i in terms of preclearance and maintaining Kona as an International Airport. He will also see what they could do to support improving lines at checkpoints across the State. He will also be going to the U.S. Travels Board Meeting on behalf of HTA. He said they had made an announcement internally to staff and their contractors, that on May 1, 2022, HTA would like to phase in the correct Hawaiian orthography or correct Hawaiian spelling across all print and digital material. He said HTA recognized there were a few places where it was not practical. He said HTA would try minimizing that in an effort to increase the authenticity and the correctness of what HTA was presenting. He said HTA's work continues on a number of procurements, namely their Sports Program in 2022, for the U.S. MMA, and a number of other programs. He said the last three months of the fiscal year was a critical time for those procurements to get out the door.

Mr. Arakawa asked Mr. Regan to shed light on the county TAT.

Mr. Regan reiterated that the TAT Collections were active. The individual counties were receiving those payments, so all the counties had set up their own payment portals for them to be able to accept those TAT payments. He said they were also accepting the State returns in terms of legitimizing the amount being paid to the Counties. So those funds were being remitted or paid directly to the Counties.

11. Report by the Branding Standing Committee of their Meeting held on March 30, 2022

a. Discussion and Action on Recommendation by the Branding Standing Committee on the Hawaii Tourism China and Hawaii Tourism Korea Brand Marketing & Management Guidelines for Q2 2022 as Presented at the March 30, 2022, Meeting

Mr. Atkins said there were three items that HTA recommended getting Board approval on. He said the first one was at the Branding Standing Committee, with Hawai'i Tourism Chief Executive Officer, Dennis Suo and Chief Operating Officer, Mr. Wong, who presented their current activities and proposed future activities on their Brand Marketing Management Plan for the second quarter of 2022. They reported that China would not be an uptick in tourism until

2023, but hopefully that would change in the fourth quarter. He said they went into extensive presentation on what they were doing to keep the brand upfront in China, especially on social media. He said they were doing training and seminars. He said it was a decision of the Branding Committee that HTA keeps the same budget, as they did for the first quarter, which was \$250,000. So the recommendation from the Board is to approve that funding, so they can continue operations in China.

Chair Kam asked if there were questions from the Board or public, and Mr. Regan confirmed there were none. Chair Kam asked for a motion. Chair Kam made a motion and Mr. Atkins seconded. Mr. Regan did a roll call and the motion passed unanimously.

Mr. Atkins spoke about the Korea market which was much more encouraging. He said Mr. Ka'anā'anā and HTA's country manager, Ms. Irene Lee, gave a presentation on Korea. Most restrictions would be lifted in April 2022, and Korea requires vaccination including a booster, in order to travel. He mentioned there was a lot of pent-up demand, with a lot of calls coming in, and firm bookings. He said the recommendation was for the Board to give a green light for Korea. He said Korea has three flights weekly right now, and in April 2022 they will go up to five weekly flights. He said Hawaiian Airlines had flights operating from Korea. An update on increased flights in Spring is pending. There were no questions from the public or members.

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

Mr. Atkins spoke about Sports Brand Marketing Management. They had not gone out with an RFP yet, but Mr. Ka'anā'anā said they were close in publicizing the RFP. He said Mr. Ka'anā'anā had a list of names for the selection committee. He said they are hoping to get the RFP out in April and then it would take 30 days for any applicants, and then the selection committee would start analyzing. Mr. Ka'anā'anā confirmed that the RFP needs to be open for a minimum of 30 calendar days.

Mr. Atkins said that was an update and there was no vote needed.

Mr. Atkins spoke about Lotte Championship at Hoakalei, Mr. Talwar's presentation, as well as Mr. Willkom's and Mr. Ka'anā'anā's presentations. Mr. Talwar gave an opinion on what it could do from an ROI standpoint regarding branding marketing and the community. He said the professional golfers could do videos and golf clinics. The original ask was for \$500,000 but Mr. Arakawa had some concerns that it was a last-minute sponsorship shared by several members. He said it took Lotte a while to get a contract with the golf course. He said there was a lot of time and effort to find the right amount that HTA could approve as a Board. There had been many discussions and they had come back with \$250,000, but took a lot out of the program. He

said there had been discussions with Mr. De Fries and Mr. Ka'anā'anā, and they came back with an agreeable presentation. What was discussed was that a partnership with LPGA had been in motion for many years.

HTA wanted to look at how HTA could grow with LPGA. He said they had three major men's tournaments in Hawai'i, but no women's golf tournaments. HTA felt they should try promoting that. They also looked at how they could develop a relationship with Lotte. He gave background on Lotte in Korea and Japan, and said they had a lot of businesses, department stores, duty-free shops, hotels, theme parks, and others. He said in the last 48 hours; they were able to come in at \$250,000 instead of \$500,000 and said it would help with marketing, as there will be a lot of TV coverage, more than HTA had in 2019. He said anyone with a Hawaii ID could watch for free.

He said they were also doing a clinic for 40 women and children, and HTA decided to open up a chapter in Hawai'i for the kids golfing. He said the Lotte Tournament was worth pursuing. He said Mr. De Fries had secured a meeting with the Lotte CEO to talk about other types of partnerships since they had so many different business interests. He reiterated that Lotte is the fifth-largest company in Korea, so there are many things that HTA could do to partner with them.

Mr. De Fries was going to meet with Mr. McCartney from DBEDT and Mr. Kalama, who has been an incredible source of support for the charities with all the PGA events. He said they would be donating \$50,000 to charity this year. Mr. Atkins said with the partnership with Lotte, HTA could grow that charitable aspect of Lotte. He thanked Chair Kam, Mr. Ka'anā'anā, Mr. Willkom, and Mr. De Fries for all their work and meetings, as HTA had lost 50% of its Sports Budget. In 2019 it was \$7 million, but in 2022 it was about half of that. He said they also had the PGA coming up that HTA would be negotiating with.

Ms. Kimura said she was surprised that LPGA could not secure the golf course up until two weeks ago, as she thought the LPGA was set throughout the year.

Chair Kam said one of Lotte's biggest challenges was that they were trying to secure the venue, and they didn't get confirmation on Hoakalei until late February 2022, so HTA got this proposal in early March 2022. He said Lotte had been a partner with LPGA and Hawai'i since 2013. He said Lotte had continuously shown their commitment to Hawai'i, and HTA had been a partner with the LPGA and Lotte from the beginning. HTA took a two-year sabbatical due to the pandemic, and this was reinstating that. It was half a million in the past, but given the time and funds, and other factors, HTA thought a fair offer was \$250,000. Mr. Atkins and the Branding Committee recommended that.

Ms. Kimura asked if LPGA's course requirement is easier than PGA, but Chair Kam was unsure; but he said it was a challenge to secure the course.

Ms. Kimura said she was encouraging more women's tournaments, and said Kapolei had to shut down the course for at least one week prior to the tournament, to condition it at the peak season of Christmas time.

Mr. Atkins said Lotte is committed to Hawai'i, and said Mr. De Fries would talk about this, as they do not want a one-year contract. He said the problem is that they cannot commit more than one year until HTA gets the \$60 million budget. He said they have to put in a clause for future tournaments that says it is dependent on funding. He said hopefully that would get changed with the Legislature. He said there is a commitment from LPGA. He mentioned that the viewership on the men's side of the PGA has served them well in Hawai'i. He said three men's events had given back \$2 million a year to charities. He said he hoped that with the help of Lotte and PGA that HTA could grow the event and hit all HTA's different goals.

He said one of the things they wanted to do with HTA staff and HVCB staff is to see what they could do to get a good turnout for this event, especially since it will not cost any of HTA's residents' money. He said that between HTA's social media and working with the people promoting LPGA; they should start to make the tournament successful for the women golfers and for the professional golfers around the country. It was mentioned in the last Branding Standing Meeting that Korea had increased their golfers during the pandemic by 17%. That represented 1 million new golfers in Korea. In Korea, the average golf age used to be quite high, but the new golfers coming in were quite young, which is a great demographic for HTA to attract.

Mr. Rafter added that he is supportive of the event and supportive of partnering with LPGA. He said the Board needed to caution about accepting events, three or four weeks out, as \$250,000 is a lot of money.

Chair Kam agreed and said that is not how they want to be doing business moving forward, so hoped the late request did not set a precedent.

Mr. Ching said he agreed and that they should accept it as a once off for now.

Chair Kam said it was a good point and one main thing they wanted to focus on was the long-term relationships, and build on that.

Mr. Atkins built on what Mr. Ching said. He said they are focused on a partnership and having Mr. Willkom on board is very helpful. He said HTA does not want just to be a sponsor for the

other major events, but they want to know who the big sponsors are and could leverage anything off that. He said it should be considered with the RFPs that go out for future sports.

Mr. De Fries added that the LPGA actually approached HTA a year ago, and HTA did not fund it for all the mentioned reasons. He said Mr. Rafter and Mr. Ching's points were important, but HTA intended on building a partnership. He said one of the challenges in Hawai'i was that their ability to achieve the level of corporate sponsorship is somewhat capped in terms of competing globally. He added that the financial contribution that Lotte would be making to the event was \$4.7 million. He said he appreciated the Board recognizes that the partnership going forward is much more important now, as HTA has a dual responsibility to account for the investment. Initially, HTA had a responsibility to the Board, but they would also have to go into the Capitol, to make the case there, so that there is an interest in sustaining the relationship with Lotte, Sony or Century. He said the area of global brands jumping into Hawai'i events is an area that must be part of HTA's sports marketing strategy, as they cannot compete against other global destinations unless HTA does that effectively. He appreciated everybody's comments.

Mr. Downing concurred with Mr. Ching and Mr. Rafter, and said it was his concern as well. He commended the Branding Standing Committee to lower it from \$500,000 to \$250,000, which made more sense. He said it started to value what HTA were doing professionally in women's sports. He said HTA had to be able to build a relationship with the partners as a sponsor in sporting events. If HTA mentioned to the partner that they wanted to do the Lotte tournament for three years, but it depended on funding, Lotte might want to look elsewhere. He said as a State, HTA must push sports to have the funding to bring those events to Hawai'i.

Mr. Atkins said in support of the PGA, during the surge in Omicron four months ago, it was difficult for Lotte to invest \$4.7 million in LPGA. Although it was a last-minute request for the tournament, he hoped it would be approved, as most events going forward are uncertain because of COVID.

Mr. Arakawa agreed with most of what was said by all the other Board members. He said they support the LPGA and Lotte, and HTA thanked them for being loyal and committed to Hawai'i. He said it boils down to seeking a long-term relationship. He reiterated that it is for \$250,000 and they have the opportunity to negotiate further.

Mr. Arakawa said many members expressed that HTA's hands were tied because they could not enter into multi-year agreements, but HVCB, U.S. MMA is a multi-year contract of \$22 million. He said HTJ and HTA's other contractors are multi-year contracts, and every department in the State of Hawai'i has multi-year contracts. He also said that every department had to go to the Legislature every year to get funding. He said HTA should go along the path they are on now

and try to strengthen their relationship with Lotte and the LPGA. He said it would be the best for all parties to build a two- or three-year partnership, and that the legislature should be involved, too. He asked if this was a motion, or if the budget request was for a one-year deal, he could not agree to that. He said if they were going to endeavor to build and cement that relationship, he would support that.

Chair Kam said it was a great point. He reiterated that it is HTA's intent to cement that relationship. He said it was for Mr. Ka'anā'anā to see if they could negotiate a three-year commitment for one year, with a two-year option. He respected Mr. Arakawa's comment. He said the request today was for \$250,000, but the intent would be for Mr. Ka'anā'anā to see if HTA could have a multi-year commitment, with the number they are proposing as a three-year commitment. He asked Mr. Ka'anā'anā to elaborate on how he could incorporate that from the Branding side.

Mr. Ka'anā'anā added a few points. He said he did not believe that HTA lost the opportunity to capture the marketing value. He said in terms of a multi-year contract, he will negotiate for that if the board so wishes, as there is opportunity there. He said there are a couple of ways to do. One, is an initial contract term of one year, and options to extend in four, one-year options for a total lifetime contract value of five years. He said it is not something HTA had approached. In terms of the multi-year contract, he said it was certainly possible. He asked if the budget reallocation passed in an earlier agenda item. Chair Kam said it was deferred until this discussion, and that they would go back to the Budget.

Mr. Ka'anā'anā asked if the Board decided to reallocate the "up to \$500,000" amount, which could potentially free up in the FY 2022 funds, \$250,000 for the first two years. One for 2022, and one for 2023. He said that could be an option. He said the Board must let him know what direction they feel comfortable with. He reiterated that HTA was still coming out of the pandemic, and in terms of the uncertainty with COVID surges, planning for large gatherings and events would always be difficult.

He noted the other challenge for them was to learn how to do contracts when circumstances and opportunities arise. He reiterated what was mentioned in the Branding Standing Committee and the BFCC Committee that they have to look at HTA's full procurement calendar pertaining to the Sports Program RFP. The Lotte Championship 2022 would happen in April 2022 and occur before the RFP is out, awarded, and contracted. So, the opportunity would have been completely lost to the State for that purpose. And so that was a consideration for HTA in the short time that they had ahead.

He asked Mr. Talwar to speak about the marketing opportunity. He said that they do have the Lotte Championships 2022 local marketing plan, and HTA's plans and initial concepts for each of the five GMTs that they actively had, to promote and leverage the opportunity. He mentioned markets in green and red and said as HTA considered quarter one and quarter two opportunities and activities for their GMTs, they do still have markets in the red.

Mr. Talwar said he was pleased to hear the Board looked at that strategically and as a long-term initiative. He said, as a marketer, having one-offs, it was tough to pull the value out of those relationships. He said LPGA is certainly looking at a long-term relationship and maintaining what they had already started. He said with regard to marketing components, it is important that HTA continued to help shape the Brand of Hawai'i on a global basis.

Mr. Talwar said it is huge by looking at the marketing review of the assets that the partnership provides HTA. It will provide HTA with a lot of hours of broadcast, which HTA could shape the messaging. He said they had already reached out to the event organizers to see if they could get players. HTA was fortunate, as the week prior to the event is the Masters on the PGA Tour. He said he hoped to enroll the players that were coming out a week early into HTA's activities, and share that throughout the broadcast. He said sharing how they want to shape the brand and how they want visitors to understand their home is particularly important. He said that with Korea open and many golfers and golf travelers, it is a great time to get the Mālama Hawai'i message out to them. He said it was a great opportunity for HTA to provide educational messaging to those visitors as they start coming back. From a marketing perspective, he applauded the long-term vision and the desire to have long term partnership. He said the way it had been structured at \$250,000 provided an ROI that was fantastic from a marketer's perspective.

Chair Kam asked if it would be a good idea to do a two-year commitment with a one-year option, and take it to the Board. He said moving forward, this would also give HTA time to see what their budgets are. That way, they have a three-year commitment. He asked if everyone else was thinking along those lines.

Mr. Arakawa said he would support that with additional flexibility. He said Mr. Ka'anā'anā, Mr. Talwar and the Committee worked hard on this. He said they could start with that suggestion and allow them to work out something for a multi-year deal.

Chair Kam said they could share their intent, share the proposed budget funding up to \$500,000, and possibly have a two-year plus one.

Mr. Ka'anā'anā asked if they were discussing the team supporting this. He asked that because they requested a sole source procurement from SPO, and asked if they would have to go back for each individual year.

Mr. Regan confirmed that was correct. He said The Hawai'i Administrative Rules does not allow for a sole source exemption beyond a one-year period of performance. So, for the discussion about multi-year sole source exemption, they would have to go back and discuss it in further detail with the State Procurement Office, but as far as the Administrative Rules now, it would be a limiting factor.

Mr. Arakawa said the contract could include HTA's intent to get procurement approval of that.

Mr. Atkins asked if HTA is dealing with the GoHawaii and if it was a rollover or ARPA money. Mr. Regan confirmed it was ARPA money.

Mr. Atkins asked how to phrase the motion. Mr. Regan said as it stands, HTA had a request into the State Procurement Office for an exemption. They must follow the SPO 001 form with them, then review it. He said they are waiting for some additional guidance from the State Ethics Commission which HTA forwarded to them. At this point in time, he said HTA is just waiting for the approval of that initial sole source exemption request.

Chair Kam asked if the sole source was up to \$500,000. Mr. Regan said the amount was \$500,000 at the time, as that was what they were operating under.

Chair Kam said if the Board could approve up to \$500,000 and then have Mr. Regan and Mr. Ka'anā'anā work with the SPO to see the path forward. He said most important is the intent of what they were trying to do from the Board. HTA wants a long-term commitment with LPGA and Lotte. He said they will defer to Mr. Ka'anā'anā, Mr. Regan, Mr. Willkom, Mr. Talwar and the team to negotiate how they could make that happen. Also, making sure they were doing everything within the guidelines of the 103D.

Mr. Arakawa said these were good issues raised by Mr. Regan. He agreed with the Chair and said they should take a recess to work on the language as their Attorney General, Gregg Kinkley, could make it compliant with the law.

Mr. Ka'anā'anā asked if in the motion, they could be clear about authorizing the \$250,000 for 2022.

Chair Kam said Mr. Kinkley should propose what they were thinking. Mr. Kinkley said the motion is to approve the recommendation of the Branding Standing Committee to commit up to \$500,000 for the LPGA Lotte Championship in April 2022, with the express intent of pursuing

a more lasting relationship with Lotte LPGA for a multi-year contract, to the extent agreed upon by the parties and in accordance with all laws, including Hawai'i Revised Statutes (HRS) Chapter 103D.

Chair Kam said they still needed to take it to the BFCC Committee. Chair Kam made a motion and Mr. Arakawa seconded. Mr. Regan did roll call and the motion passed unanimously

b. Discussion and Action on the Recommendation by the Branding Standing Committee on the Ladies Professional Golf Association (LPGA) Lotte Championship 2022 to be Held in April as Presented at the March 30, 2022, Meeting

Mr. Rafter said the BFCC Committee recommends the Board approve the request to reallocate \$500,000 from GoHawaii to LPGA up to \$500,000.

Mr. Arakawa asked if this was subject to the motion the Board just passed, and Chair Kam agreed.

Chair Kam made a motion, and Mr. Ching seconded. There were no questions from the public or members. Mr. Regan did a roll call and the motion passed unanimously.

Mr. Atkins said Ms. Orton spoke about the bookings at the Convention Center. She had said they had been robust to the fact that they were going to hire another salesperson. She had said there were a lot of small events with a few thousand people. There were a few city-wide events. He said it was important that she did this to keep staff. She had said that for Dairy Queen it had been a challenge to meet staffing requirements and had to work double time to make it happen. She was looking at increasing smaller bookings.

With regard to Mr. Reyes report, he had a full staff put together now and he felt very comfortable in the next couple of bookings which were shorter term business, with about 1,000 to 2,000 people. He said Mr. Reyes was worried about how they were positioned right now to get some really solid business on the corporate side and then on the city-wide events to fill in these major gaps. He said there were many presentations in the meeting packet on Mr. Reyes' bookings.

Mr. Atkins mentioned that Ms. Orton had business with Netflix, where Netflix came to the Convention Center and built an entire set for a movie, which brought in almost half a million dollars. He said it brought in somewhere around \$28 million in overall spending, and they employed over 600 locals. He said a lot of them were Union contractors. He said this showed the power of what movies could do in Hawai'i. He said HTA must go through their budgets next year to look at their film commission. He suggested \$50,000 to put into the film commission and see how HTA could help them financially. He said whatever HTA did, it must be to get more

of that type of business into Hawai'i, whether O'ahu or the outer islands because the return on their investment of \$50,000 could probably be over \$30 million.

He spoke about the last one they deferred, the discussion, action or approval to solicit a consultant related to the Hawai'i Smart Destination Initiative. He said Mr. De Fries summarized why HTA decided to delay it. He said he wanted Mr. De Fries to present the same information to the Board.

Mr. De Fries said in the previous days meeting with the Branding Standing Committee, he encouraged the members to defer further on the topic. One of the things they are learning as Safe Travels Hawai'i was moving toward being suspended or terminated, was the increased amount of interest among the State agencies about what the next generation of systems would be. He said it was being driven by HiEMA (Hawai'i Emergency Management Agency), ETS (Enterprise Technology Services), and DBEDT, and said they were just at the very front end of understanding that. He said the depth and breadth of what they would require tied all the way back to U.S. Homeland Security to TSA agencies such as HTA, Department of Health, Department of Transportation, and airports. He said the scope of what a centralized system or hub like this would require was still very much in question and should incorporate all of those entities that he referred to.

Mr. De Fries said he looked forward to providing future updates. He said the other item he did not report on but wanted to update, is that Senator Wakai convened a meeting with the Department of Agriculture and HTA the previous week, to look at digitizing the Ag form, which was part of the original discussion around the Smart Destination Hawai'i program. He said to that end, he had tasked Mr. Ka'anā'anā to reach out to airlines that might be interested in a pilot program with that. In the early discussions, he said that although it would be put out to RFP and subject to State procurement, the folks at Google who were part of that Safe Travels were arriving for a follow-up meeting the week of April 11. He said the interest, the priority, the cost savings, and the challenges they would face, and digitizing the agriculture form was also something that they were currently looking at as well.

Mr. Atkins said the committee agreed with Mr. De Fries that they hold off.

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

Mr. Regan started by thanking the members. He thanked Ms. Hagihara and Ms. Gionson for their hard work supporting the HTA activities related to their involvement at the Legislature in

this session. He said they had been instrumental in helping HTA coordinate, prepare, and submit testimony on time. He commended them for their hard work and support in that process.

Mr. Regan said they were a little beyond halfway through the session. He mentioned there are currently 13 House bills that are in the Senate right now that they are tracking. Of those, three they are just monitoring. On the House side, there are 12 Senate bills they are monitoring. Two of those Bills and ten that they are actively submitting testimony on. He said it had been a very busy session for them. In 2022, they submitted 48 pieces of testimony to the Senate and 37 pieces of testimony to the House on different bills that had come up in committee.

Mr. Regan said this was a lot of work, as some of the Bills change as they enter committees, and sometimes the committees wanted to update them. He said the conference was coming up in mid-April, so it would be interesting to see what bills came over, and how that process would unfold. He mentioned they were also involved in some county level legislation and discussions. For Bill 41 CD 1, which the Honolulu City Council's committee heard on zoning and planning on March 23, they provided testimony then, and in the past, on this measure. He said the measure for awareness helped enhance the DPP (Department of Permitting and Planning), which allowed them to enforce illegal vacation rentals. He said that it passed from that Committee as CD 2. There were a couple of changes made to that Bill. He said now they will go to the full council for a third and final reading. He said as soon as they get word on that, HTA will submit testimony.

There were no questions from the public.

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. Regan said Ms. Anderson had been leading that effort, and was available to answer any questions. He said the final drafts from the county side are included in the meeting packet. He wanted to present that to the Board for the Board's consideration and ratification of those documents to allow HTA to execute them once they are signed off by the various mayors and county officials.

Ms. Anderson said everything was in the meeting packet. She said the action is the ratification of the MOAs.

Chair Kam asked if she had the MOAs for all four counties and she confirmed.

Chair Kam asked for a motion to get the language right. Mr. Regan said the motion would be to ratify the MOAs as presented in the Board meeting packet.

Mr. Alameda made a motion, and Mr. Atkins seconded. Mr. Regan did a roll call, and the motion passed unanimously.

Chair Kam thanked Ms. Anderson for her hard work. He thanked the counties for their support.

13. New Business

Chair Kam said this item was a placeholder. He asked if there was any new business out there that anybody wanted to discuss.

Mr. De Fries wanted to thank the Board for ratifying the MOAs. He said in the coming week, three of the four county mayors would be in HTA's boardroom for the briefing with the JATA delegation. He said it would be great to engage with them on that level with this ratification. He mentioned that this MOA was especially important to WAM Chair Dela Cruz, so he can carry this ratification into next week's meeting.

Mr. Arakawa followed up on the \$250,000 discussion. He said that maybe the Administrative & Audit Committee could take a look at that going forward.

Chair Kam deferred to Mr. De Fries for closing remarks. Mr. De Fries showed an image of Town & Country magazine. This article titled "Why All the Billionaires are Moving to Hawaii" would be the April edition of the Town & Country magazine, which was posted online on March 31 morning. He said it was relative to their earlier conversation about cultivating partnerships. He said a number of the people who were now residents happen to be founders, chairman and chairwomen, and CEOs of some of the leading corporations in Hawai'i. He wanted to close this meeting with this reference coming up in Augusta, Georgia. He said there was a lot of talk about the LPGA and the Lotte event, and he appreciated everything that was debated, agreed to, and some of the cautions that was put out. He said this year, in particular leading into the Masters Hawai'i, they will find some residual benefit in the telecast leading up to it, only because last year's winner of the Masters, was this year's winner of the Sony Open. He said that would go back to the iconic shot made on the 18th hole. Mr. De Fries highlighted the caddy, Shota Hayafuji, who he thinks represented the epitome of being a mindful traveler. He is a native of Japan, who was halfway across the world in Augusta. He was in somebody else's backyard and was experiencing his first victory, carrying the bag for the Masters champion. He emphasized a video clip of Mr. Hayafuji who took a bow on the final green which showed respect to the 'āina of Augusta. It is a custom of Japan; it was also a lesson to all of them at HTA

that as intense and expansive as their work is, and as collaborative as their work needs to be, with not only their industry partners, leaders in the community, and elected colleague officials at the Legislature, they must not lose sight of the spirit of why they do it, and the spirit of their home.

Chair Kam thanked Mr. De Fries.

14. Closing Cultural Protocol

Mr. Casson-Fisher did the closing protocol.

15. Adjournment

Chair Kam asked for a motion to adjourn. Mr. Atkins made a motion and Chair Kam seconded. Mr. Regan did a roll call and the motion passed unanimously.

Chair Kam adjourned the meeting at 12:51 p.m.

Respectfully submitted,



Sheillane Reyes
Recorder