



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, June 29, 2023, 9:30 a.m.

Hybrid In-Person & Virtual Meeting

MINUTES OF THE REGULAR BOARD MEETING

MEMBERS PRESENT:

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

HTA STAFF PRESENT:

John De Fries, Daniel Nāho'opi'i, Kalani Ka'anā'anā, Isaac Choy, Ilihia Gionson, Iwalani Kaho'ohanohano, Jadie Goo, Carole Hagihara-Loo, Maka Casson-Fisher, Talon Kishi, Tyler Mejia

GUESTS:

DBEDT Director James Tokioka, Nick Carroll, Jennifer Chun, Minh Chau Chun, Kainoa Daines, Jeffrey Eslinger, Tyler Gomes, Laci Goshi, Erin Khan, Kūhiō Lewis, Lawrence Liu, Guillaume Maman, Unt Phone Maw, John Monahan, Teri Orton, Allison Schaefer, Kainalu Severson, Mari Tait

LEGAL COUNSEL:

John Cole

1. Call to Order

Chair Kam called the meeting to order at 9:30 a.m.

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

Mr. Gionson did the roll call, and all members were confirmed in attendance. Members who attended via Zoom were by themselves.

3. Opening Cultural Protocol

Mr. Casson-Fisher did the opening protocol.

4. Approval of Minutes of the May 25, 2023, Regular Board Meeting

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

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

There was none.

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

a. Update on Programs During May 2023

Mr. De Fries thanked the entire HTA staff, especially the leadership team, for their hard work during May and summarized the events of that month. The HTA and the Hawai'i Community Foundation (HCF) were to provide funding for the remainder of 2023 and 2024 for the Aloha 'Āina and Kūkulu Ola programs furthering the Mālama Hawai'i mission of the HTA by giving back to those whose work cared for the land and built community capacity. 74 applications for funding for Kūkulu Ola and 66 applications for funding for Aloha 'Āina had been submitted before the deadline of Wednesday, May 24, 2023.

In the Community Pillar, the HTA continued to partner with the Hawai'i Visitors and Convention Bureau (HVCB) to foster community-based tourism projects with the Community Enrichment Program (CEP) and Signature Events Program (SEP). On June 14, 2023, the HTA announced that 76 community projects, festivals, and other events throughout the state had been awarded \$3.78 million in funding as part of these programs.

In the Brand Pillar, the HTA had completed the U.S. Market and Canada Major Market Area RFPs, and these contracts were in the process of execution. A new supplemental contract for Korea MMA covering services from July 2023 to December 2024 had been fully executed.

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

c. Presentation and Update on the Hawai'i Island Destination Management Action Plan

Mr. De Fries gave details of two recent appointments: Trisha Mendoza, Administrative Assistant in the Brand and Marketing Division, and Lindsay Sanborn, Receptionist who would be responsible for front-of-house operations at the HTA, although her position was funded through DBEDT/READ. Mr. De Fries stated that the role of Procurement Specialist was in active recruitment. Later in the meeting, senior leadership outlined the conceptual model of operations for the Board. Mr. Nāho'opi'i would give the Board an outline of his recent visit to Tonga as part of the Pacific Island Tourism Professional Fellows Program sponsored by the East-West Center.

The VP in charge of Finance, Mr. Choy, had been systematically reviewing various contract and fiscal procedures in response to the Auditor's Report on 2022. Mr. Choy intended to institute best practices and develop new quality control policies and processes.

Mr. De Fries stated that on June 27, he had issued a memo delegating Mr. Nāho'opi'i to sign on behalf of the office of the CEO on contracts and documents. In the absence of Mr. Nāho'opi'i, Mr. Ka'anā'anā would have the authority to sign documents only. In the absence of Mr. Nāho'opi'i and Mr. Ka'anā'anā, that authority would move to the VP of Finance, Mr. Choy.

Mr. Nāho'opi'i reported on various administrative issues. He repeated the CEO's welcome to Ms. Mendoza and Ms. Sanborn and stated that the recruitment of a procurement specialist was imminent. The successful candidate would be involved in procurement and contract writing in collaboration with Ms. Fermahin.

Mr. Nāho'opi'i gave more details of his exchange visit to Tonga sponsored by the East-West Center. He reminded the Board that this was a reciprocal benefit of the HTA's hosting of interns from other Pacific Islands who spent five weeks at the HTA. Mr. Nāho'opi'i's visit to Tonga was an opportunity to continue to work on projects taking place in Hawai'i, which could be continued in Tonga. Mr. Nāho'opi'i had been stationed with the Ministry of Tourism and worked on sustainability assessment of the tourism industry in Tonga. He was able to examine various practices being carried out in Tonga. He stated that tourism in Tonga was administered by the government Ministry of Tourism and the semi-autonomous Tonga Tourism Authority, which had a similar board structure to HTA, with both government and public representation. In Tonga, there were coordinated licensing and certification programs for tour and boat operators. These were administered through the tourism agency itself. For the boat operators,

the main activities were watching and swimming with hump-backed whales. Two staff for each boat had to be certified, and the tourism authority staff went back to each operation annually to check. The tourism agency worked with the land and natural resources departments to ensure the best practices for safety protocols, fishery training, and cultural training. Mr. Nāho'opi'i had returned with much useful information that he would continue to work on in Hawai'i.

Mr. Kalani Ka'anā'anā welcomed Ms. Mendoza to the team and thanked Mr. Mejia for doing extra work during the transition. Mr. Ka'anā'anā mentioned the importance of Kamehameha Day and what it represented. The HTA had given \$150,000 for statewide events to support the festival and demonstrate its commitment to perpetuating the Hawaiian community and culture. Mr. Ka'anā'anā thanked the Chair, the Executive Director of the King Kamehameha Commission, and the many volunteers who had made the events possible. He also thanked the State Foundation on Culture and Arts, the new home of the King Kamehameha Commission, for their administrative support. He thanked the HTA staff who had participated, particularly Mr. Casson-Fisher, who had been an announcer in one of the booths along the parade route. He thanked Robin from Pretty Plumeria Farm in 96792 Waianae for making lei and reminded the Board that supporting local businesses was a priority for the HTA.

Mr. Ka'anā'anā stated that the Native Hawaiian Hospitality Association had been instrumental in arranging Nalamaku okipa meetings with cultural advisors and practitioners in the visitor industry. He thanked Mr. Casson-Fisher for attending the meeting on behalf of the HTA. Regarding the Festival of Pacific Arts and Culture, Mr. Ka'anā'anā thanked Gov. Green and First Lady Green and Mahana from the governor's office, who served as Commissioner. The HTA had engaged the Council for Pacific Arts and Culture, which is the custodian of the Festival, on behalf of the Pacific Community in the 37th meeting held in Nouméa New Caledonia. The Chair of the Commission was currently Mr. Da Silva. The festival director, Aaron Sala, presented to the Festival Commission and the region's 6th Extraordinary Meeting of Ministers of Culture.

Hawai'i was to host the 2024 Festival of Pacific Arts and Culture from June 10 to 16 the following year. The Council, as well as the Ministers, endorsed Hawai'i continuing to host the festival. This was a unique opportunity to engage in the 10-year program for Pacific Regional Cultural Strategy. This would emphasize the importance of supporting cultural practitioners and ensuring that their tangible and intangible heritage, such as weaving, carving, dance, and even modern art forms, would be recognized and protected for future generations. The festival would also allow guests and residents to experience the best of Pacific cultures.

Mr. Ka'anā'anā noted that he represented the HTA on the Commission and served as its Chair.

Regarding Community Enrichment Program and Signature Events, he noted that, in partnership with the HVCB, the HTA had provided \$3.78 million of financial support for 76 projects and programs for the remainder of 2023 across the various islands of the state. The Board was provided with a detailed list of the recipients of these funds.

Forthcoming events included the 46th annual Nā Hōkū Hanohano Awards on July 1, sponsored by the HTA, and on July 15, the 46th edition of the Prince Lot Hula Festival. Mr. Ka'anā'anā reminded Board members that they would be welcome at any of these events. He requested that they inform his office of their intention to attend so they could be involved in subsequent evaluations. He repeated the CEO's reference to the Aloha 'Āina and Kūkulu Ola programs, which were to be supported with a total of \$2.7 million over the next twelve months, and comprised 53 programs and projects across the state. A detailed list would be made available to Board members, and they were welcome to carry out site visits to these projects after informing his office.

7. Update on Hawai'i on the Hill Held in Washington D.C., June 13-15, 2023

Ms. Menor-McNamara thanked the HTA for supporting and assisting some small businesses to attend. She recalled that this had been the seventh and most successful edition of Hawai'i on the Hill. The event took place for the first time in 2014, and there had been a three-year hiatus during the pandemic. Fifty participants flew from Hawai'i for the first edition whilst more than 200 people, representing more than 80 businesses, had traveled from Hawai'i year. After the success of this year, the challenge would be to elevate the event next year, when a larger space would be needed.

The Senate President was the event's Honorary Chair, which was attended by two out of the four Hawai'i mayors, along with DBEDT Dir. Tokioka as well senators, representatives, and council members.

Ms. Menor-McNamara commented that more than 400 boxes had been flown to Washington, DC, and only one was lost. She thanked Hawaiian Airlines and also the TV stations which covered the event. The Hawai'i Chamber of Commerce covered some of the costs. The event included a welcome reception, a tasting event, and a policy summit attended by the Secretary of Housing and the Small Business Administrator, and Sen. Schumer. During this meeting, the success of housing programs in Kaua'i was discussed.

The Taste Event was attended by more than 1,500 guests, including many senators and representatives. Ms. Menor-McNamara was pleased to report that Senator Hiro and her husband had attended every event.

The Hawai'i Career-Connect event aimed to connect Washington D.C. residents originally from Hawai'i with Hawai'i businesses, encouraging them to consider moving back to work in Hawai'i. There was also a local manufacturing tour.

Mr. Ka'anā'anā pointed out that the Hawai'i Farm Bureau had held useful discussions about how the tourism and agriculture industries could continue to work together and how the Farm Bill could be leveraged to support local farmers. Support for the cultivation of specialty crops was also discussed. It was pointed out that food security was national security. Tourism was a catalyst for many other aspects of life.

The Executive Director of Programs for the U.S. Chamber of Commerce Foundation Center for Education and Workforce voiced concerns of many businesses that education should fulfill their needs for skillsets, competencies, and capacities. Even though the eight formal events of Hawai'i on the Hill had been important and had added value to the HTA's participation, many useful conversations and contacts had taken place on an informal level, particularly regarding the education of visitors to buy local goods as well as how to ensure that the \$19 billion income from tourism would reach local micro, small, and medium-sized local businesses.

Mr. Ka'anā'anā thanked his team, all the Chamber of Commerce staff, and everyone who attended and appreciated the HTA for providing leis for the legislature members and other guests.

8. Update on the Western Regional Native Hawaiian Convention Held in Las Vegas, June 19-22, 2023

Mr. Lewis reminded the Board that holding the Western Regional Native Hawaiian Convention in Las Vegas had not easily been accepted. However, the outcome and the response of Kanaka living outside Hawai'i validated the decision. All non-resident Hawaiians were ambassadors for Hawai'i. The involvement of HTA in the event was appreciated, and the CEO, Mr. De Fries, not only gave a keynote address but also received a Kilohana award in recognition of his leadership.

During the convention, questions were raised about how the Hawaiian community beyond our shores could remain connected to the homeland. There were discussions on what it meant to be a Hawaiian outside Hawai'i and to what extent the diaspora should be involved in policymaking. The discussions about the role of the Hawai'i diaspora were challenging, with a constant focus on strengthening the relationship between visitors and the local community. Mr. Gionson added that during the convention an inaugural edition of a Pop-Up Mākeke took place to support small and micro-businesses who had lost opportunities to sell their products during the pandemic. The gathering attracted media attention not only from local mainland TV

stations but also from Hawaiian stations. It was to be noted that Las Vegas, like Hawai'i, was also dependent on tourism, which was coordinated by the Las Vegas Convention and Visitors Authority with an annual budget of between \$300 and \$400 million. A total of 10,000 Hawai'i products were taken to Las Vegas, and more than \$200,000 was generated for the producers.

Mr. Ka'anā'anā reminded the Board that the HTA had assisted over 300 local businesses during the pandemic. The Native Hawaiian Convention was to meet in Hawai'i from November 7 to November 10, 2023. In previous convention meetings, little had been discussed regarding tourism, but it was now time to build a bridge between the visitor industry and the community.

9. Presentation, Discussion and/or Action on the Hawaiian Islands Stewardship Activities Under the Support Services for Destination Stewardship Contract for the Initial Contract Period 2023-2024

Three initial members of Kilohana were introduced: the Chief Administrator, Tyler Iokepa Gomes; the Deputy Administrator, Kainalu Severson; and the Chief of Staff, Nick Carroll. Even though the contract had not yet been finalized, all the team members were fully committed to fulfilling their responsibilities.

Mr. Lewis appreciated the presence of HTA representatives at the Convention of the Council for Native Hawaiian Advancement recently held in Las Vegas, in the presence of 1,300 Kanakas who had moved away from Hawai'i. These Hawaiians acted as a powerful marketing tool, and it was hoped that they would continue to engage with the aims of the HTA.

The Chief Administrator, Mr. Gomes, gave a presentation that reflected the proposals made in the final offer for the contract. He stated that there were now three permanent members of staff. When the contract proposal was made, all the staff had been interim, which had caused some concern in the commissioning body. A 90-day staffing plan had been proposed. Four remaining positions were in the process of active hiring: the Destination Stewardship Director, the Grants Manager, the Quality Assurance Program Manager, and the Communications & Media Manager. These posts would be finalized before the start of the contract. The Project Organization Executive Management team, consisting of Mr. Gomes, Mr. Severson, and the Executive Assistant, would oversee the execution of the contracts.

The Destination Stewardship Support Services comprised five programs:

- The visitor Education and Post-Arrival Marketing Plan, containing five separate sub-elements, would be overseen by the Communication & Media Manager.
- Technical Assistance & Capacity Building, containing two sub-elements, Solutions Pacific and Ward Research, was to be overseen by the Destination Stewardship Director.

- Quality Assurance was to be overseen by the Quality Assurance Program Manager.
- Tour Guide Certification would be overseen by the Destination Stewardship Director but supervised by the Edith Kanaka'ole Foundation.
- HTA Grant Programs would be overseen by the Grants Manager.

To guarantee appropriate grant management, CRM, and backing systems, Purple Mai'a would provide \$50,000 of system service to be in place before the first three months of contract execution to operate under the direct control of the Executive Management team.

The Board was provided with detailed diagrams showing the administrative structure of the service. 74% of operating expenses would be related to the HTA Grant Programs. Visitor Education and Post-Arrival Marketing and Technical Assistance & Capacity Building would make up 12% and 11% of the budget, respectively. Tour Guide Certification had been scaled back so that Destination Stewardship would be responsible only for curriculum development and not actual certification.

The Director gave an outline of the proposed expenditure for the next six months and details of the programs to be followed for each department in the two contract periods.

The budget allocation for Visitor Education and Post-Arrival Marketing in the two contract periods was \$1.7 million and \$1.39 million, respectively, with a focus on messaging, ensuring that this remained consistent with the marketing of HBC. This was hoped to result in the development of mindful travel and support for local businesses. For Technical Assistance and Capacity Building, budgets in the two contract periods would be \$2.6 million and \$500,000, with the initial focus on needs assessment to be intentional and specific about the targets for technical assistance. Ward Research would identify the best use to be made of resources, with community engagement as the focus in the next few months. It was intended that Ward Research would examine visitor experiences to identify the best use of resources.

Some of the funding requirements required certain aspects of Technical Assistance to be in execution before the end of the calendar year, but the team believed that they would be able to fulfill this. The cost breakdown for the Tourism Quality Assurance Program was \$500,000 and \$250,000 in the two contract periods, respectively. The Global Sustainable Tourism Council's criteria for establishing tourism quality assurance programs had been the initial planning focus. The next six months would emphasize the development of committees to focus on each sector of the visitor industry. Hence there would be a robust search for community members to serve on these committees.

The Tour Guide Certification Program would base its curriculum on the KIPA Program developed by the Edith Kanaka'ole Foundation. The KIPA Program had good elements but needed some additions, particularly concerning sensitivities to current issues, interpretation

skills, and safety. This was supported by the HTA DMAP funds in partnership with the County of Hawai'i. It was intended to reinforce the KIPA program to be more consistent with the needs of the HTA so that it could be deployed by HTA staff. Work on the curriculum will probably be completed before the first quarter of next year.

The HTA Funding Support was to comprise several elements, including Signature Events, Smart Tourism, Community Enrichment, and others. The team would work with White Community Foundation to ensure expected standards of deployment and follow-through. Deployment of the Smart Tourism and Resort Area programs was required before the end of this calendar year, so this would be an immediate priority for the management team. The fact that all community-based programs were managed together ensured simpler oversight and avoided duplication of awards to similar programs by different entities. The team had previously presented a case study focusing on Kāko'o 'Ōiwi, a community organization that carried out 'āina stewardship work. This case study was presented as a basis for the proposal, and any of the Stewardship programs could benefit such community organizations. It was noted that the Stewardship Support Service Program was still in its early stages and would develop as time passed.

10. Presentation, Discussion, and/or Action on Hawai'i Tourism Canada's Activities Under the Brand Management & Marketing Services Contract and HTA's 2023-2024 Brand Marketing Plans for the Canada Market

The President of VoX, Hawai'i Tourism Canada, Ms. Susan Webb, addressed the Board by Zoom and began by regretting the delay in submitting her report due to the absence of the Canada team at the previous meeting of the Board. This was due to the presentation to Hawai'i Tourism Canada of the 2023 Baxter Award for the favorite Asia-Pacific tourism agency. Ms. Webb thanked the HTA Board for continuing their contract for the past five years and assured them that Hawai'i Tourism Canada was committed to elevating Hawai'i and ensuring that visitors were properly informed about responsible tourism. Ms. Webb introduced the Hawai'i Tourism Canada team.

Board members were given a detailed report on the work of Hawai'i Tourism Canada. Ms. Webb pointed out that at the moment, consumer confidence in Canada was high, with unemployment at a record low. However, the possibility of a hike in interest rates might cause some concern. The Canadian dollar stood at about 74 cents to the U.S. dollar. Surveys indicated that outbound travel was now at 90% of the 2019 rate, and 48% of Canadians were focused on sustainable travel. 57% of those questioned indicated that they felt "vacation-deprived," with the percentage increasing to 74% for Generation Z responders. 72% of Canadians prioritized travel, and many felt that cultural travel was important. There was a growing interest in "wellness travel." When surveyed last October, 90% of Canadians planned their 2023 vacation.

Good weather was a major concern. A further trend was multigenerational travel. Although the Asia-Pacific region was down by 34%, this was not the case for Hawai'i. Surveys found that Canadians were open to new destinations but hoped to travel responsibly. Hawai'i was ranked third in the top U.S. destinations for Canadian travelers.

Regarding air travel, WestJet, a Canadian leisure airline, had recently taken over SunWing, a similar leisure airline and tour operator. Within two years after this takeover, WestJet would take over the air operations of SunWing, but the SunWing tour operator would be responsible for the tour operations of the entire group since their technology was more advanced than that of WestJet. Ms. Webb expected that there would be opportunities to work with WestJet, based in Western Canada.

Air Canada was to increase its services to Hawai'i next winter, with Hawai'i–Toronto rising to three times a week for February and March and twice a week for the rest of the winter. The airline was also to add a Maui–Toronto non-stop service once a week in December and January. Other low-cost airlines were not yet equipped to fly to Hawai'i, but the team was looking at their capacity as they expanded their fleets. In general, Canada-Hawai'i air bookings were almost up to previous levels.

Mexico continued to be a major competitor for Hawai'i as far as Canadian visitors were concerned. The travel trade needed to know the differences between visiting Mexico or the Caribbean and visiting Hawai'i. Fiji had run campaigns with non-stop flights from Vancouver and other Canadian cities, and Australia had also invested in campaigns for the Canadian market. Europe continued to be a popular destination for Canadians, especially during the summer and fall, with Canadians traveling to Italy, Portugal, Malta, and Israel in greater numbers than in previous years.

Surveys showed that many consumers spent over six hours per day on their personal devices, which meant that digital messaging was a more and more important marketing tool. A merger between the Toronto Star and Metroland Media would influence media access for Hawai'i tourism. For many consumers, travel review sites were important sources to aid in planning vacations, so Hawai'i Tourism Canada was working to ensure that the right messages were sent out on social media.

The Canadian target market remained unchanged, mainly “snowbirds” and retirees. Many owned properties in Hawai'i and were motivated towards multigenerational vacations with their grandchildren and children accompanying them. Another market was romance travel for honeymoons and weddings.

British Columbia and Alberta were key markets for Hawai'i, with increasing interest in Ontario and Quebec. There would be an emphasis on attracting new Canadian visitors to Hawai'i but ensuring that specific demographics were targeted. The team would continue to ensure that their messages would educate visitors and travel professionals.

Ms. Webb gave an outline of forthcoming events for Hawai'i Tourism Canada. In November, there was to be a public relations exercise at a consumer show in Montreal, in October American Media Day would be celebrated in Toronto, and there would be training for travel agents sponsored by Brand-USA-Media as well as interviews and broadcasts in Toronto and Vancouver in the fall. Air Canada vacation products would be launched across Canada in the fall, along with WestJet campaigns and Aloha Canada the first week in December. It was hoped that the island chapters would join the campaign to promote special programs for travel agents. There would also be email messaging, mālama videos, and workshops to train travel agents. Aloha Canada was to hold events in Calgary and Vancouver to train travel agents to sell Hawai'i effectively and respectfully, emphasizing the cultural component. Digital channels would be dedicated to mālama aspects and brand messaging. Digital campaigns, specialty shows, and streaming will continue until 2024.

Ms. Webb presented the budget for the remainder of 2023. For 2024, public relations messaging will continue emphasizing high-end luxury travel agents and tour operators. Programs would be set up for destination specials. Hawai'i Tourism Canada will have a stand at the public relations conference in June next year, as well as special programs to celebrate May month. Additionally, they would be working with DiscoverAmerica for a media day in the fall.

Hawai'i Tourism Canada was working with Virtuoso, high-end luxury travel agents, tour operators and airlines WestJet and Aloha Canada. There were to be several webinars to train travel agents to encourage consumers to use the GoHawaii app. The YouTube channel would share generated content to encourage consumer engagement and coordinate with the island chapters. A media technique that had previously proved impactful was the streaming of videos on public transit in Vancouver and Toronto. Content would also be shared with partners such as airlines and tour operators.

Cirque de Soleil was to perform in Hawai'i, and given their Montreal base, this was an opportunity for Canadian media exposure and training activities. Their airline partner was Air Canada. With its message of sustainability and inclusion, Cirque du Soleil was a good partner for Hawai'i tourism.

Mr. Arakawa congratulated the team on their innovations, particularly regarding Cirque du Soleil. He understood that the budget was restricted because of funding limits but stated that, if necessary, requests should be forwarded to the Board.

Ms. Webb pointed out that Canada was still the leading international market for Hawai'i tourism. The proportion of the marketing budget should reflect this. However, the Hawai'i Tourism Canada team did its best to leverage partners such as airlines and tour operators. Some of the ideas and techniques used by Hawai'i Tourism Canada might apply to other areas, which could be considered during future meetings.

A motion to approve the budget for Hawai'i Tourism Canada for July-December 2023 and fore-year 2024 was moved by Mr. Ching, and seconded by Mr. White. Mr. Gionson did the roll call, and the motion passed unanimously.

11. Report on Tourism Research

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

Board members were provided detailed information about tourism research through market insights for April and May and two May dashboards. The snapshot for May showed that previous positive trends were continuing, with visitor expenditure exceeding prior years and visitor arrivals not much below the 2019 level.

Air arrivals and person per day (PPPD) spending continued to improve and are considered key performance indicators for HTA. U.S. West and U.S. East drove air arrivals. For PPPD, U.S. West, U.S. East, and Canada were drivers for the expansion. All the islands recorded higher expenditures in air arrivals and PPPD in May 2023 than in May 2019, although they were not all higher than in May 2022. Only Kaua'i had more visitor arrivals in May 2023 than in May 2019, but on average, the arrivals were slightly greater than in 2019.

Collection of State Transient Accommodation Tax (TAT) reached \$70.9 million in May, bringing the total for the fiscal year up to \$803 million, up 19% on 2022, which stood at \$675.6 million at the same time last year, up by \$64.4 million. Data from the Taxation Department was used to estimate TAT to be collected by each county.

Maui County had the highest room rates and should collect the greatest amount of TAT, \$7.3 million for March, while O'ahu was to collect almost \$7 million. The slide showed the actual amounts collected for March by Hawai'i Island and Kaua'i as \$3.6 million and \$2.2 million, respectively.

Hotel occupancy had been lower in May than in either 2022 or 2019. Vacation rentals were only half occupied, with a lower occupancy rate than in either 2022 or 2019. Overall demand for hotels far exceeded that for vacation rentals.

The U.S. Travel Association (USTA) forecast for 2023 suggested that visitor arrivals would be slightly lower than in 2019. The forecast showed that overseas travel for 2023 and 2024 would still lag behind 2019. On the other hand, Canada (which includes land travel) was indexing high compared with 2019. Air arrivals were not expected to recover until 2025. Spending was expected to continue to increase but was not recovering as quickly as visitor volume. Leisure travel appeared to be recovering faster than business travel.

According to the DBEDT forecast for Q2 2023, Hawai'i has already exceed 2019 expenditures, while visitor volumes were expected to reach 2019 levels by 2025. There was pent-up demand for the U.S. market in 2022, although U.S. West was declining, and U.S. East was now level. DBEDT expects that by 2025/2026, Japan would be back at the 2019 level. Canada was already back at 2019 levels. During June and July, air bookings forecast to be below pre-pandemic levels but were expected to pick up during the fall is better. Details were given in the report.

A question was asked regarding the basis on which the DBEDT report predicted the return of the Japanese market to pre-2019 levels by 2025/2026. It was reported that Japan Association of Travel Agents (JATA) was planning a campaign for the fall. The HTA had taken part in discussions with the Japanese Consul-General. There were also issues relating to the exchange rate, which made it more favorable for people to travel from Hawai'i to Japan.

12. Discussion and Action on the HTA's Financial Report for May 2023

Mr. Choy prefaced his outline of the finance report by stating that the HTA was to take over procurement of the RFPs for the HCC roof project, which he would personally draft. He was also to draft the HCC Management contract. The Construction Manager and the Project Manager should be hired before the middle of August.

There would be no financial statement for June 2023 because this marked the year-end when the audit would be taking place. For both a financial statement and an audit report to be issued at the same time was not good practice.

The Board was informed that the July financial statement would be in the new format for financial statements. They were also reminded that some funds were restricted, for instance, about \$1 million in interest income accrued at the year-end.

Mr. Rafter made a motion to approve the May 2023 Financial Report, and Chair Kam seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

13. Discussion and Action on the Hawai'i Convention Center's May 2023 Financial Reports and Update on the Hawai'i Convention Center's 6-Year Repair and Maintenance Plan

Eight or nine high school and university commencement and graduation ceremonies had been held at the HCC during the pandemic and now had remained with that venue. The HCC also hosted several city-wide groups. Twenty events had been budgeted for May, but finally, the HCC had hosted 21, so May had been a good month financially. The detailed analysis showed that the revenue for May had been \$1.2 million, \$411,000 better than budgeted.

The expectation was that the present financial year would end with total revenue of \$14.3 million, which was \$1.26 million better than budgeted. There had been a net loss of \$4.2 million, which was \$1.1 million better than budgeted. During this financial year, there had been exceptional revenue growth, most of which had been due to local businesses whose revenue had reached a record high of \$10.4 million ending this fiscal year.

Considering the return on investment (ROI), the Board was told that for every dollar spent on the HCC, \$4.61 was returned to the State of Hawai'i. Additionally, when large city-wide events were held in the HCC, the ROI might reach \$23-25. During 2023 so far, seven city-wide events have been hosted, with a revenue of \$80 million, generating \$9.3 million in transient accommodation tax (TAT). Forthcoming local and city-wide events would total 21 in June, 8 in July, and 12 in August. A list of past and future events was presented to the Board in the detailed report.

The new chef and the new general manager for food and beverage were undergoing training at the Chicago corporate office and would return the following day. The Board was also given details of two individuals assisting with the \$64 million permanent repair of the roof of the corporate office. Good progress was being made on the larger construction projects. A contract had been awarded, and work would go on during August on an upgrade to the kitchen involving a new fire suppression system and a new control panel. Repairs were being carried out for water intrusion in the back of the house and some front-of-house areas.

The final stages of procurement were in progress for repairing planters on the third floor, the grand staircase, the parking level, and the intermediate level at the back. Work was also going on to replace the main kitchen dishwasher, the flooring in the dishwasher room, and a walk-in refrigerator. The in-house PBX system was also to be replaced.

During July, the RFPs would be issued for the LED lighting system upgrades throughout the meeting spaces and the house sound system. An RFP would also be issued to repair some leaks in the roof of the ballroom. Consultants were to be called to make detailed specifications for these RFPs.

Mr. Arakawa motioned to approve the HCC's May 2023 financial report, and Mr. Rafter seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

14. Discussion Regarding an Update on the Meetings, Conventions, and Incentives Market Activity and Pace Report, and Hawai'i Convention Center Activity and Local Sales

Mr. Reyes presented a report and explained that "sales production" referred to the new volume being produced by the sales team, whilst "consumption" referred to bookings that had already been recorded. Over the past two months, the gap between sales production and consumption for the year to date (YTD) had been -35%, meaning that many tentative bookings had not been converted into definite bookings. As had been discussed, this appeared to be an effect of doubts by prospective customers about the status of the roof of the HCC, and the timeline for the construction. Media stories about this were influencing the confidence of customers, and this meant that the recruitment of a Construction Manager, slated for mid-August, was critical. Prospective customers needed updates on the roof construction project. However, on the positive side, the sales team had done a good job regarding a strong interest in booking the HCC for city-wide events in future years. The sales team visited trade shows to make contacts for hosting city-wide events. They were working on luxury meetings as well as scientific conferences. The team also worked on global opportunities, particularly for Australia and Japan.

Issues about the roof construction had caused a slowdown in definite bookings, but the team was working on 16 strong tentative bookings for 2024 to 2029, which, if realized, would involve the occupation of 110,000 sleeping rooms with a revenue of \$436 million and an EI of 73,810 days. A good booking for 2027 had just been signed off, but the details were still confidential. The staff member tasked with sales of corporate city-wide events had left last September, and the position needed to be refilled as long as funding was available since the short-term nature of corporate city-wide events made them favorable. It was clear that more salespeople created greater sales production, but it was important for the sales team to be aware of the roof construction schedule to avoid canceling bookings. Recruitment of a Construction Project Manager was critical.

The Board was reminded that from September 2 to September 3 the HCC would host 45,000 guests in two days, being accommodated on three floors.

The Chair proposed that a meeting be planned for 10.30 a.m. Thursday, Aug 31, at the Hawai'i State Capitol, which would have been the August Board meeting. A meeting was scheduled for Thursday, July 27 at 9.30 a.m. The Board was assured that the dates and venues of all committee meetings would be communicated to members.

15. Presentation, Discussion, and/or Action on an Update on HTA's FY24 Funding Request

Verbal approval had been given for \$71 million, comprising \$60 million for the HTA and \$11 million for the overage for the HCC. The paperwork had been completed and submitted to the Governor, but it would not be signed until the budget bill had passed through the legislature. All the documentation required for BNF and DAGS has been completed and submitted. The mechanics of the funding were still in progress, but it was probable that a quarterly budget would eventually be submitted. The July financial statement to be issued in August would follow the new format for new funding.

As of July 1, the HTA had no money, even for payroll, but the Board was assured that there was no cause for alarm. The date slated for approval of Bill 300 by the legislature was July 11. The \$11 million overage for the HCC was to be reimbursed from the HCC Special Fund, but this would require legislative approval, which BNF would arrange.

16. Report of the Legislative Permitted Interaction Group on the 2023 Legislative Session

The Chair of the Legislative Permitted Interaction Group reminded the Board that this group was governed by HRS 92-25 with the general purpose of investigating or negotiating. Its results spoke for themselves. He recommended that the work of the next panel should start as soon as the previous group's work was completed. The group worked with the staff to interact with legislators, provide answers to questions, promote long-range planning, and propose HTA-oriented legislation. He recommended that the next LPI Group be empaneled in August so that after discussions with the legislature, it could prepare and circulate its findings no later than November. A specific staff member would be appointed to act as liaison.

17. Discussion and/or Action Regarding Transition and Reorganization Update

The Board went into a closed Executive session to consider Agenda Item 17. BOD resumed after Executive Session Ended.

Mr. Tokioka said no action was required from the Board after the Executive Session. There would be the potential reorganization of the HTA, which was discussed.

18. Adjournment

The adjournment was moved, seconded, and carried unanimously.

The meeting was adjourned at 1:55 p.m.

Respectfully submitted,



Sheillane Reyes