



Hawai'i Convention Center
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David Y. Ige
Governor

John De Fries
President and Chief Executive Officer

**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, September 30, 2021, at 9:31 a.m.
Virtual Meeting**

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
MEMBER NOT PRESENT:	Sig Zane, Ben Rafter
HTA STAFF PRESENT:	John De Fries, Keith Regan, Marc Togashi, Kalani Ka'anā'anā, Caroline Anderson, Maka Casson-Fisher,
GUESTS:	Jennifer Chun, Teri Orton, Jay Talwar
LEGAL COUNSEL:	Gregg Kinkley

1. Call to Order

Mr. Regan called the meeting to order at 9:31 a.m. He provided instructions to the general public with regards to submitting testimony. Mr. Regan confirmed the attendance of the Committee members by roll call.

2. Opening Cultural Protocol

Maka Casson-Fisher opened the meeting with a pule to highlight this word 'aumākua being ancestors, the generations before you that you call upon for guidance or protection, in Hawaiian perspective can come in different forms and come to when we need them or when you might least expect them, but you actually do need them.

3. Approval of Minutes of the September 2, 2021, Board Meeting

Chair Kam requested a motion to approve the minutes of the September 2, 2021, Board

Meeting. Ms. Kimura made a motion, and it was seconded by Mr. Arakawa. Mr. Regan confirmed the votes through roll call, and it was unanimously approved.

4. 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.

5. Presentation, Discussion and Action on HTA's Financial Report for August 2021

Mr. Regan stated that the HTA's financials that are included in the packet are consistent and very similar to the previous month's financial report that the Board reviewed and approved.

He stated that they continue to work very closely with the Budget and Finance and the Department of Accounting and General Services otherwise known as DAGS, and as it relates to the American Rescue Plan Act, funds the ARPO monies that were appropriated during the last legislative session.

He mentioned that the Tourism Special Fund, as a reminder, sunsets at the end of this calendar year and encumbrances that remain after that point in time, continue to remain available for expenditure until they are subsequently disencumbered, and that the Tourism Emergency Fund remains intact and will continue to be available. This is the \$5 million that was referenced previously in the reports and will continue to remain available to the State in the event that a Tourism Emergency is declared, and the funds are needed.

He stated that it is projected that, at this point in time, approximately \$2.3 million of unencumbered funds in the Tourism Special Fund will revert to the General Fund at the end of this calendar year and, as can be seen in the financial reports, the Tourism Federal Fund and the Convention Center Federal Fund are how we are internally tracking and accounting for the expenditure of these are ARPO monies that have been appropriated and approved for disbursement.

He turned it over to Mr. Togashi, Vice President of Finance.

Mr. Togashi stated that as of August 31st there is \$67.5 million in cash and investments which represents the \$430,000 decrease from the last reported period of July. This was due to disbursements related to operational and various program expenditures, and of the \$67.5 million as Mr. Regan mentioned, \$5 million is reserved as the Emergency Fund.

He reported that \$59.8 million is encumbered toward contracts and the Tourism Special Fund will sunset on January 1st, 2022.

He stated that the anticipated balance is approximately \$2.6 million of unencumbered funds that they project currently to revert back to the General Fund on January 1st, 2022. There is a chart on page two of the Executive Summary that shows that progression over time from end of the last fiscal year through the anticipated January cut-off date.

Mr. Togashi stated that the new fund whose official name is the HTA CSF RF Subaward Fund, but they have referred to it as the Tourism Federal Fund or the TFF.

He reported that the Board has approved individual budget lines totaling \$32.7 million so far, this fiscal year, of which \$3.2 million has been encumbered for payroll. He stated that they have received access to that \$3.2 million and will make disbursements from it to fund payroll accordingly. He said that year to date they have made no budget reallocations.

Mr. Togashi stated that with regard to the CCESF or the Convention Center Enterprise Special Fund, which is the fund at the Convention Center has historically operated from, they have \$36.8 million in cash which is consistent with July's balance. Of that cash amount, \$35.9 million is encumbered toward contracts and most of that \$35.9 million incomes balances detailed at the bottom of page seven of the Executive Summary and represents the funds that were encumbered using FY2021 TAT restart and Board Reserve Funds.

Mr. Togashi reported that at the beginning of the fiscal year the CCESF had reserves of approximately \$870,000 which, as he previously reported, was anticipated to increase to \$5.8 million by the end of the fiscal year and that was with the deposit of Convention Center revenues. They now anticipate that balance to increase to approximately \$16.8 million by the end of this fiscal year due to receiving \$11 million in TAT that was deposited to the Convention Center Enterprise Special Fund recently in September, a few weeks ago.

For clarity purposes he stated that this year the Convention Center is receiving \$11 million in ARPO funds as well as \$11 million in TAT funds, and that receiving \$11 million in TAT all at once this early in the year marked a change in methodology for distributing that TAT, as historically that TAT was received in monthly instalments.

Mr. Togashi reported that, with regards to the Convention Center Federal Fund, the Board approved a \$490,000 budget for payroll which was encumbered in July, and so they are planning on spending that money towards that effort.

Mr. Atkins asked Mr. Togashi about the approximately \$2 million that is going to go back to the General Fund, and whether there are any programs that could use that money instead of it going back into the General Fund.

Mr. Togashi responded by stating that they are not able to access those funds in this fiscal year as they do not have an appropriation ceiling to be able to spend those monies so whatever was encumbered at the end of the last fiscal year, and throughout the last fiscal year, are the funds that they will be able to work with.

Chair Kam enquired from Mr. Togashi whether everything they encumbered on June 30th was all they could encumber, and anything left over, which is the \$2.3 million, is going to go back to the General Fund.

Mr. Togashi responded by stating that Chair Kam is correct, it is \$2.3 million and the balance being to \$2.6 million with a few contracts that liquidated in the period of July.

Mr. Arakawa asked Mr. Togashi about which contracts, or which areas were budgeted for last year, but where they were not able to spend the budgeted amounts, resulting in the \$2,000,000 left over, and why were they not able to execute those contracts before the end of the year.

Mr. Togashi responded by stating that as part of the encumbrance process that began with the board resolution in the May meeting, perhaps even early June meeting, they identified and prioritized a number of contracts that they felt were important for FY2022 operations. And that continued with the exercise that they went through at the end of the fiscal year when they learned that they would receive TAT restart funds. He stated that in combination those two amounts were approximately \$35 million and based upon that prioritization they were able to identify and encumber all the contracts that they had set out to encumber. Therefore 99.9% of the contracts that were identified, they were able do with funds that were available. They purposely left approximately \$1 million encumbrance on the table that they knew would revert back to the General Fund. He stated that during that closing period there were some other contracts that they released funds for that helped that balance grow to approximately \$2 million. In answering Mr. Arakawa's question, they were essentially able to encumber all those that they have set out as priorities for FY2022.

Chair Kam asked for a motion to accept the financial report as presented. Mr. Arakawa made a motion and was seconded by Mr. Chun. Mr. Regan confirmed the votes through roll call, and it was unanimously approved.

6. Report of the Chief Executive Officer/Chief Administrative Officer/Chief Brand Officer Relating to Staff's Implementation of HTA's Programs During August 2021

Chair Kam recognized Mr. De Fries to provide an update. Mr. De Fries asked for everyone's attention to the written CEO report in their packet, which summarizes the activities for the month of August. He stated that they will see that transition continued during August as the second month of the transition into a new mode of operations as well as references and updates to the DMAP program in each county. He said that the month was filled with one-on-one meetings with the members of the State Legislature, and within the last six weeks they have met individually with thirty-three members of the House of Representatives, and they have 2 appointments scheduled for the coming week. In the state Senate they have already met with ten of the twenty-five individually and have nine appointments confirmed in the next two weeks.

He emphasized that the meetings have been extremely informative, very candid, and well received in every case and it's given them an opportunity to highlight not only the strategic plan but the outgrowth of that Strat plan, specifically what's happening at DMAP. He stated that DMAP is turning out to be an excellent framework for those conversations because the priorities have been set forth, the actionable items have been identified and a schedule of addressing those actionable items and sub actions has been laid out on an annual basis for each year of the next three years.

He stated that in addition to that the weekly Senior Policy Leader meetings continue and are convened by HiEMA, the Governor, the Attorney General, the four Mayors, DBEDT, DOH and HTA. He stated that every other week, every other Monday, he is required to file a Visitor Industry Update that highlights visitor arrivals and the way they're trending, occupancies, average rate, and red par statistics. Also included in that is a monthly update which is somewhat dated because of the time it takes but great interest is put on the TNT collections which typically are 60 days prior to his actual reporting date.

Mr. De Fries commended the HLTA that is taking the lead throughout the State in extending vaccination opportunities, not only to the workforce that is employed throughout the industry but also to their families. He referred to what he reported last month on there being too many situations where employees were vaccinated and returning to their homes with family and loved ones that were not vaccinated. He reported that they have met with Department of Health and become familiar with the programs they have in order to deal with any misunderstanding or mental block there might be about people choosing to get

vaccinated or not. He reported that the workplace mandates have driven the vaccination percentage up.

He reported that yesterday HLTA had a meeting with Governor Ige, Chair Kam and Vice Chair Arakawa were in attendance and board member Ms. Menor-McNamara was present in her capacity at the Chamber of Commerce and he is of the opinion that Ms. Menor-McNamara did an excellent job in conveying some of challenges that have been put forth in this environment. He reported that they heard from each of the Boards, Chamber Board Leaders and Board Presidents from each of the islands, and that people were cautioning against the forced mandates because it seems to be exacerbating some of the reemployment problems and being able to fill the available jobs that are there, and so that continues to be a delicate balancing act.

Mr. De Fries stated that since the Governor's declaration on August 23rd across the board all sectors of our industry have reported significant cancellations in revenue loss that was emphasized again in yesterday's meeting. The Governor's office has reached out to each of these sectors encouraging them to provide his communications team with messages that may be specific to their sector of the industry. He stated that since the August 23rd announcement HTA and its communications team including Anthology and HVCB have been developing messages that the governance communications team will consider when the governor sees fit to issue a pronouncement reinviting people to return to the Hawai'i islands.

He stated that there are two things to expect, firstly, in a week or 10 days, is a new emergency proclamation and secondly, in the second or third week of October, and because of the way the delta variant curve is trending is to reinvite visitors back to Hawai'i islands, but that timetable and messaging is best left to the Governor.

Mr. De Fries said that during the month of August and the month of September they continued with monthly meetings with each of the Mayors and that those meetings have turned out to be well attended, have great interest and that when trying to message the consumer marketplace, State policy and individual county policies has sustained itself as a challenge, but each of the Mayors have been extremely forthcoming and candid in their engagement with the visitor industry leaders who attend the meetings.

He added that the American Hotel and Lodging Association's President has reached out to HTA to assist him and his executive team, and also meeting with the Governor which they hope to do in the middle of October. The national perspective is going to be increasingly more important, not only to the Governor's understanding but also to HTA in as much as

AHLA has a significant presence in Washington DC and given that their funding for FY2022 is ARPO having the efforts of AHLA and HTA in alignment is going to prove to be critical.

He reported that HTA has been invited to join the Ways and Means Committee for a meeting on the island of Maui on the 18th of October and has been given two hours and 45 minutes between 11:30 and 13:45 to introduce the strategic plan and provide updates on DMAP. He stated that there is going to be specific interest on strategies related to attracting the high-end visitor and high value visitor. He noted they will be reviewing the safe travels program and look at ways to improve that program, and that there is also an interest in understanding what strategies can be deployed and what support needs to come from both the legislature and the private sector in the industry to elevate the TIM School at UH, and have it recover its preeminent stature in the world as a tourism learning institution.

He noted that the other agenda item that has been emphasized is further understanding how the visitor industry can drive sustainable agriculture to a greater extent.

He stated that he had an opportunity to meet with Chair Dela Cruz and Director McCartney, and that Mr. Regan, Mr. Ka'anā'anā and himself have had one of two meetings with the WAM staff to finalize that agenda and the guest list.

He reported that those joining them at that meeting will be the leadership of the DOT, DOT Airports Division, DLNR and the County of Maui. He stated that there is great interest in understanding what more can be done to have effective interagency collaboration and coordination among the State agencies as well as at the county level.

Mr. De Fries invited Mr. Regan to provide the Chief Administrative Officer's Report.

Mr. Regan stated that, from an administrative standpoint, they have been actively supporting their team with their needs, whether it be procurement, contracting, finance accounting, human resources, planning or legislative.

He stated that they continue to move forward with the items contained in the Change Management Plan and a significant amount of time and resources have been allocated to that effort.

With regards to the Visitor Assistance Program, he reported that all four county programs continue to provide support to the visitors in crisis, and that it is a very important program that HTA supports. He reported the following statistics: in August Maui assisted eighteen visitors, Point Island assisted 45 visitors, Honolulu assisted 153 visitors, Kaua'i supported 18 visitors and calendar year to date the total number of visitors that have been supported through the Visitor Assistance Program equates to approximately two thousand. He noted

the program provides a safety net for visitors that may be experiencing a wide range of challenges including theft, injury and sometimes even loss of life. He thanked the executives and volunteers that have supported those programs and mentioned that the Hawaiian Lifeguard Association snorkel safety study, which has been included in the CEO report, is available on the website.

Mr. Regan stated that Ms. Anderson and her team have been working on the DMAPS, that the O'ahu plan was published on August 31st and the summer update emails or press releases provided some information on the Hawai'i Island, Maui Nui, and Kaua'i DMAP update for implementation of the actions and sub actions. He reported that the implementation phase is moving forward for all of the DMAPS including O'ahu and that they published the summer update prior to the publishing and completion of the O'ahu DMAP; therefore, in the next update there will be information relating to O'ahu's actions and sub actions.

He reported that due to direction from B&F, approved internal documents such as the CSFRF forms submitted for payroll, operational expenses or the three RFP had to be re-evaluated as they had to resubmit a consolidated CSFRF form to budget and finance that included a tourism recovery plan. He reported that the Governor signed off on that document on September 21st.

He stated that the Governor chose HTA to be the designated recipient of the \$14 million non-competitive award given to the State of Hawai'i from the Economic Development Administration and requested that the HTA works closely with DLNR and supports them with some of the requests that they have for projects that HTA believe fit with the NOFO requirements contained within the EDA document.

Mr. Regan reported that the EDA application was submitted and accepted by the EDA, and the next phase will be presenting opportunity and projects that align with the NOFAL requirements and actual use of the monies, therefore the team has been working closely with BNF to make sure that the subsequent forms beyond the CSFRF are in alignment and completed in a timely manner in accordance with what BNF is directing.

He reported that meetings with the Congressional Delegation have been completed, they met with some neighborhood Board Chairs and Vice Chairs for Kailua, Waikiki, Makakilo and North Shore.

He noted that in the month of August they met with 14 legislators which was extremely productive and positive and provided the opportunity to update the legislators.

He mentioned that all four Mayors participated in the meetings on the hospitality industry updates for August, and during the month of September there were three hospitality industry updates, for one from Maui County, Hawai'i County and the city and county of Honolulu.

He said he, Mr. De Fries and Mr. Ka'anā'anā participated in two Town Hall meetings in the month of September, one of which was on September 7th which was hosted by representative Gene Ward, Senator Chris Lee, and Council Chair Waters and on September 24th with representative Tam and Senator Moriwaki.

Mr. Ka'anā'anā reported that the RFPs for Kukulu Ola and Aloha 'Āina and the Community Enrichment Program have been released. He stated that Kukulu Ola and Aloha 'Āina is being administered by the Hawai'i Community Foundation this year and staff have had informational briefings for each. He stated that proposals are due October 29th at 4:00 PM through an online application via the HCF website.

He reported that Ms. Anderson and Michelle have been helpful in getting Community Enrichment up to speed with the Hawai'i visitors and the Convention Bureau who are administering the Community Enrichment Program this year and that those proposals are due November 5th at 4:30 PM, and all the application information for the program can be found at HVCB's website.

He said they are excited to resume the programs that were cancelled during the pandemic but know how important they are in terms of the ability to move resources to community based, non-profits, and that they received great feedback and attendance at the informational briefing.

He reported that there will be Malama Ku'u Home update tomorrow from 9:00 to 11:00 AM done virtually on zoom and streamed live on Facebook and that there are over 800 registrants for the session. He noted that the content that will be covered includes the strategy plans, organizational changes made, implementation of the DMAPS, brand marketing efforts and market insights. He noted that Friday's update is not the traditional Fall Tourism update where partners get to see the marketing plans from the GMT's, part of that is delayed because of the challenges in getting procurement out and the Brand Management Plan outlines that they usually present for the upcoming calendar year which will most likely be presented in December.

Mr. Ka'anā'anā stated that in the registrations that they have seen to date, they have had a really good, diverse mix of industry and community business leaders, and they have done a lot to make sure that it is promoted on social media; therefore, if anyone looks at the HTA

pages could they please go and share those posts as there is still room left if people want to register.

He stated that, with regards to the U.S. MMA RFP, the Evaluation Committee has been selected and approved and held its first meeting on the 28th of this month. Staff is still drafting the MCI and Global Support Services RFP's.

He thanked the Board for their approvals of the amendments of the Brand Management Plans for 2021 and stated that the staff have been working with the GMT's in implementing the plans that were presented. He noted that Japan's lifting of the State of Emergency is a meaningful first step toward restarting international travel from Japan.

Mr. Arakawa referred to the meeting of the HLTA Executive Director Mufi Hannenman with the Governor noting that there were five takeaways from that. The first take away being that there was a huge worldwide impact from the Governor's message in August about travel to Hawai'i that rippled across the industry internationally and nationally. The second take away from that meeting is that all of the industry leaders recognized that was a hard decision given the status of the hospital capacity and health care capacity in Hawai'i. The third take away being that almost every one of those industry leaders supported the Governor's decision 100% at that particular time. The fourth take away is that they really wanted of an opening date in order to be prepared for the reopening of tourism and that Mr. De Fries covered that and last take away is that the industry all pledged their support for helping the Governor with the messaging of the reopening message.

He said that it is good to include each island HTA member representing the island in the mayor's meetings as well as to include Ms. Kimura in the Senate Ways and Means meeting as it is going to be on Maui.

He stated that is very encouraging about the visitor industries driving sustainable agriculture and that he's been a member of the Hawai'i Farm Bureau for the past 13 or 14 years. He suggested to reach out to Warren Watanabe, the Maui County Farm Bureau Head and Brian Miyamoto, the Hawai'i State Farm Bureau Head as they might have some ideas.

Mr. De Fries stated that the names of those from the Farm Bureau have been discussed and their inclusion is going to be important, and that he noted that the physical presence of Board members has to be limited to two, therefore Ms. Kimura, as the representative on Maui, will be one of the two.

He asked if Ms. Menor-McNamara had something to add with regards to her report in the meeting with the Governor. She responded by stating they provided a high-level overview

of the surveys they have done in May, July, August, and the beginning of September and that consistently it was a challenge. For one, there was workforce shortage across the industries but especially for the hospitality industry, and two, with the additional restrictions such as the vaccination programs, it's been challenging for many businesses as well so coupled with the announcement that was made about not coming to Hawai'i there was an impact on many industries, therefore not necessarily only restaurants, but the entire supply but the main challenge so far has been workforce shortage.

Ms. Kimura asked Mr. Ka'anā'anā if the Board or the Marketing Committee could review the applications of the U.S. MMA RFP. Mr. Ka'anā'anā responded by stating that he believes they may not partly due to the confidentiality of the application before it's released. Gregg Kinkley said that there needs to be some sort of assurance that the material in it remains confidential and that there is a form or internal board centered NDA that could be executed, but he has never seen this before.

Mr. Regan recommended Ms. Kimura reaches out to the State Procurement Office and determines whether or not there is an issue, or if it's allowable, and that they will then follow the State Procurement Office's direction on this matter as they are now under 103D and want to make sure they are not negatively impacting the very critical RFP.

Mr. Arakawa mentioned that another option would be to let the State Procurement Office know that there is Board representation on that committee. He asked if that would suffice as Board support and if Mr. Regan, Mr. Ka'anā'anā, M. De Fries and Mr. Kam could solicit Board comments on the MMA so the board members would have a voice, depending on if the State Procurement Office allows other board members to get involved. Or if they could ask for questions from the Board members so they could have an input as there are confidentiality concerns with the procurement process for RFPs. So perhaps another way to satisfy that would be if there's board representation on that RFP committee.

Chair Kam asked for a motion to approve the budget by the convention center. Mr. Chun made a motion and was seconded by Ms. Yuen. Mr. Regan confirmed the votes through roll call, and it was unanimously approved.

7. Update on HTA's Implementation of Change Management Plan

Chair Kam acknowledged Mr. De Fries to provide an update. Mr. De Fries stated that the report will be in four sections, the first section will be on ARPO funds, second on reorganization of the staff, the third section will be on redescrptions, realignments and

recruitment for new positions, and the last section will be on the revisions of policies and procedures that are in motion.

Mr. Regan stated that HTA received a notification from BNF that the request for operational expenses would need to be pulled back by the HTA, because of a shift in direction on that overall process and that they work very closely with Budget and Finance to draft, finalize and submit all the required, revised documents which included a new CSFRF forum as well as a CSF tourism recovery plan, and that the revised request was submitted on September 9th. He stated that Governor Ige signed off on that request, which includes the remaining \$56.7 million, on September 21st. They also received the approval letter from BNF on the 23rd of September, and they continue to discuss with BNF the process moving forward on how to encumber and expend the \$56.8 million in additional funds provided through that process.

Mr. De Fries asked Mr. Regan to revisit the EDA noncompete grant, specifically some of the early inquiries and discussions with DNR.

Mr. Regan stated that the Economic Development Administration non-competitive award relates to the \$14 million that was provided to the State of Hawai'i, and that Governor Ige designated the Hawai'i Tourism Authority to be the 'manager' of those funds, and to engage with DLNR to ensure that DLNR was part of that award process and would be allowed to propose projects that align with the NOFO requirements and that EDA grant. He stated that they have had numerous meetings with DLNR on some of their proposed projects that equate to approximately \$7 million in projects that align with the DMAPs and also align with the restrictions and requirements are contained within the NOFO.

He stated that they had to prepare federal documents that were required as part of this process, which included an application, other attestations, and a high-level overview of the direction that the State will be taking, which was all submitted through grants and accepted by the agency. He reported that they are nowhere near receiving the funds or finalizing the projects.

Mr. De Fries acknowledged the Deputy Director of DLNR, Bob Masuda, a member of the O'ahu DMAP Steering Committee. Through his work and focus on DMAP that the early conversations about all joint venturing and collaborating with DLNR are aligned with DMAP throughout the State.

He provided an update on the CMP. He stated that on the reorganization of the staff, the executive team continues to work with the staff to ensure that they are in alignment with the CMP that was presented to the Board in June. Drafting the organizations overall

reorganization request that aligns with DHERD and the DBEDT processes. He stated that a total of fourteen out of HTA's 25 positions require varying degrees of redescription to their respective position descriptions and that at this point nine of the fourteen redesignations have been completed, and there are five of the fourteen that are at various stages of completion, therefore that interaction would be heard and DBEDT is ongoing.

Mr. Regan stated that there is a formal process that they have to go through to change the organizational chart of the HTA, as well as to formalize the 'endpoint' which they have been pushing through as quickly as possible. He also said that the redesignations require a lot of back and forth on the position descriptions themselves, which Mr. Ka'anā'anā and himself have had numerous discussions on with regards to how to modify and update those position descriptions. He reported that the Senior Brand Manager Position descriptions and the Brand Manager Position descriptions are done, finalized, and approved by DBED HR. He stated that they have also finalized the position description for the Administrative Assistant, which is under Mr. Ka'anā'anā's branding section of the organization, and is very much needed to support him and his team. He stated that the Senior Brand Manager Position descriptions were approved on September 22nd and active recruiting for the position will close on October 8th, the Brand Manager Position descriptions were approved on September 27th and the Administrative Assistant position description was approved on the 20th, and active recruiting for the position will close on October 1st.

He stated that, for the Public Affairs Officer position, which was completed for redescription on August 23rd, a request to fill that position was put out on September 16th, the recruitment closed on the 24th, there were approximately 60 applicants for that, and they are now in the process of interviewing for that position, which is going to be taking place during the week of October 4th.

Mr. De Fries stated that, with regards to the revision of policies and procedures, the admin team has been meeting with Budget and Finance to finalize procedures to encumber and expand the approved allocation of ARPO funds, and that Budget and Finance is developing forms for approval of incumbrance and expenditures. He noted that the HTA team has completed the basic State Procurement Office training regiment, and that the Chief Administrative Officer, VP of Finance and Procurement Officer have completed advanced procurement training.

He stated that they are now trained and ready to provide the procurement support to the team and emphasized that once HP862 became manifested into the new law, the new conditions under which they operate, a loss of TAT as their funding source, replaced by ARPO for FY2022, it was important that the team immediately prepared to become

operational under the new conditions that have been put forth. He stated that they continue to revise procedures to comply with various requirements with the State Procurement Office, with ARPO, with DBED and the procedures that are being updated include procurement procedures, RFP templates, contract templates including certifications required under ARPO, ethics procedures and quality assurance plan, conducting a review of HTA's bylaws to determine if revisions are required to comply with organizational and legislative changes.

He stated that back in June when they submitted the plan to move forward with a change management plan which was approved by the Board, they also made the Board aware that they had engaged the service of ES&A. The Board received a copy of a proposal for an \$80,000 contract that ran from June through the end of the year, but that contract was terminated. At the end of August, after three months on retainer invoices for a retainer of \$10,000 per month for each of those three months, which has been approved by himself. They are grateful for the direction that they were given that resulted in being put on a course that they feel is taking them in the right direction with the integration of federal procurement, federal compliance, state procurement and state compliance, and so they felt that the remaining five months of that contract was not necessary and that their team had been putting their best efforts forward to learn this new environment in a very granular way.

Ms. Kimura clarified that the contract was the question that she wanted to ask in the last Board meeting, but her microphone wasn't working.

Mr. Regan asked a question that was provided in testimony and relates to the job descriptions being reviewed and approved by the Marketing Committee and the Board. He stated that he does not recall the Board requesting that the position descriptions be submitted to the Board for review and approval prior to moving forward, and that typically is handled at the operational level and not at the policy level. So, unless the Board directs otherwise and under 201B the president and CEO does have the authority to hire the necessary staff in order to conduct business of the authority.

Mr. Kinkley stated that he, as the attorney, agrees.

Mr. Atkins stated that if they were to do that from the Board level, he has the confidence in their staff that they should be able to it having to come to the Board for approval.

Mr. Arakawa stated that the Board has given direction to the staff on what they'd like to see in that position and would support, or what the board feels is necessary for that position.

8. Presentation by the Hawai'i Convention Center and Rider Levett Bucknall on the Rooftop Repair Project. The Presentation will Include an Update on the State of the Current Rooftop and Recommended Options to Repair the rooftop. The Board may Discuss and Take Action on this Agenda Item.

Mr. Regan noted that this is the second time that they have discussed this particular repair project with the Board since 2019 and thanked Julian Anderson, Teri Orton and Marie Tate for their hard work and diligence on this matter. He stated that he believes that Mr. Anderson has done an excellent job at pulling together the necessary processes for the Board to move forward and some of the challenges that they are going to face, as well as the estimates on the overall cost.

Mr. Anderson stated that the presentation is about the rooftop terrace deck on the Hawai'i Convention Center and that it was a feature of the winning presentation for the design build of the Convention Center. He reported that it provided approximately one hundred thousand square foot of roof area that could be used outside. He said that in the process of awarding the contract, the then Hawai'i Convention Center Authority issued a change order for \$4.15 million to provide that the structure of the building was updated. This was so that at a later date the rooftop terrace deck might be converted to an alternative use which was considered to be something like a ballroom or additional meeting rooms. He mentioned that this is background information and that since 1996, 1998 building codes have changed, so the extra structure that was put in to support meeting rooms or ballrooms is no longer considered sufficient to meet building standards.

He showed an aerial view of the Hawai'i Convention Center and noted that the green area on the right is the roof of the ballroom, and on the left is the rooftop terrace, and at the bottom of the screen the small blue triangle is the Ala Wai Canal. He stated that for the purposes of this presentation they will be orientating it a little differently, so the Ala Wai Canal is on the right-hand side of the slide. The ballroom therefore would be on the top of the slide if it were included in the slide.

He stated that the Rooftop Terrace is a deck. He said that on the very bottom they have sprayed on fire proofing that protects the steel in the event of fire. They have the steel deck, and on top of that is structural concrete. On top of that is a waterproof membrane, which is the subject of the discussion. There is also a protection board to protect it from damage. On top of that is insulation which provides insulation and sloping for the concrete topping slab or wearing slab that goes on top of it. He stated that it is a seven-layer composite structure and the two that matter in terms of structure are the metal pan and

the concrete immediately above the metal pan. He said that in the response to the RFP, the original design builder, which was noted PCL, told them that they would need to replace all the built-up roofing systems every 15 to 20 years. So, most of the built-up roofing systems were supplied with a 15-to-20-year guarantee. However, the building was completed in 1998 so they were well beyond the guaranteed period.

He reported that leaks in the rooftop terrace have been going on for a long time. He stated that it started off with issues of cracking and became concerning through the years until eventually in 2018 their company was asked to inspect the underside of the deck to determine what was going on with water leakage from that deck into the areas below. What was found was as in the photo which is from a storage room in the Convention Center, looking up at the underside of the deck where enough rusting of the metal pan has taken place that the fire proofing, which is the grey, has fallen away from it.

He reported that in other areas, also in a storage room, there was significant water penetration, particularly around the rooftop terrace drains and plumbing, where damage to the fire proofing and the staining caused by rust is coming through.

He reported that there is also leaking through the waterproofing on the deck where water is coming out the edge of the slab above the children's courtyard and is staining that wall in the open-air section, which is not good because water coming out of buildings is never good unless it's through plumbing or rainwater downspouts.

He reported that they also found that stairwells five and six suffered from problems caused by this same issue, which is water penetrating that deck, and that degradation of the structure is visible, rusting of the middle pane and what it looks like cream coming down that is actually calcium coming out of the concrete being leached out by water, sort of like a stalactite made out of calcium, is visible.

He stated that the problem is, if it is not dealt with in a timely manner, eventually the portions of the building that rely on those stairs for exiting of the rooftop terrace deck, because they are emergency stairs, fire stairs, if they are not structurally adequate, the portion of the rooftop terrace deck that relies on those stairs for exiting the rooftop terrace deck cannot be used.

He stated that, back in 2008, they thought that the capacity of some structural members in the stairwell may have been compromised by rust, and that the stairwells are the white area within the green area that is the rooftop terrace.

He reported that HTA and HCC hired a firm of specialists in water infiltration matters, Allana Buick and Bers, and under their direction they did testing and sampling from underneath, in Level 3, to see how much rust there really was and whether water had gotten underneath the waterproof membrane, into the slab and then down into the space above the metal pan.

He reported that they were able to access about 44% of the areas because a lot of those areas are in meeting rooms and of course they have bulkheads above them, ceiling structures above and sometimes they were able to pop out ceiling tiles but not always. He noted that the blue areas shown are the areas that they were able to inspect, and the red areas are where they detected rust, where they could see rust on the metal pan, and that comprised about 12% of the overall deck area which means that the metal pan seemed to be rusting. He said that is critical because the metal pan, together with the concrete slab, provide the structure that is the rooftop terrace and that everything else, the waterproofing, the insulation, and the concrete slab on top, is merely there as a wearing slab and protection for the concrete.

He summarized in saying that there was rust on the underside of that middle pan ,the rib section, and the rust was showing up on the metal pan particularly where the fireproofing had fallen off because of moisture. He stated that they are sure that there was moisture in the metal pan, and it wasn't caused by something else, and it can be seen in the picture. There is a grey area and a slightly darker grey which is moisture that has gotten into the fire proofing and looking at the same area where an infrared image has been taken, the cooler water infiltrated area shows up as the dark green.

He highlighted a few things ABB said being that there may be more leaks as they could only look at 44% of the underside of the deck, but what they did conclude was that the existing waterproof membranes and associated appurtenances, meaning everything that goes with that the drains, are no longer serviceable and require replacement at the earliest opportunity. He stated that this was reported in 2018 and it is no longer serviceable and needs to be replaced.

He reported that ABB concluded that the waterproof membrane for that level has reached the end of its serviceable life and is no longer preventing rainwater from entering the structure below. They also concluded that they know of no remedial repair, short of complete removal and replacement that can effectively mitigate the ongoing leakage. He stated that the only way to get to the waterproof membrane and replace it is to take off the concrete slab, take off the insulation, take off the protection board and then get down to the waterproof membrane that must be removed.

He noted that HCC asked them to have Kai Hawai'i, the structural engineers they engaged back in 2018, to have another look at, particularly stairwells five and six, and as seen from their photos the rust is getting worse and peeling away sections of the beam flange, and the photo shows the decking has lots of rust, and more of those stalactites are coming and rust on the surface of that W18x76, which is a technical term for a web beam.

He stated that a structural member is only as good as the thickness of the bottom section, the top section, and the web, and needs all of these to have their full thickness but rust takes away that thickness, reduces it and makes it less strong.

He reported that the stair landing framing has corrosion at the lower levels and the stairstep pans and landing framing has also got corrosion.

He reported Kai Hawaii's findings and recommendations from their survey back in May and June this year, originally back in May and June of 2019 that they updated on August 3rd and fourth of this year. They stated that they believe the structural system - the concrete over the metal deck, those two first layers, can still adequately support the original design loads. In other words, it's safe to continue to use the deck, and that the section loss due to corrosion still ranges from superficial to less than 5%, which means that it's in the thickness of the metal pan. He said it's the thickness of the members that counts and the suspect remains around the roof penetrations, which is where there are drains and in those area it is worse.

He reported that, where they had a look, there was little impact on the deck capacity but there is more damage around the drains so this area will have to be strengthened or replaced. However, around the edge of the children's courtyard they saw that where there was black coming down the face of the wall and in some areas where the rooftop terrace overlooks the lobby, there's also staining, which is water coming out so there may be some similar conditions to stairways five and six, which they think is the case, but they have to open up those to have a good look.

He reported that, regarding stairwells 5 and 6, they suggested for stairwell 5 that they open up the wall below the girder and provide temporary shoring, which is urgent. For the secondary framing members, they also need to do shoring, and the stair landings treads should be strengthened by welding additional steel plates under any sections that have section loss. For stairwell 6 they need to open it up to have a good look before they can recommend what to do with the girders. However, for the secondary framing shoring of the sides and edges of the steel deck is sufficient until further investigation can be done.

He reported that, with regards to repairing the deck, there is a steel pan at the bottom. On top of that is concrete. On top of that is a concrete fill sloping toward the drains. On top of that is waterproofing. On top of that is a protection board and waterproofing. On top of that what is being proposed is a pedestal paver system due to long term cost, because with a pedestal paver system if ever there is a water leak they can take up some of these papers, inspect for the leak and repair them in a localized way, rather than demolishing 100,000 square foot of concrete slab and everything else that goes with it. So, it's a sensible solution for the long term even though it is more expensive and there are lots of different examples of pedestal and ways you can make it look attractive, but it will support public assembly.

He stated that they are proposing that they go back and repair the deck, take up the concrete and everything that's there now, all the way down to the waterproofing, then replace it with this system. He says there is a chance that they will have to do structural augmentation of the existing slab. This means that there is an additional layer immediately above the concrete slab in between that concrete fill because of the concern that is that if the structural pan, the middle pan, has got rust to the point where it's no longer enough to support the loads, rather than try and replace that which would be very difficult and time-consuming, an option would simply to be to put another structural slab on top and bind that to the slab below which is done with special anchors. He said that would help increase the load capacity of deck and with resisting future cracking, but they don't know whether that's needed yet, they will only understand that once they get funding approved and get closer to doing the repair work itself.

He reported the options for consideration. Option one - the recommended minimal option is to repair the deck, add the structural augmentation as needed and use pedestal papers as the finished wearing surface that gets worn down overtime. Option two is to do exactly what is mentioned above, put in the pedestal paver system with the wearing slab and also to add Echo-Shade so that together with the existing Echo-Shade approximately 50% of the total deck area would be covered, but with both of these they will still have to repair stairwells five and six. Then the third option that was looked at was to repair the deck and construct a new ballroom to cover approximately 50% of the total deck area.

He noted that HCC recommends option two because the Echo-Shade provides shelter from sun and rain, and by having that it would allow HTC to free up the ballroom because currently when events are booked on the rooftop terrace deck they have to hold the ballroom as backup space in case there's rain, so if they had the Echo-Shade they would then be allowed the freedom to book the ballroom at the same time.

He reported the approximate cost of the three items. Option one, 54 million, option two, \$64 million, option three, \$122 million. He stated that options one and two would take a total time of 76 weeks because they have to do final forensic analysis of the deck and see exactly what needs to be done, they have to get the design done for the final repair, put out the bids, procure the contractor, get the documents together, and make sure that everything is sorted with the selected contractor before they can start. So that's the total project time including construction. Construction itself, they think would be about 29 weeks, which is reasonably fast given the amount of work that has to be done.

He stated that option two would take about the same time even though there is more work because they would phase the repair of the deck so that sections that are going to have the new Echo-Shade on them would be made available first, and so it wouldn't hold up the reopening of the deck.

He reported that the third option is going to take a great deal longer, 120 weeks, because it has all the project issues of the deck repair, but on top of that it has to have a new ballroom designed. He said that is complex because the structure in that area, while they did spend another \$4.15 million in 1996, 1998, that structure that was added is no longer sufficient to carry the weight of an additional ballroom. Therefore, they would have to put a new structure through the meeting rooms and all the levels down, including through the exhibit hall, to put new foundations down and to design all of that to provide for the capacity to have that ballroom. Then the construction of it would take much longer, well over a year.

He stated that first the shoring and repairs within stairwells five and six should be done as a matter of urgency which includes the shoring and the new plates added into the steel treads and rises. Without this work being done there is a real risk that the rooftop terrace deck, or at least a portion of it, the Diamond Head end at least, will not have enough emergency egress capacity to allow the deck to be used for events. This would be a loss of revenue to the center, and the rust and continual degradation of those stairs would continue to get worse.

He stated that, in addition to all of that, the water in those areas infiltrates into stairwell five and six and makes its way down into other areas of the building including the Level 3 Meeting Rooms and the Intermediate Levels. He stated that the deck leaks, especially from the planters and around the drains, are impacting rentable space, including meeting rooms on Level 3, and some of those rooms are having to be taken out of inventory and can't be sold.

He reported that if they were able to get funding for this and get into design in 2022, they could get construction done mostly in 2023 for options one and two, which is a good year for the center because they've got few event bookings that year, so the invasion of the construction noise and activity on event goers would be minimal.

He stated that this is an issue that existed since the building was designed because it is a flat roof that will eventually leak and they will always have a period where the waterproof membrane reaches the end of its useful life and has to be replaced, repair of this is not an option, replacement is required.

He stated that ABB has looked at many options for other types of fixes and none of them are viable, local failures of the deck, especially around the roof drains, will render the deck unusable even if the rest of the deck is still okay. He mentioned that if the work is not done, the amount of damage will continue to increase, and more rentable space will be taken out of inventory, especially the makai-side meeting rooms, the Children's Courtyard and potentially even some lobby areas. He noted that the longer they leave it, the more significant the renovation and repair, and the greater the cost. He mentioned there's also the impact of reputational damage on future sales. He pointed out that the Makai-side meeting rooms will not be saleable, in other words they won't be able to be rented during construction.

Chair Kam asked Mr. Regan to tell the Board why he wanted to have this presented and what he is asking for from the Board.

Mr. Regan stated that is urgent from a project standpoint, but also from a funding standpoint, and as they are approaching the development of the Overall State Budget, they need to propose to the Governor to consider adding this to the Governor's subsequent proposal to the Legislature for consideration. Therefore, there is urgency from a Board standpoint to approve one of the three options so that they can submit that request to the Governor to include that as part of the General Obligation Bond request for CIP for the upcoming session.

Chair Kam asked Mr. Regan to clarify with the board that he is not asking for any of the funds that are budgeted or allocated, and basically, it's a request for the Board to approve one of the recommendations, so that he can present it for the Governor to add into his budget.

Mr. Regan confirmed that that is accurate, and that the request is not from cash currently being held or already allocated or dedicated to current IP projects at the Convention Center, this would be a General Obligation Bond request for CIP and going forward, it would be

important for planning and design to take place in 2022. He said that depending on the timing of that, they may have to fund a portion of the planning and design through existing cash that they have for CIP at the center, so it just depends on timing if they are able to get it approved by the Governor to include it in his budget, and if the legislature agrees to support it. Then just depending on the timing of that and how it matches up to the planning and design requirements for this project, will depend on whether or not they need to utilize some of the cash for planning and design.

Mr. Anderson stated that for total project time there are 76 weeks and construction time is 29 weeks, so 35 weeks would be needed for planning and design before they are able to put a bid package together for people. The cost for planning and design would be in the range of \$7 million.

Chair Kam clarified that they are recommending option number 2 and the ask might be for \$7 million from funds from HTC, which we have available if it's from the design side and asked if there are any questions.

Mr. Downing asked, with regards to everything being built above the structural pan, which is the piece that is rusty, correct what is going to happen to the structural pan.

Mr. Anderson stated that the structural pan is not going to be taken out, but the area around the drains will need to be opened up and the structural pan, in limited areas, will need to be removed and replaced. She mentioned that in very limited areas the rest of the structural pan, providing it doesn't continue to degrade, they would like to be able to leave in place and take out all the rust from the structural pan and therefore they are going to clean it, remove it and treat it.

Mr. Downing asked if the process is similar to what they did with the Aloha Stadium and expressed his concern about building all the weight on top, and the need to pay attention to the structural pan because if that gives, all that was built on top is just going to fall in.

Mr. Anderson stated that all of the structural pan is inside the building, and they have looked at and considered taking everything out and replacing it. She mentioned the problem there, is that if you take out the structure, everything including the structural pan, then you also lose everything in those meeting rooms down to the carpet, and so you have to rebuild all the walls for the meeting rooms, the air walls the HV AC systems and audio systems in there and all the finishes. She stated that it's extraordinarily expensive to put back, and even that aside, one of the things they did discover in discussions with the original structural engineers of the building and with Kai Hawaii is that the structural metal pan and the concrete actually act as a diaphragm bracing for the building, so if you took that

out, they would have significant bracing problems for the rest of the building at level 4 and down to Level 3. So, in discussions with ABB, the experts in these waterproofing issues, and with Kai Hawaii, neither of them believes that there's a need to take out the metal pan. They believe that it can be treated properly and that once they get the water out and put waterproofing on top of it, there will be no further rusting of the metal pan and that the issue will be dealt with. He stated that the other thing that gives him some comfort is that the pan has been rusting or had water infiltration on it for quite some time. He mentioned it was a galvanized steel pan, so the galvanizing has obviously worked and even with all that water in all that time, as the Kai Hawaii reports from this year said, most of the rust on the metal pan is surface rust and none of it, except around the drains, has greater than 5% decrease in the surface area.

Ms. Yuen asked for more information on the Echo-Shade, what that looks like and how much square foot it would be covering.

Mr. Anderson stated that the Echo-Shade is being installed up there right now and the total area of Echo-Shade, once completely done, will be in the order of 40,000 to 45,000 square foot.

Mr. Regan stated that the Echo-Shades are ceiling height and they're also automated in the sense that they are able to open and close based on weather conditions. So, if it rains, they are able to close the echo shades and then utilize the space beneath it more. He mentioned that if it's too sunny they're able to close the shades and allow activities to occur on the rooftop. Currently this cannot be done, because of being fully exposed to the sun up there on the rooftop, so it does certainly provide more usable space to be rented, and without having to deal with the possibility of having to strike it if there is bad weather.

Ms. Orton stated that she thinks the option to go with Echo-Shades covering 50% of the rooftop is the option that they are strongly recommending as it really does provide an opportunity to utilize the roof without having to hold the ballroom as a rain backup. She mentioned that it also allows them to not have to extend very expensive costs to customers to use the roof, as it allows them to reduce the expenses that their customers would have to pay to utilize that roof. She said that in addition, it also allows them to run electrical power to the roof through this system because it is automated and they will have electrical running through the base of this structure, it allows them to run electrical outlets to cover 50% of the roof.

Chair Kam asked about a warranty with regards to the investment.

Mr. Anderson stated that they will be seeking a 20-year warranty on this and included in the pricing of these options for the deck repair, they are also pricing in a water leak detection system going into the membrane, so it will detect and electronically alert building maintenance.

Mr. Ching asked if, outside of the larger costs of option three, it is as desirable as option two as it seems it would be a more permanent fix to deal with water for the long term, past 20 years, usable all the time and with the Echo-Shade you end up having to have a backup anyways.

Ms. Orton stated that they definitely would prefer to have the entire rooftop covered if price were not a factor, and whether it's 50% or 100% of the rooftop they would be able to utilize that space more if it was in a ballroom or additional function space, but they are happy with the Echo-Shade.

Mr. Regan emphasized that they are not saying that the rooftop deck area would be 100% covered by a ballroom. He said that only 50% of the deck would be covered by the ballroom. He mentioned that beyond that, the top of the ballroom will still be exposed to the elements, and so regardless, there will be the potential for water intrusion at some point in time. And then also, as part of the ballroom option, what is the payback in terms of additional utilization and the cost benefit analysis? Does it make sense from that perspective to go down that path and then finally, the appetite for supporting CIP and General Obligation Bonds at that level of dollar and he mentioned they still need to get the Governor and the Legislature to support that inclusion.

Chair Kam asked for clarity on their recommending of option number two with the \$64 million costs, and if it is because the amount of business that they can retain can justify the investment that the State and the Government would make.

Ms. Orton stated the ballroom is their most rented space, and they did look at the revenue generated there, and to double the price on the project didn't make sense.

Mr. Togashi stated that a lot of the benefit of an additional ballroom would be toward local business, so they are talking about expanding further into the local market which he thought is not their point of emphasis.

Mr. Arakawa stated that he is very concerned by that statement that local businesses are not a concern of the Convention Center, but that aside, they need to be mindful of the taxpayer's money and the issues raised about Aloha stadium and by Mr. Ching and asked how long this fix is going to last.

Mr. Anderson stated that the Aloha stadium was a flawed design from the beginning because it was built using a product called court, which is 'designed to rust,' and the structural pan which has had some damage can be topically treated without having to be replaced in the views of the experts, ABB. He stated that in the long term it is a fact that every 20 years the future Board will have to provide funding for taking up the pedestal pavers, lifting them out, taking off the protection and replacing that waterproof membrane. He mentioned that it's no different to replacing the roof on a house or the roof on the ballroom, and that it will have to be done on a cycle and can be planned for in budgeting.

He stated that the problem with the installation that they have there right now is that it is a poured-in-place concrete, so the only option they have for dealing with it is to take the whole big piece of concrete out to get to the membrane to replace it. The Convention Center Authority at the time went for best value and that was considered this value, but it was always going to be a problem in the long term. He stated that this will have to be addressed every 20 years, and if they put a ballroom over 100% of the building, they will have to replace the roof of the ballroom every 20 or 25 years.

Chair Kam reiterated that this is just looking for the Board's approval to submit.

Mr. Atkins asked what the life expectancy of the Echo-Shades is.

Ms. Orton stated that it is 15-years, but she will double check.

Chair Kam asked if that would be added after, or if it is a design build in the original \$64 million.

Ms. Orton stated that it has to be done when they are doing the setup, together, because they have to core in the base pillars for the Echo-Shades and that would have to be done while they're putting in all the pavers and waterproofing.

Mr. Ching asked questions regarding the stairwells - if these options do not get approved is there a breakout of that cost that could be re-asked for.

Mr. Anderson stated that they are looking to do some temporary repair work right now, and then a long-term fix. She mentioned that the significant problem is the water that is getting into the stairwells at level 4, at the rooftop terrace deck level, coming out of the slab edge, where the slab meets the stairwell wall. She stated that it's leaking out of there so they cannot finally fix the stairwell unless they fix the water problem from the rooftop terrace deck.

Ms. Yuen asked if they are going to get breakdowns for each of the repairs including the Echo-Shades as a specific product that typically wouldn't be included in an RFP, how the funding is going to work and when it goes out to bid is it already set that it is Echo-Shade because that's over \$200 per square foot for a shade structure. She stated that it would be helpful if they understood the breakdown on the number.

Chair Kam stated that it seems like the Board needs more information, which Mr. Regan can provide, but he is not sure if they are ready to make a decision today, and asked Mr. Regan if this is something that can be postponed.

Mr. Regan stated that it is up to the Board how they would like to proceed, but he cannot guarantee that if they wait for the next Board meeting, whether or not they will have sufficient time to request it through the Governor's proposal which is being built currently. He mentioned that unless they have a special board meeting within the next couple of weeks to go back to the matter, there is some urgency, so he would much rather prefer if they can get into the details now and answer those questions now.

Mr. Arakawa stated that this is a huge issue. He mentioned that the legislators have taken a tour of the Convention Center. He stated that he is sure that they know that this is an issue that might be coming before them, and the Governor's office knows about this, and knows that this might be coming before them, or does the Governor's Office and the Legislative not have any idea?

Mr. Regan stated that this was discussed with the Board back in April 25th, 2019. He said the full presentation was made on this very same issue as it relates to this project, and they know that they didn't have dollar amounts included in it. He mentioned that they may have had estimates at that point in time and they didn't have all these other options available, but it was a project that was part of the awareness going forward, and, as part of that, beyond that particular presentation, they went around and met with legislators at the time to share this report with, as well as what the direction might be going forward, as it relates to this. He mentioned there is awareness of this project and he is very certain the Governor is aware there's a need for a rooftop repair project at the Convention Center.

Mr. Arakawa mentioned they can take one other meeting, a special meeting, to go through this so that all Board members are comfortable on the options and in the meantime Mr. De Fries and Mr. Regan can share this with the Legislators and Governor.

Chair Onishi stated that this is an issue that was brought before the Board a number of years ago. He mentioned that the administration at that time, went around and talked to different legislators, both in the House and the Senate, regarding the issue and what the

appetite was for the legislature to address the problem, and they have to remember that this was pre-pandemic and was also sort of built into a bill that was introduced in about 2019, which did not pass. He said that would provide strategic funding to the Convention Center through a general fund allocation for four years in order to build up the reserve in order to address the problem, but a secondary attempt was made to look at the Convention Center and make improvements to the Convention Center that would have addressed the potential for a hotel structure, as well as to address the open deck on whether or not to enclose it.

He stated that the Governor is in the middle of his budget to the legislature, which is December, and that the Board needs to make a decision to move forward with a project that would address the issues on the rooftop of the Convention Center as this is an ongoing problem since the Convention Center was built. He mentioned this is just a request to the Governor to include in his CIT budget, the recommendation, which is 64 million, which he agrees, is a reasonable amount.

Chair Kam stated that gave a good perspective on the timeliness and asked if members feel comfortable moving on this or if they still want to hold off.

Mr. Arakawa asked Mr. Regan what the deadline is to submit this decision to the Governor to get in the Governor's budget.

Mr. Ching stated that Chair Onishi's insight is valuable to Board members who were not present when this issue was first discussed.

Mr. Atkins stated that he believes they should move forward with it, and he does not see option number 3 being a realistic monetary option. He mentioned that he thinks they need to do everything they can to fill up what they have, and so he chooses number two based on his experience being up there for receptions. He stated that when it's really hot you see small little tents which don't look as professional as sun shades would, but he thinks there is time to vote on it today because some of the questions that can be asked about the value they will be getting on spending that much more for the sunshades, and if they have to be replaced. He is of the opinion that the Governor will look at a minimum of two options, and if he doesn't think that he can get the funding for number 2, he will go for at least number one.

Mr. Downing asked Mr. Anderson about a structure that had to be put to hold up the existing roof.

Mr. Anderson stated that when the original building was designed as part of a design build arrangement, the Convention Center authority, which was the entity at the time that was responsible for getting the Convention Center to reality, having seen the proposal from Nordic PCL that they have this big rooftop terrace deck, was concerned that at some stage in the future they would need to have either more meeting rooms or more ballrooms. That was actually part of the RFP process which was how they would expand this building. So, the response was that they would take the rooftop terrace deck and add additional meeting rooms or ballrooms or some other rentable space. The issue then was that the structure was designed to take a rooftop terrace deck, not the weight of an additional ballroom or meeting room, which is a basically another level, and he mentioned that there's a lot of weight in there. So, the question then was if they could design and build a structure now, so that it would take that extra level of building on it in the future, the answer was yes, so they paid an extra \$4.15 million to the design builder to put in the additional structure to take a future ballroom or meeting room. That was in 1996/1998. The problem today is that the structure is no longer sufficient according to modern codes.

Mr. Downing asked if the structure now can take the added weight that they're going to put it on with a floor above.

Mr. Anderson stated that it cannot and that under the old codes it would make those building codes.

Mr. Downing asked if the flooring they are planning to put over the existing roof can be supported by the structure that is in place now.

Mr. Anderson stated that they would have to put in additional structures.

Chair Kam clarified with Mr. Anderson that the structure of the building will support proposal number one or two.

Ms. Yuen, Mr. Regan, and Chair Kam decided to modify the wording from "Echo-Shade" to "a shading system" in the proposal.

Mr. Regan confirmed the votes through roll call, and it was unanimously approved.

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

Chair Kam recognized Ms. Chun to provide an update. Ms. Chun stated that the total expenditures for the month of August is actually 8.9%, below 2019 levels. U.S. West and

U.S. East are the major markets that are coming in at higher spending levels than they did in August of 2019. She mentioned the number of visitor arrivals and average length of stay were longer for these markets than 2019. She also mentioned that they're also spending more per person per day and people continue to spend more on lodging than they spend on food, but they're spending a little less on shopping. She reported that in August, looking at the average daily census, they see that for U.S. West and U.S. East, they had more visitors on any given day in August 2021 compared to August 2019. She also reported that looking at an island basis, they do see that while the overall expenditures per island is mostly down compared to 2019, they see that the person per day spending was up on O'ahu, Maui, Kaua'i and Hawaii island. She mentioned that the visitor arrivals and average daily census were lower than 2019. Looking at tax collection, according to the Department of Taxation they collected \$64.1 million in TAT in August. So, the total preliminary FY2022 collections is \$69.1 million which is up 1.279% compared last year.

She reported that, looking at hotel performance occupancy for hotels and vacation rentals, they were similar, slightly higher for vacation rentals, the ADR was higher for hotels than it was for vacation rentals. She mentioned that most of the people are staying at hotels. Some trends that she thought were interesting for the Japan market was that they had significantly more people staying in condos than in 2019, and a lot more people, 15.5% versus 1.6%, staying with friends and relatives, and they see for Canada the trend is different where only 9.1% of them are staying at condos, compared to 2019 almost over 28%. She mentioned that many people, 28.9% versus 4.8%, are staying with friends and relatives, so that's a big shift for those two markets, but again, there aren't that many Japanese and Canadians coming in August, so the majority of the people are the U.S. West and U.S. East who are mostly staying at hotels.

She stated that, looking at the overall unemployment rate, they see that the unemployment rate has been trending down in recent months where the overall unemployment rate for the State was 6.6% and looking at jobs, they see that there has been recovery in accommodation jobs for the month of August, and also food service and drinking places jobs. Looking at scheduled air service for the month of August, they did have more domestic service in 2021 across the State than we did in 2019. She mentioned that this trend also continued for September and noted that international air service was down for both of those months. Going into October and November, they still see that air service for domestic is up compared to 2019. She mentioned that one of the things that they see in November for Maui is an increase in international air service, and that's with Canadian flights resuming. She noted there is a similar trend in December.

She stated that travel agency booking trends for 2019 was flat, but 2021 bookings started trending down during the summer, but it's starting to rise back up now. She mentioned that it looks softer in December and January than it was for 2019, and going into June of 2022 it's very similar to 2019. Looking at cancellations and re-bookings in 2019 was stable, where less than 1% of the transactions were for cancellations and rebooking. She noted that if you look at 2021 you see there was an increase in cancellations and that did correspond to issues with the Delta variant, Governor's announcements, and mayors' announcements, and it looks like it's sorting itself out now.

Looking at the monthly pace they see for the U.S. market October is a little bit lagging from 2019, but it's very similar and also similar for November and December. Looking at Q1, there's a lot of ground to make up still for Q1 and Q2 of next year. Looking at the pickup from last month's report they see increases in bookings for October, November, December and also increases for Q1 and Q2. Looking at O'ahu, this is for U.S., Japan, Canada, and Korea (there's hardly anybody who is planning to come from Japan or Korea), those numbers continue to be very low. Everybody who is planning to come is from the U.S., and then Canada. There is an increase in bookings in December where you saw that with the air service reflected there.

Looking at the pickup, Hawai'i Island, for October is actually ahead of 2019 and also for November, but still trailing for December. Pretty much everything was positive for the U.S. market. There was some negative pickup for Japan and Korea.

Ms. Kimura stated that more than half of the Japan market is from the Asia market arrivals, but there's no flight from Asia.

Ms. Chun stated that the people are coming on domestic flights from the U.S. mainland.

10. Report on Marketing Standing Committee with the Committee's Recommendations to Approved Amended Brand Management Plans for Hawai'i Tourism Japan

Mr. Chun stated that they received a market update from Mr. Takahata and Ms. Varley from Hawai'i tourism Japan that the State of Emergency is being lifted as of today September 30th. He mentioned that, in conjunction with the fact that the Japanese government is targeting 80% vaccination by December, they are at nearly 60% as of today, so they're tracking well to open up domestic travel, and then restart international travel hopefully early to mid-2022. He stated the Amended Brand Management Plan for the remainder of CY2021 is to support that anticipated return (page 208 in the meeting packet). He mentioned that basically it's the remaining budget implementation of about

\$1.34 million. There were two ideas on which to spend that funding in the last meeting. One was for the shuttle bus idea, and the other one was for local PR which they took out of the Amended Brand Management Plan for HTJ. So, they came back to them with a proposal for that \$1.34 million, about \$900,000 (65% of the budget) now is to spend on market co-ops to support bookings in Q4 for Q1 2022 travel in both the leisure MCI or MICE markets.

He stated that with all of the relationships that HTJ and Hawai'i has in Japan, and with their industry partners they have a matching fund ratio of one to six, so there is really good support there. He mentioned that it is exciting that they are working and moving with industry on trying to stimulate these bookings as Japan travel opens up.

He stated that the other roughly 35%, \$438,000 is designed for educations to reinforce messaging and inform the visitors from Japan about what's expected, and that preparation and spending towards education and messaging is absolutely important.

Mr. Ka'anā'anā stated that the opportunity with that six to one match of leveraging state dollars and making sure that they are moving with cohesion and focus with the industry, both on the Japan side and the local partners in Hawai'i, is really important for them to recover the market.

Mr. Chun asked for a motion to accept the Committee recommendation to approve the Amended Brand Management Plans for HTJ.

Ms. Kimura asked if they could add expenditure for this market to the KPI's.

Mr. Chun clarified that Ms. Kimura wants to add visitor spending as the KPI into this particular years' BMP.

Mr. Ka'anā'anā stated that they are in the middle of the contract. He mentioned the KPI's have been established and are uniform across all the markets and that on top of that, at macro level, they, as HTA as a whole, have four key performance indicators that they're tracking themselves against, which include total expenditures per person, per day spend, resident and visitor sentiment. And he added that the per person per day spend is not something that a GMT or even HTA have any control over as they don't control price, which are the inputs into the calculation.

Chair Kam asked Mr. Chun to clarify the motion he is asking for is the recommendation to approve the amended brand management plans for Hawai'i tourism Japan that was presented, and that all the KPI's are already embedded into agreements.

Mr. Chun confirmed yes, for the remainder of this calendar year.

Mr. Ka'anā'anā emphasized that the key performance indicators and performance measure outcomes that they track across each market are set and they cover everything from impressions and engagement.

Mr. Arakawa stated that they should look at addressing the tracking and monitoring the per person per day spending.

Mr. Ka'anā'anā stated that those KPI's are tracked monthly so in the market insights and the general tracking, those things are all constantly reported, which he would assume they will continue, and Ms. Kimura's intention was to track that.

Ms. Kimura stated that they do have control over the spending - it is one of O'ahu's action plans.

Mr. Atkins stated that they know about the one and six and there's going be a dollar amount for every program, so the reason for tracking that is to understand the necessary return on the investment when doing the programs.

Mr. Ka'anā'anā stated that they can track that, but the presentation slide is a total of all co-op's investments combined.

Mr. Chun asked for a motion to approve the amendments to the brand management plan for Hawai'i Tourism Japan. Mr. Kam made a motion and was seconded by Mr. Downing. Mr. Regan confirmed the votes through roll call, and it was unanimously approved.

11. Presentation and Discussion on results of the 2021 PGA events and associated activities and then the recommendations to approve FY2022 funds for CY2022 events and activity

Chair Kam recognized Mr. Chun. Mr. Chun referred to page 237 and stated that yesterday LPGA Tour 2021 results summary from the three events that they had this past year was presented. The total market value over \$19 million was similar to 2020, and about 172 hours of programming that was more than in 2020 and charitable donations of over \$2 million which was also a higher number than in 2020.

He stated that the economic impact what was lower because of the fact that visitor spending, economic impact and tax revenue was impacted by the decrease attendance for the events this year due the to the pandemic, and there was a discussion about trying to secure more PGA events for Hawai'i in the future.

Mr. Ka'anā'anā stated that this is part of the commitment, and this is the final year of the current PGA contract and so this would be for the funding that would allow them to fulfill that commitment for CY2022.

Mr. Chun asked for a motion to approve the FY 2022 funds for PGA Tour 2022 events and activities.

Ms. Kimura stated that the amount is \$1.5 million.

Mr. Ka'anā'anā stated that the final year amount is \$2.17 million.

Mr. Chun stated that the net total is \$1.6 million.

Mr. Ka'anā'anā clarified that the current contractual agreement that they have is for \$2,177,800. Part of that is a marketing fund that is administered by HVCB, and so when you net those two numbers out, that's where that other number is coming from, but the funding required to fulfill the contractual agreement. Mr. Regan confirmed the votes through roll call, and it was unanimously approved.

12. Presentation and Discussion of 2021 Activities Related to HTA's Cruise Consultant and the Recommendation to Approve FY2022 Funds to Support CY2022 Activities

Mr. Chun referred to page 248 of the packets. He reported on the presentation from their cruise consultant, stating that they spoke through the 2020 to 2021 timeline of activities. He mentioned how the contemporary brands historically make up about 60% of all of the cruise business, and that the focus on premium, luxury and specialty brands make up about the balance of that 40% of Hawai'i capacity. There was a discussion about the industry's extensive health and safety protocols and that it is important to communicate that out to the public.

Mr. Ka'anā'anā stated that a major component of this is for a fam tour. He mentioned when the timing is appropriate and if it is appropriate, they would trigger a fam tour, as there's been a lot of turnover in the past, so making sure that they can bring all the key stakeholders on those selling cruises to Hawai'i route developers.

Mr. Chun stated that the Board unanimously recommended approval of the proposed timeline of activities and events and the budget for that, so as Mr. Ka'anā'anā said, it's requesting an additional \$50,000 for that fam trip, conferences, and travel so the total budget request is \$100,000.

Mr. Chun asked for a motion to approve FY2022 Funds to Support CY2022 Activities. Mr. Kam made a motion and was seconded by Ms. Yuen. Mr. Regan confirmed the votes through roll call, and it was unanimously approved.

13. Closing Cultural Protocol

Mr. Casson-Fisher offered a Pule with the intention of seeking and providing color or forgiveness.

14. Adjournment:

The meeting adjourned at 12:36 pm.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sheillane Reyes". The signature is written in black ink and is positioned above a solid horizontal line.

Sheillane Reyes

Recorder