



**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, May 27, 2021 at 9:30 am
In-Person and Virtual Meeting
Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815**

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

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

MEMBER NOT PRESENT:

HTA STAFF PRESENT:

John De Fries, Keith Regan, Pattie Herman, Marc Togashi, Kalani Ka'anā'anā, Marisa Yamane, Caroline Anderson, Jennifer Chun, Carole Hagihara, Ariana Kwan, Lawrence Liu

GUESTS:

Charlene Chan, Mike McCartney Nathan Kam, Erin Khan, Tom Laidlaw, Danny Ojiri, Representative Richard Onishi, Jay Talwar, Darragh Walshe, Irene Lee, Susan Webb, Tom Mullen, Mitsue Varley, Eric Takahata, Kara Imai, Mark Akamine, Mie Fujii, Teri Orton, Allison Schaeffers, Jeffrey Eslinger

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule:

George Kam called the meeting to order at 9:49 a.m. He confirmed the attendance of the Board by roll call.

2. Opening Cultural Protocol

Kalani Ka'anā'anā, HTA Director of Hawaiian Cultural Affairs & Natural Resources, noted that

a separate agenda item was created for the protocol usually included on the first agenda to give emphasis and to focus energies and intentions for the complex work ahead. Sig Zane asked the public to stand and join him with a chant to call for the presence, assistance, strengths and guidance of their ancestors in HTA's decisions and actions.

3. Discussion and/or Action on HTA's Code of Conduct and ByLaws

Chair Kam noted that it would be good for the Board members, especially the new ones, to review the HTA's Code of Conduct and Bylaws but no discussion or actions are to be taken at this time.

4. Approval of Minutes of the April 29, 2021 Board Meeting

Chair Kam requested a motion to approve the April 29, 2021 Board Meeting. Kyoko Kimura said that her first name was misspelled and made a motion, was seconded by Sherry Menor-McNamara, and unanimously approved.

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

Chair Kam asked whether there were any permitted interactions and there was none.

6. Report of the CEO Relating to Staff's Implementation of HTA's Programs During April 2021:

Chair Kam acknowledged John De Fries to give an update. Mr. De Fries noted that they will forgo going through the report due to the extensive agenda and will be happy to answer any questions.

Mr. Arakawa asked if he could share some of the takeaways of his conversations with the mayors and governor in a recent meeting. Mr. De Fries responded that they are invited every other week to provide visitor industry updates and situation analysis for summer as DBED estimated the U.S. market to be at 120% this year compared to 2019. He added that it is incumbent to pass the info to the head of states and to each of the island counties.

Mr. De Fries compared COVID 19 to the Cataclysmic Explosion (Big Bang) when it hit and that a space was created which was the beginning of something new. He symbolized the GMTs to the eight centers of astronomy around the planet which collectively discovered the "Powehi" or embellished dark source of unending creation in 2019. He related it back to the pule of Huliao which references the turning point in transformation and made a situational recap of historical activities since the pandemic. He said that he thinks about these discoveries and the immense scale that they are dealing with when he feels low. He made a recap of the situations going on with regards to travel and of the losses in funding, relocation of a

department and job positions that happened with HTA. He expressed his appreciation for the support of Rep. Onishi and the House that HB862 and HB200 went back into the conference committee after it was being passed. He stressed that though there may be differences among the staff and the Board, they are going to need each other moving forward, noting that there are segments of the community that thinks Hawai'i doesn't need any marketing funding.

Mr. De Fries noted that he was invited to a Senate Congressional hearing, the Committee on Indian Affairs, where he was tasked to submit an oral testimony in relation to tourism economies that affect native peoples. He shared his testimony that mentions the native Hawaiian world where all life forms are connected and interrelated and of the various natural environments on each island. He said that Senator Murkowski testified about a community of 76 native Alaskans who were devastated for the last 15 months because their sole economy was based on cruise ships. Mr. De Fries noted that the federal government is taking these very seriously, be it at a micro or macro scale level and that funds are being directed to the Committee for the purpose of helping generate and regenerate economies affecting native people. He hoped that some of these funds can be translated to the work on DMAPs.

Mr. De Fries reported that Mālama was long embedded in HTA long before and that it is a boundless cultural value that applies to everything and it is a way of life. He noted that it is a way of life and not only a responsibility towards tourism but a responsibility to their home. He explained that this has been translated and extended into the work on DMAPs, where the community is encouraged and empowered to care for their own home on an effective and personal level. Mr. De Fries said that when the four pillars were approved in 2020, the direction is towards responsible tourism. He added that with it being recalibrated and refined, it resulted in a very responsible tourism model - regenerative tourism. He made a blind survey that 100% of the audience would like to see Hawaii's natural resources and the bond that holds the community together in a better condition, the Hawaiian language broadly used and the cultural practices and traditions flourishing and from a branding perspective, Hawai'i will be seen as a World destination. He explained that to make sure those happen, the activities like the DMAPs, strategic plans and brand messaging need to be accelerated. He added that they need to learn how to deal with situations around simple things like wearing a mask and taking care of the people that are in their immediate vicinity.

Mr. De Fries reported that the U.N. dubbed Hawai'i Green Growth as Local 2030, the first in the Asia Pacific region and first set of the islands in the world. He said that they are at the turning point and it's incumbent to start getting the industry leaders, partners and brands to take action in achieving the goals and sustaining the needs to comply with the global brand. He added that they need to redirect the information in ways that protect their confidentiality

and yet demonstrate to the community that the largest industry is leading Hawai'i for the sustainable future.

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

Chair Kam recognized Jennifer Chun to provide an update. Ms. Chun reported that April 2020 was the first period in 2020 where there was no visitor expenditure data and thus will use the April 2019 data for comparison. She noted that there was a 38% and 41% drop of the April 2021 visitor expenditures and visitor arrivals by air, respectively. She added that the U.S. West is spending more PPPD compared to 2019, and that average daily census is significantly down. Ms. Chun said that the preliminary April TAT collection was \$35.1 million. The Fiscal 2021 year-to-date total was \$128.9 million, which is 76.6% down compared to \$551.3 million from the Fiscal 2020 YTD TAT collection. She added that the number of air seats for domestic and international are very much down compared to 2019, but significantly higher than 2020 and the number of flights are not up to the 2019 levels. She said that occupancy for vacation rentals was higher than the occupancy level for hotels but hotel room night supply greatly exceeds vacation rental supply. The hotel number is creeping up to the 2019 levels for the hotel room night supply.

Ms. Chun reported that travel agency bookings for the U.S. are relatively strong compared to 2019 with Q4 greater than 2019. She noted that bookings picked up in just the last month of booking. She said that there aren't many bookings from Japan, Canada and Korea and there are no direct flights from Australia. She noted that the O'ahu and Maui have a significant booking pickup and more than or nearly similar for the same period in 2019 for the U.S. market. She added that O'ahu will have few U.S. bookings from any of the other markets for June. She said that though Kaua'i has significantly more bookings than in 2020, with Q4 ahead compared to 2019. She said that Hawai'i Island is nearly the same level with 2019 levels and there are Q4 activities for Canada as they are planning to bring flights back in theory towards the end of the year.

Ms. Menor-McNamara asked about the economic outlook of cruise ships. Ms. Chun responded that ships are starting to cruise again in November but traditionally, there aren't many cruise activities in the fall.

8. Discussion and/or Action to Transition the Marketing Standing Committee Meetings into the HTA Regular Board Meetings

Chair Kam explained that the agenda is to dissolve the marketing committee's separate

meeting and to include it into the Board meeting. He asked to share their insights. Chair Chun noted the benefits of incorporating the agenda items of the marketing meeting into the Board meeting so the Board could hear of these important conversations. Mr. Arakawa said that he supports the idea, and they can have another discussion about what committees to keep and dissolve moving forward. Chair Chun clarified if the thought isn't about dissolving the committee but to incorporate the agenda items into the Board meeting. Chair Kam responded that it needs further discussion because under the current system, only six Board members are allowed to join the committee and the shift would allow the flexibility to call for a PIG if needed. Mr. Atkins agreed with the ability for Chair Chun to create a PIG if needed and said that it's the right move, especially where the budget can't entertain new marketing ideas or sports programs.

Mr. Rafter said that they may be losing sight of two things which are the inability for Chair Chun to call for a PIG which should be checked and the marketing committee function which is to look into the ROI of programs like sports and to align HTA with the strategic plan which can't be efficiently done in a board meeting. He believes that it's not the right long-term direction and it's a matter of the marketing committee not asking enough questions that making it part of the Board will naturally prevent it from diving down into its core function. Mr. Arakawa said that the PIG comes with certain restrictions and agreed with Mr. Rafter's concerns that they need to discuss it further.

Mr. Regan read a question from the public asking if the HTA Board and marketing committee meetings can remain hybrid for those not based in Oahu. Chair Kam responded that it was his intent but will have the Board to discuss and decide.

Rep. Onishi agreed with Mr. Rafter saying that the idea eliminates the whole purpose of having subcommittees dig deeper into issues and plan strategically. He said that the marketing committee can present to the Board the outcome of the meetings where the latter can decide after. He noted that as tourism comes back and other marketing groups are allowed to function, there would be seven different reports with questions to be dealt with. He added that it's a disadvantage moving forward and that the PIG doesn't fit well in marketing where decisions have to be made on a faster basis. Chair Kam thanked Rep. Onishi saying that they will have a more inclusive and deeper discussion this month about it.

Ms. Herman said that there wasn't any opportunity to engage with any sports or marketing activities for the year 2020-2021 due to the recovery plans and that moving forward, the marketing meeting would be important when discussions and engagement for new opportunities arise.

9. Market Updates for USA, Japan, South Korea, Oceania and Canada

Chair Kam recognized Daniel Chun to provide an update. Chair Chun turned over the floor to Jay Talwar to present first via Zoom call. Mr. Talwar reported that the the US economy is growing strong for the remainder of 2021 and 2022 with the reopening of the economy which is largely driven by the increasing percentage of fully vaccinated population across the U.S. and the State. He noted that this led to the softening of travel restrictions but a negative COVID-19 test result no more than three days before travel is required for international travel to the U.S. He said that U.S. arrivals to Hawai'i are growing month-by-month. Mr. Talwar reported that there were over 1 million transpacific seats to Hawai'i coming in for the U.S. market in June with Kona, Oahu and Kauai having seats higher than they were in 2019. He noted that schools were announcing of going back to classrooms in the fall so that air seats will soften in August and September. He reported that almost 80% of people are now ready to travel across the country and competitors like New York & Company dropped \$30 million into their marketing campaign while Visit California has put \$24 million into their media campaign for spring. He added that the E.U. is opening up to travel and Italy, Greece and Malta are announcing that they're open with others following very soon.

Mr. Talwar reported that they're targeting the mindful traveller with the consumer strategy focusing on the Mālama Hawai'i Campaign. He noted that the private sector has a very positive feedback for this public funded initiative where hoteliers, airlines and volunteer programs are asking how to connect and get involved with the program. He added that they have 95 industry partners and some are using the Mālama Hawai'i for their branding like the Kahala, American Way and Editorial Coverage, as well as PR and influencers. He said that Good Morning America featured the Hawaiian Islands all morning long with the messaging of helping regenerate and perpetuate the beauty of Hawai'i with mindful visitors. He noted that social media posts of screenshots from the videos generated many comments showing that the messaging struck through. He added that people are led the Mālama section with sustainability issues, program partners on the volunteer and private industry side after they see the messaging on hawaii.com and that there's a section for purchasing locally made products. He said that they've developed a Coop Program with 38 partners who provided funding.

Mr. Talwar reported that the overall Initiative for travel trade is to educate travel sellers with the most current information on the destination and thru the Mālama Hawai'i virtual event on May 12 to 13, virtual training programs and digital marketing program for travel advisors. He added that they partnered with TA Connect for smarter database, updates, and CRM marketing programs. He turned over the floor to John Reyes to report on MCI.

Mr. Reyes reported that together with the MCI customers, they talked about a very cost-

effective co-op advertising program to put products in front of the meeting customer. He noted that they will be targeting medical groups, scientific, high-tech, third party planners, financial and business services. He said that they're excited about the Mālama Hawai'i Program which is getting tremendous positive feedback. He noted that they are implementing a shop local program connecting local businesses with their made in Hawai'i products. He said that they joined the Corporate Event Marketing Association (CEMA) and Professional Convention Management Association to grow corporate group business and increase third-party partnerships respectively. He added that they will continue to participate in IMEX America in November with a dedicated Hawai'i section where the world comes to shop for American Products and will explore the Hawai'i app as a platform for "Shop Local " with MCI Groups.

Mr. Reyes reported that Hawai'i scored 9.8 in a virtual event of 60 participants when asked about their likelihood to include Hawai'i in future destinations. He noted that incentive is almost 38% of all business that comes to Hawai'i on the single property side. He said that tentatively, they got the fraternal associations interested for the citywide side and different groups for the single-property side. He added they are focused on reaching out to the right type of customers.

Mr. Talwar reported that the Go Hawai'i app allows them the branding consistency and to communicate to the user a variety of information about the sites, availability, reservations, activities and local businesses He added that they will add more content with the app being recently launched. Mr. Talwar reported that they were in alignment with the DMAP initiatives and regenerative tourism and is fully behind the Mālama Hawai'i messaging with their audience targeting.

Mr. Alameda asked where the videos are going to be rolled-out. Mr. Talwar responded that there are a lot of digital delivery and can see it on YouTube together with the Mālama Hawai'i Campaign and Kuleana Campaign.

Ms. Menor-McNamara asked about what efforts were made to inform visitors of the updated rules and the visitor demographics providing positive feedback on the Mālama Campaign. Mr. Talwar responded that they have updated their guidelines and sent messages out after the Governor's announcement, He said that the comments were gleaned from the one post they placed out there and so it's not a scientific study. He added that at most 25 didn't appreciate the Mālama Hawai'i but the rest felt it was additional knowledge and gave them another reason to come back.

Mr. Atkins asked about the dark color of the video backdrop and masks. Mr. Talwar

responded that they did color corrections to brighten them but will look at it again and that they are already doing edits with regards to the masks.

Ms. Yuen asked about supporting the local non-profits with direct opportunities to become more self-sufficient. Ms. Anderson responded that they provided the list of the nonprofits agreeing to be put them on the website and worked hand-in-hand with HVCB on developing it. Mr. Ka'anā'anā added that they need to be cautious not to send a large audience to these small organizations and perhaps partner with agencies to do business development workshops to prepare the nonprofits for the visitors.

Ms. Kimura asked about the airline seats. Mr. Talwar responded that air seats seen in January and February are pre and summer is when they have a lot more seats particularly for the East Coast. He noted that airlines have either added more seats or gauged their planes. He said that they don't have an understanding of how well the airlines are yielding their rate structure. Chair Chun added that most airlines are reporting near 100% return to pre-pandemic leisure travel and leisure bookings and also yields.

Chair Chun asked if there's a way to show people to Mālama in a small way like reusable water and rideshare to change local sentiment. Mr. Talwar said that their approach was based on residents seeing visitors acting consistent with the community's values. He noted that a lot of the volunteer projects are on property or in the resort area and that they'll continue to work on it.

Mr. Atkins asked about the areas that will impact them with the major cut to the convention center. Mr. Reyes responded that they needed the budget in sales force the most that they were able to reprioritize to be able to engage customers in an efficient and effective manner.

Mr. Regan read a question from the public regarding the Go Hawai'i app. Mr. Talwar responded that it will be downloadable from the App store and website but they'll distribute it directly while awaiting launch on the App store.

Chair Chun recognized Eric Takahata, Managing Director of Hawai'i Tourism Japan to provide an update. Mr. Takahata reported that an emergency declaration is still in place across the country to save the Olympics. He noted that economic loss is estimated at \$9.2 billion and they are limiting visitors to 90,000 to the Tokyo. He added that the infection rate for Japan is 572 cases per capita (100,000) compared to about Hawaii's 2,500. He said that from the Japanese perspective, the CDC's Level 4 travel advisory to Japan is not seen as a concern and the outlook of industry partners, stakeholders, airlines, tour companies and Japanese government remains the same and US citizens are not allowed for over a year to the country.

Mr. Takahata reported that the vaccine rollout was slow in February but is ramping up. He noted that Prime Minister Suga stated that the goal is to have the majority of the population vaccinated by summer. He said that the negative PCR test result and 14-day quarantine is still required for all entry into Japan. He noted that ZipAir Tokyo is resuming their direct flights to Hawai'i in July with additional flights in August and September while ANA is looking to return the Flying Honu service back to Hawai'i in August. He added that the Japanese carriers are picking August to cite the traditional "obon" season for Japan where goods and services become expensive.

Mr. Takahata reported that Hawai'i remains the number one travel destination for Japan with 51% wanting to come because they've visited before. He added that the Japanese love the idea of digital vaccine passports. He said that the Japanese Travel Ministry would not share the competitive destination in Asia but noted that it definitely has a beach and is offering 200,000 complimentary round-trip tickets to the Japanese for their initial promotion to restart travel. He added that Korea is in deep discussions with the Japanese government to host fam tours to come back to Korea and the government is hosting a lot of these. He noted that Taiwan has events planned in Japan and Australia has partnered with ELLE magazine for a gourmet video series and will do Australia-themed charter flights in Japan thru JAL.

Mr. Takahata presented the four major personas of the target audience which consist of the pono travelers, multi-generation families, new-norm workers, and couples/romance. Mr., Takahata noted that Mālama is a great way to pitch Hawai'i to the Japanese since it's a big and valuable concept for them. He noted that they will continue to use digital platforms to reach out to them. He said that the Aloha program with over 70,000 members was key for HTJ in helping spread their messages. He added that they will continue to approach media related to edu-tourism and sustainability. He said that they started partnerships with Hilton Grand Vacations, JCB Credit Cards and E Noa Tours for the Mālama initiatives. He added that they're working in collaboration with the DBEDT for the true data initiative and have dissolved the Wear Aloha, Save Aloha promotion after getting much response from the public. He said that part of the Mālama strategy includes Surfing in Hawai'i which is really important past the Olympics and Made in Hawai'i Festival happening in November which showcases all the suppliers and Hawai'i products.

Mr. Takahata reported that everyone is saying that they are targeting Q4 for the Japan Market. He noted that wholesaler package products will be available from July 1 arrival to Hawai'i for Summer sales promotion. He added that JATA is considering a managed travel concept with vaccine tour as outbound possibility from Japan to Hawaii, and that the airlines are looking at increasing their seats for summer. He noted that JAL and ANA are airing the

Hawai'i messaging video in all of their domestic flights free of charge. He said that the International Air Transportation Association (IATA) travel initiative has been adapted by ANA and JAL and will start working on Hawai'i as a trial. He added that major wholesalers have targeted July 1st to the end of the year for their Hawai'i package tours. Mr. Takahata said that JTB and HIS are all excited for the Honolulu Marathon happening this summer and a huge breakthrough for the Japanese market with an average of about 13,000 Japanese flying in to Hawai'i for a one-week event. He noted that there are no co-op programs in place though there are a lot of requests from partners for it but wanted to be ready for it when the market starts moving. He said that they will continue to connect Hawai'i stakeholders to all travel partners digitally. He added that they have the Hawai'i Summit and Hawai'i Expo planned later this year.

Mr. Takahata reported that they see MCI to promote Hawai'i as a learning destination with the Mālama platform and will be targeting three core segments such as incentive, edu tourism, and entertainment. He noted that they received inquiry for a large concert to happen in Hawai'i in December. He added that the ongoing strategy for MCI is to hit singles and doubles, get on base and every year, the Marathon, and then the Citywide with the larger numbers. He noted that the education initiatives will continue with the MCI market and are giving inputs about the DMAPs and regenerative tourism to the Japan market. He said that they have been working on fundraising for the NPOs in Japan for the 'Iolani Palace and Bishop Museum. He shared examples of work done with DLNR and said that they're happy to do the translations of materials with organizations in Hawaii. He said that the Aloha program is a big part of regenerative tourism with cultural events for Japanese consumers and businesses to directly connect with local practitioners. He added that content in their website includes products and is a big part of what they do. He said that Mālama is always going to be the overarching umbrella of all of their messaging.

Mr. Arakawa asked about what makes Hawai'i unique, what support is needed and what needs to continue to be prepared for Q4. Mr. Takahata responded that the Hawaiian culture is the biggest differentiator from competing destinations. He noted that it resonates with their culture that they embrace it. He added that Japanese visitors are high spending, compliant and respectful and the bond between Japan and Hawai'i even dates back to 1845 and beyond. He urged to not turn their backs on Japan but to keep the plugs on for they'll be coming back full force and contributing to the whole economy.

Mr. Downing noted that the relationship that Hawai'i have with Japan is as deep as family. He noted that they need to keep a small amount of water flowing to Japan at this time versus letting it go dry. He said to be careful with the promotion of surfing and to ensure a strong structure to keep the local residents from becoming more upset with the crowd.

Mr. Atkins asked about the lifting of the 14-day quarantine in terms of the vaccinated population, about travel conversion and about airline cost. Mr. Takahata responded that according to two Japanese carriers, it's costing them \$100,000 to \$150,000 per round trip flight between Hawai'i and Japan which translates to about \$5000 per person cost for 30 to 35 person, excluding their expenses with the ground crew in both countries. He added that the shopping retail is also getting low numbers and ROI are bad. He added that they have a 90-day window for conversion.

Ms. Kimura asked about the Paralympics and if the forecast for the air seats are realistic and if the airlines are committed to it. Mr. Takahata responded that it was the Olympics and not the Paralympics. Ms. Varley added that nobody can commit anything that's why airlines are announcing every two months but they are committed to save at least 35 flights a month for Hawai'i. She added that the next couple of months are going to be key for Q4. Mr. Takahata said that they'll recalibrate their forecast for air seats.

Mr. Takahata recognized Dr. James Barahal, President of the Honolulu Marathon, to provide a testimony. Mr. Barahal said that people think that the marathon can't be done without the Japanese but it's actually the opposite. He noted that the Japanese people come over not to run the marathon but actually to help in all sorts of ways. He added that its long success with the Japanese market is attributed to the continuous relationships with back and forth loyalty, particularly with JAL which took decades to build. He urged the importance of keeping it going because the relationships are so important. He noted that the event actually wasn't funded by HTA and the Japanese have a hard time understanding that it's not supported by the government. He said that the relationships that they've built are so important and they must continue to show that loyalty and respect.

Daniel Ojiri of Outrigger Hotel provided a testimony saying that setting the high numbers aside, it's about the relationship that was built with visitors for the last 50 years with 65% of them as repeaters. He said that this has to be nurtured. He added that the airline partners have developed Hawai'i to be the number one destination of choice for Japan and that they're losing money flying 30 people, but are keeping their commitments. He reminded of the investments done where ANA bought 3 Airbus A380 which is dedicated to Hawai'i on top of big investments to support it. He noted that these planes are sleeping in the terminal and there's another one waiting in France to be delivered. He said that they need to give that relationship attention and stay engaged with them when times are hard. He added that the relationship is something Hawai'i should understand and these partners built the business for them. He urged them to consider continuing support for HTJ.

Chair Chun recognized the testimony of President Shimura of the JATA through video. Pres. Shimura said that JATA enjoyed 50 years of long standing bond with Hawai'i and its tourism industry. He noted that despite the huge collective losses of members companies, JATA and its member companies remain committed to inbound and outbound travel to the state of Hawai'i as evidenced by the large financial investments made by providing direct flight services and promoting and selling Hawai'i travel products in Q3 and Q4. He noted that Hawai'i travel products will become the first overseas travel product for the recovery in the Japanese overseas travel market. He urged HTA to not dismiss the Japan market as doing so will cause adverse effects on Hawaii's positioning in the Japanese market. He added that they are seeing the light with the rapid rollout of the vaccinations and looks forward to continuing the friendly relationship with Hawai'i and HTA for the long future.

Mr. Regan read a question from the public asking about the IATA travel pass. Mr. Takahata responded that the IATA travel pass is not yet linked to the Hawaii's Safe Travels program.

Chair Chun recognized Irene Lee, Country Manager of Hawai'i Tourism Korea, for an update. Ms. Lee reported that Korean residents vaccinated in Korea are exempt from the 14-day quarantine when they return from traveling and the government is reviewing possibilities for those vaccinated outside of Korea also. She added that the vaccine passport was rolled out in April to authenticate people's vaccine information which is available on the App and Play store. She said that South Korea currently has about 8,000 active cases and that the fatality rate is decreasing from 1.4 to 0.5. She noted that about 7% of the population was vaccinated and the government's goal is to attain herd immunity by November. Ms. Lee said that there are signs of airlines coming back to Hawai'i such as Korean Air and Asiana Airlines by September. She noted that four major hospitals agreed to be Hawaii's trusted testing partners and two additional facilities are waiting for AG and DOH to assign two additional facilities.

Ms. Lee reported that Maldives waived the quarantine requirement for vaccinated travelers from Korea highlighting the fact that 90% of their tourism industry people are vaccinated. She noted that Switzerland launched an online Travel Academy switching from offline to online training program. She added that Guam announced its vaccination status to over 50% of the population and that vaccinated Koreans are exempt from the quarantine. She said that they continue to target the high-value mindful visitors and are going after the millennial minded, mainstreamers and first-time visitors. She identified five key strategies for recovery which are as follows: revitalize market demand, position Hawai'i as the top of mind destination, refresh the images of Hawai'i with DMAP initiatives, educate travel trade and media partners for regenerative tourism and develop coops with airlines, travel agencies and OTAs. She added that they will be focusing on promoting with consumer publication partners and social media

channels and on Hawaiian culture and regenerative tourism with the Mālama messaging. She said that programs include digital campaign on Stories of Aloha and will be working with Naver, the Google equivalent in Korea, with content posts under HTA's strategic pillars. She said that they will be partnering with Vogue magazine and collaborating with the consumer brands and influencers to increase branding.

Ms. Lee reported that their goal in the trade efforts is to drive high-value visitation and regenerative destination image in partnership with key airline partners, OTAs and wholesalers. She noted that trade programs includes live Commerce sites and TV home-shopping platforms. She added that their co-op plan still needs fine-tuning. She said that they will be holding an offline training event at the end of the year as part of the ongoing Aloha Specialist University program to train key agents.

Ms. Lee reported that MCI efforts will be geared towards securing and converting high-value MCA leads for 2020 to 2022 and will be conducting series of Meet Hawai'i virtual meetings which targets the finance,, banking insurance, multi-level marketing, healthcare religions, manufacturing, education, entertainment groups, and technology sector. She noted that they will be incorporating the Mālama Hawai, Kuleana contents and the five pillars of the DMAP in all of their programs. She noted that they've connected local businesses to Hanjin, Korean Air's mother company, for them to sell Hawaii's local products on their website.

Chair Chun recognized Darragh Walshe, HTO's Senior Account Director, to provide and update. Mr. Walshe reported that Oceana's market and economic condition is strong with the strict COVID-19 elimination strategy of thorough contact tracing and testing program and short-term localized lockdown in cases of outbreaks. He noted that the exchange rates are stronger against the USD and some future visitors are pitching to travel to Hawai'i to take advantage of it. He said that consumer confidence is very strong and that 6.69 million Australians have built up over two weeks of annual leave. Mr. Walshe noted that the reopening of tourism is linked to the COVID rollout. He noted that New Zealand will see a large proportion of the population being vaccinated by October and November, and PM Jacinda Ardern stated publicly hoping to open the country to vaccinated travelers prior to the completion of the vaccination program. He said that though press coverage states that Australian borders won't reopen till mid-2022, the reality is they've already opened to New Zealand via the Trans-Tasman bubble which has proven successful in reopening borders. He added that they will almost certainly open to other destinations with the U.K. and U.S. as safe low-risk destinations. He added that a second bubble was created between New Zealand and the Cook Islands which have been equally successful. He noted that most key airline partners have schedules returning by December.

Mr. Walshe reported that HTO has a 3-stage approach by targeting travelers who seek authentic experiences and are cultural explorers (Care), focusing on brand and product aligned messaging (Aware), and providing platforms thru industry partnerships for the visitor to influence friends, family and followers (Share). He added that their consumer strategy of inspiration, brand depth and conversion is aligned with their brand, messaging, and the marketing assets which include the Mālama initiative that resonates with their targeted traveler. He added that their initiatives include their content based “Infinite Experiences” social media campaign and broadcast partnership based Cultural Tourism initiative taking place in the first half of 2022. Mr. Walshe noted that they have the same Care, Aware and Share approach for trade allowing them to focus around travel trade education, partnering with the right segments, product alignment, connecting local trade with the industry, and reaching their engaged clients. He added that key initiatives are around education, brand depth, connecting local trade with Hawai’i industry, which includes the remodeling and re-launching of Trade Winds platform.

Mr. Walshe reported that Vintage Sport is finalizing their Golden Oldies Rugby tournament next May which will bring over 1000 participants. He noted that they have started embracing the Mālama initiative and have committed to working with local community organizations around sports. He added that a few of the people in one of photos on the Go Hawai’i Mālama and Volunteerism section were him and his family and his sister’s family where no model fees were necessary. He noted that they see opportunities around agritourism and promotion of local products for the DMAP initiatives. He said that the four pillars will continue to ground them and provide guidance, clarity and passion for what lies ahead.

Mr. Atkins asked about the HTO staff. He said that it’s only him as they’re working within the fixed costs structure. He said that they’re still aiming for the December month where flights will start operating again and hoping to have at least two months lead-in time before that to start increasing staffing and resources.

Chair Chun recognized Susan Webb of HTC to provide an update. Ms. Webb reported that the Canadian dollar is at the strongest at USD\$0.82 with strong GDP with employment rate going down due to the government subsidies. She said that over 65% of Canadians are vaccinated and that the Prime Minister will seriously look at opening borders once it reaches 75%. She noted that the advisory panel for the government advised to remove the 14-day quarantine for any returning person who is vaccinated.

Ms. Webb reported that Canadian Air made a press release about an additional 165,000 seats for the Winter 2021 and 2022 and is opening new nonstop routes (Montreal to Honolulu, Toronto to Maui, and Calgary to Honolulu) all using their 787 Dreamliner Service which is

ideal for luxury business class type of passengers. She added that once the quarantine and hotel situation for returning residents in Canada gets lifted, they will start service back into Hawai'i earlier. She said that they're still targeting the mindful travelers and Canada is very mindful, wearing masks everywhere and very careful about social distancing which will respect the travel to Hawaii. She noted that Quebec will be a new market for this year. She said that their consumer strategy is 100% digital and will be constantly reviewing their focus for their messaging and retargeting situations. Ms. Webb said that they have partnered with Air Canada to target passengers with incredible amounts of miles to come to Hawai'i using their points. She added that they're working with Expedia, Costco Travel and the Baby Boomers with promotional partners in Canada like Zoomer radio.

Ms. Webb reported that everything they do, whether it's travel, trade consumer, or media with public relations will include the Mālama, the Kuleana themes, DMAP and responsible tourism messaging. She noted that they will be working with the number one media Outlets and doing some inaugural fam trips with media with the Air Canada flights from the three markets that they will be launching in December. She added that their travel trade strategy is all about education which is in French and English. She said that they are planning to re-launch the Aloha Canada Trade campaign on October 28 which has been very successful last year. She noted that they're working with their co-op campaigns and partnerships with new niche operators like G Adventures and Intrepid Group. She said that Sunwing, a tour operator, will be launching into Hawai'i this year. She added that they're busy working on RFPs for the MCI market and have confirmed business even for September 2021 and through April next year with some tentatives.

Mr. Arakawa suggested that the Marketing Committee Chair and its consultants look into the changes with the KPIs since demographics, tourism and HTA are changing.

10. Discussion and/or Action on HTA's Communications Plan

Chair Kam recognized Marissa Yamane to provide an update. Ms. Yamane reported that the unabridged Communications Plan has three phases where Phase 1 and Phase 2 have to do with HB862 and HB 200, and Phase 3 consists of the six month plan which has to do with visitors and residents with proposed topics for different months from June to November. She noted that for June, they sent out a letter to their distribution list on behalf of John De Fries informing of the rental car shortage and giving out tips like initially booking rental cars before making travel arrangements, renting from legal rental car companies and of other modes of transportation. She added that other topics include illegal vacation rentals (July), respecting Hawaii's culture (August), caring for the land (September), holiday travel (October) and giving and sharing Aloha (November) which are subject to change in such a fluid situation.

Mr. Alameda shared about a home running a rental car business out of their home in the Hilo neighborhood and thanked Ms. Yamane for providing awareness about these topics that they will start dealing with.

Mr. Downing said that the rental cars in the restaurant industry are booked out till July on reservations which really frustrates people so any awareness that can be done there would be good.

Chair Kam said that it used to be 3 to 4 days when people will book out of top restaurants but now it's July/August and hopes to get the 50% capacity restrictions loosened up with the mass mandates. He added that he, Mr. De Fries and Mr. Ka'anā'anā initially went to the communities to get first-hand information from them and figured out solutions together to anticipate things. He noted that he will continue this activity and will go to other islands as well.

Ms. Yuen asked how the messages would be rolled out. Ms. Yamane shared the list of proposed methods which includes press releases, announcements, letters from Mr. De Fries and others and will be a combination of these.

Mr. Arakawa asked about the limitations of the responsibility assignment. Ms. Yamane said that it's open to anyone and it's better for more hands helping out.

11. Presentation and Action on the Proposed Statewide Reservation Management System to be Implemented in Partnership with DLNR and Other Key Stakeholders

Chair Kam recognized Kalani Ka'anā'anā to provide an update. Mr. Ka'anā'anā reported that conversations about a reservation system have been ongoing since two and a half years ago. He noted that they are engaged into talks with DLNR about how to manage access to sites that have been overrun or have crowding in a way that helps leverage technology and protect the natural resources while improving resident and visitor experience at the various parks, trails and assets they have. He said that they've come up with a technological solution as a means but had some complex challenges with the limitations of sites such as the presence or absence of parking areas and PUC commercial license among others. He said the DLNR is already implementing reservation systems in different communities and have been very successful for the process was long planned and community-driven. He added that much of the success comes from the "how" they do it and how HTA thinks about its engagement with DLNR and other partners. He noted that other challenges included confusing and difficult user experience with the information dispersed on different websites and the first come-first

served system in some parks leads to uncertainty of space or availability of park goers. He said that they need to figure out how to cater that user experience for the convenience of visitors.

Mr. Ka'anā'anā reported that their initial stakeholders have been the statewide partnership with DLNR and the program under DOFA. He said that initial conversations have been with the state and are thinking on how to engage counties as well to better manage the problems. He said that the build-out of the reservation system is estimated to get fully up and running by six months to a year. He added that the community engagement process will take time but if a system can be built so that the community is educated and their concerns are alleviated, then there's a better chance to rollout a system that makes sense. He said that basing from the previous projects the estimated budget is \$1.5 million which will then build out a modular system allowing them to roll out to other parks. He noted that the intent is not to build one system for all sites due to the varying complexities and limitations but to build the system up front and turn on the light switch for each of these Parks over time prioritizing hotspots and overcrowded places.

Ms. Yuen asked if it will be housed at HTA. Mr. Ka'anā'anā responded that HTA will help contract the project and hopes that they would manage it but would need information from the DLNR and other stakeholders on things that actually need to happen.

Mr. Atkins asked about the booking mechanism and the maintenance of the program. Mr. Ka'anā'anā responded that he envisioned something that tells all the messages that HTA is trying to get out like dos and don'ts along with the context, history and culture of the place. He noted that they will take a look at the existing concern on a previous project where it's putting DLNR over their spending ceiling and the special funds where those moneys are deposited

Mr. De Fries informed that according to a call from Senate President Ronald Kouchi, he will be taking the lead on the statewide system with the retirement of Sen. English and would like to voice his full support for it.

Mr. Downing asked if the reservation systems are intended for the HTA website. Mr. Ka'anā'anā responded that their main concern is that the sites are housed independently from each other and they're still figuring out a solution for this whether GoHawaii houses it or something else.

Chair Chun asked about the interface and connectivity of the GoHawaii app and the reservation system app. Mr. Ka'anā'anā responded that DLNR had been working on it already

where the state parks division with KIRC control has been on a path to work toward their own statewide reservation system. He added that HTA's original intention is on how to enhance and speed it up.

Chair Onishi clarified about the reservation system, the budget and maintenance. Mr. Ka'anā'anā responded that the idea was to help DLNR but sensed that the administrative control has no capacity to manage the implementation of the project, thus he offered to help with it. He said that DLNR doesn't have the budget so they proposed it in the staff recommendation in Appendix D, item 14. He added that the intent is for a portion of the generated revenue will go back to the system maintenance until it becomes self-funding and that the fee schedules will be set by the DLNR including the maintenance. He said that there is no projection of the cost yet as they're still at the phase of getting DLNR to buy in the idea.

Chair Onishi expressed concern that there isn't a larger discussion that includes more people than just HTA and DLNR with the issue, especially with the number of bills introduced that would assess visitor fees which will impact the industry.

Mr. Atkins said that he had a conversation with Senator Kouchi mentioning that the user fees are being collected on another type of program He said that he will get back to the Board for more details.

Ms. Kimura asked if the budget for the system is created for the next fiscal year and about the control of fees. Mr. Ka'anā'anā responded that it hopes to be encumbered before the end of fiscal 2021 and that the fees can't be controlled by HTA for the jurisdictions that have them will set it. He added that he will work hard not for DLNR but for the resources and for the communities sincerely asking HTA to ensure that the resources aren't run over.

Ms. Yuen said that the confusion begins if the program was meant to start collecting fees on top of the state park fees. Mr. Ka'anā'anā responded that the intention is to accelerate what DLNR is already doing and not to add more fees.

Mr. Downing said that he sees HTA as a big sibling who tries to pull the links together so they can be one unit and as a facilitator to help the common good for the state of Hawaii.

Mr. Ka'anā'anā agreed and added that HTA's responsibility is the education piece wherein the existing websites are devoid of culture, history and enrichment. He added that HTA's strength is the content creation and storytelling to be able to communicate the special and unique things about a place and help them understand where they're going to visit and with that appreciation, they go as a more respectful, traveler to that place.

12. Presentation, Discussion and Action on HTA's Financial Reports for April 2021

Chair Kam recognized Keith Regan, HTA's Chief Administrative Officer, to provide an update. Mr. Regan thanked the HTA team for the great job maintaining constraint and restraint on their spending without any TAT revenue which was shut off in 2020. He reported that there are a lot of information in the packet for the month of April which includes the tourism emergency trust fund at \$5 million dollars and the cash balance of the TSF as of April 30, 2021 at \$56.5 million, which includes the \$5.1 million from the tourism emergency trust fund. He noted that it was down to about \$1.3 million from the previous month with some activity during the month of April which is money based on encumbrances made on contracts. He added that there was about \$1.6 million expenditure from the TSF of which \$1.4 million is from FY 2021 and \$195,000 from prior fiscal years. He noted that there were encumbrances carried out from the prior fiscal year and they're doing their best in bringing down the encumbrances. He added that they received \$354,000 revenue in April from the TSF due to investment revenue and credits taken back from contracts that are closing out. He said that the total year-to-date expenditures within the TSF is \$22.2 million and within the TSF is \$1.45 million from investment revenue and money back received from the contracts. He added that \$312,000 was spent within April and almost \$4 million current and prior fiscal year expenditures from the Convention Center Enterprise special fund. He added that they generated \$5,000 revenue for the Convention Center Enterprise special fund but total year to date of \$4.95 million primarily coming from activities that were happening at the Convention Center. He said that out of the \$41 million budget that they have, 90% budget has been encumbered in some way, shape or form which is about \$37 million that has been utilized by the team. He said that they project about \$12 million unencumbered monies left within the TSF at the end of the current fiscal year. Mr. Regan noted that they have about \$5.4 million from prior fiscal year encumbrances and \$26.5million coming from FY 2021. He noted that the Tourism Emergency Trust fund of \$5 million is held in the Bank of Hawai'i and is in extremely safe investment with the lowest risk possible.

Ms. Kimura asked about the money spent on contracts. Mr. Regan responded that they have encumbered funds allocated for branding which they locked in and reserved so that it can be used to pay the contractors within that branding category.

Mr. Regan asked for the motion to approve the Financial Reports for April 2021 as presented. Daniel Chun made a motion and it was seconded by Micah Alameda and unanimously approved.

13. Report by the Budgetary Review Investigative Committee of their meeting held on May 18,

2021

Chair Kam recognized David Arakawa to provide an update. Mr. Arakawa reported that the general theme of the BRIC is to try to conserve as much money when tourism is down, look into things that will help them prepare when tourism comes back and start spending again when that happens. He noted that the HTA staff presented the 2022 budget under HB 862 and HB 200 and the committee looked at different scenarios for the \$60million provided by the legislature and the existing HRS noted funding of \$79 million, the possibility of changes in the amount based on a veto or other legislative action and changes in HTA's operations as outlined by Mr. De Fries in his presentation based on the legislative bills. He added that there are a lot of questions especially with the federal funding which are still under research but when the information is available, a resolution will be made and a recommendation will be presented to the Board in June for the 2022 budget.

Mr. Arakawa reported that the second issue was about the funding needed from the current fiscal year fund to address current programs before June 30. He noted that they asked the staff to prepare a list of program items needing urgent funding before June 30th which is attached as Appendix D on the resolution of the agenda. Mr. Arakawa said that the last issue would be the outstanding resolution to be presented in June for the 2022 budget based on the new legislation.

14. Discussion and Action on HTA Board Resolution 2021-2-1 including, but not Limited to, Research, Planning, Budgeting, Operations, Staff Roles and Strategy Initiatives

Mr. Arakawa clarified that the original resolution that was discussed by the BRIC was going to be a resolution about the 2022 budget and the resolution to be presented today is a different resolution. He recognized John De Fries to provide an update. Mr. De Fries emphasized that the resolution is a draft of the staff's recommendation for the Board's review and consideration. He and Mr. Regan read the resolution denoting that with the impact of COVID-19 on the economy, tourism, government, policies, HTA and more, the HTA staff asked the Board to resolve five items which directs Mr. De Fries to take immediate action to review, realign and reorganize, the authority strategic plan budget and operations and to provide training and support to the authority staff, gives authority to the CEO to realign the HTA budget and utilize any unencumbered appropriation balance, enables the staff to submit a written summary of the proposed change management plan to the Board for approval at the June 2021 meeting and to submit written progress reports on the implementation of the approved change management plan monthly.

Ms. Yuen asked about the substantial changes for the strategic plan. Mr. De Fries responded

that they are not to alter the structure of the four pillars but to give more detail and refinement to the objectives and outcomes.

Ms. Menor-McNamara asked for clarifications on the funding for the realignment and reorganization of the strategic plan operations. Mr. Regan explained that if H 862 becomes law, any funds that are not encumbered by the end of the fiscal year would not be accessible to HTA after June 30, 2021 and would revert to the general fund of the State of Hawaii. He added that they will lose control of the fund if they don't encumber the contracts that are listed in exhibit D by June 30. Ms. Menor-McNamara noted that those contracts are subject to the approval of the board. Chair Arakawa agreed saying that they're asking for approval for the lists of 13 programs and contracts recommended by the staff as priority.

Chair Onishi asked for clarification about the information and the source regarding the funds not being accessible by HTA by July 1. Mr. De Fries responded that they learned about this during their conversations with DAGS Comptroller and DAGS Deputy AG, VP of Finance and Deputy AG George Kinkley. AG Kinkley said that Chair Onishi is probably right about the legislative intent but he thinks the legislature's intent was to allow expensing or encumbering from the TSF before they lose access to it. He explained that the problem is HB862 wherein the \$60 million appropriation is an ARPA fund and no appropriation exist out of the TSF for HTA after June 30. Mr. Regan reiterated that the expenditure ceiling for the TSF does not continue into FY 2022.

Mr. Atkins asked if the Appendix is included in what they're voting for with the resolution. Chair Kam responded that it's part of the resolution and that they can review the content of the Appendix. Mr. Atkins said that he supports every item which is exactly what's intended for the 2025 plan and it would be meaningful to be able to implement it. He added that this is an opportunity to be able to tell the community what tourism does for them with the \$11 million going to programs where they can explain to the community where it's going.

Ms. Kimura asked if they can have the approval by the next board meeting after the Governor's decision on the bills by June 21st. Mr. Arakawa responded that it would be too late to do contracts if they wait for the next meeting.

Mr. Togashi said that he agrees to the amount that is asked to be approved are programs that they like to do regardless of whether HB862 is vetoed or not. He added that looking at the detailed budget worksheet put forth by the legislature for the \$11 million of Convention Center appropriation, it shows that there's actually a decrease of \$141 million dollars of spending ceiling that was previously in place that it's not a matter of adding the \$11 million and adding to the \$141 million but taking that \$141 million dollars that previously existed,

and seeing a deletion of the said amount and then a reinsertion of the \$11 million dollars. He added that there's also HB 862 which provides \$60 million as another vehicle of ARPA funds.

Mr. Atkins asked about the Center for Hawaiian Music and Dance, and if the special funds for it goes to the general fund. Mr. Togashi responded that the \$5.95 million resides within the terms of TSF and that they don't take any action on the general funds. Mr. Atkins asked if it should be encumbered as well. Mr. Ka'anā'anā responded that they've had plans to start a digital concept for the center as a proof of concept and would recommend encumbering it.

Chair Kam suggested including in the resolution the authority for HTA staff to be flexible in case there are other funds that may come and not just restricted to Appendix D. Mr. Arakawa asked AG Kinkley about the legalities of the line that will be added to the resolution. AG Kinkley responded that either way is legal and is up to what the board wants to do.

Ms. Yuen suggested loosening the language on the statewide reservation system to include other vendors and not just DLNR. Chair Kam agreed to just give a little more flexibility for interpretation so that when additional funds came up, they have the ability to encumber with those guidelines. He clarified that to encumber is not "spent" but it just gives one the permission to do so if needed

The Board discussed on how to add the revisions that they want to the resolution. Chair Kam clarifies that he totally agrees with the presentation and just wants to add flexibility in the language to be able to encumber funds that they like to encumber before the end of this fiscal year so that it doesn't go towards general funds. Mr. De Fries said that the bottom line is that the Board and staff don't want to lose funds because they did not encumber in time. He noted that with his conversations with the governor and BNF, they are still awaiting clarification from the U.S. Treasury about the possibility of the FY 2021 dollars not being dispersed with the signing of the ARPA MOU. He asked for the Board to consider what HTA would do if that were to happen where they added funds with an expiration on it that HTA could lose.

Chair Kam responded that that was the reason for the language that he was proposing and would defer to AG Kinkley on what language they can have in there that addresses such possibility. AG Kinkley responded that it's not a legal problem but has to do something with what the board is comfortable delegating to the staff.

Mr. Arakawa asked for clarifications on where the funds are and where they're coming from for he agrees with the 13 programs and the added clarification from Ms. Yuen. Chair Kam agreed with the proposed Hawaiian music and dance and said that he will depend on Mr. Togashi's response on the language that can be inserted for the Board to be comfortable.

Mr. Regan explained that the \$5.9 million and change resides in the TSF and is not included in the \$12 million anticipated carry over. He added that the Hawaiian Music and Dance wasn't added to the list as they failed to consider what was going to happen to it until the meeting with DAGS. He added that it is a priority for the staff but just didn't make it to the list in time for the meeting.

The Board continued to discuss on ways to go about the resolution. Mr. Ka'anā'anā said that he preferred to add a line 14 on the agenda to the Appendix that would read "Center for Hawaiian Music and Dance" and that the pillar is Hawaiian Culture amounting to \$5, 948, 568 with him being the program lead. He added that he will provide a description after. The Board agreed with the amendment for line 14.

Chair Kam asked the Board what they are comfortable with for line 15 only until June 30. Mr. Downing said that he supports the staff because HTA won't have the money anyway so and it's good to spend it for Hawaii.

Chair Kam asked for a motion to accept the resolution as amended with the "TBD" in line 15. Mr. Togashi made a motion, seconded by Chair Chun and unanimously approved.

15. Closing Cultural Protocol

Chair Kam recognized Kalani Ka'anā'anā to do the protocol. Mr. Ka'anā'anā said that they are guided by Hawai'i revised statutes asking them as state employees and the Board to exercise power on behalf of the people and in fulfillment of their responsibilities, obligations and service to the people and government that they may contemplate and reside with the life force and give consideration to the Aloha Spirit of kindness, unity and unity, humility and patience. He asked everyone to consider it today that they may conduct themselves with aloha and share it with everyone that they meet. He ended the meeting with a chant.

16. Adjournment:

The meeting adjourned at 4:31 pm.

Respectfully submitted,



Sheillane Reyes

Recorder