



**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, July 28, 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), Kimberly Agas, Dylan Ching, Keone Downing, Mahina Duarte (Zoom), Stephanie Iona, James McCully, Sherry Menor-McNamara, Ben Rafter, Mike White, Sig Zane

HTA STAFF PRESENT:

John De Fries, Keith Regan, Kalani Ka'anā'anā, Marc Togashi, Caroline Anderson, Ilihia Gionson (Zoom), Iwalani Kaho'ohanohano, Carole Hagihara, Maka Casson-Fisher, Jadie Goo, Irina De La Torre

GUESTS:

Representative Richard Onishi, Senator Glenn Wakai, Mike McCartney (DBEDT Director), Susan Hirai (DBEDT Deputy Director), Jennifer Chun, Charlene Chan, Erin Khan, Nathan Kam, Guillaume Maman, Sterling Wong, Malia Sanders, Kylie Butts, Rufino Dan Maglibs, John Monahan, Jay Talwar, Paige McClanahan, Paul Ouimet

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order

Chair Kam called the meeting to order at 9:31 a.m.

2. Roll Call to Announce Name of Participating Board Members and to Identify Who Else is Present with Board Member if Location is Nonpublic

Mr. Regan did the roll call, and all members were confirmed in attendance. The member who attended via Zoom was by herself.

3. Opening Cultural Protocol

Mr. Casson-Fisher did the opening protocol and welcomed the new Board members.

4. Approval of Minutes of the June 30, 2022, Board Meeting

Chair Kam asked for a motion to approve the minutes. Mr. Downing asked for an amendment to the minutes on page 7. He said it reflected that he spoke about a historical deforestation trail in Waikīkī, but it was supposed to say it was a snorkeling re-forestation trail in Waikīkī which he spoke against because it was EDA grant money, and it is a trail that has not been done yet, so he had said there were better places to put the money towards. He asked to reflect the change in the minutes.

Chair Kam asked for a motion based on the changes from Mr. Downing. Mr. Regan did the 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)

There were no permitted interactions.

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

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

Mr. De Fries said in preparation for the meeting, he jotted down a list of expertise that was present in the Board meeting, namely hotel operations, hotel ownership, retail/restaurants, education, agriculture, land planning, land use, real estate development, e-commerce, strategic planning, communication, PR, digital technology, entrepreneurship, brand marketing, Hawaiian Culture, Hawaiian language, cultural protocol, community engagement, government affairs,

small business, finance, mergers and acquisitions, product development, market research, customer practices, and workforce development. He said all that expertise was present, and all the members of the HTA were grateful to have them as Board members.

He mentioned the new Board members and acknowledged Ms. McClanahan as a guest, who is a travel journalist often featured in the New York Times and the Washington Post. She is an American journalist based in France and is in Hawai'i to research an upcoming book. She attended the previous week's Native Hawaiian convention.

Mr. De Fries touched on some highlights in the Juen CEO report. The HTA continues to support Aloha 'Āina and Kūkulu Ola programs that help to further the HTA's mission of mālama Hawai'i. The past month program administrators from the Hawai'i Community Foundation (HCF) and the HTA staff visited two Aloha 'Āina projects, namely Mōhala i ka Wai and Aloha 'Āina Kahalu'u, and two Kūkulu Ola projects, namely Puana Lauhala A Pa'ahia and Ola Ka Lāhui on Hawai'i Island. He said the details were in the appendix section of the report. He said the staff members could be contacted for more details.

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

Mr. De Fries spoke about the Change Management Plan. Although the reorganization was submitted and accepted by DBEDT, the HTA was alerted that Gov. Ige intended to veto the HTA's funding bill (HB1147), which would impact the HTA's positions and funding. As such, the HTA was required to go through all the HTA's position descriptions, update the positions, and submit all the position descriptions to re-establish the positions. Additionally, they were required to update and submit a revised organization chart as part of the process.

He said that when HB1147 was vetoed, it collapsed the organizational structure, and they had to reconstruct it with the help of DBEDT. He said it had been done, and there had been no break in services for anybody's tenure with the HTA. Mr. De Fries said they continue their meetings with the Budget and Finance Committee. The source of funding was going to be State General Funds, but with the veto, the source of funding for the fiscal year 2022 (FY2023) would become ARPA funds. He said Gov. Ige has the new regulatory to make the assignment. The HTA will continue working with the governor's office and DBEDT to reach the \$60 million appropriation they would have had if HB1147 had passed. He asked Mr. Ka'anā'anā to give an overview of the Branding section.

Mr. Ka'anā'anā extended his congratulations to the new members and to those who finished as Board members. He said they have many programs that are in flow. An exciting one is an

exploratory conversation beginning with some executives in Hawai'i around establishing a sustainable tourism forum. He said it is a unique opportunity for the HTA to gain some alignment in the industry around some of their goals.

He spoke about the natural resource pillar as Objective number three, which calls for the HTA to build the alignment. He spoke about their partnership with the Sustainable Tourism Association of Hawai'i and the webinar. He spoke about the Kūkulu Ola & Aloha 'Āina Programs. He said Mr. Casson-Fisher and he had the opportunity to travel to the Hawai'i islands, and they met with some of the Kūkulu Ola & Aloha 'Āina awardees. The visit included a stop at Kīholo State Park Reserve. The area is jointly managed by the Division of State Parks and Hui Aloha Kīholo as part of a curatorship agreement. Hui Aloha Kīholo has a kuleana to protect, perpetuate, and enhance the cultural and natural landscape. The Aloha 'Āina Award supports their project entitled Mōhala i ka Wai, empowering their community to support a thriving Kīholo. The goal is to increase the ability to connect with visitors of the Kīholo State Park Reserve and improve the health of the area's natural resources. During the visit, HCF & HTA staff were introduced to the practices of kilo kai (observation of the ocean) and the importance of mālama in that area. He said the core residents have multi-generational connections to places and get to steward the place with the HTA's support. They, in turn, become the best ambassadors. He said the visitor/resident interaction from programs like that makes the experience possible.

He spoke about Aloha 'Āina Kahalu'u, and with the HTA provided funding, The Kohala Center (TKC) can deepen the 'āina-kānaka (land-people) relationship by strengthening stewardship of Kahalu'u as a wahi pana (sacred place). Staff witnessed first-hand how TKC provides increased visitor education to allow for pono access and exposure. He said Mr. De Fries would talk more about that later. They could attend an event there celebrating the organization's recent success. Staff was able to experience first-hand the cultural workshops available, including kilo and kui lei, ulana lauhala, and share foundational skills where they do lauhala weaving, ku'i 'ai, and kūkākūkā about the wa'a named La'i'ōpua. He said he appreciated them creating space for others to see what they are doing and to participate. He said he saw families participating in the events and experiencing culture for the first time. He said the programs the HTA is funding are making a meaningful impact.

He spoke about the Community Enrichment Program and mentioned a few projects that took place. In Kaua'i, they had He Inoa No Kaumuali'i Ho'olaule'a & Mo'okū'auhau o ka Lāhui that took place on June 2 and 4, 2022, at the Kaua'i War Memorial Convention Hall in Lihue. There were an estimated 35 attendees at the June 2 event and an estimated 400 attendees at the Ho'olaule'a on June 4, which included mostly residents. The Soto Zen Bon Festival took place on

June 18 and 19, 2022, at the Kaua'i Soto Zen Temple in Hanapepe. Attendance was estimated at 1,000 people per day and consisted primarily of residents. On O'ahu, Hawai'i Adaptive Surfing Championships took place on June 7 to 11, 2022, at Queen's Surf break in Waikiki. Over 100 surfers from 17 different countries registered and participated in the competition while an estimated 200 people attended each day of the competition. Attendees were a mix of residents and visitors.

In Maui Nui, they had the 6th Annual World Whale Film Festival, Sunset Cruise with Filmmakers, on June 10 and 11, 2022 at Ocean Vodka in Kula. It was estimated that 170 people attended the in-person film festival consisting of mostly residents, 65 attended the VIP cruise, and 220 attended the online film festival. They also had the Paniolo Heritage Festival took place on June 12, 2022 at Maulaloa, Moloka'i. An estimated 200 people attended the event consisting of mostly residents.

On the Hawai'i Islands, the Hawai'i Island Pacific & Asia Cultural Celebrations took place on June 14, 2022, at the Courtyard King Kamehameha Kona Beach hotel. There were an estimated 450 attendees at the Fire Knife completion, 250 attendees at the Taste of the Pacific event, and 300 attendees at the Market Pop-up. Attendees included a mix of residents and visitors.

On the statewide side, the HTA was involved in the 2022 Statewide King Kamehameha Celebrations on June 10 and 11, 2022, along with a few events there. He mentioned other areas of work on the Brand Marketing front. Mr. Ka'anā'anā reported that the HTA continues to work with Mr. Talwar and Mr. Monahan of the Hawai'i Visitors and Convention Bureau (HVCB). He said they would present the proposed sponsorship and partnership with Ironman World Championship.

Mr. De Fries asked Ms. Gionson to present a video on Zoom to show the four pillars of the HTA's Strategic Plan. He said engaging the visitor becomes part of the solution. Mr. De Fries asked Mr. Regan to provide an overview of the administration. Mr. Arakawa noted that the events that Mr. Ka'anā'anā spoke about are available online for viewing.

Mr. Regan said the administrative team had been working diligently to provide the organization and services needed for the HTA to operate and function. He said they could not provide the June 2022 financial reports in June. He said the procurement team, Ms. Fermahin, had also been working hard. He said they have been preparing for the Japan RFP, which also took time. He said there are several exemptions they had to submit because they are subject to 103D, so there are many hoops for the HTA to jump through regarding approvals and processes. Mr. Regan said it had been a challenge to educate the State Procurement Office and required time and effort to bring them up to speed. He spoke about the HR work that has been going on with

the re-establishment of positions with the possible veto of HB1147. He commended everyone who helped support them in getting everything done.

Mr. Regan spoke about the planning team, led by Ms. Anderson, who has been doing great work, working with DMAP groups and the steering committees, and following up with actions and sub-actions to ensure they are moving forward. He thanked Ms. Anderson for her hard work. He spoke about the Grant Administration Plan and said they made a few modifications based on the recommendations that came from the Board. He said they submitted the revised Grant Administration Plan to EDA a few days prior and hopefully get a response in the coming week so that the HTA can move the projects forward. He said they have also been preparing for the transitions, working with Mr. Togashi and other members. He mentioned his last day would be August 3, 2022, but he wanted to ensure that everyone was prepared for his leaving and a smooth transition.

Mr. Ching asked if there was an update on the sports RFP. Mr. Ka'anā'anā said yes, they intend to return to the Board with a sports strategy. He is hoping to do that soon.

Mr. Rafter asked about Mr. Ka'anā'anā's references to the statewide reservation system and asked for clarification. Mr. Ka'anā'anā said the reservation system is still on hold, and there are discussions around creating something that would be akin to the next evolution of safe travels and something that could be set up to allow the HTA to create a funnel by which visitors would come through to complete the necessary forms. He said everything was on hold for now. He said they have been swamped and have not been able to get it done. He said they also reached out to state parks to see if they would be open to the HTA helping them with their system. One of the biggest things they are looking for an answer on is if they will be translating the sites for Hā'ena, Wai'ānapanapa, and Diamond Head as they are only available in English for now.

Mr. McCully asked about the HTA's administrative department vacancies, which resulted in the staff being swamped. Mr. Regan said there are six vacancies and 25 total positions, which has been twelve months. Mr. Regan said they hire people, then lose people, which has been ongoing. Mr. Arakawa asked if temporary consultants are part of the answer or if they have to hire permanent people each time. Mr. Regan said previously that the goal was to avoid using temporary hires for positions. He said they could use temporary hires, but they are seeing some movement on positions, and Mr. Ka'anā'anā had recently identified potential candidates to bring on board. Mr. Regan asked for patience and felt confident about attracting good people to the team.

Mr. Ka'anā'anā said many other businesses have similar workforce challenges. He said there is a lot of controversy around the HTA, so it is difficult to onboard people from a reputational

standpoint. Some of the challenges could be the bill vetoes or the salaries. He said the uniqueness of the HTA's work is something they need to get people to change their thoughts on. A lot of the HTA's work is project management, contract management, and oversight of the partners' good work. He said some people have advocated for the HTA to bring on experienced marketing specialists, and they have those people on the Board already.

Mr. De Fries said it is a dynamic time in the industry. He said Mr. Ka'anā'an and he had an interview with a potential Chief Administrative Officer candidate the previous day. He said people do recognize that the HTA is making a significant pivot and is an advocate of the natural environment, Hawaiian Culture, the community, and an advocate of the industry. He said the attraction to the HTA is for those that want to pioneer and be explorative and redefine what the future of tourism will look like in Hawai'i. He said it is an ideal time to attract the right people. Mr. Arakawa said they have to support the team in hiring staff.

Mr. Rafter said they have more work than they have resources for. He suggested hiring a few temporary staff as they could be pathways to full-time staff, as they have the budget for it, particularly for Mr. Ka'anā'anā's and Mr. Togashi's team.

7. Presentation and Discussion on the DestinationNext Diagnostic Survey Findings Presented by Paul Ouimet, President/Partner, of MMGY NextFactor

Ms. Anderson gave a brief introduction to the study. She said it is an analysis of their destination compared to others. The study was done in 2019 to develop their Tourism Strategic Plan and the DMAP, so this is the second study. It is a survey that went out to the industry and the community for their perception of them as a destination.

Ms. Anderson introduced Mr. Ouimet and thanked him and his team for doing the study and Ms. Chun for being part of it. She turned the floor over to Mr. Ouimet to present the findings.

Mr. Ouimet congratulated the new Board members. He said the program was created in 2014 in conjunction with Destinations International, the association of Destination Organizations from around the world. There are two parts to this. The first is the study they do every two years on critical trends in the tourism industry, both for leisure tourism and business events, and strategies that Destination Organizations should consider. They did the last study in July 2021. The second and most important part is the model they created in 2014 after the first study to assess destinations. He said they completed detailed assessments of over 300 destinations across the U.S. and around the world.

Mr. Ouimet shared a few key findings from the previous study. He said the work the HTA is doing and the shift they have undertaken is supported by the study's results in 2021. The work started in 2021, and they established six global panels, with 200 interviews where they spoke to all the technology companies, community leaders, and thought leaders in tourism, supply chain, hotels, and cruise lines. They had a panel of 25 event organizers meeting planners who looked at research in other sectors. They came up with a list of 100 trends that they thought would impact the industry and put together 80 strategies that organizations like the HTA should consider implementing.

They surveyed in Spring and had over 700 Destination Organizations from 50 countries participate, so they had input in the study from leading tourism organizations worldwide. In the review of all the trends and strategies, they believe that there are three transformational opportunities that Destination Organizations should be focused on. The first one is destination alignment. Of the 100 trends, the number one trend that was voted most important by over 700 industry leaders was a recognition that the alignment between industry-government, community leaders, and organizations was going to be the critical determinant of success for tourism destinations moving forward. The second one was a commitment to sustainable development. There have been lots of talks but not as many actions in many destinations. Visitors and meeting planners have significant expectations around concrete actions in that space. The third one is a shift in marketing strategies. In the past, they focused more on the attractions and experiences, but what they are finding now is that there are many beaches, urban, or ski destinations, but what differentiates is the communities and the values they represent. He said this is a significant opportunity for Hawai'i with their unique art and culture.

Mr. Ouimet mentioned that they use some of the HTA's work as case studies. He said looking at the scenario model, they determined in 2014 that they believed there are two success drivers for destinations. The first is how strong the destination is from a product perspective, but equally important is how much alignment there is in terms of industry/government/community support within a destination. When the two driving forces intersect, it ends up with four completely different scenarios that destinations find themselves in. The premise of DestinationNext is that the strategies/priorities are fundamentally different. All destinations want to be strong destinations with excellent community support, but the reality is that most destinations are not in that position presently.

He said they built a model with twelve variables assessing destination strength. In 2021 they made some changes to the assessment. They added a variable on health and safety, which included homelessness, litter, crime, and health safety, and twelve other variables looking at destination alignment.

In 2021 they also added equity diversity inclusion, sustainability, resilience, and emergency preparedness. Those were important new dimensions to add to the survey. The reality is many of the organizations that have done a follow-up survey their scores had been lower with the new variables. For the HTA's assessment, they had 1,500 responses across the state. Half were community leaders and residents, 42% were industry partners, some government associations, participants, staff, and Board members. They had a good response from four islands, but 40% from O'ahu, the island of Hawai'i had 24%, Maui had 21%, and Kaua'i had 14%. The two others had much smaller sample sizes, despite several attempts to encourage feedback from the islands, but they could not get a significant number of responses.

Overall, looking at the scores for the state, they provided a copy of the statewide report with averages of all the islands, as well as individual reports for each, if any of the Board members wanted to see them. Overall, Hawai'i was in the explorer category, with below-average scores for destination strength and alignment. He said a few of the destinations that received the highest scores, namely Sydney, Australia, and Phoenix, recently did an assessment that generated high scores but said this shows some samples of some organizations in each. About 40% of the destinations fall in the trailblazer category, which is of the 300, 40%, in the explorer category, and 10% in voyagers and mountaineers.

Looking at the HTA's scores compared to 2019, the score dropped especially for destination alignment but improved slightly for destination strength, which is consistent with what they have seen in many other destinations because of the additional variables that have been put in. Looking at how the different stakeholders rated the destination, all the different groups had fairly similar responses. They were all in the explorer category. The Board and staff gave slightly higher ratings. Community leaders had lower scores than industry partners, which is quite common. Many community leaders do not understand and appreciate the importance of tourism and all its assets. They were consistent in terms of age distribution response patterns.

Looking at an island-by-island basis, the overall results are that the four islands with significant participants had fairly consistent overall scores, with some differences in individual ones. Lāna'i and Moloka'i had lower scores than those who participated.

Mr. Ouimet spoke about the report card for destination strength with the four variables. He said that in one area, attractions and experiences, the HTA is outperforming other destinations. In eight of the areas, their scores were below industry averages. Looking at their scores for 2022 compared to 2019, five of the variables had improvements in scores in several areas, which was a positive. Three went down, which were events and festivals, because of the pandemic. Sporting events were also lower. He said in the assessment that their tourism drivers, attractions, experiences, and outdoor recreation are getting good scores. What is

dragging the destination down is low scores on infrastructure. Local mobility and access had the lowest scores. Road capacity, walkability, bike-ability, parking, and destination access also had low scores, as well as the airport, public transit options, homelessness, crime, and litter. He said those are key perceptions from the key industry community leaders. Sporting events had a lack of venues and financial support. The accommodation also had a low score for short-term rentals, impact, and quality of life, which the HTA has worked on a lot in the last few years. Nightlife is the weakest area for shopping and entertainment, broadband capacity, and Wi-Fi. He said there are a lot of basic infrastructure issues.

On the alignment side, the twelve variables are below industry averages. Most of them have deteriorated since 2019, which has been a challenge and continues to be an issue that the HTA has been working on addressing. He said those are some of the significant areas they have heard comments about workforce, and the entire industry across the U.S. is struggling with the workforce now. The other big one is the community and resident support, improving awareness and understanding perceptions. One area that surprised him was a low score on the lack of comprehensive emergency preparedness plans, which did not make sense given he knows how extensive the HTA's preparedness plans are. He believes some areas can and should be addressed and said he knows there is work underway to address them.

Mr. Ouimet turned the floor back to Ms. Anderson. Ms. Anderson recognized what is being said in the study, and said they are trying their best to address this through their DMAPs. She knows a lot has to do with infrastructure, and they need to work with the state, county, and agencies to help improve their destination on each island. She said the question should be, what does the HTA want the scores to be in 2024, and what will it take to move the scores up, to strategize how to do that with their partners?

Mr. Rafter asked how Hawai'i compares to places completely reliant on tourism. Mr. Ouimet said the irony is that many destinations more dependent on tourism have had to deal with over-tourism issues. Before the pandemic, there were ten years of record growth, and many communities struggled with over-tourism. He said many destinations do not have the infrastructure to meet the expectations and maintain the quality of life for the residents and visitors. He said that has been fairly consistent, but those scores have been lower.

Mr. Arakawa said Mr. Rafter's question was pertinent, and how those other destinations improve their scores could be a roadmap for the HTA, to help them going forward. Mr. Ouimet said in some states where ARPA funds are available, they are seeing some states putting fairly significant amounts of money into infrastructure improvement, as well as Wi-Fi, connectivity, etc.

There were no questions from anyone online.

8. Presentation of the Spring Progress Reports for Kauaʻi, Maui Nui, Hawaiʻi Island, and Oʻahu Destination Management Action Plans

Ms. Anderson showed the update of the Spring 2022 progress report for each of the DMAPs. For Hawaiʻi, Maui, and Lānaʻi she said they would upload the reports on the website after the Board meeting. She said it is a three-year plan in three phases.

For Oʻahu, they are still in Phase 1, which ends in August 2022. She reminded them about the DMAP tracker that tracks actions for each DMAPs, whereby the HTA staff, the island chapters, and the county's update the tracker with their activities. She meets with the counties and island chapters every month. The steering committee reviews the DMAP progress draft report to get feedback and guidance with actions. They give quarterly updates to the HTA Board.

She spoke about the Kauaʻi DMAP, the first DMAP available to the public. In Phase 2, there were 35 overall sub-actions, of which 94% are in progress. There is one action that was carried over from Phase 1 to Phase 2 because they did not complete it. She showed a chart with all the activities, actions, and sub-actions.

She highlighted some of the Kauaʻi DMAP occurrences. She mentioned Ms. Ornellas who helped move the DMAP forward. She recognized the county of Kauaʻi for heading the county side and bringing in the relevant county agencies to help move the DMAP forward.

For Kauaʻi, in Q2, they did the Pono Travel Education Program that was launched at Līhuʻe Airport. She spoke about the neighbor island reports who thought about sharing the mālama and kuleana messaging. In partnership with Sustainable Tourism Associated, Kauaʻi Visitors Bureau (KVB) hosted an information webinar on etiquette for marine-based activity operators. KVB also created a group of cultural practitioners, working with them to strategize and develop resources, a list of cultural practitioners, and see how they can support cultural activity. The county is also conducting mobility feasibility studies, referring back to the DNext analysis, and this is how the county is addressing transportation issues. KVB also created some mālama Hawaiʻi videos.

She spoke about Maui. There are 17 sub-actions in Phase 2, of which 70% are in progress. One sub-action is complete. She showed the chart with the main actions with progress. She highlighted some sub-actions, including the Pono Travel Education Program, which is run at the Kahului Airport. She said the destination manager has been working with the community in east Maui to see how to address the various hotspots on that side. HVCB continues to do outreach to expand mālama Kauaʻi programming, and they are currently at 17 partners with the

program. DBEDT analyzed Hawai'i Visitors industries' contribution to the local agricultural industry. The destination manager is working on addressing illegal tour operators and creating a fact sheet on permit requirements for commercial photography.

For Lāna'i's DMAP there are 25 sub-actions in Phase 2, of which 78% are in progress, and four have been completed. She showed the overall actions. Movement is made on almost all of them. She spoke about some of the highlights. Maui Visitor and Convention Bureau (MVCB) is working on a social media campaign to develop new messaging and collateral. They will be updating information on the GoHawaii site. MVCB has also been working with Expeditions ferry to update their website and put additional videos there. The Mālama Lāna'i Restoration Day took place on May 7, in partnership with MVCB, Trilogy, and Pūlama Lāna'i.

For the Moloka'i DMAPs progress in the past quarter they have been working with the Moloka'i taskforce members. Four subject matter committees were formed looking at voluntourism, new business, messaging, and transportation.

The Hawai'i Island DMAP has the most sub-actions. They have 40 sub-actions, but 88% are being moved on. All the actions, except for action H are being moved on. She recognized that they need to do more work with the county on action H. She mentioned some highlights. She acknowledged the Island of Hawai'i Visitors Bureau (IHVB) destination manager and the executive director working hard with Waipi'o Valley and the steering committee to address issues. They are also working with various community organizations in Punalu'u and Kumukahi. The county also supports 'āina-based stewardship positions at four hotspots, Kealakekua, Hōnaunau, Ho'okena, and Miloli'i. IHVB is also building out its network of visitor industry cultural practitioners, and they have been working in the Kohala and Kona areas. The county had closed Kahalu'u Park during the coral spawning period to take care of the resources there. For the Pono Pledge video, IHVB added Japanese captions to share with the Japanese market. She mentioned the International Festival and Events Association (IFEA) webinar series that took place targeting festivals and events planners, which took place in May 2022.

For O'ahu's DMAP progress, there are 37 sub-actions in Phase 2, of which 84% are in progress, and one is complete. The city council approved Bill 41 regarding the impact of vacation rentals, which takes effect on October 23. NaHHA has conducted cultural training for over 200 state Department of Transportation airport staff, which is good for the airports. DLNR's new reservation system for Diamond Head was effective as of May 12, and information was sent out to travel trade, airlines, OTAs, and MCI clients. The link was also put on the local Hawai'i app. She thanked the destination manager of O'ahu for all her work. They are working on getaroundoahu.com website which addresses transportation on the island and OVB has also

been working with the city and county of Honolulu on signage. They are creating a document on how to formalize signage for Honolulu.

Ms. Duarte thanked Ms. Anderson for the presentation and good work. She asked how to find the current activities from the DMAP action plans to stay abreast of progress. Ms. Anderson said she can find it in the quarterly reports. She will also create a microsite for each DMAPs where they will feature partners and others moving DMAPs forward.

There were no questions from the public.

9. Presentation, Discussion, and Action on the HTA's Financial Report for May and June 2022

Mr. Togashi welcomed the new Board members. Mr. Togashi said in the Board meeting packets beginning on page 173; they will find details of the HTA's financial position and related transactions covered across multiple documents, including balance sheets, statements of revenue and expenditures, budget statement summary, budget detail, budget reallocations, and an executive summary capturing all, as of June 2022, which is the end of the FY. He asked Ms. Gionson to pull up the financial statements and the contents of the Board meeting packet. Mr. Togashi said the financials contain a lot of information.

He started with a high-level recap for FY2022. He asked Ms. Gionson to pull up the FY2022 recap file. The recap is meant to distill down the major financial events of the fiscal year. He spoke about the Tourism Special Fund (TSF). Historically it is the primary fund they operate from, sourced from \$79 million in annual TAT revenue. As a result of HB862 of the 2021 legislative session, the TSF was sunset in FY2022. Therefore, there were no TAT allocations or new encumbrances in the fund. They continue to spend what was previously encumbered in the fund and collect miscellaneous revenue approximating \$380,000 in the fiscal year.

Although the TSF sunset on January 1, they see revenue receipts that came in before sunset. They said they might continue to see revenue for such as interest and refunds until the HTA has paid out prior encumbrances.

He spoke about the ARPA Tourism Federal Fund (TFF). Concerning revenue, they anticipate the release of the full \$60 million in ARPA funds, of which \$48.3 million had already been released to them by the Department of Budget and Finance. Over a series of meetings, a budget of \$48.8 had been approved by the Board, and \$11.3 million had not yet been approved as of June 30. Of the \$60 million, \$27.3 million has been encumbered, and \$32.7 million is for maintenance. He emphasized that assuming a high volume of unused funds would be inaccurate. Various circumstances affected the timing of encumbering the funds, which will now be encumbered in

FY2023 instead of FY2022. The funds that will be encumbered in FY2023 are the currently ongoing U.S. MMA RFP, and the \$4.3 million for HTA staff's payroll and a portion of it for operating cost, due to the governor's veto of HB1147, as they work with the administration on their FY2023 funding.

Mr. Togashi spoke about the ARPA TFF with the slides which are broken down by the main budget categories. Further detail is provided in the budget statement on page 209 of the meeting packet. In June 2022, the primary activities to report are the liquidating and disencumbering of encumbrances as the HTA shifted its timeline of contracting the funds to FY2023. In June 2022, the primary budget reallocation was to move \$1.5M from the U.S. MMA to the Island Chapters Staffing and Administration budget, as approved by the Board at the last meeting.

He asked to move back to the fiscal year recap document. He spoke about the recap of significant financial events of FY2022 for the Convention Center Enterprise Special Fund (CCESF). This is the fund from which the Hawai'i Convention Center (HCC) historically would operate, typically funded by the \$16.5 million in annual TAT revenue. HB200 of the 2021 legislative session provided no ability to spend funds in the CCESF and FY2022. Anticipating this, the HTA encumbered funds in FY2021 for FY2022 operations and therefore had no encumbrances in FY2022 in the CCESF. In FY2022, they recorded \$15.4 million in revenue, including \$11 million in TAT, \$4.1 million in HCC revenue, and \$360,000 in miscellaneous revenue.

In FY2022, because they could not expend funds, they were not making any new encumbrances out of this fund, which would increase their fund balance after taking in revenues of approximately \$15 million compared to no encumbrances to deploy those funds. As a side note, they had similar circumstances in FY2023 with the veto of HB1147, which would have enabled encumber funds out of the CCESF in FY2023.

Mr. Togashi spoke about the chart, HCC revenue-by-revenue source, and a consolidated chart depicting the breakdown. He spoke about the table recapping the HCC revenue from other state agencies conducting operations or events at the HCC. He said they recorded \$1.4 million related to FY2022 services. He noted that COVID response efforts were charged at no profit to the HCC, which was consistent with the previous year. For FY2022 the HTA's operational subsidy to the HCC was \$4.5 million, according to HCC's financial statements. This was funded by FY2021 encumbrances that they did at the end of FY2021 using 2021 funds, as previously noted.

Mr. Togashi spoke about the FY2022 ARPA Convention Center Federal Funds. He said they were grateful for the \$11 million in federal funds that were appropriated to the CCEF, and they received the full \$11 million in the allotment, which was recorded in FY2022. They initially budgeted to use the majority of the funds for major Repair and Maintenance projects (R&M), but when they were aware of the veto of HB1147, and with the inability to spend any existing or new funds in the CCEF, they proactively reallocated the FY2022 ARPA funds that they planned to spend on major R&M, to now encumber to cover the HCC FY2023 operations. The drawback in doing so is that they diverted funds for major R&M projects. It is a second consecutive year where they had to pivot to account for challenges at the CCEF and the ability to encumber funds from that.

Regarding the financial position, as of June 2022, they have access to \$32.9 million in the TSF, which represents a decrease of \$4.5 million from April 2022, due to the \$8.5 million in disbursements related to operational and program expenditures, offset by the allotment of \$4 million in TFF funds for their use.

Mr. Togashi spoke about the HTA TSF and said that as of June 2022 the HTA has \$31.3 million in investments, representing the \$7.2 million decrease from April 2022 due to disbursements related to the program and expenditures. He said the downward trend in past balances is consistent with the last fiscal year, except for the divergence in trends in June 2022, due to not receiving an influx of funds as they had in FY2021 with the temporary TAT distribution to the HTA. Of the \$31.3 million of cash, \$5 million is reserved as the emergency fund, which is invested primarily in U.S. treasury notes laddered in three-month intervals. The \$31.3 million also includes \$21 million that is encumbered to contracts and \$5.3 million that is unencumbered. They do anticipate that the \$5.3 million of unencumbered funds could potentially increase as savings from certain contracts are realized. Relating to the \$5.3 million, the TSF sunset on January 1, 2022, under Act 1 of the 2021 legislative special session HB862, leaving \$5.3 million available to return to the state's general fund. \$5 million emergency fund will remain as the HTA's reserves. The \$5.3 that will return to the state's general fund represents an almost \$3 million increase from the \$2.3 million they reported at the beginning of the fiscal year.

He said consistent with what he reported in May 2022, \$900,000 of the \$3 million increase related to encumbrances that they disencumbered from Hawai'i Tourism Japan's (HTJ) contract that was not spent. They were asked to consider reducing market activity and have had numerous discussions at the Board level on the amount they should be spending in the markets during the pandemic. Their disencumbering of the \$900,000 is an example of staff and contractors' continuous monitoring for appropriate investment levels using discretion based on

their understanding of the market and adjusting spending as necessary to exercise fiscal oversight.

Mr. Togashi spoke about the ARPA Convention Center Federal Fund. \$10.2 million is available, representing a \$640,000 decrease from April due to the HCC insurance and payroll disbursement. The CCEF has approximately \$33 million in cash. Of that, \$16 million is encumbered towards contracts. The remaining \$16.9 million of unencumbered funds will primarily be stored as R&M reserves for future deployment when the HTA's appropriation expenditure ceiling is restored through the legislative process in the upcoming session. At the beginning of the fiscal year, the CCEF had reserves of over \$870,000. As initially projected, that balanced through to about \$16.9 million at the end of the fiscal year, due to the deposit of HCC revenues, and receiving the TAT of \$11 million. Of the \$16.9 million, \$2.5 million is earmarked for facility operations contingency reserve, and \$14.4 million is earmarked to support the 6-year repair and maintenance project. He emphasized the importance of having a \$2.5 million facility operations reserve. He said the pandemic was an example where they relied on reserves to continue operations.

There were no questions from the public.

Ms. Duarte asked about cost control measures that have been put in place. Mr. Togashi said the measures started in March 2020 when the pandemic hit, when they gathered as a leadership team to assess their financial needs and what needed to be done to continue as an organization. They had to reconfigure the operation. A part of their cost control measures at the start of the pandemic, they canceled or reduced approximately \$30 million of contracts to fund our FY21 budget. Additionally, they used reserved that had been earmarked to fund our employment retirement liabilities. As a result, they put together an FY2021 budget that was significantly reduced. That is the primary methodology they took up to continue operations. He said it was a similar approach for the HCC. They did receive an influx of cash at the end of FY2021 from the governor to fund FY2022 operations. Mr. Ka'anā'anā added that they had assessed it program- by-program at that stage and are doing that now as well. He said everything is on hold until they get the appropriation.

Mr. Togashi said the mechanisms they have in place are across the board. He said they meet with the Board, and they are in constant discussions, usually monthly, revisiting what their spending should be. He said they have robust controls at the expenditure level and Board level.

Mr. Arakawa reiterated the standard controls they have at the Board level to look at the budget monthly with all the committees, but they are open to improving on measures.

Ms. Duarte asked if they could renegotiate contract fees and if it had been done before.

Mr. Ka'anā'anā said the state contract is a robust contract that has mechanisms in it. He said during the pandemic many of their contract's values were reduced and the scope adjusted. They have the tools in the existing contract with conditions, with special provisions in the contracts now.

Mr. Arakawa said that the HTAs contracts are specific regarding the ability of the HTA to make modifications based on terms, scope, and amounts, because of the changing nature of the tourism industry. He said they have iron-clad provisions in the contract allowing for modification.

There were no questions from the public.

Chair Kam asked for a motion to approve the financial reports. Mr. Rafter made a motion, and Chair Kam seconded. Mr. Regan did the roll call, and the motion passed unanimously.

10. Presentation, Discussion, and Action on the Hawai'i Convention Center's June 2022 Financial Report and Update on the Hawai'i Convention Center's 6-Year CIP Plan

Ms. Noelle was reporting on behalf of Ms. Orton and Ms. Tait. She said they also operated on a June fiscal year basis, and the financial report is as of June 30. They ended with 17,577 contracted room nights. The variance is a result of the pandemic, especially for the first half of the year. The occupancy ended at 29%, nine points higher than they had planned. For several events, it has more than doubled. The last six months trended upwards. In terms of gross revenue for the P&L of the HCC, \$7.2 million through June 30, against a budget of \$7.7million. Mid-year they were at \$2.5 million revenue, so it has trended positively. They ended on the facility side with a net loss of \$4.5 million against a budget of \$5.5 million for a positive variance of \$931,000.

Ms. Noelle spoke about the local sales and marketing expenses. She said they manage and market the local sales, which are on par with the budget. She mentioned that during the pandemic year, they had 37 event cancellations, resulting in an estimated \$2.2 million in lost revenue. She showed a snapshot of the city-wide events, which generated \$58.7 million in economic impact to the state, and a revenue of \$6.8 million, for the first half of the year.

The ROI had a positive return of \$4 and 12 cents to the state. She spoke about a few recent events at the HCC. She said Monet, the Immersive Experience, is returning for a second time, and they are expecting 50,000 attendees, which is significantly down from the prior year when they had over 100,000 attendees. Pacific Rim and Goldschmidt are city-wide events that took place in July 2022. She spoke about local events they hosted, with one coming up at the end of

the month. They had the Volleyball Tournament & Polynesian Festival with over 6,000 attendees. She mentioned Ma'ohi Nui and Na Kupuna Nights.

Looking ahead to FY2023 she showed a snapshot of city-wide bookings with an economic impact of \$72.2 million and tax generation of \$9 million. She showed the slide with features about the HCC in the news. At an upcoming meeting, Ms. Orton would speak about the HCC launching the carbon offset program. She highlighted the definite local bookings for the next three months, with 18 bookings for July, 17 bookings for August, and 13 bookings for September.

There were no questions from the public.

She provided an R&M update for the BFCC and the Board. The update listed future projects in six years. She said there were no changes to the list other than the redirection of ARPA funds. She said they had to defer one project, the ballroom gutter foyer, glass, and socket repair project, which was being pushed out due to evaluating cash flow. She highlighted the completed projects and added to the list, the trellis renovation project, which was completed at \$5 million. On behalf of the team, she extended a big thank you to Mr. Regan for all his oversight and support.

There were no questions from the public.

Chair Kam asked for a motion to accept the HCC financials as presented. Mr. Arakawa made a motion, and Mr. Ching seconded. Mr. Regan did the roll call, and the motion passed unanimously.

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

Ms. Chun said they published the June visitor stats on the morning of July 28, and she said it was the fourth month that they had an increase in visitor expenditure. For arrivals, there is still a lag compared to 2019. Looking at the U.S. East and U.S. West, there had been greater spending. Looking at visitor arrivals for 2022, the numbers are higher for the U.S. East and West compared to 2019. With the surge in tourism they had in the previous summer, it was the first month that there had been a decrease in visitor arrivals from the U.S. West compared to last year.

For expenditure, all the islands were ahead of 2019. There was an increase in multi-island visits and an increase in spending per person per day across the state. For average daily census, there

were only increases in Maui, Lānaʻi, Kauaʻi, and Hawaiʻi Island. Visitor arrival by island was slightly down compared to 2019. For TSA throughput through June, there was a slight uptake overall for Hawaiʻi airports, but HNL is 25% down from two years ago. Most people visiting Hawaiʻi are on vacations. Most of those people stayed at hotels. Comparing hotel performance and vacation rental performance for the previous month, hotel occupancy was 75.8% statewide with \$392 ADR, which translated to \$297 RevPAR. While occupancy is lower than in 2019, ADR and RevPAR are significantly higher than in 2019.

There was less occupancy at vacation rentals but at higher rates, with 69.6% occupancy for vacation rentals and an ADR of \$295. Hotel demand far exceeds vacation rental demand. On a quarterly basis, the Hawaiʻi Hotel Performance Report compares Hawaii's performance with other destinations across the U.S. and the world. This table is prepared specially for HTA board meetings. The occupancy for Kauaʻi and Hawaiʻi are the highest for this table. Other destinations with high occupancy are Miami, Orlando, and Puerto Vallarta. The average daily rate and RevPAR leaders were the Maldives, French Polynesia, Kauaʻi, Maui County, and Hawaiʻi Island.

For Transient Accommodations Tax (TAT), the state collected \$63 million. For the full fiscal year, it is \$738.7 million, which is up 243.1% compared to the previous year when they only collected \$215.3 million. The unemployment rate for the state is 4.2%, with the highest unemployment in Kauaʻiʻahu. Industry-wide for accommodation and food service, there is an increase in jobs compared to the previous year.

Non-stop seats for June 2022 were lower than in 2019, but the domestic seats are higher. International seats are a lot less. In July 2022 there was an increase in international seats. For August 2022, there are an increase in international seats for Kona. The return flight from Japan back to Kona is happening in August. In September, there is a similar number of seats for Neighbor Islands, with some decrease in domestic seats. Japan had not many seats for July 2022, and there is an increase in August, but in September, there were fewer seats than August.

The Skift Travel Health Index score is 82 for July, the first decline since the beginning of the year. For June 2022, the score for Canada is the strongest with 99.1. The U.S. and Australia's Skift score is 97. China and Japan's score is 58/59. PATA's COVID-19 Update and Recovery Dashboard is now organized by region. Looking at the North and South American region, Canada and the U.S. had high vaccination rates and are open for travel. China has high vaccination rates but still has partial restrictions. Japan also has high vaccination rates with some restrictions. Korea is completely open, with 86.2% vaccination rates. Australia and New Zealand are open with high vaccination rates.

Travel Agency Bookings Trends Reports get updated every week. The version of the reports which report monthly pace are on the website. Ms. Chun highlighted some charts. For Japan, there is not a lot of travel activity, but people are planning on traveling in August 2022. Then it flattens for Fall, then more uptake towards the holiday season. For Canada, the trend of travel agency bookings is similar, and they expect a peak in the Fall and Winter. Bookings for Korea are similar but not as strong as in 2019. Australia has a similar trend but is also not as strong as in 2019, but there is uptake towards January 2023.

Mr. Rafter asked if there was a spike in air seats because the flights got bounced, and then it looked like there were more seats. Ms. Chun agreed, which is why she updates the report for the Board every month.

Mr. Rafter shared some data for 2023. He said Mexico is up between 115%- 150% over previous years. Europe is up well over 100%. Hawai'i is down 20%-25% for 2023 versus 2019. He said the declines they are starting to see now would accelerate, but he does not see people cutting prices like what happened historically. He said the Board will have to spend a lot of time thinking about managing inbound visitors when, in two months, he suspects all the metrics will be down and then going further into 2023.

Ms. Agas said for 2023, they will have to figure out, as a destination, how to attract visitors. She said they must work with the DMAP and partners. She said cruise lines are returning, and they have to continue to attract travelers.

Mr. White concurred with Mr. Rafter and said his biggest concern is that the prices have gone up significantly, and they may see backlashes as in the past years. Hawaii's prices are out of their range for some visitors, so they choose other destinations. He said they must focus on generating a lot of visitors from high-paying travelers, as that is a nice goal. He said it would be a challenging year coming up. They are currently doing well financially, but they must be concerned about where they are headed as other destinations open up.

Mr. Ka'anā'anā says he hears the same sentiments when talking to people. It is directly related to the value the visitor feels they are getting. The rates are high, and amenities and services are not available, so the perception of value that the HTA has to provide must be mindful.

Mr. Rafter spoke about Mexico giving a lot more bang for their buck, so the HTA has to work to ensure they keep their visitors. Maldives, Seychelles, and French Polynesia are small-scale luxury markets and cannot compare to Hawai'i. He said they must change their value proposition.

Mr. Ching said they must figure out how to attract visitors and get their model to work. He said they must work on getting a stronger infrastructure, product, service, and training that they are lacking now and a quality workforce. He said they must try to find a balance of being able to stay afloat, but also work on themselves to come out even stronger.

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

Ms. Chun said they are in the part of the year when there is no cruise activity, but in October, there will be more volume on cruises. She said the HTA is sponsoring a conference that is currently underway, Hawai'i Cloud Innovations.

12. Update on Hawai'i Tourism USA's Brand Marketing & Management Plan for July to September 2022

Mr. Ka'anā'anā said they extended the HVCB contract for three additional months, ending on September 28. As part of the supplemental contract extension, they have prepared a three-month Brand marketing plan that Mr. Talwar would talk about. He said it is a short window to get things going.

Mr. Talwar spoke about the plan for September 2022. He said there are two big parts. One part is where they communicate with their residents and communities, and the second is how they speak to potential visitors. With the resident education and budget, they must look at whom they need to speak to and what message they need. They have people on the fence who are open to conversations about benefits and should approach them with the information. They will also attend face-to-face community meetings and work with island chapters and DMAP managers. He said two-way communication is important for the community, not just presenting what the HTA wants to say but also listening and learning along the way. He said they have had 24 meetings already and have a few more scheduled, and it is an ongoing process.

Concerning the DMAP, he said they would ask Ms. Gionson and Ms. Anderson to help with on-air interviews as well as look at additional messaging more related to the benefits of tourism, as well as some of the sensitivity practices that the industry partners already have in place. He shared a few different messages that they have in place. He said moving forward, they will also be using some broadcasting opportunities allowing them to talk about the good things that the HTA is funding to see how they can make situations better. He said they are working on several programs for opportunities and messaging.

The Mālama Hawai'i TV flight is an opportunity for the HTA to share how they invite guests to the communities. He showed another mālama Hawai'i video about how to invite people to visit,

which showed the beautiful natural resources Hawai'i has. He said they also had an opportunity to talk to the PBN audience as part of the plan, meeting with the HTA staff team to see what the best message is to put in. PR helps the HTA tremendously, so it is a great value and allows the HTA to get content out there. The PR team works across all islands. Content paid media is advertorial-like and runs on paid media. Waze helps them put messages out to visitors.

They have kuleana travel tips that are delivered to partners as well. The kuleana messaging also runs in-room with the hotels and lodging partners. The frequency of messaging is important, and they supplement this messaging with paid media. They also use Roberts shuttles as a tool. They also use technology to help with messaging and geo-targeting. He showed some examples of how they are messaging visitors. He said it is important to work on various platforms, including YouTube. He said if they have a way to deliver a message in a fresh way, it will get more attention. For PR, they are coordinated across the state, and each island works together closely. They are working with the island chapters to coordinate media visits, media blitzes and the satellite media tour.

Mr. Talwar spoke about Mālama 'Āina. They are expanding what they are doing. The next phase is to educate the staff about properties across the state, so they understand the mālama Hawai'i program and the opportunities. They can reach many people quickly with messaging via GoHawai'i channels, e-blast to all members, and direct to airline carriers. They are focusing on the impact of the program. They did research before and after launching the program. Hotel partners incentivized visitors if they participated in volunteer activity, and people liked it more. They have also implemented tracking measures. They put together a program where a QR code is distributed to the participants of the mālama Hawai'i program across the state, so people can start tracking how many people are participating and what their feedback is. He said their travel trade team is in play for July through September 2022. They are out there with communication to travel sellers, and they provide information on what the trade is doing. They get a lot of education with the travel trade team. He said it is more an educational program than a sales program. He showed the slide with their budget information.

Mr. Ching asked how many hotels were participating, and Mr. Talwar responded a little over 70.

Mr. Downing asked if any messaging deals with ocean safety and the beaches. Mr. Talwar said they do and have different messages for each island because each island has different safety issues.

Mr. Rafter asked if he had metrics on how residents and visitors respond to the advertisements compared to historical campaigns.

Mr. Talwar said that they do a check with each campaign. They do not ask them how to adjust the message but how it makes them feel, what they took away from it, and if it was attractive to them. Values and campaigns change over time, locally and in the source market, so suggestions are always being made, but there is no huge difference. He said they received very positive feedback on the mālama Hawai'i messaging. With residents, they have a budget in the July/September 2022 period to go ahead and test it with them. That would be different from the message testing Ms. Chun gives HTA for visitor satisfaction.

Mr. White asked if anyone was working on the equivalent of what happens to the \$20 campaign, as they spoke earlier about the benefits of the resident. He used Maui as an example, with the 3% TAT. He asked if there was a move to recreate the \$20 bill and where it goes.

Mr. Talwar said it was brought up earlier with Mr. De Fries. He said in that time and environment, it was an effective message, and they have to be sensitive to values and feelings in the community, so having a message of the benefits needs to be more subtle and maybe told by someone else rather than an industry voice. He said they are working to see how best they can do that, whether through an editorial opportunity or something else. They have set up a meeting to discuss how to share the messaging.

Mr. Ka'anā'anā said they are trying to understand getting the right tone, positioning it, and what vehicle they should use. He said they are looking at a holistic view of the destination and the collective impact the visitor industry makes. He said the DNext survey is part of that process for the HTA to understand the totality of the value of tourism. He said it must go beyond economic impact, and they must talk through the other benefits that tourism brings.

Mr. McCully spoke about Waze and commented on the difficult names, roads, etc., to spell or pronounce. He asked if there were any high-level discussions with the GPS companies as to the correct pronunciation of place names in Hawai'i. Mr. Talwar said there had been discussions, and the companies had been beneficial. Pre-COVID, they had annual meetings at their facilities. They continue with those meetings.

Mr. Ka'anā'anā said that thinking about their destination and language, there was a lot of resistance to spelling and using Hawaiian words in everything they did, so this year they shifted to include it all. He highlighted several businesses that are making that shift, representing Hawaiian Culture. He said it is important for businesses to take a role in using correct Hawaiian orthography to present their names. He said it is top of mind for the HTA.

Mr. Arakawa asked about the statistics for visitor arrival being down and spending up and how much is attributable to what the marketing teams or consultants do. Mr. Talwar said it reflects

the work that has been done for generations. He said it is ultimately the experience people have in Hawai'i that brings them back. He said they have been looking at how to get revenue that is not solely based on more people coming. He said it has been part of their targeting and messaging for a long time. COVID was also a factor that contributed to a reduction in visitor arrivals. Mr. Ka'anā'anā clarified that U.S. travel is up 10% compared to 2019, so the U.S. market is strong, and spending was also a little higher at 30%. Ms. Chun said there has been a slowing in the U.S. market for travel agency bookings.

There were no questions from the public.

13. Presentation, Discussion, and/or Action on the 2022 IRONMAN World Championship Sponsorship and Funding

Mr. Ka'anā'anā said they first started with negotiations with Ironman. The second step was the Board's approval with funding. The third step would be the State Procurement Office's approval of a sole source procurement for the event in 2022. The request of staff to the Board is an appropriation of \$250,000 for the 2022 VinFast Ironman World championship to be held in Kona in October 2022, but there are two race dates in 2022.

There were three pillars that the HTA evaluated in looking at this opportunity. They had to negotiate four pillars, one being brand alignment, which they found exists. The other interesting point is that some people remember the original event in O'ahu. For 44 years, the event was held in Hawai'i and has built a reputation in the community that the HTA believes is favorable and will align well with what the HTA is trying to achieve with the four strategic pillars, natural resources, Hawaiian Culture, community, and Brand marketing. He said the event had high satisfaction with participants and residents, who saw it as an opportunity to support the Ironman and believe it should be supported. The exposure and opportunity that comes with the event brings value to the destination. The race features all the scenic beauty and Hawaiian Culture before and after the event, and the HTA can take advantage of all the marketing exposure that comes with the event. He spoke about metrics to do with the economic benefits. The HTA did a third part study of the numbers as well. There is a slight difference in their assessment and the HTA's assessment for 2018 and 2019; however, both studies found a significant economic impact on the state, driven by direct participation. The event has an estimated attendance of 5,300 and 5,400 athletes on Hawai'i island. Spend for visitors is estimated at \$10 million. For community benefits, Ironman has been active in the community. He outlined DMAP management action items, education, culture, and community benefits that the HTA negotiated as part of the sponsorship to get the best benefit of all the

strategies the HTA is implementing. He acknowledged that the event directly impacts businesses in Kona and that the HTA is aware of that. The HTA will try to work with the community to mitigate some disruptions. The spending for the five previous events they sponsored was between \$200,000 and \$250,000, with \$250,000 being the most recent in 2019, 2018, and 2017.

Mr. White said the benefits are great for the area, but not for people who are not in favor of closures and big crowds. He said the benefits of revenue outweigh that.

Mr. Ka'anā'anā said they would get the event budget total to the Board. The HTA's sponsorship is directly related to the three pages in the meeting packet.

Ms. Duarte asked if the ask was on par with the previous ask. Mr. Ka'anā'anā said the initial ask was for \$1.5 million, but they negotiated to \$250,000. 2019 was \$250,000 as well.

Ms. Duarte asked if the community benefits have changed since 2019. Mr. Ka'anā'anā said everything on the third page of the meeting packet is new for the event. Ms. Duarte asked about the 80% of surveyed residents in support and what the geographical composition represented. Mr. Ka'anā'anā said he would find that out and get the information across. Ms. Chun said it was residents that attended the event.

Mr. Downing asked about page 2 of the draft integration and the differences. Mr. Ka'anā'anā said he would check if it were a typographical error. Mr. De Fries said in the meeting with Diana, that she had referred to what happened in Utah because of the restrictions and the Utah tourism office coming up with \$2 million. He asked if that was correct. Mr. Ka'anā'anā was unsure of the exact amount but thought it was \$2.5 million. Mr. De Fries said his point is that the events' competition is revving significantly.

Mr. Ching asked about the community give-back not being as good as it was in the past and asked if that was the case. Mr. Ka'anā'anā said he had not heard that but wanted to ensure that for 2022 negotiations, they were able to demonstrate what they could give back to the community. Ironman is active in the community year-round.

Ms. Duarte asked if they could ask Ironman to include a percentage of survey respondents in the report. She wanted to understand how many survey respondents come from North and South Kona. Mr. Ka'anā'anā said Ms. Chun would check with the company to detail the survey.

Mr. Ka'anā'anā said Ms. Chun and Ms. Anderson are working on another 34 event evaluations to help the HTA better understand the event, the impacts, etc. The HTA also asks the organization to provide their reports and data to the HTA so they can verify against their reports.

Ms. Chun said the HTA also has a contract with Tourism Economics that does the Symphony dashboard and will create a specific dashboard for events. Mr. Arakawa said that since they have a budget for the surveys, perhaps they could make it a standard practice to do the surveys. Ms. Chun said they have a set number of events they have contracted for, so they are confined to that budget, but if they got more money in the following year, they could do more surveys. Mr. Ka'anā'anā prioritized the largest investments in the group of 34.

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

Chair Kam asked for a motion for the Board to approve FY2022 ARPA funds for \$250,000 for the 2022 event. Mr. Arakawa made a motion, and Ms. Duarte seconded. Mr. Regan did a roll call, and the motion passed unanimously.

14. Discussion and Action on Proposed Committee Assignments for the Administrative & Audit Standing Committee, the Branding Standing Committee, the Budget, Finance, and Convention Center Standing Committee, and the Ho'okahua Hawai'i Standing Committee

Mr. Arakawa made a motion to add to the agenda the election of the Chair and the vice-chair, which is consistent with what they have done in the past. They checked with the Attorney General, and it is permitted. Mr. Rafter seconded. Mr. Regan did the roll call, and the motion passed unanimously.

Mr. Arakawa made a motion for a nomination for Chair Kam to continue as the chair. Mr. Ching seconded. Mr. Regan did the roll call, and the motion passed unanimously. Mr. Downing made a motion to nominate Mr. White as vice-chair. Ms. Duarte seconded. Mr. Rafter nominated Mr. Arakawa to remain as vice-chair. Ms. Agas seconded. Mr. Regan did the roll call, and there were eight votes for Mr. White and four votes for Mr. Arakawa.

Chair Kam said that based on the Branding Standing Committee he had Mr. Ching as the chair, Mr. White as vice-chair, Mr. Arakawa, Mr. McCully, Mr. Rafter, and Mr. Zane on the team. For the Administrative Audit Standing Committee, he had himself as the chair, Ms. Agas, Mr. Ching, Mr. Downing, and Mr. McCully. For the BFCC Standing Committee, he had Mr. Rafter as the chair, Mr. White as vice-chair, Mr. Arakawa, Ms. Duarte, and Mr. Kam. For the Ho'okahua Hawai'i Standing Committee, he had Mr. Downing as the chair, Ms. Duarte as vice-chair, Ms. Agas, Mr. Ching, Mr. White, and Sig Zane on the team.

Chair Kam asked for a motion to accept the chairs recommendation to the Board on committee assignments as proposed. Mr. Arakawa made a motion, and Mr. Ching seconded. Mr. Regan did the roll call, and the motion passed unanimously.

15. Discussion and Action on the Creation of a Legislative Permitted Interaction Group for the Purpose of Developing Policy Positions and Legislation for the 2023 Legislative Session

Mr. Arakawa made a motion to form a legislative PIG. Mr. Downing asked what the value of the legislative PIG was. Mr. Arakawa said that sometimes the HTA is asked for their position on several bills, and the bills change. So, the legislative PIG tracks the bills, works with staff to track them, and makes recommendations to the chair, Vice-Chair, Administrative Committee and the Board on their positions. It is an ongoing process. The PIG does not take any action outside what the Board approves or what authority the Board gives the chair.

Chair Kam reiterated that the PIG is the facilitator and conduit for the Board, and from there they recommend to the Administrative Committee for the whole Board. They work closely with Mr. De Fries. Mr. Downing said he asked because he did not know that anything from the PIG came to the Board, and it sounded like the PIG committee was making decisions without the Board. Mr. McCully seconded. Mr. Regan did the roll call, and the motion passed unanimously.

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

Chair Kam proposed Mr. McCully as the Chair and Ms. Iona as Vice-Chair. Chair Kam, Mr. Rafter, and Mr. Arakawa are also on the legislative PIG. Mr. McCully made a motion, and Mr. Ching seconded. Mr. Regan did the roll call, and the motion passed unanimously.

17. Adjournment

Chair Kam thanked Mr. Regan for his support and service. Mr. McCully made a motion, and Mr. Ching seconded.

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

Respectfully submitted,



Sheillane Reyes
Recorder