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David Y. Ige
Governor

John De Fries
President and Chief Executive
Officer

**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, October 29, 2020
Virtual Meeting**

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT: Micah Alameda, David Arakawa, Fred Atkins, Daniel Chun, George Kam, Kyoko Kimura, Ku'uipo Kumukahi, Sherry Menor-McNamara, Benjamin Rafter, Kelly Sanders, and Kimi Yuen

MEMBER NOT PRESENT: Richard Fried (Chair)

HTA STAFF PRESENT: John De Fries, Keith Regan, Pattie Herman, Marc Togashi, Marisa Yamane, Kalani Ka'anā'anā, Caroline Anderson, and Jennifer Chun

GUESTS: Brandon Kurisu, Michael Kamida, Teri Orton, and Mari Tait

LEGAL COUNSEL: Gregg Kinkley

1. Call to Order and Pule:

George Kam called the meeting to order at 9:33 a.m. Keith Regan, HTA Chief Administrative Officer, provided instructions to the general public with regard to submitting testimony. Mr. Regan confirmed the attendance of the Board by roll call. He turned the floor over to Mr. Kam. Kalani Ka'anā'anā, HTA Director of Hawaiian Cultural Affairs & Natural Resources, opened the meeting with a pule.

2. Approval of Minutes of the September 24, 2020 Board Meeting:

Mr. Kam requested a motion to approve the minutes of the September 24, 2020 Board meeting. Daniel Chun made a motion, which was seconded by Kelly Sanders. The motion was unanimously approved.



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

Mr. Kam asked whether there were any permitted interactions to report. David Arakawa reported that he attended the virtual meeting of the HTA October 28, 2020 Marketing Standing Committee. He explained that the Office of Information Practices issued an opinion permitting Board members, who are not members of the committee, to attend the committee meetings. Deputy Attorney General Gregg Kinkley noted that attending Board members who are not members of the committee are not permitted to interact or speak during the meeting. Mr. Kam added that all materials from the committee meetings are available to all Board members per Mr. Arakawa's recommendation from last month's Board meeting.

4. Report of the CEO Relating to Staff's Implementation of HTA's Programs During September 2020:

Mr. Kam recognized John De Fries, HTA President & CEO, who, in turn, recognized Mr. Regan, to present September's CEO report. Mr. Regan reported that Mr. Ka'anā'anā and his team have been working diligently with their 'Āina Aloha programs and have been working with the Department of Land and Natural Resources on the Nā Ala Hele trail program. Mr. Regan reported that Mr. Ka'anā'anā and his team have continued their work on the Kūkulu Ola program and have continued planning for the Festival of Pacific Arts & Culture. Mr. Regan noted that although the festival is not scheduled until 2024, Mr. Ka'anā'anā is leading that effort, which is an opportunity to celebrate Hawaiian culture.

Mr. Regan reported that Caroline Anderson, HTA Director of Community Enrichment, has been doing an excellent job with the destination management action plans. He noted that Ms. Anderson has been leading the steering committees and drafting contractors through these processes. Mr. Regan reported that Marisa Yamane, HTA Director of Communications & Public Relations, has been doing an amazing job and has issued over one thousand reports to the public. He added that Ms. Yamane has also been coordinating many of the meetings Mr. De Fries has had with the media regarding mask wearing and the Mālama Hawai'i Program.

Mr. Regan reported that Pattie Herman, HTA Vice President of Marketing & Product Development, and her team have been doing an amazing job working with their marketing contractors to institute marketing plans and strategies. He noted that Ms. Herman is



coordinating discussions and engagement with industry partners, to ensure that HTA's vision is clear and aligned.

Mr. Regan reported that Jennifer Chun, HTA Director of Tourism Research, and her team have been busy collecting, processing, and analyzing data published in their reports, which is utilized by HTA's industry partners.

Mr. De Fries said that he attended a steering committee meeting for Moloka'i on his first day in office. He noted that the destination management action plan process sends the signal that HTA is very interested in the vision community leaders see as the future of tourism on their islands. Mr. De Fries commended HTA and Ms. Anderson for building confidence and trust in the community. He said that on his second day in office, Ms. Herman made a compelling argument for him to immediately meet the global marketing teams. He noted that he was the beneficiary of those meetings and better understood the global context and reach for which HTA is responsible. He said he had asked each of the marketing teams for their understanding of mālama. He added that he also asked the Japan and Korea teams how to say mālama in their respective languages. Mr. De Fries explained that these different cultural values must be embraced so that when the message is expressed in global markets, the messaging is aligned. He noted that mutual respect is the foundation upon which future business relationships are built because if it is purely transactional, those relationships will not withstand the global and economic stressors over the next twenty-four months.

Mr. Kam invited the public to provide testimony, and there was none.

5. Presentation by aio Digital and PathCheck on the AlohaSafe Technological Tools that Have Been Developed in Partnership with the State Department of Health to Help Keep Hawai'i Safe During this COVID-19 Crisis:

Mr. Kam recognized Brandon Kurisu of aio Digital and Michael Kamida of PathCheck to present on the AlohaSafe exposure notification app. Mr. Kurisu explained that the AlohaSafe app is a product of a community-driven public-private partnership with the Department of Health (DOH). He said that in May and June, this partnership began exploring the digital contact tracing tools that other states were adopting. He noted that AlohaSafe is Hawai'i's official digital contact tracing notification app that one downloads to their mobile device. Mr. Kurisu noted that Google and Apple are only permitting apps created by DOH to prevent other rogue efforts from launching their own apps. AlohaSafe is the only digital contact tracing app for Hawai'i. He explained that the basis of app is to automatically notify people if they were exposed to an infected individual so they can then



isolate or get tested and not spread COVID-19 in community.

Mr. Kurisu explained that the AlohaSafe app utilizes the Google/Apple Exposure Notification (GAEN) protocol, which is already embedded in Apple and Android devices. He noted that accessing the protocol requires a key, which has only been provided to DOH. Thus, any other digital contact tracing app will not work. He added that several other countries and seventeen other U.S. states are currently employing a GAEN-compatible app or developing a pilot. Mr. Kurisu said the Association of Public Health Laboratories (APHL) is working with Google and Apple to develop a National Key to enable interstate contact tracing.

Mr. Kamida said the AlohaSafe app is a voluntary, anonymous exposure notification smart phone app, which will support public health efforts without sacrificing privacy. He explained that traditional contact tracing has challenges with: (1) resources because it requires a large number of contact tracers, (2) speed because it requires a significant amount of time to call cases, conduct interviews, and identify and call contacts, and (3) completeness because people have imperfect memory and cannot identify strangers. He noted that the app is designed with privacy in mind because it is user-controlled, identifiable information is not collected, and is created only for DOH. He explained that Google and Apple are needed for this process for Bluetooth cross-platform compatibility.

Mr. Kamida explained how the exposure notifications work. He said the advantage is that the app is able to rapidly notify known and unknown contacts. He noted that there is no way to effectively and manually contact trace unknown contacts on the bus or at the beach, for example. Mr. Kamida explained that GAEN is very effective for these unknown contacts. He noted that combined with other measures, every two app users can avoid one infection, and a 15% increase in users can reduce infections by 15% and deaths by 11%.

Mr. Arakawa said this is an important issue for tourism's future, and he is looking forward to utilizing this type of technology. Mr. Kamida responded that the app is designed with a heavy focus on privacy so it will not help with enforcement because it cannot monitor location data, but it will support DOH's efforts.

Benjamin Rafter asked if the AlohaSafe app needs to be downloaded if the GAEN protocol is already embedded in people's smartphones. Mr. Kamida responded that people need to download the app. He explained that GAEN is on the operating system level and inaccessible without the app hooked into the verification system.

Mr. Rafter asked what the adoption rate of similar mobile apps is in other states and countries. Mr. Kamida responded that other countries have been more successful in



adopting these apps than in the U.S. He explained that in other states, the percentage of users barely break double digits. He noted that more recent apps are getting more momentum than older apps. Mr. Kamida added that usage in Europe is between 30% and 40%. He said that without guidance from a fully functional federal government, adoption and usage of these apps is haphazard at the moment.

Mr. Kam asked about usage in Japan and Korea. Mr. Kamida responded that Korea collects and tracks mobile phone location data, while Japan app usage is over 20%. He added that Canada is piloting its app at universities.

Mr. Rafter noted that the messaging around this subject needs to be very tight so that it is not construed as the state tracking tourists.

Mr. Chun asked if it is valuable to promote the AlohaSafe app to visitors even if they have a similar app in their own state. Mr. Kamida responded that the app was not designed with interstate travel in mind. He said even if a tourist does not have the app, their mobile device is able to communicate with those around it. He noted that if a tourist tests positive, it would be helpful to download the app and route that information to DOH so that individual can receive targeted messaging and guidance from DOH. He added that APHL is working on a national server to resolve interstate issues.

Mr. Kam invited the public to provide testimony, and there was a question. Sue Kanoho asked if the AlohaSafe app is the only contact tracing for Hawai'i. Mr. Kurisu responded that it is a done deal and will be the only exposure notification app for Hawai'i.

6. Presentation and Discussion of Current Market Insights and Conditions in Hawai'i and Key Major Hawai'i Tourism Markets, Including the United States, Japan, Canada, Oceania, Other Asia, Europe, and Cruise:

Mr. Kam recognized Ms. Chun to present market insights and conditions. She reported that there were 19,000 visitors in September, which is down 97.4% from last year. She noted that 16,000 of those visitors were from the U.S. Mainland. Ms. Chun reported that there were no cruise ships. She highlighted that the average daily hotel rate was \$149, which is down 39.5% from last year. She noted that hotel occupancy was at 19.6%, which is down 59.4%. Ms. Chun reported that the daily briefings now include weekly hotel occupancy numbers. She noted that there has been no update from the Department of Taxation regarding TAT collections. She added that she presented travel agency booking pace data through the third quarter of 2021 at the Marketing Committee meeting, and the data will be published on a weekly basis.



Mr. Kam invited the public to provide testimony, and there was none.

7. Presentation, Discussion and Action on HTA's Financial Reports for September 2020:

Mr. Kam recognized Mr. Regan to present the financial reports. Mr. Regan reported that September was the third month of the fiscal year, and there were no TAT distributions. He said there were \$3.6 million in expenditures, and \$264,000 in new encumbrances, which are placeholders in the budget as HTA issues contracts. He noted that year-to-date there are \$10.9 million in encumbrances and total encumbrances of \$38.3 million which includes those from prior fiscal years. Mr. Regan highlighted that they are in the process of disencumbering \$14.7 million in prior fiscal year contracts that were either terminated or reduced due to the pandemic. He noted that there is an additional \$3.9 million in available funds not currently in the budget, but he advised that these funds remain in reserve in the event Governor David Ige does not release the \$5 million in emergency funds or HTA does not receive the \$3.3 million CARES reimbursement. Mr. Regan reported that the Tourism Special Fund currently has \$72.1 million in cash, which includes the \$5 million in emergency funds. He added that those emergency funds remain in low risk investments to protect the corpus.

Fred Atkins asked if HTA can request a timeline as to if/when the \$5 million in emergency funds will be released. Mr. De Fries responded that he made a request to Gov. Ige on that subject and expects a timeline within the next nine to ten days.

Mr. Atkins made a motion to approve the financial reports, which was seconded by Kyoko Kimura. The motion was unanimously approved.

Mr. Kam invited the public to provide testimony, and there was none.

8. Discussion and Approval of the FY21 Convention Center Enterprise Special Fund Budget:

Mr. Kam recognized Marc Togashi, HTA Vice President of Finance, and Teri Orton, General Manager of the Hawai'i Convention Center (HCC), to present the fiscal year 2021 budget for the Convention Center Enterprise Special Fund. Mr. Togashi said HCC is operating on \$23.5 million in reserves, which was previously set aside for future repair and maintenance. He noted that without a clear understanding of when TAT will resume, it is important to maintain those reserves for future years. He explained that the reserves will fund HCC this year and the next two fiscal years, which is a key principle HTA wanted to employ as a prudent approach. Mr. Togashi added that the COVID-19 circumstances have required a much more refined approach to the budgeting process. He said he asked Ms. Orton and her team to start from scratch and prepare a budget that reflects no activity in the building.



Ms. Orton presented the fiscal year 2021 sales and marketing budget as contained in the Board packet. She said HCC created a baseline budget to layer in additional staff if needed. She noted that as business started to cancel for 2020 and 2021, they scaled down their staffing. She added that the staff were in furlough status and were still receiving their benefits. However, this phased into layoffs and terminations. Ms. Orton said the forecast for 2021 is flat, though there has been an influx of requests for small, local meetings because HCC has the space to properly social distance. She highlighted that it is a slim budget with a focus on short-term business. She noted that HCC is filling vacancies with local business, which is optimistic considering the pandemic. Ms. Orton said companies want smaller, modified meetings with hybrid in-person and streaming options. She added that state agencies have kept HCC occupied since March.

Mr. Rafter asked if there is any traction for groups in 2022 and 2023. Ms. Orton responded that most of the groups are on a rotation so they have opted to skip this year and return to HCC during their next place in the rotation. She noted that HCC is still seeing inquiries from customers to host events within the next five years as planned. Ms. Orton said there have been more requests for hybrid models with prerecorded, live streaming, and in-person components. She noted that meeting planners are optimistic, but understand that registrations and in-person attendance will be down.

Ms. Kimura asked what small, local business means. Ms. Orton responded that the small, local meetings mean 350 to 1,000 attendees though those numbers would decrease with a hybrid approach. She said HCC has the space to accommodate those requests and work with hotel properties to offer HCC facilities if the hotel property does not have the space. She noted that they are being creative so as to not turn away any business that may come to Hawai'i. She added that HCC hosted the bar exam to accommodate the social distancing requirements, and meeting planners said it was one of the easiest bar exams and the attendees felt safe.

Ms. Orton presented the fiscal year 2021 facility budget as contained in the Board packet. Ms. Orton then recognized Mari Tait, HCC Director of Operations, to discuss the ongoing repair and maintenance projects at HCC. Ms. Tait reported that there were seven projects for 2020. She noted that three of them, such as the Ala Wai waterfall repair, were completed and the remaining four are on schedule. She said they have already started the process on twelve newly approved projects because contractors are accepting lower prices.

Mr. Regan said there has been a lot of deferred maintenance on the books because of the challenge of working projects into a busy convention center. He noted that there is an opportunity to use the reserve funds to move these projects ahead while there is not a ton of business that will interfere with the projects.



Mr. Kam asked about the flooding situation from the previous day. Ms. Tait responded that there was a blockage that has since been cleared, and they are actively drying all of these areas. She said there will be a third-party inspection to ensure that there is no immediate mold, and they will follow any guidelines for the remediation of the area within the walls or carpeting.

Mr. Atkins asked when the first city-wide group will occur. Ms. Orton reported that HCC has received nine cancelations to date for 2021, and there are twenty-seven events on the books comprised of local and city-wide business. She added that there are eighty-one groups under tentative status. She said the first one, which is a sporting event, is in April. The second one is in July. She noted that the majority fall in the latter half of next year.

Ms. Kimura expressed concern about HCC competing with other local venues if it is accepting smaller groups that would traditionally be hosted by hotels or venues like the Japanese Cultural Center. Mr. Togashi responded that HCC is being sensitive to not compete with local businesses. Ms. Orton added that they are working together with hotels and other businesses to partner with them and not take away their business. Mr. Kam thanked everyone for their comments and noted that it is important to balance generating revenue with community needs. He added that HCC needs to do things pono and walk along a fine line to avoid taking revenue away from other local venues and hotels.

Mr. De Fries said that by the next Board meeting, he will return to the Board with an assessment on synchronizing HCC's calendar fiscal year with HTA's July to June fiscal year.

Ku'uipo Kumukahi made a motion to approve the fiscal year 2021 budget, which was seconded by Mr. Sanders. The motion was unanimously approved.

Mr. Kam invited the public to provide testimony, and there was none.

9. Report of the Marketing Standing Committee with the Committee's Recommendations to Support Various Marketing Proposals, for Discussion and Action by the Board:

Mr. Kam recognized Mr. Sanders to make his report of the Marketing Standing Committee meeting. Mr. Sanders reported that it was an informative meeting with Expedia regarding business pace. He noted that there is low volume from everywhere other than the U.S. West Coast and not much leisure travel. He added that forward-looking pace for 2021 is nominal. Mr. Sanders reported that Ms. Chun presented information on market closures in other countries. He noted that Japan will not lift its quarantine for returning travelers until the first or second quarter of 2021, though there are some flights between Japan and Hawai'i in the remainder of the year. Mr. Sanders said the committee discussed the communication that HVCB and the other marketing partners are doing and the need for



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clear messaging on mask wearing.

Mr. Kam invited the public to provide testimony, and there was none.

10. Adjournment:

The meeting adjourned at 11:40 a.m.

Respectfully submitted,

Reyn S.P. Ono

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Recorder