



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, March 30, 2023, 9:30 a.m.

Hybrid In-Person & Virtual Meeting

MINUTES OF THE REGULAR BOARD MEETING

MEMBERS PRESENT:

George Kam (Chair), Mike White (Vice Chair), Kimberly Agas, David Arakawa (Zoom), Dylan Ching, Keone Downing, Mahina Paishon Duarte, Stephanie Iona, James McCully, Sherry Menor-McNamara, Ben Rafter, Sig Zane (Zoom)

HTA STAFF PRESENT:

John De Fries, Daniel Nāho'opi'i, Kalani Ka'anā'anā, Caroline Anderson, Ilihia Gionson, Carole Hagihara-Loo, Maka Casson-Fisher, Tyler Mejia, Tracey Fermahin, Talon Kishi

GUESTS:

DBEDT Director Chris Sadayasu, Kylie Butts, Isaac Choy, Jennifer Chun, Laci Goshi, Nathan Kam, Erin Khan, Lawrence Liu, Noelle Liew, Guillaume Maman, John Monahan, Jeffrey Eslinger, Barbara Okimoto, Teri Orton, John Reyes, Shannon Riggs, Malia Sanders, Allison Schaefer, Jay Talwar, Alex Wong

LEGAL COUNSEL:

John Cole

1. Call to Order

Chair Kam called the meeting to order at 9:36 a.m.

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

Mr. Gionson did the roll call, and all members were confirmed in attendance. Mr. Zane would join the meeting later. Mr. Arakawa attended via Zoom, and he was by himself.

3. Opening Cultural Protocol

Mr. Casson-Fisher did the opening protocol by honoring women's history month.

4. Approval of Minutes of the February 23, 2023, Regular Board Meeting

Chair Kam made a motion to approve the minutes. Mr. White seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

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

There was none.

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

Mr. Ka'anā'anā spoke about the 36th meeting of the Council of Pacific Arts and Culture, which was from March 14 to March 17. He said the governor was also part of the convening. An evening reception also took place. He spoke about the Multi Community Resource fair. Mr. Casson-Fisher attended, and Meagan DeGaia, the Destination Manager from MVCB. There was a good attendance and a good outreach opportunity. It was the second year the HTA attended. Tourism Day was at the capital, with many HTA teams attending. There was a lot of representation from the industry, community, and government. He thanked the partners with tables and the HLTA who made the event possible. NaHHA was a convener, Mr. Monahan's team, and the HVCB. What stood out to him was the mixed tables. He thanked Ms. Iona for her help and the members from the AG team, as well as the airlines, hotels, and industry partners. It was an excellent opportunity for them to share what was happening at the HTA.

He thanked Mr. Ching for hosting a breakfast. He spoke about Tourism Day. He said March 30 is Global Meetings Industry Day. Mr. Ka'anā'anā said the CEO and CAO portion of agenda item 6a would be reported on when Mr. De Fries and Mr. Nāho'opi'i arrived later.

Mr. De Fries spoke about the work activity in February 2023. He commented DBEDT's leadership in the area of promoting locally Made-In-Hawai'i products, providing standards, and deriving a strategy for enforcement which the legislature will have to make a commitment to all, translated well. What is important to the HTA is that it reflects what was heard throughout the state in the DMAP work, where small business owners, entrepreneurs, and big business owners are looking for ways to utilize the network that the HTA and its contractors have developed globally, to bring an influx of visitors now. Then the visitors invest a greater

percentage of their expenditure. The expenditure was \$19 billion the previous year with locally made products. He said it ended up with a panel with DBEDT Deputy Director Dane Wicker, Sen. Glenn Wakai, and Tourism Chair Lynn DeCoite. One Senator spoke about how the silos have to come down within the state government so that things can be more efficient across the board. They brought a different mindset.

He asked Mr. Nāho'opi'i to speak about the WAM meeting he attended that morning. Mr. Nāho'opi'i spoke about the Change Management Plan that is progressing well, creating new job descriptions for the Destination Manager position. He said they would be discarding the existing Brand Manager position and serving under the Director of Finance, so they will be increasing the DMAP side of the House. He said the auditor's report is progressing. In January, they gave the Board the list of tasks. They are making progress, but the bulk of the work happens in March, April, and May, where they will describe positions to put in the quality assurance, compliance, and responsibilities and then train all the staff on the policies regarding procurement, contract management, etc. He reported about the EDA funding; the revised Grant Administration Plan was approved on March 22, and they are progressing on setting up the projects to solicit the contract.

Mr. Arakawa asked regarding the DMAP employees, how many exist currently, and how many will Mr. Nāho'opi'i be adding. Mr. Nāho'opi'i said under that category; there is the director of planning, an assistant, a senior destination manager, and a destination manager. They have also contracted out four positions that reside on each of the major islands, and they are working on contracting out a fifth position that will be living on Moloka'i.

Mr. Arakawa asked if there would be nine people working on DMAPs. Mr. Nāho'opi'i confirmed that as correct, but that would also include planning. Mr. Arakawa asked if the section would be renamed. Mr. Nāho'opi'i said they would consider that. Mr. Arakawa asked about the five-contract employees and where the funding for them would come from. Ms. Anderson, the destination manager position, will come from the TSF 2021 funds, and the Moloka'i position will come from the FY2023 funds. Mr. Arakawa said there will be no funding for the destination managers after the following year. Ms. Anderson said the contracts continue until August 2024, as well as the Moloka'i position. Mr. Nāho'opi'i said there is funding set aside should there be an extension.

Mr. Arakawa asked why the five positions were not included in the current year's budget request. He asked why they were using 2021 monies. Mr. Nāho'opi'i could not answer that. Mr. Sadayasu said the Ige administration asked all agencies in the department to make a state budget request, so the initial budget submitted was a steady stay; it was not allowed to add anything. The major add was the \$75 million and \$60 million for the HTA marketing destination

management and administration costs. It was zero'd out of the previous budgets, so there was a major increase in the steady stay for DBEDT in its entire budget. He said it was not included in the HTA's request or additional in the supplemental budget. It was contracted then, but he was unsure what the decision-making was at the HTA level. Mr. Arakawa said that Gov. Ige and Gov. Green requested a steady status budget, but the reorganization attached to HB1147 that the HTA proposed in April and May 2022 did not increase the number of employees. The state, Senate, and House approved it. He asked why that was not submitted but then said that it could be discussed offline.

Mr. Arakawa asked about the EDA grant and the buoys they were paying for, which the DLNR was managing. Mr. Sadayasu said they were a sub-awardee and asked Ms. Anderson to describe it. Ms. Anderson gave more detail. She said the project has \$400,000. The purpose is to consult with charter snorkel operations that cater to tourists, developing an online public resource to help ocean users identify maintenance for the buoys. The project is meant to help with diving recreational activities for visitors. She said DLNR would be managing the project. The maintenance portion is not part of the project, but the goal is consultation and an online public resource. It comes under the Ho'okahua Hawai'i Standing Committee. She said it was presented to the Ho'okahua Hawai'i Standing Committee in December 2022, where DLNR gave a presentation.

Mr. Arakawa asked if it was possible to move the grant, as the HTA would be liable if something happened where DLNR was in charge. The legislature told the HTA to stay out of DLNR's kuleana. Ms. Anderson spoke about the origin of the non-competitive grant. She said Hawai'i was awarded the EDA non-competitive grant related to the recovery of travel, tourism, and outdoor recreation. So, the HTA was designated by the governor to be the leading agency for that. During that time, DBEDT director Mr. McCartney met with DLNR and suggested that the HTA partner with DLNR in the grant, so the HTA worked with DLNR. It is a little over \$14 million. The \$14 million and \$7.2 million are for the DLNR project, and the HTA ensured the projects with DLNR address all of the DMAPs. Part of the Grant Administration Plan is having continuous meetings with them to ensure everything is on track.

Mr. Downing said he had questioned the Board about the Waikiki snorkel trail and said they were supposed to revert. Mr. Downing said he would like to see the draft before the final. Ms. Duarte asked about increasing the staff for destination stewardship for functions and areas. She said it was her understanding that all the HTA staff had a hand in destination management and asked if that was correct. Mr. Sadayasu confirmed that they are cross-functioning teams. There is a destination management that organizes and monitors the plans, and the brand managers

who have subject matter give input and generate the products that fall within the objectives of the destination. He said Ms. Anderson tracks both sides.

Ms. Duarte brought this question up in a public forum as she said it is important for the public to know how much is done on the destination management side. Mr. Arakawa said job descriptions are very important. Mr. Sadayasu elaborated more on the cross-functioning teams, and said that within the brand, some programs address the team concerning the DMAP activities, so those were assigned to brand managers, etc. He said the DMAP action items elaborated more on that as well as the overlapping areas.

Mr. Arakawa asked Mr. Nāho'opi'i if, in the next meeting, he could give them something in writing from the HR department clarifying that they do not have to revise anyone's job description or supervisory roles, and what they have is sufficient, as everyone is cross-functional. Mr. Sadayasu said he would continue to research that. Chair Kam said that could be taken offline.

Mr. De Fries mentioned that Mr. Nāho'opi'i filled a critical vacancy when Mr. Regan stepped down. He introduced Mr. Isaac Choy, a veteran legislator, to fill in Mr. Togashi's position in the HTA. He said Mr. Nāho'opi'i, Chair Kam and he interviewed him, and they concluded that he would be an integral part of the HTA. De Fries asked Mr. Choy to introduce himself.

Mr. Choy thanked everyone and gave some background on himself. He said he was willing to work and help and was grateful to be surrounded by great people and leaders. Mr. De Fries added that Mr. Choy's contribution would be valuable. While they view the activity from the legislature from an external point of view, interpret it, and navigate it, being in the House for ten years, he could see it from the inside. He said he would be able to broaden the HTA's view into the legislature. Mr. Sadayasu said Mr. Choy is also an asset on the taxation side. Mr. Choy would also be leading on anything related to the HCC.

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

Ms. Chun said the HTA Monthly Market Insights and dashboards from the previous month were in the meeting packet, as March was the first month since September 2022 when she represented visitor statistics in the Board meeting. Handout packets with the monthly highlight presentation, February 2022 Market Insights, and February 2022 Dashboards were distributed at the beginning of the meeting.

For monthly visitor expenditures, the trend continued from January 2022 ahead of 2019. Monthly arrivals from February 2023 were a little lower than in 2019. Overall expenditures

were higher for the U.S. West and U.S. East, as most people came from that area. Compared to prior years, they spent more per person per day. Average daily census for the U.S. West and U.S. East were higher than than 2019 and 2022.

By island, there was an increase in February expenditures for O'ahu, Maui, Kaua'i, and Hawai'i Island. Per person, per day spending was higher on all islands except for Lāna'i. Visitor arrivals were lower per island for February, but the average daily census was higher on O'ahu, Lāna'i, and Hawai'i Island. TSA throughput for Daniel K. Inouye was lower compared to 2019 because there are still no international visitors. There was an increase in traffic for other airports, such as Kahului, Lihue, etc. She said it was surprising that the numbers were higher for Hilo than 2019, especially since they lost the United Airlines flight in January 2023.

Ms. Chun spoke about the airline passenger mix. Most were visitors at 85%, and the rest were mostly residents, with a few being transit passengers. For trips, most people visited for leisure purposes. The majority of the people came for pleasure and vacations. There were a few people who visited for meetings but not as many as in 2019. For accommodation, the majority of people stayed in hotels. Compared to 2019, a lot more people are staying with friends and relatives in 2023.

The preliminary TAT collections for February 2023 were \$73.2 million. The slide read incorrectly as January. Compared to FY2022, they were ahead in TAT by \$114 million for 2023. Compared to 2017, it is higher overall. For county TAT collections, in the previous meeting, it was requested that Director Sadayasu send letters to the mayors for county-level TAT collections. They received data back from the county of Hawai'i. Ms. Chun went onto the tax website and estimated the figures for everyone else. DoTAX has the monthly tax liability per county on its website, which would be collected the following month. All the counties had different effective dates for their 3%. Honolulu was in December 2021, Maui was in November 2021, Hawai'i was in January 2022, and Kaua'i was in October 2021. The difference between tax liability and collections is that tax collections are what people actually paid. The others are estimates, and payments are not always made.

For February 2023, hotel occupancy was 76.3%, higher than in 2022, but lower than 2019. ADR was significantly higher at the end of February 2023 compared to 2022 and 2019. RevPAR was also higher. For vacation rentals, occupancy was at 66.5%, significantly lower than for hotels. ADR was also lower. Hotel demand was much higher for February than vacation rentals demand.

Mr. McCully asked if DBEDT had a reference for inflation allowance or indicators. Ms. Chun said they would be releasing the Tourism Price Index later. Once that is released, they will release inflation-adjusted data, a report that comes out quarterly.

Ms. Chun spoke about the overall seats for air traffic. There were more domestic seats than before but fewer international seats, which continued for February, April, and May 2023. It gets updated weekly on the HTA website. The Skift Travel Health Index was 93, which is very high. This shows readiness for travel for the world. She showed the Skift Travel Health Index by Country. For the U.S., it is 97%, and for Australia is 96.1%. She said there had been a big growth in China.

Ms. Chun spoke about the U.S. Travel Association dashboard, which was always a month behind. She showed the January figures. There was an increase in travel spending compared to 2019. There was an increase in air passengers. Overseas arrivals continue to be less compared to 2019. Hotel demand was slightly higher, and vacation rental demand was much higher compared to 2019 for the overall U.S. Compared to the U.S., Hawai'i is slightly below for travel spending increases. For air travel, Hawai'i is no longer red but now blue, so there is a lot more activity going through the airports. For Transient Occupancy Pace, for the U.S. hotels, there are negative numbers for April and May, but they increase towards the end of April. Historically, many schools have Spring break after Easter, contributing to the slight increase of 8.7%. The decrease for the rest of April and May is on a national basis.

Regarding people's decision to travel, 24% said that transportation costs affect how they plan to travel. It was low in the first quarter for business travel and did not pick up until mid-May or the end of May. Business travel plans include internal meetings, conferences, conventions, and customer, supplier, and stakeholder meetings. The highest number was for internal meetings at 84%.

Ms. Chun spoke about Vision Insights Destination Brand Health Trends. She said they changed vendors from YouGov to Vision Insights. It is still being published every week. They have a few more markets. It used to be just Japan, Canada, and the U.S., but now Korea and Australia have also been added. Consumers are still being surveyed daily, and there is new data each week. It is published on a two week moving average.

There are 16 different metrics, but they have decided to highlight four of them, namely, Destination Awareness, Chatter (people talking about negative or positive things about the destination), Consideration (whether people are likely to visit Hawai'i or one of the other islands for a holiday) and Favorability (whether people consider Hawai'i to be a good destination). Respondents were asked about the State of Hawai'i, and each island. She noted

that many people mentioned the State of Hawai'i, but that did not necessarily mean they had good familiarity with all the individual islands. She broke it down by the market.

The U.S. market:

Awareness - people are aware of the State of Hawai'i, Hawai'i Island, and Maui. There is less recognition from the U.S. visitors or market as a whole, not just people who visited Hawai'i. O'ahu, Kaua'i, and Moloka'i and Lāna'i are low in terms of people being aware of them. The data is presented on a sixty-point scale.

Chatter - the U.S. people are talking about Lāna'i. People are mostly considering coming to the state and Hawai'i Island.

Favorability - the U.S. people are also considering going to every island for their next vacation.

Canada:

80% scale for awareness. They are not as aware of the smaller islands.

Chatter - Positive things Moloka'i had some positive chatter.

Consideration - most want to go to all the islands except for Moloka'i.

Favorability - most of the islands.

Japan:

Awareness - a lot of people know about O'ahu, the state, Hawai'i Island, and Maui. There is a lot less awareness for Kaua'i and the two smaller islands.

Chatter - Not talking about Kaua'i for specific periods of time. Moloka'i and Lāna'i were not spoken about at all.

Consideration - all the larger islands and the state as a whole, but a little bit less for Maui.

Favorability - All the big islands. Moloka'i and Lāna'i do not show up.

Mr. Ka'anā'anā said the Japan contractor did not get their notice to proceed with the contract until a few weeks ago, as there were a few administrative delays. So, they were not allowed to begin work until they received the notice to proceed. That might have contributed to the Chatter figures.

Australia:

Awareness - high awareness for Hawai'i Island, the state, O'ahu and Maui.

Chatter - sporadic about Kaua'i with an uptick about the state overall, tapering down and increasing in the last month.

Mr. Ka'anā'anā said there was a similar situation here regarding the contractor and the figures related to administrative issues.

Consideration - Hawai'i as a whole, but mainly Hawai'i Island, and O'ahu if they had to choose a particular island.

Favorability - all the islands, except the small islands, due to the low awareness.

Korea:

Awareness - the state of Hawai'i, and Hawai'i Island. They do not know where O'ahu is.

Mr. Ka'anā'anā gave some context for the climb at the end of March 2023. He said it was after they directed the GMTs globally about multi-island visitation after the HTA made adjustments on the GMT site.

Chatter - about O'ahu. They do not have a good idea of the individual brands.

Consideration - Not a good idea about any of the other islands.

Mr. Ka'anā'anā noted that the HTA was only able to add funding for the calendar year 2023 for the Korea market through June, which was \$630, so it is half of what it was, so they are not operating at full capacity with what they usually would do. Ms. Chun said the graph also showed the need for the HTA and GMTs to educate the market about the awareness of each island.

Favorability - they are not aware of the various islands.

Ms. Chun spoke about market insights for the U.S. as whole and annual vacations. Distance traveled on a yearly vacation: 31% travel between 0 to 500 miles away from home; 26% travel between 500 to 1,000 miles; from 1,000 to 3,000 miles, west coast people are visiting; and 3,000 to 5,000 and 5,000 plus miles, those are people who might be able to visit Hawai'i. A lot of people on the mainland are not going far from home. Most people spend a lot of their budget on lodging, food, and transportation. They spend an average of 5.6 nights on vacation, with 3.1 people, and an average per person per day spending of \$138.59, much lower than Hawaii's spend for the U.S.

Ms. Chun spoke about the importance of travel factors when choosing Hawai'i. Factors were value for money, natural attractions, the opportunity to experience local restaurants, entertainment, and nightlife. Value for money was very important. She highlighted that dining at locally owned non-chain restaurants was high. Buying Hawaiian-made products was also high. For sustainable practices, feeling personally responsible while traveling was one factor. She said they would be putting out weekly reports for the responsible traveler starting the following week. For Hawai'i as a travel destination, 70% of people think Hawai'i is a fun and exciting destination. 40% of people are talking about taking a trip to Hawai'i. Mr. Ka'anā'anā said they invest in the strategies to ensure people have the inspiration and awareness around

the destination, but follow it along the entire visitor journey about educating them on how to travel in Hawai'i.

Ms. Chun spoke about media consumption. Many people watch Netflix and Amazon Prime. They also use a lot of social media, including WeChat. She spoke about travel destination sources of awareness and actions taken after seeing an advert. For the visitor satisfaction activity report, they ask what traveler motivators are. Television, program, and movies in Hawai'i is something they have been tracking. She said the fonts and colors on the slides would be changed as it was difficult to read. Mr. Ka'anā'anā said in Oceania and Australia; people take Hawai'i 5-0 trips, such as 50th anniversary, 50th parties, etc.

Mr. McCully asked if they could be more specific on the numbers and context in the charts. Ms. Chun said that when they redo the presentation, she will add each base.

Ms. Chun spoke about the Arc/Forwardkeys Destination Gateway Trends. She spoke about the outlooks for all origins (places that are not Hawai'i). For all origins, they are still trailing behind for air travel from anywhere in the world to Hawai'i. The statistics show booked seats for April, May, June, July, and August compared to pre-pandemic. For the U.S. six-month outlook, booked seats are still lagging compared to pre-pandemic levels. For the U.S. origin market, most people are coming from Los Angeles and San Francisco. The distribution channels are mostly people coming direct. The lead time for 91+ day bookings is 42%, and 14% for 61 to 90 days. 11% of people book 15 days out. Less than a month out is 12%. Booking two months out is 21%.

The six-month outlook for Japan is lagging behind the pre-pandemic period. Most people come from Tokyo and Osaka. Many people book directly, but not as many with retail travel agents. For lead times, many people are booking two months out or more.

For Canada, July and August are closer to pre-pandemic levels. Most people come from Vancouver, Calgary, and Toronto. There is a lot of direct booking from Canadians, with a lot longer lead time, with 58% booking three months out or more.

Korea is still lagging behind pre-pandemic levels. Most of the people are coming from Seoul. They are mostly using retail travel agents more than direct bookings. Most people book within three months.

Australia is also lagging compared to pre-pandemic levels. Most of the people come from Sydney, Melbourne, and Brisbane. They are mostly using retail travel agents and booking 91 plus days out (74%) Mr. McCully asked about a chart for the lead time showing the difference in the time between bookings compared to pre-pandemic levels. Ms. Chun said she could create a chart showing that. He said he heard that people are booking later, and those numbers are

lagging compared to pre-pandemic levels, but the demographic is showing later rather than earlier.

Ms. Duarte said there had been a conversation about why the industry takes the lead for the direct marketing of Hawai'i. She asked how they would respond to a question if that were asked. Mr. Rafter said that they would not be doing brand marketing at a macro level. At a micro level, he would suggest that as they already do a lot of marketing, to the tune of even small properties. Ms. Agas said the resorts partner very closely with agencies such as HVCB and the HTA etc. She said the shows are effective, and asked if there are other opportunities in the year they can continue to grow and work together to represent the brand and state. Mr. Ka'anā'anā said the shows are funded by the HTA Board. He spoke about the partnerships and county funds that often contribute on the chapter side. Ms. Duarte said the reports are great.

8. Presentation and Discussion on Air Service to Hawai'i

Mr. Eslinger gave updated information from a previous meeting. He updated on other activities they have been doing regarding working with their network carriers regarding the service to Hawai'i. He was in a meeting called Routes Americas last week in Chicago. This included flights from South America to the northernmost parts of Canada, and everything in between. This included airlines, destinations, airport authorities, and carriers, mostly trans-Atlantic carriers. A lot of Asian carriers were also there. The carriers they had appointments with included Air Canada, WestJet, Hawaiian, Norse Atlantic Airways, Alaska, United, Delta, American, Southwest, and Breeze. He said there is apprehension with the middle of the week service related to neighbor island transpacific service from the U.S. markets. The load factors are not what they would like them to be, but in many cases, they are committed to the routes or are reducing frequencies.

Ms. Eslinger said the other challenges include the booking window for the planning teams at the airlines. Before COVID, a visitor would book air, hotel, car, and attractions in that order. Depending on the customer, the U.S. West customer reserves the car first, then a hotel, then air. Air is one of the last components of the purchase decision. Because of that, the airlines do not see that demand. The shorter booking windows are resulting in challenges to the whole process. That is why the meeting with the carriers is so important so they can contextualize the information.

When he met with the carriers, there was a big drop in the Canadian market in terms of bookings in February. Regarding the booking window, it all corrected itself, and February was one of the best months the carriers had, flying to Hawai'i.

For the U.S. side, there continues to be labor, aircraft availability challenges, aircraft allocation, utilization, etc. He met with a number of carriers. Unfamiliar carriers included Norse Atlantic Airways. They are interested in considering Hawai'i from London Gatwick, which would only be a few years later, depending on payload, etc. Another unfamiliar carrier that currently cannot fly over water is Breeze. They are considering using a smaller craft to serve second and third-tier markets on the U.S. West to go to neighbor islands directly. He spoke about the airports. He said the airports are interested in partnering with Hawai'i as a destination. Mr. Talwar, at HVCB, and Ms. Anderson have put together some mālama messaging in newsletters to promote Hawai'i at Oakland International Airport. Las Vegas, Phoenix, and DFW are also interested in partnering with them.

Mr. Eslinger gave an industry overview. The fuel cost for airlines in September 2022 was about \$3.49 per gallon. In January, it was \$3.86, but since then, the price has declined and was not anywhere near where it was in March 2020, but it is going in the right direction, which would help the balance sheets of the carriers serving Hawai'i. He updated on fuel surcharges. The surcharges were as follows per airline:

For JAL - Originating Flights on tickets issued March 1-March 31, 2023, to Hawai'i (\$213)

Originating Flights on tickets issued April 1-May 31, 2023, to Hawai'i (\$191)

For ANA - Originating Flights on tickets issued Dec. 2022-March 31, 2023 to Hawai'i (\$232.2)

Originating Flights on tickets issued April 1 –May 31, 2023, to Hawai'i (\$160.6)

For Korean Air - Originating Flights on tickets issued Dec. 2022 –March 31, 2023, to Hawai'i (\$91.8)

Originating Flights on tickets issued April 1-30, 2023, to Hawai'i (\$80.8)

For Asiana Airlines - Originating Flights on tickets issued Dec. 2022 –March 31, 2023, to Hawai'i 128,600 KRW (\$99.8)

Originating Flights on tickets issued April 1-30, 2023, to Hawai'i (\$78.61)

He spoke about the carriers serving the destination, the map, and the route structure.

When looking at the scheduled non-stop U.S. seats to Hawai'i, the percentage change from 2019 to 2023 had more seats than 2019. For people in the planning process, e.g., hotels, attractions, and other tourism-supported industries, comparing 2022 to 2023, there was a decrease in seats to each island, except for O'ahu. For Kaua'i, Maui, and Kona, non-stop seats will be reduced between now and the end of June 2023. However, that does not mean they cannot get to the island because many of the network carriers, except for Southwest, have interline agreements with Hawai'i, so they are dispersing themselves through Maui or Honolulu to get to a neighbor island. There is a reduction in Maui. Kona will have additional seats in the second part of the year. Kaua'i seats will also be reduced.

Looking at it per country for non-stop service, Australia had a reduction, due to Brisbane suspension and aircraft sizes. The Canadian market is flat. The Chinese market does not have any non-stop service, but they have service on ANA through Tokyo and all the other Japanese gateways. Cook Islands will be added by Air Hawaiian the following month. Fiji is continuing to add seats and is the new conduit to get customers out of secondary markets, in New Zealand and Australia, through Fiji, to go to Hawai'i. The Japanese market dropped by 42.4% seats. That continues to evolve up and down as the market demand changes. New Zealand seats are also down 24% to 25%. South Korea is down by 13% for seats, but those seats have become more stable than many other international destinations. The Taiwan market seats are being scheduled, but keep getting pulled. The U.S. market seats saw an 11.5% increase in scheduled seats for the year.

Mr. Downing asked which airlines fly to Kiribati. Mr. Eslinger said it is United Airlines. He said they started back up right after Safe Travels. Mr. Eslinger would get the information. Mr. Rafter asked about the drop in Japan and asked if it is getting worse or better. Mr. Eslinger said it is not getting worse. The premium cabins are sold-out by cash, but the mid-week back of planes are quite empty. The weekend demand is a bit better than it had been but not back to previous good numbers. Mr. Ka'anā'anā said he could ask HTJ some of the questions related to challenges, opportunities, general sentiment, domestic incentives, exchange rates and fuel surcharges. There were no further questions for Mr. Eslinger.

9. Report and Update by the Budget, Finance and Convention Center Standing Committee of their Meeting held on March 28, 2023.

a. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on the HTA's Financial Report for February 2023

Mr. Rafter said they had a meeting on the previous Tuesday with various agenda items, namely the February financials from Mr. Nāho'opi'i. There were also a few follow-up items. Mr. Ka'anā'anā recommended to the Board for the China item 9C and 10A for the Branding Standing Committee that they take a singular action on those items, as well as the budget reallocation 9D and 10B.

They were all presented to both committees, and both committees recommended approval to the full Board. Mr. Rafter said they recommended approval of the February financials unanimously. He asked for a motion. Chair Kam made a motion, and Mr. White seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

b. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on Hawai'i Convention Center's February 2023 Financial Reports and Update on the Hawai'i Convention Center's 6-Year CIP Plan

Mr. Rafter said Ms. Orton had provided an update on the February financials and the HCC 6-year CIP plan. The committee expressed concern about the lack of action on the \$64 million for the HCC repairs, but there was no immediate action to report. He said they were also asked about the \$50,000 study. It was determined that the result during the last Board meeting was the conclusion of the study, and the findings would be in the broader HCC study of \$500,000 that had yet to start.

The total return to the HCC is based on 6.2 million created, which is currently at \$4.24. There was a question: what would it have been pre-COVID when they had a lot of city-wides? Ms. Orton said it would have been in the \$20 range spend. She had said several city-wide events were happening the following year to help boost the numbers. Mr. Rafter said the committee unanimously voted to approve the HCC February 2023 financial report and the 6-year HCC CIP plan update.

Mr. Rafter asked for a motion. Chair Kam made a motion, and Ms. Duarte seconded. Mr. Arakawa said there were three matters that they were supposed to address in the BOD, namely the status of the HTA's request for \$65 million for the HCC rooftop repair. At a previous Board meeting, they had requested the HTA staff make a written request to the WAM and Finance Committee. Mr. Sadayasu said he would also forward it to the Senate and House. Mr. Arakawa asked what the status was on the HCC rooftop repair request. Mr. De Fries said that after the House and Tourism Committee visit, the chair showed little or no appetite to move forward with the funding. Mr. Arakawa asked about the WAM and Finance chair, but Mr. De Fries said they had not spoken to them. Mr. Sadayasu said the request went through, the Senate committee did a site visit, and they were aware of the situation. Mr. Sadayasu said WAM is quite busy, and he was unsure if they scheduled a visit. Mr. De Fries said the visit by the Senate EET Committee urged the HTA to get the House on the inspection, so that is as far as it has gone. Mr. De Fries said they had not sought a formal request from WAM.

Mr. Arakawa asked if they could get it done, as House Bill 300 was heard in the morning, and they could consider putting it in. He said it is important for the HTA. Mr. Arakawa said this request was made before and questioned if they still want to ask for the \$65 million for the repair. Mr. De Fries said he would be at the legislature the following day and discuss it directly. He said he had a meeting with the Senate Tourism chair. Mr. Arakawa asked if he could send something in writing to the WAM and Finance chairs as well as the House and Senate Tourism chairs. Mr. De Fries said he would do that and put it in writing. He said some of the press about

additions to the roof, might have added some sense of support. Mr. Arakawa asked about the HCC contract set to expire at the end of June 2023. He asked if they were applying for an extension or an RFP. Mr. Ka'anā'anā said he deferred to Mr. Nāho'opi'i when he arrived later to answer that.

Mr. Arakawa asked about the status of the \$500,000 HCC study. Mr. Sadayasu said they asked the HTA to provide all the HCC studies and are yet to receive that. They are working on a scope of services to look at that. They also ask the BFCC Standing Committee, the WAM, and House Finance to extend the \$500,000 expenditure for another year, giving them enough time to expend that. They have yet to receive it.

Mr. De Fries said Mr. Nāho'opi'i had a technical issue because of the file size, but it would be transmitted to DBEDT shortly. Mr. Arakawa said the \$500,000 was approved by the legislature in April 2022, and asked if there was a scope of work on what that would cover. Mr. Kishi said they researched that, and after speaking to Mr. McCartney, it had not been formalized in a previous administration and said it fell to the HTA. He said they needed more detail, so he asked for an extension of the expenditure.

Mr. Rafter said his recollection said the former House Administration chair wanted to see if there was a public-private partnership opportunity mainly to build a hotel on the HCC that would address the rooftop concerns, and if so, could that be done in time to address their current problems.

Mr. Kishi spoke about the AEG contract extension. He said he and Mr. Nāho'opi'i are working together to extend the contract for six months, then for another six months from November or December 2023. Mr. Arakawa said they had just finished the \$30,000 study, an update on the 2019 study, and asked Mr. Kishi if he knew about the study and if the contract extension would follow up on what was recommended in the \$30,000 update study. He said they need to ask procurement whether that would fit under a contract extension, as the scope might be broadened. Mr. Sadayasu said he is concerned about extending the contract. He said the contract could only last for ten years, and the ten years finish on December 31, 2023. He said they should not be extending it beyond that date. The issuance of an RFP would not be in the best interests of the HTA, so he signed contracts only until May 4, so the next director would have to sign the extension.

Mr. Arakawa asked if Mr. Sadayasu could keep them apprised of those issues. Mr. Rafter said that issue came up in the BFCC Standing Committee meeting, and the feedback was that the highlights from the \$30,000 study were being incorporated into the broader study. The \$50,000 study updated whether a hotel would be feasible on the HCC site. The conclusion was that it

might be feasible but to take into account how long it would take to build it, cost estimates, performance, etc., and would need a later update to see if it is feasible. Mr. Arakawa said that was the second conclusion of the study, but the first was the rooftop repair.

Mr. Rafter asked for a motion to approve the agenda item. Chair Kam made a motion, and Ms. Duarte seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

c. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee to Approve Funding for China Major Market Area ***

d. Discussion and Action on Proposal to Reallocate FY22 Funds from Hawaiian Culture Initiative to Marketing Opportunity Fund in the Amount of \$50,000

Mr. Ka'anā'anā said they had some costs that were not anticipated, coded to the Marketing Opportunity Fund, budget line item 380, to correct that. He said they requested a budget reallocation so that the budget line had enough money. They are asking for \$50,000 from budget line item 202, the Hawaiian Culture Initiative. That line item was identified because they had not received guidance from the BFCC Standing Committee that they could not use the funds for FESPAC. They felt that was an appropriate place to pull it from. It would not impact something else from the HTA. Mr. Rafter said the BFCC Standing Committee had recommended approval and sent it to the Branding Standing Committee. The Branding Standing Committee also recommended approval.

Chair Kam made a motion, and Mr. Ching seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

10. Report and Update by the Branding Standing Committee of their Meeting held on March 29, 2023

a. Discussion, and/or Action on Hawai'i Tourism China's 2023 Budget Plan

Mr. Ching gave a few updates. Mr. Ka'anā'anā spoke about Agenda item 10a. This item was brought up first in the BFCC Standing Committee meeting as there were budget implications in terms of the allocation of dollars across the time of the contract. The agenda was followed up with the Branding Standing Committee because of its relevance. He requested a motion from the full Board to approve the HTC budget. He clarified that it is the one where the contract dollars are attached to an existing contract. They received guidance and clarification to keep the contract alive through 2025. He proposed to the staff of the BOD how they should spend the remaining dollars in the contract. \$1.8 million is the amount the contract started at. They

spent \$733,000 in 2022, and there was a remaining balance of just over a million dollars at the end of the calendar year 2022. The Board had already approved a spending of \$87,000 from January to June of 2023. That would leave them just shy of one million dollars for the remainder of the contract. He said they propose \$327,000 at the end of the calendar year 2023. For calendar year 2024, they recommend \$376,600, and \$362,784 for 2025. So, the Board would be approving the amount for each period.

Mr. Ching asked for a motion to approve. Chair Kam made a motion, and Mr. White seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

b. Discussion and Action on Proposal to Reallocate FY22 Funds from Hawaiian Culture Initiative to Marketing Opportunity Fund in the Amount of \$50,000

c. Hawai'i Tourism Destination Brand Management & Marketing Services for the Canada Major Market Update on RFP 23-02 Hawai'i Tourism Destination Brand Management & Marketing Services for the Canada Major Market

Mr. Ka'anā'anā showed the Canadian marketing RFP timeline. They anticipate April 21 for proposals to be in at 2 p.m. HST. He said the procurement is progressing but could not give more information.

d. Update on RFP 23-03 Hawai'i Tourism Destination Brand Management & Marketing Services for the United States Market

Mr. Ka'anā'anā said he could not share much more information but said the proposals close on March 30 at 2 p.m. HST.

11. Discussion Regarding an Update on the Meetings, Conventions, and Incentives Market Activity and Pace Report, and Hawaii Convention Center Activity and Local Sales

Mr. Reyes said it was Global Meeting Industry day. \$19 billion direct and \$33 billion total impact. This started with meetings during the recession when corporations said not to travel or have meetings. Wells Fargo CEO did a full-page advertisement saying that meetings were important. For the business forecast, Q1 and Q2 were predicted to be soft. There was strong competence in Q3 and Q4. 2025 is shaping up, and they have a lot of work in 2024.

On the global side, Japan is returning, and they are closing in on city-wide business for 2023, and they have a few that are ready to close. For a customer who has booked a convention center, 50-60% is the trade shows they have. The sellers have been telling customers they are addressing the HCC roof issues. He implored that they need to get the roof fixed. 22 events of the House use the rooftop, worth over \$800 million of economic impact for future years.

Sales production is what they are producing now and in the future years. Consumption is what is on the books. He gave the sales production update. The city-wide team is committed. For February 2023, there were 6,409 definite room nights, and they have close to 10,000 room nights for a few months into the year. There are 46,000 tentative room nights for future years coming up. The previous year was at 14,000. For 2023 year-to-date, it was at 109,000. This is the momentum in the marketplace, and the desire for the people wanting to go to Hawai'i for city-wide conventions.

For future pace, the booking trend, their goal in the next four or five years is to do 99 events. Last year they were at 22 events. For Hawai'i, the future pace for city-wide, for 2022, they were at 50% and have reached 80%. In 2028 and 2029, they have about 12,000 tentatives that they are trying to close. For the post-COVID focus, for short-term, they are booking 2023 to 2027, any event that is looking for a convention center regarding the use of a hotel. They are looking at the maximum city-wides with 1,000 people and 1,000 rooms for the long term.

Mr. Reyes said he and Ms. Orton had spoken about what a true city-wide for Hawai'i is: sports groups and different types of groups. They have booked 13 out of the 77 and are pursuing that further.

Mr. McCully asked about city-wide and the 1,000 rooms. Mr. Reyes said it is 1,000 attendees using two or more hotels, but what they will recommend, is because of the types of groups that use the HCC, they believe the definition needs to be changed to, using the HCC and having a certain amount of peak rooms, especially in a short-term. They are having an internal dialogue and are going through the process now and will let the HTA know the outcome.

Mr. McCully asked about the aggregate of those events compared to the scale of the city-wide events. Mr. Reyes said a city-wide refers to a group that requires center space. Being city-wide involves a lot of space that only the HCC can provide. They also collaborate with the hotels. The scaling of events requires timing, and they want to communicate to the Board that it takes an average of 5 years to book an optimal city-wide group. Optimal means 1,000 attendees with a minimum of 1,000 rooms. He said they have two sellers focused on those optimum pieces of business. Once they pass the prime booking pattern, they move on to the attendees and room nights that are lower in regard. For the HTA to be successful, they would like to see an average of 27 events per year. For them to do that, it demands a future strategy for those optimal bookings.

Ms. Orton said the true term city-wide used to be where a city is booked up, but those groups are few far, and few between. It is now an offshore business, bringing offshore attendees to book hotels and use the HCC. Mr. Reyes said they are also looking at groups that can drive food

and beverage minimums like \$150,000 spent or more, which will help Ms. Orton reach her revenue goals. They have a profile of the customer that has different variables, etc. They constantly talk to the hotels, and the communication has strongly aligned.

Mr. Ka'anā'anā said the conversations are going and need to get vetted by the staff, which they are in the process of doing, but have not finalized yet. What they have done has aligned with the BMPs that the Board previously approved for the MCI market. He said the strategy and intent were thinking about the group and MCI business and how it overlaps with what they hear from the community. Mr. Arakawa said they could talk about an actual city-wide offline definition.

Ms. Orton noted that they closed the gap on the \$1.2 million revenue loss they had from two canceled city-wide events. The sales team filled the gap and is on par with the budget and expenses. The ROI is \$4.24 for every dollar spent at the HCC. They have the next city-wide event in April 2023, ARRS. 2023 will have a total of 7 city-wide events. She said they are wrapping up the FY2024 budget and have 21 city-wide events on the books for the next fiscal year. She thanked Mr. Reyes and his team for this. There is a lot of local business for the next three months. The past month, the local business was in-house. Kawaii Kon is coming up, and they are anticipating a big turnout. For March 2023, they have 18 events, with 25 for April 2023 and 14 for May 2023.

Ms. Orton highlighted the local sales team and said they filled all the vacant positions. There are three local sales managers, a contract specialist, and a marketing manager. She spoke about recent events they hosted, the Honolulu festival with a big turnout, the Hawaiian Island Ministries, a repeat customer, and the Hawai'i Hotel and Restaurant Show. For upcoming events there is Kawaii Kon, Chopsticks and Wine, and ARRS city-wide, with about 2,500 attendees in mid-April.

Ms. Orton spoke about the newly installed exhibits on the third floor. They had the blessing in March for both exhibits. She spoke about the marketing clips, and the Mother's Day brunch and concert, with Josh Tatofi as the special guest. They have sold about 300 tickets so far and are anticipating to sell out. The carbon offset program has 59.50 trees planted. She spoke about the R&M projects, but there were not many updates. They are working with RLB on the \$15 million temporary rooftop repair, mapping out planning dates, construction timing, etc. There were no questions.

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

Executive session.

After the executive session, Chair Kam asked for a motion. Mr. White motioned for the Board to accept the recommendation the BFCC Standing Committee discussed in the Executive Session. Mr. McCully seconded. Mr. Arakawa said he disagreed on certain things on the foundation of the evaluation. He said he objects to the timing in the motion. Mr. Cole said he had generalized his vote but could not discuss anything about the executive session. Mr. Arakawa said he objected to the evaluation method and the weighting of the criteria, as well as the timing. He objected to the lack of transparency. He said it is important for the public to know when and what will happen and objected to that. He does not object to the intent of the motion. Mr. Cole said to stay away from the specifics and timing etc.

Mr. Gionson did the roll call, and the motion passed, except for Mr. Arakawa.

13. Discussion and Action on Selection of Administrative and Audit Standing Committee Members

Mr. Arakawa said he is still interested in the Administrative and Audit Standing Committee. He served as the audit chair previously, serving 8 years in various matters. Mr. McCully nominated Ms. Duarte to be on the committee. Ms. Duarte was open to being on the committee. Chair Kam asked if anyone else was interested in being on the committee. There was nobody else interested.

Chair Kam asked for a motion for an additional administration committee member. Ms. Duarte was voted as the other member by all the members.

14. Adjournment

Chair Kam made a motion to adjourn. Mr. McCully seconded. The motion passed unanimously.

Chair Kam adjourned the meeting at 2:23 p.m.

Respectfully submitted,



Sheillane Reyes
Recorder