



**HĀLĀWAI PAPA ALAKA'I KŪMAU O KE KE'ENA KULEANA HO'OKIPA O HAWAII'  
REGULAR BOARD MEETING OF THE HAWAII' TOURISM AUTHORITY**

**HĀLĀWAI HŌ'EA KINO A KELEKA'A'IKE  
HYBRID IN-PERSON & VIRTUAL MEETING**

**PŌ'AHĀ, 25 IANUALI 2024 MA KA HOLA 9:00 AM  
THURSDAY, JANUARY 25, 2024 AT 9:00 AM**

**Kikowaena Hālāwai O Hawai'i**  
Papahale Ho'okū Ka'a | Lumi Nui A  
1801 Alaākea Kalākaua  
Honolulu, Hawai'i 96815

**Hawai'i Convention Center**  
Parking Level | Executive Boardroom A  
1801 Kalākaua Avenue  
Honolulu, Hawai'i 96815

*E ho'olele ʻiwa ʻia ka hālāwai ma o ka Zoom.*

Meeting will be live streaming via Zoom.

<https://us06web.zoom.us/j/85611831693>

*E noi ʻia ʻoe e kainoa me kou inoa. E ʻoluʻolu, e hoʻokomo i kou inoa piha akā hiki nō iā ʻoe ke hoʻohana i ka inoa kapakapa e like me kou makemake. E noi ʻia ʻoe e hāʻawi mai i kāu helu leka uila. Hiki nō ke hoʻopihapiha penei, [\\*\\*\\*\\*@\\*\\*\\*\\*mail.com](mailto:****@****mail.com)*

**You may be asked to enter your name. The Board requests that you enter your full name, but you may use a pseudonym or other identifier if you wish to remain anonymous. You may also be asked for an email address. You may fill in this field with any entry in an email format, e.g., [\\*\\*\\*\\*@\\*\\*\\*\\*mail.com](mailto:****@****mail.com).**

**Kelepona / Call In: (669) 444-9171  
Helu Hālāwai / Webinar ID: 856 1183 1693**

*Hiki i ka lehulehu ke hōʻike manaʻo ma o ka palapala a i ʻole ma o ka waha. E kau palena ʻia ka hōʻike manaʻo waha (ma ke kino a i ʻole ma o ka Zoom) he ʻelima minuke ka lōʻihi no kēlā me kēia kumu. E kāinoa no ka hōʻike manaʻo waha ma ke pākaukau hoʻokipa ma ka lumi hālāwai. E kāinoa no ka hōʻike manaʻo waha ma o ka Zoom ma o ke pihi "Q&A."*

**Members of the public may provide written or oral testimony on agenda items. Oral testimony (in-person or via Zoom) will be limited to five minutes for each testifier per agenda item. Signup for oral testimony in-person will be at the registration table in the meeting room. Signup for oral testimony via Zoom will be accepted through the Q&A feature on Zoom.**

*E hoʻohui ʻia nā palapala hōʻike manaʻo i hiki ma ka pūʻolo hālāwai. No nā palapala hōʻike manaʻo i hōʻea mai ma hope o ka paʻa o ka pūʻolo hālāwai (he 48 hola ma mua o ka hālāwai), e kākaʻahi ʻia nā kope i ka papa alakaʻi a e mākaukau no ka ʻike ʻia e ke anaina ma ka hālāwai. E leka uila ʻia nā palapala iā Carole Hagihara-Loo ma [carole@gohta.net](mailto:carole@gohta.net), a i ʻole, e lawe kino ʻia i ke keʻena.*

**Written testimony received ahead of the preparation of the board packet will be included in the board packet. Written testimony received after the issuance of the board packet (48 hours ahead of the meeting) will be distributed to the board and available for public inspection at the meeting. Email written testimony to Carole Hagihara-Loo at [Carole@gohta.net](mailto:Carole@gohta.net) or hand-deliver or mail to the Hawai'i Tourism Authority office, 1801 Kalākaua Avenue, 1<sup>st</sup> Floor, Honolulu, HI 96815.**

**PAPA KUMUMANA'O**  
**AGENDA**

1. *Ho'omaka*  
**Call to Order**
2. *Kikolā*  
**Roll Call to Announce Name of Participating Board Members and to Identify Who Else is Present with Board Member if Location is Nonpublic**
3. *Wehena*  
**Opening Protocol**
4. *Hō'ike O Nā Hālāwai 'Ae 'Ia*  
**Report of Permitted Interactions at Informational Meetings or Presentations Not Organized by the Board Under HRS section 92-2.5(e)**
5. *'Āpono Mo'olelo Hālāwai*  
**Approval of Meeting Minutes**
  - a. *Kekemapa 13, 2023 Hālāwai Papa Alaka'i Kūikawā*  
**December 13, 2023 Special Board Meeting**
  - b. *Kekemapa 21, 2023 Hālāwai Papa Alaka'i Kūikawā*  
**December 21, 2023 Regular Board Meeting**
6. *Hō'ike A Ka Luna Ho'okele Ho'okō*  
**CEO Report**
7. *Hō'ike A Ka Luna Ho'omalua Papa Alaka'i HTA*  
**Board Chair Report**
8. *Hō'ike'ike A Kūkā No Nā 'Ike A Kūlana Mākeke O Kēia Wā I Hawai'i A Me Nā Mākeke Ho'okipa Nui I Hawai'i*  
**Presentation and Discussion of Current Market Insights and Conditions in Hawai'i and Key Major Hawai'i Tourism Markets**
9. *Hō'ike A Ke Kōmike Mo'ohelu Kālā, 'Oihana Kālā, a me ke Kikowaena Hālāwai*  
**Report and Update by the BUDGET, FINANCE, AND CONVENTION CENTER STANDING COMMITTEE of their Meeting Held on January 24, 2024**
  - a. *Kūkākūkā a Ho'oholo No Ka Mo'olelo Kālā*  
**Discussion and/or Action on HTA's Financial Report for December 2023**

- b. *Kūkākūkā a Ho'oholo No Ka Mo'olelo Kikowaena Hālawai O Hawai'i*  
**Discussion and/or Action on the Hawai'i Convention Center's December Financial Report and Update on the Hawai'i Convention Center's 6-Year Repair and Maintenance Plan**
10. *Hō'ike, Kūkākūkā, a Ho'oholo No Ka Papahana Kau Inoa no ke Kikowaena Hālawai o Hawai'i*  
**Presentation, Discussion and/or Action on Exploring Naming Rights for the Hawai'i Convention Center**
11. *Hō'ike'ike a Kūkā no ke Kuleana Pāhana Hālawai a me ke Kikowaena Hālawai o Hawai'i*  
**Presentation and Discussion Regarding an Update of the Meetings, Conventions and Incentives Market Activity and Pace Report, and Hawai'i Convention Center Activity and Local Sales**
12. *Mo'olelo A Nūhou A Ke Kōmike Ho'okele & Hō'oa*  
**Report and Update by the ADMINISTRATIVE & AUDIT STANDING COMMITTEE of their Meeting Held on January 24, 2024**
- a. *Kūkā a Hana no nā Hō'ike Waiwai a Hō'oa Kūmakahiki a ka HTA no ka Makahiki Kālā 2023*  
**Discussion and Action on HTA's Fiscal Year 2023 Annual Financial and Single Audit Reports**
- b. *Kūkā a Hana no ka Hai 'ana i Luna Alowelo\*\*\**  
**Discussion and Action Relating to Filling the Position of HTA Chief Brand Officer\*\*\***
- c. *Hō'ike'ike a Kūkā no ka Hai 'ana i Pelekikena a Luna Ho'okō\*\*\**  
**Presentation and Discussion of the Process, Time, and Details Involved in the Initiation of the Search for HTA President and CEO\*\*\***
13. *Nūhou no ka Papahana Ho'opakele Hokona Iapana 2024*  
**Update on the Japan 2024 Marketing Recovery Plan**
14. *Ka 'Ōlelo Mua o Ka Hō'oa a Ke Ke'ena Kuleana Ho'okipa o Hawai'i e Ka Luna Hō'oa no*  
**The Hawaii State Auditor's Introduction of the Hawaii Tourism Authority's Legislative Audit: Process, Expectations, Timeline, etc.**
15. *Ho'oku'u*  
**Adjournment**

\*\*\* *'Aha Ho'okō: Ua hiki i ka Papa Alaka'i ke mālama i kekahi hālāwai kūhelu i kū i ka Hawai'i Revised Statutes (HRS) § 92-4. E mālama 'ia kēia hālāwai kūhelu nei ma lalo o ka § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) no ka pono o ko ka Papa Alaka'i kūkā a ho'oholo 'ana i nā nīnūnē a nīnau i pili i ko ka Papa Alaka'i kuleana me ko ka Papa Alaka'i loio. He hālāwai kūhelu kēia i 'ole paulele 'ia ka 'ikepili a i mea ho'i e mālama kūpono ai i ko Hawai'i 'ano, he wahi i kipa mau 'ia e nā malihini.*

\*\*\* Executive Session: The Board may conduct an executive session closed to the public pursuant to Hawai'i Revised Statutes (HRS) § 92-4. The executive session will be conducted pursuant to HRS § 92-5 (a) (2), § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) for the purpose of consulting with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities; to consider hiring and evaluation of officers or employees, where consideration of matters affecting privacy will be involved; and to discuss information that must be kept confidential to protect Hawai'i's competitive advantage as a visitor destination.

*Ma lalo o ka māhele 531.5 o ka Budgetary Control Accounting Manual, Moku'āina 'o Hawai'i, he māhele ka 'aina awakea o ka hālāwai. E mau ana ka hālāwai ma loko nō o ka 'ai 'ana, 'a'ole ho'i ia he wā ho'omalolo.*

Pursuant to Section 531.5, of the Budgetary Control Accounting Manual, State of Hawai'i, lunch is served as an integral part of the meeting, while the meeting continues in session, and not during a break.

*Inā he lawelawe a mea like paha e pono ai ke kīnānā, e ho'oka'a'ike aku me Carole Hagihara-Loo ma (808)-973-2289 a ma ka leka uila e like me ka wikiwiki i hiki, 'a'ole ho'i a ma 'ō aku o ka 'ekolu lā ma mua o ka hālāwai. Inā 'ike 'ia he noi i ka lā ma mua o ka hālāwai, e ho'ā'o mākou e 'imi i ka lawelawe a mea like paha, 'a'ole na'e ho'i e hiki ke ho'ohiki 'ia ke kō o ua noi lā. Ua noa pū kēia ho'olaha ma nā kino 'oko'a e like me ka mea pono.*

If you need an auxiliary aid/service or other accommodation due to a disability, contact Carole Hagihara-Loo at (808) 973-2289 or [carole@gohta.net](mailto:carole@gohta.net) as soon as possible, preferably no later than 3 days prior to the meeting. **Requests made as early as possible have a greater likelihood of being fulfilled.** Upon request, this notice is available in **alternative/accessible** formats.

*E like nō me ka 'ōlelo o ke Kānāwai Hawai'i i ho'oholo 'ia māhele 92-32.7, 'a'ole e mālama ana ke Ke'ena Kuleana Ho'okipa o Hawai'i i kekahi wahi ka'awale no ka lehulehu a lālā papa alaka'i e nānā a e komo ai i ka hālāwai ma ka ho'ohana i ka 'enehana komo hālāwai, no ka mea, hiki nō i ka po'e o ka lehulehu a lālā papa alaka'i ke nānā a komo pū ma ka hālāwai hō'ea kino.*

In accordance with HRS section 92-3.7, the Hawai'i Tourism Authority will not establish a remote viewing area for members of the public and board members to view and participate in meetings held using interactive conference technology (ICT) because there will be an in-person option for members of the public and board member to view and participate in the meeting.



## **05**

### **Approval of Meeting Minutes**

- a. December 13, 2023 Special Board Meeting
- b. December 21, 2023 Regular Board Meeting



Ke'ena Kuleana Ho'opipa O Hawai'i  
1801 Kalākaua Avenue  
Honolulu, Hawai'i 96815  
**kelepona** tel 808 973 2255  
**kelepa'i** fax 808 973 2253  
hawaiiitourismauthority.org

**SPECIAL BOARD MEETING  
HAWAII TOURISM AUTHORITY  
Wednesday, December 13, 2023, at 1:30 p.m.**

Hybrid In-Person & Virtual Meeting

**Hawai'i Convention Center**  
Parking Level | Executive Boardroom A  
1801 Kalākaua Avenue  
Honolulu, Hawai'i 96815

**MINUTES OF THE SPECIAL BOARD MEETING**

**MEMBERS PRESENT:**

Blaine Miyasato (Chair), Mahina Paishon Duarte (Vice Chair), Kimberly Agas (Zoom), David Arakawa (Zoom), Dylan Ching (Zoom), Mufi Hannemann, Stephanie Iona (Zoom), James Tokioka (Ex Officio, DBEDT Director), Mike White (Zoom)

**MEMBER NOT PRESENT:**

James McCully, Sherry Menor-McNamara, Sig Zane

**HTA STAFF PRESENT:**

Daniel Nāho'opi'i, Ilihia Gionson, Iwalani Kaho'ohanohano, Maka Casson-Fisher, Carole Hagihara-Loo

**GUEST:**

Rebecca Crall, Patrick Dugan, John Manahan

**LEGAL COUNSEL:**

John Cole

**1. Call to Order**

Chair Miyasato called the meeting to order at 1:35 p.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 except for Mr. McCully and Ms. Menor-McNamara, who were excused. Members who attended via Zoom were by themselves.

## **3. Opening Protocol**

Mr. Casson-Fisher did the opening protocol and encouraged everyone to spend time with family and loved ones during this time.

## **4. Board Chair Report**

Chair Miyasato stated that this was the fifth time he had officiated over a meeting of the HTA Board. He read the following statement to his fellow board members to clarify the reasons for arriving at this personal decision.

Having spent almost four decades at Hawaiian Airlines and having effectively grown up in the company, most of Chair Miyasato's relationships were deeply rooted in this 95-year-old stand-alone airline. He was proud to have contributed to this iconic brand. Hawaiian Airlines was to be acquired by Alaska Airlines in a deal that was expected to take between twelve and eighteen months to complete. Within that time, several regulatory approvals and other protocols would be required. In the meantime, Hawaiian Airlines must continue to operate as a separate entity. During this time, Chair Miyasato felt compelled to channel all his energy and passion and focus on his longtime employer. He needed to do his part to ensure that the transaction would be successfully completed.

With mixed emotions, Chair Miyasato must step down from the role of Board Chair, which he has served for the past six months. He had committed to serving on the HTA board in support of their critical mission and the related values that the Board represented. He would not renege on that commitment and would, with the support of his fellow Board members, remain on the Board and fulfill his kuleana for the remainder of his term, assuming that he would be confirmed as a Board member in the upcoming legislative session.

Chair Miyasato sincerely thanked the Board members for their vote of confidence in placing him in the Chair position. He assured them that he had done his level best to represent the collective interests of the authority, including emulating a regenerative stewardship model where contributions far outweighed extraction. The past six months on the Board had taught him the essence of regenerative tourism. He had always intended to leave the HTA in a better

place than he had found it, and this would not change in the future. From the beginning, serving on the HTA Board had been an opening for him. He would step down during the first order of business at the special meeting on Wednesday, December 13, 2023. He assured the Board members that it had been an honor to serve side by side with them.

Chair Miyasato has now officially stepped down as Chair of the HTA Board. The function of the Chair of the Board meeting was passed to Vice-Chair Paishon Duarte.

Ms. Paishon Duarte asked Mr. Cole whether a motion was needed to accept Chair Miyasato's resignation. Mr. Cole responded that it would be helpful while not strictly necessary.

Mr. Arakawa thanked Chair Miyasato for his service and hard work and for sharing his thoughts and vision for the HTA. Mr. Arakawa made a motion to accept Chair Miyasato's resignation. The motion was seconded by Ms. Iona and passed unanimously.

Ms. Paishon Duarte stated that the floor would be open to the Board members for their mana'o. She thanked Chair Miyasato for demonstrating and exercising authentic leadership with aloha. She had now spent one and a half years on the Board with Chair Miyasato, and the law of aloha had been evoked many times. She thanked Chair Miyasato for leading and speaking with aloha and making decisions aligned with aloha. She thanked him for his tenacious determination to make the HTA embrace and elevate regenerative tourism and destination stewardship management. She thanked him for entrusting the function of Vice-Chair to her to support the collective effort of the Board and the hardworking HTA staff.

Mr. Hannemann stated that he had called Chair Miyasato to attempt to dissuade him from resigning. During his term, Chair Miyasato had put the HTA on the right path with the right intentions; the consolation was that he would still be a Board member and the work would continue. Chair Miyasato has been engaging and inclusive as a Board chair. His continued service on the Board would be good for the state and good for the tourism industry.

Ms. Iona stated that for Chair Miyasato to be Board Chair was the icing on the cake. She had been so proud of him when he shared his family at the Kona Convention; this had been a special experience for everyone in the audience. She was happy that Chair Miyasato would continue to serve on the Board, and she believed that the legislature would have no difficulty confirming him because his personality was full of what aloha was all about. Chair Miyasato's action demonstrated his heart and priorities, and she respected his decision. She believed that he would continue to contribute to the Hawaiian tourism industry.

Mr. Ching recounted that he had not known Chair Miyasato before serving on the HTA Board, but within a short time, he had gotten to know him and gained much respect for him. He appreciated what Chair Miyasato had already accomplished and looked forward to continuing his service on the Board.

Mr. Arakawa stated that he and Chair Miyasato had been colleagues and friends at Hawaiian Airlines. He valued his friendship and knew that he always had the best interests of Hawai'i and tourism in mind. As Chair of the Budget and Finance Committee, Mr. Arakawa appreciated his support in organizing the budget. Mr. Arakawa expressed his hope that Chair Miyasato would do his best to support the Hawaiian Airlines staff during this transition. He looked forward to continuing to serve with Chair Miyasato on the HTA Board.

Mr. Nāho'opi'i stated that he and the HTA staff had gotten to know Chair Miyasato over the past six months and looked forward to continuing to interact with him on the Board. In particular, the HTA staff had been inspired on two occasions, first during the October conference in the HCC when he had talked about "kākou" and that everyone needed that inspiration and energy, and secondly at the CNHA conference in Maui when he inspired the audience with the story of his family, making them see that tourism reached everyone in Hawai'i, even those who had not grown up there.

Dir. Tokioka stated that this was a sad moment. The acquisition of Hawaiian Airlines by Alaska Airlines had been the best-kept secret in Hawai'i, and even the governor was unaware until the day before it was announced. He thanked Chair Miyasato for stepping into the position of Chair and noted that his heart was always in the right place. He recalled the occasion when the governor, CEO Ingram, and the Senate President had been part of the request for Chair Miyasato to join the HTA Board, and he thanked CEO Ingram for allowing him to serve on the Board. He looked forward to continuing the working relationship.

## **5. Nominations, Selection and Appointment of the Board Chair of the Hawai'i Tourism Authority**

Ms. Paishon Duarte asked for nominations for the Board Chair.

Ms. Iona nominated Mr. Hannemann, and Ms. Agas seconded the motion.

No further nominations were received. The Vice-Chair opened the floor for discussion of the motion.

Dir. Tokioka asked why a special meeting had been scheduled when a regular meeting was to take place in one week. Mr. Arakawa responded that he had requested a special meeting to

complete deliberations on the budget before the start of the legislative session. Discussion of the budget had not been completed during the previous meeting. Mr. Arakawa had expected that the special Board meeting would primarily deal with budgetary and administrative matters, although a discussion of the Board Chair appointment might also have occurred.

Dir. Tokioka and Mr. Arakawa expressed their surprise that the budget was not on the agenda of the present special Board meeting.

Dir. Tokioka asked for further information about Mr. Hannemann's intentions as Board Chair. Dir. Tokioka was concerned that there were members of the legislature who did not support the prospect of the HTA hiring a President and CEO, and he asked for more details about the future plans of the HTA Board. He noted that since the HTA was bound by the Sunshine Law, there were certain issues that could not be discussed offline.

Mr. Hannemann stated that he had been taken by surprise by Chair Miyasato's announcement and had hoped that he would remain as Chair. However, this had been a personal decision. Board colleagues had asked Mr. Hannemann to step forward, and he hoped to continue the processes that Chair Miyasato had strived to carry out. There was a strong case to embark on a process by which a CEO and a Brand Marketing Manager would be identified and hired. This task had been assigned to the Administrative and Audit Committee, chaired by Mr. White, of which he, Mr. Hannemann, was Vice-Chair, and a lengthy discussion on the subject had taken place. The present hiring freeze necessitated further discussions, and Mr. Hannemann had already spoken to the governor.

Mr. Hannemann was firm in the necessity for the HTA to have a Brand Marketing Manager. Already, one person had been carrying out two jobs, and the HTA now had the Chair doing the same thing. It was important to remember that the HTA was responsible for marketing and destination management stewardship. He hoped that it would be possible to work with Dir. Tokioka, the Budget Chair, and the governor to obtain an exemption from the hiring freeze. Other areas at the HTA were also short-staffed, with even the Board Chair carrying out two functions. Mr. Hannemann believed that this should be a priority. Mr. White had researched the going rate for CEOs in Hawai'i and other areas. Discussion would take place, and a consensus would be needed. Operating in an interim capacity connoted "temporary" and "your future is doubtful."

Mr. Hannemann stated that if elected as Chair, he would expect Vice-Chair Paishon Duarte to continue in her capacity so that there would be continuity. He hoped that, if elected, he would continue as Chair Miyasato had previously done. Funding was always an issue for the legislature; Mr. Hannemann already discussed this. It would be undesirable for the HTA to find

itself again in a situation of zero funding and having to appeal to the executive branch for necessary funds.

Mr. Hannemann stated that the Maui crisis was a priority, but it was important to strike a balance between Maui and the rest of the state. He appreciated the \$2.6m recovery campaign but was conscious of the need to balance destination management/stewardship and marketing. The time for second-guessing was over, and the legislature and the administration expected decisiveness.

If elected, Mr. Hannemann stated that his intention would be to make everyone part of the process and to speak with one voice. In the past, one segment had blamed another with mixed messages being emitted. He hoped that the legislature, the administration, the tourism industry, and the community would work together with a consistent message across the Board.

Mr. Arakawa commented that he had requested a special meeting to finalize the budget, but the budget did not appear on the agenda of the present meeting. He asked for an explanation.

Mr. Nāho'opi'i pointed out that several members of the Board had asked for a special meeting to be scheduled, and most of these were focused on putting a new Chair into place as soon as possible because of issues that had to be decided, such as the budget, before the next legislative session. Many Board members had observed that a further week would place the schedule too close to the end of the year and would conflict with the holidays, so the material to be presented to the legislature would not be ready before the beginning of January.

Ms. Iona was one of those who asked for a special board meeting. When she saw Chair Miyasato's message, she became concerned that the HTA had been plagued by failure to follow good business practices in the past and the inability to convince the legislature to allow them to do what was necessary. The hiring freeze had been discussed in the previous meeting. Commenting on postponing the budget discussion until the regular meeting on December 21, Ms. Iona felt that it was inadvisable to go into the new year with both an interim CEO and an interim Board Chair. Starting afresh on December 21 with a new Board Chair was important to enter the legislative session in good business order and move positively.

Mr. Arakawa had consulted his original email request for a special meeting. He noted that he had not mentioned the selection of a Board Chair but had hoped that the special meeting would resolve essential matters, including the budget, in time for the next legislative session.

Dir. Tokioka stated that when Mr. Hannemann's name was mentioned for nomination for the new Board Chair, he received several phone calls. Because of the chain provision of the Sunshine Law, he could not call Mr. Hannemann to discuss the nomination offline. He and Mr.

Hannemann had worked together for a long time, and his colleague was well-known in the community.

Ms. Paishon Duarte reminded Board members of the importance of allowing each member to complete their contribution before a discussion could begin.

Dir. Tokioka continued that his statement was in no way a personal reflection on Mr. Hannemann and that he always welcomed comments from colleagues, even if these appeared negative, to test whether decisions were appropriate. Dir. Tokioka felt that the nomination of a new Board Chair could have been deferred to the next regular Board meeting on December 21.

He pointed out that when the hiring freeze had been mentioned at the previous meeting, some Board members claimed not to have been aware. However, Dir. Tokioka stated that as head of DBEDT, he was responsible for sixteen different agencies, and all of them were subject to the same hiring freeze, not only the HTA. Some departments had submitted requests for hires, which were being passed up the administrative chain.

Mr. Hannemann stated that he had already discussed with the governor the possibility of an exemption from the hiring freeze. As discussed at the Administrative and Audit Committee, other staff positions also remained unfilled, and many staff members carried out too many responsibilities. This situation was bound to take its toll eventually. He understood that the hiring freeze was effective all over the government, but in the HTA, too few people were doing too many things. An appeal would have to be made to the governor, the legislature, the tourism industry, and the community.

Speaking historically, Chair Miyasato pointed out that the intention had always been for the CEO issue to be placed on the December 21 Board meeting docket. His announcement had caused the situation to change, and he had not realized that some Board members assumed the present meeting would concern the budget. Many Board members felt that it was important to establish leadership. He appreciated the frankness of the current discussion and explained that there had been no intention to fast-forward decision-making. The budget and the CEO appointment would be on the agenda for the meeting on December 21, but leadership was important to allow work to be effectively carried out.

Mr. Arakawa stated that the Board has many great leaders, particularly Mr. Hannemann and Dir. Tokioka. He suggested that the nomination of the Board Chair be deferred to the following week's meeting to allow time for Mr. Hannemann and Dir. Tokioka to discuss matters, if necessary, involving others, such as the governor, in the discussion. They would have a week to meet together and discuss the issues that had been raised.



Ms. Paishon Duarte stated that there was a proposal for deferral and Dir. Tokioka was in favor of this, but Mr. Hannemann disagreed. He stated that he and Dir. Tokioka had a difference of opinion. If the vote were delayed after the present meeting, it would imply that DBEDT controlled the HTA, whereas Dir. Tokioka's opinions had to be respected, but he was just one of twelve Board members. It was important not to give the impression that the HTA was confused and did not know what they were doing. Mr. Hannemann explained that there was no need for himself and Dir. Tokioka had to have extra time to discuss because the responsibility of the Board was to respond to the majority of Board members.

Vice-Chair Paishon Duarte called for a two-minute recess to consult with Mr. Cole.

At the end of the recess, the Vice-Chair called the meeting to order and checked that there was still a quorum. Mr. Cole suggested that the Vice-Chair ask for the nomination for the Board Chair to be withdrawn to allow the Board to consider deferring the nomination.

Ms. Iona stated that she would withdraw her motion to nominate Mr. Hanneman for the Board to continue a deferral, but she pointed out that she did so with the understanding that she would not nominate a person she did not believe was fit for the job. Ms. Iona withdrew her motion.

Mr. Arakawa moved to defer the nomination of the Board Chair for one week so it could be placed on the agenda of the next meeting. Dir Tokioka seconded the motion.

Mr. White stated that he was not in favor of the deferral because the present meeting had been called to maintain a situation of continuous leadership.

Ms. Agas asked what was expected to be accomplished during the one-week delay. Mr. Arakawa responded that it was for Mr. Hannemann and Dir. Tokioka to resolve specific issues before the following week's Board meeting. They could discuss issues in private, which had not previously been possible.

Dir. Tokioka explained that he had not intended to splinter the Board, and he hoped that Mr. Hannemann had not taken his comments personally. He also regretted causing stress to Ms. Agas. He requested Mr. Arakawa to rescind his motion for deferral so that he would also rescind his seconding.

Mr. Hanneman stated that he and Dir. Tokioka had known one another for a long time, and his comments had been strictly professional, amounting to a difference of opinion between two mature individuals. He recalled that he had supported the nomination of Dir. Tokioka for DBEDT Director.

Ms. Agas expressed the hope that the same conversation would not be held again at next week's board meeting. There were always concerns about what Board members were permitted to discuss outside Board meetings. She asked whether this deferral was merely to have the same conversation at the subsequent Board meeting. She believed that both Dir. Tokioka and Mr. Hannemann were tremendous assets to the HTA's work. At times, disagreements were inevitable, but moving forward was important because there was much to be accomplished. Several important decisions had to be made at the next Board meeting, especially those related to the budget.

The Vice-Chair pointed out that the two members concerned have come to clarity.

Mr. Arakawa withdrew his motion to defer the nomination.

Ms. Iona proposed a motion to nominate Mr. Hannemann for the Chair of the HTA Board, and Mr. Ching seconded the motion. The motion was passed unanimously.

Vice-Chair Paishon Duarte congratulated the newly appointed Chair Hannemann.

## **6.Adjournment**

Ms. Paishon Duarte adjourned the meeting at 2:35 p.m.

Respectfully submitted,



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Sheillane Reyes



Ke'ena Kuleana Ho'opipa O Hawai'i  
1801 Kalākaua Avenue  
Honolulu, Hawai'i 96815  
**kelepona** tel 808 973 2255  
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hawaii tourism authority.org

**REGULAR BOARD MEETING  
HAWAII TOURISM AUTHORITY  
Thursday, December 21, 2023, 9:30 a.m.**

**Hybrid In-Person & Virtual Meeting**

**Hawai'i State Capitol**  
Conference Room 325  
415 South Beretania Street  
Honolulu, Hawai'i 96813

**MINUTES OF THE REGULAR BOARD MEETING**

**MEMBERS PRESENT:**

Mufi Hannemann (Chair), Mahina Paishon Duarte (Vice Chair), Kimberly Agas (Zoom), David Arakawa, Stephanie Iona, James McCully, Sherry Menor-McNamara (Zoom), Blaine Miyasato (Zoom). James Tokioka (Ex Officio, DBEDT Director), Mike White (Zoom), Sig Zane

**MEMBER NOT PRESENT:**

Dylan Ching

**HTA STAFF PRESENT:**

Daniel Nāho'opi'i, Isaac Choy, Caroline Anderson, Jadie Goo, Maka Casson-Fisher, Carole Hagihara-Loo

**GUESTS:**

Kylie Butts, Jennifer Chun, Lorenzo Campos, Puka Kahau, Erin Khan, Tyler Gomes, Laci Goshi, Noelle Liew, Margaret Lu, Guillaume Maman, John Monahan, Tom Mullen, Faith Rex, Jessica Lani Rich, Teri Orton, Jay Talwar

**LEGAL COUNSEL:**

John Cole

## **1. Call to Order**

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

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

Mr. Casson-Fisher did the roll call, and all members were confirmed in attendance except for Mr. Ching, who was excused. Members who attended via Zoom were by themselves.

## **3. Opening Protocol**

Mr. Casson-Fisher did the opening protocol and wished everyone a happy holiday.

## **4. Report of Permitted Interactions at Informational Meetings or Presentations Not Organized by the Board Under HRS section 92-2.5(e)**

There was no input on Permitted Interaction Groups.

## **5. Approval of Meeting Minutes of the November 30, 2023 Regular Board Meeting**

Ms. Paishon Duarte made a motion to approve the minutes. Dir. Tokioka seconded. Mr. Casson-Fisher carried out the roll call, and the motion passed unanimously.

## **6. CEO Report**

Mr. Nāho'opi'i stated that his written report formed part of the Board packet and had been posted on the website. The HTA staff had continued to work through existing community support, and they were now in the 2024 award session managed by Kiloana. Applications had been accepted in October and were now passing through the review process. Decisions would be made during January.

The staff were continuing the follow-up on the response to the Maui fire and disaster recovery process. After the Disaster Response Committee had reported to the Board, public meetings and opportunities for public input took place over the following two weeks. The Board would hear the results of these public meetings and input and the staff's analysis. Later, the Board would hear about the follow-up on the U.S. Maui Marketing Recovery Plan carried out by U.S. and Canadian contractors and plans for the next phase.

## **7. Board Chair Report**

Chair Hannemann expressed his privilege for the opportunity to work with the Board and the staff of the HTA, as well as with elected representatives, to address the challenges, issues and concerns facing Hawai'i tourism.

He reminded the Board that the Maui crisis remained a major priority. The HTA had implemented a series of recommendations based on the community's response and the concerns voiced throughout the state. The intention was to tap into \$5 million, and he looked forward to hearing the final recommendations. The disaster in Maui had a statewide ripple effect whose impact was felt by every county, and Chair Hannemann emphasized the importance of everyone working together.

When the legislature convened in January, the HTA would come under intense scrutiny from elected officials, the community at large, and anyone who called Hawai'i "home." The Chair stressed the importance of the HTA speaking with a single voice. Whether or not it was directly involved in tourism, every business in Hawai'i was affected by the tourism industry. He hoped that the HTA would continue to work, as it had done in previous decades, to meld together marketing and destination stewardship.

## **8. Discussion and/or Action of the Report of the Disaster Response Permitted Interaction Group**

Ms. Paishon Duarte referred to the previous meeting in which a report had been presented by the Disaster Response Permitted Interaction Group and its contractor, SMS, represented by its president, Ms. Faith Rex. She outlined the remit of the PIG, which was to review and discuss the proposed strategies, actions, and budget to support Maui's recovery from the wildfires. During the course of the committee's work, conversations had taken place with several Maui stakeholders.

Ms. Paishon Duarte stated five facts that the PIG considered before recommending that \$2,150,000 should be allocated from the Tourism Emergency Special Fund towards specific actions and strategies to support Maui's recovery.

More than two hundred people attended a community meeting in person or virtually at the Maui Arts and Culture Center on December 4, 2023, to share the PIG's conclusions and receive feedback on the suggested strategies and actions. In addition, an online form had been created for public feedback. Up to December 15, when the online form was closed, 123 persons had made submissions.

A spreadsheet entitled “Recommended Funding from Tourism Emergency Special Fund” contained the five strategies proposed by the PIG and outlined at the November 30 Board Meeting. Since that meeting, item 2b has been expanded to include the community’s recommendation of consistent Mālama Maui messaging to visitors before and after their arrival. Item 5 was also expanded to include additional funding to bolster communication and branding efforts to appeal to transient vacation rental (TVR) owners for longer-term housing for families affected by the wildfire. Even though the provision of housing was not the responsibility of the HTA, the authority could support and supplement county and statewide community-level communications relating to housing.

The Vice-Chair informed the Board that the HTA staff recommended their approval. Ms. Anderson gave more details regarding the marketing efforts of the HVCB. \$300,000 had been added to the second phase of the U.S. Marketing Recovery Campaign to support post-arrival marketing on the island to be done by Kiloohana, along with an additional \$50,000 to aid communication with owners of short-term vacation rentals.

Mr. Nāho’opi’i clarified that item 4 “Expand tourism product on Maui to provide new activities for visitors and support Maui businesses,” was already being covered by Hawai’i Tourism USA, and the money had been redistributed across other programs.

Ms. Paishon Duarte expressed her appreciation for the work of the committee members, the HTA staff, and the contractor SMS, as well as the community and industry stakeholders and leaders who had given their input. These included Maui Mayor Bissen’s advisory group, attractions and ground transportation operators, hoteliers, and community members who had attended meetings or participated online.

Mr. Choy requested that the motion not only approve the expending of the funds but also specify the period over which they would be disbursed.

Mr. White thanked Ms. Paishon Duarte for her work and pointed out that Maui was still hurting from a housing perspective, but the assignment of the HTA was to ensure that the economy continued to grow. He appreciated the work of the committee.

Dir. Tokioka pointed out that no vendor was listed for item 5, but the CNHA was the listed vendor for item 4. He was to leave the meeting early to represent the state and the governor of Maui because of the website that the CNHA was opening up. The Hawai’i fire relief program was to be turned over to the CNHA, having reached a plateau after arranging homes for around six hundred people, with an inventory of another seven hundred homes that had not yet been connected. He believed the CNHA could assist by connecting fire victims and survivors with

available housing and recommended contacting Mr. Luke Meyers, the State Disaster Management Advisor. Mr. Arakawa echoed this recommendation. Ms. Paishon Duarte thanked members for their recommendations.

Chair Hannemann thanked Ms. Paishon Duarte and the committee members for their work. He appreciated their outreach, which had addressed many concerns, including messaging. Local people had expressed the desire to return to work, and in the meantime, the HTA was attempting to address some housing issues. He and the vice chair discussed this issue with Mayor Bissen of Maui. There must be a collaborative effort between groups who are knowledgeable about housing. The governor and the Maui Mayor had prioritized housing, and the HTA must do the same.

Mr. McCully asked about Statutes 201B-9 Tourism Emergency, dealing with responsibilities and powers, and 201B-10, defining the Tourism Emergency Special Fund, and pointed out that the use of these funds should be consistent with Subsection B, "provided for in articles, by-laws, resolutions, and other instruments." The Board had approved action on the Maui disaster as a matter of policy. By definition, emergencies are unexpected events that require an immediate response. When the HTA was defined in 1999, there was no Tourism Emergency Special Fund, but after 9/11, it was clear that it was important to be prepared for unexpected events. It was important to learn from history to be better prepared.

Mr. McCully requested clarification from the Budget and Finance Department on interpreting Section 237D-6.5. The original language did not seem ambiguous, but experience had taught that laws that were not enforced were meaningless, and it was only when laws were enforced that their meaning became clear. This was an opportunity to clarify the statute, independent of the administration and necessities of the moment, to determine whether an emergency warranted access to funds specifically provided in the statute. Mr. McCully requested that, if the Chair agreed, Mr. Cole provide a report in a forthcoming meeting.

Mr. Cole undertook to interpret the statute in a formal attorney statement concerning the HTA Tourism Emergency Special Fund and the TAT statute, which appeared to be involved. The Chair was to determine if this should be placed on the agenda in a future meeting. The Chair pointed out that the occurrence of emergencies was a matter of "when," not "if," and it was important to be prepared with the legal arguments, the first step of which was an Attorney General opinion.

Dir. Tokioka asked whether an emergency ceased to exist after six months or a year. The governor's initial emergency proclamation had been valid for 60 days, but it was thought likely

that it would be extended. However, the questions raised by Mr. McCully needed to be addressed by the Attorney General.

Mr. Choy repeated that the motion should be very clear about the period of time during which the HTA would be allowed to use emergency funding.

Mr. McCully thanked members for their contributions and pointed out that implicit in this question was the necessity for the HTA to respond more rapidly. A rapid response to an emergency was vital, even if it was imperfect. The most important aspect was to be decisive, and preparation would help ensure good results. None of these comments detracted from the hard work that had been done, but it was vital to define when the emergency would end.

Chair Hannemann commented that one of the benefits of a deadline was that it forced people to work seriously. Mr. Arakawa supported the proposed motion and the use of emergency funding. He hoped that the Attorney General would examine the “Whereas” clauses in the statute. He reminded the Board that when the statute was passed, the HTA had direct funding from TAT, a specific amount of funding had been laid down in the statute, and the HTA also had procurement exemption. These factors no longer applied, so if any of these factors were included in any “whereas” clause of the statute, it would make a difference, and they would need to redefine the standards and information needed to create a new policy.

He went on to point out that it was important to define the *kuleana* of the HTA and to determine if it included housing or business goals. He asked whether emergency response could be broader than simply tourism. He supported the five items suggested by the PIG but reminded the Board that some questions needed to be answered.

Chair Hannemann thanked Board members for their comments and acknowledged the consultancy work done by Ms. Faith Rex, which Board members applauded. He was happy that the HTA would be able to fund the second phase of the Maui recovery marketing program, building on the work being done by the HVCB.

Mr. Choy suggested that it would be necessary to make two separate motions, one of which would specify that the money from the Tourism Emergency Special Fund was to be spent or encumbered before the expiry of the emergency declaration unless otherwise extended.

Ms. Rex clarified that the planning phase was a two- or three-month period that would end shortly, and the implementation phase would take place primarily in 2024, even though some sections might start in 2024 and extend into 2025. Dir. Tokioka pointed out that it was no longer an emergency once the contractors had encumbered the money when 2025 was reached. Mr. Nāho’opi’i confirmed that the short-term items referred to 2024, as Ms. Rex had stated. He also clarified that the report recommended short-term and longer-term projects that would be put into economic recovery support to be approved by DBEDT. The funding



concerned in the present discussion included only short-term projects. Ms. Rex expected that most of these would be six-month projects and the funds would be expended before the end of the fiscal year.

Ms. Paishon Duarte proposed a motion to approve the plan presented by the Disaster Response Permitted Interaction Group to address the impact of the wildfires on Maui's communities and visitor industry. Mr. White seconded this. Mr. Casson-Fisher took the roll call, and the motion was carried unanimously.

Ms. Paishon Duarte proposed a motion for the Board to accept the summary of the recommended funding from the Tourism Emergency Special Fund equal to \$2,150,000, to be encumbered and expended before June 30, 2024. The motion was seconded by Mr. Arakawa. Mr. Casson-Fisher took the roll call, and the motion was carried unanimously.

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

Ms. Chun presented a detailed report on current market insights and conditions in Hawai'i and key major Hawai'i tourism markets. She stated that the quantity of material was less than usual because statistics for visitor numbers and vacation rentals for November had not yet been issued. The unemployment data for November had been issued that morning.

Monthly highlights for November 2023 showed a preliminary total for transient accommodation tax (TAT) collection of \$59.8m, giving a year-to-date (YTD) total for Fiscal 24 of \$342.6m, representing a reduction of 4.9%. Ms. Chun noted that this did not correspond to figures published in October because the Department of Taxation had revised some figures.

YTD Fiscal 23 TAT collection stood at \$361.5m, a reduction of \$19m over the previous year.

Ms. Chun presented detailed tabulations of scheduled non-stop seats to Hawai'i by port of entry for December 2023 to February 2024, comparing 2019, 2022, and 2024 for domestic and international flights. She noted that January 2024 continued to have slightly fewer seats. February 2024 would have more than 2022 and 2023 but still fewer than 2019. PACE was lagging through May 2024.

Ms. Chun presented data comparing the present period with the pre-pandemic period. With regard to the U.S. market, bookings were stronger in April and May 2024, while Japan was ahead of PACE for February 2024. Canada was consistently behind PACE, with a trend showing that many visitors now made bookings closer to their departure date.

She presented detailed data on unemployment, job availability, market trends, insights, U.S. Travel Association dashboards, and Skift Travel Health Index.

Ms. Chun pointed out that the STR Hotel Forecast was to end the year slightly above 2022 at 74.2%. Occupancy for November 2023 was 72.9% overall for the state, with a statewide YTD of 75%, up 1.2% for the year. Average daily rate (ADR) was up 2.1% at \$373.

She stated that she anticipated a stronger December, based on historical data, with ADR very strong, especially for Wailea. A significant increase was predicted for O'ahu given their weak occupancy in 2022. Maui County had experienced a decrease in occupancy but was expected to regain this loss in 2025, Kauai was expected to be ahead compared with the previous year but 2024 was likely to be lower.

There were no questions from Board members, audience or online participants.

#### **10. Discussion and/or Action on HTA's Financial Report for November 2023**

Mr. Arakawa proposed a motion to approve the HTA Financial Report for November 2023. The motion was seconded by Ms. Agas.

Mr. Choy presented the HTA Financial Report for November 2023 and characterized it as mostly routine. He referred to an item on page 3, \$250,693 in accounts receivable, which was the amount expected to be reimbursed by FEMA for Maui expenses at some time in the future.

The report contained an attachment for the October financial statement of the HCCr, which could be disregarded since a detailed statement of the HCC's finances for November would be submitted later in the agenda. Mr. Choy stated that he had continued to give details about tourism to the chairs of all the tourism committees in the legislature and hoped that this would eliminate the majority of questions about finances that might otherwise be raised.

There were no questions from Board members, audience or online participants.

Mr. Casson-Fisher took the roll call, and the motion was carried unanimously.

#### **11. Discussion and/or Action on the Hawai'i Convention Center's November Financial Report and Update on the Hawai'i Convention Center's 6-Year Repair and Maintenance Plan**

Chair Hannemann proposed a motion to approve the HCC November Financial Report and Update on the HCC 6-Year Repair and Maintenance Plan. Ms. Agas seconded the motion.

The General Manager of the HCC, Ms. Orton, gave a detailed presentation for the month of November. During this month, the HCC successfully hosted some familiar local events, including the Hawai'i Food and Wine Festival and Schools of the Future, as well as new events such as the Honolulu Mineral, Fossil, Gem and Jewelry Show and the Hawaiian Airlines Purpose and Values Expo. The Center has also hosted citywide events, including the Society for Social Studies and Science and Applied Materials FTC.

As well as housing DBEDT and HIEMA, the Center hosted 25 events in November, three more than budgeted. The total facility revenue for the month was more than \$3.2m, which included \$169,000 of other income, mainly interest. The Center had a net income of \$1.2m, marking a record year with five successive months of positive income and the highest grossing year since the Center opened.

Ms. Orton extended her thanks to her team, the citywide sales team, and the local sales team.

Ms. Orton presented a detailed financial statement, including a reforecast for FY24 and detailed updates for November 2023. The reforecast for FY24 of \$24.1m included \$1.46m of interest income and a facility net loss of one million, with the result that the Center was now under budget by \$4.3m.

She forecast a strong year financially and expected the Center to outperform its budget. Excluding the \$1.45m in interest, the Center would close the year at \$22.7m in gross revenue, saving the state \$4.3m in subsidies for running expenses.

Ms. Orton gave an analysis of the return on investment of the Center, with total revenue as follows:

Hawai'i Convention Center Revenue + State Revenue + Tax Revenue = \$253.9m

Total investment was as follows:

Hawai'i Convention Center Expenses + HVCB MCI Expenses = \$10.8m

This gave a return on investment of \$20.63 per \$1 invested.

Ms. Orton presented a detailed analysis of return on investment for the previous twelve months, noting the number of citywide events hosted, their contribution to the ROI, and their overall positive impact on the state's economy.

Nineteen citywide events had brought the state a total of 118,810 hotel room nights, 56,000 delegates, and \$363m in economic impact, accounting for \$42.4m in total tax generation.

Ms. Orton pointed out that local sales events helped offset some expenses and appreciated the efforts of the local sales team, who had booked 21 local events for December, 12 for January, and 12 for February. She gave details of upcoming events for January and February 2024.

The HCC was proud of its carbon offset program, which, in 2023, brought about the planting of 252 trees in two local reforestation programs. Ms. Orton listed specific events and the number of trees planted by each one.

Legends had recently acquired ASM Global, and the merger would take effect over the next six months. Legends had a reputation in the industry for premium experiences. They provided venue planning, project management, sales and sponsorship, hospitality, and merchandising services to many of the world's iconic sports and entertainment attractions. Legends currently managed stadiums and arenas, and the HCC would be its first venture into convention center management. Ms. Orton did not expect any immediate impact on the operation of the Center.

In reply to a question from Mr. Arakawa, Ms. Orton assured the Board that Legends would be willing to sit in on a presentation for the Budget and Finance Committee or the Board.

The Chair asked whether the collaboration with Legends required the consent of the Board. Mr. Choy suggested a clause stating that the consent of the Board would not be unreasonably withheld.

There were no further questions from Board members, the audience, or online participants.

Mr. Casson-Fisher took the roll call, and the motion to approve the Hawai'i Convention Center's November Financial Report was carried unanimously.

Ms. Orton presented the Hawai'i Convention Center 6-year Repair and Maintenance Plan on behalf of Ms. Tait.

Mr. Choy gave an update on the roof repair project for which \$64m CIP had been allocated from the governor's budget. PMCM had been hired, an architect was to be engaged, and the project was scheduled to start construction at the end of 2025 and be finished by 2026.

The repair and maintenance update comprised detailed lists of projects and cash flow. During the past month, ASM Global was awarded a contract for exterior painting to begin in February 2024. A contract had been awarded for the replacement of the main dishwasher. The demolition of the old dishwasher had been completed, and the floor was to be renovated before the new equipment was installed at the beginning of next year. The walk-in refrigerator of a third-floor satellite kitchen was to be replaced, and the contract would be executed in January. Other projects included the repair of planters and the replacement of a chiller, and

these would be carried out during the second quarter of 2024 once permits were completed. Other projects being evaluated included renovation of the house sound system, an upgrade of the LED lighting, and the replacement of the flooring in the kitchen. RFPs for replacing the escalator and repairing the roof parapet were to be issued in early January.

To date, ASM Global has completed 29 projects over the past four years with an estimated total cost of \$25m.

There were no questions from Board members, the audience, or online participants.

Ms. Orton expressed her gratitude for the funding and the progress of the ongoing projects, particularly the roof repairs.

The Chair stated that he would continue to look into the possibility of assigning naming rights to the Convention Center.

## **12. Presentation and Discussion Regarding an Update of the Meetings, Conventions, and Incentives Market Activity and Pace Report, and Hawai'i Convention Center Activity and Local Sales**

Mr. John Reyes gave an update on Mālama Maui and MCI Outreach. He stated that they had succeeded in finalizing strategic partnerships with corporate event marketing associations and customers, providing short-term opportunities for citywide and single-property events. He explained that 30% of Hawai'i's business was incentive and distributed among many different islands, particularly Maui. Eight thousand attendees, many of whom were major decision-makers, used the research foundation. His team had just participated in the Northstar Leadership Forum, an association of corporate third-party leaders in the meetings industry. The HTA sponsored a breakfast, which gave an opportunity to share Mālama messaging. This was the largest third-party producer for room nights to Hawai'i single-property events.

Mr. Reyes reminded the Board of the definitions of sales production, meaning the new volume of events and room nights for future years, and consumption, which referred to events that were already on the books (OTB), booking events and room nights in the year in which they were to occur.

Regarding citywide sales production, Mr. Reyes stated that room nights for November were up by 69%, with a year-to-year variance at 78% of the goal and an increase of production by 20%. Room nights for November had been slow and tentative, although they were 36% ahead. The

team at citywide had closed six bookings on which they had been working on all year. This compared with only one last year. As Ms. Orton mentioned, they hosted 29 events this year compared with 14 events last year. Last January's Board meeting had been told that the goal for short-term events 2023–2030 was 77. From 2022 to 2023, the average was around 21, so estimating 21 events per year between 2023 and 2030, the goal of 77 might be reached and even surpassed as far as 85.

Mr. Reyes gave details of future Pace consumption and events booked at the Hawai'i Convention Center. The total number of room nights in 2023 was 70,153, 89% of the projected 78,000. Focusing on 2026–2028, the status of the roof repair project was an important issue that would determine the type of groups that could be booked. Otherwise, the citywide team was confident that they could produce more events.

Considering the booking trend for consumption and responding to Mr. Arakawa's question about how events were produced, six events have been added from last month to the present month. The team continually increased the number of events, which showed up in the profit line for revenue and the economic impact of citywide events.

Mr. Reyes gave some details on the methods used for event strategy collaboration. Meet Hawai'i and Hawai'i Convention Center collaborated on Joint Event Goals for greater alignment. He continued to focus on interviewing possible hires for a corporate citywide seller. The citywide team had set individual event goals for the calendar year 2024 and targeted citywide tentative events for 2026–2030. The target for future Pace events for 2024 was nine, but the number was fifteen.

Mr. Reyes explained to the Board that he would be retiring shortly and introduced his successor, Ms. Lynn Whitehead, with whom he had previously worked in San Diego.

Ms. Whitehead greeted the Board, thanked Mr. Reyes for the introduction, and congratulated him for his hard work. She thanked the Board and the staff for their time and commitment and looked forward to carrying MCI ahead in the future. She had been part of the citywide team for the past two years. It was a pleasure to have the opportunity to work with Ms. Orton, and she looked forward to earning the trust of the Board as she began her new appointment.

There were no questions from Board members, the audience, or online participants.

Mr. Choy repeated that the period of roof construction was expected to be from the end of 2025 to halfway through 2026, implying that bookings would be lower during 2026.

Mr. Nāho'opi'i thanked Mr. Reyes for his hard work and for the many occasions when he had made extra efforts to further the aims of the HTA. He thanked Mr. Reyes for showing him how citywide and MCI functioned and looked forward to working with Ms. Whitehead. Given that a great team was in place, he was confident that the transition would be smooth.

Mr. Arakawa welcomed Ms. Whitehead and reminded her to consult Mr. Choy if she had any financial questions.

Chair Hannemann thanked Mr. Reyes for his presentation and expressed appreciation for himself and Ms. Orton. He welcomed Ms. Whitehead to the team.

The Chair informed the Board that agenda item 13 was to be transferred to the end of the meeting and called for agenda item 14.

#### **14. Presentation on the U.S. Marketing Maui Recovery Plan #2 and the Canada Marketing Maui Recovery Plan**

Mr. Talwar gave a presentation on the U.S. Marketing Maui Recovery Plan #2. He congratulated MCI for booking 29 citywides in November, which was especially laudable because of the uncertainty about the roof project.

Mr. Talwar summarized U.S. Recovery Plan #1, which is operational between August and December 2023, with a budget of \$2.6m. He had been working closely with the staff, and his brief overview of marketing insights would show a level of continuity, with the 2024 plan building on the 2023 funding to operate between January and June 2024 with a budget of \$2.5m.

Mr. Talwar summarized market insights with data on TransPacific air seats by country, comparing 2019 with 2023 and 2024. The significant markets were Australia, Canada, China and Japan. All the air seats were lower than the 2019 volume. His data considered nations that provided direct flights into Hawai'i. The only region with increased numbers was the U.S. Mr. Talwar believed this detailed data would provide information, allowing the Board to make reliable decisions.

Data were presented concerning airseats into Hawai'i airports from the U.S. only, comparing differences between 2019 and 2023, and 2023 and 2024. Mr. Talwar believed that the main cause of the reduction in Hawai'i seats was the weakness of Maui, although Kona and Kauai were also reduced. He reminded the Board that the number of air seats did not mean the number of visitors but simply the ability of visitors to travel.

Considering total room nights for Maui and West Maui, graphs for year-on-year changes from August 2023 to June 2024 showed reductions to November 2024. Issues with West Maui and Maui had affected the performance of the entire state as far as actual bookings to date were concerned. The presentation demonstrated the impact of the wildfires on Maui's economy in terms of their impact on six significant economic indicators.

The HTA had provided \$2.6m in August to start the economic recovery of Maui, concentrating on consumer direct programs, public relations, social media messaging, owned media, websites, and the GoHawaii app. They had also worked with a meeting group called Signature Owners, which informed other meetings that it was all right to meet in Hawai'i. The Meet Hawai'i team could keep almost all the scheduled meetings in the state apart from five that did not occur and five that were moved to different destinations. About twenty meetings were kept on the calendar where they were booked. Some were relocated to other locations, and the HTA underwrote some transport costs.

The Board had directed that the people of Maui should share how they wanted to invite people back to their homes, and Mr. Talwar showed the Board three videos filmed in August at a time when compassion was the greatest necessity. His team had also created the Ola Maui series, which informed visitors about activities available in Maui. The Board viewed one of these videos. At the start of the emergency, celebrities had given conflicting messages about whether or not to visit, so the team wanted to provide the people of Maui the opportunity to send their message.

The PGA Tour allowed further conversations about the January events on Maui and O'ahu. Some of the celebrities and professionals were to create video messages to encourage people to visit Maui.

The weeklong visit of the Entertainment Tonight team to Maui and O'ahu was a great promotion, and Mr. Talwar shared a clip with the Board. He thanked the Board for approving the budget, which had allowed the staff to take advantage of these opportunities. It had been a challenge to be innovative with a limited budget.

Consumer programs had been lined up, continuing with the Kupa 'Āina and Ola Maui series. The team had shot a large amount of footage which could be edited to produce more content. Over three months, the team trained three thousand travel agents and had a list of agents to meet with at various events. It was intended to bring selected travel agents to Maui for FAM visits, and consortia programs had reached the mindful Hawai'i traveler by means of cooperative marketing.



Public relations and earned media had uplifted the voices of Maui and small business owners. The team had a database of travel writers, editors, and content developers with whom they stayed in touch to offer stories. The team also hoped for national editorial coverage. They were to start proactive pitching in January with international media marketplaces, mostly U.S. and Canada media, and working with the Maui team to encourage travel writers to visit.

Mr. Talwar outlined the plan for 2024, beginning with a virtual media blitz and one-on-one meetings during the first quarter, ensuring that Maui people met with the media. The Bay area was to be targeted later in the spring with the plan to create an experiential event in the San Francisco Bay area. Mr. Talwar reminded the Board that the effect was always greater when the Hawai'i people could travel to the market. The team continued to target high net-worth mindful travelers.

The team also hoped to collaborate with three different hoteliers from Maui to reach out to as many people across the island as possible. They would also seek out volunteer opportunities for mindful visitors.

Mr. Talwar shared with the Board a concept his team was developing, aimed particularly at the younger market in whose eyes Hawai'i had a poor image. This campaign would invite the younger visitor to set aside their expectations and come with an open mind. The team hoped to be able to work with a luggage company called Away, to give the message of leaving your baggage behind and traveling open-mindedly with an open bag to support economic recovery on Maui by buying local and learning about the stories behind the people, the communities, and the places. Mr. Talwar explained that if the cooperation with Away failed, the team would try to work with other brands on shared messaging.

Mr. Talwar gave an outline of the proposed budget for the second phase of Maui Recovery, comprising \$2.1 for direct-to-consumer messaging along with \$200,000 each for public relations and travel trade as detailed in the following table:

Budget Category	Amount
Consumer direct:	
Maui Ola Paid social media content	700,000
Made from Maui Promotion media	1,400,000
Public Relations:	
Media blitzes	100,000
Healdsburg Food and Wine Experience	50,000
Maui and Multi-Island Media visits	50,000

Budget Category	Amount
Travel Trade:	
Travel partner education program	110,000
Trade FAMS	60,000
Consortia cooperative marketing programs	30,000
Total	2,500,000

Chair Hannemann thanked Mr. Talwar and appreciated his detailed presentation. He noted that the first set of messages had been effective, but in the second phase, it was necessary to explain why travelers should visit Maui. He agreed with the emphasis on the younger traveler and the need to build on momentum sooner rather than later. Ms. Chun had already explained that the fire disaster had affected the entire state, so there were dangers in making the message overly focused on Maui. There might be complaints from the tourism industry on other islands.

Mr. Talwar agreed with this analysis and stated that Mr. Naho'opi'i and Ms. Kaho'ohanohano had worked on mingling the existing efforts with PACE funding. He believed that this campaign's boundaries were soft and would impact the rest of the state, not only Maui. Other parts of the state might complain, but the examples of media that had been shared were developed during the time in August when the emphasis was visiting with the heart and Mālama Maui. Future messaging would emphasize all the possible activities that visitors could enjoy.

Influencers from the world of entertainment had sent mixed messages and had to be woven back into the conversation. Even those who lived on the mainland kept coming back to Hawai'i. The messaging would start with the PGA Tour but would expand. The tour had a major following, which had to be leveraged for the benefit of Hawai'i tourism.

Ms. Iona asked about the romance market, which had been successful in the past. Mr. Talwar replied that this was a visit for an occasion rather than a different type of visitor. These were people visiting Hawai'i to celebrate a life stage, whether as a couple, for a wedding, for a honeymoon, or with their children. He pointed out that any message sent out was the start of a story that the traveler would continue searching for themselves.

Ms. Paishon Duarte asked how it was possible to target a higher-spending visitor deliberately. Mr. Talwar replied that, like it or not, there was a whole range of data on everyone, so it was possible to look at previous behavior, spending patterns, websites visited, and data searched

for to develop profiles of people who were likely to be mindful travelers, and of course income was important.

Mr. McCully pointed out that Ms. Orton calculated a return on investment to justify spending on the HCC. In the same way, the time might be near when the HTA would have to justify the value that its budget brought to the state. The Maui emergency was different from COVID or a recession because it was an isolated event that led to cancellations. Business had been lost and had to be regained with focused messaging. Mr. McCully asked whether there was data available which could determine the effect of our budgeting on particular markets and extrapolate what more could be done with a larger budget to increase the state's total revenues. This would help the legislature understand why, at a time of limited availability of funds, requests for funding from the HTA differed from requests from other agencies and departments because tourism was a contributor to the economy.

Ms. Chun explained that a study into ROI had originally been on the budget but had been cut out. In brand marketing, it was important to isolate a particular factor from other variables before a projected expenditure to find out what the return was likely to be. When the effect of market saturation after the 2008 economic crisis was examined, ROI studies were carried out on market-specific programs to determine effective elements.

Mr. Talwar stated that it was preferable to set up such a study before beginning a program, but it might be possible to develop a methodology for the 2024 basic plan, looking at different media partners to assess effectiveness on a programmatic level.

Chair Hannemann pointed out that for good data, a control was necessary, and in this case, a control would be a market in which there was no investment compared with other markets that had been targeted. There had been previous discussions about focusing on the L.A., San Francisco, or Seattle markets, and it might be possible to carry out a retrospective analysis.

Mr. Talwar replied that this would be more difficult because the present campaign did not target specific markets but targeted mindful Hawai'i travelers regardless of location. This seemed the best use of the limited resources of \$2.5, since the isolation of specific programs would be at the \$5m to \$10m budget level. However, it might be possible to examine the response of people exposed to the messaging compared with those who had not.

Mr. Nāho'opi'i stated that a test would be carried out during the fourth quarter to compare differences and changes in behavior and attitude between those who had seen the messaging and those who had not.

Mr. Choy pointed out that at one time there had been a proposal to write ROI into the contract of the HTA contractors. This had been resisted, but it was possible that ROI analysis could be inserted into contract definitions. If so, all contractors, not only those for the U.S. market, would examine ROI and provide useful data.

Chair Hannemann thanked Mr. Talwar for his presentation and stated that there would be a brief break for lunch before continuing agenda item 14. He hoped that Board meetings would never be longer than two and a half hours. The meeting resumed with the Canada Marketing Maui Recovery Plan.

The President of Hawai'i Tourism Canada, Ms. Susan Webb, presented the Maui Recovery Plan, which is effective between January and May 2024.

Ms. Webb extended seasonal greetings to Board members and reminded them that the Canada Maui Recovery Plan had been approved at the previous Board meeting with an incremental budget of \$900,000.

Ms. Webb expressed her gratitude to the Board for approving this funding and stated that the funds would be used as quickly as possible. Mālama Maui messaging would be a vital part of this campaign. Over the past few months, there had been a large amount of mixed messaging, so the Canada team made sure that their messaging was strategic and encouraged visiting Maui, except for Lahaina. It emphasized the importance of a respectful and compassionate visit in which local businesses would be supported by shopping, eating, and participating in activities across the island.

Ms. Webb reminded the Board that Canadians loved Maui and sometimes referred to it as their eleventh province. Canadians were well aware of all that Maui had to offer visitors. Messaging would highlight culture, culinary experiences, romance, honeymoons, destination weddings in Maui and Hawai'i as a whole, and wellness, adventure, and snowbirds. Volunteer tourism would also feature since Canadians love to give back and would be positive about Mālama Maui activities in the spring.

Ms. Webb listed some consumer initiatives based on digital and national campaigns on television, which was still an important source of information for Canadians. Campaigns with connected television, social media, display advertisements, and targeted audiences would exist. The team was to work with the Weather Network to showcase Maui's beauty. Local markets in Vancouver, Calgary, and Edmonton would be targeted since the West of Canada had significantly more lift and a greater propensity to travel to Hawai'i. Toronto was the main market in eastern Canada. The team would work with influencers to get the message to the right clientele.

Regarding public relations, earned media refers to individual media visits such as those by journalists from the Globe and Mail and the Toronto Star and Post media, both major publications with high-income readerships. Other media personalities had worked on paid broadcast segments to expose messaging about Maui to Canadian consumers. It was noted that these targeted increments to include Maui were in addition to the pre-existing media campaigns. The team expected over a million impressions to be generated from online articles and broadcasts.

Ms. Webb pointed out that trade initiatives were very important, and the team was working with several partners, including WestJet, WestJet Vacations, Costco Travel, AMA Travel, and others. They also worked directly with AMA CAA Travel, which is associated with Alberta's high-wealth consumers. The team was running a campaign with WestJet. Costco was now Hawai'i's number one travel provider, and the team was working with Costco to contact their members.

Ms. Webb added that her team was also working with editorial magazines. The team was using a campaign called BranchUp to provide content helping travel agents market travel to Hawai'i, and this also incidentally educated the travel agents themselves. So far, two hundred travel agents have been trained through BranchUp.

The team was working with Air Canada on campaigns and carried out cooperative campaigns to keep messaging about Maui in front of consumers.

Ms. Webb presented a detailed incremental Maui recovery budget as follows:

Budget Category	Amount
Consumer direct	535,000
Public Relations	25,000
Travel Trade	175,300
Administrative costs	164,700
Total	900,000

Ms. Webb pointed out that this funding would enable additional campaigns to begin immediately. Boxing Day sales were significant in Toronto, and she expected that retail and wholesale partners would focus on returning to Maui along with an ongoing snowbird advisory campaign giving updates on travel to Maui. She stated that each campaign had key performance indicators (KPIs) to assess its success. The team was working with the airlines to encourage them to schedule more flights to Maui. Air Canada and WestJet would monitor demand to plan their response.

Ms. Webb informed the Board that Canadians had begun to book their tickets closer to the travel date, often within two to three weeks. June was becoming more popular for Canadians to travel, so there were now four months for marketing campaigns.

Chair Hannemann thanked Ms. Webb for her presentation.

There were no questions from the Board, the audience, or online participants.

No further action was required since the Board had previously approved the budgets for the U.S. and Canada markets.

#### **15. Discussion and/or Action on Initiating a Search and Hiring Process and Compensation for the Hawai'i Tourism Authority's President and CEO and Chief Brand Officer Positions**

As Chair of the Administrative and Audit Standing Committee, Mr. White pointed to the importance of filling in gaps in staffing. Due to the short space between recent Board meetings, his committee couldn't obtain essential information, and he saw no benefit in discussion at Board level without details such as salary levels. Former Chair Miyasato had focused on returning the staff to its full complement, not just the two top positions but also other positions. Referring to Mr. McCully's comments about making hay during sunshine, leadership must be in place and not drain staff and other resources. Hence, Mr. White repeated that there was nothing to take a vote on without additional details, which were unavailable for the time being.

As Vice Chair of the Administrative and Audit Standing Committee, Chair Hannemann supported Mr. White's recommendations. Filling vacant staff positions was a priority since any organization was only as good as its staff, and an overworked staff would not be effective. If necessary, a trail would have to be blazed at the administrative or legislative level. Chair Hannemann believed that a game plan would come out of the early January meeting of the Standing Committee, which could be brought to the full Board. For the time being, action was deferred.

Ms. Paison Duarte agreed that the Standing Committee should continue to deliberate, and she believed that action would be taken very soon.

Mr. Arakawa supported all the previous comments and pointed out that the Administrative and Audit Standing Committee represented the input of the HTA staff and the Board. He thanked Mr. Nāho'opi'i for implementing a temporary plan for staffing to ensure that branding would function smoothly. He supported Mr. White's proposal.

### **13. Presentation, Discussion and/or Action on the FY25 Supplemental Budget\*\*\***

Mr. CEO Nāho'opi'i informed the Board that this agenda item referred to submitting the FY2025 supplemental budget, which formed part of the Board packet. The detailed initial budget had been submitted to the Budget and Finance Standing Committee and through DBEDT to the governor and the Budget and Finance Department. It was brought to the Board today to discuss possible questions on budget line items. The governor's response had been limited since the amount originally requested was \$69.915 million, but the amount recommended by the Department of Budget and Finance was approximately \$60 million.

Regarding recruitment, the number of positions assigned to the HTA was 25, but the Board and staff had requested additional positions to correspond with the chart, which the Board approved in July. Existing multi-year contracts had been examined, and some programs had been added to change and address various issues and marketing opportunities. Mr. Nāho'opi'i informed the Board that he or Mr. Choy would answer questions.

Mr. Arakawa clarified that the document before the Board was Form A, which had been approved by the Budget and Finance Committee and forwarded to the full Board some months ago. It was then submitted to DBEDT, the Department of Budget and Finance, and the Governor. Mr. Arakawa was apprehensive that in the process of discussing this supplemental budget matters might be discussed, which could affect existing contracts and issues of competitive advantage. He suggested that the discussion should take place in an Executive Session.

Mr. Cole also understood that this discussion might touch on current and future procurements that, under the law, should be confidential to protect Hawai'i's competitive advantage. He agreed that the Board should go into Executive Session pursuant to Section 92-5 (a)(8) to deliberate upon information that must be kept confidential within HTA statute 2018-4 allowing for executive session to protect the Hawai'i competitive advantage regarding tourism.

Mr. Choy agreed that the discussion should remain confidential, especially if cuts were to be made.

Mr. Arakawa stated that a budget of sixty million dollars had been submitted to the legislature, and there would not be time to discuss it in committee and Board meetings since the first two legislative hearings of the HTA budget were scheduled for January 3 and 12, 2024. The supplemental budget had to be discussed at the present meeting. Transparency was important so after the discussion in Executive Session the Board could go on record and arrange a meeting of the Budget and Finance Standing Committee where issues could be brought to light.

Mr. Nāho'opi'i pointed out that staff would need specific information before January 3 to prioritize adjustments based on guidance from the Board in responding to questions from legislators.

Chair Hannemann stated that members should be advised beforehand if an Executive Session was envisaged during a future Board meeting.

Mr. Arakawa reminded the Board that events beyond staff's control had taken place. The supplemental budget was to have been discussed at the November meeting, but time ran out. It could not be addressed in a subsequent Budget and Finance Standing Committee meeting. He had requested that it be placed on the agenda at the special Board meeting, but because of other matters, this was impossible. It was clear that a robust discussion should take place, but because of time and other circumstances, it had not been possible.

Mr. Arakawa proposed that the Board go into Executive Session based on matters stated on the record. This was seconded by Mr. McCully. Mr. Casson-Fisher took the roll call, and the motion was carried unanimously.

The regular Board meeting was paused to go into Executive Session.

When the Board meeting reconvened, Mr. Cole summarized the discussion that had taken place during the Executive Session. No action had been taken, and it was decided to obtain additional information from the HTA staff. A special Board meeting was to be called for Tuesday, January 2, at which decisions would be made on approaching the budget discussions with the legislature.

Chair Hannemann stated that the Board would reconvene on Tuesday, January 2, 2024, at 10 a.m. to continue the discussion of the FY25 budget. He thanked everyone who had attended the present meeting and extended his good wishes for a safe and happy holiday season.

## **16. Adjournment**

The meeting adjourned at 1:22 p.m.

Respectfully submitted,

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Sheillane Reyes

Recorder



# **6**

## **CEO Report**



# HTA CEO REPORT

JANUARY 2024

## EXECUTIVE SUMMARY

Each month, the Hawai'i Tourism Authority (HTA) provides this report as a resource to the Board and the public to better understand the activities and actions taken by the team in the month of December in support of the organization's overall mission, its strategic plan, and the community-led Destination Management Action Plans. Overall, this report provides insight into the actions conducted by the staff to implement the HTA budget previously approved by the Board.

Destination Stewardship Branch: December was a busy month for the HTA stewardship team and its major contractor Kilohana. Highlights include review and evaluation of Signature, Community Enrichment, Resort Area Hawaiian Culture Initiative, Kūkulu Ola, and Kahu 'Āina programs evaluation and preparations for awards to be announced in January. The team also moved forward with the implementation of visitor education activities that are outlined later in this report. Lastly, the team is now working on developing the campaign workplan for visitor education as part of the Maui Recovery plan.

Brand Branch: The Brand team completed its reassignment of markets and programs among the team members. The team worked with the Hawai'i Tourism USA and Hawai'i Tourism Canada and finalized the updated Maui Recovery Plans. In December, the team also updated all reporting templates and requirements for the 2024 brand marketing contracts.

Planning & Evaluation Branch: The Planning and Evaluation team focused on working with its contractor to finalize strategies and actions for tourism's support for Maui's recovery. Procurement for the Maui resident communications campaign and discussions with the Maui County to support Maui businesses also occurred. The team also wrapped up the 2023 Annual Report to the Legislature, and worked with the Contracts Team to issue the Request for Proposal for the development of the 2024-2027 Destination Management Action Plans.

## II. OFFICE OF THE PRESIDENT & CEO

**Functional Statement:** The Office of CEO is responsible for implementing the policies and instructions of HTA's Board of Directors and administering the activities of HTA by planning, organizing, directing, coordinating and reporting its work.

- Leads relationship with Governor, Legislature, Board and state agencies

- Leads relationship with national tourism policy and strategy, Congressional offices, and national and international industry organizations
- Oversees HTA's strategic direction and performance
- Oversees HTA's administration, resource allocation, vision, and culture

### ***Change Management Plan***

The HTA organization continued to transition into the structure presented and approved by the HTA Board. The objectives of this structure were to strengthen island-based management, increase resources for destination stewardship, and have dedicated management for brand and marketing. As of December, HTA still had vacancies for a Chief Brand Officer, Planner, two Brand Managers, and an Accounting Assistant. Approval for redescribing the positions for Chief Brand Officer, Planner, and approval to fill one of the Brand Manager positions were still at the DBEDT director's office for endorsement.

### ***Public Affairs – Industry and Community Relations***

*This section covers communications and outreach not related to the Maui wildfires. Communications and outreach on that topic can be found in the "Maui Fire Response & Recovery" section elsewhere in this report.*

### **News Releases/Reports/Announcements**

- News Release: American College of Chest Physicians Brings Nearly \$42 Million Economic Boost, Reforests Koa Trees (December 8)
- News Release: Hawai'i Tourism Authority Seeking Proposals for Global Support Services for Brand Management and Marketing (December 8)
- News Release: The Hawaiian Islands Rated Highly on Variety of Experiences According to Visitor Satisfaction and Activity Survey (December 12)
- News Release: Hawai'i Tourism Authority Board Names Mufi Hannemann as Chair (December 13)
- News Release: Hawai'i Tourism Authority Awards Contract for Island Visitor Education and Brand Management Support Services (December 15)

- Meet Hawai'i News Release: HVCB Names Lynn Whitehead Vice President Global MCI Sales & Marketing (December 18). Drafted Daniel Nāho'opi'i quote.
- Report: Hawai'i Hotel Performance Report for November 2023 (December 20)
- News Release: Statement on HVCB President and CEO John Monahan Stepping Down (December 21)
- News Release: Meet Hawai'i Announces Strategic Partnership with HIS Japan (December 23)
- Report: Hawai'i Vacation Rental Performance Report for November 2023 (December 26)
- HTA Message: Drafted message on November 2023 Visitor Statistics (December 27)

### **News Bureau**

- Coordinated and assisted with the following interviews and statements:
  - Alaska Airlines Acquisition of Hawaiian Airlines: Daniel Nāho'opi'i (DN) and Ilihia Gionson (IG) attended press conference and did media interviews. Assisted with HTA statement.
  - Big Island Now, Tiffany DeMasters: DN quote on Alaska Airlines announcement. (December 6)
- Assisted with the following media relations:
  - Vogue NL, Leah Zonneveld (UK): Provided information on county and state film offices to apply for permits, GoHawaii.com website and HTA's Ma'ema'e Toolkit for upcoming shoot. (December 22)

### **Community Initiatives and Public Outreach**

- HTA E-Bulletin

- Drafted copy, edited, compiled images, and created layout for December 2023 HTA e-Bulletin in English.
- Hawai'i Bowl (Signature Event)
  - Drafted and provided organizers with a welcome letter from Daniel Nāho'opi'i.
- Hawaiian Airlines Diamond Head Classic (Signature Event)
  - Drafted and provided organizers with a welcome letter from Daniel Nāho'opi'i.
- PGA TOUR / The Sentry Partnership (January 4-7, 2024)
  - Participated in bi-weekly marketing and communications calls. (Ongoing)
- HTA Statement on Marine Wildlife
  - Drafted and distributed notice to the public reaffirming HTA's commitment to uplifting messaging about respecting marine wildlife along with guidance on how to respond when encountering a stranded or injured marine animal. (December 29)
- Destination Management Action Plans
  - Edited copy and designed Kaua'i DMAP Phase 2 Report. (December 8)

### **HTA's Social Media**

- Managed social media calendar, drafted copy, sourced images, and scheduled posts on HTA's Facebook, Instagram and Twitter accounts. Also monitored and responded to direct messages and post comments.

#### **Paid Posts on Facebook and Instagram**

- Post on Moloka'i Community Meeting. Flight dates from November 30 – December 5.
- Total Impressions: 7,924
- Total Reach: 2,148

- Total Engagements: 136

#### Facebook

- Number of followers: 28,552 (+16.4%)
- Engagement rate: 3.6%
- Number of engagements: 1,079 (-39%)
- Posts: 13

#### Instagram

- Number of followers: 10,462 (+32.2%)
- Engagement rate: 3.5%
- Number of engagements: 398 (-53%)
- Posts: 13

#### Twitter

- Number of followers: 43,431 (+3.7%)
- Engagement rate: 1.4%
- Number of engagements: 108 (-81.4%)
- Posts: 13

#### Linktree

- Views: 35
- Clicks: 19
- Clickthrough rate (CTR): 54.29%

## ***Crisis Response and Mitigation***

### **MAUI FIRE RESPONSE & RECOVERY**

Pursuant to Hawai'i Revised Statutes 201B-3(a)(23), HTA participates in the state's response to emergencies, and develops and implements emergency measures to respond to adverse effects on the tourism industry. In his Sixth Emergency Proclamation on August 19, Governor Josh Green declared a tourism emergency as described in Hawai'i Revised Statutes 201B-9. As of the Ninth Emergency Proclamation signed on November 6, that tourism emergency declaration is in effect until March 5, 2024.

The below report covers HTA's actions in the emergency response as well as the beginning of the economic recovery process. HTA is also part of the ongoing recovery

phase of the disaster, working with state and federal emergency management officials to coordinate tourist activity and economic redevelopment in the region, and enhance messaging on appropriateness of traveling to non-impacted areas in Maui. (*Objective 21b, Joint Incident Action Plan, FEMA-DR-4724-HI*)

We are doing so by making the invitation clear: **respectful, compassionate, responsible travel to the island of Maui is welcome and encouraged – more now than ever.**

- Drafted and distributed the following news release to over 20,000 recipients including industry partners, local, national, and international media, community organizations, government officials, and the general public:
  - News Release: Public Input Requested on Draft Actions for Tourism to Support Maui’s Recovery (December 7)
  - News Release: Hawai’i Tourism Authority Board Approves Action Plan to Support Maui’s Recovery in 2024 (December 22)
- Shared the following information across HTA’s social media pages:
  - Posted about HTA’s Draft Actions for Tourism to Support Maui’s Recovery and encouraged Maui residents to provide their input and feedback. (December 8)
  - Responded to questions and media inquiries related to the situation.
- Attended HTA community meeting on Maui regarding the proposed actions of the Maui Recovery Plan. (December 4)
  - Posted community meeting to HTA Events page and request for input on the homepage carousel. (December 1)
- Updated Maui Recovery section on HTA website with resources and information geared toward visitors, businesses, employees, and community members throughout the month.
- Coordinated and assisted with the following interviews and statements, including:



- Hankook Ilbo, Jiyeon Park (Korea): Daniel Nāho‘opi‘i interview on impact of Maui wildfires on tourism and Mālama Hawai‘i. Drafted talking points. (December 8)
- KHON, Elizabeth ‘Ufi: Provided Zoom recording of the December board meeting as she was interested in the Tourism Recovery Plan for Maui. (December 21)
- Updated talking points and provided to Sherry Duong, MVCB for Travel Weekly interview. (December 19)

HTA continues to work with HIEMA’s Community Outreach Lead to establish a volunteer process to meet the needs of conference/meeting planners and others in the visitor industry who are searching for opportunities to volunteer. A meetings were held in December to discuss opportunities to support a distribution center on Maui.

SMS Research & Marketing Services, Inc., completed its work on a Tourism Recovery Plan. SMS has been interviewing government officials, visitor industry and business leaders, and community members.

### III. DESTINATION STEWARDSHIP BRANCH

**Functional Statement:** The Destination Stewardship Branch is responsible for implementing projects and programs that seek to balance and meet the economic, environmental, and social/cultural needs of Hawai‘i while working in close partnership with the visitor industry and residents.

#### *Natural Resources Initiative*

**Overview:** Support programs that protect, maintain and enhance Hawai‘i’s natural resources and cultural sites to improve the quality of life for all of Hawai‘i’s residents and to enhance the visitor experience in alignment with the Authority’s mission to strategically manage Hawai‘i tourism in a sustainable manner consistent with economic goals, cultural values, preservation of natural resources, community desires, and visitor industry needs. The [HTA’s Five-Year Strategic Plan 2020-2025](#) lays out the Natural Resources Pillar objectives to “encourage and support sustainable and responsible tourism; engage and encourage active natural and cultural resource management strategies in areas frequented by visitors; and to promote visitor industry alignment with the Aloha+ Challenge, Hawai‘i’s recognized model to achieve the UN’s SDGs, especially for energy and water.”

### Kahu 'Āina Program

The Hawai'i Tourism Authority's Kahu 'Āina Program, consistent with Chapter 201B-7(a) of the Hawai'i Revised Statutes that allows HTA to “enter into agreements that include product development and diversification issues focused on visitors”; Chapter 201B-3(a)(14) which states that HTA “may develop, coordinate, and implement state policies and directions for tourism and related activities taking into account . . . Hawai'i's natural environment”; and Chapter 201B-3(a)(20) which states that HTA “may coordinate the development of products with the counties and other persons in the public and private sector, including the development of sports, culture, health and wellness, education, technology, agriculture, and nature tourism.” In addition, the HTA Five-Year Strategic Plan 2020-2025 lays out HTA's plan to support Hawai'i's Natural Resources as stated above.

On October 3<sup>rd</sup> 2023, the Hawai'i Tourism Authority announced the Funding Opportunities (FO) to support Natural Resources, Culture, Community Festivals, and Signature Events. HTA will provide funding support to nonprofit organizations, community groups, practitioners, projects, and events occurring in Hawai'i. Kilohana, HTA's contractor that is responsible for developing and implementing destination stewardship initiatives statewide, will be administering these programs. The deadline for applicants to submit proposals was Monday, November 13, 2023. HTA staff worked with members of Kilohana and folks from community through the rest of November and December to review and evaluate a total of 52 applications received for the Kahu 'Āina Program. HTA staff recently prepared a memo to the Interim CEO seeking his review and approval of Kilohana's evaluation committee's recommendation for funding for the CY2024 Kahu 'Āina Program. Award letters for this year's Kahu 'Āina program will be issued in January.

### Sustainable Tourism Program

Supports the Natural Resources pillar's overall goal of enhancing respect for Hawai'i's Natural Resources and promoting visitor industry alignment with the Aloha+ Challenge. This is achieved by collaborating with environmental sustainability programs with natural resource partners to mitigate visitor impacts and support responsible tourism initiatives.

- Hawai'i Green Business Program (HGBP) – This program encourages energy and resource efficiency in addition to sustainable and regenerative practices in hotels, restaurants, businesses, venues, and events. Companies are evaluated on whether they fit the criteria that would make them a sustainable entity. This program seeks to uplift businesses dedicated to creating a sustainable Hawai'i by recognizing

and highlighting their programs and efforts. Additionally, this program provides participants with cost savings and benefits Hawai'i's environment. HTA works with Hawai'i Green Business Program to make the program more accessible to smaller businesses and events in communities statewide.

- HGBP's contract with HTA ended on December 31, 2023. Final reports are due at the end of January and results will be reported in the January 2024 CEO report.

### ***Hawaiian Culture Initiative***

**Overview:** Support programs that perpetuate and recognize the uniqueness and integrity of the Hawaiian culture and community and their significance in differentiating the Hawaiian Islands through unique and genuine visitor experiences in alignment with the Authority's mission to strategically manage Hawai'i tourism in a sustainable manner consistent with economic goals, cultural values, preservation of natural resources, community desires, and visitor industry needs. The [HTA's Five-Year Strategic Plan 2020-2025](#) lays out the Hawaiian Culture Pillar objectives to "support the everyday use of the Hawaiian language; ensure the accurate portrayal of Hawaiian culture by HTA's marketing contractors; encourage accurate portrayal of Hawaiian culture in visitor industry marketing and experiences for visitors; increase understanding and respect for cultural practitioners, cultural sites, and cultural resources; and provide the visitor industry with opportunities for Native Hawaiian cultural education and training for its workforce."

### **Kūkulu Ola Program**

The Hawai'i Tourism Authority's Kūkulu Ola Program, consistent with Chapter 201B-7(a) of the Hawai'i Revised Statutes ("HRS") which allows HTA to "enter into agreements that include product development and diversification issues focused on visitors"; and Chapter 201B-7(5), which gives the HTA responsibility for "perpetuating the uniqueness of the native Hawaiian culture and community, and their importance to the quality of the visitor experience, by ensuring that Hawaiian cultural practitioners and cultural sites that give value to Hawai'i's heritage are supported, nurtured, and engaged in sustaining the visitor industry"; and Chapter 201B-3(a)(20) which states that HTA "may coordinate the development of products with the counties and other persons in the public and private sector, including the development of sports, culture, health and wellness, education, technology, agriculture, and nature tourism. In addition, the HTA Five-Year Strategic Plan 2020-2025 lays out HTA's plan to support Hawaiian Culture as stated above.

On October 3<sup>rd</sup> 2023, the Hawai'i Tourism Authority announced the Funding Opportunities (FO) to support Natural Resources, Culture, Community Festivals, and Signature Events. HTA will provide funding support to nonprofit organizations, community groups, practitioners, projects, and events occurring in Hawai'i. Kilohana, HTA's contractor that is responsible for developing and implementing destination stewardship initiatives statewide, will be administering these programs. The deadline for applicants to submit proposals was Monday, November 13, 2023.

HTA staff worked with members of Kilohana and folks from community through the rest of November and December to review and evaluate a total of 69 applications received for the Kūkulu Ola Program. HTA staff recently prepared a memo to the Interim CEO seeking his review and approval of Kilohana's evaluation committee's recommendation for funding for the CY2024 Kahu 'Āina Program. Award letters for this year's Kūkulu Ola Program will be issued in January.

### Maiau A Ma'ema'e Program

HTA staff are currently working on drafting a Request for Proposals (RFP) for work to begin this calendar year.

### Festivals of Pacific Arts & Culture (June 6-16, 2024)

Hawai'i will host the 13th Festival of Pacific Arts for the first time ever. Hawai'i will be positioned as a premiere host for high-level international gathering of Pacific Island Nations, and seen as a leader in the stewardship of natural resources and community collaboration. HTA staff continued to provide administrative support to the Commission on the 13th Festival of Pacific Arts & Culture through the coordination of bi-weekly meetings, drafting and posting agendas, and transcribing meeting minutes and staffing. HTA's Chief Brand Officer Kalani Ka'anā'anā is the Chair of the Commission.

### ***Visitor Experiences Initiative***

**Overview:** The primary objective is to enhance the visitor experience while also preserving and promoting Native Hawaiian culture in addition to Hawai'i's multi-ethnic cultures and communities. This is achieved by fostering genuine, respectful, and accurate visitor activities and programs that connect tourists with the rich heritage of Hawai'i, all while supporting local cultural practitioners, artists, and craftsmen to ensure the preservation and perpetuation of Hawaiian culture and the local culture of Hawai'i.

### Signature Events Program (SEP)

The HTA's Signature Events program supports major events that have broad appeal and align with Hawai'i's destination's image and brand. These world-class events help Hawai'i to remain competitive, generate media exposure for Hawai'i, increase economic

benefits and ensure tourism and communities enrich each other. Signature Events aim to attract attendees and participants from outside the state of Hawai'i with extensive national and international marketing and have a significant economic impact as measured by the number of out-of-state participants. The program seeks to support and strengthen existing events and create new events for both residents and visitors.

The following Signature Events projects took place in December 2023:

**O'ahu**

- **12/21,22,24:** Diamondhead Classic at the UH Stan Sheriff Center (O'ahu)
- **12/23:** Hawai'i Bowl at the UH Clarence T.C. Ching Athletics Complex (O'ahu)

2024 Signature Events awardees received award letters on 1/19/24.

**Community Enrichment Program (CEP)**

The Community Enrichment Program fosters community-based tourism projects that improve and enrich Hawai'i's product offerings. These community-based projects provide unique, authentic, and highly valued visitor experiences and represent activities that are developed by our community, for our community, and are things the community wants to share with our visitors.

The following Community Enrichment Program projects took place in December 2023:

**Statewide**

- **12/1-31:** "Give Back December" - Visitor Volunteer Engagement Program on O'ahu, Hawai'i Island, Maui, Kaua'i, Moloka'i, Lāna'i
- **12/15 & 12/16:** Polynesian Football Hall of Fame camps on O'ahu & Maui

**Kaua'i**

- **12/2:** Old Kapa'a Town 1st Saturday Ho'olaule'a Multi-Cultural Celebrations
- **12/9:** Rice Street Block Party on Kress Street, Downtown Līhu'e

**O'ahu**

- **12/1-30:** Braddah Mel's Waterman Surfing Championship in Mākaha
- **12/30:** Sign Dedication for Waialua Town Interpretive History Signage, & Walking Tour in Waialua Town

**Maui**

- **12/10:** Maui Pops Orchestra 2023 Holiday Pops Concert at Castle Theater, Maui Arts & Cultural Center
- **12/15:** 2023 Maui Music Festival Series- Holiday Concert
- **12/15; 12/20; 12/22:** Hana Arts Presents! - An Events and Workshops Program for East Maui

**Moloka'i & Lāna'i**

- **12/21:** Preserving and Honoring Lāna'i's Japanese History at the Lāna'i Culture & Heritage Center

**Hawai'i Island**

- **12/2:** Street Eats, A Kailua Village Food Truck Festival in Kailua-Kona
- **12/28:** Island Science Lecture Series at the Hawai'i Keiki Museum in Kailua-Kona

2024 Community Enrichment Program awardees received award letters on 1/19/24.

**Visitor Assistance Program (VAP)**

**Overview:** HTA's Visitor Assistance Program (VAP) provides support, resources and guidance to visitors who are victims of crime and other adversities while traveling in Hawai'i. Services include providing phone cards, transportation, meals, hospital visits and moral support, replacing lost IDs, assisting with hotel and airline bookings, and more. Under HRS 237D-6.5 (b)(2), HTA, at a minimum, is required to spend 0.5 percent of the Tourism Special Fund on safety and security initiatives.

**December Stats:**

County	No. of Cases Handled	No. of visitors served	Primary Visitor Market(s) Served	Industry \$\$ Contributions
Kaua'i	8	12	US West and East	\$1,600
C&C of Honolulu	37	87	US West & Asia	\$6,000
Maui	12	29	US West and Canada	\$10,400
Hawai'i Island	15	45	U.S. West, Cruise and Europe	\$9,995

**Ho'okipa Malihini Program**

Ho'okipa malihini means to welcome guests and as its name suggests, this program will enhance the visitor experience and resident-visitor interaction. Programming includes cultural programs and entertainment in various resort and visitor areas statewide that support Hawaiian programs and cultural practitioners, craftsmen, musicians, linguists and/or other artists to help preserve and perpetuate Hawaiian culture in a way that is respectful and accurate, inviting, and educational. The program will directly support the Hawaiian community and cultural practitioners by creating opportunities to involve them in the industry with industry partners and visitors. While some resort/hotel areas have cultural directors this program helps to reinforce our collective kuleana to Mālama Hawai'i.

- **RESORT AREA HAWAIIAN CULTURAL INITIATIVE (RAHCI)**

- The RAHCI program brings cultural practitioners, craftsmen, musicians, linguists, and/or other artists to help preserve and perpetuate Hawaiian culture in a way that is respectful and accurate to resort areas across the islands to residents and visitors alike.
- 2024 RAHCI awardees received award letters on 1/19/24.

- **KĀHEA GREETINGS PROGRAM (AIRPORTS AND HARBORS)**

- Programming includes regularly scheduled, free year-round entertainment to create a Hawaiian sense of place for the millions of visitors entering Hawai'i through our airports and harbors statewide.

<b>Airport:</b>	Daniel K. Inouye International Airport (HNL)	Kahului Airport (OGG)	Ellison Onizuka Kona International Airport at Keahole (KOA)	Lihue Airport (LIH)	Hilo International Airport (ITO)
<b>Performance schedule:</b>	Mon – Sat 9:30am-1:30pm	Friday, Sat, Sun 10:00am-2:00pm	Thurs & Friday 11:00am-3:00pm	Friday & Sat 10:00am - 2:00pm	Monday 11am – 3:00pm

<b>Harbor:</b>	Hilo Harbor	Kona Pier	Nawiliwili Harbor (Kauai)
<b>Performance schedule:</b>	Scheduled Cruise ship arrivals	Scheduled Cruise ship arrivals	Scheduled Cruise ship arrivals

[Post-Arrival Messaging](#)

Please find below topline metrics for Period 1 VEPAM – Native ads, Digital Display, Search Engine, and Social Media. All four channels are tracking well to KPIs established by our Destination Stewardship contract. The Click Thru Rate of social media is tracking higher than anticipated which is a favorable metric.



Kilohana is working with Maui videographer, Chris Cabotage, to create new content to showcase examples of regenerative tourism experiences. We are leveraging footage from the Native Hawaiian Convention.

HTA VEPAM – NATIVE Reporting & Analytics Period 1 2023 (8/15 – 12/31/23)

- 1.90M Impressions
- KPI: Period 1 Total Impressions – 16,254,568 /16 months
- 0.12% CTR
- KPI: Click Thru Rate (CTR) 0.09%

HTA VEPAM – Digital Display Reporting & Analytics Period 1 2023 (8/15 – 12/31/23)

- 5,956,177 Impressions
- KPI: Period 1 Total Impressions – 29,149,233/16 months
- 0.24% CTR
- KPI: Click Thru Rate (CTR) 0.15%

HTA VEPAM – SEARCH Reporting & Analytics Period 1 2023 (8/15 – 12/31/23)

- 42.65K Impressions
- KPI: Period 1 Total Impressions–3,618,539/16 months
- 14.40% CTR
- KPI: Click Thru Rate (CTR) 3.00%

HTA VEPAM – Social Media Reporting & Analytics Period 1 2023 (8/15 – 12/31/23)

- 4.50M Impressions
  - KPI: Period 1 Total Impressions–46,958,442/16 months
  - Facebook/Instagram 0.56% CTR + YouTube 0.20% CTR
- KPI: Click Thru Rate (CTR) 0.54%

### Smart Tourism

HTA staff has asked Kilohana to pause on this part of their scope of work while HTA evaluates how to move forward given, the Maui wildfire and other factors.

### ***Destination Management***

HTA staff are working with the island destination managers on how to revamp their reporting templates to fit this new CEO report model.

### ***Technical Assistance & Capacity Building***

HTA staff is working with Kilohana on the technical needs assessment. The assessment and its final report are slated for completion at an end of March completion. Once the needs assessment final report is completed the staff and Kilohana will finalize the content and format for the three community tourism collaboratives. We anticipate that



they will launch in Q3 2024 and be focused on Foundational Technical Assistance, Community Stewardship and Regenerative Experiences.

***Workforce Development Program***

Pursuant to HRS 201B-3 (a) (22) HTA will address the industry’s evolving needs in workforce training by working with educational institutions to make training available for the industry workforce to help enhance overall skills and quality of service. Sustaining tourism’s success also depends on Hawai’i’s youth helping to carry the industry forward and becoming the next generation of leaders. Encouraging Hawai’i’s high school and college-age students to choose tourism as their career is another important part of HTA’s workforce development initiative in ensuring that there are career opportunities in the tourism industry for Hawai’i’s own.

**Ho’oilina Scholarship Program**

- This program supports Hawai’i’s future workforce in the visitor industry and are awarded to college bound Hawai’i public high school seniors based on demonstrated academic achievement, leadership skills and an expressed interest in pursuing a hospitality, tourism or culinary education and career. Awardees also include community college students who are Hawai’i residents, graduated from a Hawai’i public high school, completed their associates degree in hospitality, tourism, or culinary, and are transferring into the junior academic school year. HTA staff works closely with Hawai’i Lodging & Tourism Association (HLTA), University of Hawai’i at Mānoa (UHM), and University of Hawai’i at West O’ahu (UH-WO) to manage the Ho’olima Scholarship program.
- Eight (8) scholars from the 2020 cohort are on track to graduate in Spring 2024.

**Tour Guide Certification**

- Development of curriculum for an online Tour Guide Certification training program that will include but not be limited to: Hawaiian culture, Hawai’i’s history, customer service and safety issues. Identification and implementation strategies also to be developed to increase enrollment and certification completion. This program is being developed through the contract with Kilohana/CNHA.

***Destination Stewardship Team Significant Events/Meetings - (December)***

<b>Event Date</b>	<b>Event</b>	<b>HTA Attendee(s)</b>	<b>Non-HTA Attendee(s)</b>
12/04/23	Maui Tourism Recovery Plan Public Presentation	CEO/CBO/Dir Planning/PAO	Public

12/05/23	Moloka'i Destination Management Action Plan Meeting	CEO/CBO/PA O	Public
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## VI. BRAND BRANCH

**Functional Statement:** The purpose of the Brand Branch is to strengthen tourism’s overall contribution to Hawai’i by taking the lead in protecting and enhancing Hawai’i’s globally competitive brand in a way that is coordinated, authentic, and market-appropriate. This includes the oversight of the implementation of annual brand marketing plans in major market areas (USA, Japan, Canada, Oceania, Korea, China, and Europe), sales & marketing for single property and city-wide global meetings, conventions and incentives or MCI, Global Support Services which includes management of a digital assets library, social media tools, and the gohawaii consumer website, affiliate sites, and application, Island Destination Brand Management & Marketing with representation and expertise provided in each county of Hawai’i, and sports programs.

### *Major Market Destination Brand Management*

**Overview:** This initiative focuses on destination brand marketing for leisure travel in seven major market areas with pre-arrival communications to educate visitors with information about safe, respectful, and mindful travel within the Hawaiian Islands. Another key emphasis of the initiative is to drive visitor spending into Hawai’i-based businesses as a means to support a healthy economy, including supporting local businesses, purchasing Hawai’i-grown agricultural products, and promoting Hawai’i-made products in-market, in partnership with the state’s Department of Business, Economic Development & Tourism (DBEDT) and the private sector.

More details for each market are available in the appendices of this report.

### US Major Market Area

- CON 24013 – Incremental funding for a US Marketing Maui Recovery Plan 2 will be executed soon to continue efforts done immediately following the fires in August through December 2023. With the Governor’s 9<sup>th</sup> proclamation extending the tourism emergency, the HTA and HTUSA team are prepared to continue to educate visitors about what’s accessible on Maui through marketing, PR, and travel trade initiatives.
- CON 23003 – On December 13, 2023, Travel Weekly honored the winners of its 21<sup>st</sup> Annual Readers’ Choice Award at a black-tie gala dinner and ceremony at the American Museum of Natural History in New York City. HTUSA accepted two

awards on behalf of the Hawaiian Islands including Best US State: Hawai'i, and Best Destination in Hawai'i: Maui.

- CON23003 – HTUSA finished its first term of the US Market contract strong and is looking forward to expanding the Mālama Hawai'i campaign with production for new content in the first quarter of 2024.

### Canada Major Market Area

- CON24005 – Canada Incremental Funding for Maui Recovery (\$900,000) has been fully executed as of December 16, 2023.
- On December 4-8, 2023, staff participated in Aloha Canada Travel Mission in Toronto, Calgary, and Vancouver, attended by over 200 travel trade and media professionals. Staff provided opening remarks at all travel trade and media events in the three cities encouraging mindful travel to Maui and other Hawaiian Islands.
- In December, in addition to conducting the annual travel mission, the HTCAN team also started planning three press trips to Hawai'i in early 2024.

### Japan Major Market Area

- CON23004 S2 to add incremental funding of \$2.5 mil for 2024 Japan Market Recovery Plan has been fully executed as of January 6, 2024.
- Staff worked with HTJ to update the Japan Market Recovery Plan to include a new project supporting a potential store at the Haneda Airport to promote Hawai'i Made products.
- In December, HTJ continued with the consumer campaign “Yappari Hawai'i” including advertising on YouTube, television platforms Tver and Abema, Facebook and Instagram, Yahoo!Japan and Google. To date, total impressions gained from this campaign have reached over 29mil.

### Oceania Major Market Area

- On December 7, Brand Manager Maka Casson-Fisher met with HTO team to inform them of the internal restructuring of roles at the HTA office. As of November 29<sup>th</sup> the Brand responsibilities were shifted to Interim CEO Daniel Nahoopii and Brand Manager Ross Willkom will now have oversight of the HTO Contract.
- On December 7, HTO team informed HTA staff of changes within their organization and staffing then followed-up on January 8th about Kris' confirmed departure and new role at HVCB with the Meet Hawai'i team.
- HTA staff provided cultural support and helped to coordinate the participation of actor Moses Goods for the Duke's Day event in Sydney at Freshwater Beach where

Duke Kahanamoku did his exhibition surf in Australia. The inaugural Duke's Day was held on January 15, 2011, but had a break due to Covid. This was the first year back.

### Korea Major Market Area

- On December 18, staff met with a delegation from Siheung City, Korea and shared HTA's regenerative tourism initiatives, marketing programs in Korea, and sports programs.
- In December, HTK worked with Air Premia to jointly promote the new seasonal ICN-HNL services (December 31, 2023 – March 4, 2024), through advertising on Naver, KakaoTalk Friends, and other digital platforms. The inaugural flight recorded 319 passengers on board, a load factor of 94.4%.

### China Major Market Area

- Staff met with HTC, DBEDT Business Development & Support Division, and DOT Airports to discuss a potential new airlift out of China by Hainan Airlines.
- Staff provided support letter to invite artists from aboard to attend the Lōkahi Spring Concert to be held at the Hawai'i Convention Center in February.
- In December, HTC continued with social media marketing on multiple platforms to promote Hawai'i. The team is also planning for the China travel mission and ITB China in May 2024.

### Europe Major Market Area

- CON24004 – Europe MMA Brand Management & Marketing Services has been fully executed as of December 8, 2023.
- In December, staff had multiple meetings with the new HTE team to onboard them with an overview of HTA programs, measures of success, contract terms, reporting requirements, available resources, and other pertinent information for the team to start representation services in Europe on January 1, 2024.
- Staff created a new page for Europe MMA on HTA website and published the 2024 partnership opportunities for the Europe MMA.

### ***Global Meetings, Conventions & Incentives***

**Overview:** While Hawai'i's leisure market has typically been strong, when managed strategically, the MCI market can become a critical source of profitable "base" business booked years in advance. This base of business enables a higher yield of shorter-term leisure business. It can also help fill hotel occupancy gaps in future years by capitalizing

on off-peak opportunities. To be competitive and thrive in the changing world of Business Tourism (MCI market), Hawai'i must capitalize on its strategic mid-Pacific location, which conveniently connects East and West, helping organizations create business events that are international, engaging and memorable experiences. Our location also contributes to a unique experience and the group setting of these meetings, conventions and incentives allows us to further educate our markets about Hawaiian culture and our precious resources by immersing attendees and stakeholders in these activities. Primary focus is on MCI sales and marketing in the United States, Japan, Canada, Oceania, Korea, and other Asia markets as appropriate.

### Japan Market Efforts:

- The Global MCI team continues to work to secure city-wide and single property business for 2024 and beyond. Bringing back the Japan market is a major focus of current efforts as the Yen continues to struggle against the dollar. Efforts to do so include facilitating Japan's Hanshin Tigers Hawai'i victory tour and the Halekulani hotel as well as signing a yearlong strategic partnership with HIS Japan, a major Japanese travel wholesaler.

### Other Sales & Marketing Efforts:

- To support Maui Recovery efforts, four strategic partnerships continued in December with integrated sales and marketing tactics to promote getting business back to Maui, as well as dispersed statewide. Destination recovery messaging was adapted for the MCI audience and distributed via marketing partnerships with SITE, HelmsBriscoe, NorthStar, HPN.
- Production work continued in December on the redesign of the meethawaii.com website due to priority response work on the Maui wildfires recovery.

### ***Island Destination Brand Management and Marketing Services***

**Overview:** The Island Destination Brand Management and Marketing Services (IDBMMS) include the support from on-island representatives on behalf of HTA for visitor education, visitor industry engagement, and public relations activities; serving as advisors to HTA on the respective islands and The Hawaiian Islands statewide brand; collaborating with HTA's Global Marketing Team to develop and implement familiarization trips and press trips to areas that are welcoming visitors; providing island-based visitor education support during promotions, trade shows, and missions in major market areas, and coordinating with city and county government officials and designated organizations during crisis management situations.

- CON 24009 – Island Destination Brand Management & Marketing Services was recently awarded to the Hawai'i Visitors & Convention Bureau and received a Notice to Proceed in early January.
- The Hawai'i Visitors & Convention Bureau [announced the promotion of Sue Kanoho to managing Director of its Island Chapters](#). She will lead the IDBMMS contract.
- The team hit the ground running with the recent shutdown of Kona International Airport at Keahole (KOA) due to runway repairs by providing assistance and information to our guests whose travel plans were impacted.

### ***Hawai'i Tourism Global Support Services for Brand Management & Marketing***

**Overview:** The Hawai'i Tourism Global Support Services for Brand Management and Marketing support HTA's comprehensive pre- and post-arrival visitor education and destination management efforts, as well as HTA's Global Marketing Team throughout the U.S., Canada, Japan, Oceania, Korea, China, and Europe. The support services include providing market insights to boost strategy, management and development of creative and digital assets, social media, website management, including GoHawaii.com, application development and maintenance, and maximizing emerging technology to support the updating of our Ma'ema'e Toolkit and Brand Guidelines. The resources are also shared broadly with the public for the community, visitor industry, businesses, media, travel trade, and meetings, conventions and incentives industry representatives to utilize in their respective areas.

- RFP 24-09 – The Hawai'i Tourism Global Support Services for Brand Management and Marketing request for proposal was released on December 8, 2023, and received proposals on January 8, 2024. The HTA anticipates awarding a contractor by the end of January.
- Until this contract has been executed and a contractor in place, the HTA staff has taken on these responsibilities in house. These services include managing social media and communication platforms used by the HTA team and its partners, providing access to digital assets in Knowledge Bank, updating the consumer facing website (gohawaii.com), and processing requests from non-profit organizations and Hawai'i-based groups to bring Sharing Aloha gifts from home with them to events and interactions overseas.

### ***Sports***

**Overview:** HTA is committed to continuing its support for amateur, collegiate and professional sports programs and events seeking to hold tournaments, exhibitions, and

other activities in Hawai'i. Such events and programs extend the brand image of, and attract visitors to, our islands. These visitors will travel to support these events and programs while concurrently stimulating our state and local economies. As part of this program, HTA requires all its sports events and programs to include a community engagement and benefit component as part of their proposal. Community engagement and benefits may involve activities, such as youth clinics, coaches' clinics and other activities designed to provide Hawai'i's youth with access to resources and guidance not normally available to them.

- HTA continued its robust support and pursuit of sports partnerships and sports tourism. Included in the past month's activities are events reaching local, national and international target travelers. Although exact numbers are still being totaled, initial indications confirm these partnerships once again enabled the state to capitalize financially and drove future visitor considerations.
- **December Event Partnerships**
  - The Diamondhead Classic (NCAAM Basketball, O'ahu)
  - The Hawai'i Bowl (NCAA Football, O'ahu)
- **January Event Partnerships**
  - The Sentry Championship, January 4-7 (PGA Tour Golf, Maui)
  - The Sony Open, January 11-14 (PGA Tour Golf, O'ahu)

## VIII. PLANNING & EVALUATION BRANCH

**Functional Statement:** The purpose of the Planning & Evaluation Branch is to strategically plan for the near, mid, and long-term health and vitality of our visitor industry and manage destination issues that affect communities and the visitor experience. This includes the development, monitoring, and oversight of various plans for the HTA including but not limited to the Strategic Plan, the Destination Management Action Plans (DMAPs), and the Tourism Management and Marketing Plan. Other activities include development of policy as it relates to tourism.

### *Planning*

**Overview:** This area develops plans in addition to carrying out research functions to develop HTA programs and activities.



Maui Tourism Recovery Plan. SMS finalized the strategies and actions for tourism support for Maui's recovery. The final report was submitted to HTA on January 11, 2024.

Staff also worked on procuring the Maui Resident Communications Campaign, and is currently working on executing the contract. In addition, discussions occurred with Maui County's Office of Economic Development on efforts to support Maui businesses.

Destination Management Action Plans 2024-2027. A Request for Proposal for the development of the DMAPs 2024-2027. The RFP was released on January 18, and proposals are due on February 19, 2024.

HTA Workforce Development Plan. An HTA Workforce Development Plan is being created and will be finalized at the end of January 2024. The purpose of this plan is to develop strategies and activities for HTA to support a thriving visitor industry workforce.

Technical Assistance Needs Assessment. The purpose of this project is to understand current challenges and opportunities for those currently operating or considering operating within the visitor industry throughout Hawai'i. The assessment is targeted at businesses selling products and services to visitors as well as organizations engaged in managing natural resources, voluntourism, agritourism, and other regenerative experiences. The findings will be used to develop capacity building and technical assistance programs as part of the CNHA/Kilohana contract. HTA reviewed the survey and introduction letter/postcards before they were finalized. The survey is currently being fielded through early February 2024.

## ***Program Evaluation***

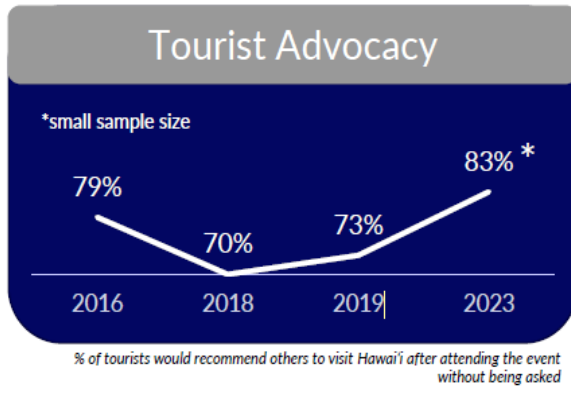
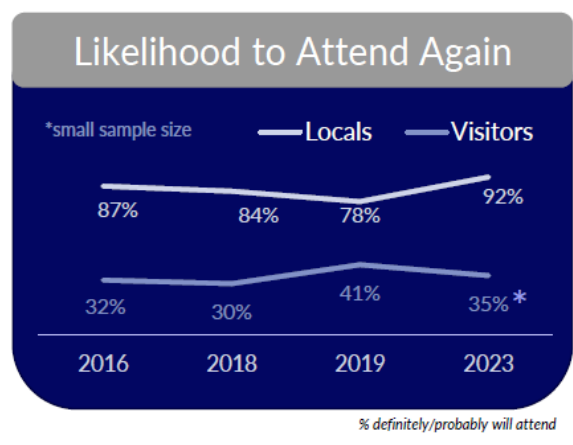
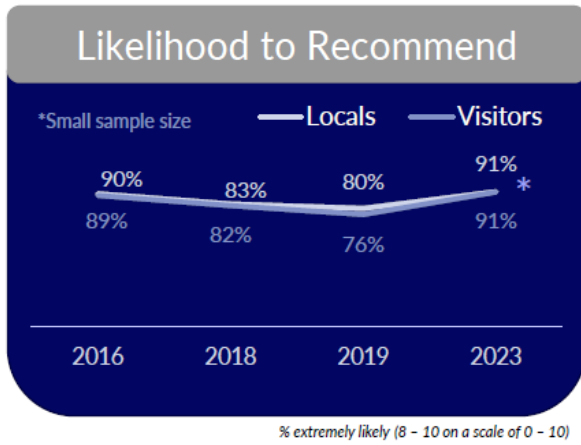
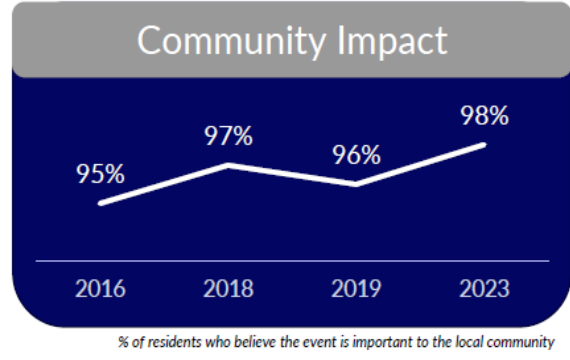
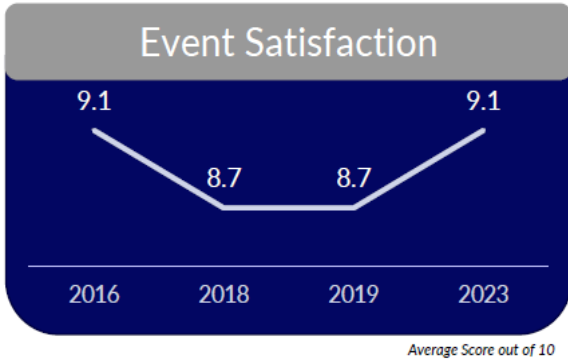
**Overview:** Program Evaluation consists of various data collection and research projects that support the effective management of HTA programs. This includes events evaluation, development of measures, dashboards and key performance indicators tracking of HTA's programs outcomes and results.

### Festivals & Events Evaluation Study

This study evaluates HTA-sponsored Signature Events and Festivals to determine economic, social and media value impact. HTA contracts with Playfly LLC to conduct the evaluation surveys. Final reports were submitted for the following events.

- Prince Lot Hula Festival. This event was held on July 15, 2023, and has been evaluated by HTA's Festival & Events Evaluation Program in past years.

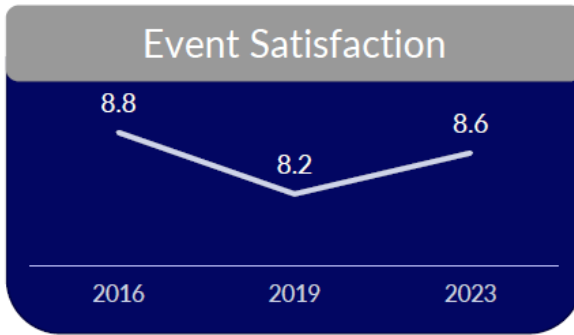




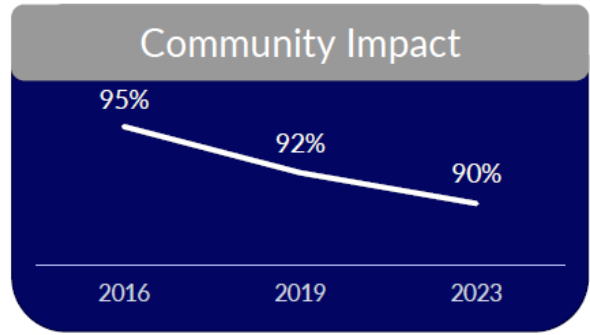
### Economic Impact

	2016	2018	2019	2023
Visitor Spend	\$280K	\$564K	\$518K	\$138K
Media Impact	N/A	\$1M	\$1.1M	N/A
<b>Total</b>	<b>\$280K</b>	<b>\$1.6M</b>	<b>\$1.6M</b>	<b>\$140K</b>

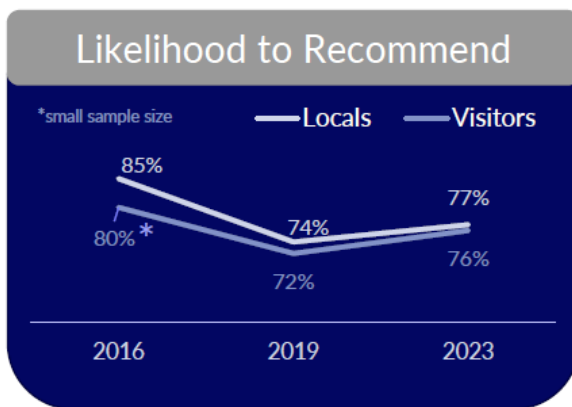
- King Kamehameha Day Celebration. This Celebration took place on June 9 and 10, 2023. This festival has been evaluated in the past.



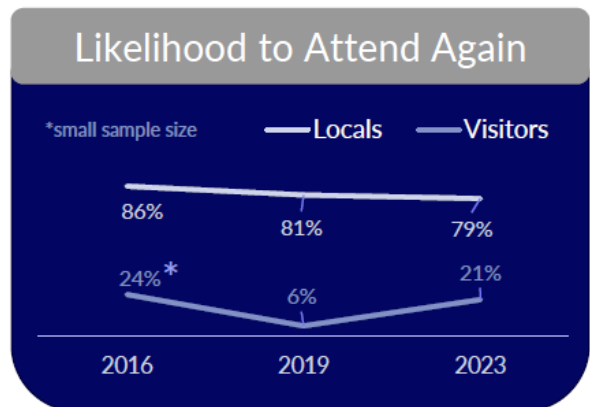
Average Score out of 10



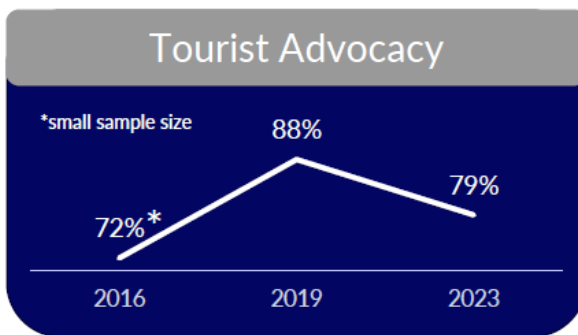
% of residents who believe the event is important to the local community



% extremely likely (8 - 10 on a scale of 0 - 10)



% definitely/probably will attend



% of tourists would recommend others to visit Hawaii after attending the event without being asked

### Economic Impact

	2016	2019	2023
Visitor Spend	\$530K	\$789K	\$1.1M
Media Impact	N/A	\$14,126	N/A
<b>Total</b>	<b>\$530K</b>	<b>\$803K</b>	<b>\$1.1M</b>

- Queen Lili'uokalani Keiki Hula Competition. This event took place from July 27 to 29, 2023. It was the first time the event was evaluated under HTA's Festivals & Events Evaluation Program.
  - Event Satisfaction Score was 8.8 (average score out of 10).
  - 83% are extremely likely to recommend the Queen Lili'uokalani Keiki Hula Competition to their friends and families
  - 77% are likely to attend the event next year.

- Economic impact of the event is \$92,140 (direct expenditure into Hawai'i's economy).

Annual Report to the Legislature. The 2023 Annual Report to the Legislature was produced and sent to the Legislature on December 28, 2023.

### **Product Development**

**Overview:** Develop, lead, assess, and optimize the development of new products and experiences. Leverage data and research to identify opportunities and areas where the development of programming is needed.

#### Tourism Quality Assurance Program

A certification program to recognize and grow responsible, sustainable businesses. In addition, this program is meant to provide and maintain consistency in areas such as quality, reliability, environmental, sustainable, and responsible tourism practices. This program is being developed through the CNHA/Kilohana contract.

- Meetings were held in the months of December and January with the Advisory Committees to review proposed criteria.
- Meetings were also held December and January with CNHA/Kilohana to review branding and naming of the program.

## **X. FINANCE BRANCH**

Contracts List: Pursuant to Hawai'i Revised Statutes §201B-7 (9), please note the below contracts executed during the month of December 2023.

Contract No.	Contractor	Description	Contract Amount	Total Contract Value	Start Date	End Date
22004 S2	Playfly, LLC	Evaluation of Selected 2022 & 2023 Festival and Events	N/A	\$299,394.00	12/6/2023	4/30/2024
24004	Emotive Travel Marketing Ltd.	Hawai'i Tourism Destination Brand Management and Marketing Services for the Europe Major Market Area	\$2,000,000.00	\$2,000,000.00	12/8/2023	12/31/2025
21019 S6	The Walshe Group Pty Ltd dba Hawai'i Tourism Oceania	Hawai'i Tourism Destination Brand Management and Marketing Services for the Oceania Major Market Area	\$1,000,000.00	\$4,250,000.00	12/8/2023	12/31/2024

**REPORT OF THE CEO**

January 25, 2024

Page 26



21042 S4	VISITOR ALOHA SOCIETY OF KAUAI, INC. dba Visitor Aloha Society of Kaua'i, Inc.	Visitor Assistance Program (VAP) 2024 Kaua'i	\$42,500.00	\$140,000.00	12/8/2023	12/31/2024
21041 S4	VASH HAWAII ISLAND dba VASH HAWAII ISLAND	Visitor Assistance Program (VAP) 2024 Hawai'i Island	\$130,000.00	\$430,000.00	12/11/2023	12/31/2024
21043 S4	Maui County Visitor Association	Visitor Assistance Program (VAP) 2024 Maui	\$42,500.00	\$140,000.00	12/13/2023	12/31/2024
22015 S2	Fisheries Immersed Sciences Hawai'i, Inc.	Infographic Creative Services	N/A	\$45,166.47	12/14/2023	12/31/2024
21040 S4	Visitor Aloha Society of Hawai'i dba Visitor Aloha Society of Hawai'i	Visitor Assistance Program (VAP) 2024 O'ahu	\$285,000.00	\$940,000.00	12/14/2023	12/31/2024
Ø24005	VoX International Inc.	Canada Marketing Maui Recovery Plan	\$1,500,000.00	\$1,500,000.00	12/16/2023	6/30/2024
22025 S2	County of Hawai'i, Department of Research and Development	Community Tourism Collaborative at Pohoiki Pilot Project and Hawai'i Island Resilience Corp Pilot Project	N/A	\$175,000.00	12/21/2023	4/1/2024
20010 S8	Anthology Marketing Group, Inc.	Public Relations, Communications, and Outreach Services	\$348,000.00	\$1,362,000.00	12/21/2023	12/31/2024
14002 S16	AEG Management HCC, LLC dba Hawai'i Convention Center	Hawai'i Convention Center	\$5,706,055.00	\$219,728,324.07	12/29/2023	6/30/2024
†24008	PGA Tour, Inc.	PGA TOUR 2024 Events (Sentry Tournament of Champions, The Sony Open, and the Mitsubishi Electric Championship)	\$1,947,500.00	\$1,947,500.00	12/29/2023	6/30/2024
24009	Hawai'i Visitors and Convention Bureau	Island Destination Brand Management & Marketing Services	\$1,700,000.00	\$1,700,000.00	12/29/2023	6/30/2024
Contract Type: • Sole Source † Procurement Exemption Ø Emergency			\$14,701,555.00			

**XI. APPENDICES**

# **8**

## **Presentation and Discussion of Current Market Insights and Conditions in Hawaii and Key Major Hawaii Tourism Markets**

# HTA REGULAR BOARD MEETING

Thursday, January 25, 2024

*Hō‘ike ‘Ikepili Noi‘i ‘Oihana Ho‘omāka‘ika‘i*

Presentation and Discussion of Current Market Insights and Conditions in Hawai‘i and Key Major Hawai‘i Tourism Markets, including the United States, Japan, Canada, Oceania, and Cruise

Jennifer Chun

Director of Tourism Research

HAWAII TOURISM  
AUTHORITY

The logo for the Department of Business, Economic Development & Tourism (DBEDT) features a stylized blue wave icon to the left of the acronym 'DBEDT' in large, bold, white letters. Below the acronym, the text 'STATE OF HAWAII • DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM' is written in a smaller, white, sans-serif font.

STATE OF HAWAII • DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

# Table of Contents

- Monthly Highlights
  - Hawai'i Airport Throughput
  - Lodging Performance
  - TAT Collections
  - Unemployment Rates and Jobs
  - Air Seat Outlook
- Market Trends and Insights
  - Skift Travel Health Index
  - US Travel Association Dashboards
- Air Ticket Booking Trends
- DBEDT Q4 2023 Forecast

# December 2023 Highlights – Hawai‘i Airport Throughput

## Throughput by Week

State: Hawaii; Airport: All



## Hawaii Airports

Throughput for the last 6 months, % change compared to 2019

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Daniel K Inouye International	-4%	-9%	-1%	-1%	0%	-8%
Kahului	1%	-32%	-41%	-29%	-20%	-24%
Ellison Onizuka Kona International at Kea..	-1%	1%	16%	13%	9%	1%
Lihue	10%	8%	20%	12%	5%	-3%
Hilo International	15%	10%	23%	16%	20%	12%

Source: TSA by Tourism Economics



# December 2023 Highlights - Lodging

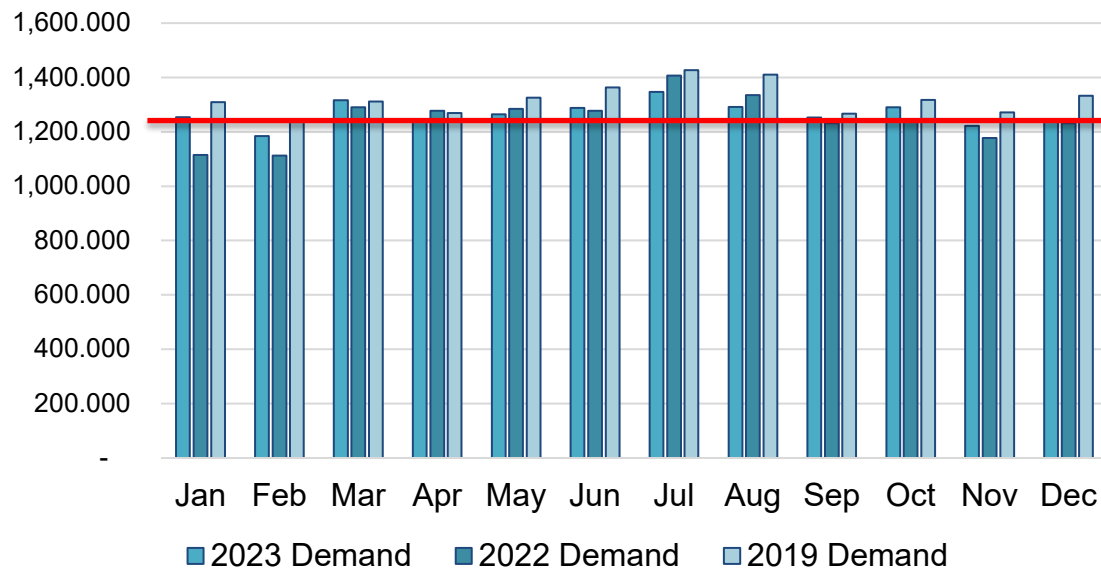
## State of Hawai'i Hotel Performance

	2023	2022	2019
Occupancy	72.2%	71.6%	80.2%
ADR	\$428	\$442	\$353
RevPAR	\$309	\$316	\$283

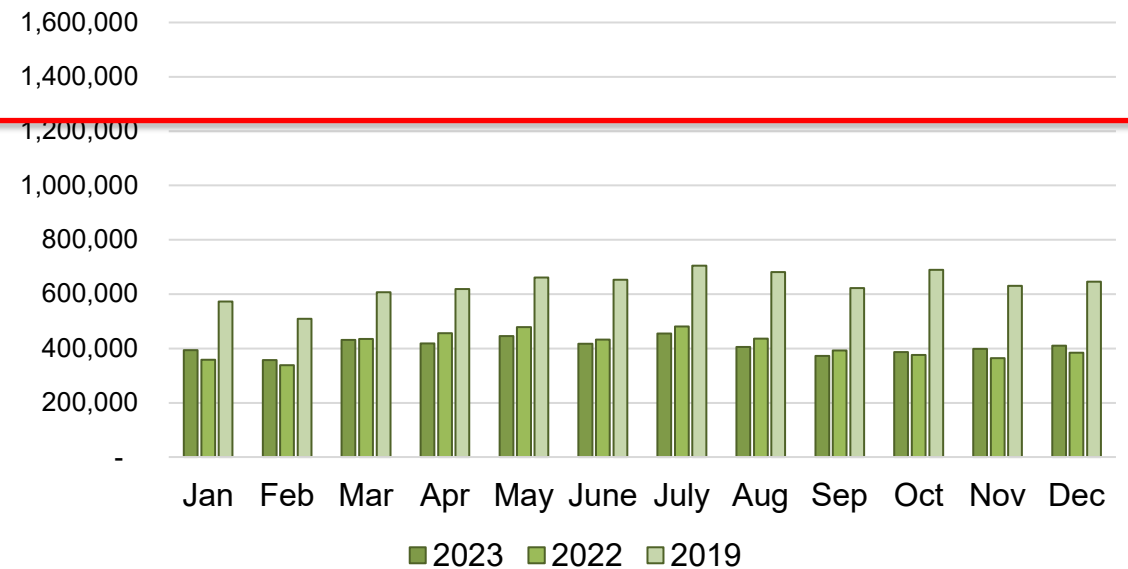
## State of Hawai'i Vacation Rental Performance

	2023	2022	2019
Occupancy	53.5%	57.9%	75.3%
ADR	\$318	\$323	\$234

### State of Hawai'i Hotel Demand



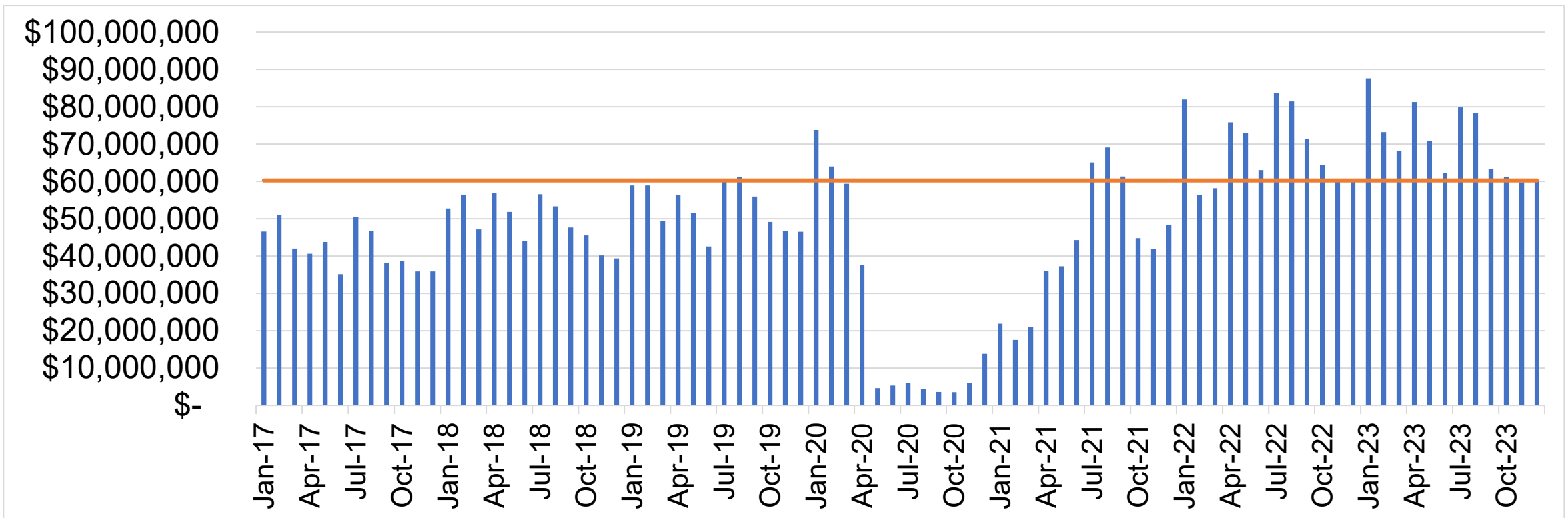
### State of Hawai'i Vacation Rental Demand



Source: STR, Inc. © Copyright 2024 Hawai'i Tourism Authority; Transparent Intelligence, Inc. © Copyright 2024 State of Hawai'i Department of Business, Economic Development & Tourism

# December 2023 Highlights - State TAT Collections

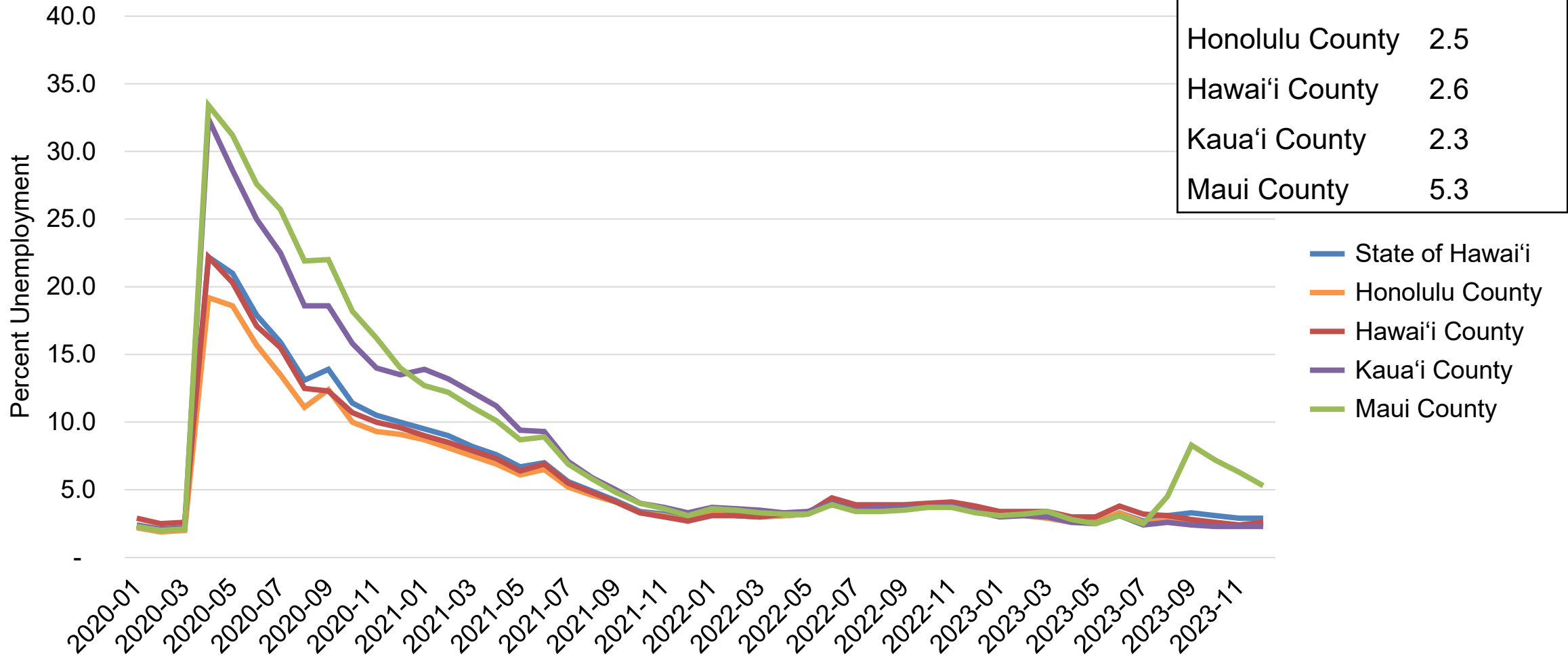
- Preliminary December 2023 TAT Collections: \$60.3 million
- Preliminary YTD Fiscal 24 TAT Collections: \$402.9 million (-1.2%)
- YTD Fiscal 23 TAT Collections: \$421.8 million (-19.0 million)



Source: Department of Taxation

# December 2023 Highlights – Unemployment Rates

**Unemployment Rate, Civilian**

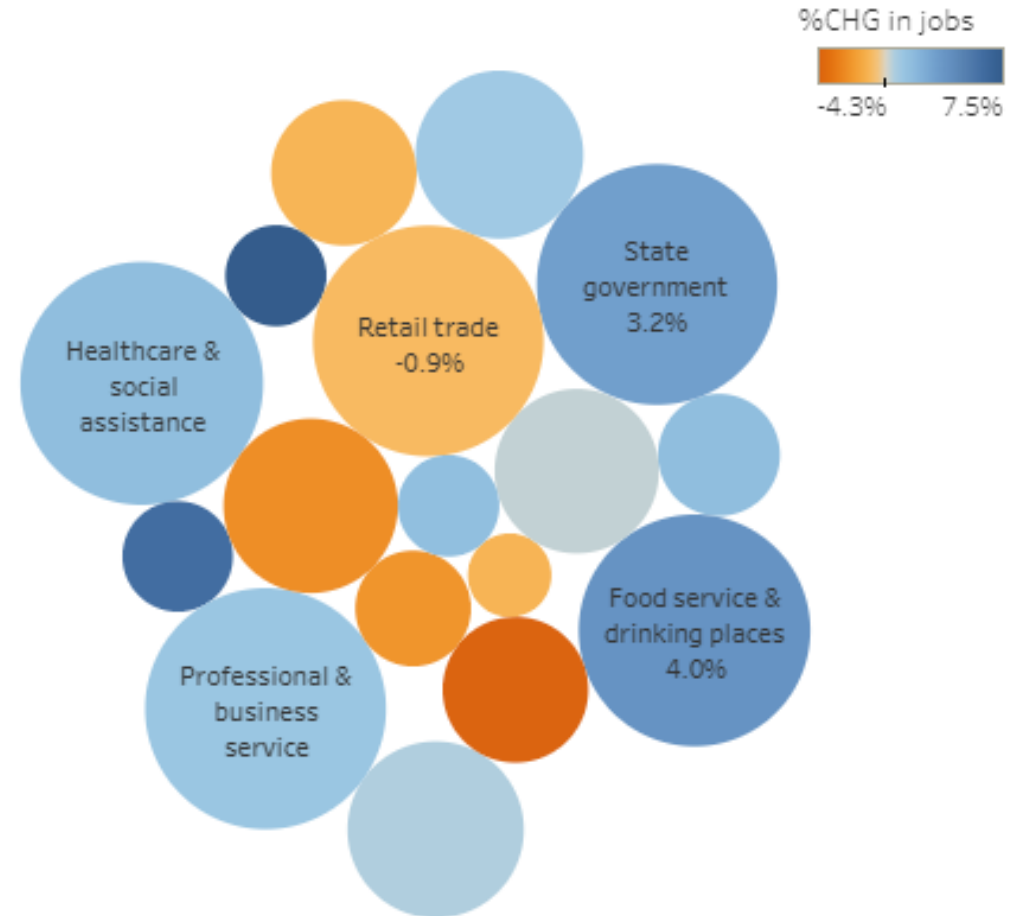


Compiled by Research & Economic Analysis Division, State of Hawai'i Department of Business, Economic Development and Tourism. Source: State of Hawai'i Dep. of Labor & Industrial Relations

# December 2023 Highlights – Jobs by Industry

	Jobs	CHG*	%CHG*
Total non-agriculture W&S jobs	642,700	6,200	1.0%
Nat'l resources, mining & construction	38,400	-1,000	-2.5%
Manufacturing	13,000	200	1.6%
Wholesale trade	16,900	-400	-2.3%
Retail trade	67,200	-600	-0.9%
Transportation, warehousing & utilities	34,100	100	0.3%
Information	8,800	-100	-1.1%
Financial activities	26,800	-1,200	-4.3%
Professional & business service	73,400	800	1.1%
Educational service	15,400	900	6.2%
Healthcare & social assistance	74,500	1,200	1.6%
Arts, entertainment & recreation	12,900	900	7.5%
Accommodation	39,300	200	0.5%
Food service & drinking places	67,800	2,600	4.0%
Other service	26,700	-300	-1.1%
Federal government	35,600	300	0.8%
State government	73,100	2,300	3.2%
Local government	18,800	300	1.6%

\*Change from the same period of previous year



Compiled by Research & Economic Analysis Division, State of Hawai'i Department of Business, Economic Development and Tourism. Source: State of Hawai'i Dep. of Labor & Industrial Relations

# Scheduled Nonstop Seats to Hawai'i by Port Entry

January	Total			Domestic			International		
	2024	2023	2019	2024	2023	2019	2024	2023	2019
STATE	1,147,151	1,152,458	1,128,387	879,627	929,924	763,632	267,524	222,534	364,755
HONOLULU	726,100	673,426	695,632	491,840	492,534	388,968	234,260	180,892	306,664
KAHULUI	222,979	274,175	227,818	201,252	245,941	195,030	21,727	28,234	32,788
KONA	117,595	116,864	114,953	108,320	107,458	97,410	9,275	9,406	17,543
HILO	0	1,162	2,822	0	1,162	2,822	0	0	0
LIHU'E	80,477	86,831	87,162	78,215	82,829	79,402	2,262	4,002	7,760

February	Total			Domestic			International		
	2024	2023	2019	2024	2023	2019	2024	2023	2019
STATE	1,049,387	1,026,854	1,004,920	804,713	833,943	679,364	244,674	192,911	325,556
HONOLULU	668,484	595,411	618,244	454,441	439,238	345,670	214,043	156,173	272,574
KAHULUI	203,316	252,241	203,181	182,939	226,559	173,414	20,377	25,682	29,767
KONA	105,348	105,636	104,142	97,182	98,060	87,827	8,166	7,576	16,315
HILO	0	0	2,656	0	0	2,656	0	0	0
LIHU'E	72,239	73,566	76,697	70,151	70,086	69,797	2,088	3,480	6,900

Source: HTA/DBEDT READ analysis based on scheduled flights from Diio Mi flight schedules as of January 16, 2024, subject to change

# Scheduled Nonstop Seats to Hawai'i by Port Entry

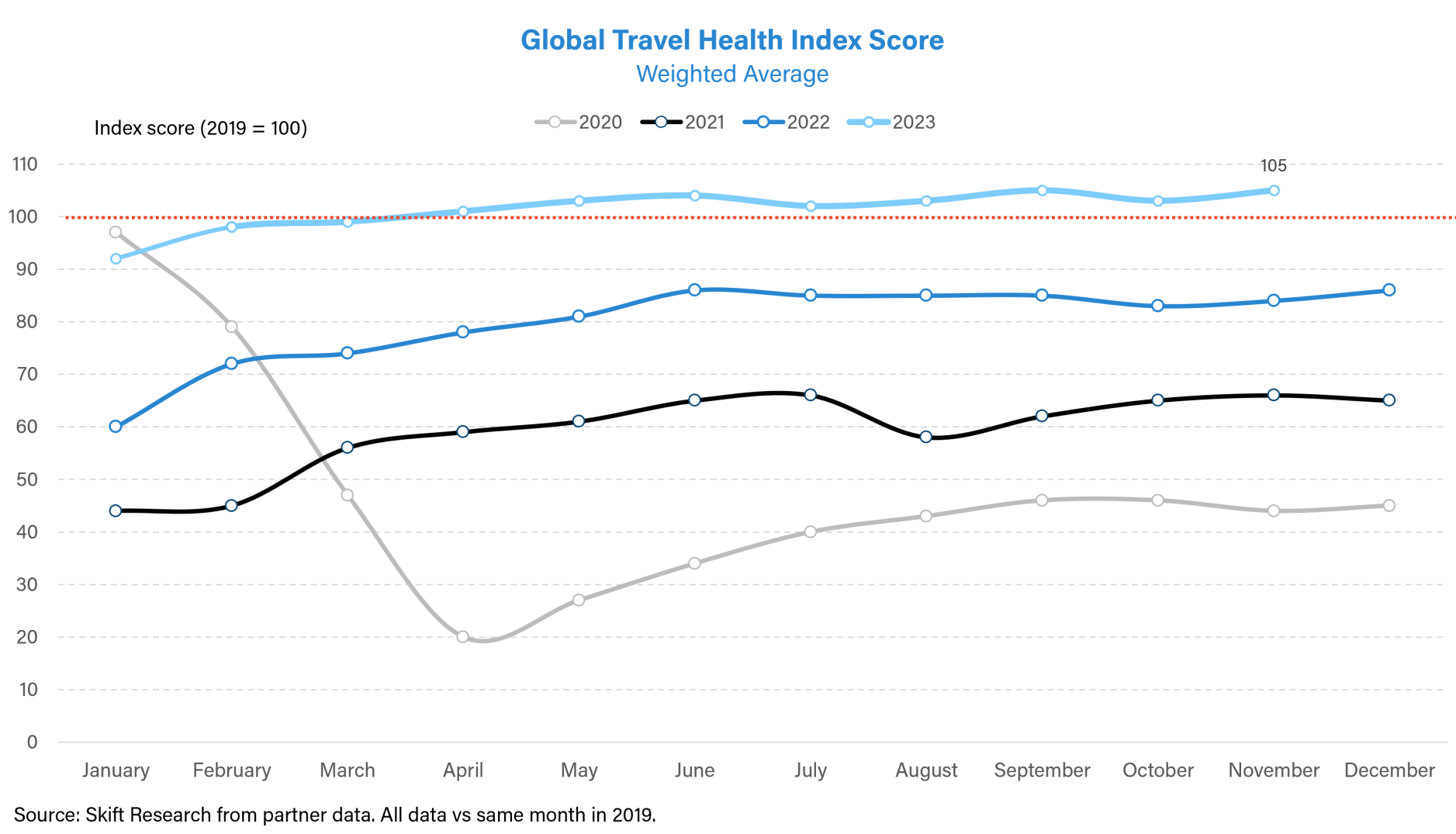
March	Total			Domestic			International		
	2024	2023	2019	2024	2023	2019	2024	2023	2019
<b>STATE</b>	1,187,048	1,197,117	1,185,426	921,567	978,487	836,583	265,481	218,630	348,843
<b>HONOLULU</b>	751,440	676,100	713,111	522,633	499,648	422,760	228,807	176,452	290,351
<b>KAHULUI</b>	233,333	302,720	250,043	210,822	273,155	216,456	22,511	29,565	33,587
<b>KONA</b>	119,731	127,383	124,674	108,178	118,076	106,853	11,553	9,307	17,821
<b>HILO</b>	0	0	3,665	0	0	3,665	0	0	0
<b>LIHU'E</b>	82,544	90,914	93,933	79,934	87,608	86,849	2,610	3,306	7,084

Source: HTA/DBEDT READ analysis based on scheduled flights from Diio Mi flight schedules as of January 16, 2024, subject to change



# MARKET TRENDS AND INSIGHTS

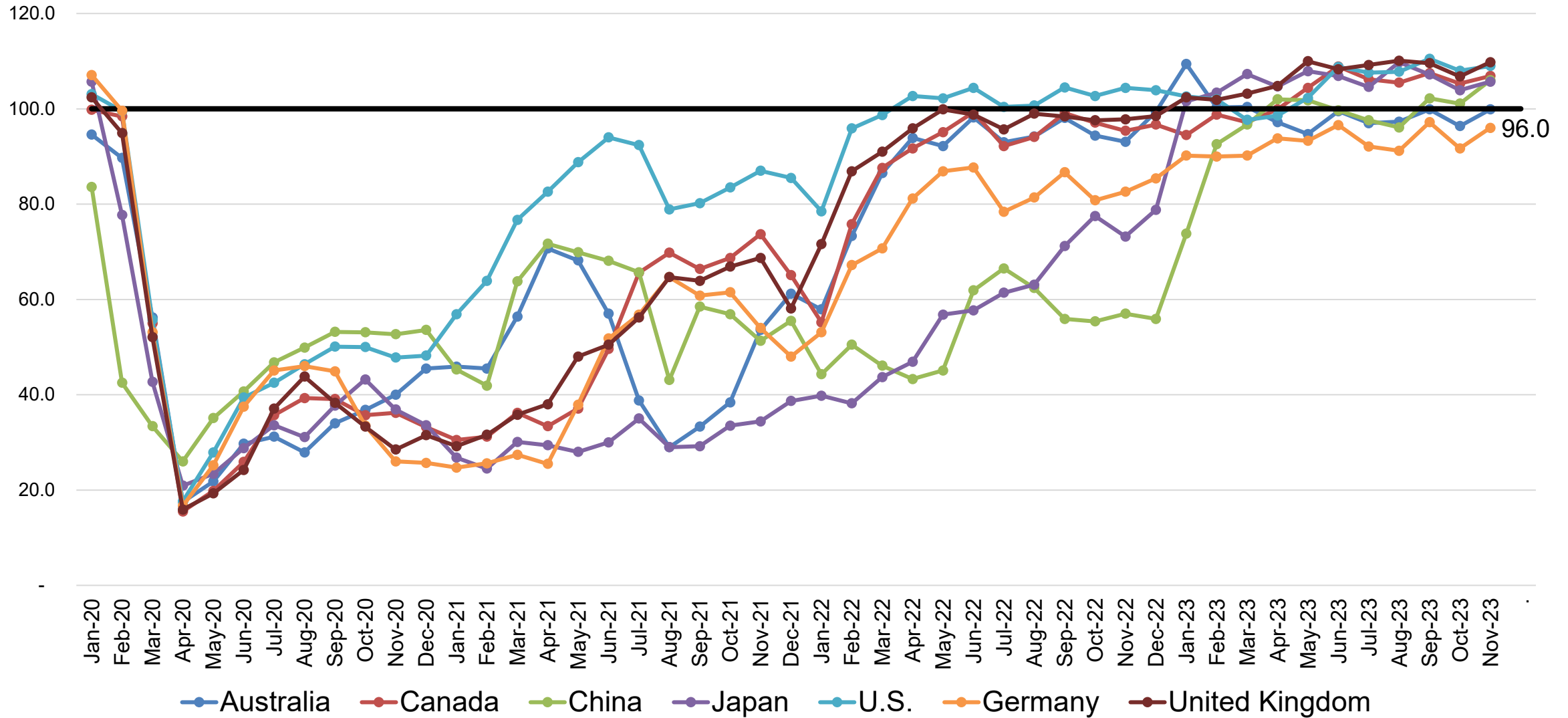
# Skift Travel Health Index November 2023 = 105



Source: Skift Research



# Skift Travel Health Index by Country



Source: Skift Research

# National Travel Indicators

November, 2023

Compare to Prior Year or 2019  
2019



## Travel Spending (Tourism Economics)

↗ **+3.7%**

November vs. 2019

↗ **+3.9%**

YTD vs. 2019



## Air Passengers (TSA)

↗ **+5.8%**

November vs. 2019

↗ **+1.5%**

YTD vs. 2019



## Overseas Arrivals (NTTO)

↘ **-17.2%**

November vs. 2019

↘ **-23.1%**

YTD vs. 2019



## Hotel Demand (STR)

↘ **-2.6%**

November vs. 2019

↘ **-1.8%**

YTD vs. 2019



## Short-term Rental Demand (AIRDNA)

↗ **+35.2%**

November vs. 2019

↗ **+39.2%**

YTD vs. 2019

## Insights

Air passenger volume increased 10% in November relative to the previous year.

Overseas arrivals year-on-year growth registered 24% in November, up from 21% y/y in October.

Hotel room demand growth versus 2022 remained negative in November, declining 1%.

Group room demand growth within the top 25 markets held steady at 2% relative to the prior year.

Short-term rental demand growth weakened in November to 8% relative to 2022.

## Travel Indicators

% change relative to same month vs. 2019

	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Travel Spending (Tourism Economics)	6%	4%	5%	4%	4%	3%	3%	2%	2%	8%	5%	4%
Air Passengers (TSA)	-7%	0%	3%	-1%	0%	-1%	1%	1%	-1%	5%	5%	6%
Overseas Arrivals (NTTO)	-29%	-33%	-31%	-25%	-27%	-26%	-27%	-22%	-18%	-16%	-15%	-17%
Hotel Demand (STR)	0%	0%	0%	-1%	-2%	-3%	-2%	-3%	-5%	1%	-2%	-3%
Top 25 Group Hotel Demand* (STR)	-5%	-14%	-11%	-3%	-13%	-10%	-7%	-12%	-7%	-5%	0%	-4%
Short-term Rental Demand (AIRDNA)	33%	39%	46%	37%	44%	44%	43%	33%	23%	38%	57%	35%
National Park Visits (National Park Service)	0%	29%	11%	1%	-6%	-4%	-9%	-8%	-10%	-3%	2%	-3%

-33% 57%

# Hawaii Travel Indicators

November, 2023

Select a State

Hawaii

Reporting Period

Month

Compare to Prior Year or 2019

2019

## Hawaii Travel Impact

November, 2023

Travel Spending

**\$2.37B**

↗ +2.7% vs. 2019

Tax Revenue

**\$144.3M**

↗ +2.9% vs. 2019

## U. S. Total Travel Impact

November, 2023

Travel Spending

**\$96.75B**

↗ +3.7% vs. 2019

Tax Revenue

**\$6.6B**

↗ +3.6% vs. 2019

## Hawaii Travel Spending

	Travel Spending	vs. Prior Year	vs. 2019	Market Growth Index (US = 100)*
Dec-22	\$2.06B	↗ +9.4%	↘ -11.2%	84
Jan-23	\$2.21B	↗ +24.0%	↗ +0.3%	97
Feb-23	\$2.19B	↗ +17.4%	↗ +0.5%	96
Mar-23	\$2.62B	↗ +12.8%	↗ +6.0%	102
Apr-23	\$2.55B	↗ +8.1%	↗ +5.6%	102
May-23	\$2.55B	↗ +9.1%	↗ +2.0%	99
Jun-23	\$2.60B	↗ +12.5%	↗ +1.5%	98
Jul-23	\$2.60B	↗ +5.7%	↘ -0.1%	98
Aug-23	\$2.47B	↗ +6.5%	↘ -3.2%	95
Sep-23	\$2.52B	↗ +12.9%	↗ +5.7%	98
Oct-23	\$2.54B	↗ +12.7%	↗ +2.3%	98
Nov-23	\$2.37B	↗ +15.4%	↗ +2.7%	99

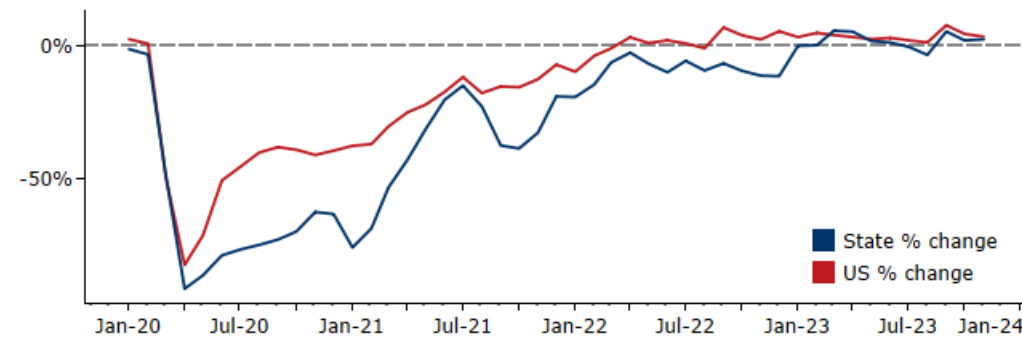
Source: Tourism Economics (Travel Spending)

\* Market growth index indicates whether a state is performing better or worse than the national average relative to its pre-pandemic benchmark.

travel spending data is considered "preliminary" and subject to change based on available inputs. It is recommended for directional trend analysis, and revisions may occur as available.

## Travel Spending

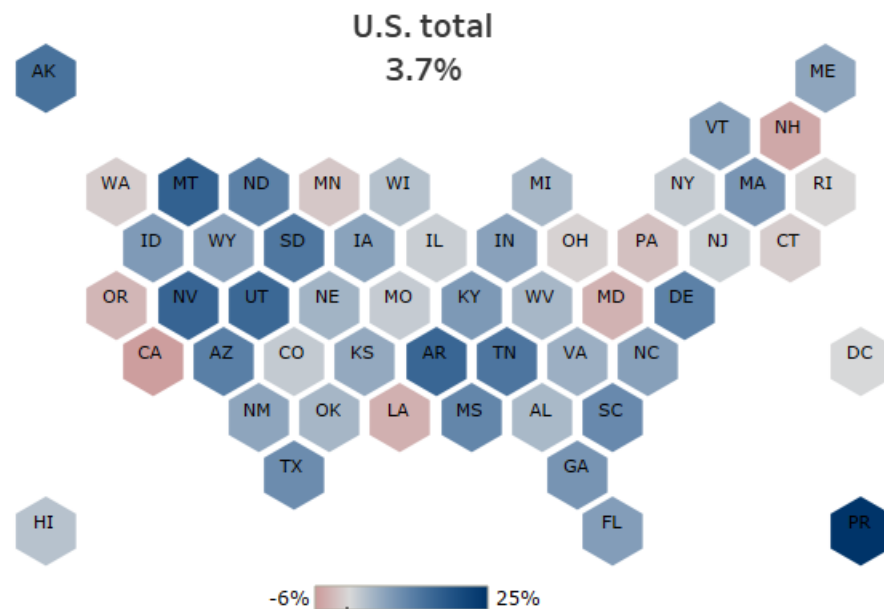
Hawaii vs U.S. total, % change relative to 2019



## Travel Spending by State

November, 2023 (Month), % change vs. 2019

Travel Spending



↗ +2.7%

November vs. 2019

**Travel Spending**  
(Tourism Economics)



↘ -2.9%

November vs. 2019

**Air Passengers**  
(Airline Data Inc; TSA)



↘ -7.9%

November vs. 2019

**Hotel Demand**  
(STR)



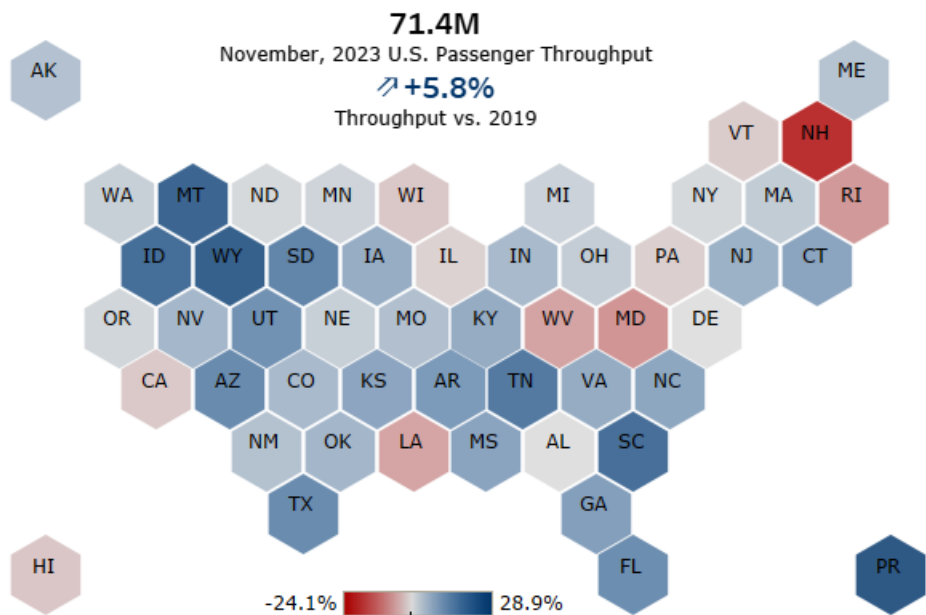
↘ -6.6%

November vs. 2019

**L & H Jobs**  
(BLS)

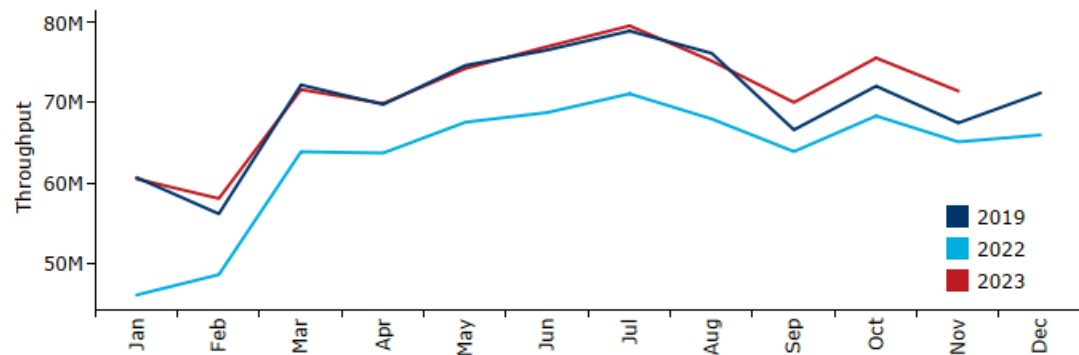
## November, 2023 Passenger Throughput by State

All passengers (domestic + international), % change vs. 2019



## U.S. Monthly Passenger Throughput

All passengers (domestic + international)



## Passenger Throughput Trend Comparison

All passengers (domestic + international), Index (2019=100)

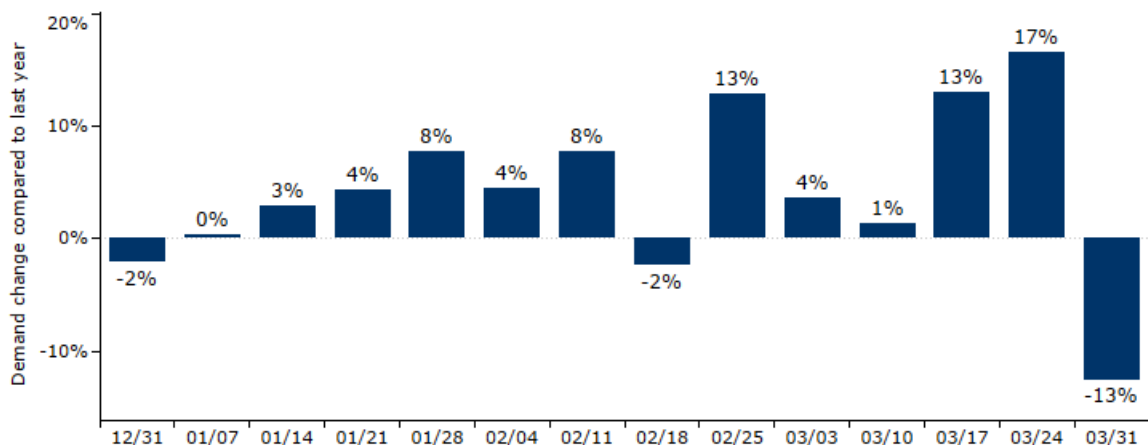
State/Territory Name  
Multiple values

	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Arizona	107	98	114	111	105	113	115	111	110	110	117	119	116
California	89	83	90	90	91	92	93	93	92	90	95	97	97
Colorado	98	93	105	104	102	102	97	98	100	98	104	106	106
Florida	103	99	111	108	105	111	112	112	113	108	124	117	115
Hawaii	94	95	103	98	101	102	98	98	98	89	95	96	97
Illinois	92	87	98	92	91	93	92	95	95	93	98	98	98
Kentucky	92	88	99	100	99	102	98	102	106	99	109	106	109
Massachusetts	93	86	97	93	96	95	96	98	98	97	101	104	103
Michigan	90	83	97	96	92	94	94	98	96	96	101	98	102
Minnesota	92	84	98	91	92	97	94	98	97	96	100	100	102
Missouri	94	84	97	96	98	99	98	101	103	100	104	102	105
Montana	114	101	126	124	118	115	114	117	118	120	132	130	125
Nevada	103	101	110	111	108	108	107	104	107	104	106	116	107
New Jersey	98	93	107	104	103	104	104	102	102	104	106	105	108
New York	92	86	96	93	92	91	89	89	91	91	92	96	101
North Carolina	96	91	106	103	106	105	104	106	108	103	111	110	110
Oregon	92	81	97	96	95	97	96	95	94	93	97	100	102
Pennsylvania	86	82	96	92	93	90	88	93	93	93	98	96	98
Puerto Rico	107	110	127	126	122	121	135	128	129	138	128	130	129
South Dakota	104	90	123	114	117	114	111	108	107	109	113	112	117
Texas	105	100	111	108	107	109	108	107	108	108	115	114	116
Virginia	95	91	103	101	103	102	103	106	107	103	111	107	109
Washington	92	83	94	98	93	97	94	98	99	97	101	101	103
United States	97	93	100	103	99	100	99	101	101	99	105	105	106



## U.S. Hotel Leisure Demand Pace

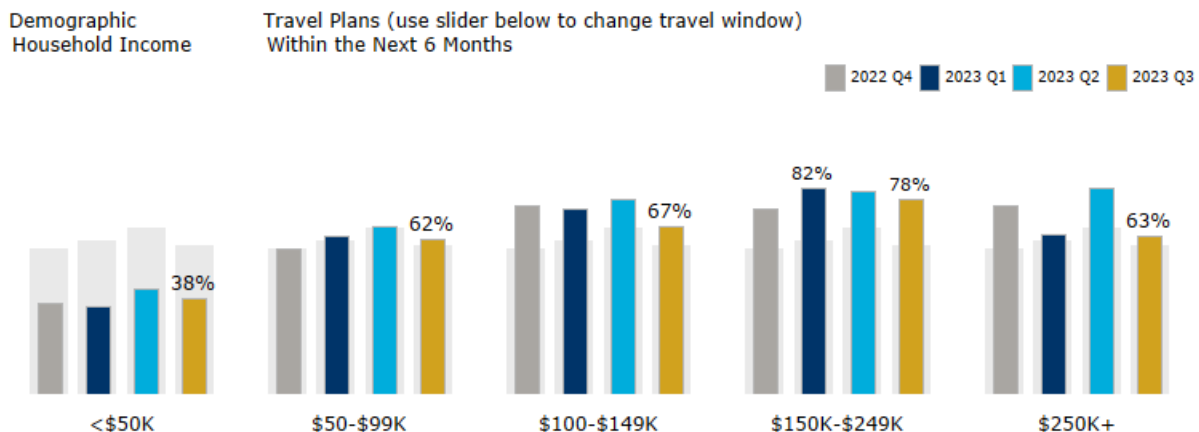
Leisure hotel booking pace vs same time last year, as of 1/3/2024



Source: Amadeus

## Planning Leisure Travel Within the Next 6 Months

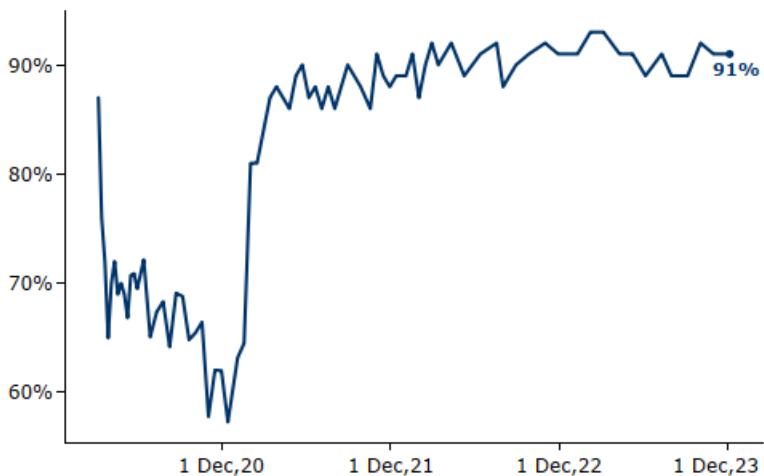
% of American Travelers



Source: MMGY Global's Portrait of American Travelers (released Q3 2023)

## Consumer Travel Sentiment

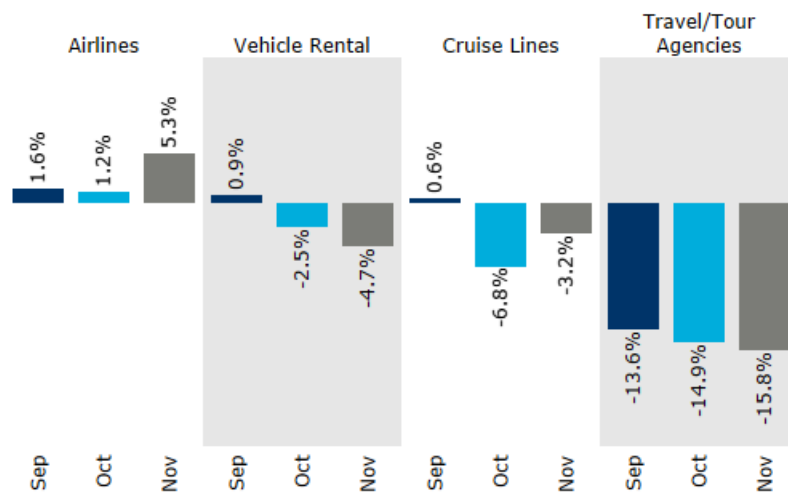
Travelers with Travel Plans in the Next Six Months



Source: Longwoods International

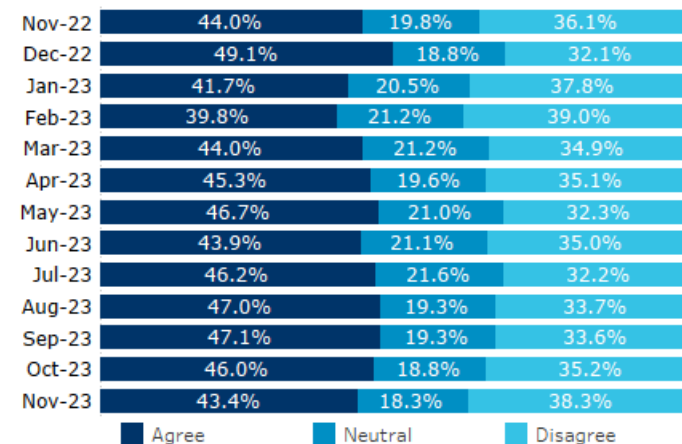
## US Consumer Credit Card Spend

2023 3-month trend, % change YOY



## Consumer Travel Sentiment

Have high travel prices kept you from traveling in the past month?



Source: Future Partners

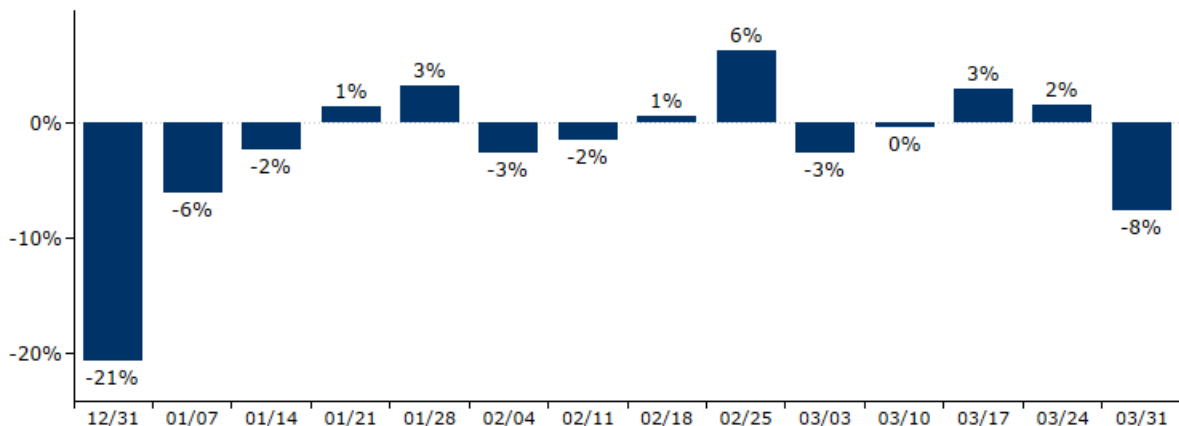


# Domestic Business Travel

November, 2023

## U.S. Hotel Business Demand Pace

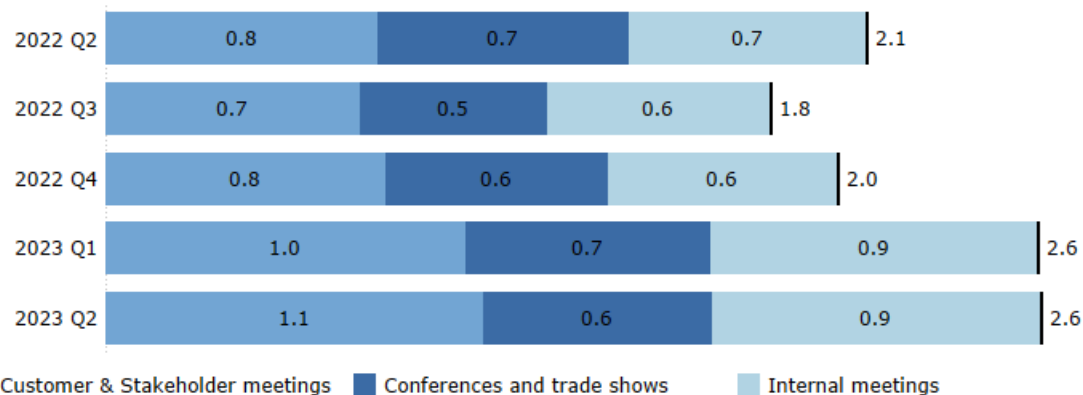
Business hotel booking pace vs same time last year, as of 1/3/2024



Source: Amadeus

## Business Trip Count by Purpose of Trip

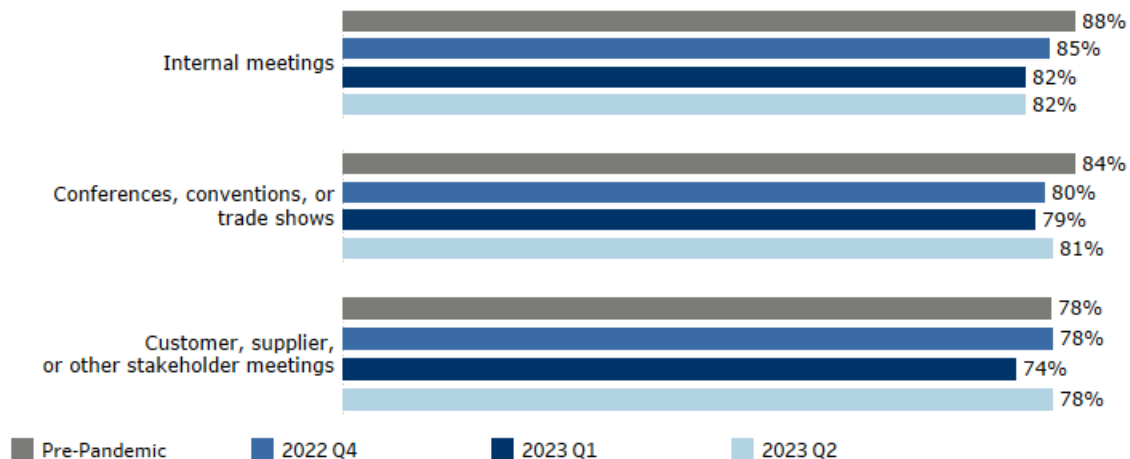
Business Travelers expected trips per month over the next 6-months



Source: Tourism Economics; U.S. Travel Association; and J.D. Power

## Business Travel Plans Next Six Months

% share of respondents expecting to take at least one trip



Source: Tourism Economics; U.S. Travel Association; and J.D. Power

## Corporate Executive's Views on Business Travel

Share of corporate executives that agree



Source: Tourism Economics; U.S. Travel Association; and J.D. Power

## Insights

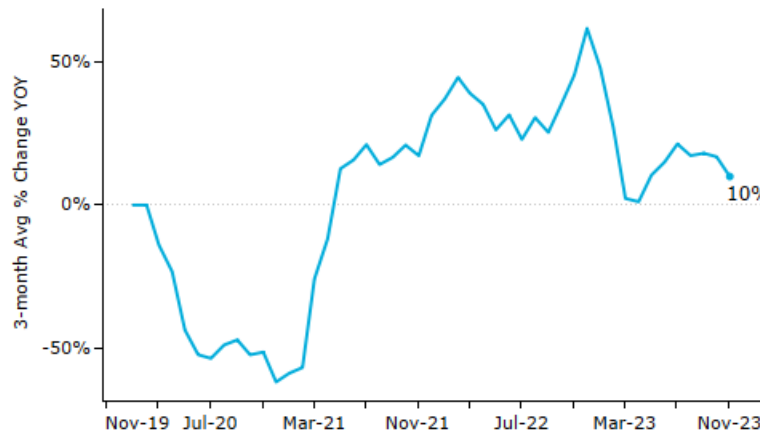
DMO/CVB group room nights in November grew 10% relative to 2022, compared to 17% in October.

DMO/CVB pace for room nights on the books in December declined for the final quarter of 2023, at 8% below 2019 levels.

In major cities and city centers, the share of respondents reporting an increase in demand for meetings, events, and incentive programs, slowed to 49% in October compared to 54% in June.

## DMO/CVB Group Bookings

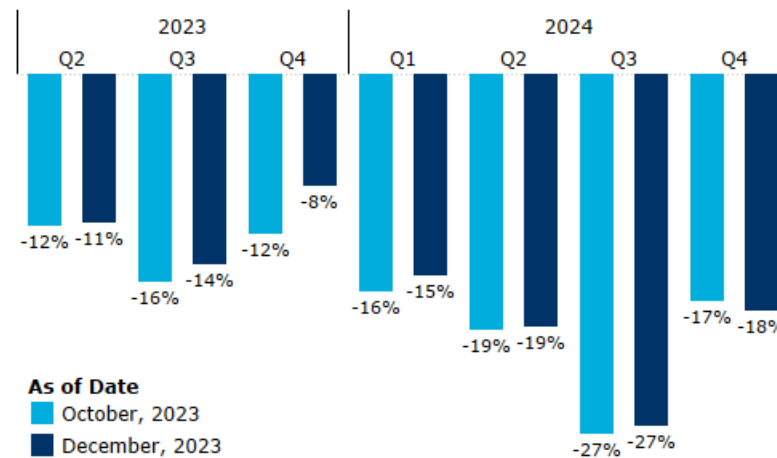
Room nights contracted in recent months for current and future years  
3-month rolling average, % change over prior year



Source: Simpleview CRM (250+ U.S. DMOs)

## DMO/CVB Room Nights on the Books

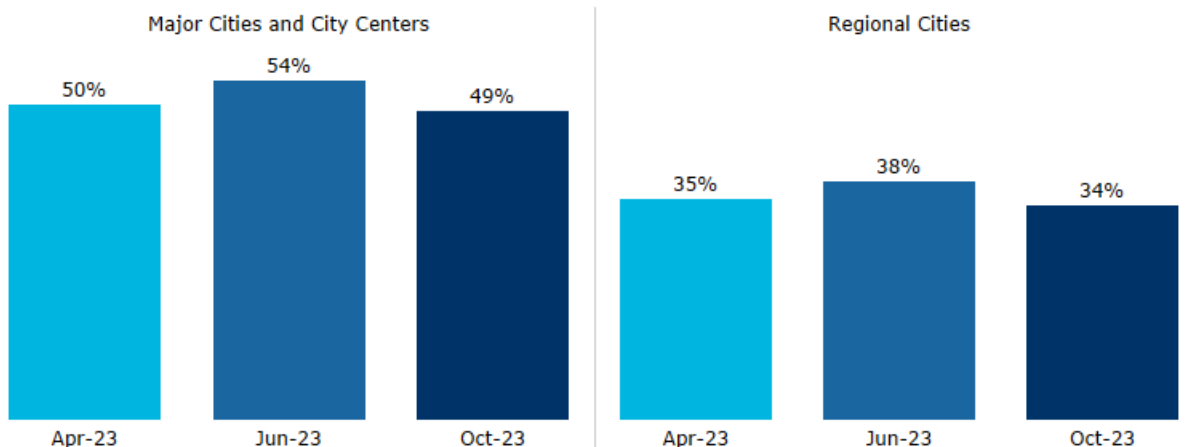
Pace for future dates, relative to the same period in 2019



Source: Simpleview CRM (250+ U.S. DMOs)

## Demand by Geography

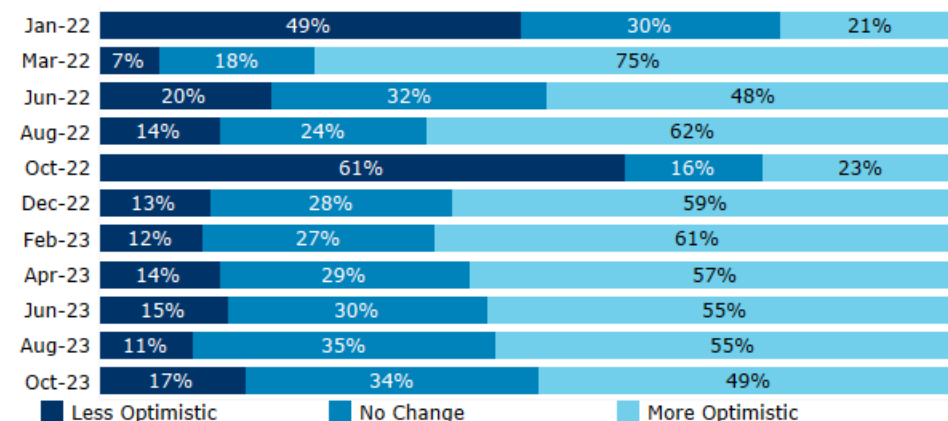
Where are you experiencing increased demand for meetings, events, and incentive programs?



Source: Northstar Meetings Group and Cvent (Meetings industry PULSE survey), as of April 2023, June 2023, October 2023

## Meeting Planner Outlook

How the outlook for recovery has changed among meeting planners the past six weeks



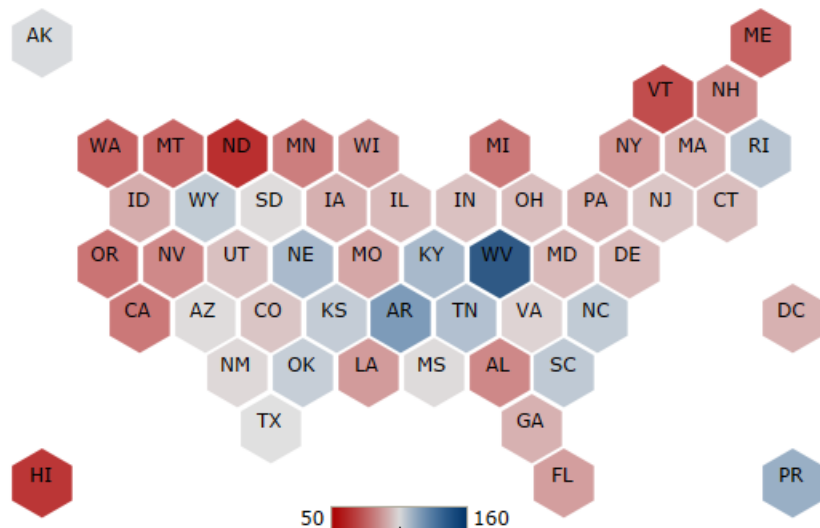
Source: Northstar Meetings Group and Cvent (Meetings industry PULSE survey), as of October 2023

# International Inbound Travel

November, 2023

## Overseas Arrivals to U.S. by State (+PR)

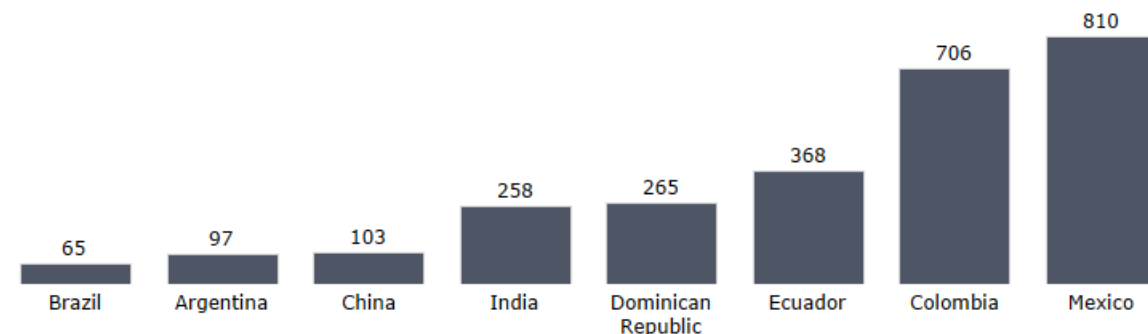
Visitor arrivals for November, 2023, Index (2019 = 100)



## Visa Interview Wait Times, Average Days

As of January 2, 2024

As of Date  
January 2, 2024



Top-8 inbound markets for tourist visa required countries. Weighted average by 2019 consulate visa issuance. Source: Tourism Economics

## International Arrivals to U.S. Total

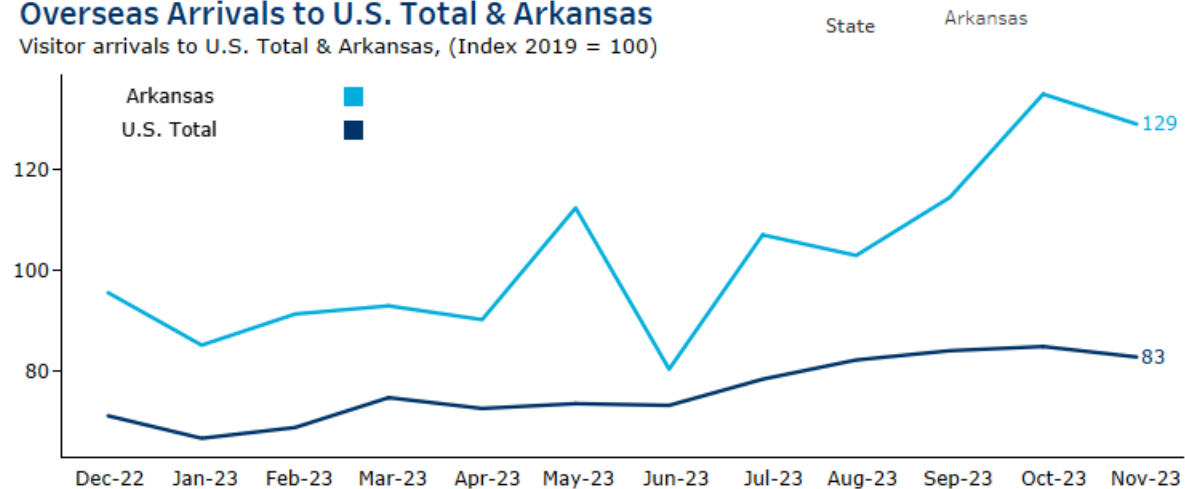
Visitor arrivals to U.S. Total, (Index 2019 = 100)

Destination U.S. Total  
Origin Multiple values

	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Total Overseas	71	67	69	75	73	74	73	78	82	84	85	83
Brazil	69	60	63	61	72	71	78	81	83	94	96	83
Canada	89	115	111	104	104	102	89	95	90	90	104	
Canada (air)	114	137	126	129	125	121	107	113	111	107	113	
France	86	80	85	75	88	82	80	82	87	87	93	90
Germany	79	79	80	91	82	91	79	87	101	92	94	89
India	100	111	111	106	109	99	100	114	154	136	136	130
Mexico	63	80	73	71	66	71	82	83	90	86		
Mexico (air)	92	100	103	111	99	100	101	101	124	117	122	116
UK	86	80	81	89	73	77	73	83	85	81	84	84
China	27	19	20	35	35	34	35	36	47	48	50	58
Colombia	92	89	83	97	74	86	95	104	106	107	108	107
Dominican Republic	94	99	99	135	95	99	96	102	102	105	97	105

## Overseas Arrivals to U.S. Total & Arkansas

Visitor arrivals to U.S. Total & Arkansas, (Index 2019 = 100)



State Arkansas



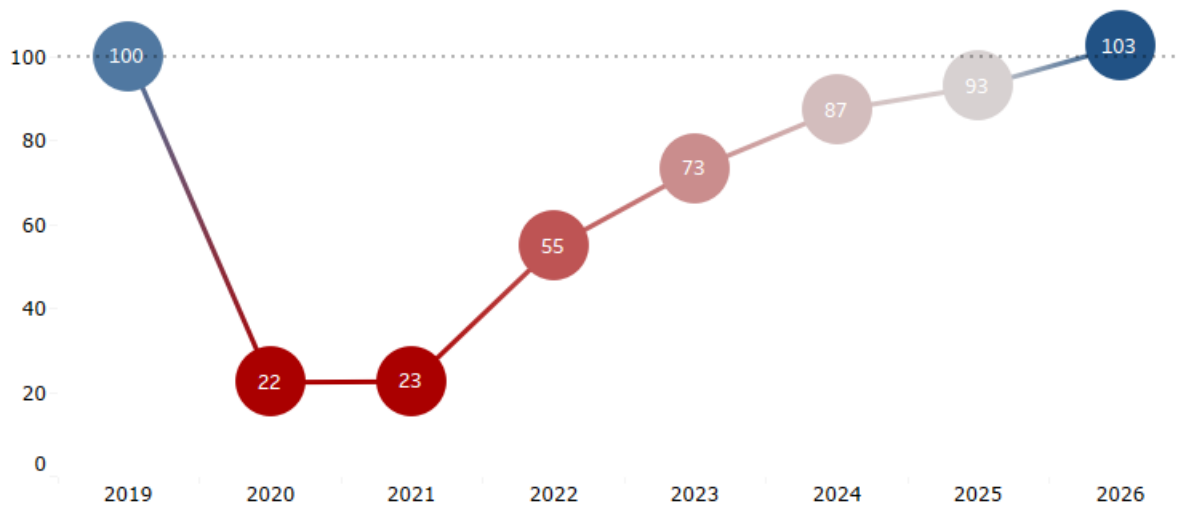
# International Visitor Forecast

Forecasted in December, 2023

## Total International Spending (real) in the U.S.

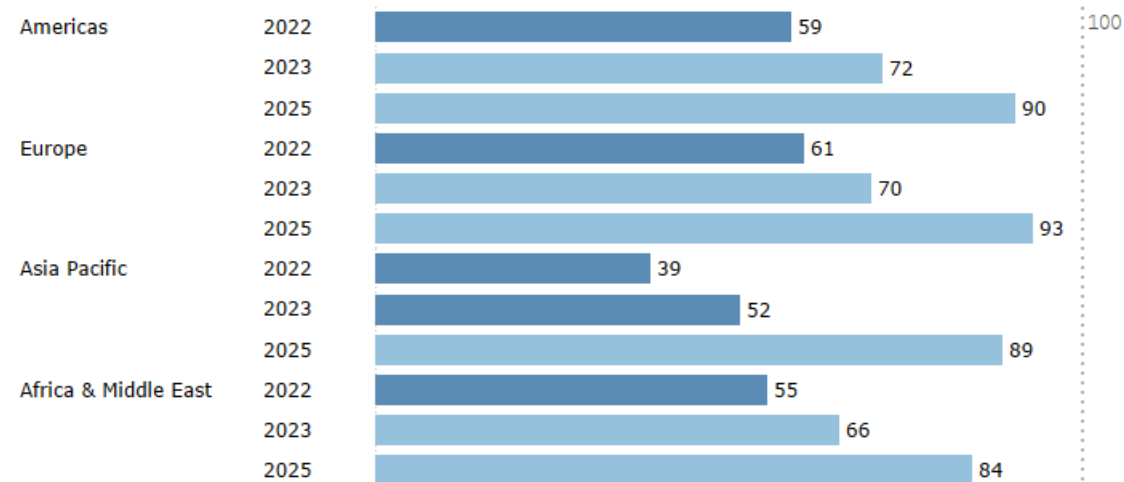
Forecasted recovery, relative to 2019 (index, 2019=100)

Indicator  
Spending (real)



## International Spending (real) in the U.S. by World Region

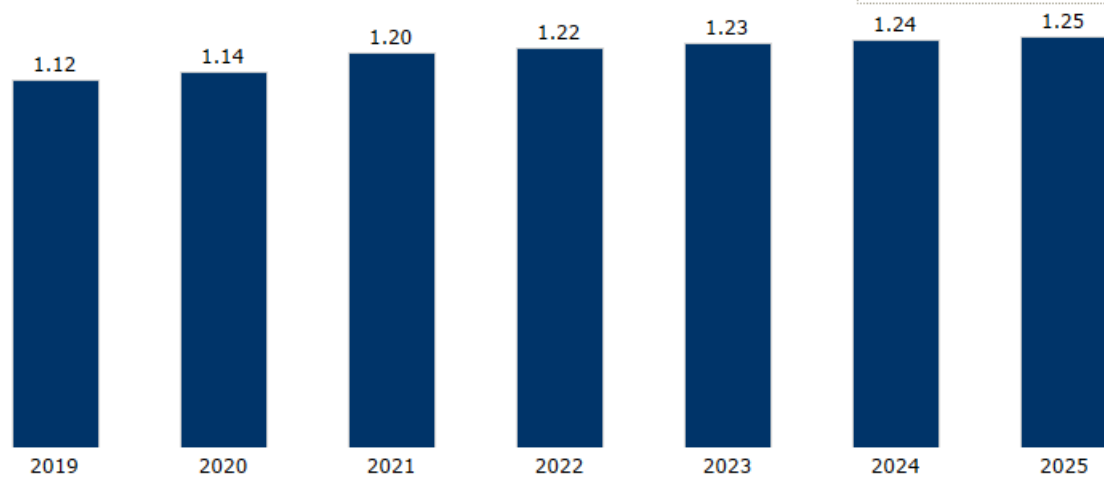
Forecasted recovery for top-regions, relative to 2019 (index, 2019=100)



## Exchange Rates

Forecasted exchange rate by year, US\$ per Euro

Currency  
US\$ per Euro



## International Spending (real) in the U.S.

Forecasted recovery for top-10 origin markets, relative to 2019 (index, 2019=100)

	2021	2022	2023	2024	2025
Canada	11	59	81	90	97
Mexico	52	55	70	80	89
United Kingdom	10	63	71	86	96
China	2	30	36	75	92
Japan	3	13	30	54	73
Brazil	10	51	61	74	84
Germany	11	59	66	79	92
Australia	3	42	60	74	88
France	12	62	73	84	92

## Insights

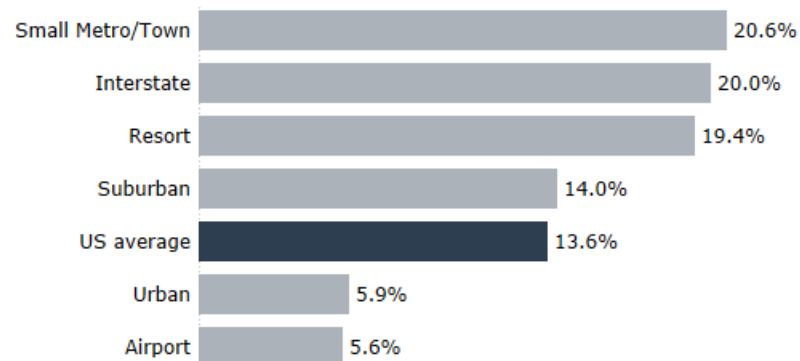
The updated forecast released in November by Tourism Economics and STR anticipates the economy will skirt with recession, but that travel sector improvements, including stronger group activity and returning international visitors, will help offset economic factors, supporting still-solid RevPAR gains.

Overall, room revenue is estimated to recover to 21.9% ahead of 2019 levels in 2024, and 28.5% above in 2025. Adjusted for inflation, this is equivalent to 0.6% below 2019 levels in 2024, and 2.6% above in 2025.

Overall, hotel RevPAR is expected to improve 4.2% in 2024 and 4.0% in 2025, which is consistent with the prior forecast (4.1% in 2024 and 4.0% in 2025).

## U.S. Actual RevPAR Growth by Location

November 2023, % change relative to 2019



Source: STR

## U.S. Hotel Forecast Summary

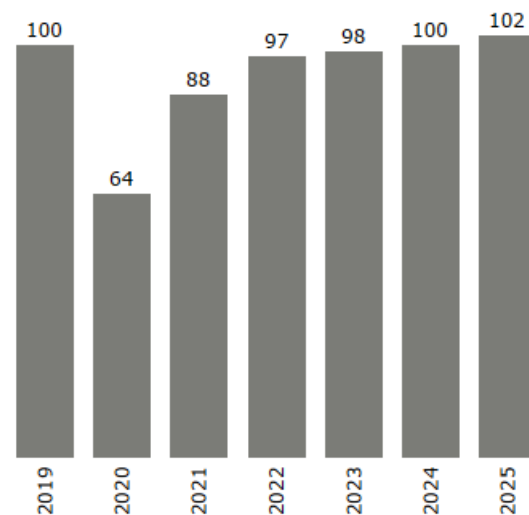
YOY % change, Forecast released November 2023

	2020	2021	2022	2023	2024	2025
Supply	-4.0%	4.9%	1.8%	0.3%	0.8%	1.4%
Occupancy	-33.4%	-12.7%	-5.0%	-4.4%	-3.4%	-2.6%
Demand	-36.0%	37.5%	10.8%	0.9%	1.8%	2.2%
ADR	-21.6%	20.7%	20.0%	4.2%	3.0%	3.1%
RevPAR	-47.8%	58.3%	30.6%	4.8%	4.1%	4.0%
RevPAR relative to 2019	-47.8%	-17.3%	7.9%	13.1%	17.7%	22.3%

Note: RevPAR reflects standard methodology  
Source: STR; Tourism Economics

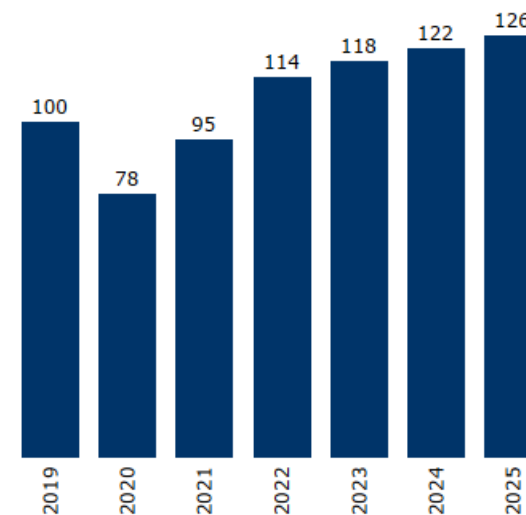
## Occupancy Index

Index (2019 = 100)



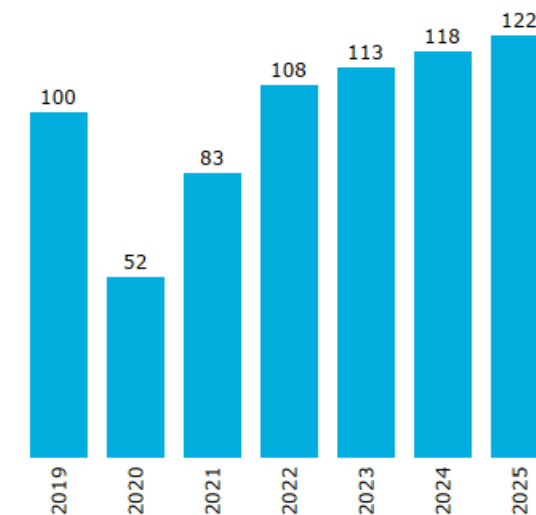
## ADR Index

Index (2019 = 100)



## RevPAR Index

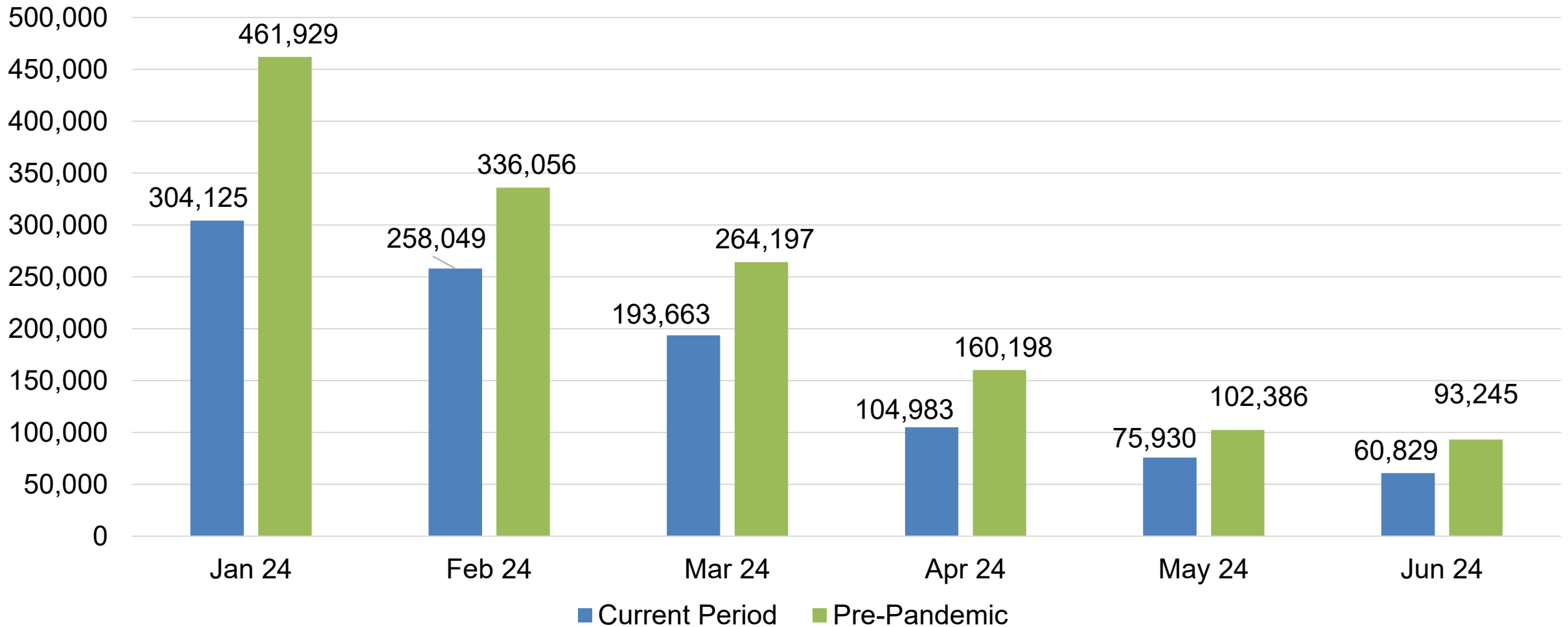
Index (2019 = 100)



Note: RevPAR reflects standard methodology  
Source: STR; Tourism Economics

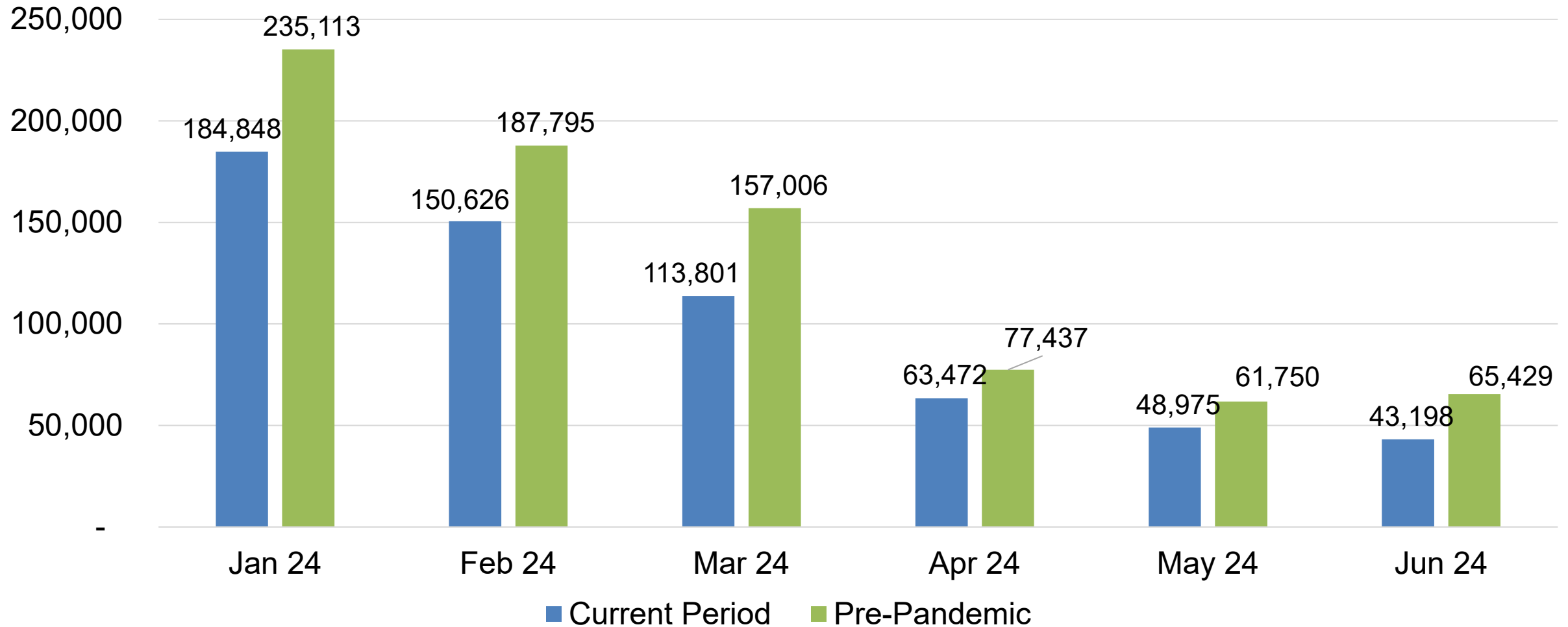
# ARC/FORWARDKEYS DESTINATION GATEWAY AIR BOOKING TRENDS

# Six Month Outlook: All Markets



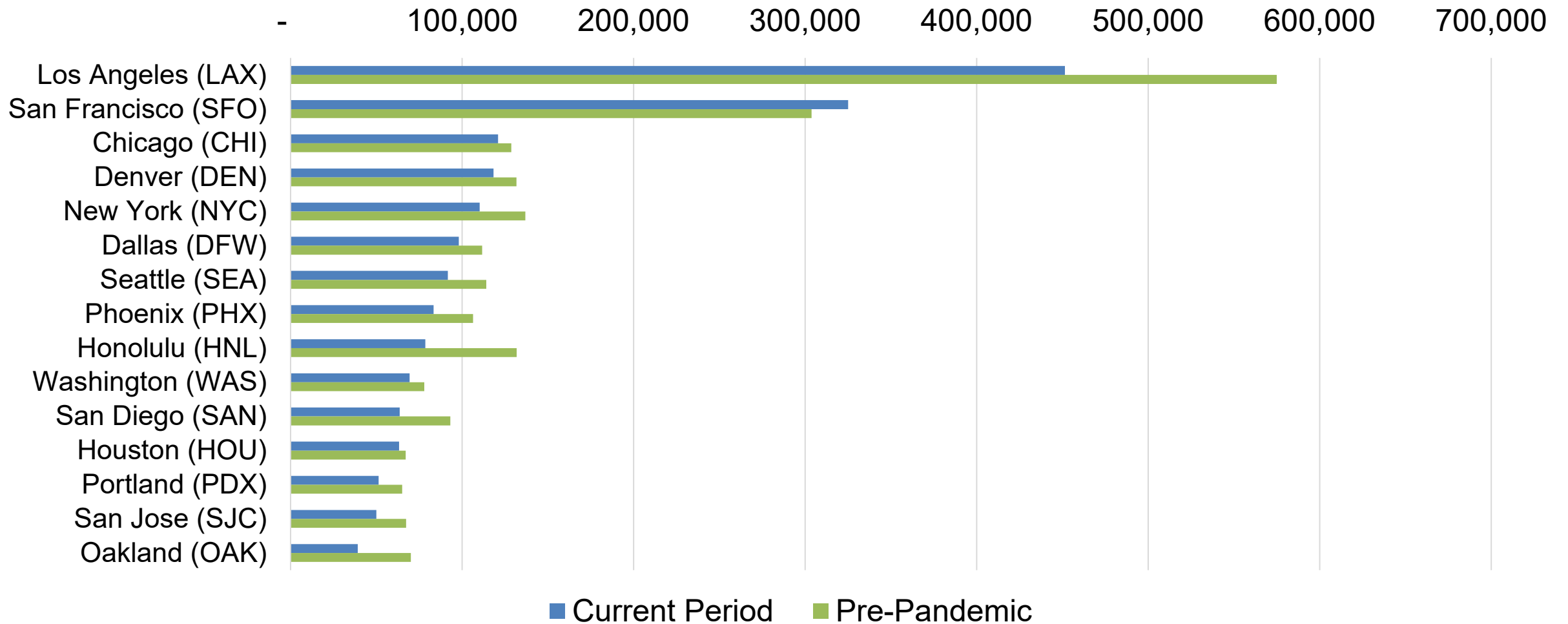
Source: ARC/ForwardKeys Destination Gateway

# Six Month Outlook: United States



Source: ARC/ForwardKeys Destination Gateway

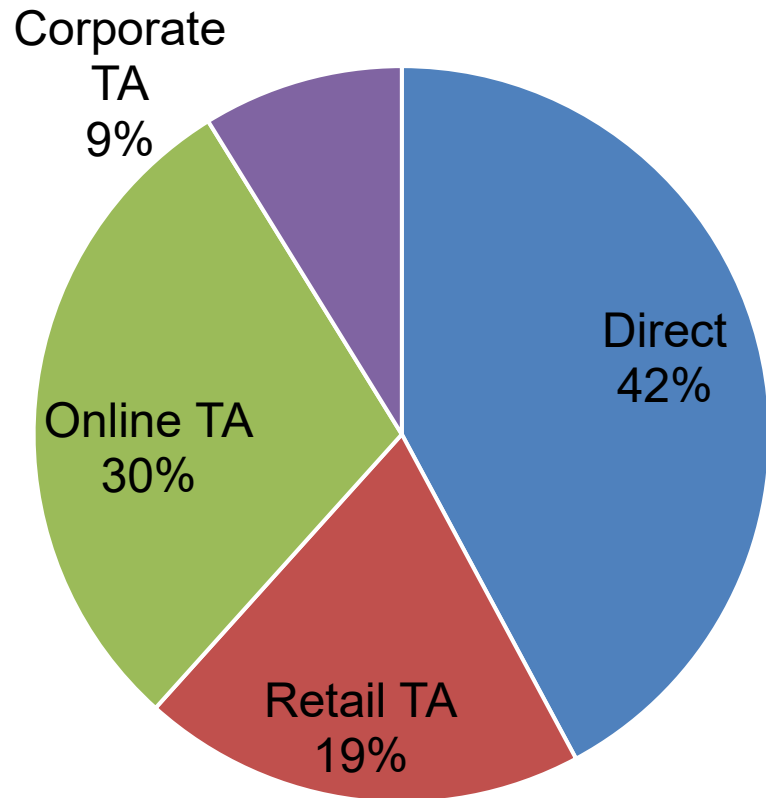
# Trip Origins: United States



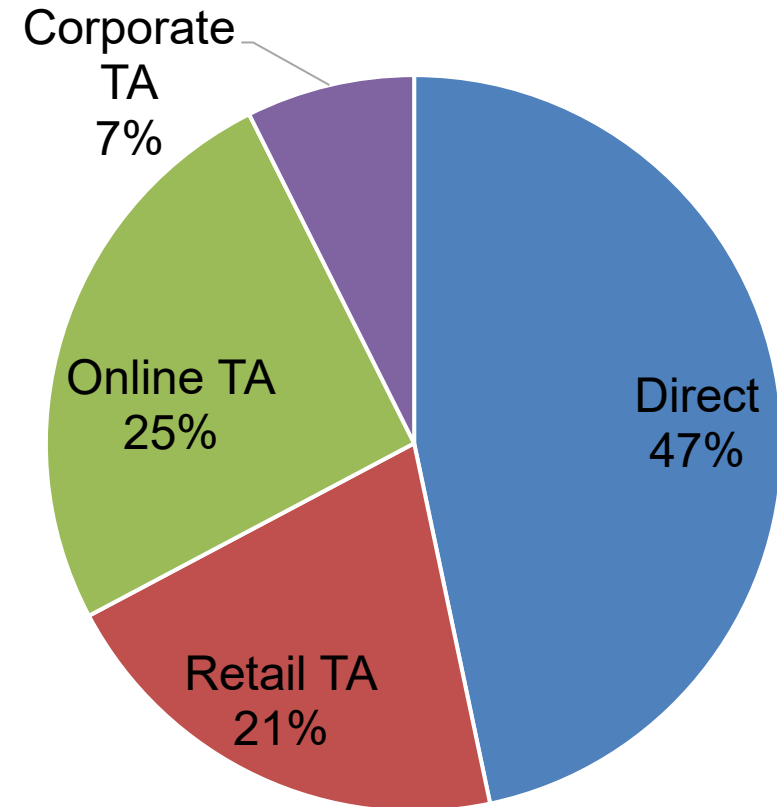
Source: ARC/ForwardKeys Destination Gateway

# Distribution Channel: United States

## Pre-Pandemic



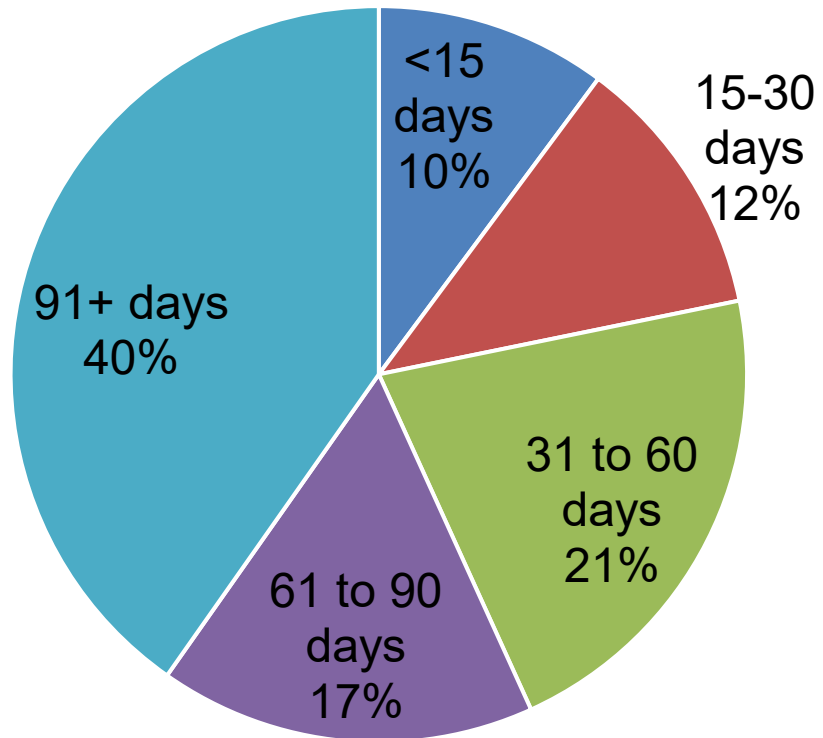
## Current Period



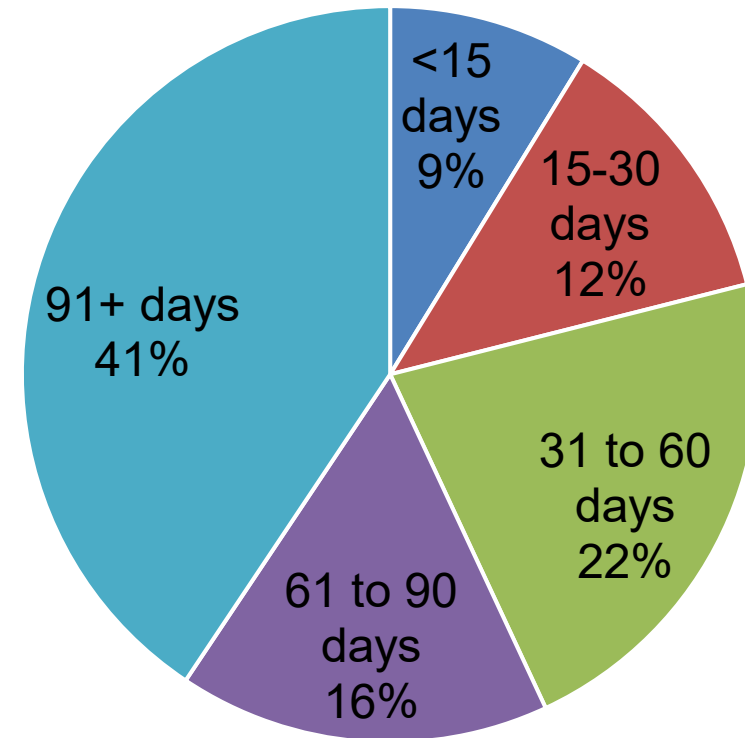
Source: ARC/ForwardKeys Destination Gateway

# Lead Time: United States

## Pre-Pandemic



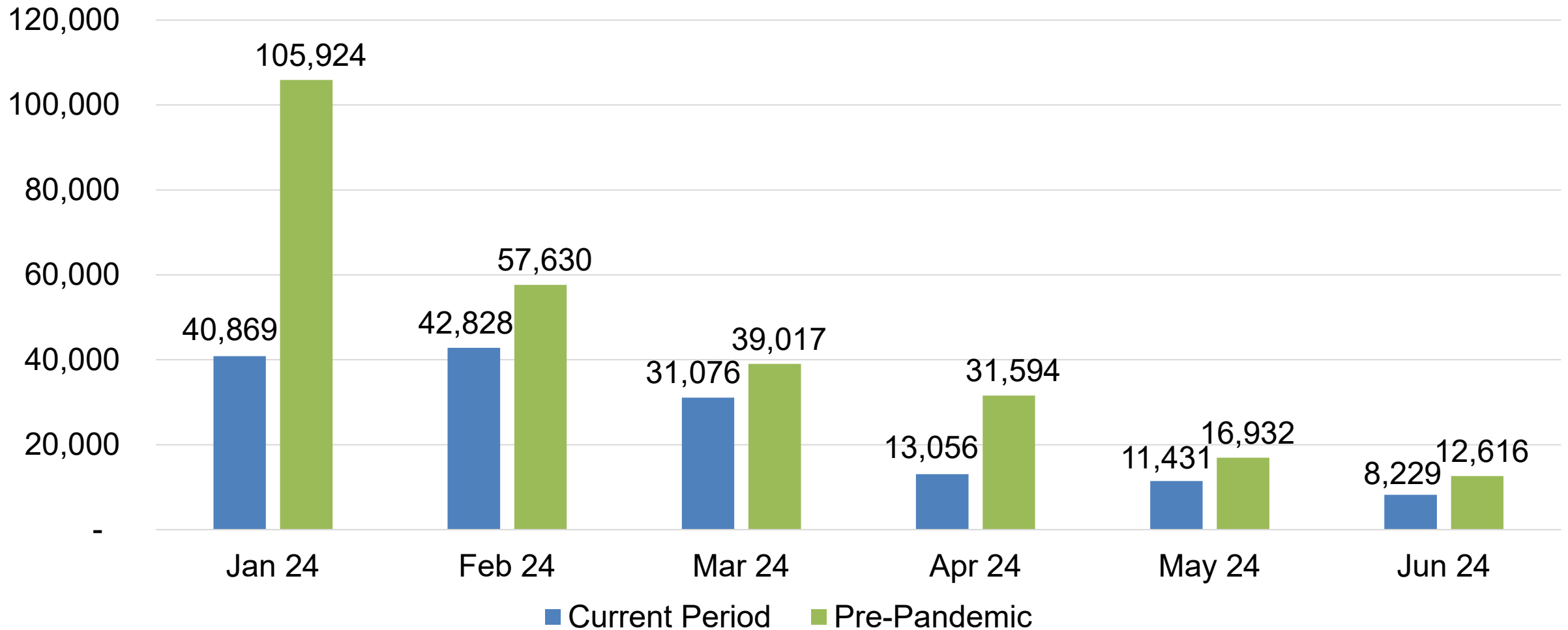
## Current Period



Source: ARC/ForwardKeys Destination Gateway

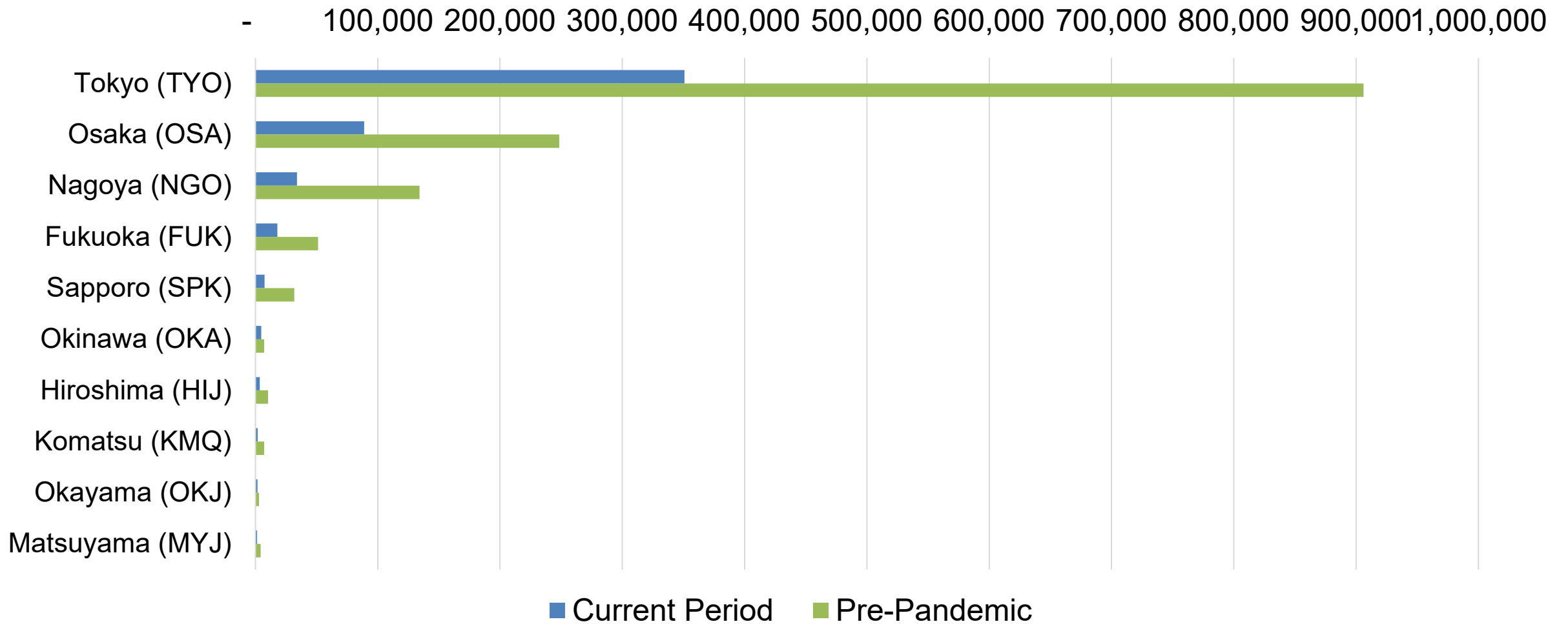


# Six Month Outlook: Japan



Source: ARC/ForwardKeys Destination Gateway

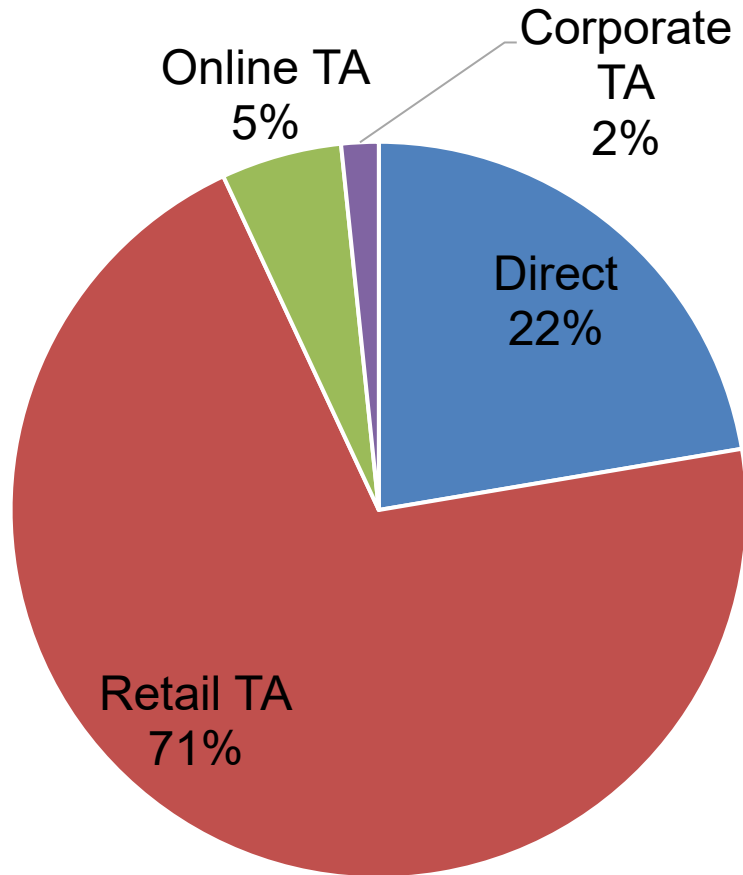
# Trip Origins: Japan



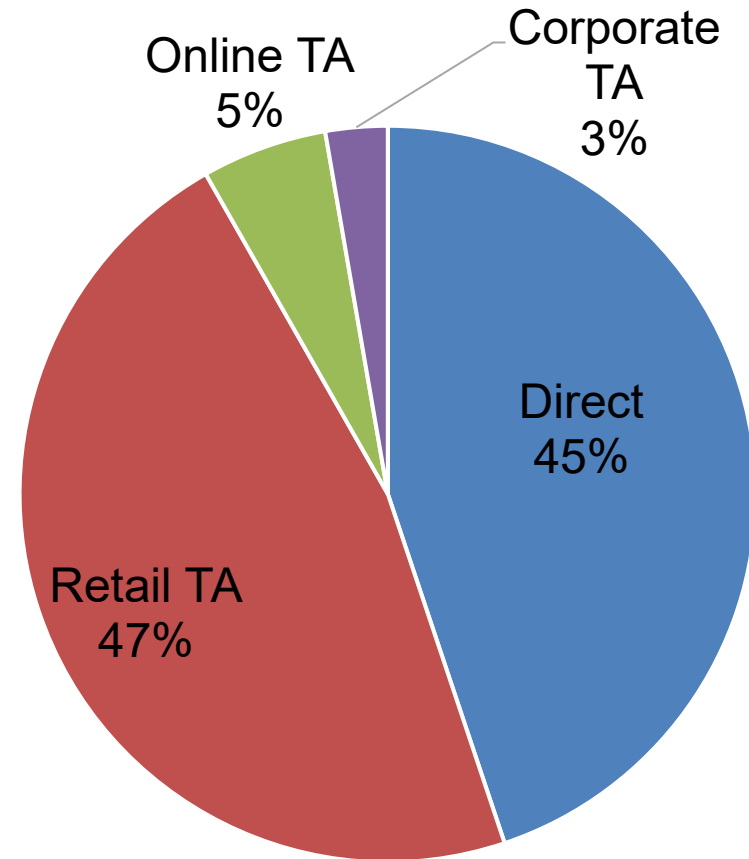
Source: ARC/ForwardKeys Destination Gateway

# Distribution Channel: Japan

## Pre-Pandemic



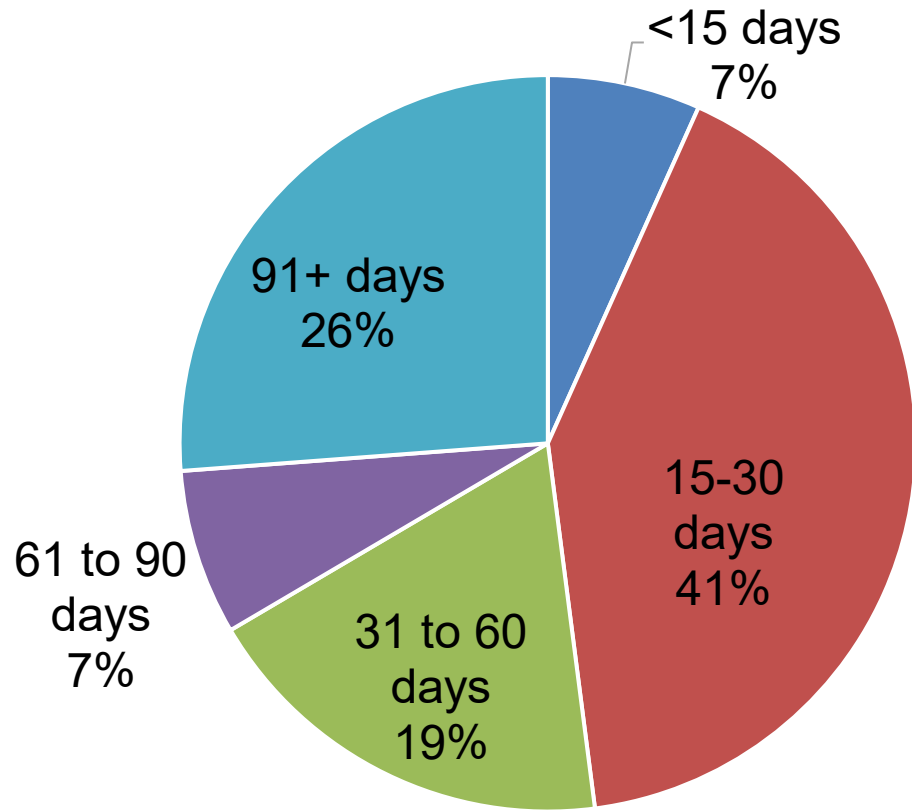
## Current Period



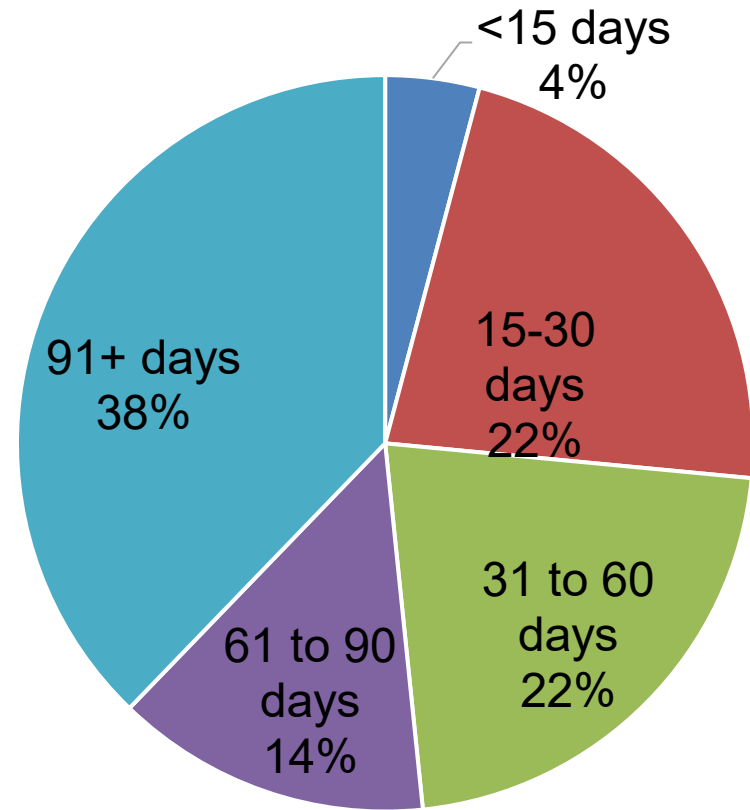
Source: ARC/ForwardKeys Destination Gateway

# Lead Time: Japan

## Pre-Pandemic

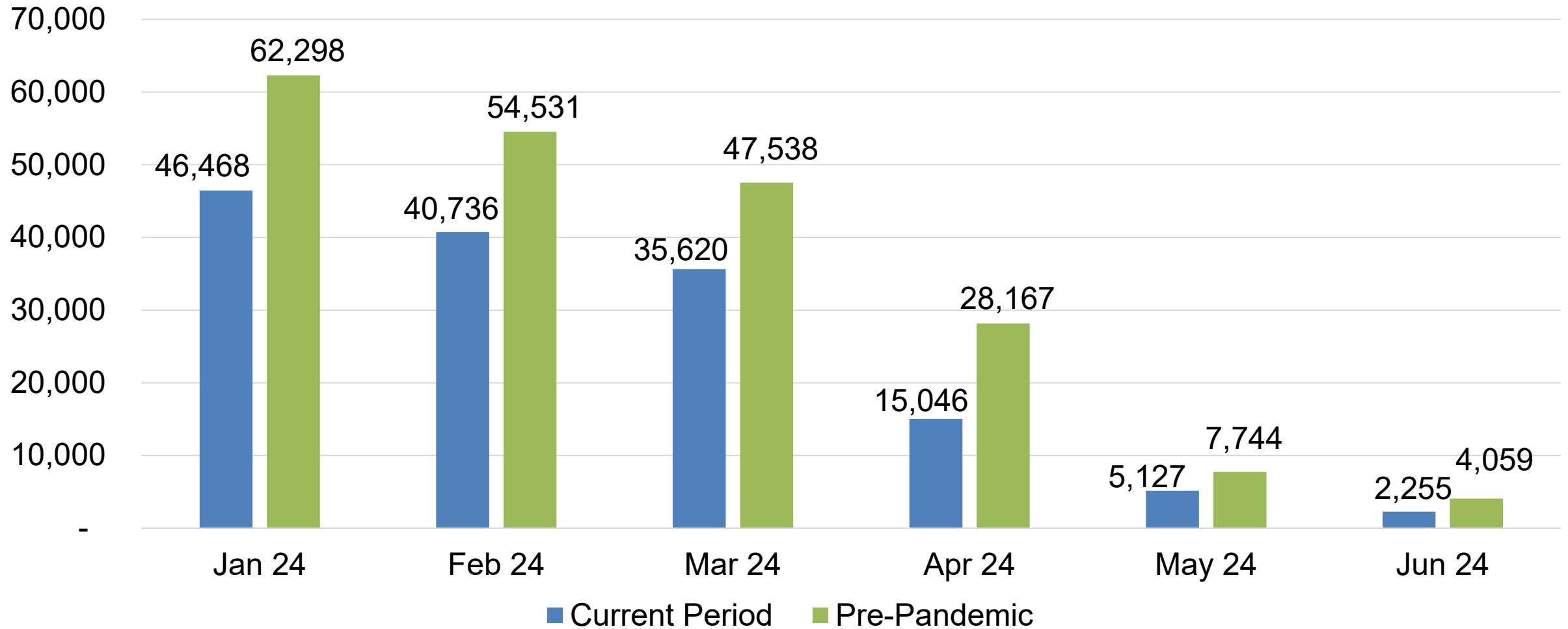


## Current Period



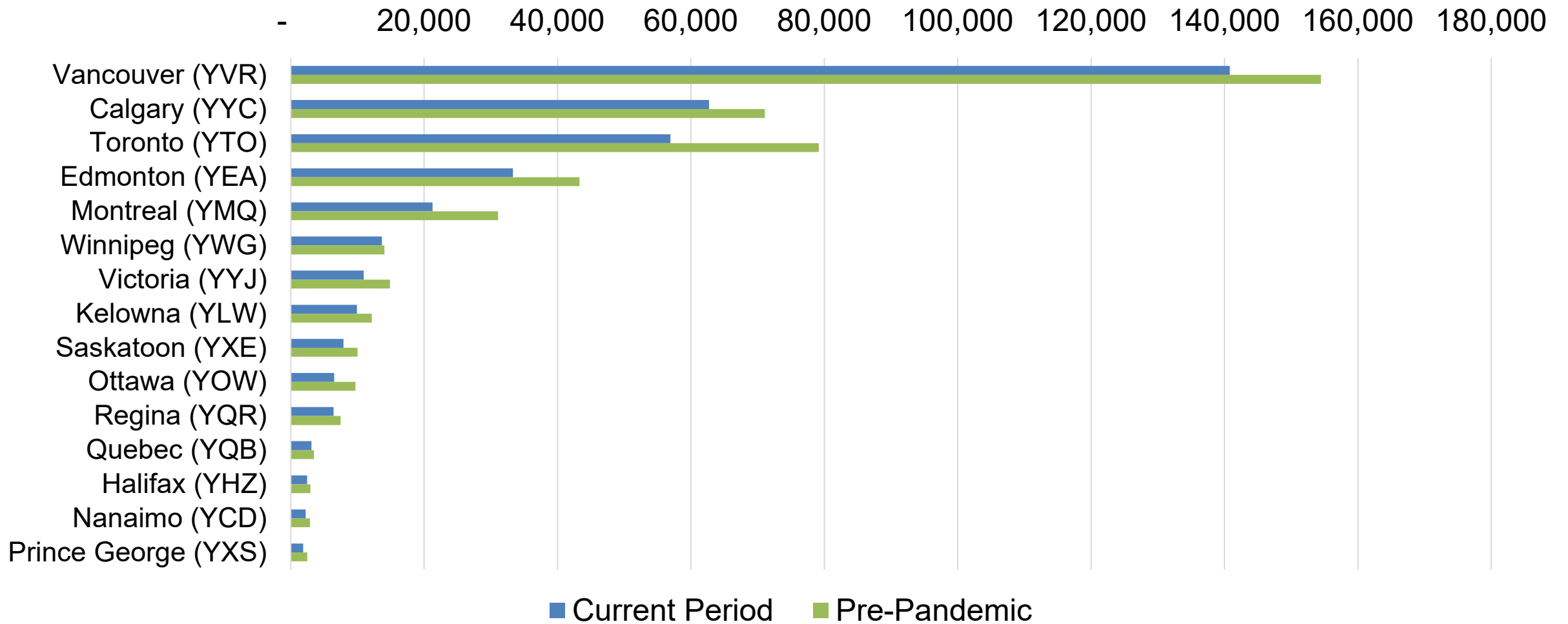
Source: ARC/ForwardKeys Destination Gateway

# Six Month Outlook: Canada



Source: ARC/ForwardKeys Destination Gateway

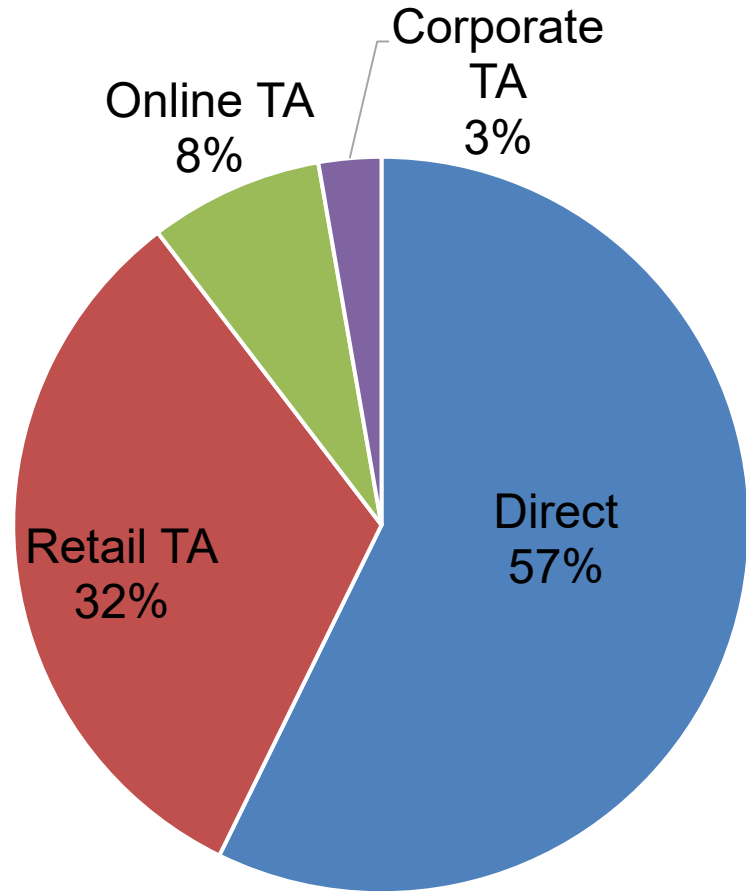
# Trip Origins: Canada



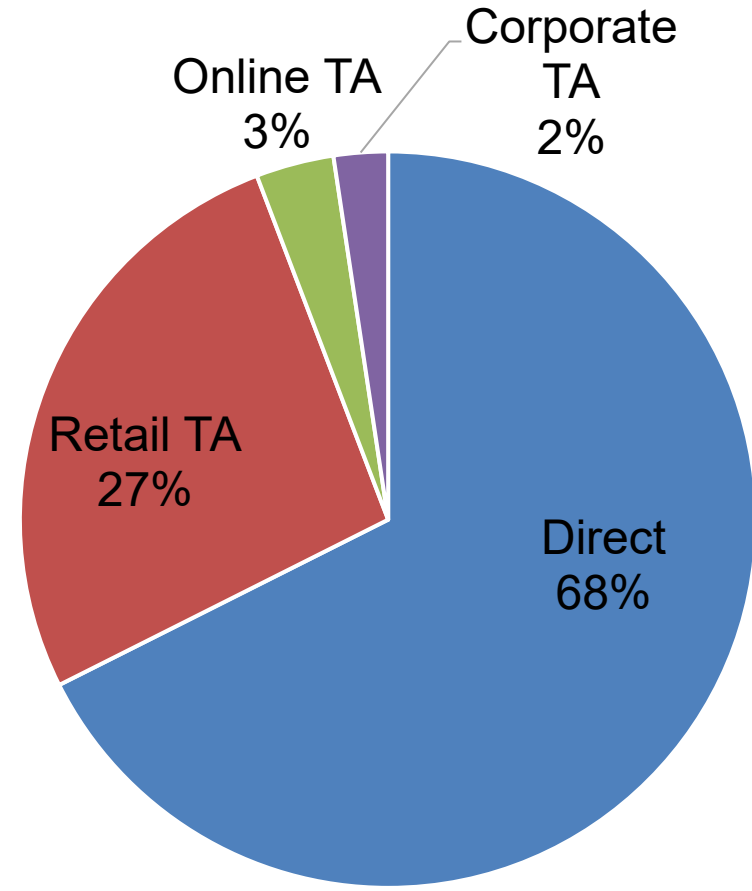
Source: ARC/ForwardKeys Destination Gateway

# Distribution Channel: Canada

## Pre-Pandemic



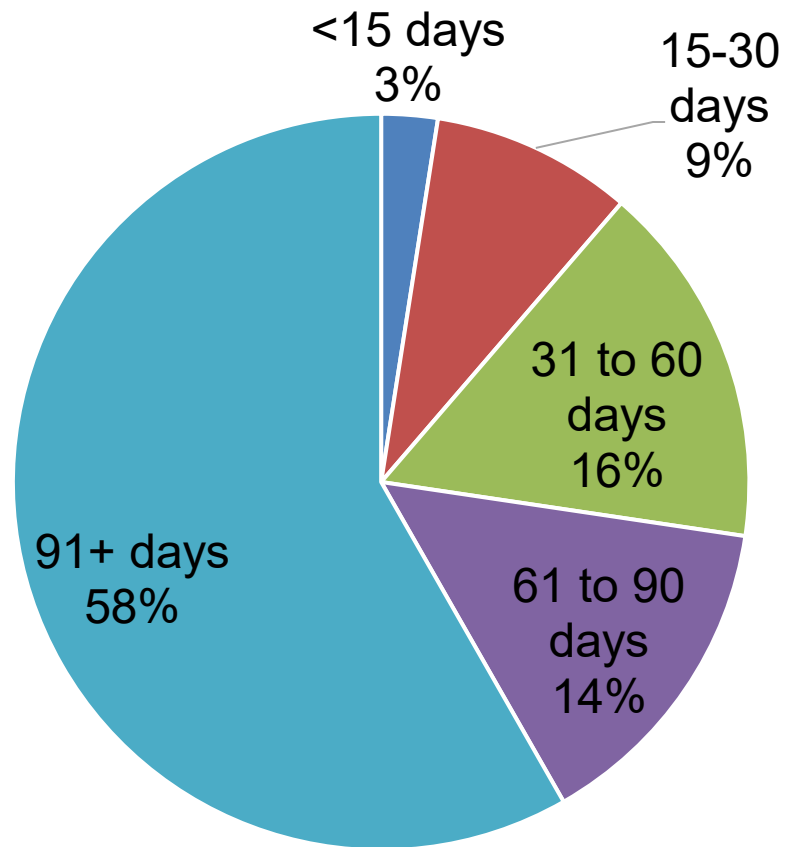
## Current Period



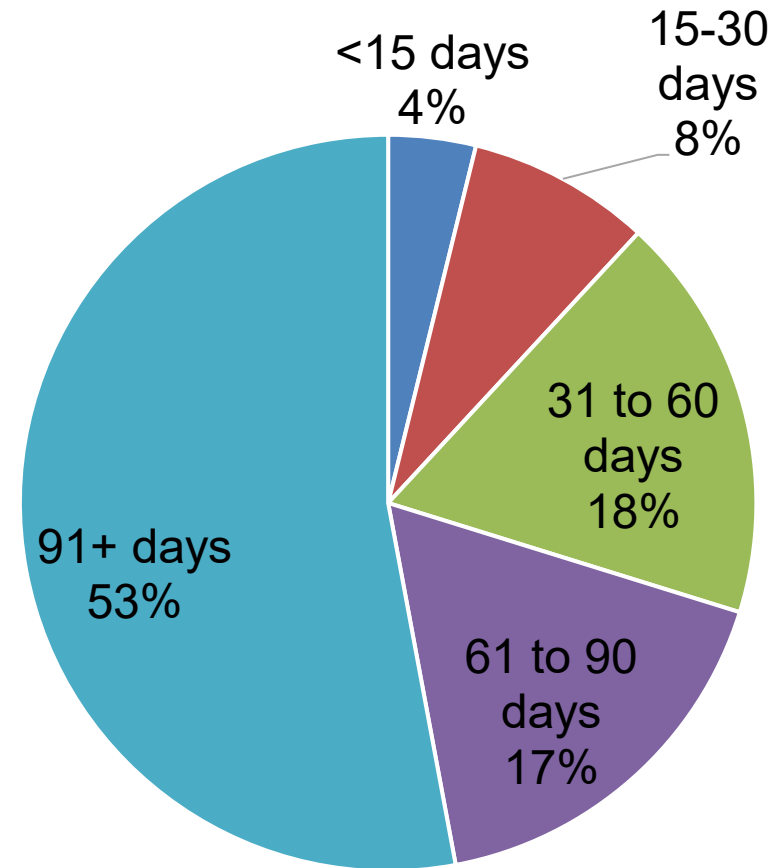
Source: ARC/ForwardKeys Destination Gateway

# Lead Time: Canada

## Pre-Pandemic



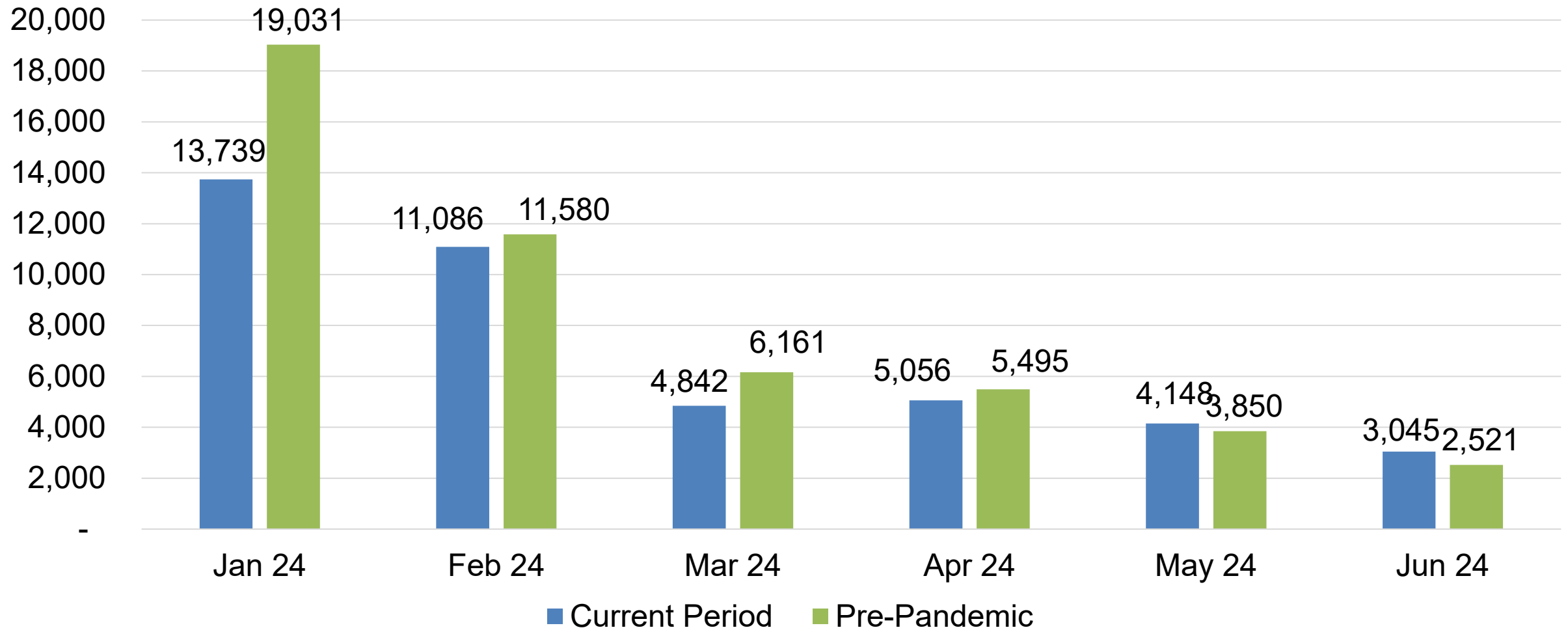
## Current Period



Source: ARC/ForwardKeys Destination Gateway

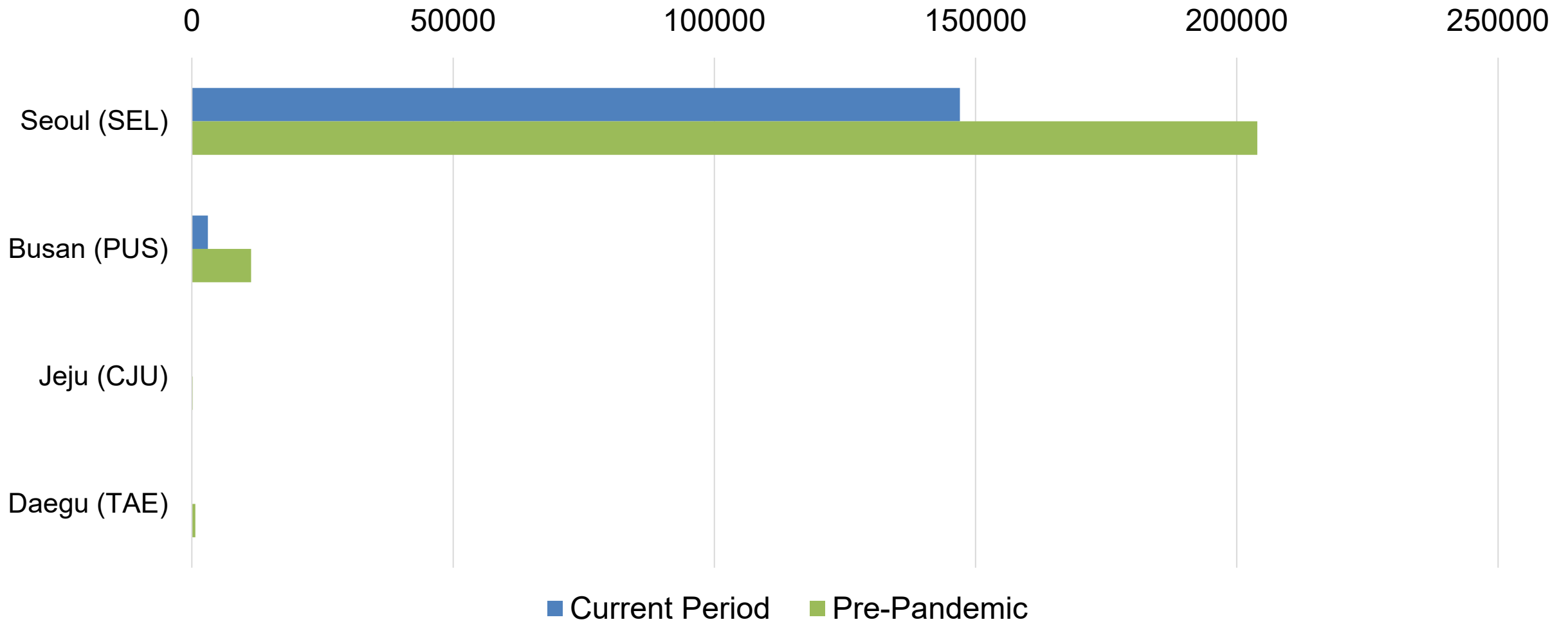


# Six Month Outlook: Korea



Source: ARC/ForwardKeys Destination Gateway

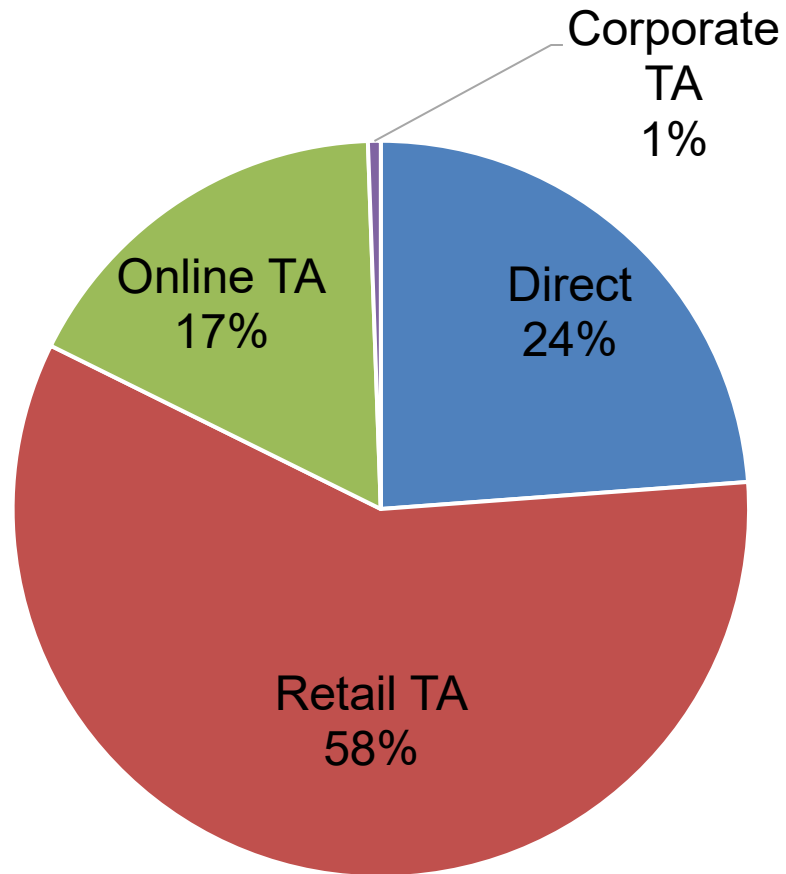
# Trip Origins: Korea



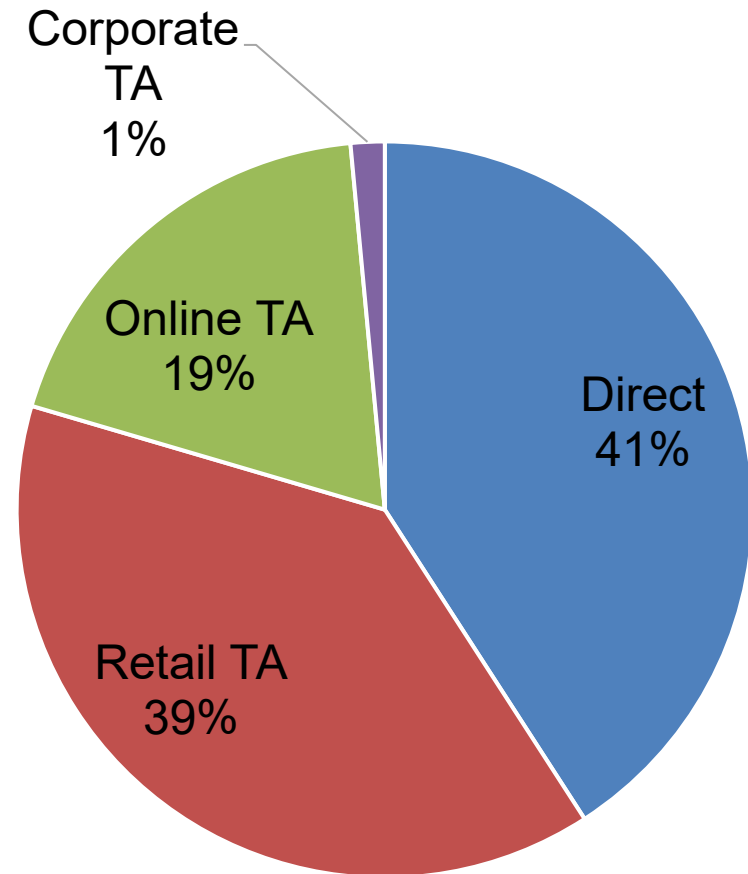
Source: ARC/ForwardKeys Destination Gateway

# Distribution Channel: Korea

## Pre-Pandemic



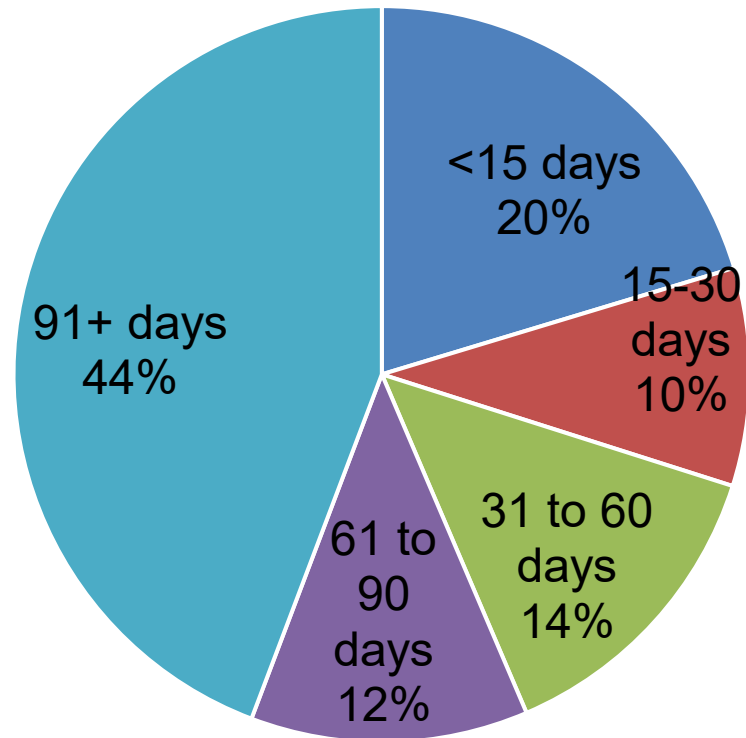
## Current Period



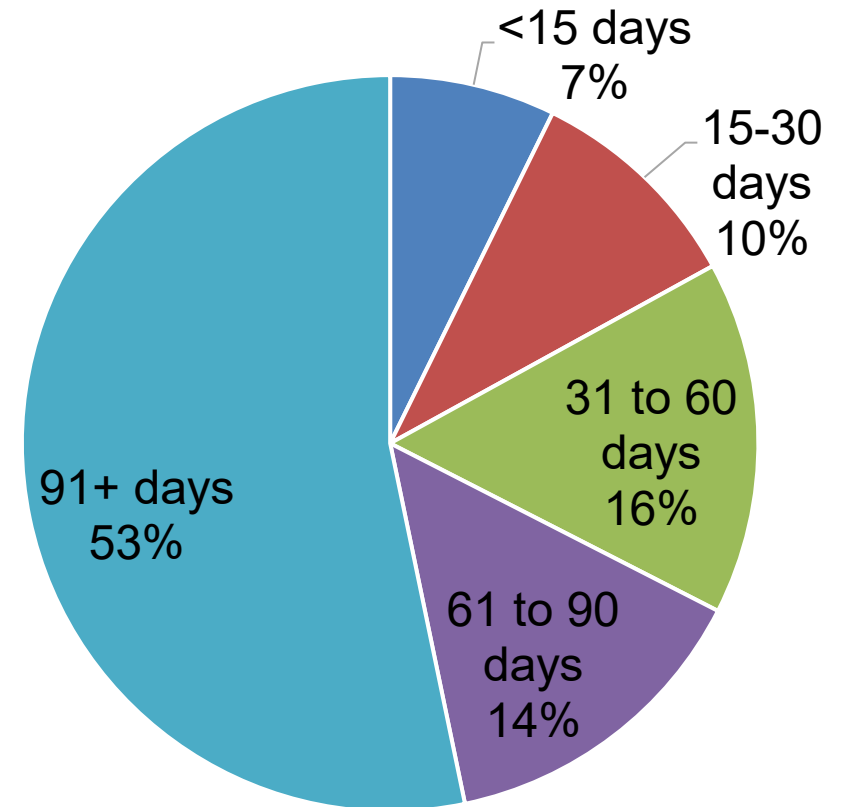
Source: ARC/ForwardKeys Destination Gateway

# Lead Time: Korea

## Pre-Pandemic

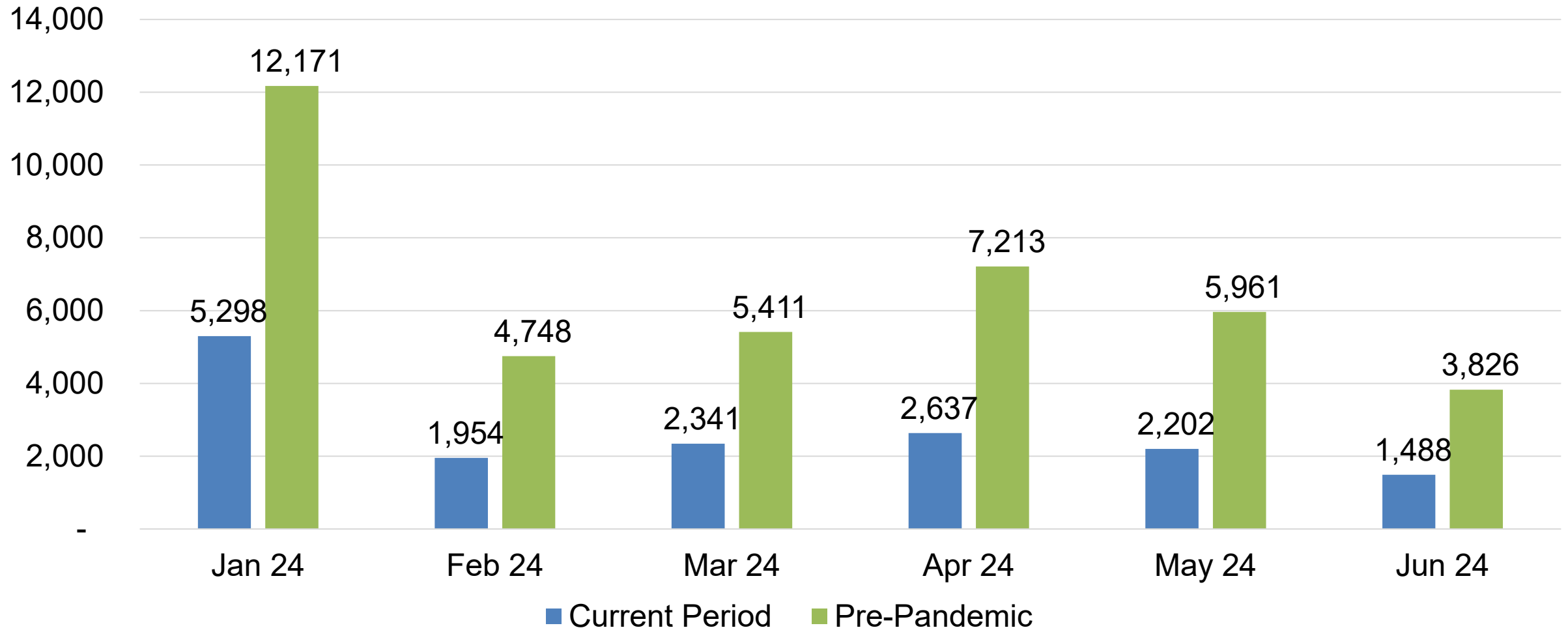


## Current Period



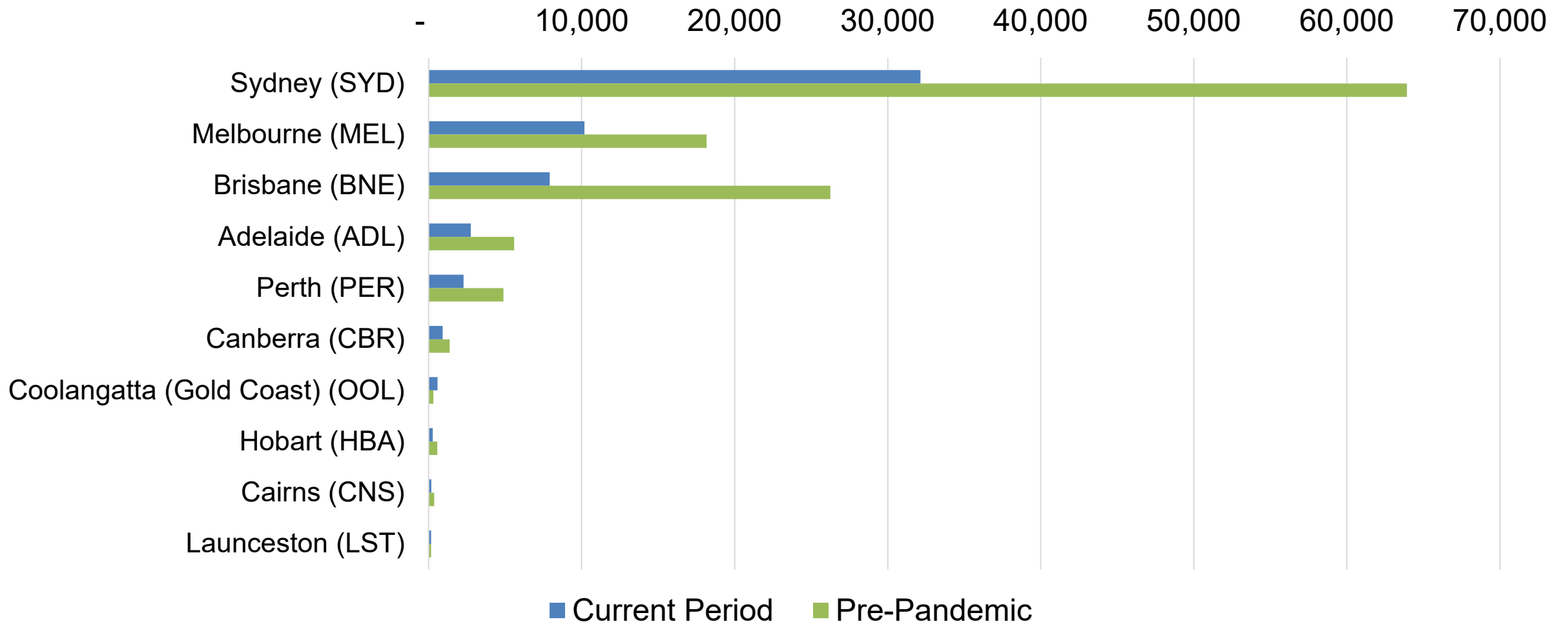
Source: ARC/ForwardKeys Destination Gateway

# Six Month Outlook: Australia



Source: ARC/ForwardKeys Destination Gateway

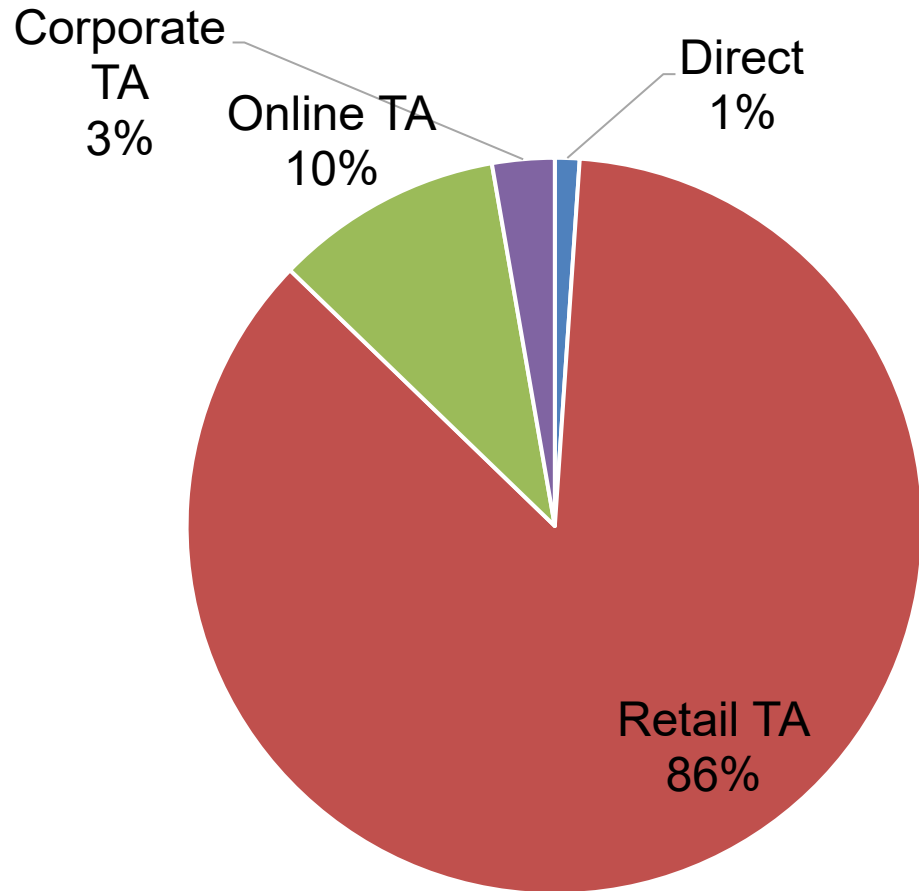
# Trip Origins: Australia



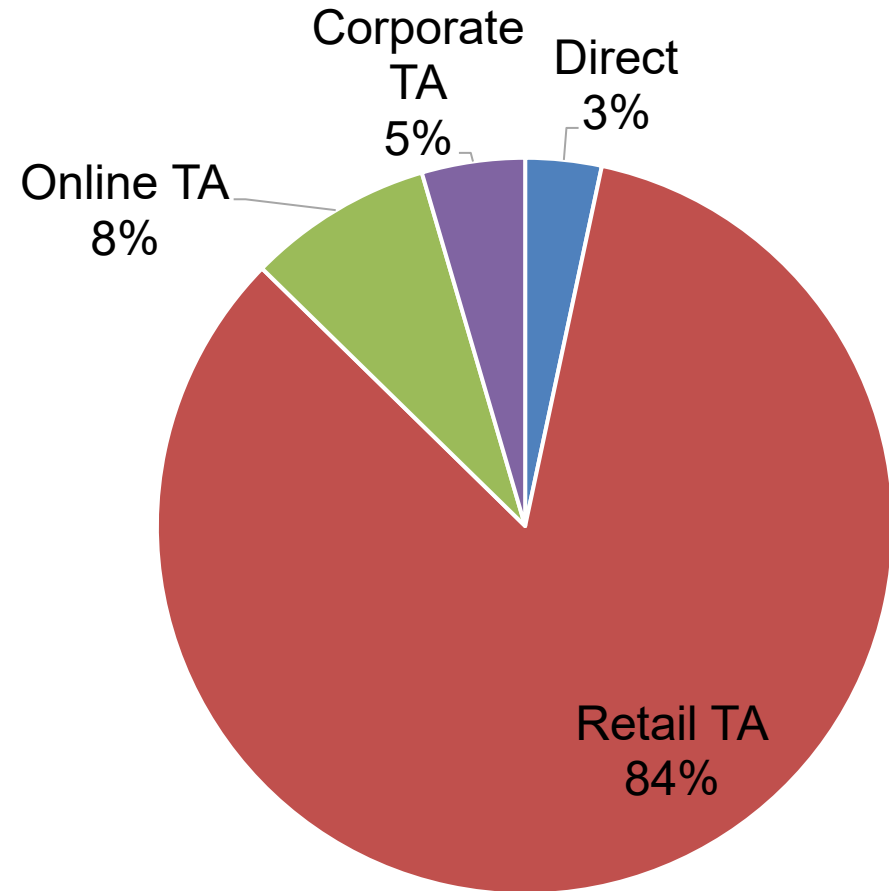
Source: ARC/ForwardKeys Destination Gateway

# Distribution Channel: Australia

## Pre-Pandemic



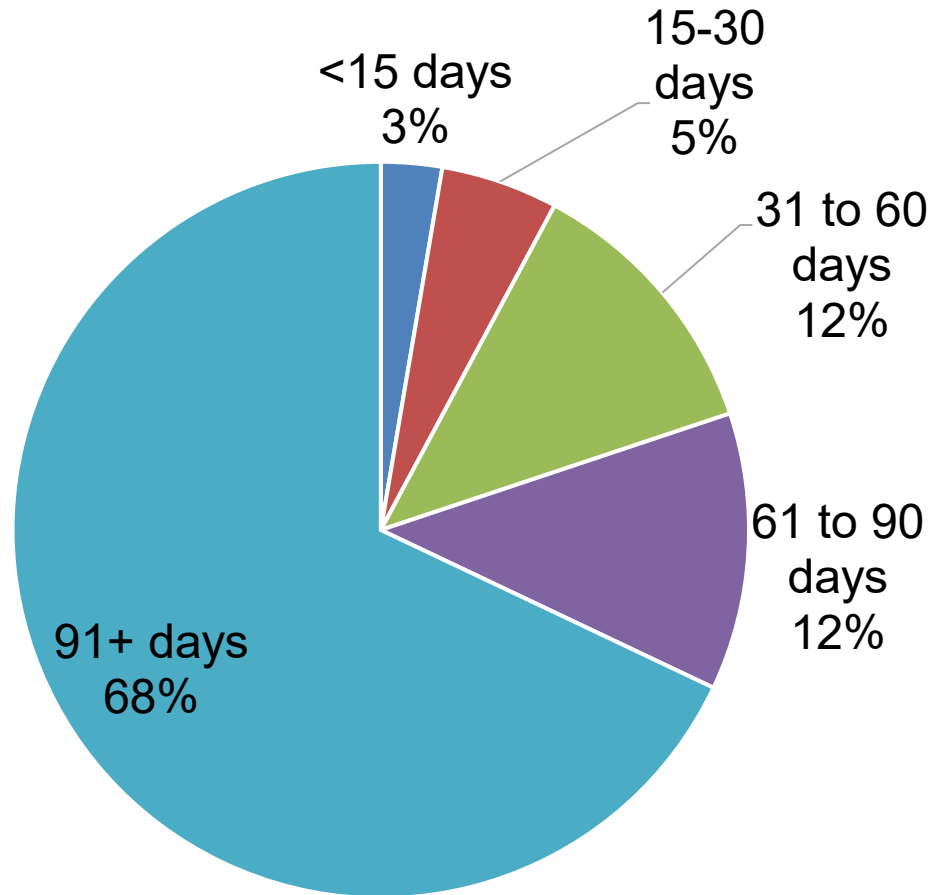
## Current Period



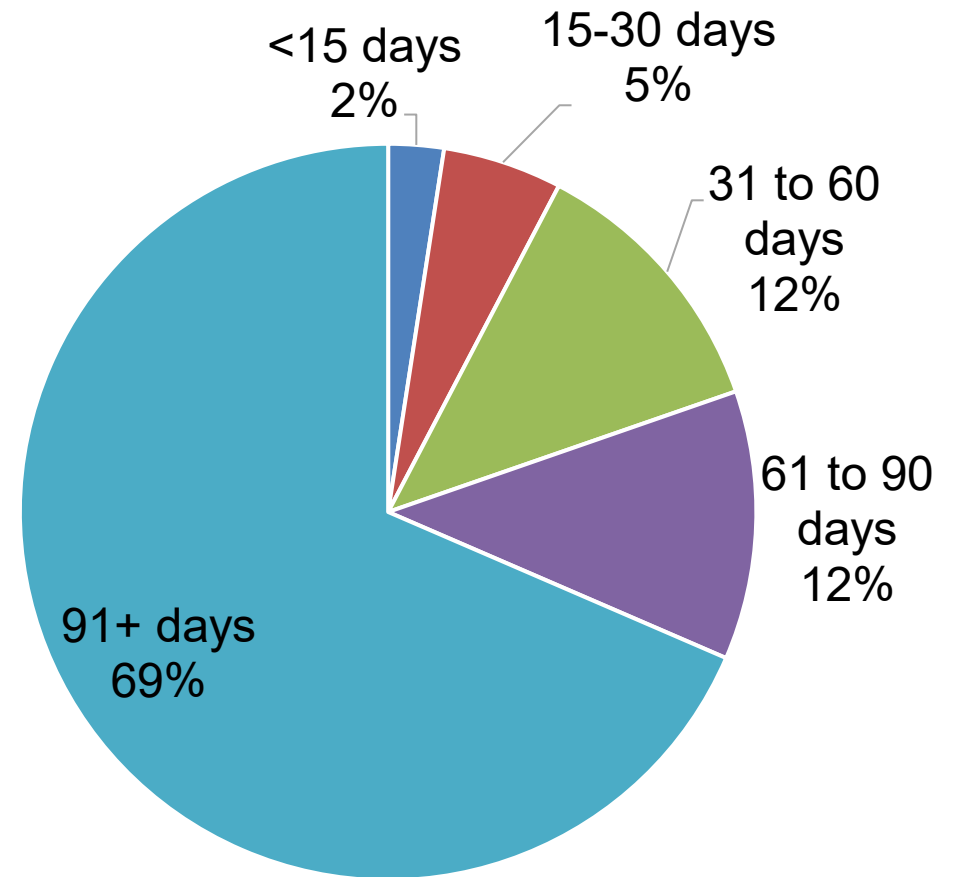
Source: ARC/ForwardKeys Destination Gateway

# Lead Time: Australia

## Pre-Pandemic



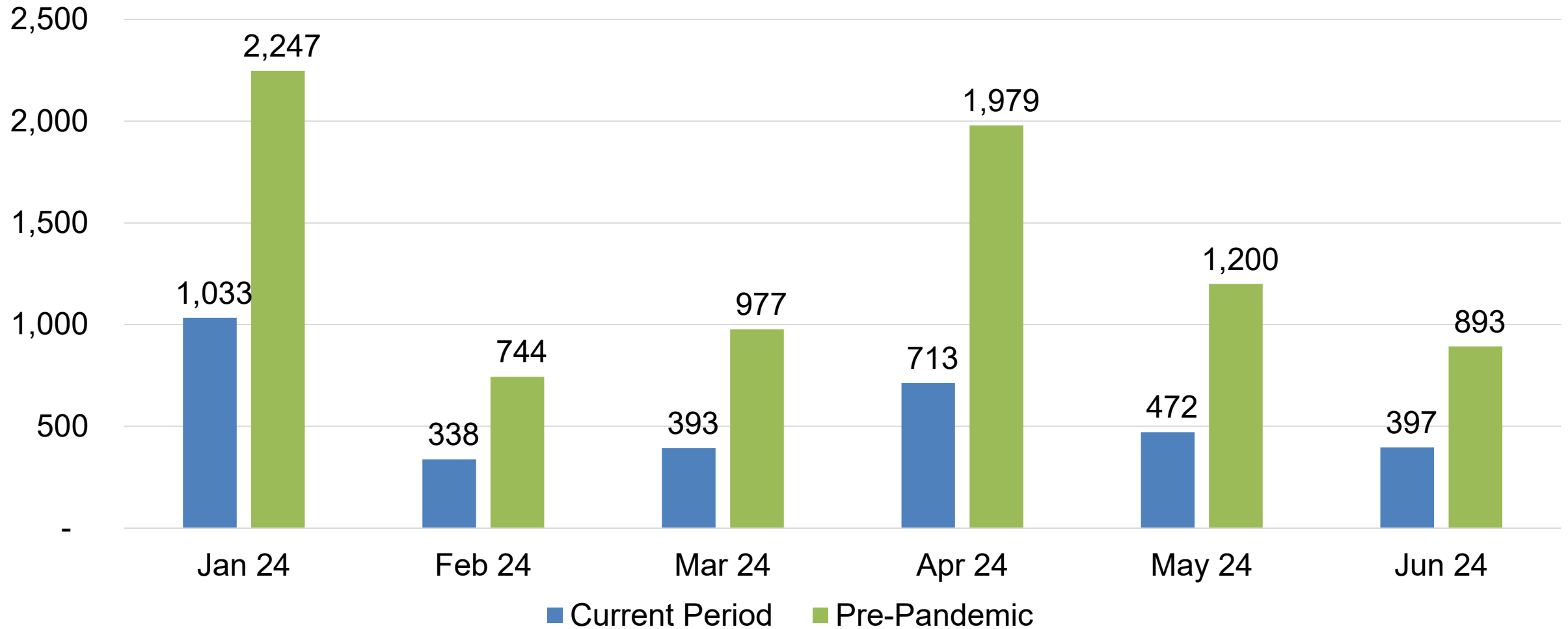
## Current Period



Source: ARC/ForwardKeys Destination Gateway

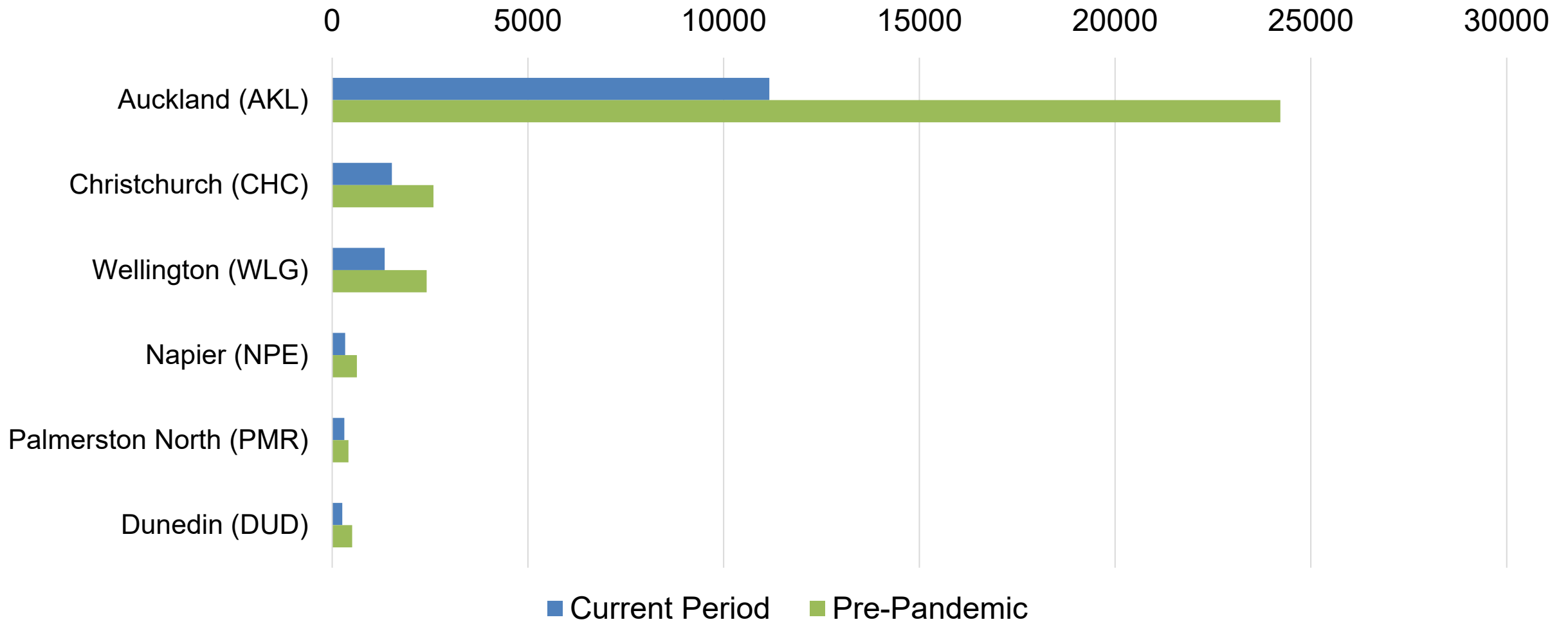


# Six Month Outlook: New Zealand



Source: ARC/ForwardKeys Destination Gateway

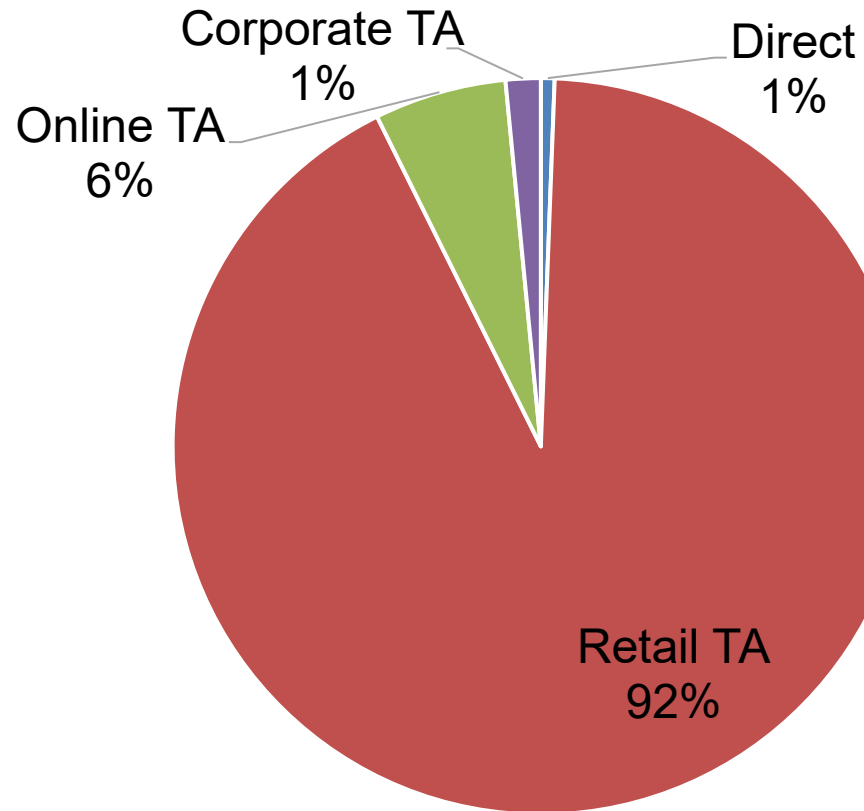
# Trip Origins: New Zealand



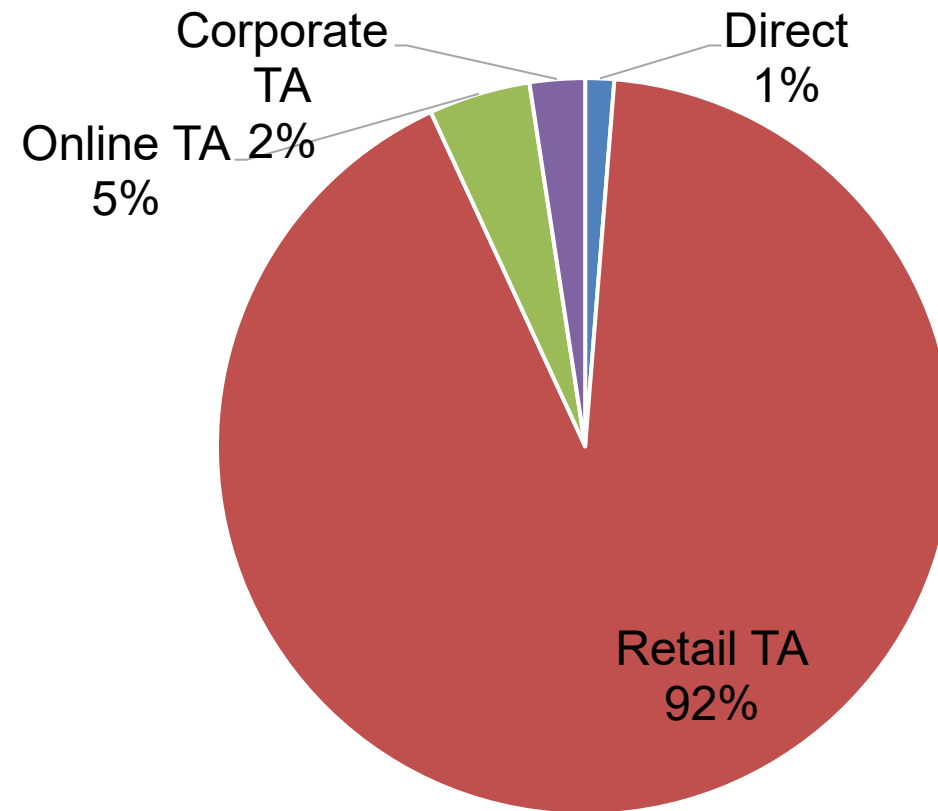
Source: ARC/ForwardKeys Destination Gateway

# Distribution Channel: New Zealand

## Pre-Pandemic



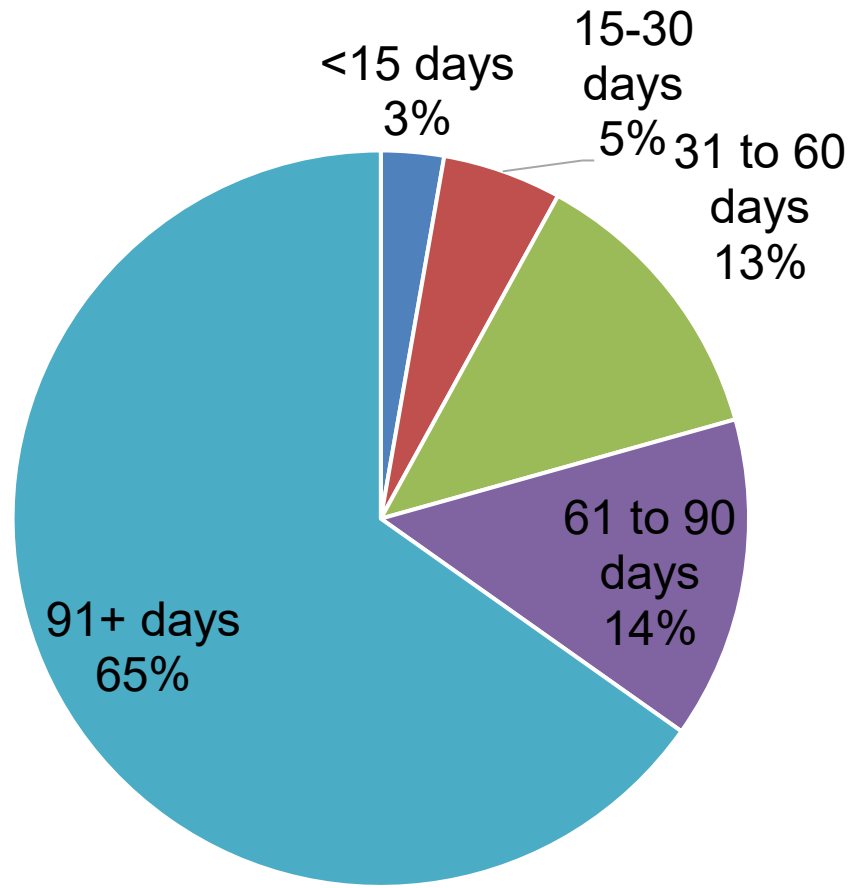
## Current Period



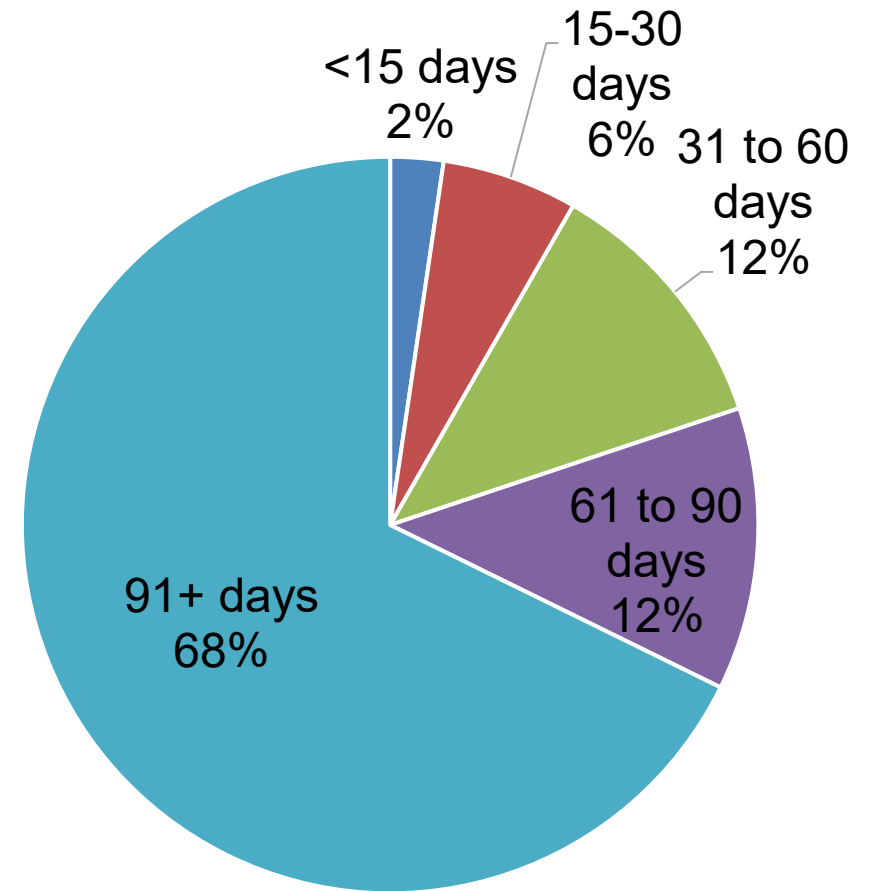
Source: ARC/ForwardKeys Destination Gateway

# Lead Time: New Zealand

## Pre-Pandemic

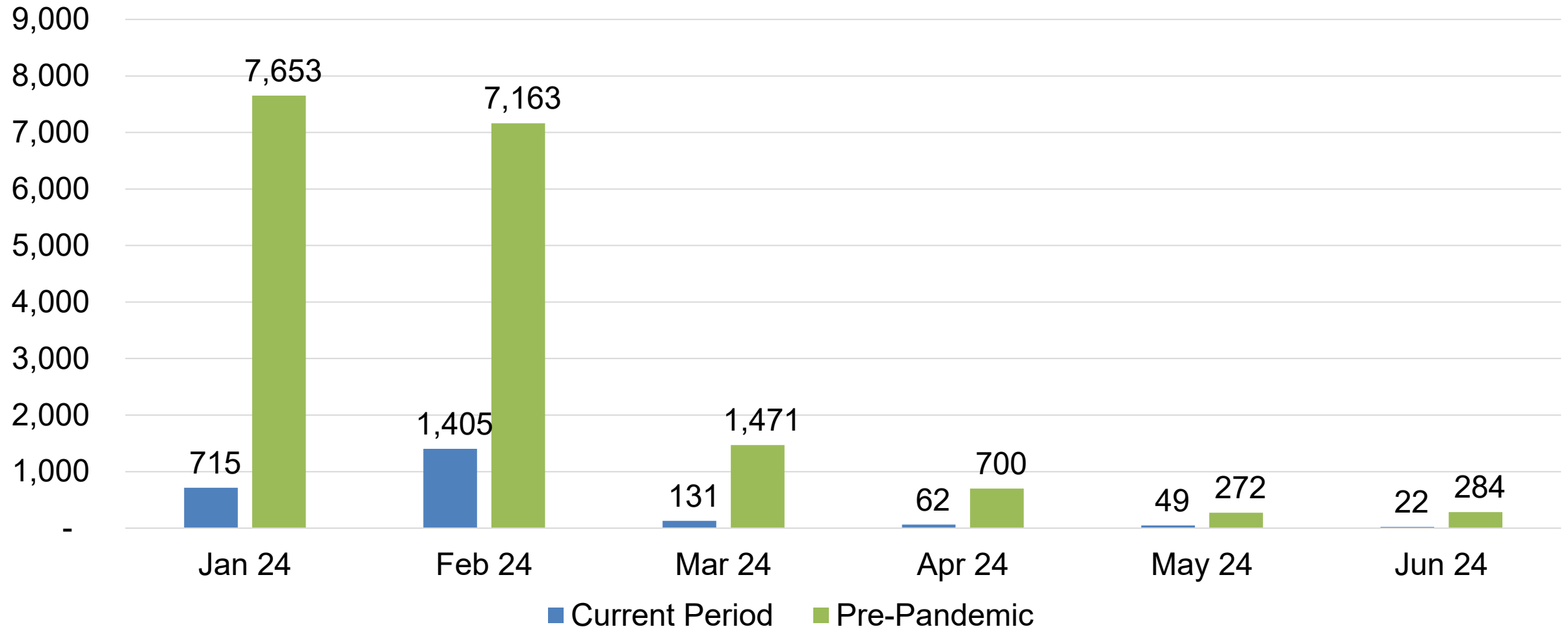


## Current Period



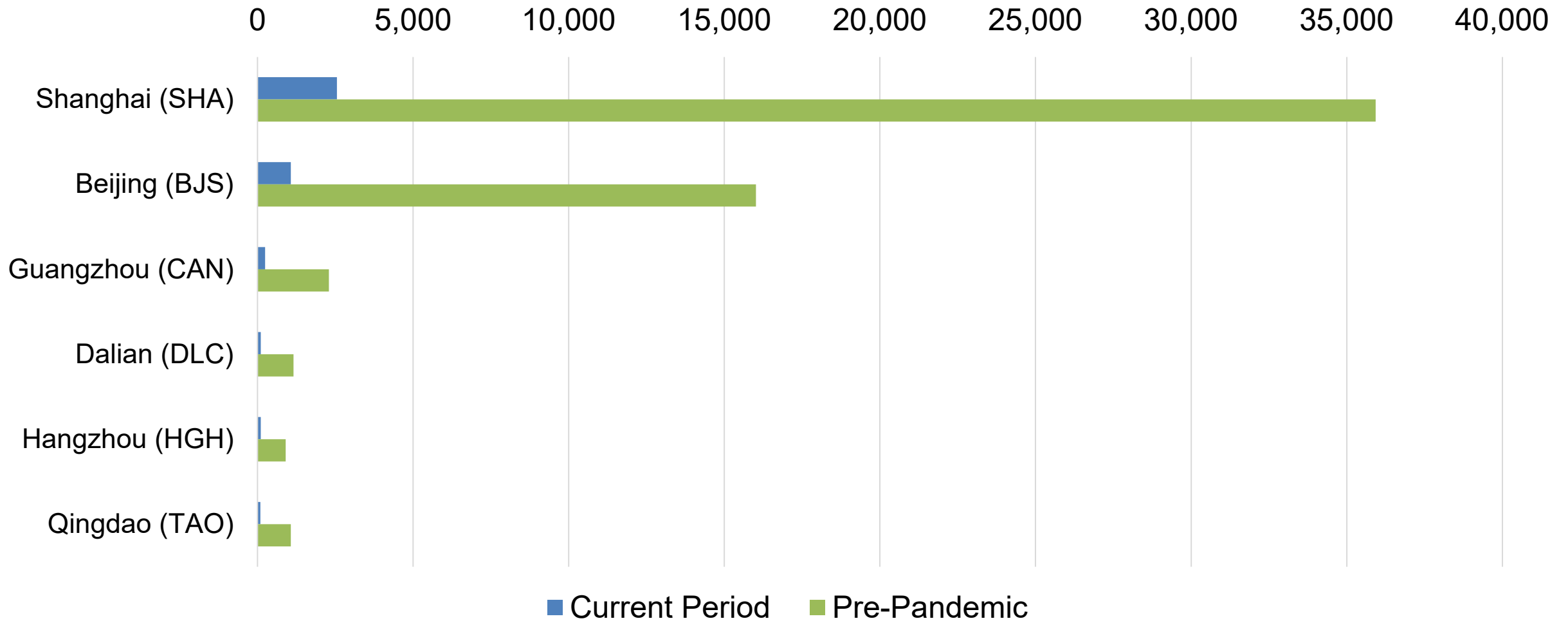
Source: ARC/ForwardKeys Destination Gateway

# Six Month Outlook: China



Source: ARC/ForwardKeys Destination Gateway

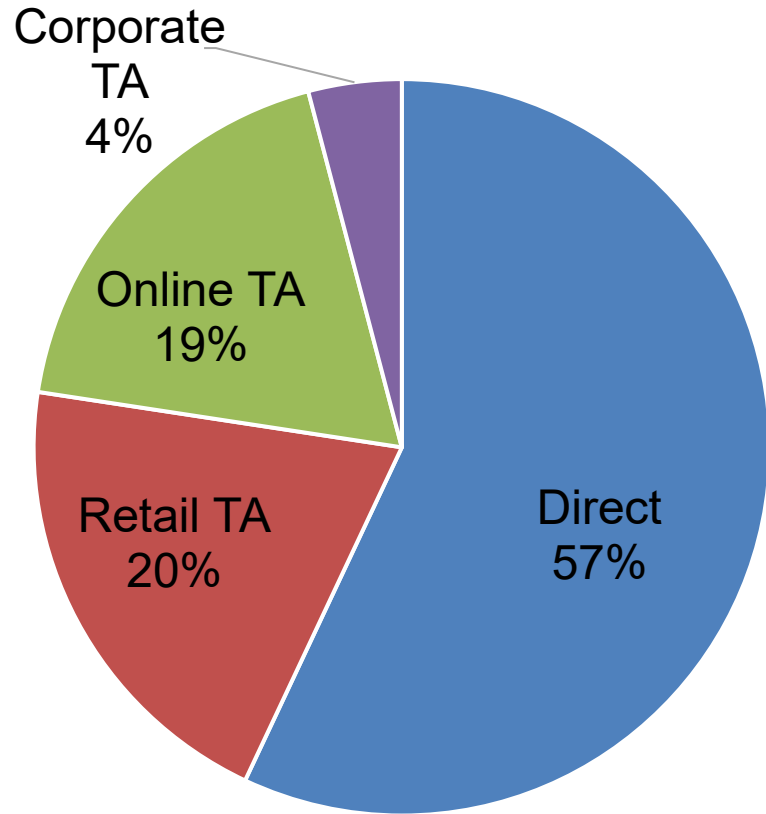
# Trip Origins: China



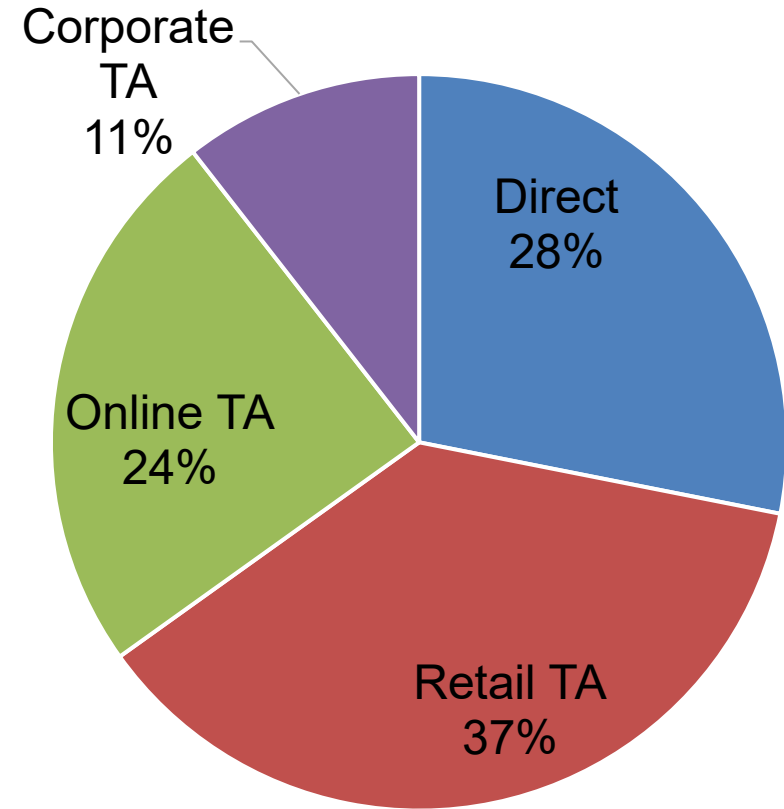
Source: ARC/ForwardKeys Destination Gateway

# Distribution Channel: China

## Pre-Pandemic



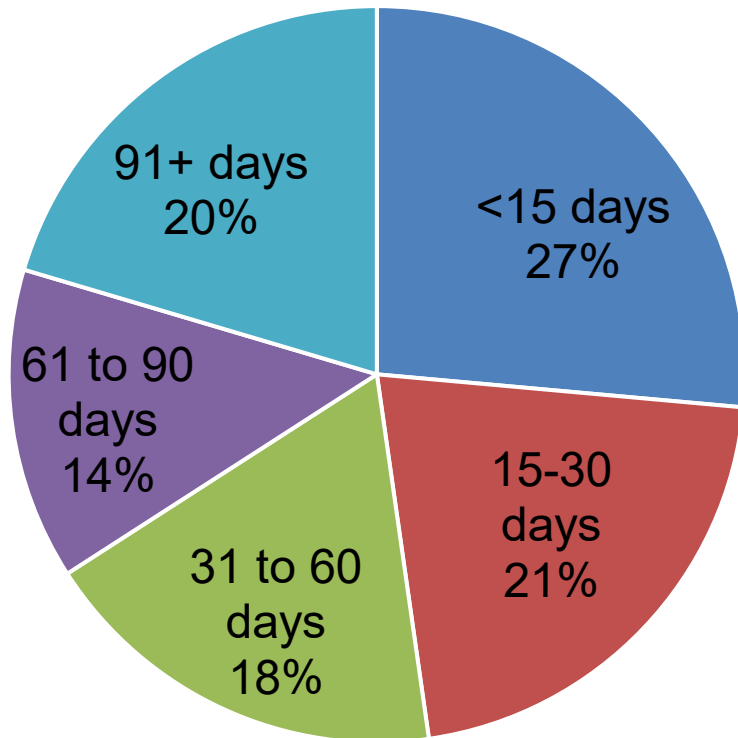
## Current Period



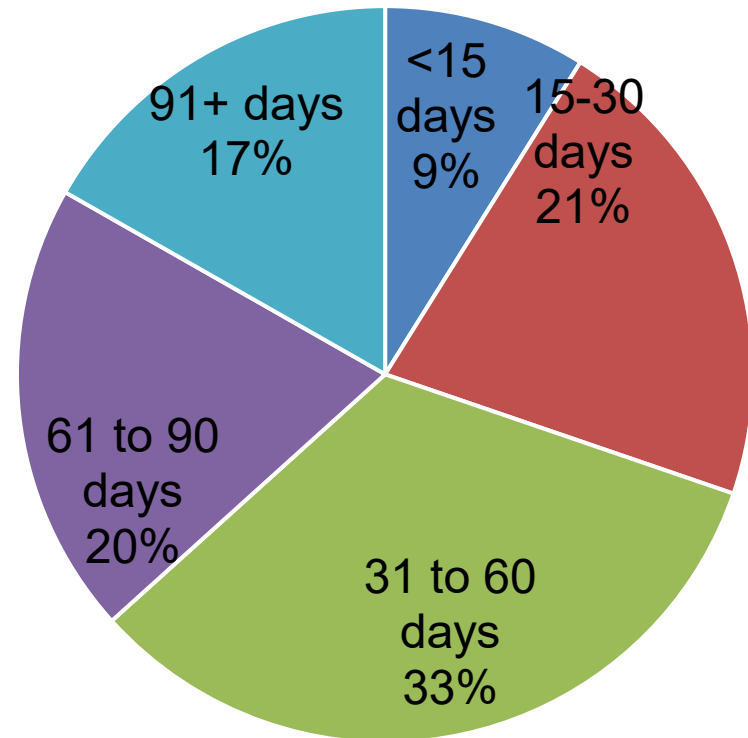
Source: ARC/ForwardKeys Destination Gateway

# Lead Time: China

## Pre-Pandemic



## Current Period



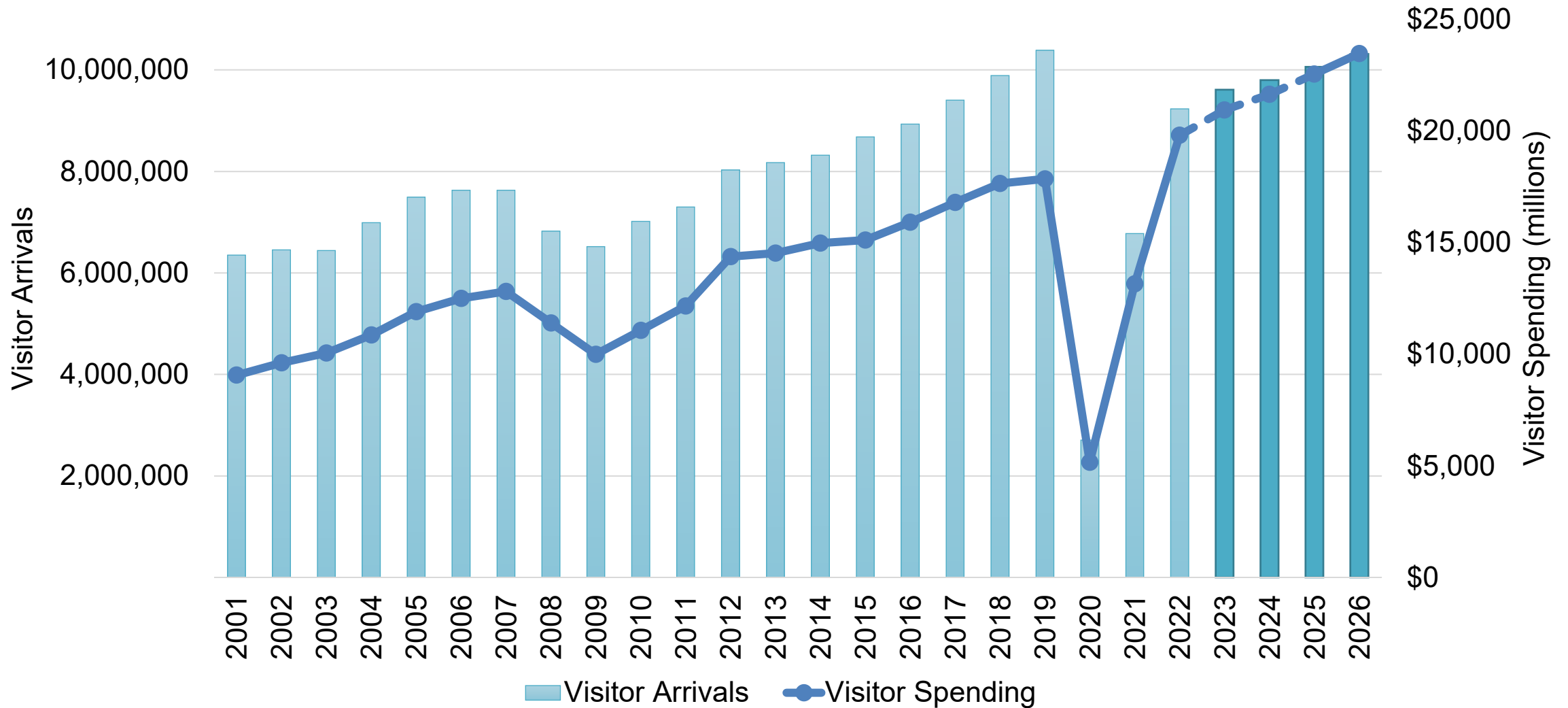
Source: ARC/ForwardKeys Destination Gateway



# DBEDT TOURISM FORECAST

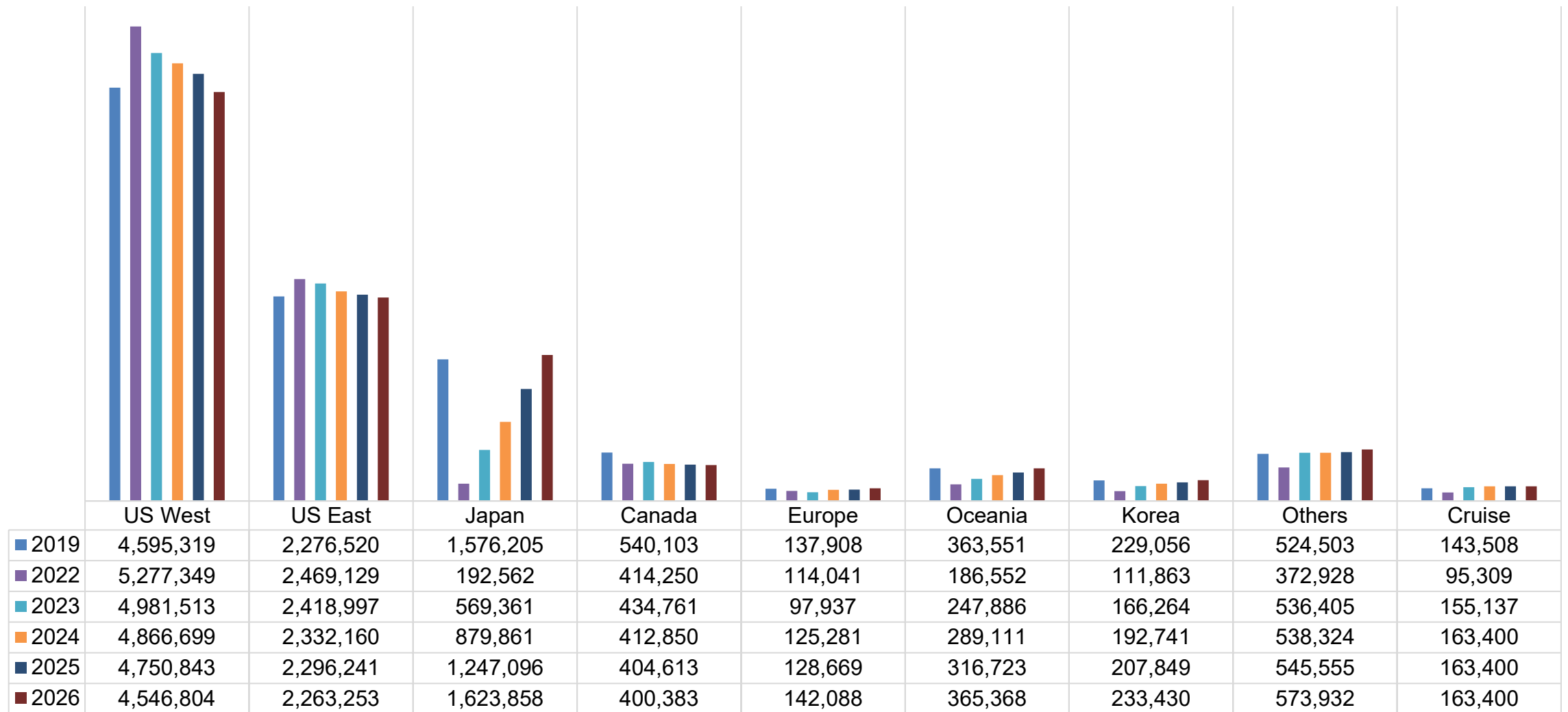


# DBEDT Tourism Forecast



Source: DBEDT, Q4 2023 Forecast

# DBEDT Tourism Forecast by Market



Source: DBEDT, Q4 2023 Forecast

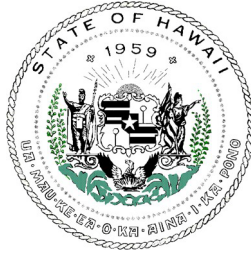
# MAHALO!



# **9**

**Report and Update by the  
BUDGET, FINANCE, AND CONVENTION CENTER  
STANDING COMMITTEE of their Meeting Held on  
January 24, 2024**

**9a**  
**Discussion and/or Action on**  
**HTA's Financial Reports for December 2023**



**The State of Hawai`i**  
**Department of Business, Economic Development, and Tourism**  
**Hawai`i Tourism Authority**  
**Financial Statements**  
**December 31, 2023**

These financial statements have been prepared by HTA management (unless otherwise noted) for information purposes only. See notes to the financial statements.

---

Prepared by: Talon Kishi

Budget and Fiscal Officer

HAWAII TOURISM AUTHORITY

Hawaii Tourism Authority  
December 31, 2023

**TABLE OF CONTENTS**

Balance Sheet .....3  
Statement of Revenues, Expenditures, and Changes in Fund Balances .....4  
Selected Management Disclosures .....5  
Supplementary Information:  
Bank of Hawaii Tourism Emergency Special Fund Trust and Checking Account Bank Statements.....8  
Hawaii Convention Center Financial Statements (prepared by AEG Management HCC) .....11



**Hawaii Tourism Authority  
Balance Sheet  
As of December 31, 2023**

	Tourism Funds	Convention Center Funds	Convention Center Roof Repairs	Tourism Emergency Special Fund	Federal Funds	Total Funds
<b>Assets</b>						
General funds	36,155,539	8,499,420	-	-	-	44,654,959
Special funds (restricted)	14,188,850	47,321,473	-	-	-	61,510,323
Federal grants	-	-	-	-	13,574,717	13,574,717
Generabl obligation bonds	-	-	14,871,000	-	-	14,871,000
Cash and cash equivalents	-	-	-	1,555,077	-	1,555,077
Investments	-	-	-	1,078,655	-	1,078,655
Accounts Receivable*	250,693					250,693
<b>Total assets</b>	<b>50,595,082</b>	<b>55,820,893</b>	<b>14,871,000</b>	<b>2,633,732</b>	<b>13,574,717</b>	<b>137,495,424</b>
<b>Liabilities and Fund Balances</b>						
Fund balances						
Encumbered - GOB	-	-	670,000	-	-	670,000
Encumbered - General funds	25,760,505	2,095,063	-	-	-	27,855,568
Encumbered - Special funds	7,662,673	3,540,999	-	-	6,000,345	17,204,017
Unencumbered	17,171,904	50,184,831	14,201,000	2,633,732	7,574,372	91,765,839
<b>Total fund balances</b>	<b>50,595,082</b>	<b>55,820,893</b>	<b>14,871,000</b>	<b>2,633,732</b>	<b>13,574,717</b>	<b>137,495,424</b>
<b>Total liabilities and fund balances</b>	<b>50,595,082</b>	<b>55,820,893</b>	<b>14,871,000</b>	<b>2,633,732</b>	<b>13,574,717</b>	<b>137,495,424</b>

**Hawaii Tourism Authority**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Month Ended December 31, 2023**  
**Ending Fund Balance as of December 31, 2023**

	Tourism Funds	Convention Center Funds	Convention Center Roof Repairs	Tourism Emergency Special Fund	Federal Funds	Total Funds
<b>Revenues</b>						
Change in fair value	-	-	-	6,295	-	6,295
HCC operations	-	-	-	-	-	-
Interest and dividends, net	-	-	-	6,934	-	6,934
TAT	-	11,000,000	-	-	-	11,000,000
Total revenues	-	11,000,000	-	13,230	-	11,013,230
<b>Expenditures</b>						
Administrative	22,362	-	-	955	-	23,317
Branding	2,109,216	-	-	2,340,000	-	4,449,216
Destination management	4,249,118	-	-	-	-	4,249,118
Governance and org-wide*	315	-	-	-	-	315
HCC marketing	-	-	-	-	-	-
HCC operations	-	-	-	-	-	-
HCC repairs and maintenance	-	-	-	-	-	-
Natural resources	300,000	-	-	-	-	300,000
Perpetuating Hawaiian culture	330,261	-	-	-	-	330,261
Planning & evaluation	-	-	-	-	-	-
Resident and Industry Communications	749	-	-	-	-	749
Safety & Security	-	-	-	-	-	-
Salaries	215,348	-	-	-	-	215,348
Sports	-	-	-	-	-	-
Workforce	4,000	-	-	-	-	4,000
Total expenditures	7,231,369	-	-	2,340,955	-	9,572,324
Change in fund balances	(7,231,369)	11,000,000	-	(2,327,725)	-	1,440,906
<b>Fund balances</b>						
Beginning of month	57,826,451	44,820,893	14,871,000	4,961,457	13,574,717	136,054,518
Ending fund balance	50,595,082	55,820,893	14,871,000	2,633,732	13,574,717	137,495,424

\* Refer to notes of the financial statements for more information.

## Selected Management Disclosures

### The Financial Reporting Entity

The Hawaii Tourism Authority (HTA or Authority) was established on January 1, 1999, by Act 156, Session Laws of Hawaii 1998. It was placed within the State of Hawaii, Department of Business, Economic Development, and Tourism, for administrative purposes only. The Authority is responsible for developing a strategic tourism marketing plan and developing measures of effectiveness to assess the overall benefits and effectiveness of the marketing plan and progress toward achieving the Authority's strategic plan goals. In addition, effective July 1, 2000, control and management of the Hawaii Convention Center (HCC) were transferred to the Authority from the Convention Center Authority (CCA) by Executive Order No. 3817. Effective July 1, 2002, the Center, by statute, became the responsibility of the Authority. The Center opened to the public in June 1998 and is used for various events, including conventions and trade shows, public shows, and spectator events. The Center offers approximately 350,000 square feet of rentable space, including 51 meeting rooms.

The Authority is governed by a board of directors comprising 12 voting members, including those recommended by the State Legislature. The Governor of the State appoints the 12 voting members.

### Funds

The Authority's major funds are as follows:

#### Tourism Funds:

- **Tourism Special Fund (TSF)** –The Tourism Special Fund accounts for functions related to developing and promoting the tourism industry. Effective January 1, 2022, pursuant to Act 1 Special Legislative Session 2021, the TSF was sunset and discontinued the ability to expend any new funds. Funds encumbered as of June 30, 2021, can be spent. Included in the TSF's encumbered fund balance is \$5,948,568 for the Center for Hawaiian Music and Dance.
- **General Funds** – The 2023 State legislature did not provide HTA an operating budget for fiscal year 2024. As such, the Governor approved the transfer of \$60,000,000 in general funds from Section 5 of Act 164, SLH 2023, to HTA on July 1, 2023. Funds will lapse on June 30, 2024.

#### Convention Center Funds:

- **Convention Center Enterprise Special Fund (CCESF)** – Under Section 201B-8, the Convention Center Enterprise Special Fund accounts for functions related to the operation and management of the Hawaii Convention Center (HCC). Unencumbered funds are unavailable to spend because the 2023 Hawaii State Legislature did not provide the CCESF an expenditure ceiling to fund the operations of the HCC.
- **General Funds (operations)** – The 2023 State legislature did not provide the HCC an operating budget for fiscal year 2024. As such, the Governor approved the transfer of \$11,000,000 in general funds from Section 5 of Act 164, SLH 2023, for the HCC on July 1, 2023. Funds will lapse on June 30, 2024.
- **General Funds (CIP)** - Pursuant to Act 164, SLH 2023, \$64,000,000 of general funds were provided for long-term repairs of the HCC rooftop terrace deck. Per Executive Memorandum 23-08, dated October 30, 2023, the Department of Budget and Finance (B&F) transferred HTA's

Hawaii Tourism Authority  
December 31, 2023

\$64,000,000 CIP appropriation to aid in the Maui Wildfire Recovery efforts. The Legislature should reappropriate the funds as general obligation bonds for fiscal year 2025.

- **General Obligation Bonds** – Pursuant to Act 248, SLH 2022, \$15,000,000 of general obligation bond funds were provided for the temporary repairs of the HCC roof repair and other items. The Governor authorized the release of funds on February 22, 2023. The funds will lapse on June 30, 2024.

**Tourism Emergency Special Fund:**

- **Tourism Emergency Special Fund** – The Tourism Emergency Special Fund accounts for functions related to maintaining a tourism emergency fund. Per Section 201B-10, revenues prescribed by Section 237D-6.5(b) and all investment earnings are credited to the fund's assets. Funds are currently held at the Bank of Hawaii. Funds must be exclusively used to respond to a tourism emergency under Section 201B-9. On August 19, 2023, the governor declared a tourism emergency in the sixth emergency proclamation relating to the Maui wildfires. The Governor extended the tourism emergency in the ninth emergency proclamation dated January 5, 2024. The Authority has spent approximately \$251,000 on Maui wildfire response efforts. To date, the Authority has spent \$2,340,000 on an emergency marketing campaign for Maui.

**Federal Funds:**

- **Economic Development Administration (EDA) Tourism Grant** – Official Name: ARPA-EDA Tourism Grant (Non-Competitive ARPA State Tourism Grant for the State of Hawaii) – The Authority was awarded \$14,024,372 on December 8, 2021. Grant rules required the approval of the Grant Administration Plan (GAP) before the commencement of work. EDA approved the Authority's GAP on March 21, 2023. The Authority will share approximately \$7,200,000 of the grant with the Department of Land and Natural Resources (DLNR) to enhance and develop Hawaii's outdoor recreational assets. All work must be completed by May 31, 2027, and money spent by September 30, 2027. To date, the Authority has spent approximately \$449,000.

**Basis of Accounting**

The Governmental Funds' financial statements are reported using the modified-accrual basis of accounting.

**Governance & Org-Wide Expenditures**

Governance and organization-wide expenditures primarily consist of board meeting costs - including board member inter-island travel, audit expenses for the Authority and the HCC, and HCC facility insurance.

**Encumbrances**

Generally, encumbrances are obligations in the form of purchase orders, contracts, or other commitments that only become liabilities once the performance of the conditions stated in the commitment is completed.

**Transient Accommodations Tax (TAT)**

Under Section 237D-6.5, \$11,000,000 shall be allocated to the Convention Center Enterprise Special Fund annually. The annual TAT distribution was completed in December 2023.

### **Investments**

The Authority's investments are reported at fair value.

The TSF and CCESF participate in the State's investment pool program directed by B&F.

### **Employees' Retirement System of the State of Hawaii (ERS)**

On June 30, 2022, management estimated the net pension liability of approximately \$5,733,000 for its proportionate share of the State's net pension liability. An actuarial valuation determined the net pension liability as of June 30, 2021.

For the year ended June 30, 2022, the Authority recognized pension expenses of approximately \$488,000. On June 30, 2022, management estimated the deferred outflows and deferred inflows of resources related to pensions of approximately \$590,000 and \$972,000, respectively. Based on last year's pension expense, management estimates the June 30, 2023, pension expense to be approximately \$500,000.

### **Hawaii Employer-Union Health Benefits Trust Fund (EUTF)**

On June 30, 2022, management estimated the net other post-employment benefits (OPEB) liability of approximately \$4,989,000. An actuarial valuation measured the net OPEB liability as of June 30, 2021.

For the year ended June 30, 2022, the Authority recognized OPEB expenses of approximately \$115,000. On June 30, 2022, management estimated the deferred outflows and deferred inflows or resources related to OPEB of approximately \$212,000 and \$503,000, respectively. Based on last year's OPEB expense, management estimates the OPEB expense for June 30, 2023, to be approximately \$120,000.

### **Accrued Vacation**

On June 30, 2022, management estimated the accrued vacation liability was approximately \$413,000, with a current liability of approximately \$129,000. Based on last year's accrued vacation liability, management estimates accrued vacation as of June 30, 2023, to be approximately \$420,000, with a current liability of approximately \$130,000.

### **Use of Estimates**

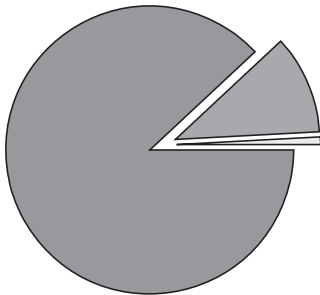
Preparing these financial statements required management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

### **Other Matters**

HTA expects to be reimbursed by the Federal Emergency Management Agency (FEMA) for approximately \$251,000 for expenditures related to the immediate response to the Maui wildfires. All funds reimbursed by FEMA will be deposited to the General Fund.

## Summary Of Investments

### Investment Allocation



0.8%	CASH	9,848.54
11.1%	CASH EQUIVALENTS	136,004.42
88.1%	FIXED INCOME	1,078,654.50
100.0%	<b>TOTAL</b>	<b>1,224,507.46</b>

### Investment Summary

	Market Value	%	Estimated Income	Current Yield
CASH	9,848.54	0.80	0	0.00
CASH EQUIVALENTS	136,004.42	11.11	7,113	5.23
FIXED INCOME	1,078,654.50	88.09	25,875	2.40
<b>Total Fund</b>	<b>1,224,507.46</b>	<b>100.00</b>	<b>32,988</b>	<b>2.69</b>

### Schedule Of Investments

UNITS	DESCRIPTION	BOOK VALUE	MARKET VALUE	% OF CATEGORY
	CASH	1,882.74	1,882.74	19.12
	ACCRUED INCOME	7,965.80	7,965.80	80.88
	TOTAL CASH	9,848.54*	9,848.54*	100.00*
	<b>CASH EQUIVALENTS</b>			
	<b>CASH MANAGEMENT</b>			
136,004.42	DREYFUS TREASURY OBLIGATIONS CASH MANAGEMENT FUND	136,004.42	136,004.42	100.00
	<b>FIXED INCOME</b>			
	<b>U S TREASURY OBLIGATIONS</b>			
585,000	US TREASURY NOTES 2.5% 01/31/2024	582,517.13	583,654.50	54.11



Statement Period  
Account Number

12/01/2023 through 12/31/2023  
BANK OF HAWAII  
AGENT U/A DATED 10/31/2018 FOR  
HAWAII TOURISM AUTHORITY -  
TOURISM EMERGENCY TRUST  
FUND

## Schedule Of Investments

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UNITS	DESCRIPTION	BOOK VALUE	MARKET VALUE	% OF CATEGORY
500,000	US TREASURY NOTES 2.25% 04/30/2024	497,754.55	495,000.00	45.89
	TOTAL U S TREASURY OBLIGATIONS	1,080,271.68*	1,078,654.50*	100.00*
	<b>Total Fund</b>	<b>1,226,124.64*</b>	<b>1,224,507.46*</b>	<b>100.00*</b>



Statement of Account

Last statement: November 30, 2023  
This statement: December 31, 2023  
Total days in statement period: 31

Account: 0091-585227  
Page 1 of 2  
Number of Enclosures: (0)

Click here for inserts:  
[www.boh.com/agreements](http://www.boh.com/agreements)

Direct inquiries to:  
888 643-3888

HAWAII TOURISM AUTHORITY  
TOURISM EMERGENCY SPECIAL FUND  
1801 KALAKAUA AVE 1ST FL  
HONOLULU HI 96815

BANK OF HAWAII  
111 S KING ST  
HONOLULU HI 96813

**Bank of Hawaii**

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*WISHING YOU AND YOUR OHANA PEACE, LOVE AND JOY THIS HOLIDAY SEASON AND THROUGHOUT THE NEW YEAR. THANK YOU FOR BANKING AT BANK OF HAWAII. MEMBER FDIC.*

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**Analyzed Business Checking**

Account number	0091-585227	Beginning balance	\$749,307.48
Low balance	\$749,307.48	Total additions	3,000,000.00
Average balance	\$1,488,648.87	Total subtractions	<u>2,340,083.36</u>
		Ending balance	\$1,409,224.12

**CHECKS**

<u>Number</u>	<u>Date</u>	<u>Amount</u>	<u>Number</u>	<u>Date</u>	<u>Amount</u>
1006	12-20	2,340,000.00			

**DEBITS**

<u>Date</u>	<u>Description</u>	<u>Subtractions</u>
12-27	Account Analysis Fee ANALYSIS ACTIVITY FOR 11/23	83.36

**CREDITS**

<u>Date</u>	<u>Description</u>	<u>Additions</u>
12-15	ACH Credit BANK OF HAWAII PAYMENT 231215 XXXXX8102	3,000,000.00

**DAILY BALANCES**

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
11-30	749,307.48	12-20	1,409,307.48		
12-15	3,749,307.48	12-27	1,409,224.12		



**Hawaii Convention Center**  
Consolidated Balance Sheet  
December 31, 2023 and December 31, 2022  
(In Whole Numbers)

	Unaudited 12/31/23	Audited 12/31/22
<b>Assets</b>		
<b>Current Assets</b>		
Cash	42,239,178	36,503,735
Accounts Receivable, Net	2,191,916	23,544,851
Prepaid	130,253	223,254
Deposits	0	0
<b>Total Current Assets</b>	<b>44,561,347</b>	<b>60,271,840</b>
<b>Fixed Assets</b>		
Building Improvements	1,044,164	167,290
Furniture & Fixtures	85,480	0
Machinery & Equipment	295,277	0
Computer Equipment	62,787	29,090
Work in Progress	1,954,061	111,745
<b>Total Fixed Assets</b>	<b>3,441,769</b>	<b>308,125</b>
<b>Total Assets</b>	<b>48,003,116</b>	<b>60,579,965</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	989,865	869,655
Accrued Expenses	2,374,637	1,200,525
Advance Deposits	2,046,325	2,081,645
<b>Total Current Liabilities</b>	<b>5,410,827</b>	<b>4,151,825</b>
<b>Equity</b>		
Funds Remitted	(218,462,342)	(214,859,910)
Funding Received	413,590,488	423,154,765
Retained Earnings	(154,471,462)	(149,771,767)
Net Income (Loss)		
HCC Facility	2,397,787	(1,657,786)
HCC Sales & Marketing	(462,182)	(437,162)
<b>Total Net Income (Loss)</b>	<b>1,935,605</b>	<b>(2,094,948)</b>
<b>Total Equity</b>	<b>42,592,289</b>	<b>56,428,140</b>
<b>Total Liabilities and Equity</b>	<b>48,003,116</b>	<b>60,579,965</b>

**Hawaii Convention Center**

Cash  
As of 12/31/2023  
(In Whole Numbers)

As of 12/31/2023

Cash	
Cash Operating-Facility	71,790
Cash Operating-Sales & Marketing	395,673
Cash Revenue	2,046,325
Cash Repairs & Maintenance Fund	39,718,890
Petty Cash	4,000
Change Fund Parking	2,500
Total Cash	<u>42,239,178</u>

**Hawai'i Convention Center**

Accounts Receivable Aging

December 31, 2023

(In Whole Numbers)

<b>Facility</b>			
Time	Amount	%	1/14/2024
Current	143,444	7%	116,319
Over 30	1,527,128	70%	64,273
Over 60	128,709	6%	113,619
Over 90	392,635	18%	392,618
	<u>2,191,916</u>	<u>100%</u>	<u>686,829</u>

Over 90:

119,601	American Red Cross-Shelter Assistance	In contact with agency
47,458	DEBDT-FEMA COMM CENTER	In contact with agency
40,518	DBEDT-DBEDT COMM CENTER	In contact with agency
39,944	AAU Global Games	In contact with client
16,449	HPE HTA Tourism Conference	In collections, contractor paying slowly.
8,052	Hawai'i Conservation Alliance	In contact with client
7,140	DBEDT-DBEDT COMM CENTER	In contact with agency
6,365	HVCB	In contact with partner
3,901	RNDC	In contact with client
332	Destiny MMA	In contact with client
308	Southeastern Delegation of the AMA	In contact with client
80	American College of Obstetricians	In contact with client
58	Punahou School	In contact with client
<u>290,205</u>		
<u>(9,224)</u>	Allowance for doubtful accounts	
<u><u>280,980</u></u>		

**Hawaii Convention Center**

## Statement of Cash Flows

As of 12/31/2023

(In Whole Numbers)

	<u>Current Month</u>	<u>Year-To-Date</u>
Cash Flow from operating activities		
Net Income/(Loss)	(767,545)	1,935,604
Accounts Receivable	319,415	716,980
Deposits and other assets	89,425	(51,026)
Accounts payable	154,733	(618,195)
Accrued expenses	1,175,657	1,365,215
Advance deposits	883	(179,240)
Total Cash Flow from operating activities	<u>972,568</u>	<u>3,169,338</u>
Cash Flow from investing activities		
Capital Assets	<u>(284,779)</u>	<u>(2,085,956)</u>
Total Cash Flow from investing activities	<u>(284,779)</u>	<u>(2,085,956)</u>
Cash flows from financing activities		
Contributions received from the State of Hawaii	0	2,500,580
Funds remitted to the State of Hawaii	<u>(1,231,407)</u>	<u>(3,372,459)</u>
Total Cash flows from financing activities	<u>(1,231,407)</u>	<u>(871,879)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(258,839)</u>	<u>2,297,458</u>
Cash and cash equivalents at beginning of period	42,782,796	42,027,677
Cash and cash equivalents at end of period	<u><u>42,239,178</u></u>	<u><u>42,239,178</u></u>

**Hawaii Convention Center**  
Facility  
Income Statement  
From 12/01/2023 Through 12/31/2023  
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
<b>Direct Event Income</b>								
Rental Income (Net)	194,471	260,149	(65,678)	229,467	1,939,465	1,568,866	370,599	1,293,950
Service Revenue	47,424	32,660	14,764	129,710	1,068,284	502,465	565,819	665,165
<b>Total Direct Event Income</b>	<b>241,894</b>	<b>292,809</b>	<b>(50,914)</b>	<b>359,177</b>	<b>3,007,750</b>	<b>2,071,331</b>	<b>936,418</b>	<b>1,959,114</b>
<b>Direct Service Expenses</b>	<b>207,091</b>	<b>161,553</b>	<b>(45,538)</b>	<b>158,837</b>	<b>1,785,061</b>	<b>1,275,499</b>	<b>(509,562)</b>	<b>1,029,598</b>
<b>Net Direct Event Income</b>	<b>34,803</b>	<b>131,256</b>	<b>(96,452)</b>	<b>200,340</b>	<b>1,222,689</b>	<b>795,832</b>	<b>426,857</b>	<b>929,516</b>
<b>Ancillary Income</b>								
Food and Beverage (Net)	191,774	228,684	(36,910)	170,533	6,251,462	3,581,292	2,670,170	2,321,509
Event Parking (Net)	66,810	85,116	(18,306)	95,510	541,028	601,322	(60,294)	428,591
Electrical Services	2,497	1,000	1,497	1,000	170,025	93,600	76,425	25,905
Audio Visual	26,256	17,880	8,376	30,185	356,278	202,030	154,248	247,028
Internet Services	3,849	0	3,849	493	63,310	0	63,310	1,831
Rigging Services	1,500	500	1,000	480	46,222	15,500	30,722	50,117
Business Center	0	0	0	0	0	0	0	0
Security Commissions	0	0	0	0	0	0	0	0
First Aid Commissions	0	0	0	0	0	0	0	0
<b>Total Ancillary Income</b>	<b>292,685</b>	<b>333,180</b>	<b>(40,495)</b>	<b>298,202</b>	<b>7,428,325</b>	<b>4,493,744</b>	<b>2,934,581</b>	<b>3,074,982</b>
<b>Total Event Income</b>	<b>327,489</b>	<b>464,436</b>	<b>(136,947)</b>	<b>498,541</b>	<b>8,651,014</b>	<b>5,289,577</b>	<b>3,361,437</b>	<b>4,004,498</b>
<b>Other Operating Income</b>								
Non-Event Parking	60	433	(373)	828	1,000	2,598	(1,598)	2,672
Other Income	174,508	10,042	164,466	9,396	659,362	60,252	599,110	62,546
<b>Total Other Operating Income</b>	<b>174,568</b>	<b>10,475</b>	<b>164,093</b>	<b>10,224</b>	<b>660,362</b>	<b>62,850</b>	<b>597,512</b>	<b>65,218</b>
<b>Total Gross Income</b>	<b>502,057</b>	<b>474,911</b>	<b>27,146</b>	<b>508,766</b>	<b>9,311,376</b>	<b>5,352,427</b>	<b>3,958,949</b>	<b>4,069,716</b>
<b>Net Salaries &amp; Benefits</b>								
Salaries & Wages	469,443	526,916	57,473	359,175	3,009,995	3,228,185	218,190	2,162,367
Payroll Taxes & Benefits	153,949	155,908	1,959	135,613	847,124	933,318	86,194	628,771
Labor Allocations to Events	(64,210)	(46,447)	17,763	(35,299)	(544,606)	(376,286)	168,320	(319,263)
<b>Total Net Salaries &amp; Benefits</b>	<b>559,182</b>	<b>636,377</b>	<b>77,195</b>	<b>459,489</b>	<b>3,312,512</b>	<b>3,785,217</b>	<b>472,705</b>	<b>2,471,876</b>
<b>Other Indirect Expenses</b>								
Net Contracted Services	95,356	38,707	(56,649)	59,032	331,508	236,041	(95,467)	359,610
Operations	14,008	13,099	(909)	10,914	134,523	78,594	(55,929)	64,372
Repair & Maintenance	100,332	110,021	9,689	131,372	524,460	660,126	135,666	517,597
Operational Supplies	28,611	58,121	29,510	54,560	432,531	447,365	14,834	279,949
Insurance	19,637	23,935	4,298	20,021	172,995	176,644	3,649	125,684
Utilities	246,109	229,400	(16,709)	218,695	1,552,078	1,491,931	(60,147)	1,505,591
Meetings & Conventions	189	954	765	3,783	16,321	12,974	(3,347)	10,224
Promotions & Communications	0	6,266	6,266	2,887	0	37,596	37,596	16,362
General & Administrative	58,518	35,103	(23,415)	29,474	222,805	226,013	3,208	187,837
Management Fees	19,433	19,433	(0)	19,033	116,600	116,598	(2)	114,200
Other	67,842	4,733	(63,109)	17,899	97,256	28,398	(68,858)	74,200
<b>Total Other Indirect</b>	<b>650,035</b>	<b>539,772</b>	<b>(110,263)</b>	<b>567,670</b>	<b>3,601,077</b>	<b>3,512,280</b>	<b>(88,797)</b>	<b>3,255,626</b>
<b>Net Income (Loss) before CIP Funded Expenses</b>	<b>(707,160)</b>	<b>(701,238)</b>	<b>(5,922)</b>	<b>(518,393)</b>	<b>2,397,786</b>	<b>(1,945,070)</b>	<b>4,342,857</b>	<b>(1,657,786)</b>
<b>CIP Funded Expenses</b>	<b>67,005</b>	<b>0</b>	<b>67,005</b>	<b>0</b>	<b>67,605</b>	<b>0</b>	<b>67,605</b>	<b>384</b>
<b>Net Income (Loss) from Operations</b>	<b>(640,155)</b>	<b>(701,238)</b>	<b>61,083</b>	<b>(518,393)</b>	<b>2,465,392</b>	<b>(1,945,070)</b>	<b>4,410,462</b>	<b>(1,657,402)</b>
<b>Fixed Asset Purchases</b>	<b>0</b>	<b>25,000</b>	<b>25,000</b>	<b>0</b>	<b>70,602</b>	<b>150,000</b>	<b>79,398</b>	<b>100,969</b>
<b>Net Income (Loss) After Fixed Asset Purchases</b>	<b>(640,155)</b>	<b>(726,238)</b>	<b>86,083</b>	<b>(518,393)</b>	<b>2,394,790</b>	<b>(2,095,070)</b>	<b>4,489,860</b>	<b>(1,758,371)</b>

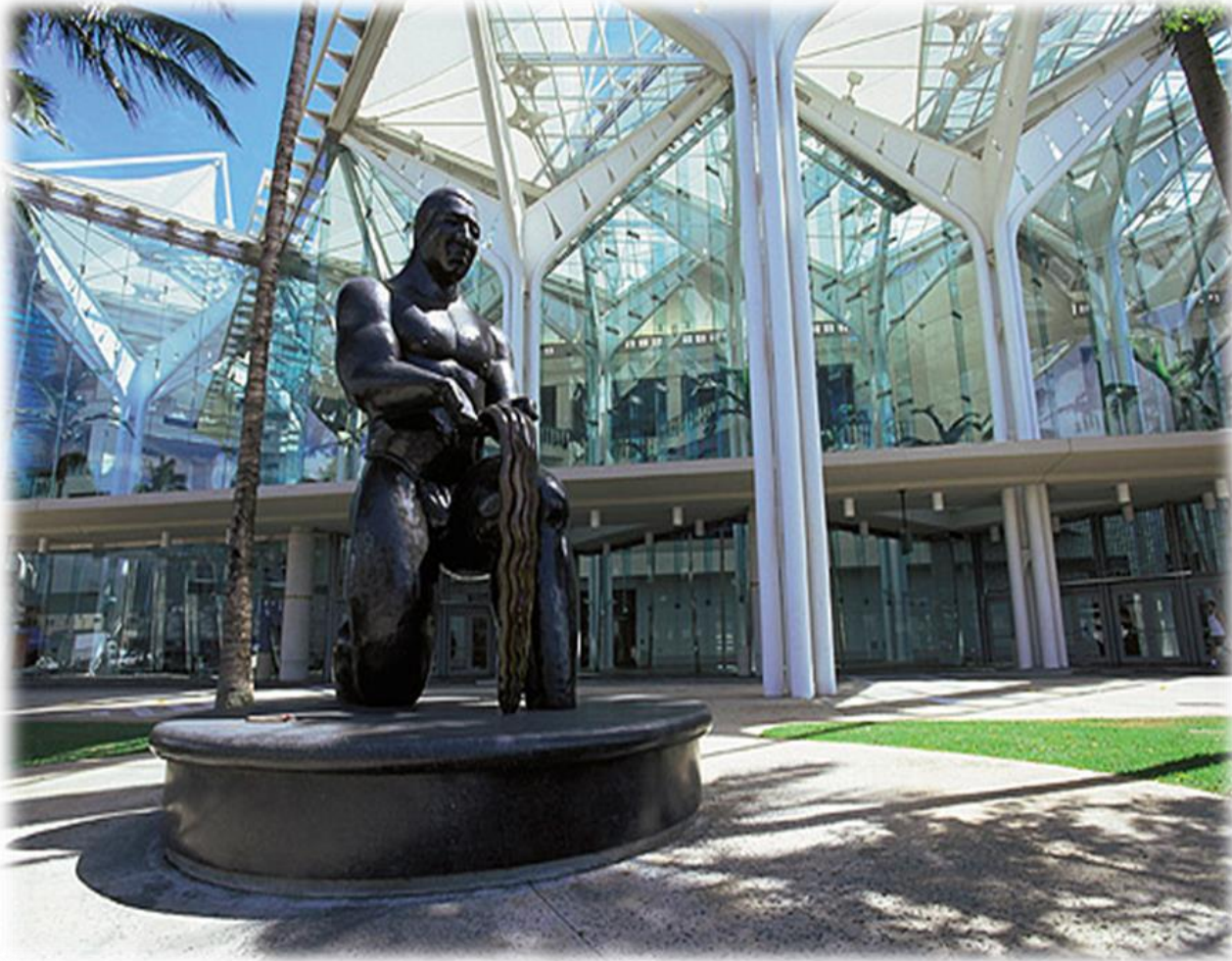
**Hawaii Convention Center**  
 Facility  
 Income Statement  
 From 12/01/2023 Through 12/31/2023  
 (In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
<b>Revenues</b>								
Food & Beverage	476,733	428,917	47,816	497,097	9,615,515	6,787,620	2,827,895	3,994,688
Facility	532,838	420,744	112,095	508,851	4,927,084	3,156,740	1,770,344	2,865,970
Total Revenues	<u>1,009,571</u>	<u>849,661</u>	<u>159,911</u>	<u>1,005,948</u>	<u>14,542,599</u>	<u>9,944,360</u>	<u>4,598,239</u>	<u>6,860,658</u>
<b>Expenses</b>								
Food & Beverage	462,994	392,791	(70,203)	487,001	4,762,848	4,514,119	(248,729)	2,490,896
Facility	1,253,738	1,158,108	(95,630)	1,037,339	7,381,965	7,375,311	(6,654)	6,027,548
Total Expenses	<u>1,716,732</u>	<u>1,550,899</u>	<u>(165,833)</u>	<u>1,524,340</u>	<u>12,144,813</u>	<u>11,889,430</u>	<u>(255,383)</u>	<u>8,518,444</u>
Net Income (Loss) before CIP Funded Expenses	<u>(707,160)</u>	<u>(701,238)</u>	<u>(5,922)</u>	<u>(518,393)</u>	<u>2,397,786</u>	<u>(1,945,070)</u>	<u>4,342,856</u>	<u>(1,657,786)</u>
CIP Funded Expenses	<u>67,005</u>	<u>0</u>	<u>67,005</u>	<u>0</u>	<u>67,605</u>	<u>0</u>	<u>67,605</u>	<u>384</u>
Net Income (Loss) from Operations	<u>(640,155)</u>	<u>(701,238)</u>	<u>61,083</u>	<u>(518,393)</u>	<u>2,465,391</u>	<u>(1,945,070)</u>	<u>4,410,461</u>	<u>(1,657,402)</u>
Fixed Asset Purchases	<u>0</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>70,602</u>	<u>150,000</u>	<u>79,398</u>	<u>100,969</u>
Net Income (Loss) after Fixed Asset Purchases	<u><u>(640,155)</u></u>	<u><u>(726,238)</u></u>	<u><u>86,083</u></u>	<u><u>(518,393)</u></u>	<u><u>2,394,789</u></u>	<u><u>(2,095,070)</u></u>	<u><u>4,489,859</u></u>	<u><u>(1,758,371)</u></u>

## **9b**

### **Discussion and/or Action on the Hawai'i Convention Center's December Financial Report and Update on the Hawai'i Convention Center's 6-Year Repair and Maintenance Plan**

# *Hawai'i Convention Center*



*Update for*  
***December 2023***  
*For*  
***(January 2024 meeting)***



# Financial Update

	Dec-23 Actual	FY 2024 Reforecast	FY 2024 Budget	Variance	FY 2023 Actual	FY 2022 Actual
Facility Number of Events	20	243	225	18	273	213
Facility Operating Revenue	\$835,100	\$22,765,200	\$18,354,500	\$4,410,700	\$14,310,800	\$7,178,200
Facility Other Income	\$174,500	\$1,532,200	\$125,700	\$1,406,500	\$135,700	\$78,500
Facility Total Revenue	<b>\$1,009,600</b>	<b>\$24,297,400</b>	<b>\$18,480,200</b>	<b>\$5,817,200</b>	<b>\$14,446,500</b>	<b>\$7,256,700</b>
Facility Operating Expenses	-\$1,649,700	-\$25,085,800	-\$23,812,600	-\$1,273,200	-\$18,412,200	-\$11,842,500
Facility Net Income/(Subsidy)	<b>-\$640,100</b>	<b>-\$788,400</b>	<b>-\$5,332,400</b>	<b>\$4,544,000</b>	<b>-\$3,965,700</b>	<b>-\$4,585,800</b>
Local S&M Operating Expenses	-\$60,400	-\$1,223,700	-\$1,223,700	\$0	-\$959,400	-\$522,600
HCC Net Income/(Subsidy)	<b>-\$700,500</b>	<b>-\$2,012,100</b>	<b>-\$6,556,100</b>	<b>\$4,544,000</b>	<b>-\$4,925,100</b>	<b>-\$5,108,400</b>

# ROI December 2023 FYTD

HCC Revenue + State Revenue  
+Tax Revenue  
= \$265.4 M

HCC Expense + HVCB MCI  
Expense = \$14.3 M

	<u>FYTD 2024 ROI</u>	<u>CW's FYTD</u>
	07.23-12.23	\$18.52 (10)
	07.23-11.23	\$20.63 (10)
	07.23-10.23	\$23.16 (8)
	07.23-09.23	\$18.62 (6)
	07.23-08.23	\$25.91 (5)
	07.23	\$30.74 (4)
	<u>FY 2023 ROI</u>	
	07.22-06.23	\$4.19 (7)

***ROI = For every dollar spent,  
\$18.52 returned to the State***



# Recent Events @ Hawai'i Convention Center

- Sony Open Gala Dinner, Jan 11, 2024, 1,000 attendees
- Hawaii Royale Winter '24, Jan 13-14, 800 attendees (Sports)
- TransPacific Volleyball Championships 2024, Jan 13-15, 2024, 12,000 attendees (CW/Sports)



# Upcoming Local/Citywide Events

- Hawai'i Dental Convention, Jan 25-26, 3,000 attendees
- Hawaiian AAU Grand Prix 2024, Feb 17-19, 4,000 attendees (CW)
- Joy of Sake, Feb 23, 1,000 attendees





# HCC in the News



Honolulu Star Advertiser, Jan 8, 2024

## NEWSMAKERS

### HIRES and PROMOTIONS



Edwin Torres

#### OUTRIGGER HOSPITALITY GROUP

Edwin Torres is general manager at the Outrigger Kā'anapali Beach Resort, effective in September.

Torres' appointment follows Outrigger Hospitality Group's acquisition of the 11-acre, 432-room Kā'anapali Beach Hotel in July. He previously served as complex general manager, overseeing both the Outrigger Waikiki Beachcomber Hotel and Ohana Waikiki East by Outrigger. He also served as general manager at the Outrigger Waikiki Beachcomber and began his career with Outrigger as food and beverage director at the Outrigger Guam Beach Resort. Other



Alexander Figler

#### CASTLE HOSPITALITY GROUP

Alexander Figler was named Castle Vacation Rentals Hawai'i (CRVH) operations manager in

September. CRVH markets vacation rental units throughout the state using exclusive distribution technology. Figler will focus on guest and homeowner satisfaction. He will also coordinate operations and guest services, including housekeeping, maintenance and repairs. Previously, Figler served as guest experience manager at the Ala Moana Hotel.



Brooke Tadana

#### HAWAII CONVENTION CENTER

The Hawai'i Convention Center in April welcomed Executive Chef Brooke Tadana to direct the

center's culinary offerings. Tadana has more than a decade of culinary leadership experience, most recently working as executive sous chef at the Hilton Hawaiian Village starting in 2014. He also served as an executive sous chef at Moana Surfrider, A Westin Resort & Spa, and as a banquet chef at the Hilton Hawaiian Village. Tadana earned his associate degree in occupational studies from the Culinary Institute of America in New York and attended Kapi'olani Community College in Honolulu.

directing all front office operations. He also held management positions at Alohilani Resort Waikiki Beach, Enterprise, Vive Hotel Waikiki and Hyatt Hotels Corp.

Hawai'i Hospitality Magazine, Winter '23-24 issue

# Carbon Offset Program

- This is a first-of-its-kind Carbon Offset Program that provides meeting organizers with the opportunity to offset the carbon footprint of their meeting.
- Participating events include:
  - CHEST 2023 (42 trees)
  - 2023 International Conference on Machine Learning (36 trees)
  - 2023 Made in Hawaii Festival (12 trees)
  - 2023 Okinawan Festival (11 trees)



<b>Total Contributions</b>	<b>Partner Trees Planted</b>
<b>\$21,840.67</b>	<b>9,129</b>
<b><u>HCC Carbon Offset Trees Planted</u></b>	
<b>270</b>	



**ICML**  
International Conference  
On Machine Learning



**9,399**  
Total Legacy Trees Planted



**262.76**  
MTCO<sub>2</sub>e  
Carbon Offset

As of November 2023  
(total carbon offset costs)





# **Repair, Maintenance and Replacement Projects Update**

# Repair, Maintenance and Replacement Projects

## 6-Year Plan (page 1)

Project Number	Project Title	Estimated Project Cost	Priority	Prior Expenses to Dec 23	FY24	FY25	FY26	FY27	FY28	FY29	Total
001	Rooftop Terrace Deck Full Repair	\$ 64,000,000	1	\$ -	\$ 2,000,000	\$ 30,000,000	\$ 32,000,000				\$ 64,000,000
011	Ballroom Gutter, Foyer Transom Glass Roof Repair and Soffit R	\$ 7,706,791	1	\$ 71,071	\$ 7,635,720						\$ 7,706,791
013	Ballroom Roof Repairs	\$ 2,271,093	1	\$ 29,519	\$ 2,241,574						\$ 2,271,093
012	Parapet Roof Repairs	\$ 3,066,470	1	\$ 25,555	\$ 3,040,915						\$ 3,066,470
003	Kalākaua Kitchen Exterior Wall Repair	\$ 2,440,752	1	\$ 313,460		\$ 2,127,292					\$ 2,440,752
007	Kitchen Hood Control Panel Replacement	\$ 341,407	1	\$ 18,770	\$ 322,636						\$ 341,406
008	Pantry 348 Walk-in Refrigerator Replacement	\$ 135,443	1	\$ 54,637	\$ 80,806						\$ 135,443
009	Slate Tile Repair	\$ 2,142,108	1	\$ 150,018	\$ 1,992,090						\$ 2,142,108
010	Chiller Replacement	\$ 6,909,252	1	\$ 180,912	\$ 6,728,340						\$ 6,909,252
014	Lobby Water Feature	\$ 1,086,810	3	\$ 3,932			\$ 1,082,878				\$ 1,086,810
015	House Sound Audio System Upgrade	\$ 2,973,864	1	\$ 38,020	\$ 2,935,843						\$ 2,973,863
022	Chill Water Pipe Reinsulation	\$ 677,894	1	\$ 306,864	\$ 371,030						\$ 677,894
023	Air Wall Repairs	\$ 282,058	1	\$ 16,155	\$ 265,903						\$ 282,058
024	Roll-up Door Replacement	\$ 225,000	2	\$ 23,656		\$ 201,344					\$ 225,000
025	Ballroom and Meeting Room Wallpaper Replacement	\$ 203,531	1	\$ 147,721	\$ 55,810						\$ 203,531
026	IT Network Upgrades	\$ 125,000	3	\$ -		\$ 55,000	\$ 70,000				\$ 125,000
027	Ice Machines Replacement	\$ 500,000	1	\$ -	\$ 500,000						\$ 500,000
028	Theatre 310 and 320 Furnishings Upgrade	\$ 750,000	3	\$ -			\$ 375,000	\$ 375,000			\$ 750,000
029	Theatre 310 and 320 Seating Upgrade	\$ 500,000	3	\$ 155			\$ 249,845	\$ 250,000			\$ 500,000
030	FB China and Equipment Upgrade	\$ 5,300,000	1	\$ -	\$ 2,500,000	\$ 2,800,000					\$ 5,300,000
031	Ala Wai Waterfall Repair	\$ 1,071,501	3	\$ 2,362			\$ 1,069,139				\$ 1,071,501
036	Water Intrusion Remediation	\$ 400,000	1	\$ 166,165	\$ 233,835						\$ 400,000
037	Exterior Security Camera Upgrade	\$ 231,348	1	\$ 155,504	\$ 75,844						\$ 231,348
041	Children's Courtyard Repair	\$ 329,162	1	\$ -			\$ 329,162				\$ 329,162
042	Kahakai/Atkinson Drywell Rehabilitation	\$ 351,113	1	\$ -	\$ 351,113						\$ 351,113
043	Air Handler Unit 9 and 10 Replacement	\$ 401,382	2	\$ 377		\$ 401,005					\$ 401,382
044	Fire Sprinkler Line Refurbishment	\$ 343,394	1	\$ -	\$ 100,000	\$ 125,000	\$ 118,394				\$ 343,394
045	Escalator Modernization	\$ 15,865,737	1	\$ 9,058	\$ 6,900,000	\$ 2,640,000	\$ 6,316,678				\$ 15,865,736
046	LED Light Upgrade	\$ 4,781,506	1	\$ 68,293	\$ 4,713,213						\$ 4,781,506

Current project
Cumming-managed project
HCC-managed project
CM/PM - to be assigned



# Repair, Maintenance and Replacement Projects

## 6-Year Plan (page 2)

Project Number	Project Title	Estimated Project Cost	Priority	Prior Expenses to Dec 23	FY24	FY25	FY26	FY27	FY28	FY29	Total
048	Electrical Harmonics Testing	\$ 100,000	3	\$ -			\$ 100,000				\$ 100,000
049	Main Kitchen Dishwasher Replacement	\$ 421,315	1	\$ 219,521	\$ 201,794						\$ 421,315
050	Main Kitchen Flooring Replacement	\$ 600,000	1/3	\$ 19,019	\$ 200,000	\$ 380,981					\$ 600,000
051	PBX System Replacement	\$ 90,505	1	\$ -	\$ 90,505						\$ 90,505
052	Ride-on Sweeper Replacement	\$ 55,000	1	\$ 100	\$ 54,900						\$ 55,000
054	Boardroom Upgrade	\$ 1,099,549	3	\$ 73,263			\$ 1,026,286				\$ 1,099,549
055	Elevator #2 Upgrade	\$ 250,000	3	\$ -			\$ 250,000				\$ 250,000
058	Kitchen Hood Fire Suppression System Replacement	\$ 341,407	1	\$ 18,770	\$ 322,636						\$ 341,406
060	Lobby Sail Repair and Maintenance	\$ 179,000	1	\$ 41,196	\$ 61,021	\$ 76,783					\$ 179,000
061	ADA Lift (#320) Replacement	\$ 165,000	1	\$ 387	\$ 164,613						\$ 165,000
064	F&B Equipment	\$ 1,266,870	1	\$ 12,640	\$ 1,254,230						\$ 1,266,870
065	Transformer Replacement	\$ 140,297	1	\$ 294	\$ 140,002						\$ 140,296
066	Kitchen Boiler Replacement	\$ 130,000	1	\$ -	\$ 130,000						\$ 130,000
068	3rd Floor Planter Repair and Exterior Planter Repair	\$ 11,048,647	1	\$ 34,545	\$ 4,415,590	\$ 6,598,512					\$ 11,048,647
069	Parking System Equipment Upgrade / Parking Flooring Sealing	\$ 616,515	1	\$ 28,382	\$ 20,000	\$ 568,133					\$ 616,515
070	Parking Garage Floor Sealing	\$ 250,000	1	\$ -		\$ 250,000					\$ 250,000
071	Access Control Upgrade	\$ 2,000,000	2	\$ -		\$ 1,000,000	\$ 1,000,000				\$ 2,000,000
072	Ride-on Scrubber Replacement	\$ 82,400	1	\$ -	\$ 82,400						\$ 82,400
073	Common Area Furniture Upgrade	\$ 200,000	1	\$ -		\$ 200,000					\$ 200,000
074	Ice Rink and Equipment	\$ 500,000	1	\$ -	\$ 500,000						\$ 500,000
075	Exterior Building Painting	\$ 2,416,382	1	\$ -	\$ 1,188,316	\$ 1,228,066					\$ 2,416,382
076	Main Kitchen Freezer Repair	\$ 500,000	1	\$ -	\$ 500,000						\$ 500,000
077	Interior Building Painting	\$ 7,000,000	1	\$ -	\$ 7,000,000						\$ 7,000,000
078	Pot Wash Machine Replacement	\$ 180,000	1	\$ -	\$ 180,000						\$ 180,000
079	Digital Signage Upgrade	\$ 6,150,000	1	\$ 20,390	\$ 30,000	\$ 6,099,610					\$ 6,150,000
081	Facility Equipment Replacement	\$ 1,000,000	1	\$ -	\$ 500,000	\$ 500,000					\$ 1,000,000
082	Escalator and Elevator Repairs	\$ 1,000,000	1	\$ 131,376	\$ 300,000	\$ 568,624					\$ 1,000,000
	Legal Retainer	\$ 151,094		\$ 112,768	\$ 38,326						\$ 151,094
	<b>GRAND TOTAL</b>	<b>\$163,346,597</b>		<b>\$ 2,494,855</b>	<b>\$60,419,005</b>	<b>\$ 55,820,350</b>	<b>\$43,987,382</b>	<b>\$ 625,000</b>	<b>\$ -</b>	<b>\$ -</b>	

# Repair, Maintenance and Replacement Projects

## Major Project Update

### Exterior Painting

- Planning work schedule around HCC events and building access logistics

### Exterior Planter Repair

- Planning investigative work logistics
- Reviewing scheduling around HCC event schedule

### Chiller Replacement

- Chillers received and are on island
- Construction started, cut access opening in outside wall, scaffolding to be erected

### House Sound Audio Upgrade

#### LED Lighting Upgrade

- Bidders presented proposals to evaluation committees
- Final selection by end January

### Escalator Modernization

- RFP issued mid-January, proposals due end February
- Site walk conducted this week

# Repair, Maintenance and Replacement Projects

## CUMMING GROUP Priority Projects

- *Kitchen Hood Control Panel and Fire Suppression Upgrade*
- *Slate Tile Repair*
- *Chiller Replacement*
- *Main Kitchen Dishwasher Replacement*
- *Ballroom Roof Repairs*
- *House Sound Audio Upgrade*
- *Ballroom Gutter, Foyer Transom Glass and Soffit Repair*
- *3<sup>rd</sup> floor and Exterior Planters Repair*
- *LED Lighting Upgrade*
- *Walk-in Refrigerator Replacement*
- *Main Kitchen Flooring Replacement*
- *Exterior Building Painting*
- *Kalākaua Kitchen Wall Repair and Atkinson Drywell Replacement*
- *Main Kitchen Freezer Repair*
- *Interior Building Painting*
- *Pot Wash Machine Replacement*
- *Parking Garage Equipment Upgrade and Floor Sealing*

# Repair, Maintenance and Replacement Projects Completed (since 2020)

## COMPLETED 2020

- *Gutter Trough, Roof Repairs; \$8.3M*
- *Boiler Replacement; \$585k*
- *Ala Wai Waterfall Repairs; \$185k*
- *Chiller 4 Repairs; \$55k*
- *#320 Roof Repairs; \$1.4M*
- *Banquet Chairs/Tables Upgrade; \$2.25M*

## COMPLETED 2021

- *Cooling Tower Replacement; \$3.2M*
- *Theatre LED Lighting Upgrade; \$77k*
- *Roof Overflow Drain Repairs; \$16k*
- *Jockey Chiller Repairs; \$28k*
- *ADA Lift Replacement; \$71.5k*
- *Emergency Generator Repairs; \$32k*
- *Window Repairs – Vandalism; \$177k*

## COMPLETED 2022

- *Leak Repairs – 12/21-1/22; \$396k*
- *Chiller Repairs; \$69.3k*
- *Trellis Renovation; \$4.7M*
- *Lobby Glass Replacement; \$25k*
- *New Security Camera, Access Control; \$1.56M*
- *Kitchen AC Compressor Replacement; \$16.5k*

## COMPLETED 2023

- *Event Stage ADA Ramp; \$41k*
- *Escalator #1 Handrail Replacement; \$64k*
- *Exterior Sign Refurbishment; \$50k*
- *Leak Repair Remediation; \$168k*
- *Forklift Replacement; \$175k*

## COMPLETED 2024

- *Water Intrusion Remediation; \$400k*





Mahalo Nui Loa

## **10**

### **Presentation, Discussion and/or Action on Exploring Naming Rights for the Hawai'i Convention Center**

# Hawai'i Convention Center Naming Rights

Pros & Cons of a potential partnership



# What is a Naming Rights Agreement?

A naming rights agreement is a contract between two or more parties that allows one party the exclusive right to name a property, location, or event for a set period. Naming rights agreements are commonly used for things like naming stadiums and sporting events. Sometimes this agreement includes sponsorship clauses that outline the terms and conditions of a company sponsoring an event while also gaining naming rights.

These agreements can also be involved with institutions like universities when acquiring naming rights to public property. In that case, the parties involved would be the government entity that owns the property and the university that wants to name the property.



## Pros:

- Provides Annual Influx of capital
- Increased brand awareness and enhances legitimacy
- Ability to create additional smaller scale partnerships

## Cons:

- Ties the HCC & the State to a brand or organization for the term of the contract
- Dissuade future conferences
- Ancillary Costs (Updated signage, print materials etc.)
- Increased leverage on many aspects of HCC

# Hawai'i Revised Statutes

Currently, the Convention Center is prohibited from selling the naming rights due to HRS 445-112 which outlines when and where outdoor advertising devices are permitted; and HRS 102-1(#3) which states:

*Use, for compensation, space on public property to display advertising, or conduct operations for communications or telecommunications purposes.*

# Hawai'i Revised Statute 445-12

Currently, the Convention Center is prohibited from selling the naming rights due to HRS 102-1(3) which states:

*Use, for compensation, space on public property to display advertising, or conduct operations for communications or telecommunications purposes.*

# Next Steps

- AG review of designation of type of structure the HCC holds to determine if an exemption may be granted.
- Legislative change in the current statute.
- Example: HB 1285

*SECTION 1. The legislature finds that new forms of generating revenue must be considered. Granting the stadium authority the ability to sell the naming rights to aloha stadium is one of many ideas the State should consider.*

*The legislature further finds that naming rights have the potential to be a significant source of income for the stadium authority. The money generated would assist with funding the stadium's operating expenses.*

# Mahalo



# **11**

**Presentation and Discussion Regarding an  
Update of the Meetings, Conventions and  
Incentives Market Activity and Pace Report, and  
Hawai'i Convention Center Activity and Local  
Sales**

# **GLOBAL MCI SALES UPDATE**

## **Regular Meeting of The Hawai'i Tourism Authority**

**January 25, 2024**



# **SALES PRODUCTION UPDATE**

Citywide & Single Property





# CITYWIDE PRODUCTION



# CITYWIDE - 2023 in Review

## Highlights

- Meet Hawai'i and HCC continue to collaborate on all strategies to maximize business in the building while delivering continual relevant updates to customers on roof top repairs.
- Short term booking window carries into 2024 allowing team to continue to grow business in the short term.
- Q1 focus on hiring citywide seller to handle both Corporate & Association markets with a strong Corporate rolladex. (Book short-term corporate opportunities)
- Citywide Team and Individual Event Goal CY 2024 & beyond.



## 2023 Booking Highlights

- 35 Groups Contracted
  - 4 contracted in the year for the year.
  - 63% of bookings were for 2023-2026
- Key Licensed Events:
  - 2023 - HIS-Daito Kentaku | EI \$41 MIL
  - 2024 – Pokemon | EI \$57 MIL
  - 2027 – Rotary | EI \$144 MIL
  - Attracted and licensed AFCEA, an annual group that will now be able to expand their event and grow attendance. EI 18.9 MIL+ YOY
- Securing our future:
  - 51% over YOY tentative room night goal which shows the increase in solicitation due to a consistent sales team in the marketplace.

# DEFINITIONS

## Sales Production

- New volume of events and room nights for any future year

## Consumption

- On the Books (OTB)
- OTB booked events and room nights in the year they occur



# CITYWIDE SALES PRODUCTION

December 2023 Year-to-Date (YTD)

Citywide Room Nights	Dec 2023	Dec 2022	Variance	2023 YTD	2022 YTD	Variance
<b>Citywide Definite RN</b>	41,387	88,293	-53%	158,680	153,046	+4%
<b>Citywide Tentative RN</b>	44,244	2,235	+1,880%	434,711	288,737	+51%
<b>#Citywide Booked Events</b>	7	5	+40%	35	14	+150%

As reported in Meet Hawai'i Global draft MCI Status Report – December 2023



# CITYWIDE SALES PRODUCTION

## Short-term Event Goal 2022 - 2030

77 Event Goal (2022-2025)	YTD	Subtotal
<b>2022</b>	14	14
<b>2023</b>	35	49
<b>2024</b> (Forecasted)	25	74
<b>2025</b> (Forecasted)	25	99



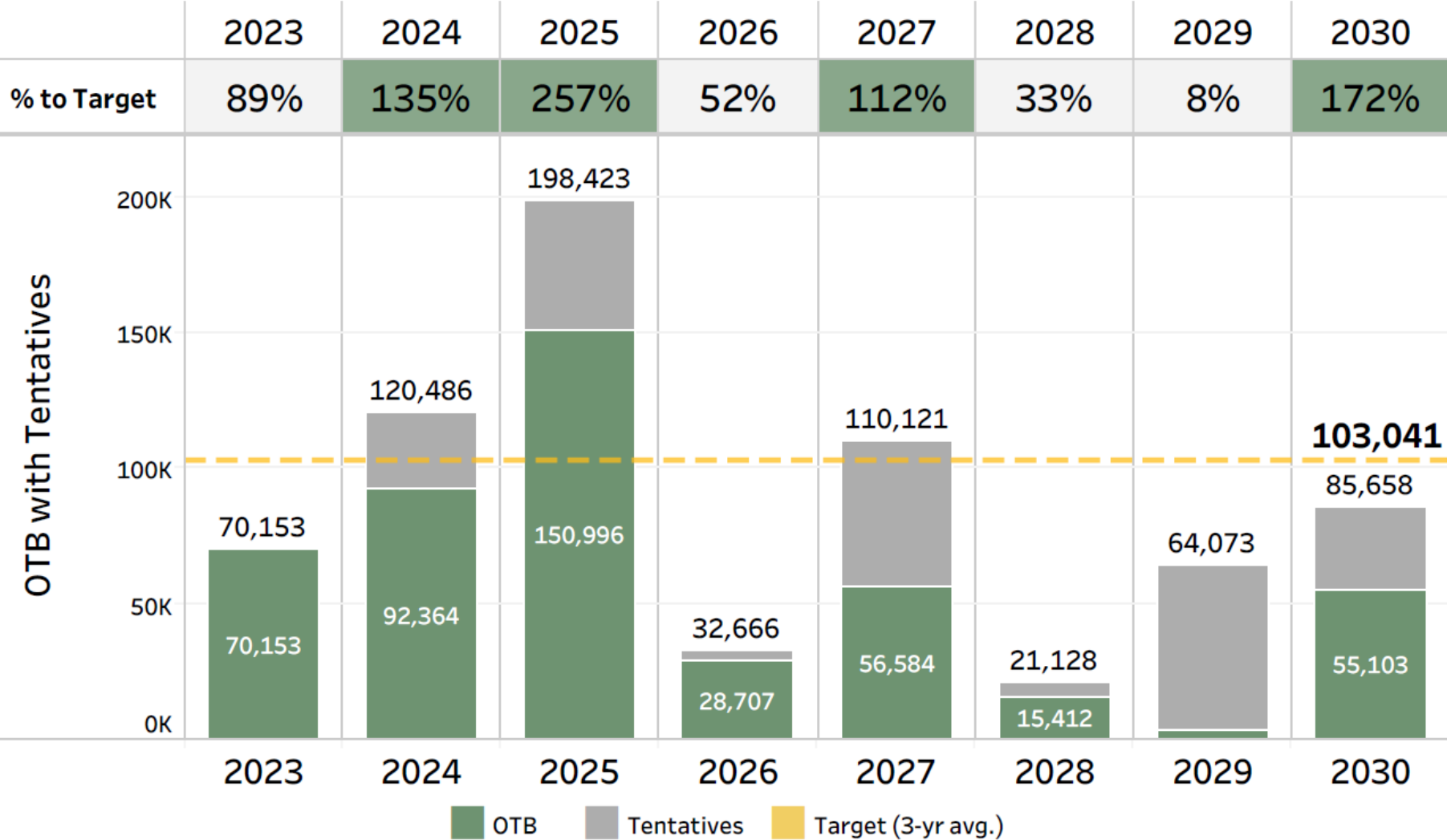
# **FUTURE PACE (Consumption | Arrivals)**

Citywide Events Booked at HCC



# Hawai'i 8 Year Future Pace for Citywide

Number of events and room nights on the books against a 3-year average target. Data last refreshed on 12/31/2023 11:20 PM



# Future Pace Definite Events

\*Hawai'i Eight Year Future Pace Citywide 1/17/2024

CY	EVENTS OTB	EVENTS TARGET	EVENTS VARIANCE	% VARIANCE	Events LTB	EVENTS TENTATIVE	EVENT GOAL
2024	16	9	7	+78%	12	7	28
2025	14	7	7	+100%	14	9	28
2026	5	5	0	0%	23	3	28
2027	6	4	2	+50%	22	5	28
2028	3	3	0	0%	25	1	28
2029	1	2	(1)	-50%	27	3	28
2030	3	2	1	+50%	25	2	28





# SINGLE PROPERTY PRODUCTION



# SINGLE PROPERTY SALES PRODUCTION

December 2023 Year-to-Date (YTD)

SP Room Nights	Dec 2023	Dec 2022	Variance	2023 YTD	2022 YTD	Variance
<b>SP Definite RN</b>	51,228	36,248	+41%	195,581	167,230	+17%
<b>SP Definite N</b>	33,661	27,045	+24%	606,907	494,114	+23%
<b>#SP Booked Events</b>	55	62	-11%	247	214	+15%

As reported in Meet Hawai'i Global draft MCI Status Report – December 2023



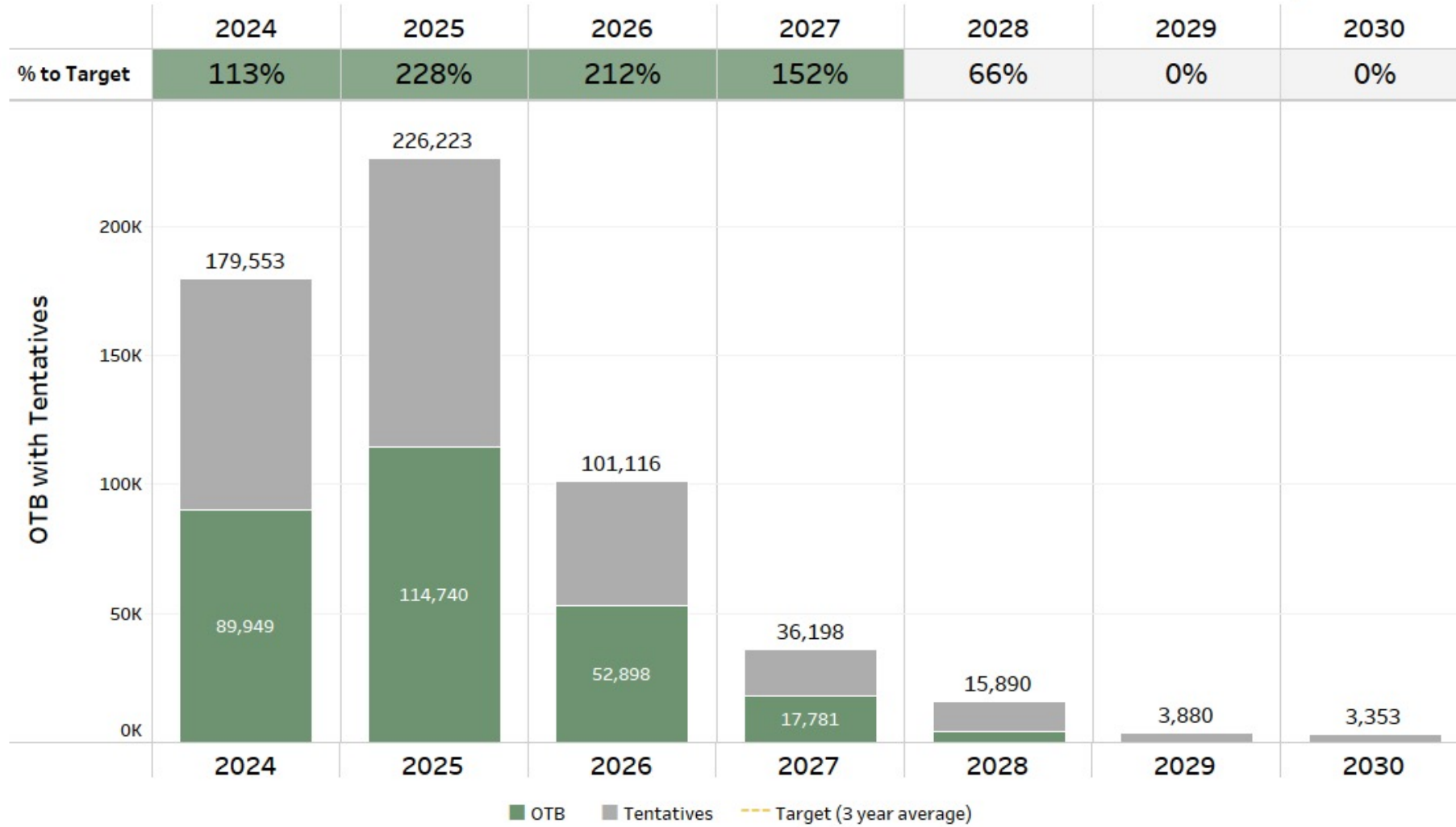
# **FUTURE PACE (Consumption | Arrivals)**

Single Property Events Booked in Hawai'i



## Hawai'i 8 Year Future Pace for Single Property

Number of events and room nights on the books against a 3-year average target. Data last refreshed on 1/19/2024 1:28 AM



# Single Property Production by Island

	Tentative Rooms	Economic Impact	Definite Rooms	Economic Impact
<b>Hawai'i</b>	308,384	\$6,422M	55,237	\$6,257M
<b>Kaua'i</b>	179,175	\$3,340M	18,178	\$3,593M
<b>Lāna'i</b>	28,650	\$372M	0	\$314M
<b>Maui</b>	323,083	\$6,264M	53,988	\$6,341M
<b>O'ahu</b>	472,397	\$11,670M	75,589	\$8,700M

# SINGLE PROPERTY – 2023 in Review

## Highlights:

- Exceeded Tentative Lead goals by 18% & Definite Room Nights by 11%.
- Mālama Maui
  - Assisted in saving contracted business in Maui and when not possible re-located in the State. These initiatives were able to keep over \$33 million in economic impact for the State of Hawai'i and Maui County.
  - Carried out strategies & activations developed through funded strategic partnerships. This work will continue through 2024.
- Secured IEEE Convene - July 2024 – Hilton Waikoloa: Attendees consist of key decision makers for IEEE's 2000+ Conferences and is hosted by IEEE Meetings, Conferences and Events (IEEE MCE).



# MĀLAMA MAUI

---



# Strategic Partnerships

- SITE Global
- Northstar Travel Group
- HPN Global
- HelmsBriscoe



HB HELMSBRISCOE  
PARTNER BUZZ

### MĀLAMA (CARE FOR) MAUI BY MEETING MINDFULLY

In West Maui, Hawai'i, recent wildfires have resulted in the devastating loss of loved ones, homes, cultural and historic sites, and businesses in Lahaina. We are grateful for the outpouring of support for Maui from around the world, from sharing memories and offering assistance, to asking questions about travel to Maui and the other Hawaiian Islands.

Amidst the tragedy, the spirit of Maui remains strong. With the exception of Lahaina, the rest of Maui is open and welcoming meeting attendees and visitors. If you are considering visiting any of the Hawaiian Islands in the near future, including Maui, please know that respectful travel is welcomed and encouraged, now more than ever.

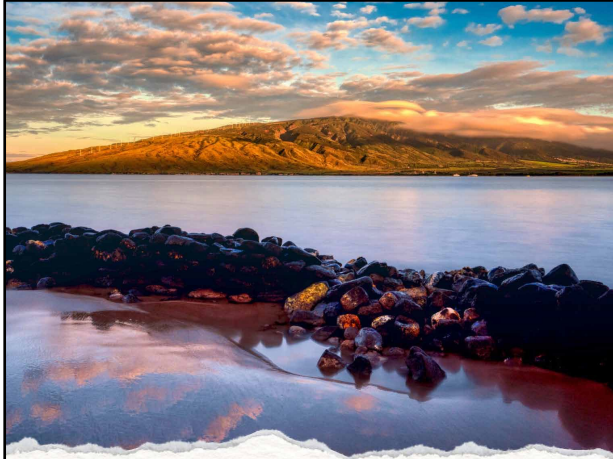
Meetings, conventions, and incentive experiences in Hawai'i are planned with a purpose deeply rooted in our destination's culture and values. This has long helped shape experiences for each attendee and group—experiences with one common connection: mālama, which means to care for, protect and preserve, and even cherish.

The best way to mālama Maui is to visit respectfully and support its local businesses. By meeting in or visiting Maui and the other Hawaiian Islands, you and your group are supporting Hawai'i's economy and positively impacting Maui's road to recovery.




DESTINATION CONTACT  

 Kathy Dever  
 kdever@hvcb.org  
 1.312.560.2486




Hawai'i Spotlight


SOCIALLY RESPONSIBLE INCENTIVE TRAVEL




Mālama (Care for) Maui by Meeting Mindfully



LEARN MORE



HPN  


Mālama Maui


In West Maui, recent wildfires have resulted in the devastating loss of loved ones, homes, cultural and historic sites and businesses in Lahaina. We are grateful for the outpouring of support for Maui from around the world, from sharing memories and offering assistance to asking questions about travel to Maui and the other Hawaiian Islands.

Amidst the tragedy, the spirit of Maui remains strong. With the exception of Lahaina, the accessible areas of Maui are open and welcoming meeting attendees and visitors. If you are considering visiting any of the Hawaiian Islands in the near future, including Maui, please know that respectful travel is welcomed and encouraged, now more than ever. Your visit will support Hawai'i's economy and make a positive impact on Maui's road to recovery.

STAY UPDATED

NORTHSTAR meetings group

READ MORE



How Meeting Planners Can Support Maui's Recovery

See why business events are more critical in this destination than ever.

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MEETINGS MADE EASY

Plan & Chill

How Meeting Planners Can Support Maui's Recovery

Maui Recovery Vision Video

Watch Now for CMP Credit: Maui Webinar

Lessons From Maui's Disaster Response and Recovery

Mālama Maui

Meet Hawai'i

Maui Recovery Map

Olé Maui Video

Meet Hawai'i Video



**MAHALO!**



**12**

**Report and Update by the ADMINISTRATIVE &  
AUDIT STANDING COMMITTEE of their  
Meeting Held on January 24, 2024**

**12a**  
**Discussion and Action on**  
**HTA's Fiscal Year 2023 Annual Financial and**  
**Single Audit Reports**



**ACCUITY**

**Hawaii  
Tourism  
Authority**

**State of Hawaii**

**June 30, 2023 Audit Results  
Presentation to the Audit Committee**

**January 18, 2024**

# Table of Contents

	Page(s)
Scope of Services.....	1
Financial Statement Highlights.....	2–3
Required Communications.....	4–8

# Scope of Services

- Provide an opinion on the fair presentation of the Hawaii Tourism Authority's ("Authority") financial statements.
- Consider the Authority's internal control over financial reporting in relation to our audit of the financial statements.
- Perform tests of the Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements in relation to the financial statements.
- Provide an opinion on the Authority's compliance with requirements related to major federal programs in accordance with the Office of Management and Budget's ("OMB") Compliance Supplement and consider internal control over compliance.

# Financial Statement Highlights – Statement of Net Position

- Other noncurrent assets increased by \$12.0 million primarily due to payments made to the Hawaii Convention Center Repairs and Maintenance fund managed by ASM.
- Vouchers payable decreased by \$14.4 million due to payments made to the Hawaii Convention Center Repairs and Maintenance fund that were accrued for in the prior fiscal year.
- Due to State Department of Budget & Finance increased by \$35.7 million due to the accrual of a payable for unspent Federal grant funds that lapsed on June 30, 2023.
- Unearned revenue decreased by \$45.9 million due to the expenditure of Federal grant funds received in the prior fiscal year as well as the return of unspent funds to the State Department of Budget & Finance.
- Net position increased by \$25.0 million in fiscal year 2023 compared to the \$46.1 million decrease in fiscal year 2022, primarily due to increases in charges for services, Federal grant revenues, and transfers from other State departments, as well as a decrease in contract expenses.

# Financial Statement Highlights – Statement of Activities

- Charges for services increased by \$10.7 million primarily due to an increase in the number of events held at the Convention Center in the current fiscal year.
- Federal grant revenue increased by \$31.9 million primarily due to the expenditure of Federal grant funds that were received but not earned in the prior fiscal year.
- Hawaii Convention Center contract expenses decreased by \$10.4 million primarily due to non-recurring payments for the Hawaii Convention Center Repairs and Maintenance fund that were accrued in the prior fiscal year.
- Transfers from other State departments increased by \$15.0 million as the Convention Center Fund received \$15.0 million of general obligation bond funds in fiscal year 2023 for the temporary repairs of the Convention Center roof and other items.



# Required Communications

Matter to be communicated	Our response
<b>Auditors' responsibility under Generally Accepted Auditing Standards.</b> The auditors' level of responsibility assumed for internal controls, whether the financial statements are free of material misstatement, and the detection of fraud should be communicated.	Our primary responsibility as the Authority's independent auditors is to evaluate and report on the fairness of the Authority's financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Based upon the results of our audit, which was performed in accordance with U.S. generally accepted auditing standards and <i>Government Auditing Standards</i> , we issued an unmodified opinion on the Authority's financial statements.
<b>Overview of the planned scope of the audit.</b> The overview of the planned scope and timing of the audit should be communicated to those charged with governance.	This was communicated in our engagement letter dated May 16, 2022 and Contract No. 70068 dated March 24, 2022.
<b>Significant risks of material misstatement as part of our audit planning.</b>	<p>There were no additional, or changes to, significant risks identified during the audit. In addition, no issues were identified.</p> <p>We identified the following significant risks of material misstatement during the planning phase of our audit:</p> <ul style="list-style-type: none"><li>• Improper revenue recognition due to fraud.</li><li>• Management override of controls.</li><li>• Proper implementation of GASB Statement No. 96, <i>Subscription-Based Information Technology Arrangements</i>, including disclosure.</li></ul>

# Required Communications



Matter to be communicated	Our response
<p><b>Significant accounting policies, including critical accounting policies, and the auditors’ judgment about the quality of accounting principles.</b> The entity’s initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus should be communicated to those charged with governance.</p>	<p>The significant accounting policies used by the Authority are disclosed in Note 1 to the financial statements.</p> <p>GASB Statement No. 96, <i>Subscription-Based Information Technology Arrangements</i>, was adopted effective July 1, 2022. The adoption of this statement did not have a material impact to the Authority’s financial statements.</p>
<p><b>Management judgments and accounting estimates.</b> Those charged with governance should be informed about the process used by management in formulating sensitive accounting estimates and about the auditors’ conclusions regarding the reasonableness of those estimates.</p>	<p>The more difficult and subjective judgments and estimates were:</p> <ul style="list-style-type: none"> <li>• Depreciation and useful lives of capital assets.</li> <li>• Accrued vacation liability.</li> <li>• Calculation of net pension and net other postemployment benefits liabilities.</li> </ul> <p>Management’s estimates were evaluated and appeared to be reasonable.</p>
<p><b>Significant unusual transactions.</b> Those charged with governance should be informed about the auditors’ view on the policies and practices that management used to account for significant unusual transactions and the auditors’ understanding of the business purpose for the significant unusual transactions.</p>	<p>No significant unusual transactions were noted during our audit.</p>

# Required Communications

Matter to be communicated	Our response
<p><b>Audit adjustments.</b> All significant financial statement adjustments arising from the audit or proposed during the audit and any uncorrected misstatements that were determined to be immaterial by management individually and in the aggregate should be communicated to those charged with governance.</p>	<p>Summaries of the adjusting and reclassifying journal entries arising from our audit were attached to the management representation letter.</p> <p>There were no uncorrected misstatements above our de minimis noted.</p>
<p><b>Matters that are difficult or contentious for which the auditors consulted outside the engagement team and that are, in the auditors' professional judgment, significant and relevant to those charged with governance regarding their responsibility to oversee the financial reporting process.</b></p>	<p>No such matters noted during our audit.</p>
<p><b>Material uncertainties related to events and conditions, specifically going concern issues.</b> Any doubt regarding the Authority's ability to continue as a going concern and any other material uncertainties should be communicated.</p>	<p>No issues related to the Authority's ability to continue as a going concern or other material uncertainties were noted.</p> <p>See also Note 9 to the financial statements, Subsequent Events, for further discussion of the Authority's fiscal year 2024 funding status.</p>

# Required Communications

Matter to be communicated	Our response
<p><b>Other information in documents containing audited financial statements.</b> Those charged with governance should be informed of the auditors’ responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</p>	<p>The Authority's audited financial statements will be included in the online submission of the single audit with the Federal Audit Clearinghouse.</p>
<p><b>Disagreements with management.</b> Disagreements with management, whether or not satisfactorily resolved, about matters that could be significant to the Authority’s financial statements or the auditors’ report should be communicated.</p>	<p>There were no disagreements with management.</p>
<p><b>Consultation with other accountants.</b> When the auditors are aware that management has consulted with other accountants about significant accounting or auditing matters, the auditors’ view about the consultation subject should be communicated to those charged with governance.</p>	<p>We know of no such consultations made by management.</p>
<p><b>Major issues discussed with management prior to retention.</b> Any major accounting, auditing or reporting issues that were discussed with management in connection with our retention.</p>	<p>There were no major issues discussed with management prior to our retention.</p>
<p><b>Difficulties encountered in performing the audit.</b> Serious difficulties encountered in dealing with management that related to the performance of the audit are required to be brought to the attention of those charged with governance.</p>	<p>There were none.</p>

# Required Communications

Matter to be communicated	Our response
<b>Internal control deficiencies.</b> Those charged with governance should be informed of any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.	There were no material weaknesses or significant deficiencies reported.
<b>Fraud or illegal acts.</b> Fraud or illegal acts involving senior management or those responsible for internal controls or causing a material misstatement of the financial statements where the auditors determine there is evidence that such fraud may exist should be communicated. Any illegal acts coming to the auditors' attention involving senior management and any other illegal acts, unless clearly inconsequential.	We are not aware of any fraud or illegal acts.
<b>Independence.</b> The auditors should communicate all relationships between the Firm and the Authority that, in our professional judgment, may reasonably be thought to bear on our independence.	We confirm that, in our professional judgment, we are independent accountants within the meaning of the Code of Professional Conduct of the American Institute of Certified Public Accountants and <i>Government Auditing Standards</i> .
<b>Representations requested from management.</b> Those charged with governance should be informed of the representations that the auditors are requesting from management.	Management representation letter is available upon request.



# ACCUITY

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**ACCUITY**

# Hawaii Tourism Authority

(A Component Unit of the State of Hawaii)

Financial and Compliance Audit

June 30, 2023

Submitted by  
The Auditor  
State of Hawaii

**Hawaii Tourism Authority**  
 (A Component Unit of the State of Hawaii)  
**Index**  
 June 30, 2023

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	Page(s)
<b>Report of Independent Auditors</b>	
<b>Management’s Discussion and Analysis (Unaudited)</b> .....	4–9
<b>Financial Statements</b>	
Statement of Net Position – Governmental Activities.....	10–11
Statement of Activities – Governmental Activities.....	12
Balance Sheet – Governmental Funds .....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	16
Notes to Financial Statements.....	17–38
<b>Required Supplementary Information Other than Management’s Discussion and Analysis (Unaudited)</b>	
Budgetary Comparison Schedules – Tourism Fund and Convention Center Special Fund .....	39
Notes to Required Supplementary Information .....	40
<b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards.....	41
Notes to Schedule of Expenditures of Federal Awards .....	42
<b>Single Audit Reports</b>	
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	
Report of Independent Auditors on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	
Schedule of Findings and Questioned Costs .....	48–50
Summary Schedule of Prior Audit Findings	



## Report of Independent Auditors

The Auditor  
State of Hawaii

The Board of Directors  
Hawaii Tourism Authority

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hawaii Tourism Authority (the "Authority"), a component unit of the State of Hawaii, as of and for the year ended June 30, 2023,

respective financial position of the governmental activities and each major fund of the Authority as of June 30, 2023, and the respective changes in financial position

### Basis for Opinions


opinions.

### Emphasis of Matter

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position and changes in financial position of only that portion of the governmental activities and each major fund of the State of Hawaii that is attributable to the transactions of the Authority. They do not purport to, and do not present fairly the financial position of the State of Hawaii as of June 30, 2023, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair



presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.


In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and budgetary comparison schedules for the Tourism Fund and Convention Center Special Fund on page 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the



basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. As described in Note 2 to the schedule of expenditures of federal awards, the accompanying schedule of expenditures of federal awards was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated [REDACTED], 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Honolulu, Hawaii  
[REDACTED], 2024

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Management’s Discussion and Analysis (Unaudited)**  
**June 30, 2023**

---

The Hawaii Tourism Authority (the “Authority”) was established on January 1, 1999 by Act 156, Session Laws of Hawaii 1998. The Authority is responsible for developing and implementing a strategic tourism marketing plan to enhance and promote the Hawaii brand. As management of the Authority, we offer readers of these basic financial statements, this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2023. This discussion and analysis is designed to assist the reader in focusing on the Authority’s significant financial matters and activities and to identify any significant changes in the Authority’s financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements as a whole.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority’s basic financial statements. The Authority’s basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Authority’s finances. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, accounted for with an economic resources measurement focus using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the fiscal year’s revenues and expenses are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods. Government-wide financial statements are comprised of the following:

- The *Statement of Net Position*, which presents all of the Authority’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- The *Statement of Activities*, which presents information showing the Authority’s revenues and expenses for the fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect functional costs are shown, net of related program revenue. This statement shows the extent to which the various functions depend on taxes and nonprogram revenues for support.

**Fund Financial Statements**

A fund is a grouping of related accounts, which is used to maintain control over resources that have been segregated for specific activities or objectives.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Authority’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities of the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Authority’s near-term financing decisions. Both the governmental fund balance sheet

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Management’s Discussion and Analysis (Unaudited)**  
**June 30, 2023**

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and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation on pages 13 and 15, respectively, to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains three governmental funds (Tourism Fund, Convention Center Special Fund, and Tourism Emergency Special Fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of these funds.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Condensed Financial Information**

The following are summaries from the Authority’s government-wide financial statements as of and for the years ended June 30, 2023 and 2022:

**Condensed Statements of Net Position**  
**As of June 30, 2023 and 2022**  
(Amounts in thousands)

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current assets	\$ 117,991	\$ 122,221
Capital assets, net	180,462	188,047
Investments – noncurrent	2,471	2,486
Other assets	39,328	27,321
Total assets	<u>\$ 340,252</u>	<u>\$ 340,075</u>
<b>Deferred outflows of resources</b>		
Deferred outflows on net pension liability	\$ 576	\$ 590
Deferred outflows on net other postemployment benefits liability	227	212
Total deferred outflows of resources	<u>\$ 803</u>	<u>\$ 802</u>
<b>Liabilities</b>		
Current liabilities	\$ 43,116	\$ 67,689
Noncurrent liabilities	11,078	11,007
Total liabilities	<u>\$ 54,194</u>	<u>\$ 78,696</u>
<b>Deferred inflows of resources</b>		
Deferred inflows on net pension liability	\$ 571	\$ 972
Deferred inflows on net other postemployment benefits liability	536	503
Total deferred inflows of resources	<u>\$ 1,107</u>	<u>\$ 1,475</u>
<b>Net position</b>		
Net investment in capital assets	\$ 180,462	\$ 188,047
Restricted	105,292	72,659
Total net position	<u>\$ 285,754</u>	<u>\$ 260,706</u>

A reconciliation on page 14 facilitates the comparison between governmental funds and governmental net position.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2023**

**Condensed Statements of Activities**  
**For the Years Ended June 30, 2023 and 2022**  
(Amounts in thousands)

	2023	2022
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 16,013	\$ 5,341
Federal grants	50,542	18,629
General revenues		
Transient accommodations taxes	11,000	11,000
Other, net	2,062	1,478
Total revenues	<u>79,617</u>	<u>36,448</u>
<b>Expenses</b>		
Hawaii Convention Center management		
Contract	10,560	20,996
Depreciation	8,512	8,638
Payroll	-	253
Pension	-	53
Postemployment	-	13
Other	514	464
Total Hawaii Convention Center management expenses	<u>19,586</u>	<u>30,417</u>
Tourism and marketing		
Contract	46,858	49,234
Payroll	2,324	1,932
Pension	335	435
Administrative and general	249	163
Postemployment	18	103
Other	199	245
Total tourism and marketing expenses	<u>49,983</u>	<u>52,112</u>
Total expenses	<u>69,569</u>	<u>82,529</u>
Transfers	15,000	-
Change in net position	25,048	(46,081)
<b>Net position</b>		
Beginning of year	<u>260,706</u>	<u>306,787</u>
End of year	<u>\$ 285,754</u>	<u>\$ 260,706</u>

A reconciliation on [page 16](#) facilitates the comparison between governmental funds and governmental activities.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Management’s Discussion and Analysis (Unaudited)**  
**June 30, 2023**

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Effective January 1, 2022, the Tourism Special Fund (“TSF”) was sunset and discontinued the ability to expend any new funds. In its place, the State of Hawaii (“State”) appropriated Federal American Rescue Plan Act (“ARPA”) funds in fiscal years 2022 and 2023 to support the Authority’s fiscal years 2022 and 2023 operations. Those funds expired in June 2023, and the Authority returned the unspent balance to the State’s Department of Budget & Finance in July 2023.

The Convention Center Fund also received \$15,000,000 of general obligation bond funds in fiscal year 2023 for the temporary repairs of the Convention Center roof and other items.

**Financial Analysis**

*Current Assets* decreased by approximately \$4,230,000, or 3.5%. This change was primarily due to an approximate \$7,119,000 decrease in cash and equivalents, which was in turn primarily caused by the sunset of the TSF in the prior fiscal year and the elimination of the transient accommodations tax (“TAT”) allocation for the TSF.

*Other Noncurrent Assets*, which primarily consists of cash held by HCC’s management company, ASM Global (“ASM”), increased by approximately \$12,007,000, or 44.0%. During fiscal year 2023, the Authority paid approximately \$13,100,000 to the Hawaii Convention Center Repairs and Maintenance fund managed by ASM. Additionally, approximately \$1,188,000 was spent on capital improvement projects in the current fiscal year.

*Current Liabilities* decreased by approximately \$24,573,000, or 36.3%. This change was primarily due to an approximate \$45,925,000 decrease in unearned Federal grant revenue, an approximate \$35,708,000 increase in Due to State Department of Budget and Finance, and an approximate \$14,367,000 decrease in accounts payable, of which approximately \$10,130,000 was for non-recurring payments to the Hawaii Convention Center Repairs and Maintenance fund.

Effective July 1, 2002, the Convention Center Fund was established by Act 253, Session Laws of Hawaii 2002 (“Act 253”). In accordance with Act 253, the Convention Center Fund was placed within the Authority and was created to receive all revenues generated from the Center’s operations and an allocated portion of the revenues received from the State’s TAT.

*Charges for Services* increased by approximately \$10,672,000, or 199.8%. The primary cause for the increase was an approximate \$7,190,000 increase in the Hawaii Convention Center’s operating revenues due to an increase in the number of events held in the current fiscal year.

*Federal Grant Revenue*, which is earned when funds are spent on program expenditures, increased by approximately \$31,913,000, or 171.3%, primarily due to the expenditure of Federal grant funds that were received but not earned in the prior fiscal year.

*Hawaii Convention Center Management Contract Expenses* decreased by approximately \$10,436,000, or 49.7%. This decrease was primarily due to approximately \$10,130,000 in non-recurring payments for the Hawaii Convention Center Repairs and Maintenance fund that were accrued as of June 30, 2022.

*Transfers* increased by \$15,000,000 as the Convention Center Fund received \$15,000,000 of general obligation bond funds in fiscal year 2023 for the temporary repairs of the Convention Center roof and other items.

**Financial Analysis of the Authority’s Individual Funds**

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Management’s Discussion and Analysis (Unaudited)**  
**June 30, 2023**

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**Governmental Funds**

The focus of the Authority’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority’s financing requirements.

As of the end of the current fiscal year, the Authority’s governmental funds reported combined ending fund balances of approximately \$77,478,000, an increase of approximately \$20,331,000 in comparison with the prior fiscal year-end. The Authority’s entire fund balance is committed to indicate that it can only be used for specific purposes pursuant to formal action of the Authority’s Board of Directors.

The Tourism Fund is used to account for functions related to the development and promotion of Hawaii’s brand as a visitor destination. At the end of the current fiscal year, committed fund balance of the Tourism Fund was approximately \$20,995,000, a decrease of 28.3% from the prior fiscal year-end. As a measure of the Tourism Fund’s liquidity, it may be useful to compare the committed fund balance to total fund expenditures. Committed fund balance represents 41.8% of total Tourism Fund expenditures, a decrease of 14.3% from the prior fiscal year.

The Convention Center Special Fund was established by Act 253 to receive all revenues generated from the operation of the Center and an allocated portion of the revenues received from the State’s TAT. Funds collected by the Convention Center Special Fund are used to pay all expenses arising from the use and operation of the Center. In accordance with Act 253, the operations of the Convention Center Special Fund are included in the Authority’s financial statements. At the end of the current fiscal year, the Convention Center Special Fund had a committed fund balance of approximately \$51,372,000.

The Tourism Emergency Special Fund was established by Hawaii Revised Statutes Section 201B-10. Monies in the Tourism Emergency Special Fund shall be used exclusively to provide for the development and implementation of emergency measures to respond to any tourism emergency including providing emergency assistance to tourists during the tourism emergency. At the end of the current fiscal year, the Tourism Emergency Special Fund had a committed fund balance of approximately \$5,111,000.

**Capital Assets**

As of June 30, 2023, the Authority had approximately \$180,462,000 invested in capital assets as shown in the following table (amounts in thousands). There was a net decrease (additions, deductions and depreciation) of approximately \$7,585,000 from the end of the prior fiscal year.

	<b>2023</b>	<b>2022</b>
<b>Capital assets</b>		
Land	\$ 131,497	\$ 131,497
Buildings and improvements	229,939	229,404
Furniture, fixtures and equipment	10,879	10,638
Construction in progress	1,868	1,766
Total capital assets	<u>374,183</u>	<u>373,305</u>
Less: Accumulated depreciation and amortization	<u>(193,721)</u>	<u>(185,258)</u>
Total capital assets, net	<u>\$ 180,462</u>	<u>\$ 188,047</u>

Additional information regarding the Authority’s capital assets can be found in Note 3 to the financial statements.



**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2023**

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**Currently Known Facts, Decisions, or Conditions**

As part of the Authority's 5-year strategic plan, it has begun to implement a new model for managing tourism called destination management. As defined by the United Nations World Tourism Organization, "Destination management consists of the coordinated management of all the elements that make up a tourism destination. Destination management takes a strategic approach to link-up these sometimes very separate elements for the better management of the destination." Destination management is included in HRS 201B-3 (14). The Authority is considering introducing a bill to clarify the definition of destination management and how it will fit within the Authority's mission.

The Maui wildfire has forced the Authority to focus on restoring Maui's tourism industry. Per HRS 201B-9, upon the request of the Authority's Board, the Governor declared that a tourism emergency exists in the State. In coordination with the Department of Budget and Finance, the Authority can use monies from the Tourism Emergency Special Fund to respond to the emergency, as described in section HRS 201B-10. With the Authority's Board's approval, the Authority has developed a new marketing plan to support Maui's tourism recovery. The plan will use funds from the Tourism Emergency Special Fund, along with cost savings from the fiscal year 2024 operating budget that were identified by Authority staff.

The 2023 State Legislature did not provide the Authority with an operating budget for the fiscal year 2024. As such, the Governor approved the transfer of \$60,000,000 and \$11,000,000, respectively, in general funds from Section 5 of Act 164, SLH 2023, to the Tourism Fund and Convention Center Fund on July 1, 2023. Funds will lapse on June 30, 2024, and the funding for future years is undetermined.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Statement of Net Position – Governmental Activities**  
**June 30, 2023**

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**Current assets**

Equity in cash and cash equivalents and investments	
in State Treasury	\$ 109,587,806
Investments	1,558,320
Accounts receivable	1,593,540
Prepaid expenses	5,250,921
Total current assets	<u>117,990,587</u>

**Noncurrent assets**

Investments	2,471,399
Capital assets	
Land	131,496,508
Construction in progress	1,868,278
Other capital assets, net	47,096,896
Capital assets, net of depreciation	<u>180,461,682</u>
Other noncurrent assets	39,327,380
Total noncurrent assets	<u>222,260,461</u>
Total assets	<u>340,251,048</u>

**Deferred outflows of resources**

Deferred outflows on net pension liability	576,241
Deferred outflows on net other postemployment benefits liability	227,125
Total deferred outflows of resources	<u>803,366</u>
Total assets and deferred outflows of resources	<u>\$ 341,054,414</u>

The accompanying notes are an integral part of these financial statements.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Statement of Net Position – Governmental Activities**  
**June 30, 2023**

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<b>Current liabilities</b>	
Vouchers payable	\$ 700,975
Accrued payroll	124,884
Accrued vacation	131,990
Due to State Department of Budget and Finance	35,708,179
Unearned revenue	<u>6,450,000</u>
Total current liabilities	<u>43,116,028</u>
<b>Noncurrent liabilities</b>	
Accrued vacation, net of current portion	207,159
Net other postemployment benefits liability	4,807,895
Net pension liability	<u>6,062,838</u>
Total noncurrent liabilities	<u>11,077,892</u>
Total liabilities	<u>54,193,920</u>
<b>Deferred inflows of resources</b>	
Deferred inflows on net pension liability	571,120
Deferred inflows on net other postemployment benefits liability	<u>535,695</u>
Total deferred inflows of resources	<u>1,106,815</u>
<b>Net position</b>	
Net investment in capital assets	180,461,682
Restricted	<u>105,291,997</u>
Total net position	<u>285,753,679</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 341,054,414</u>

The accompanying notes are an integral part of these financial statements.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Statement of Activities – Governmental Activities**  
Year Ended June 30, 2023

	<b>Functional Programs</b>		
	<b>Hawaii Convention Center Management</b>	<b>Tourism and Marketing</b>	<b>Total</b>
<b>Expenses</b>			
Contracts	\$ 10,560,218	\$ 46,858,089	\$ 57,418,307
Depreciation	8,512,222	-	8,512,222
Payroll	-	2,323,652	2,323,652
Pension	-	335,112	335,112
Administrative and general	-	249,470	249,470
Postemployment	-	17,688	17,688
Other	514,345	198,666	713,011
Total expenses	<u>\$ 19,586,785</u>	<u>\$ 49,982,677</u>	69,569,462
<b>Program revenues</b>			
Charge for services			16,012,944
Federal grants			50,542,247
Total program revenues			<u>66,555,191</u>
Net expenses			<u>3,014,271</u>
<b>General revenues</b>			
Transient accommodations tax			11,000,000
Interest and investment income			1,630,954
Net decrease in fair value of investments			(31,838)
Other			462,582
Total general revenues			<u>13,061,698</u>
Transfers from other State departments			<u>15,000,000</u>
Change in net position			<u>25,047,427</u>
<b>Net position</b>			
Beginning of year			<u>260,706,252</u>
End of year			<u>\$ 285,753,679</u>

The accompanying notes are an integral part of these financial statements.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Balance Sheet – Governmental Funds**  
**June 30, 2023**

	Tourism Fund	Convention Center Special Fund	Tourism Emergency Special Fund	Total Governmental Funds
<b>Assets</b>				
Equity in cash and cash equivalents and investments in State Treasury	\$ 58,215,564	\$ 50,321,571	\$ 1,050,671	\$ 109,587,806
Investments	-	-	4,029,719	4,029,719
Other assets	5,250,921	1,563,187	30,353	6,844,461
Total assets	<u>\$ 63,466,485</u>	<u>\$ 51,884,758</u>	<u>\$ 5,110,743</u>	<u>\$ 120,461,986</u>
<b>Liabilities and Fund Balances</b>				
Liabilities				
Vouchers and contracts payable	\$ 472,575	\$ 228,400	\$ -	\$ 700,975
Due to State Department of Budget and Finance	35,424,256	283,923	-	35,708,179
Unearned revenue	6,450,000	-	-	6,450,000
Other accrued liabilities	124,884	-	-	124,884
Total liabilities	<u>42,471,715</u>	<u>512,323</u>	<u>-</u>	<u>42,984,038</u>
Fund balances				
Committed	20,994,770	51,372,435	5,110,743	77,477,948
Total liabilities and fund balances	<u>\$ 63,466,485</u>	<u>\$ 51,884,758</u>	<u>\$ 5,110,743</u>	<u>\$ 120,461,986</u>

The accompanying notes are an integral part of these financial statements.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2023**

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Total fund balance – governmental funds	\$ 77,477,948
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of	
Land	131,496,508
Construction in progress	1,868,278
Other	240,817,614
Accumulated depreciation and amortization	<u>(193,720,718)</u>
	180,461,682
Other assets are not available to pay or be used for current-period expenditures and are not recognized in governmental funds.	39,327,380
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of	
Accrued vacation payable	(339,149)
Net other postemployment benefits liability	(4,807,895)
Net pension liability	<u>(6,062,838)</u>
	(11,209,882)
Deferred outflows of resources are for future periods and are not reported in the funds. Those deferred outflows consist of	
Deferred outflows on net pension liability	576,241
Deferred outflows on net other postemployment benefits liability	<u>227,125</u>
	803,366
Deferred inflows of resources benefit future periods and are not reported in the funds. Those deferred inflows consist of	
Deferred inflows on net pension liability	(571,120)
Deferred inflows on net other postemployment benefits liability	<u>(535,695)</u>
	(1,106,815)
Net position of governmental activities	<u>\$ 285,753,679</u>

The accompanying notes are an integral part of these financial statements.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances – Governmental Funds**  
**Year Ended June 30, 2023**

	Tourism Fund	Convention Center Special Fund	Tourism Emergency Special Fund	Total Governmental Funds
<b>Revenues</b>				
Transient accommodations tax	\$ -	\$ 11,000,000	\$ -	\$ 11,000,000
Hawaii Convention Center revenues	-	16,012,944	-	16,012,944
Interest and investment income	561,435	933,952	135,567	1,630,954
Federal grant revenue	41,288,524	9,253,723	-	50,542,247
Other	36,916	425,666	-	462,582
Total revenues	<u>41,886,875</u>	<u>37,626,285</u>	<u>135,567</u>	<u>79,648,727</u>
<b>Expenditures</b>				
Contract	46,858,089	23,565,524	-	70,423,613
Personnel	2,899,888	-	-	2,899,888
Administrative and general	236,949	-	12,521	249,470
Net decrease in the fair value of investments	-	-	31,838	31,838
Other	198,666	514,345	-	713,011
Total expenditures	<u>50,193,592</u>	<u>24,079,869</u>	<u>44,359</u>	<u>74,317,820</u>
Change in fund balances	<u>(8,306,717)</u>	<u>13,546,416</u>	<u>91,208</u>	<u>5,330,907</u>
<b>Other financing sources</b>				
Transfer from other State departments	-	15,000,000	-	15,000,000
Total other financing sources	<u>-</u>	<u>15,000,000</u>	<u>-</u>	<u>15,000,000</u>
Net change in fund balances	<u>(8,306,717)</u>	<u>28,546,416</u>	<u>91,208</u>	<u>20,330,907</u>
<b>Fund balances</b>				
Beginning of year	29,301,487	22,826,019	5,019,535	57,147,041
End of year	<u>\$ 20,994,770</u>	<u>\$ 51,372,435</u>	<u>\$ 5,110,743</u>	<u>\$ 77,477,948</u>

The accompanying notes are an integral part of these financial statements.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures, and Changes in Fund Balances to the Statement of Activities**  
**Year Ended June 30, 2023**

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Total net change in fund balances – governmental funds	\$ 20,330,907
Amounts reported for governmental activities in the statement of activities are different because	
Capital outlays are reported as expenditures in governmental funds; however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are	
Capital asset additions	1,188,524
Capital asset deductions	(310,993)
Accumulated depreciation on disposals	49,416
Depreciation expense	<u>(8,512,222)</u>
Excess of depreciation expense over capital outlay	(7,585,275)
Other assets are not available to be used for current period expenditures and are not recognized in governmental funds.	12,006,576
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	
Change in accrued vacation payable	73,708
Net pension activity	56,770
Net other postemployment benefits activity	<u>164,741</u>
	<u>295,219</u>
Change in net position of governmental activities	<u>\$ 25,047,427</u>

The accompanying notes are an integral part of these financial statements.



**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

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**1. Summary of Significant Accounting Policies**

**The Financial Reporting Entity**

The Hawaii Tourism Authority (the "Authority") was established on January 1, 1999 by Act 156, Session Laws of Hawaii 1998, and was placed within the State of Hawaii, Department of Business, Economic Development, and Tourism, for administrative purposes only. The Authority is responsible for developing a strategic tourism marketing plan and developing measures of effectiveness to assess the overall benefits and effectiveness of the marketing plan and progress toward achieving the Authority's strategic plan goals. In addition, effective July 1, 2000, control and management of the Hawaii Convention Center (the "Center") were transferred to the Authority from the Convention Center Authority ("CCA") by Executive Order No. 3817. Effective July 1, 2002, the Center, by statute, became the responsibility of the Authority. The Center, which opened to the general public in June 1998, is used for a variety of events including conventions and trade shows, public shows, and spectator events. The Center offers approximately 350,000 square feet of rentable space including 51 meeting rooms.

The Authority is governed by a board of directors comprising of 12 voting members, including those recommended by the State Legislature. The Governor of the State appoints the 12 voting members.

The accompanying basic financial statements of the Authority, a discretely presented component unit of the State of Hawaii ("State"), have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for governments as prescribed by the Governmental Accounting Standards Board ("GASB").

**Government-wide and Fund Financial Statements**

The government-wide financial statements, which are the statement of net position and the statement of activities, report information on the activities of the Authority. For the most part, the effect of interfund activity has been removed from these government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function. Resources that are dedicated internally are reported as general revenues rather than program revenues.

The Authority uses funds to report on its financial position and the results of its operations in its fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

Net position is restricted when determined by a formal action of the State Legislature.

The financial activities of the Authority are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Authority uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

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**Governmental Funds**

Governmental funds are those through which the governmental functions of the Authority are financed. The Authority's major funds are as follows:

- **Tourism Fund** –The Tourism Fund is used to account for functions related to the development and promotion of the tourism industry.
- **Convention Center Special Fund** – The Convention Center Special Fund (“Convention Center Fund”) is used to account for functions related to the operation and management of the Center.
- **Tourism Emergency Special Fund** – The Tourism Emergency Special Fund (“Emergency Fund”) is used to account for functions related to the maintenance of a tourism emergency fund.

**Basis of Accounting**

The Governmental Funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

**Transient Accommodations Tax**

In accordance with Sections 201B-11 and 237D-6.5, Hawaii Revised Statutes (“HRS”), the primary source of funding for the Authority's Convention Center Fund was the transient accommodations tax (“TAT”) collected by the State. The TAT is assessed at a rate of 10.25% on the gross rental proceeds derived from providing transient accommodations.

Effective July 1, 2007, funds shall be deposited into the Emergency Fund, established in Section 201B-10, in a manner sufficient to maintain a fund balance of \$5,000,000 in fund.

Act 001, Special Session of 2021 (“Act 001”), amended specific provisions of law effective July 1, 2021. Included were Sections 237D-6.5(b), HRS, *distribution of the TAT*, and 201B-11, HRS, *tourism special fund*.

Effective July 1, 2021, the maximum amount of funding of TAT revenues that may be deposited into the Convention Center Fund is \$11,000,000. Also, pursuant to Act 088, Legislative Session 2021, \$11,000,000 in Federal American Rescue Plan Act (“ARPA”) funds were appropriated to the Convention Center Fund for fiscal years 2022 and 2023.

Effective January 1, 2022, the Tourism Special Fund was sunset and discontinued the ability to expend any new funds. In its place, the State appropriated \$60,000,000 and \$35,000,000, respectively in fiscal year 2022 and 2023 funds from ARPA for eligible expenses incurred by the Authority. Those funds expired in June 2023, and the Authority returned the unspent balance of approximately \$36,833,000 to the State's Department of Budget & Finance in July 2023.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

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Pursuant to Act 248, SLH 2022, \$15,000,000 of general obligation bond funds were provided to the Convention Center Fund for the temporary repairs of the Convention Center roof and other items. The Governor authorized the release of funds on February 22, 2023.

**Investments**

The Authority's investments are reported at fair value within the fair value hierarchy established by GAAP.

**Fair Value Measurements**

The Authority measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value, as follows:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** – Inputs other than quoted market prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- **Level 3** – Unobservable inputs for an asset or liability reflecting the Authority's own assumptions. Level 3 inputs are used to measure fair value to the extent that observable Level 1 or Level 2 inputs are not available.

**Capital Assets**

Capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the statement of net position. Capital assets acquired by purchase are recorded at cost. Donated capital assets are valued at the estimated fair value on the date received. Maintenance, repairs, minor replacements, and renewals are charged to operations as incurred. Major replacements, renewals and betterments are capitalized. Capital assets are defined as assets with an initial individual cost of \$100,000 or more for buildings and improvements, and \$5,000 or more for furniture, fixtures and equipment, and are depreciated on the straight-line method over the estimated useful lives of the respective assets (buildings and improvements – 30 years and furniture, fixtures and equipment – five to seven years). Depreciation is recorded on capital assets in the government-wide statement of activities.

**Accrued Vacation**

Employees hired on or before July 1, 2001 earn vacation at the rate of one and three-quarters working days for each month of service. Employees hired after July 1, 2001 earn vacation at rates ranging between one and two working days for each month of service, depending upon the employees' years of service and job classifications. Each employee is allowed to accumulate a maximum of 90 days of vacation as of the end of the calendar year. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are expected to be paid with expendable available financial resources.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Employees' Retirement System of the State of Hawaii ("ERS"), and additions to/deductions from the ERS's fiduciary net position have been determined on the same basis as they are reported by the ERS. For this

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

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purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at their fair value.

**Postemployment Benefits Other Than Pensions**

For purposes of measuring the net other postemployment benefits (“OPEB”) liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Hawaii Employer-Union Health Benefits Trust Fund (“EUTF”), and additions to/deductions from the EUTF’s fiduciary net position have been determined on the same basis as they are reported by the EUTF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at their fair value.

**Net Position and Fund Balance**

In the government-wide financial statements, net position is reported in two categories: net investment in capital assets and restricted net position. Restricted net position represents net position restricted by parties outside of the Authority (such as citizens, public interest groups, or the judiciary), or imposed by law through enabling legislation, and includes unspent proceeds of bonds issued to acquire or construct capital assets.

In the Fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The Authority classifies fund balance based primarily on the extent to which a government is bound to follow constraints on how resources can be spent in accordance with GAAP. Classifications include:

- **Restricted** – Balances that are restricted for specific purposes by external parties such as creditors, grantors, or other governments. Sources of these externally enforceable legal restrictions include creditors, grantors, or other governments.
- **Committed** – Balances that can only be used for specific purposes pursuant to constraints imposed by formal action (i.e., legislation) of the State’s Legislature, the highest level of decision-making authority. Legislation is required to modify or rescind a fund balance commitment.
- **Assigned** – Balances that are constrained by management to be used for specific purposes, as authorized by the HRS, but are not restricted or committed. For general fund only, encumbrance balances at fiscal year-end are classified as assigned.
- **Unassigned** – Residual balances that are not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance.

**Marketing Contractors**

During fiscal year 2023, the Authority contracted with the following six major marketing contractors to provide tourism, planning, implementation, and other services to assist the Authority in executing its marketing mission:

- Hawaii Visitors and Convention Bureau – United States of America and Global Meetings and Conventions
- a.Link LLC, dba Hawaii Tourism Japan – Japan

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

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- Aviareps Marketing Garden (Holdings) Ltd. – Korea
- The Walshe Group, dba Hawaii Tourism Oceania – Australia and New Zealand
- iTravLocal Ltd. – China
- VoX International Inc. – Canada

**Center Contract**

The Authority contracts with ASM Global (“ASM”), a private contractor, to manage and operate the Center. ASM is on a cost-reimbursement contract whereby it is reimbursed by the Authority for costs incurred in operating the Center. Through December 31, 2019, ASM held the responsibility for the Center’s sales and marketing efforts. Starting January 1, 2020, Act 026, Session Laws of Hawaii 2019, authorized contracts entered by the Authority for the marketing of the Center to be issued separately from the management, use, operation or maintenance of the facility. Effective January 1, 2020, the Authority amended ASM’s contract to reflect responsibilities for local sales.

Effective January 1, 2020, the Authority contracted with the Hawaii Visitors and Convention Bureau to be responsible for the Center’s sales and marketing efforts as part of a global meetings and conventions program.

**Intrafund and Interfund Transactions**

Transfers of financial resources within the same fund are eliminated. Transfers from funds receiving revenues to funds through which the resources are to be expended and funds disbursed to fiduciary funds are recorded as transfers.

**Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**Newly Issued Accounting Pronouncements**

***GASB Statement No. 94***

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. This Statement did not have a material effect on the Authority’s financial statements.

***GASB Statement No. 96***

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. This Statement did not have a material effect on the Authority’s financial statements.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

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***GASB Statement No. 99***

The GASB issued Statement No. 99, *Omnibus*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement were effective immediately while other requirements are effective for fiscal years beginning after June 15, 2022 and June 15, 2023, respectively. The Authority adopted the relevant provisions of the Statement effective in fiscal year 2023 with no material effect to its financial statements. The Authority has not determined the effect this Statement will have on its financial statements for requirements effective beginning after June 15, 2023.

***GASB Statement No. 100***

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. The Authority has not determined the effect this Statement will have on its financial statements.

***GASB Statement No. 101***

The GASB issued Statement No. 101, *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. The Authority has not determined the effect this Statement will have on its financial statements.

**2. Equity in Cash and Cash Equivalents and Investments in State Treasury**

The State Director of Finance is responsible for the safekeeping of cash and investments in the State Treasury in accordance with State laws. The Director of Finance may invest any monies of the State which, in the Director's judgment, are in excess of the amounts necessary for meeting the immediate requirements of the State. Cash is pooled with funds from other State agencies and departments and deposited into approved financial institutions or in the State Treasury Investment Pool System. Funds in the investment pool accrue interest based on the average weighted cash balances of each account.

The State requires that depository banks pledge, as collateral, government securities held in the name of the State for deposits not covered by federal deposit insurance.

GAAP requires disclosures over common deposit and investment risks related to credit risk, interest rate risk, and foreign currency risk. Investments can be categorized by type, maturity and custodian to determine the level of interest rate, credit and custodial risk assumed by the Authority. However, as these funds are held in the State investment pool, the Authority does not manage these investments and the types of investments, and related interest rate, credit and custodial risks are not determinable at the Authority's level. The risk disclosures and fair value leveling table of the State's investment pool are included in the State's Annual Comprehensive Financial Report ("ACFR") which may be obtained from the Department of Accounting and General Services' ("DAGS") website:

<http://ags.hawaii.gov/accounting/annual-financial-reports/>.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

Cash and short-term investments held outside of the State Treasury are primarily held in a financial institution in the State of Hawaii. The Authority considers all cash and investments with original maturities of three months or less to be cash equivalents.

At June 30, 2023, the Authority's deposits with DAGS totaled approximately \$109,588,000.

**3. Capital Assets**

The following is a summary of changes in capital assets during the year ended June 30, 2023:

	Balance at July 1, 2022	Additions	Deductions	Transfers	Balance at June 30, 2023
<b>Capital assets not being depreciated</b>					
Land	\$ 131,496,508	\$ -	\$ -	\$ -	\$ 131,496,508
Construction in progress	<u>1,767,025</u>	<u>1,188,524</u>	<u>(261,577)</u>	<u>(825,694)</u>	<u>1,868,278</u>
Total capital assets not being depreciated	<u>133,263,533</u>	<u>1,188,524</u>	<u>(261,577)</u>	<u>(825,694)</u>	<u>133,364,786</u>
<b>Capital assets being depreciated</b>					
Buildings and improvements	229,403,709	-	-	534,548	229,938,257
Furniture, fixtures and equipment	<u>10,637,627</u>	<u>-</u>	<u>(49,416)</u>	<u>291,146</u>	<u>10,879,357</u>
Total capital assets being depreciated	<u>240,041,336</u>	<u>-</u>	<u>(49,416)</u>	<u>825,694</u>	<u>240,817,614</u>
<b>Less: Accumulated depreciation and amortization</b>					
Buildings and improvements	(179,055,367)	(7,510,221)	-	-	(186,565,588)
Furniture, fixtures and equipment	<u>(6,202,545)</u>	<u>(1,002,001)</u>	<u>49,416</u>	<u>-</u>	<u>(7,155,130)</u>
Total accumulated depreciation and amortization	<u>(185,257,912)</u>	<u>(8,512,222)</u>	<u>49,416</u>	<u>-</u>	<u>(193,720,718)</u>
Total capital assets, net	<u>\$ 188,046,957</u>	<u>\$ (7,323,698)</u>	<u>\$ (261,577)</u>	<u>\$ -</u>	<u>\$ 180,461,682</u>

Depreciation expense charged to the Hawaii Convention Center management function amounted to approximately \$8,512,000 for the year ended June 30, 2023.

**4. Investments**

At June 30, 2023, the fair value measurements reportable by the Authority consisted of investments in U.S. Treasury obligations valued at quoted market prices, a Level 1 valuation input. There were no investments for which Level 2 and Level 3 valuation inputs were required. The following table presents the fair value of the Authority's investments by level of input at June 30, 2023:

	Reported Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Emergency Funds</b>				
U.S. Treasury obligations	<u>\$ 4,029,719</u>	<u>\$ 4,029,719</u>	<u>\$ -</u>	<u>\$ -</u>

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

The following table presents the Authority's investments by maturity period at June 30, 2023:

	Reported Value	Maturity (in years)		
		Less than 1	1-5	>5
<b>Emergency Funds</b>				
U.S. Treasury obligations	\$ 4,029,719	\$ 1,558,320	\$ 2,471,399	\$ -

**Interest Rate Risk**

The Authority's investment policy generally limits maturities on investments to not more than five years from the date of investment to limit its exposure to fair value losses arising from rising interest rates.

**Credit Risk**

The Authority's investment policy limits its investments to investments in U.S. Treasury obligations, certificates of deposit, U.S. government or agency obligations, commercial paper, federally insured savings accounts, and money market funds.

**Custodial Risk**

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Authority or the State will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's and the State's investments are held at broker/dealer firms that are protected by the Securities Investor Protection Corporation ("SIPC") up to a maximum amount. In addition, excess SIPC coverage is provided by the broker/dealer firms' insurance policies. The Authority and the State require the institutions to set aside, in safekeeping, certain types of securities to collateralize repurchase agreements. The Authority and the State monitor the fair value of these securities and obtain additional collateral when appropriate.

**5. Other Assets**

Other assets primarily represent funds held by ASM for emergency capital improvements, repair or maintenance purchases, and various capital improvement projects. At June 30, 2023, funds held amounted to approximately \$39,327,000.

**6. Changes in Long-Term Liabilities**

The following is a summary of changes in long-term liabilities during the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
Accrued vacation payable	\$ 412,857	\$ 155,432	\$ (229,140)	\$ 339,149	\$ 131,990
Net other postemployment benefits liability	4,989,411	33,620	(215,136)	4,807,895	-
Net pension liability	5,733,232	831,235	(501,629)	6,062,838	-
	<u>\$ 11,135,500</u>	<u>\$ 1,020,287</u>	<u>\$ (945,905)</u>	<u>\$ 11,209,882</u>	<u>\$ 131,990</u>

The accrued vacation liability attributable to the governmental activities will be liquidated by the Authority's governmental funds. All of the accrued vacation liability was paid by the Tourism Fund during the year ended June 30, 2023.



**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

---

**7. Retirement Benefits**

**Pension Plan**

***Plan Description***

Generally, all full-time employees of the State and counties are required to be members of the ERS, a cost-sharing multiple-employer defined benefit pension plan that administers the State's pension benefits program. Benefits, eligibility and contribution requirements are governed by HRS Chapter 88 and can be amended through legislation. The ERS issues publicly available annual financial reports that can be obtained at the ERS website: <http://ers.ehawaii.gov/resources/financials>.

***Benefits Provided***

The ERS Pension Trust is comprised of three pension classes for membership purposes and considered to be a single plan for accounting purposes since all assets of the ERS may legally be used to pay the benefits of any of the ERS members or beneficiaries. The ERS provides retirement, disability and death benefits with three membership classes known as the noncontributory, contributory and hybrid retirement classes. The three classes provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25% to 2.25%) multiplied by the average final compensation multiplied by years of credited service. Average final compensation for members hired prior to July 1, 2012 is an average of the highest salaries during any three years of credited service, excluding any salary paid in lieu of vacation for members hired January 1, 1971 or later and the average of the highest salaries during any five years of credited service including any salary paid in lieu of vacation for members hired prior to January 1, 1971. For members hired after June 30, 2012, average final compensation is an average of the highest salaries during any five years of credited service excluding any salary paid in lieu of vacation.

Each retiree's original retirement allowance is increased on each July 1 beginning the calendar year after retirement. Retirees first hired as members prior to July 1, 2012 receive a 2.5% increase each year of their original retirement allowance without a ceiling. Retirees first hired as members after June 30, 2012 receive a 1.5% increase each year of their original retirement allowance without a ceiling. The annual increase is not compounded.

The following summarizes the provisions relevant to the largest employee groups of the respective membership class. Retirement benefits for certain groups, such as police officers, firefighters, some investigators, sewer workers, judges, and elected officials, vary from general employees.

**Noncontributory Class**

- ***Retirement Benefits*** – General employees' retirement benefits are determined as 1.25% of average final compensation multiplied by the years of credited service. Employees with ten years of credited service are eligible to retire at age 62. Employees with 30 years of credited service are eligible to retire at age 55.
- ***Disability Benefits*** – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation. Ten years of credited service are required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5% of average final compensation.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

---

- ***Death Benefits*** – For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. Additional benefits are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or surviving dependent children, no benefit is payable.

Ordinary death benefits are available to employees who were active at time of death with at least ten years of credited service. The surviving spouse/reciprocal beneficiary (until remarriage/re-entry into a new reciprocal beneficiary relationship) and surviving dependent children (up to age 18) receive a benefit equal to a percentage of the member's accrued maximum allowance unreduced for age or, if the member was eligible for retirement at the time of death, the surviving spouse/reciprocal beneficiary receives 100% joint and survivor lifetime pension and the surviving dependent children receive a percentage of the member's accrued maximum allowance unreduced for age.

Contributory Class for Members Hired Prior to July 1, 2012

- ***Retirement Benefits*** – General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 55.
- ***Disability Benefits*** – Members are eligible for service-related disability benefits regardless of length of service and receive a one-time payment of the member's contributions and accrued interest plus a lifetime pension of 50% of their average final compensation. Ten years of credited service are required for ordinary disability. Ordinary disability benefits are determined as 1.75% of average final compensation multiplied by the years of credited service but are payable immediately, without an actuarial reduction, and at a minimum of 30% of average final compensation.
- ***Death Benefits*** – For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least one year of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage of the salary earned in the 12 months preceding death, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributory Class for Members Hired After June 30, 2012

- ***Retirement Benefits*** – General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 60.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

---

- *Disability and Death Benefits* – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service are required for ordinary disability.

Death benefits for contributory members hired after June 30, 2012 are generally the same as those for contributory members hired June 30, 2012 and prior.

Hybrid Class for Members Hired Prior to July 1, 2012

- *Retirement Benefits* – General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 62. General employees with 30 years of credited service are eligible to retire at age 55.
- *Disability Benefits* – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service are required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25% of average final compensation.
- *Death Benefits* – For service-connected deaths, the designated surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/ reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least five years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage multiplied by 150%, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Hybrid Class for Members Hired After June 30, 2012

- *Retirement Benefits* – General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 65. Employees with 30 years of credited service are eligible to retire at age 60.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

---

- *Disability and Death Benefits* – Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least ten years of service. Ordinary death benefits consist of a lump sum payment of the member’s contributions and accrued interest, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

**Contributions**

Contributions are governed by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every five years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rate for fiscal year 2023 was 24% for all employees other than police and fire employees. Contributions to the pension plan from the Authority was approximately \$392,000 for the year ended June 30, 2023.

The employer is required to make all contributions for noncontributory members. Contributory members hired prior to July 1, 2012 are required to contribute 7.8% of their salary. Contributory members hired after June 30, 2012 are required to contribute 9.8% of their salary. Hybrid members hired prior to July 1, 2012 are required to contribute 6.0% of their salary. Hybrid members hired after June 30, 2012 are required to contribute 8.0% of their salary.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2023, the Authority reported a net pension liability of approximately \$6,063,000 for its proportionate share of the State’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to projected contributions of all participants, actuarially determined. At June 30, 2022, the Authority’s proportion was 0.06% which was a decrease of 0.01% from its proportion measured as of June 30, 2021.

The following changes were made to the actuarial assumptions as of June 30, 2021 to June 30, 2022:

- The administrative expenses assumption was increased from 0.35% to 0.40%.
- The general wage inflation assumption represents the average increase in wages in the general economy and is used to index salaries for each cohort of new entrants in projections. The general productivity component of the general wage inflation assumption for general employees decreased from 1.00% to 0.50%, that now yields a nominal assumption of 3.00%.
- The assumed salary increase schedules increased for all employees. These schedules include an ultimate component for general wage inflation that may add on additional increases for individual merit (which would include promotions) and then an additional component for step rates based on service. The schedules of assumed salary increase, that are the same, for general employees increased to 4.66%, from 4.41%.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

---

- Retiree mortality was updated to the 2022 Public Retirees of Hawaii mortality tables. The rates are projected on a fully generational basis by the long-term rates of scale UMP from the year 2022 and with multiplier and setbacks based on plan and group experience.

For the year ended June 30, 2023, the Authority recognized pension expense of approximately \$335,000. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 106,078	\$ (95,665)
Changes in assumptions	28,982	(55,956)
Net difference between projected and actual earnings on pension plan investments	-	(396,601)
Changes in proportion and differences between contributions and proportionate share of contributions	49,300	(22,898)
Contributions subsequent to the measurement date	391,881	-
	<u>\$ 576,241</u>	<u>\$ (571,120)</u>

At June 30, 2023, the approximate \$392,000 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Years ending June 30,</b>	
2024	\$ (100,373)
2025	(146,215)
2026	(271,008)
2027	133,675
2028	(2,839)
	<u>\$ (386,760)</u>

**Actuarial Assumptions**

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions adopted by the ERS Board of Trustees on August 8, 2022, based on the 2021 Experience Study for the five-year period from July 1, 2016 through June 30, 2021:

Inflation	2.50%
Payroll growth rate	3.50%
Investment rate of return	7.00% per year, compounded annually including inflation

There were no changes to ad hoc postemployment benefits including cost of living allowances.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

---

Post-retirement mortality rates are based on the 2022 Public Retirees of Hawaii mortality table with adjustments based on generational projections of the BB projection table for 2019 and full generational projections in future years. Pre-retirement mortality rates are based on multiples of the Pub-2010 mortality table based on the occupation of the member.

The long-term expected rate of return on pension plan investments was determined using a “top down approach” of the Client-constrained Simulation-based Optimization Model (a statistical technique known as “re-sampling with a replacement” that directly keys in on specific plan-level risk factors as stipulated by the ERS’s Board of Trustees) in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return (real returns and inflation) by the target asset allocation percentage. The target asset allocation and best estimates of long-term geometric strategic range of return for each major asset class are summarized in the following table:

	<b>Target Allocation</b>	<b>Expected Long-Term Geometric Average Strategic Range</b>
<b>Strategic allocation (risk-based classes)</b>		
Broad growth		
Private equity	13.5 %	11.0 %
Global equity	20.0 %	8.5 %
Low volatility equity	4.0 %	7.8 %
Global options	4.0 %	6.4 %
Credit	6.0 %	7.7 %
Core real estate	6.0 %	6.4 %
Non-core real estate	4.5 %	9.5 %
Timber/agriculture/infrastructure	5.0 %	8.3 %
Diversifying strategies		
TIPS	2.0 %	3.3 %
Global macro	4.0 %	5.4 %
Reinsurance	4.0 %	6.4 %
Alternative risk premia	8.0 %	5.4 %
Long Treasuries	5.0 %	3.8 %
Intermediate government	4.0 %	3.2 %
Systematic trend following	10.0 %	6.2 %
Total investments	100.0 %	

**Discount Rate**

The discount rate used to measure the net pension liability was 7.00%, consistent with the rate used at the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the State will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

---

on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the State’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Authority’s proportionate share of the net pension liability	\$ 8,130,000	\$ 6,063,000	\$ 4,351,000

***Pension Plan Fiduciary Net Position***

The pension plan’s fiduciary net position is determined on the same basis used by the pension plan. The ERS financial statements are prepared using the accrual basis of accounting under which expenses are recorded when the liability is incurred, and revenues are recorded in the accounting period in which they are earned and become measurable. Employer and member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded as of their trade date. Administrative expenses are financed exclusively with investment income.

There were no significant changes after the report measurement date. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ERS financial report. The ERS complete financial statements are available at <http://ers.ehawaii.gov/resources/financials>.

***Payables to the Pension Plan***

The Authority’s employer contributions payable to the State for its allocation of the State payable to ERS was paid by June 30, 2023.

***Required Supplementary Information and Disclosures***

The State’s ACFR includes the required disclosures and required supplementary information on the State’s pension plan.

**Postemployment Healthcare and Life Insurance Benefits**

***Plan Description***

The State provides certain healthcare and life insurance benefits to all qualified employees. Pursuant to Act 88, SLH 2001, the State contributes to the EUTF, an agent multiple-employer defined benefit plan that replaced the Hawaii Public Employees Health Fund effective July 1, 2003. The EUTF was established to provide a single delivery system of health benefits for state and county workers, retirees, and their dependents. The EUTF issues an annual financial report that is available to the public at <https://eutf.hawaii.gov/reports/>. The report may also be obtained by writing to the EUTF at P.O. Box 2121, Honolulu, Hawaii 96805-2121.

**Hawaii Tourism Authority**  
 (A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

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For employees hired before July 1, 1996, the State pays the entire base monthly contribution for employees retiring with ten years or more of credited service, and 50% of the base monthly contribution for employees retiring with fewer than ten years of credited service. A retiree can elect a family plan to cover dependents.

For employees hired after June 30, 1996 but before July 1, 2001, and who retire with less than ten years of service, the State makes no contributions. For those retiring with at least ten years but fewer than 15 years of service, the State pays 50% of the base monthly contribution. For employees retiring with at least 15 years but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% of the base monthly contribution. Retirees in this category can elect a family plan to cover dependents.

For employees hired on or after July 1, 2001, and who retire with less than ten years of service, the State makes no contributions. For those retiring with at least ten years but fewer than 15 years of service, the State pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% of the base monthly contribution. Only single plan coverage is provided for retirees in this category. Retirees can elect family coverage but must pay the difference.

**Employees Covered by Benefit Terms**

At July 1, 2021, the State had the following number of plan members covered:

Inactive plan members or beneficiaries currently receiving benefits	39,326
Inactive plan members entitled to but not yet receiving benefits	7,564
Active plan members	<u>48,678</u>
Total plan members	<u>95,568</u>

**Contributions**

Contributions are governed by HRS Chapter 87A and may be amended through legislation. Contributions to the OPEB plan from the Authority were approximately \$182,000 for the year ended June 30, 2023. The employer is required to make all contributions for members.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2023, the Authority reported a net OPEB liability of approximately \$4,808,000. The net OPEB liability was measured as of July 1, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

There were no changes between the measurement date, July 1, 2022, and the reporting date, June 30, 2023, that are expected to have a significant effect on the net OPEB liability.



**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

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For the year ended June 30, 2023, the Authority recognized OPEB expense of approximately \$18,000. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (495,120)
Changes in assumptions	40,822	(40,575)
Net differences between projected and actual earnings on OPEB plan investments	3,874	-
Contributions subsequent to the measurement date	182,429	-
	<u>\$ 227,125</u>	<u>\$ (535,695)</u>

At June 30, 2023, the approximate \$182,000 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Years ending June 30,</b>	
2024	\$ (119,790)
2025	(117,927)
2026	(126,639)
2027	(62,860)
2028	(63,783)
	<u>\$ (490,999)</u>

**Hawaii Tourism Authority**  
 (A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

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***Actuarial Assumptions***

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions adopted by the EUTF's Board of Trustees on January 9, 2023, based on the experience study covering the five-year period ended June 30, 2022 as conducted for the ERS:

Inflation	2.50%
Salary increases	3.75% to 6.75% including inflation
Investment rate of return	7.00%
Healthcare cost trend rates	
PPO*	Initial rate of 6.40% declining to a rate of 4.25% after 22 years
HMO*	Initial rate of 6.40% declining to a rate of 4.25% after 22 years
Contribution	Initial rate of 5.00% declining to a rate of 4.25% after 22 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

\* Blended rates for medical and prescription drugs.

Mortality rates are based on system-specific mortality tables utilizing scale BB to project generational mortality improvement.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

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The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global equity	27.50 %	6.62 %
Private equity	12.50 %	11.72 %
Real assets	10.00 %	6.59 %
Trend following	10.00 %	4.53 %
Private credit	8.00 %	6.38 %
Long Treasuries	6.00 %	2.32 %
U.S. microcap	6.00 %	8.28 %
Alternative risk premia	5.00 %	3.74 %
Global options	5.00 %	4.45 %
Reinsurance	5.00 %	4.81 %
TIPS	5.00 %	1.35 %
Total investments	<u>100.00 %</u>	

**Single Discount Rate**

The discount rate used to measure the net OPEB liability was 7.00%, based on the expected rate of return on OPEB plan investments of 7.00%. Beginning with the fiscal year 2019 contribution, the State's funding policy is to pay the recommended actuarially determined contribution, which is based on layered, closed amortization periods. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. In July 2020, the Governor's office issued the Tenth Proclamation related to the COVID-19 Emergency, allowing employers of the EUTF to suspend Act 268 contributions for fiscal year ended June 30, 2021, and instead limit their contribution amounts to the OPEB benefits due. This relief provision related to OPEB funding was extended to fiscal years 2022 and 2023 by Act 229, SLH 2021. The OPEB plan's fiduciary net position is expected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**OPEB Plan Fiduciary Net Position**

The OPEB plan's fiduciary net position has been determined on the same basis used by the OPEB plan. The EUTF's financial statements are prepared using the accrual basis of accounting under which revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the cash flows. Employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

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plan. Investment purchases and sales are recorded on a trade-date basis. Administrative expenses are financed exclusively with investment income.

There were no significant changes after the report measurement date. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued EUTF financial report. The EUTF complete financial statements are available at <https://eutf.hawaii.gov/reports/>.

***Changes in Net OPEB Liability***

The following table represents a schedule of changes in the net OPEB liability. The ending balances are as of the measurement date, July 1, 2022.

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Beginning balance	\$ 6,635,363	\$ 1,645,952	\$ 4,989,411
Service cost	12,072	-	12,072
Interest on the total OPEB liability	40,332	-	40,332
Difference between expected and actual experience	(54,567)	-	(54,567)
Changes of assumptions	(13,908)	-	(13,908)
Employer contributions	-	169,265	(169,265)
Net investment income	-	(3,858)	3,858
Benefit payments	(18,594)	(18,594)	-
Administrative expense	-	(16)	16
Other	-	54	(54)
Net changes	<u>(34,665)</u>	<u>146,851</u>	<u>(181,516)</u>
Ending balance	<u>\$ 6,600,698</u>	<u>\$ 1,792,803</u>	<u>\$ 4,807,895</u>

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate  
and Healthcare Cost Trend Rates***

The following table presents the Authority's net OPEB liability calculated using the discount rate of 7.00%, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Authority's proportionate share of the net OPEB liability	<u>\$ 5,988,000</u>	<u>\$ 4,808,000</u>	<u>\$ 3,870,000</u>

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

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The following table presents the Authority’s net OPEB liability calculated using the assumed healthcare cost trend rate, as well as what the Authority’s net OPEB liability would be if it were calculated using the trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority’s proportionate share of the net OPEB liability	\$ 3,819,000	\$ 4,808,000	\$ 6,073,000

***Payables to the OPEB Plan***

The Authority’s employer contributions payable to the State for its allocation of the State payable to EUTF was paid by June 30, 2023.

***Required Supplementary Information and Disclosures***

The State’s ACFR includes the required disclosures and required supplementary information on the State’s OPEB plan.

**8. Commitments and Contingencies**

**Accumulated Sick Leave**

Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limit, but may be taken only in the event of illness and is not convertible to pay upon termination of employment. However, an employee who retires or leaves government service in good standing with 60 days or more of unused sick leave is entitled to additional service credit in the ERS. At June 30, 2023, accumulated sick leave was approximately \$927,000.

**Deferred Compensation Plan**

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan, available to all state employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All plan assets are held in a trust fund to protect them from claims of general creditors. The State has no responsibility for loss due to the investment or failure of investment of funds and assets in the plan but does have the duty of due care that would be required of an ordinary prudent investor. Accordingly, the assets and liabilities of the State’s deferred compensation plan are not reported in the accompanying basic financial statements.

**Contingencies**

The Authority may be subject to legal proceedings, claims and litigation arising in the normal course of operations for which it may seek the advice of legal counsel. Management estimates that the cost to resolve such matters, if any, would not be material to the financial statements. However, it is reasonably possible that such estimates may change within the near term.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2023**

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**Insurance**

The State maintains certain insurance coverage to satisfy the bond indenture agreements as well as for other purposes, but is substantially self-insured for all other perils including workers' compensation. The State records a liability for risk financing and insurance related losses, including incurred but not reported, if it is determined that a loss has been incurred and the amount can be reasonably estimated. The State retains various risks and insures certain excess layers with commercial insurance companies. At June 30, 2023, the State recorded an estimated loss for workers' compensation, automobile, and general liability claims as long-term liabilities as the losses will not be liquidated with currently expendable available financial resources. The estimated losses will be paid from legislative appropriations of the State's general fund. The Authority's portion of the State's workers' compensation liability was not material at June 30, 2023.

**9. Subsequent Events**

The 2023 State Legislature did not provide the Authority with an operating budget for fiscal year 2024. As such, the Governor approved the transfer of \$60,000,000 and \$11,000,000, respectively, in general funds from Section 5 of Act 164, SLH 2023, to the Tourism Fund and Convention Center Fund on July 1, 2023. Funds will lapse on June 30, 2024 and the funding for future years is currently undetermined.

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**Required Supplementary Information Other  
than Management's Discussion and Analysis  
(Unaudited)**

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**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Budgetary Comparison Schedules – Tourism Fund and**  
**Convention Center Special Fund (Unaudited)**  
**Year Ended June 30, 2023**

	Tourism Fund				Convention Center Special Fund			
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance – Over (Under)	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance – Over (Under)
<b>Revenues</b>								
Transient accommodations tax	\$ -	\$ -	\$ -	\$ -	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ -
Hawaii Convention Center Operations	-	-	-	-	4,901,024	4,901,024	14,676,457	9,775,433
Interest	-	-	846,299	846,299	-	-	744,331	744,331
Federal grant revenue	41,450,000	41,450,000	41,450,000	-	-	-	-	-
Other	-	-	-	-	-	-	54,000	54,000
Total revenues	<u>41,450,000</u>	<u>41,450,000</u>	<u>42,296,299</u>	<u>846,299</u>	<u>15,901,024</u>	<u>15,901,024</u>	<u>26,474,788</u>	<u>10,573,764</u>
<b>Expenditures</b>	<u>41,450,000</u>	<u>41,450,000</u>	<u>19,473,707</u>	<u>(21,976,293)</u>	<u>15,901,024</u>	<u>15,901,024</u>	<u>14,446,485</u>	<u>(1,454,539)</u>
Excess of revenues over expenditures	-	-	22,822,592	22,822,592	-	-	12,028,303	12,028,303
Other financing sources – Transfers in	-	-	-	-	15,000,000	15,000,000	15,000,000	-
Excess of revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,822,592</u>	<u>\$ 22,822,592</u>	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 27,028,303</u>	<u>\$ 12,028,303</u>

See report of independent auditors.



# Hawaii Tourism Authority

(A Component Unit of the State of Hawaii)

## Notes to Required Supplementary Information (Unaudited)

Year Ended June 30, 2023

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### 1. Budgeting and Budgetary Control

The budget of the Authority is a detailed operating plan identifying estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, services and activities to be provided during the fiscal year, (2) the estimated revenues available to finance the operating plan, and (3) the estimated spending requirements of the operating plan. The budget represents a process through which policy decisions are made, implemented and controlled. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated throughout the fiscal year. Amounts reflected as budgeted revenues in the Budgetary Comparison Schedules – Tourism Fund and Convention Center Special Fund are those estimates as compiled and reviewed by the Authority.

The final legally adopted budget in the accompanying Budgetary Comparison Schedules – Tourism Fund and Convention Center Special Fund represents the original appropriations, transfers, and other legally authorized legislative and executive changes.

Budgetary control is maintained at the appropriation line item level as established in the appropriations act. The governor is authorized to transfer appropriations within a state agency; however, transfers of appropriations between state agencies generally require legislative authorization. Records and reports reflecting the detail level of control are maintained by and are available at the Authority. During the year ended June 30, 2023, there were no expenditures in excess of appropriations at the legal level of budgetary control.

To the extent not expended or encumbered, Tourism Fund appropriations generally lapse at the end of the fiscal year for which the appropriations were made. The State Legislature specifies the lapse dates and any other contingencies, which may terminate the authorizations for other appropriations.

Budgets adopted by the State Legislature for the Tourism Fund and Convention Center Special Fund are presented in the accompanying Budgetary Comparison Schedules – Tourism Fund and Convention Center Special Fund. The Authority's annual budget is prepared on the budgetary basis of accounting with several differences from the preparation of the statement of revenues, expenditures, and changes in fund balances, principally related to (1) encumbrance of purchase orders and contract obligations and (2) accrued revenues and expenditures.

Reconciliations of the budgetary to GAAP basis operating results of the Tourism Fund and Convention Center Special Fund for the year ended June 30, 2023 are as follows:

	<b>Tourism Fund</b>	<b>Convention Center Special Fund</b>
Excess of revenues and other sources over expenditures – actual (budgetary basis)	\$ 22,822,592	\$ 27,028,303
Reserve for encumbrances at fiscal year end	29,560,461	4,554,965
Expenditures for liquidation of prior fiscal year encumbrances	(44,333,443)	(21,508,469)
Revenues and expenditures for unbudgeted programs, net	<u>(16,356,327)</u>	<u>18,471,617</u>
Net change in fund balance – GAAP basis	<u>\$ (8,306,717)</u>	<u>\$ 28,546,416</u>

See report of independent auditors.

**Supplementary Information**

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**Hawaii Tourism Authority**  
 (A Component Unit of the State of Hawaii)  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

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Federal Program or Pass-through Entity	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of the Treasury</b>			
Pass-through from the Executive Office of the State of Hawaii			
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	S-22-262-B, S-22-222-B, S-23-550-B	<u>\$ 16,147,561</u>
Total U.S. Department of the Treasury			<u>16,147,561</u>
<b>Total expenditures of federal awards</b>			<u><u>\$ 16,147,561</u></u>

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See accompanying report of independent auditors  
and notes to the schedule of expenditures of federal awards.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Hawaii Tourism Authority (the "Authority") under programs of the federal government for the year ended June 30, 2023 and is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position or changes in net position of the Authority.

**2. Summary of Significant Accounting Policies**

Expenditures in the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Cost Rate**

The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

See accompanying report of independent auditors.

# **Single Audit Reports**

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**Report of Independent Auditors on Internal Control  
Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Auditor  
State of Hawaii

The Board of Directors  
Hawaii Tourism Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Hawaii Tourism Authority (the "Authority"), a component unit of the State of Hawaii, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated       , 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Honolulu, Hawaii  
[REDACTED], 2024

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**Report of Independent Auditors on  
Compliance for Each Major Federal Program  
and on Internal Control Over Compliance  
Required by the Uniform Guidance**

The Auditor  
State of Hawaii

The Board of Directors  
Hawaii Tourism Authority

**Report on Compliance for Each Major Federal Program**

***Opinion on Major Federal Program***

We have audited the Hawaii Tourism Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2023. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

***Basis for Opinion on Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.





### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



## Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Honolulu, Hawaii  
[REDACTED], 2024

**Hawaii Tourism Authority**  
 (A Component Unit of the State of Hawaii)  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

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**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued Unmodified

Internal control over financial reporting

- Material weakness(es) identified? \_\_\_ yes      X no
- Significant deficiency(ies) identified? \_\_\_ yes      X none reported

Noncompliance material to financial statements noted? \_\_\_ yes      X no

**Federal Awards**

Internal control over major programs

- Material weakness(es) identified? \_\_\_ yes      X no
- Significant deficiency(ies) identified? \_\_\_ yes      X none reported

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? \_\_\_ yes      X no

Identification of major programs

<b>Assistance Listing Number</b>	<b>Name of Federal Program or Cluster</b>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? \_\_\_ yes      X no

**Section II – Financial Statement Findings**

None noted.

DRAFT

**Section III – Federal Award Findings and Questioned Costs**

None noted.

DRAFT

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2023**

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There were no prior year findings or questioned costs.

DRAFT

**13**

**Update on the Japan 2024 Marketing  
Recovery Plan**

A scenic view of a tropical coastline. In the foreground, two divers are swimming underwater in clear, turquoise water. In the background, a white boat with a yellow lifebuoy is docked at a pier. The water is crystal clear, and the sky is bright. The overall atmosphere is peaceful and inviting.

# UPDATED 2024 JAPAN MARKET RECOVERY PLAN

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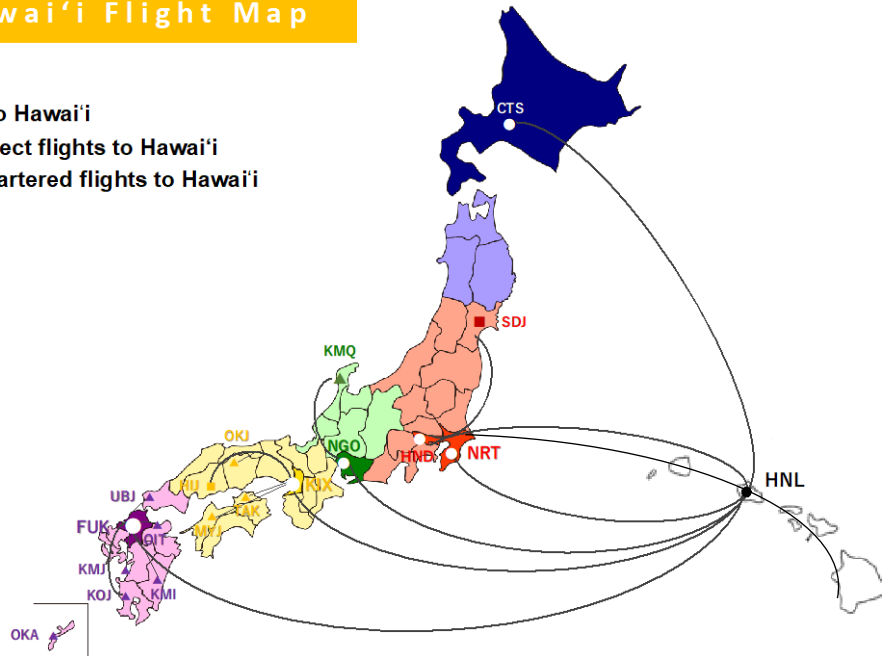




# JAPAN MARKET RECOVERY

- Steady but slower than expected market recovery due to uncontrollable factors (40% of 2019)
  - JPY/USD exchange rate
  - U.S. inflation
  - High air fuel surcharges
  - Pricing sensitivity (Sentiment, value proposition)
- Competitive destination implementing aggressive initiatives and resources to gain Japanese traveler market share
- Fight to maintain presence and market share as well as fend off competing destinations
- Pivot from Mālama to messaging that inspires and drives bookings to Hawai'i

- Direct flights to Hawai'i
- Suspended direct flights to Hawai'i
- ▲ Suspended chartered flights to Hawai'i



# AIR SEAT SYNOPSIS

## Top 5 % Share by Area (2019)

Kanto/Narita/Haneda
Kinki/Kansai
Chubu/Nagoya
Kyushu/Fukuoka
Tohoku

	Flights			Seats		
	2024	2019	%Change	2024	2019	%Change
24-Jan	418	696	-39.9%	121,870	174,100	-30.0%
24-Feb	379	632	-40.0%	110,868	158,160	-29.9%
24-Mar	429	694	-38.2%	125,035	173,638	-28.0%
<b>Total</b>	<b>1,226</b>	<b>2,022</b>	<b>-39.4%</b>	<b>357,773</b>	<b>505,898</b>	<b>-29.3%</b>

## FUEL SURCHARGE (ONE WAY)

	Europe North America	Hawai'i Indonesia	Southeast Asia	Guam	China Taiwan	Korea
<b>Feb-24</b>	¥43,600	¥28,200	¥23,000	¥16,100	¥10,300	¥5,300
<b>Dec-23</b>	¥47,000	¥30,500	¥24,700	¥17,800	¥11,100	¥5,900
<b>Oct-23</b>	¥33,400	¥21,300	¥17,900	¥11,000	¥8,400	¥3,500
<b>Aug-23</b>	¥28,800	¥18,400	¥15,000	¥9,200	¥7,100	¥2,900
<b>Jun-23</b>	¥33,400	¥21,300	¥17,900	¥11,000	¥8,400	¥3,500
<b>Apr-23</b>	¥36,800	¥23,600	¥19,600	¥12,700	¥9,900	¥4,100
<b>Dec-22</b>	¥47,000	¥30,500	¥24,700	¥17,800	¥11,400	¥5,900

Source : <https://prtimes.jp/main/html/rd/p/000000945.000030684.html/>

# PACKAGE COST COMPARISON

January 2024

Night	Hawai'i	Guam	Australia	Seoul	Taiwan	Bangkok	Paris
4NT	¥492,050	¥331,550	¥300,600	¥138,400	¥96,300	¥209,900	¥371,400
3NT	¥353,500	¥293,300	¥272,300	¥126,950	¥105,000	¥256,100	NA

February 2024

Night	Hawai'i	Guam	Australia	Seoul	Taiwan	Bangkok	Paris
4NT	¥327,000	¥267,750	¥297,050	¥111,200	¥117,050	¥149,100	¥363,000
3NT	¥289,300	¥242,150	¥276,975	¥99,100	¥112,700	¥147,300	NA





# INITIATIVES BY COMPETITIVE DESTINATIONS

## Hong Kong

500,000 airline tickets  
HK\$100 cash voucher



## Taiwan

\$150 cash back campaign  
Free half day tour



## Thailand

20% off tour, 7% off hotel,  
3% off airlines



## Guam

\$20 off coupon to 5,000  
consumers



## Marianas

Monthly gift campaign  
Up to 70% off on hotel, activity,  
restaurant, etc.



# 2024 BASE BMP MAJOR INITIATIVES

## Beautiful Hawai'i/High-Value Market

- Beautiful Hawai'i campaign to run on train ads, taxi ads, inflight video and digital ads
- Romance and golf promotions to target high-value visitor segment

## Travel Trade Initiatives (Japan Summit and Japan Mission)

- Reinforce relationships between suppliers and travel agents, create opportunities to experience the islands to increase booking pace, enhance product development

## Direct Consumer Events (Hawai'i EXPO and JATA Tourism EXPO)

- Accelerate summer to fall booking, increase engagement with consumer, enhance island branding, expand awareness of made in Hawai'i products





# NEW CAMPAIGN “YAPPARI HAWAI‘I” (IT’S GOTTA BE HAWAI‘I!)



旅、はじめるなら  
やっぱり  
HAWAI‘I

The  
HAWAIIAN  
ISLANDS

おもいっきり、ご褒美はじめよう。  
めいっぱい、親孝行はじめよう。  
無制限で、青春はじめよう。  
全力で、恋はじめよう。  
すべて忘れて、自分磨きはじめよう。

食べて、遊んで、学んで、整えて。  
取り戻すには十分すぎる、  
色とりどりの体験がここにある。  
誰にとっても、優雅で、開放的で、安心で、  
非日常的な体験がここにある。

もう一度あの、眩いほどに輝ける  
旅、はじめるなら、やっぱりハワイ。





# ADVERTISING / DIGITAL MARKETING

- Distribute through TV, outdoor, taxi signage, newspaper, consumer magazine advertising
- Plan effective social digital advertising and campaign
- Expedia “Yappari Hawai’i” Special Campaign







# MEDIA TIE-UPS

- Work with targeted nation-wide TV shows to feature Hawai'i
- Target regional TV programs where direct flights are available such as Kansai, Nagoya, Fukuoka
- Collaborate with specialized Hawai'i-focused media to create in depth content and conduct SNS campaigns



# INDUSTRY PARTNER COLLABORATION

## Airline Co-op

- Japan Airlines
  - Print, OOH, Digital advertisement
  - TV media tie-up
- ZIPAIR
  - Enhance experiences for target markets
  - Digital advertisement
  - TV media tie-up



JAPAN AIRLINES

ZIPAIR



## Collaboration with JATA (JTB, HIS, ANA X, JALPAK, Kintetsu, TTA, NTA, and Hankyu)

- Create a special landing page to introduce Yappari Hawai'i tour products
- Utilize Yappari Hawai'i logo and creative assets on all JATA and 8 travel agents owned media and advertisements to maximize reach
- Sync marketing efforts with travel industry partners to maximize campaign impact



# MADE IN HAWAI'I PRODUCT PROMOTION

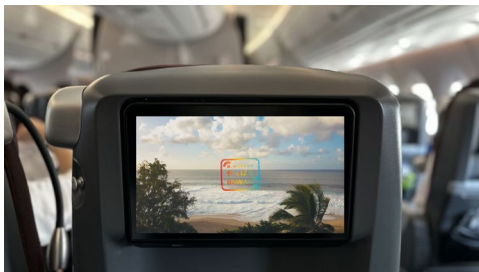


- Partner with DBEDT to increase and seek for the future possible opportunities such as antenna shop for made in Hawai'i products to be available in Japan
- Develop, communicate and organize opportunities to promote Made in Hawai'i products in events
- Produce articles/stories on Made in Hawai'i products in Japanese
- Approach target media to increase media coverage
- Diffuse stories of Made in Hawai'i products/businesses by working with industry partners



# JAPAN MARKET RECOVERY INITIATIVES

## Advertising / Digital Marketing



旅、はじめるなら

## やっぱりハワイ

おもいっきり、ご褒美はじめよう。めいっばい、機中行はじめよう。  
無制限で、青春はじめよう。全力で、癒しはじめよう。すべて忘れて、自分癒しはじめよう。  
食べて、飲んで、学んで、遊んで、取り戻すには十分な、色とりどりの体験がここにある。  
誰にとっても、価値で、開放的で、安心で、非日常な体験がここにある。  
もう一度あの、思い出に輝ける。  
旅、はじめるなら、やっぱりハワイ。



HAWAIIAN ISLANDS

## Media tie-up



## Industry Partner Collaboration



# ZIPAIR



# 2024 TOTAL BUDGET

## \$9,000,000

	Base Budget
Consumer Direct	\$2,532,000
Public Relations	\$988,000
Travel Trade	\$1,550,000
Admin	\$1,430,000
<b>Total</b>	<b>\$6,500,000</b>

	Incremental Budget
Advertising	\$1,000,000
Media tie-ups	\$250,000
Digital marketing	\$250,000
Industry Partner Collaboration	\$500,000
Made in Hawai'i product promotion	\$500,000
<b>Total</b>	<b>\$2,500,000</b>