



**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, November 17, 2022, 9:30 a.m.**

Hybrid In-Person & Virtual Meeting

MINUTES OF THE REGULAR BOARD MEETING

MEMBERS PRESENT:

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

MEMBERS NOT PRESENT:

David Arakawa, Ben Rafter

HTA STAFF PRESENT:

John De Fries, Kalani Ka'anā'anā (Zoom), Marc Togashi (Zoom), Caroline Anderson, Ilihia Gionson, Iwalani Kaho'ohanohano, Jadie Goo, Carole Hagihara, Maka Casson-Fisher

GUESTS:

Representative Richard Onishi, DBEDT Director Mike McCartney, Kylie Butts, Charlene Chan, Jennifer Chun, Jeffrey Eslinger, Nathan Kam, Erin Khan, John Monahan, Malia Sanders, Jay Talwar, Sue Waive

LEGAL COUNSEL:

Gregg Kinkley, John Cole

1. Call to Order

Chair Kam called the meeting to order at 9:32 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 October 27, 2022, Board Meeting

Chair Kam asked for a motion to approve the minutes. Mr. McCully made a motion to approve the minutes. Mr. Downing 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 were no permitted actions.

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

a. Relating to Update on HTA's Programs During October 2022

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

Mr. De Fries emphasized the section under the Change Management Plan. He said they continue to recruit candidates for Procurement Manager, Senior Brand Manager, and Brand Manager positions. They have commenced with an initial round of candidates for the Chief Administrative Officer and if necessary, will be prepared to do another round of interviews a week after Thanksgiving. At the last meeting, Mr. Arakawa requested that they report each month on the audit status. He called Mr. Togashi to commence with the CAO report.

Mr. Togashi said October was busy. With respect to procurement, the team continues to work on various procurement matters with the program teams. They continue with preparation for the upcoming legislative session, which includes working on the legislative budgetary request and identifying priorities for the session, which will be discussed later. With respect to the 2018 audit report, they are in the midst of developing an audit action plan which will include reviewing and revising their quality assurance procedures, updating position descriptions, taking mediation actions regarding contractor oversight, and updating policies and procedures, including those procurements. He said they have already started on that by revisiting the procurement forms, providing staff training, and evidencing the inclusion of topics in the

training material. The finance team continued with preparation for the annual financial audit conducted by the HTAs auditors, including analysis and preparation of numerous reporting schedules. With respect to funding, they continue to work with the governor's administration on the HTAs funding for the FY2023. They discussed it at the BFCC meeting and will cover it later. They continue to work closely with program staff to support their needs, as well as support the HTA.

Mr. De Fries pointed out that in the last five weeks, Mr. Ka'anā'anā had been traveling and was on his way to Korea before returning to Hawai'i. Mr. De Fries asked for Mr. Ka'anā'anā's report.

Mr. Ka'anā'anā spoke about all the activities of the Hawai'i Tourism Conference coming up on December 8 and 9. He gave an update on Japan's activities. He said he had good meetings with the key partners. The exchange rate continues to be a challenge. ADR and the cost of a trip to Hawai'i continue to be discussed in every meeting. There were good conversations about how to recover the market, and everyone in Japan is committed to that. He added that he would go to Korea to help restart the market, reopen, and foster relationships with key stakeholders and partners. He is encouraged by what he has been hearing.

Expedia data from Japan noted that Hawai'i is doing well in terms of the U.S. market. Hawai'i is number one for search but number three for flight bookings. He said they met with representatives from the secretary to the Pacific community, an UN-based organization, and a regional organization that will do a site visit for the Festival of Pacific Arts. It was a good opportunity for them to see Hawai'i and the venues and what the HTA is supporting as part of the commission that will happen in 2024.

Mr. Ka'anā'anā said the first brand team group received their certificates in Professionals in Destination Management (PDM) at the end of October. The PDM certification is backed by Destinations International, a recognized leader in industry education. For December 7, they will convene extra meetings before the Tourism Conference with the advisory committees for each market. The HTA also supports the Council of State Governments (CSG) gathering at the Hilton.

Mr. De Fries spoke about the William "Billy" Keno Park opening that Mr. McCully attended with a tree planting ceremony. He said it was a fitting tribute. Chair Kam mentioned that Chair Onishi has always advocated for the HTA in all that he has done.

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

Ms. Chun said they were well ahead of the visitor statistics release with the early Board meeting, so they are still busy putting all the data together. They plan to release visitor

statistics at the end of the month, after Thanksgiving. She shared market intelligence and other information. She spoke about the county TAT collections. The County of Hawai'i has \$21.1 million, and \$15.4 of that was for the FY2022. \$5.7 million was for the FY2023 year to date. With the adjustment, it does look like the counties are getting more TAT funds than they would have with the previous allocation.

Ms. Chun spoke about the scheduled air seats. For October, the numbers will be finalized at the end of November. Since the last meeting, domestic air seats have increased for November. There were also more international air seats for November. In December, the overall seats will be nearing 2019 levels, with a significant increase from November to December for international seats, which continues through January.

The U.S. Travel Association report showed a total travel spending increase of 5.9% over 2019. There is an increase in auto trips and a decrease in air trips. Overseas travel is still down. Hotel demand is up. Short-term rental demand is up. Hawai'i is not doing too badly for air travel, at 96% for overall passenger throughput. The U.S. Travel Association also released a new international forecast, which is slightly different from her presentation in October 2022. The recovery for international visits is 2025. The region recovery chart has the Americas as recovering faster than some of the other regions. However, they expect the Asia Pacific in 2025 will still be at 99% of what it was in 2019, so will be a slower recovery.

Ms. Chun spoke about the Portrait of American Travelers Hawai'i edition being on the HTA website. DBEDT had proprietary questions. She showed the latest data. Interest in visiting Hawai'i is slightly down from July 2021, but looking at April 2022, there is a slight increase. 66% of those surveyed said there was interest in visiting Hawai'i over the next two years. Broken down by generation, they see an increase year-over-year for some of the younger ones, GenZ and GenX. The Boomers also show an increase in interest, but overall, the most interest comes from the GenZ and Millennials. There was a slight decrease in the older Boomers visiting Hawai'i. The long-haul flight could be a factor for the older Boomers. For household income, there is a slight decrease across the board. The number one deterrent for people not wanting to visit Hawai'i is cost.

38% who considered visiting Hawai'i in 2021 changed their mind. The cost of airfare, hotel, and vacation price packages were the number one reasons. The likeliness of people spending more could be related to things costing more versus wanting to spend more. For times when people are planning to visit Hawai'i, there is a strong increase for the next three months. 41% of people said they plan to visit in the next three months, versus July 2021, when 34% would visit in 30 days to three months. Most concerns for people planning to visit Hawai'i were the price of gas, household budget pressures, and potential airport disruptions.

Ms. Chun spoke about travel agency booking trends. There was a consistent level of booking in November 2022. People are coming at similar times as in 2019 and 2021. For Japan, it is still flat on booking activity. Times for people coming from Japan, the activity is flat through March 2023. Some people are visiting before the marathon starts, but the volume is nowhere near 2019 numbers. Canada has had a steady volume of booking in the last few weeks. The pattern is similar but below 2019 levels. For Korea, it is steady in the last month. They are coming in similar times as in past years, but numbers are still below 2019. For Australia, booking volumes are flat, and people are visiting at the same times. Numbers are closer to 2019 compared to other international markets.

There were no questions from anyone.

8. Report and Update by the Branding Standing Committee (BSC) of their Meeting Held on November 16, 2022

a. Discussion Regarding an Update on Hawai'i Airlift as Presented at the November 16, 2022 BSC Meeting

b. Discussion and Action on the Recommendation by the Branding Standing Committee on the HTA's Sports Programs Strategy and Request for Proposals as Presented at the November 16, 2022 BSC Meeting

Mr. Ching said they covered a number of things at the previous day's Branding Standing Committee meeting. There had been an update from Mr. Eslinger. Ms. Chun had spoken about the nuances of the airlift.

Mr. Eslinger added that it is a dynamic marketplace. Every market is unique, and every airline is unique. Some have labor challenges; some have aircraft availability issues, as well as other issues. He said when comparing the U.S. to 2019, for the calendar year 2022 and into the first eight months of 2023, they are ahead, but it is a reduction compared to what they saw coming out of COVID, due to aircraft that were not being utilized for other markets, being used for Hawai'i.

For the Oceania market, they will not have the same number of seats to Hawai'i because Qantas is retiring the 747 which had brought in more seats than the airline can now. This is the same case with Air New Zealand with a smaller plane. For Japan, they have seen that adding to the schedule or reducing the schedule takes on demand and policies and is leveling off. United and Delta will resume service in Spring 2023. They will see more normalcy with a more stable air schedule.

Chair Kam asked which markets are a concern. Mr. Eslinger said that it is Oceania. With Japan, moving into 2023 after the holidays, they will continue to ramp up, and they anticipate more passengers and visitors. He mentioned the neighbor island service from the U.S., saying that the growth of short-term rentals in the last 12+ years has created an "artificial" length of stay, so many people are coming into the market. It is creating a valley in terms of demand mid-week for Kona and Lihue, so the airlines have had to make harder decisions. American Airlines used to fly a 777 from Dallas to Kona, but it is too large of a plane to bring daily, and they do not have a smaller aircraft that can work in that market, so they had to pull that service. Due to neighbor islands Delta had to reduce the daily frequency as well. Delta has continued investing in Hawai'i, pairing Maui to Atlanta, Detroit, and Honolulu. In December, JFK to Honolulu will be a daily service, so there will be three carriers from the New York market. Delta is going to bring back Salt Lake city as well.

Chair Kam asked what the Korean outlook was like. Mr. Eslinger said it is a country/origin factor in terms of seats, and it is one of the most rebounded markets with Canada. They continue to see demand in that market, and the carriers have planned accordingly. He said there is opportunity but what transpires remains to be seen.

Chair Kam asked about restoring United Airlines going out in 2023, as it is an economic driver. Mr. Eslinger said he met with Mr. Tom Holland, and there were many factors to pulling the service, but it had to do with demand. Within the current parameters and aircraft availability, they had to decide to suspend services, but there might be opportunities to have more conversations with additional information to show it is Hawaii's goal to have LA connected to Hilo.

Mr. Ching said they also discussed Sports Programs RFPs. There was a discussion on adjustments and clarifications needed. He turned it over to Mr. Ka'anā'anā.

Mr. Ka'anā'anā said the Executive Summary would continue to have the approach of four tiers. The first and largest tier is Marquee Partnerships. Marquee-level partnerships are high-level partnerships with great marketing reach, brand alignment, and synergy.

The next tier is Signature Program, which has the ability in marketing reach and the ability to draw visitors to Hawai'i, which is consistent with how the HTA has done it in the past.

The third tier, Hawai'i Authentic is surfing, canoe paddling, and beach volleyball. Those will be at any level but specific to those three sports because they are from Hawai'i, authentic to Hawai'i, and pillars of the brand globally.

Tier Four is Community-based Programs, small community organizations that organize sporting events.

The four tiers will all have procurements related to them. Marquee Partnerships will most likely be sole-sourced. They plan to do the community level as a separate RFP from CEP. Many have been accustomed to the sports niche under CEP. All sports procurements will be their separate procurement for the strategy. He said they also spoke about global reach. One of their opportunities is to leverage the larger partnerships with the sport properties to reach more globally. Their recommendation is to focus on leveraging those opportunities globally.

Chair Kam asked where the Buffalo Board Classis would fall under. Mr. Ka'anā'anā said it would be under the Hawai'i Authentic with the surfing.

Mr. Gionson said there were no questions from anyone. Mr. Ching asked for a motion for the full Board to approve. Chair Kam made a motion, and Mr. White seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

c. Discussion and Action on the Recommendation by the Branding Standing Committee on the 2023 PGA “Aloha Swing” Activation Plan as Presented at the November 16, 2022 Meeting

Mr. Ching said there had been many discussions around the agenda item. Mr. Ka'anā'anā said there are three main events, the Sentry, the Sony, and the Mitsubishi Electric Championship. The Board had previously approved \$1.8 million for the opportunity in 2022 ARPA funds. He said they project the economic ROI of the program at \$118 million for 2023, using the DBEDT calculator, which does not include the \$30 million in U.S. media value. They anticipate greater global media value. He said the community benefits are outlined in the slides. There are key changes for everyone to be aware of. He said they are paying attention to LIV. The PGA has doubled down on Sentry as the start and kick-off of the season in the islands and expanded the field of eligible players from the FedEx cup to 30 top-ranked players. They also have good media coverage.

Mr. Monahan added that the battle with LIV Golf and the PGA tours is critical for the Hawai'i contract, as the PGA tour has taken a hard look at their schedule and decided that thirteen events will require higher persons and extra work. The PGA runs the Sentry event, and it has been a lesser light in the schedule with the increased purse and the fact that there will be NBC network coverage for the weekend of the event. There will be enhanced global marketing reach, creating real opportunities for the HTA. The global reach of the contract is estimated at \$240 million, so it is a significant event, with the increased field of around 50 players now. He added that the NBC broadcast is an advantage for the HTA.

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

d. Discussion and Action on the Recommendation by the Branding Standing Committee on the 2022-2023 World Surf League Activation Plan as Presented at the November 16, 2022 Meeting

Mr. Ka'anā'anā said they have an opportunity to reconnect with the World Surf League (WSL). He had good conversations with the local representatives to rethink their partnership. It includes their sponsorship of the Haleiwa Challenger and three qualifying series events. Those qualifying series events are important from the perspective of community benefits. There is an opportunity for local based surfers to enter the qualifying series events they need to attend in order to get to the Haleiwa Challenge, which helps them get on the main circuit. He is grateful for the WSL extending the opportunity to the HTA. The total amount of requested funding is \$100,000, which would come from the FY2023 funds, with the procurement method being sole-sourced. He showed the breakdown of where the funding would go to. The brand alignment with surfing and Hawai'i is unquestionable, so this is an opportunity for the HTA to leverage that. He said it is part of a sports strategy where they can support something grassroots and partner with the WSL. They need to find ways to strategize and look at every piece of surfing and how they support it.

He spoke about the Haleiwa Challenger and said all the details are in the meeting packets. Chair Kam added that they are looking for a long-term partnership from the opening ceremony to the end. He asked for more of a breakdown of the Haleiwa Challenger.

Mr. Downing asked about the Haleiwa Challenger budget and if it was for the three events. Chair Kam said it included the Ala Moana Bowl, also a Qualifying Series (QS) event. Mr. Downing said they have to return to the Board the following year for discussions as the Challenger Series event is changing to a QS1000 event the next year. Chair Kam said that is potentially correct. Mr. Downing said if WSL takes the event back and keeps it as a Challenger event, his concern is for the Hawaiian children. He asked how they could create three of the 1000 events so that the children do not have to travel to compete to be able to make it to the next round. He said the men have to travel to qualify, which is expensive. Chair Kam said that is all part of the commitment and for the agreement, but they want three QS events in Hawai'i. He said if the WSL wants to keep the Challenger, the HTA will work on having another QS event to ensure the local surfers have the best opportunity, and they have three QS events to compete in Hawai'i. He said they have \$100,000 until June 30, which takes care of all the events through the winter season. He said they need to agree on what it looks like for the next fiscal year, to ensure three QS events.

Mr. McCully asked about the acronyms. He asked if the Challenger is an open contest where anyone could show up and compete. Chair Kam confirmed that the Challenger is AAA. CT (Championship Tour) are the major leagues, and QS is AA. AA champions compete in the AAA, which is called the Challenger series. The championships are all QS. The winners of the Challenger get invited to the Championship tour.

Mr. McCully asked about Mr. Downing's concern. Chair Kam said his concern was at the AA level, where the local children compete. The AAA will be from all over the world. AA is from Hawai'i and Tahiti. Mr. Downing wanted to ensure the local people do not have to get extra funding to travel worldwide to compete. Chair Kam said the HTA is part of the CT level, but they want to ensure the local children have an opportunity to compete.

Mr. Downing elaborated on the various levels and series. Mr. McCully said they want to do things internally to improve the community, so he believes it is in alignment. He asked about the PGA Tour and said that although LIV has caused a lot of chaos, it does create an opportunity for the HTA. Chair Kam said they are trying to ensure that there is balance and to find the sweet spot so they can be great stewards with WSL and a long-term partnership.

Mr. Gionson said there were no questions or comments from anyone.

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

e. Discussion Regarding an Update on HTA's Major Market Area Request for Proposals

Mr. Togashi said on Tuesday they awarded a contract to Alink LLC under that the HTAs RFP2301 for Japan market representation services, a three-year contract with an option to extend for two years. They can contract up to \$26.5 million for the first three years, each year valued at \$6.5 million. They have options at the HTAs sole discretion to expend up to \$3.5 million more in years two and three. He said they operated within the intended timeline of the RFP and thanked the evaluation committee for all the work.

For Canada and China MMA's they are targeting the release of the Canada RFP in November, with China to follow. Both procurement documents are drafted and going through the internal review process. Korea and Oceania are still operating within the active contracts and have options to exercise. They intend to do so in 2023.

There were no questions from the public.

9. Report and Update by the Budget, Finance, and Convention Center Standing Committee of their Meeting Held on November 15, 2022

a. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on the HTA's Financial Report for October 2022 as Presented at the November 15, 2022 Meeting

Mr. White said the staff presented the financial report for October 2022, which included the HTA's financial position, income statements, budget, and highlights summarized in the executive summary. They did not notice any unusual items. They had a good meeting, and the committee recommended the approval of the financial statements as presented for October 2022. Chair Kam made a motion, and Mr. Ching seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

b. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee to Reallocate \$15,000 within the FY 2022 Budget from the GoHawaii.com Program to the Marketing Opportunity Fund as Presented at the November 15, 2022 Meeting

Mr. White said this item referred to the recommended budget reallocation of \$15,000 within the 2022 budget to go from the Go Hawai'i.com program to the Marketing Opportunity Fund to cover the necessary expenditures. The committee found it a reasonable request and recommended the approval of the budget reallocation as presented.

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

c. Discussion and Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee to Amend HTA's FY 2023 Budget Funded by Available American Rescue Plan Act (ARPA) Funds as Presented at the November 15, 2022 Meeting

Mr. White said the staff had proposed an amended FY2023 budget. In doing so, the staff noted that the HTA has \$32.6 million in carry-over funds from the FY2022 budget. The Board earlier approved \$60 million of the FY2023 budget before the governor's veto of HB1147. Staff has been working with the governor's administration on the release of funds. As a result of these discussions, the HTA anticipates receiving \$35 million in the FY2023 ARPA funds, bringing the total available funding after considering carry-over to \$67.6 million for the fiscal year. The BFCC committee discussed the proposed amended budget.

Mr. White asked Mr. Togashi to provide an overview. Mr. Togashi said that at the past few meetings, they spoke about moving the funding of programs forward from the FY2023 budget to the FY2022 budget. The programs not funded by FY2022 or FY2023 funds as presented on the sheet, will be considered to be funded by the FY2024 budget. In summary, the HTA has

\$67.6 million in funding for the FY2023, and staff has revised the \$35 million portion to meet the cash flow and funding needs through June 2023.

Mr. Ching asked Mr. Togashi to elaborate. Mr. Togashi said they had \$32.6 million of carryover, and they have to factor that into the total funding they have for the fiscal year. They originally came out with a \$60 million budget when they assumed, prior to the governor's veto of HB1147, that they would have the \$60 million. The Board approved that budget at \$60 million. In discussions with the governor's team and administration, they were advised that the funding for the FY2023 ARPA funds would be \$35 million. That required them to reconfigure their budget, instead of the \$60 million, to two \$35 million. When considering both \$35 million, in consideration with the \$32.6 million carry over, they had \$67.6 million in aggregate to operate for the FY2023.

Mr. White said the motion is to accept the amended budget. He asked Mr. Togashi if the \$32.6 million in carry-over is generated by the HTA postponing expenditures. Mr. Togashi said that is correct and it is due to timing.

Mr. Downing asked if they had \$7 million extra and if they would use the \$7 million to fill in the budget items they had taken out. Mr. Togashi said that concerning extra funds, there was originally a \$60 million budget for the FY2023 funds. Comparing it to the aggregate amount with carryover, it is \$67 million. He said the \$67 million is sufficient to carry the HTA for the FY2023, but concerning allocating the \$7 million, they are confident they have the funding and cash flow to be able to support the programs and needs of the HTA through June 2023.

Chair Kam asked if that was a \$25 million shortfall that they budgeted for, and with the \$32 million and \$35 million, can they accommodate all they had in their budget? If some cannot be booked with the funding they have, are they planning to utilize some of the funds that the governor put in the executive budget request of the 2024 budget. He said there is also the cashflow issue, as many of their contracts are calendar year contracts, so they can make that up in the calendar year of 2023, but it may be part of the FY2024, starting July 1 to December 31. He asked Mr. Togashi to confirm if that is what they are proposing if needed, but at this time, they think they can do it with the funds they have in ARPA being the \$32 million plus the \$35 million. Mr. Togashi confirmed that as correct.

Mr. McCully asked about the salary line item and if it included new positions. Chair Kam said Mr. Togashi said there is an adequate salary, and there are still unfilled positions, so moving forward, they will still finalize that. He asked Mr. Togashi when they would start planning for 2024 and 2025. Mr. Togashi said the timing would have to coincide with the legislature. They will provide an opportunity for the Board to provide insight and discussion over the proposed

FY2024 and FY2025 budget. What they have submitted to the legislature is high-level in terms of how they plan on spending their budget request. The legislature still has to approve that, upon which he will return to the Board asking for their input for the final allocation of the FY2024 and FY2025 budgets. He said they are happy to engage in discussions prior to that.

Mr. McCully asked for clarification if they are a fiduciary Board. Mr. Kinkley said, in one sense, that all boards have fiduciary duties. Mr. McCully said it would be helpful to see the original 2022 budget and what funds were expended in 2022, so they can see correlations with an increase or decrease, etc. Chair Kam confirmed that all the carry funds were ARPA funds. Chair Kam said they could dive deeper with Mr. McCully as a lot was discussed at previous meetings before he was part of the committee. Mr. White added that it would be better for the Board to see which parts of the 2022 budget are not being expended during the FY2022, as there are a number of things they are postponing.

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

10. Presentation and Discussion Regarding an Update on the Meetings, Conventions and Incentives Market, Hawai'i Convention Center's Local Sales and the Hawai'i Convention Center's 6-Year CIP Plan

Ms. Orton said they are still closing on month-end financials, so she will highlight activity and CIP in the building for the report. Recent events at the HCC included the Hawai'i Food and Wine Festival. 2022 was the first year they used the Ballroom instead of the rooftop. It was a great event, and they will return next year to the Ballroom. They wrapped up the American Medical Association the past week, and the association hopes to return in 2027.

Upcoming local events included the PBX-22, which is a construction trade show event estimating 1,500 attendees. There is a Thanksgiving Tournament at the end of November. They have the Honolulu Marathon Expo in December, which is their 50th anniversary. They will also be hosting the Na Leo Pilimehana inaugural concert. It will be a dinner show and general admission tickets went on sale over the weekend. They have been selling a lot of tickets for the show and are looking forward to the event, hoping it will become an annual tradition.

Ms. Orton highlighted local events for the next three months. November has 22 events. They hosted four city-wide events in the fiscal year, the last one being the Medical Association, with two more coming up in Q2 in April and May 2023 to round up six city-wide events for the Fiscal Year. In December, they have 21 events. Mid-December to the first week of January is quiet. January has 14 events.

Ms. Orton highlighted the Carbon Offset Program. To date they have planted 4,917 trees. She said it is an opt-out program that started a few months ago, and to date, they have planted 12 trees. Many of the offshore associations have opted to stay in.

The HCC celebrated World Mental Health Day in October by lighting the exterior of the building to help raise awareness of mental health issues. It was in conjunction with ASM Global venues worldwide, which also lit their facilities up.

Ms. Orton reminded everyone that at the last report, they were anticipating the installation of the healer stones Kapaemahu and said it is installed on the third floor. The art installation came from Bishop Museum. It is a great opportunity for visitors to educate themselves about some of the history, and take a walk down Waikīkī to see the original stones.

There were no financials to update them with at that time. There were no questions.

Ms. Orton turned the floor over to Ms. Tait. Ms. Tait said they have issued RFPs for nine projects so far, and they anticipate awarding more in December and January. Three projects have been awarded, which will be starting in the next month. They awarded an updated construction and project management services contract to Cummings, which included 17 projects. They have started to work with them to get the RFPs out. They have the RFP out for the CM and PM services for the rooftop terrace temporary repair, and proposals will be coming in the following day. The contract will be awarded in December. She showed the list of completed projects to date.

Mr. Reyes reminded everyone that MeetHawai'i does both single properties, which are meetings that happen in hotels and do not require the HCC. He said the specific presentation was to update the Board on how they provide more business opportunities in filling the HCC. He said the city-wide sales process could be specialized, and they thought it was important to give context on where they are moving forward. He said the sales situation slide would be refreshed with more content. He said that from 1998 to 2003, when the HCC was open, the HVCB made the sales in marketing of the HCC, which is the traditional model found in destinations with HCC. From 2003 to 2019, the HCC assumed city-wide sales. He came on board in January 2020, but they eliminated the city-wide sales team in April 2020 because of the pandemic. In February 2021, they re-added their sellers. In September and October 2021, they had two additional sellers. January 2022 was a starting point, and 2023 is a complete runway to start generating opportunities.

Mr. Reyes said Hawaii's sweet spot is anything from 1,000 to 4,000 peak rooms, which is the largest number of rooms, and that is important. He spoke about historical lead times. It shows that to get peak room nights of 1,000 takes almost four years. At the end of 2022, those

opportunities to book optimum rooms are from 2027 and moving forward. The normal ratio is 60% city-wide events for MCI and 40% local events. Over the next five years, that will not be the case, but he says they are doing what they can to ensure that they put as many events into the HCC, which is important for the Board to report on.

He said from an event history perspective, MCI events in 2018 had 23 events, but there were other group bookings. There was a decline after that. He said for the next five years they aim to book 77 events. He said he and Ms. Orton agreed that in 2023 if they book 12 city-wides that is a goal, for 2024, they aim for 16; for 2025, they aim for 20; and for 2026, they aim for 24 city-wides. Ultimately they are aiming for 27 events per year, so it will take a number of years to get there, but they will book other events in coordination with the hotels.

In 2023, they booked three more events. For the calendar year 2023, they are at 11 events and are still aiming to add more. He showed the high probability chart for city-wide events; they have three they hope to close.

Mr. Reyes spoke about IMEX America, the largest MCI Tradeshow. They had 13,500 people in attendance; this year, the show attendance was 12,000. It books both single property and city-wide. There were over 26 Hawai'i MCI suppliers, and the total customer appointments were 660. There were three city-wide customer appointments for business in 2024, 2026 & 2027. They had the opportunity to talk to customers about booking city-wide events. Meet Hawai'i had 95 appointments for programs in 2023 & 2024. The Meet Hawai'i Asia/Oceania Team also attended.

Mr. Ka'anā'anā said his observation from the event was that competition is stiff, and the biggest challenge for the Board is the roof repair. To remain competitive, they need to focus on the HCC.

Mr. McCully asked about the single property appointments and asked what the key questions were. Mr. Reyes said most interested parties wanted to know if Hawai'i wants MCI business, i.e., are they open. They want to ensure that they are welcomed and that groups are looked upon positively. Availability, cost, and the perception of whether you can get business done when going to Hawai'i were important factors. The planning cycle was also a factor.

Mr. Reyes said that for hotels, there is softness in Q1 and Q2 in 2023. Q3 and Q4 have strong demand. 2024 also has a lot of interest. He spoke about the Global MCI. After IMEX, they had an MCI Australia Fam that went well, with a positive write-up in the trade magazines. They are there for the Japan Sales Mission and follow up with Korea Sales Mission. There was an All-Star Cheerleader for 2023, with 2,500 attendees and 5,000 room nights.

Mr. Ka'anā'anā added that they are ensuring they are integrating all the HTA efforts. He emphasized that there is integration between the GMTs and the MeetHawai'i team, and every market they are in has great synergy. He said they also spoke about opportunities in Singapore and Taiwan and about using Japan as a gateway to Hawai'i for city-wide business.

Mr. Reyes said they have production goals for a single property and city-wide events. He spoke about current city-wide and tentatives. He said the real message is how they compared to 2019. On tentative room night bases, city-wide events are coming with an increase in variants month to date for 2019. They are 23% ahead of their tentative pace from 2019. On the city-wide definite side, they are 4% ahead of 2019. He said they were heading in the right direction.

Mr. Reyes said the future pace was implemented a few years ago. The Future Pace Report allows them to aggregate the data from their CRM. He said the report showed that they produce 103,041 city-wide room nights, which is their pace target. 2022 still had the COVID impacts, but 2023 was starting to pace as they got more on the books. They are hoping to get a large city-wide signed in 2027. 2025 is also a positive year as far as percentages. He reiterated that they are very focused on the next five years. There will be more local events as they build the MCI events.

11. Presentation, Discussion, and Action on Resolution 2022-01 Authorizing the HTA President & CEO to Present Policy Positions During the Legislative Session

Chair Kam said the key aspect is that Mr. De Fries will represent the HTA, and Mr. McCully and Ms. Iona will be designees. Mr. White would represent the HTA's position on behalf of the Board to the legislature along with Mr. De Fries.

He highlighted some of the positions.

The HTA will support legislation and take positions to support an annual deposit of no less than \$80 million in Transient Accommodations Tax into a special fund administered by the HTA to carry out its stated priorities.

The HTA will support legislation and take positions that support the reinstatement of the HTAs exemption from the State procurement code, Hawai'i Revised Statutes chapter 103D.

The HTA will support legislation and take positions to support the reestablishment of an appropriation ceiling for the Convention Center Enterprise Special Fund to enable the expenditures of funds for the operations and repair, and maintenance of the HCC.

The HTA will oppose new taxes and tax increases on visitors and support appropriate site-specific user fees for reinvestment in our natural resource attractions.

The HTA will support the HTAs Strategic Plan, 2020-2025, and the principles and values represented under Mālama Ku‘u Home.

There were no questions. Chair Kam asked for a motion. Mr. Ching made a motion, and Mr. White seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

Mr. De Fries gave recognition to Mike McCartney, the director of DBEDT. Mr. De Fries expressed gratitude on behalf of himself and the HTA Board. Mr. McCartney said that he thanked the Board for serving on behalf of Gov. Ige and those who represent the administration. He thanked the staff as they had been through challenges in the last eight years, as everyone continued to do their best. He said the HTA has been transitioning and evolving. He said the future is bright because of the leadership and all the challenges everyone has been through. He said they all have a better understanding of DMAPs, brand marketing, how they work together with each island chapter in the community, and how the HTA, contractors, and counties all work together to nurture Hawai‘i and tourism to benefit all the people.

Mr. McCartney said he is proud to have been part of that and commits to working on what has to be finished so it does not get left to the next group. He said it is about everyone changing how they partner with the community. He thanked everyone and committed to always being there to help and assist where needed.

12. Adjournment

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

Respectfully submitted,



Sheillane Reyes
Recorder