



**HĀLĀWAI PAPA ALAKA'I KŪMAU
KE'ENA KULEANA HO'OKIPA O HAWAII'**

**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY**

Po'ahā, 27 Kepakemapa 2018, 9:30 a.m.
Thursday, September 27, 2018 at 9:30 a.m.

***Kikowaena Hālāwai O Hawai'i
Lumi Papa Ho'okō A
1801 Alaākea Kalākaua
Honolulu, Hawai'i 96815***

**Hawai'i Convention Center
Executive Board Room A
1801 Kalākaua Avenue
Honolulu, Hawai'i 96815**

Papa Kumumana'o
AGENDA

1. ***Ho'omaka A Pule***
Call to Order and Pule
2. ***'Āpono I Ka Mo'o'ōlelo Hālāwai***
Approval of Minutes of the August 30, 2018 Board Meeting
3. ***Hō'ike Lālā***
Report of Permitted Interactions at an Informational Meeting or Presentation Not Organized by the Board Under HRS section 92-2.5(c)
4. ***Mana'o OKa Luna Ho'okele No Ka Ho'okō Papahana HTA Ma 'Aukake 2018***
Report of the CEO Relating to Staff's Implementation of HTA's Programs During August 2018
5. ***Hō'ike Na Meia Kirk Caldwell***
Presentation by Honolulu Mayor Kirk Caldwell Regarding the *2019 U.S. Conference of Mayors* in Honolulu, June 28, 2019 – July 1, 2019
6. ***Hō'ike Na Ke Komikina Lula Maika'i O Ka Moku'āina***
Presentation by the Hawai'i State Ethics Commission Regarding an Overview of the State Ethics Code for State Board Members

7. *Hō'ike 'Ikepili Noi'i 'Oihana Ho'omāka'ika'i*
Presentation and Discussion of Current Market Insights and Conditions in Key Major Hawai'i Tourism Markets
8. *Hō'ike, Kūkākūkā a Ho'oholo No Nā Mo'okālā*
Presentation, Discussion and Action on HTA's Financial Reports for April-June 2018 and July and August 2018
9. *Hō'ike No Ka Papahana Ho'oponopono*
Update on the Status of the 2018 Audit Action Plan
10. *Hō'ike Hanana Kikowaena Hālāwai O Hawai'i*
Presentation by AEG Regarding an Update of Hawai'i Convention Center Recent Operational Activities and Sales Initiatives
11. *Hō'ike No Ka 'Imi Pelekikena A Luna Ho'okele, Luna Ho'oponopono, A Hope Pelekikena Hokona A Ho'omohala HTA*
Update on the Search for HTA's President and CEO, HTA Chief Administrative Officer and HTA VP of Marketing and Product Development
12. *Hō'ike Na Ke Kōmike Noi'i Kikowaena Hālāwai****
Report of the Convention Center Planning Investigative Committee, with the Committee's Advisory to the Board on Repair and Maintenance Projects at the Hawai'i Convention Center, and the Long-Term Strategic Vision for the Hawai'i Convention Center***
13. *Nīnauele Moho Luna Ho'okele****
Interview of Final Candidate (or Possibly Candidates), for President & CEO of HTA***
14. *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 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 § 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; and to discuss information that must be kept confidential to protect Hawai'i's competitive advantage as a visitor destination.

He kono kēia i ka po'e e hō'ea i ka 'aha ho'olohe no ka hāpai mana'o ma o ka waha a i 'ole ma o ke kākau. No ka po'e e makemake ana e kākau i ko lākou mau mana'o kāko'o/kāko'o 'ole, ua pono ko lākou ho'ouna 'ana aku i kā lākou 'ōlelo hō'ike ma mua o ka 'ōlelo ho'olohe. Hiki ke ho'ouna 'ia iā Carole@gohta.net; ma o ka hoouna 'ana aku i leka (e ho'ouna i ka helu wahi o luna); a i 'ole ma o ke

kelepa'i 'ana aku. No ka 'ikepili hou aku e pili ana in ā kumuhana kūikawā, e kelepona aku iā Carole Hagihara ma kāna kelepona (808) 973-2255 he 'ekolu (3) lā ma mua o ka hālāwai.

Members of the public are invited to attend the public meeting and provide oral testimony on any agenda item. Written testimony may also be provided by submitting the testimony prior to the meeting to by email to Carole@gohta.net; by mail at the above address; or by facsimile transmission. Any person requiring special assistance to participate in the meeting, please contact Carole Hagihara (973-2255) no later than 3 days prior to the meeting so arrangements can be made.

Agenda Item

2

**Approval of Minutes of the
August 30, 2018 Board
Meeting**



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, August 30, 2018 at 9:30 a.m.
Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu Hawai'i 96815

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

Rick Fried (Chair), Fred Atkins, David Arakawa, Sean P. Dee, George Kam, Kyoko Kimura, Ku'uipo Kumukahi, Sherry Menor-McNamara, Benjamin Rafter, Kelly Sanders

MEMBERS NOT PRESENT:

Craig Nakamura

HTA STAFF PRESENT:

George Szigeti, Marc Togashi, Charlene Chan, Kalani Ka'anā'anā, Carole Hagihara, Caroline Anderson, Jennifer Chun, Vengie Talaro, Michele Shiowaki, Naomi Sjoquist, Chris Sadayasu, Laurie Tam, Talon Kishi, Noriko Sloan, Laci Goshi, Lawrence Liu, Joseph Patoskie, Adrian Hanner, Evita Cabrera, Minh-Chau Chun, Chael Kekona, Ronald Rodrigues, Maile Carvalho

GUESTS:

Allison Schaefer, Katherine Stokoe, Jessica Zell, Jason Griffiths, Jose Tafola, Lei Ann Field, Jay Talwar, Katie Murar, Alvert Vargas, Representative Richard Onishi, Senator Glenn Wakai, Patrick Dugan, Erin Kinoshita, Lee Conching, Noelle Liew, Teri Orton, Ferd Lewis, Michael Colon, Christine Camp, Moani Nabarro, Manolo Morales, Pris Texeira, Vicky Takamine-Holt, Cheryl Park, Peter Honig (by phone)

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule

Presiding Officer Rick Fried called the meeting to order at 9:30 a.m. Kalani Ka'anā'anā offered oli and shared an 'ōlelo no'eau.

2. Approval of the Minutes of the July 26, 2018 Board Meeting

Chair Fried asked for a motion to approve the minutes of the Board meeting held on July 26, 2018. Ku'uipo Kumukahi made the motion, and Sherry Menor-McNamara seconded the motion, which was unanimously approved by all the Board members present.

3. Report of Permitted Interactions at an Informal Meeting or Presentation Not Organized by the Board under HRS section 92-2.5(c)

Chair Fried asked if there were any reports of permitted interactions. No Board members reported any permitted interactions.

4. Report of the CEO Relating to Staff's Implementation of HTA's Programs During July 2018

Chair Fried acknowledged George Szigeti, who gave his report relating to the HTA Staff's implementation of HTA's programs during July 2018. Mr. Szigeti stated that it has been a challenging last six months, and through the Board's direction, HTA has had a successful start of the year. Mr. Szigeti stated it was an intense week due to the preparations and response for Hurricane Lane, including several briefings and meetings with the Governor and his staff. He reported that HTA opened its emergency command center in the Hawai'i Convention Center on Thursday, August 24, 2018, and HTA staff worked for 30 continuous hours and did a tremendous job. Mr. Szigeti thanked the HTA Staff for their work, as well as the Hawai'i Visitors Convention Bureau, the Hawai'i Lodging and Tourism Association, Hawai'i Tourism Japan, Anthology, AEG, and everyone else for coming together and rolling out information from the emergency command center to various government officials and tourism stakeholders.

Mr. Szigeti stated that on July 31, 2018, he attended on behalf of HTA dedication of the King Kamehameha III statue at Thomas Square. He also reported that he was asked by Representative Saiki to represent HTA at the Hawai'i-Japan Legislators' Friendship Association event on August 16, 2018, to meet with government and business leaders in Japan to discuss tourism in Japan, including how HTA and HVCB continue to address the volcanic activity on Hawai'i Island and the lower booking pace. He also attended the opening of Duke's Oceanfest. He reported that the event went well until it closed due to Hurricane Lane. Mr. Szigeti thanked Duke's Oceanfest's sponsors for helping coordinate and putting on the event.

Mr. Szigeti reported the most up-to-date visitor statistics. Hawai'i set new monthly records for visitors at 939,360, and total number of transpacific air seats at approximately 1.2 million.

Last, Mr. Szigeti reported that the annual Global Tourism Summit was five weeks away. He

stated that the Summit is expecting a minimum of 2,500 people to attend from 18 different countries. He stated that Paragon Events would offer a more detailed report on the Summit later in the meeting.

Sean Dee thanked the HTA Staff for its work in the emergency command center in response to Hurricane Lane. He explained that, as a hotelier, inquiries had tripled, and being able to direct customers to the official HTA site for the most accurate and up to date information made the job easier. He stated that the emergency command center had a large impact on customers, and that although hotels did suffer from cancellations due to Hurricane Lane, it helped that hotels had the best information available.

Fred Atkins asked whether the volume of calls had subsided since Hurricane Lane. He noted that, on his flight from Kaua'i to O'ahu, there were much fewer people than average. Mr. Dee responded that, it is difficult to measure how Hurricane Lane impacted prospective visitors who were considering coming to Hawai'i, but that he lost ten to fifteen points of occupancy for a two-week period. Kelly Sanders agreed with Mr. Dee, and stated that he saw dramatic cancellations going into Hurricane Lane and leaning into the current week, but expects the following week to pick back up.

5. Overview by the Office of Information Practices of the Sunshine Law and Uniform Information Practice Act

Chair Fried acknowledged Cheryl Park, Director of the Office of Information Practices State of Hawai'i (OIP), to give an overview of the practices of the Sunshine Law and Uniform Information Practice Act (UIPA).

Ms. Park began her presentation by noting that, as a government agency with a budget of approximately \$80 million, HTA is under close scrutiny and accountability to the public. Ms. Park explained that OIP was given the responsibility of administering the State's Sunshine Law, providing public access to state meetings. She stated that OIP also implements the UIPA. Ms. Park explained that the penalty for an agency that fails to follow either the Sunshine Law or the UIPA could subject the Board to fines, or the Board action could be voided by a court of law. She also stated that Board members who intentionally violate laws could be subject to misdemeanor charges, lose immunity from civil or criminal liability, or be removed from the Board.

Ms. Park explained that the purpose of the Sunshine Law and UIPA were both enacted with a statement of purpose that discussions, deliberations, decisions and actions of government agencies must be conducted as openly as possible. She explained the law's intent is to protect people's rights to information, and that the law directs provisions requiring meetings to be liberally construed.

Ms. Park first presented a brief overview of the UIPA. She stated that the law recognizes that the policy of conducting government business must also adhere to the State Constitution's right

to privacy. She stated that the UIPA's purpose includes promoting public interest in disclosure; providing for accurate, relevant, timely and complete government records; enhancing government accountability through a general policy of access to government records; making government accountable to individuals in the collection, use, and dissemination of information relating to them; and balancing individual privacy interest and the public access interest, allowing access unless it would constitute a clearly unwarranted invasion of personal privacy. Ms. Park acknowledged that government records are broadly defined as information maintained by an agency in written, auditory, visual, electronic, or other physical form, and, given this definition, governmental agencies must disclose upon request certain specified records including minutes of public meetings, information collected and maintained for purpose of making information available to the public, such as brochures, specified employment information, as well as contracts, compensation, duration, and objectives, and government purchasing information, including bid results. She stated the UIPA also allows HTA to disclose information to any other agency. She noted that exceptions to the disclosure requirement include if disclosure constitutes a clearly unwarranted invasion of personal privacy, or if information must remain confidential in order for government to avoid frustration of legitimate government function. Ms. Park noted that HTA has its own exception to disclosure under Hawai'i Revised Statutes section 201B-7, allowing HTA to withhold competitively sensitive information, and another exception under section 201B-4(a)(2), regarding information relating to marketing plans and strategies.

Ms. Park then presented a brief overview of Hawai'i's Sunshine law. She stated that the Sunshine law requires a board and committees to conduct board business in public, with six days advance written notice and agenda. She added that board meetings must be open to the public and allow testimony, that the minutes must be posted online within forty days, with or without board approval, and that discussions, deliberations, and decision-making by more than two board members can only occur at open meetings. Ms. Park explained that, if a subject is on the board's agenda or will be on the board's agenda in the foreseeable future, it qualifies as board business that is subject to the Sunshine law.

Ms. Park stated that, if two board members are discussing board business outside of an open meeting, it can only be done as a permitted interaction under Sunshine law. She stated that permitted interactions include discussing board business so long as no commitment to vote is made. She explained that board members can use staff to coordinate an open meeting to discuss board business, and that staff reports can discuss general viewpoints and provide recommendations for actions, but cannot identify a board member's position. She noted that staff cannot be used to attempt to circumvent the Sunshine law requirements. Ms. Park then stated that Permitted Interaction Groups may be established by the Board so that two or more Board members may investigate a Board matter, provided that the Permitted Interaction Group is utilized via a minimum of three meetings. In order to create a Permitted Interaction Group, the Board must define the scope of the Board investigation and members' authority, and that the Permitted Interaction Group must then present its findings and recommendations to the Board. Ms. Park explained that a Permitted Interaction Group may be created in order to select the Board's officers, to meet with the Governor, or to meet with the head of the Department to

discuss administrative matters. She stated that, if a meeting must be canceled due to insufficient quorum, the Board should still receive testimony, but there must be no deliberation or decision-making. She stated that a Permitted Interaction Group also allows the Board to attend informational meetings on matters relating to Board business, such as the meeting of another entity or a legislative hearing, so long as the meeting is not specifically and exclusively organized for or directed to members of the Board.

Ms. Park stated that the Sunshine law permits the Board to hold closed meetings or executive sessions under particular circumstances, including considering the hiring, evaluation, dismissal, or discipline of an officer or employee. She noted that HTA has a special provision in Hawai'i Revised Statutes section 201B-4(a), allowing for the Board to hold an executive session when necessary for the Board to receive information that is proprietary to a particular enterprise, or if the disclosure of which might be harmful to a businesses' interest, or if it is necessary to protect Hawai'i's competitive advantage as a visitor destination. Ms. Park stated that HTA cannot go into a closed meeting to discuss the entirety of HTA's budget. Last, Ms. Park stated that the Sunshine law requires that an executive session can only be entered when there is an affirmative vote, taken at an open meeting, of two-thirds of the members present and a majority of the members to which the Board is entitled. She stated that, for HTA, it must have eight of the twelve members voting in order to go into an executive session. She stated further that an executive session's minutes may be kept confidential so long as their disclosure would defeat the lawful purpose of having the closed meetings, and that OIP can conduct an in camera inspection of executive meeting minutes.

David Arakawa asked whether there are rules requiring board materials to be distributed six days prior to a Board meeting. Ms. Park, in response to Mr. Arakawa's question, stated that whether board materials are distributed six days prior is each individual Board's decision, but that board materials must be available to the public upon request. Mr. Arakawa asked whether other governmental agencies distribute their board materials six days prior to the Board meeting, in which Ms. Park responded that some other governmental agencies distribute their board packets at least six days prior to the meeting. Mr. Arakawa asked whether it was appropriate that Board members attend meetings or events, such as the Global Tourism Summit, or other festivals or work-related events, where Board members are invited in their individual capacities. Ms. Park responded that attending events where multiple Board members will be in attendance is fine, so long as the Board members do not discuss board business. Mr. Atkins asked to clarify that Board members are allowed to discuss board business with more than one Board member so long as it is within a Permitted Interaction Group. Ms. Park, in response to Mr. Atkins, stated that Board members can discuss so long as they are within the Permitted Interaction Group. Mr. Atkins also asked whether multiple Board members can visit legislators or other governmental agencies. Ms. Park, in response to Mr. Atkins, stated that it is dependent on whether the Board members are discussing general information or if they are discussing board business. She stated that, in order to ensure compliance with the Sunshine law, the Board should consider setting up a Permitted Interaction Group, or that the Board utilize its staff. Kiyoko Kimura asked to clarify that, if a Board meeting only has seven of its members the Board cannot go into an executive session. Ms. Park responded to Ms. Kimura by

stating that HTA needs eight members to enter executive session. Mr. Arakawa asked whether a Permitted Interaction Group could be adopted for an issue raised at a Board meeting, noting that it may be valuable to create a Permitted Interaction Group to discuss legislative matters. Ms. Park, in response to Mr. Arakawa, replied that the Board could create a Permitted Interaction Group to discuss legislative matters, and that the Board must determine the type of Permitted Interaction Group in order to ensure that it can get business done timely.

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

Chair Fried acknowledged Jennifer Chun to deliver a presentation and discussion of current market insights and conditions in key major Hawai'i tourism markets. Ms. Chun stated that both June and July 2018 marketing insights are contained in the Board packets.

Ms. Chun stated that, through May 2018, the State has collected \$510.8 million in transient accommodations tax revenue, up 7.9 percent from last fiscal year. She stated that a hotel statistics report was released the previous day, and hotels statewide are at 83.8% occupancy with an ADR of \$296. She stated that the latest DBEDT forecast is included in the Board packets, which forecast arrivals at 9.96 million at the end of 2018 and 10.12 million at end of 2019. She stated that DBEDT forecasts expenditures at \$18.3 billion for 2018 arrivals by air, and \$18.9 billion for 2019 arrivals by air.

Mr. Atkins asked if the forecasts took into consideration the effect of volcanic activity on Hawai'i Island. Ms. Chun responded to Mr. Atkins in the affirmative, and noted that the forecasts are fairly conservative. Ms. Chun also noted that the forecasts did not take into account any effects of Hurricane Lane.

Chair Fried recessed the meeting at 10:39 a.m.

Meeting reconvened at 10:51 a.m.

7. Presentation, Discussion and Action on HTA's Financial Reports for April 2018 through June 2018

Chair Fried acknowledged Marc Togashi to deliver a presentation, discussion, and action on HTA's Financial Reports for April 2018 through June 2018. Mr. Togashi stated that he would ask the Board to vote to approve the April 2018 through June 2018 financial statements at the next Board meeting to give the Board members an opportunity to review the financial statements. Mr. Togashi stated that, through June 30, 2018, HTA had approximately \$77 million in cash and equivalent in the Tourism Special Fund, including \$5 million in the Emergency Fund. Also as of the end of June 30, 2018, HTA has \$30.9 million in board allocations, including funds in reserve and funds set aside for specific obligations for HTA. He stated that the \$30.9 million was projected to decrease to approximately \$24.5 million by the end of fiscal year 2019. With regard to fiscal year 2018 budget, utilized \$82.5 million out of the \$88.4 million budget; \$1 million of the unspent amount is allocated to the Center for Hawaiian Music and Dance. With

regard to operating income for the three-month period, reported \$20.5 million in TAT, bringing total to \$82 million for the year. He also stated HTA incurred \$33 million in expenses during that period. Relating to the Convention Center Enterprise Special Fund, held \$20.8 million in cash and equivalents at June 30, 2018; represents \$20.8 million decrease, primarily due to paying bond debt obligation, \$16.9 million in cash with HTA's contractor specifically held for repair and maintenance and projects on the horizon, \$18.3 million allocated within CCESF for purpose of convention center operations and convention center repair and maintenance projects. With regard to HTA's budget for the year, HTA spent according to budget with exception of convention center operations coming in ahead of budget. Convention Center reported operating income of \$541,000, less than the projected \$1.3 million operating budget. Mr. Togashi stated again that he would ask for approval of those financial statements at the next Board meeting.

8. Presentation and Discussion on the 2018 Global Tourism Summit

Chair Fried acknowledged Katherine Stokoe from Paragon Events to deliver a presentation and discussion on the 2018 Global Tourism Summit. Ms. Stokoe stated that the 2018 Global Tourism Summit currently had 783 registrations, compared to the previous year, which had around 926 registrations. The 783 registrations provide \$167,900 in income.

Ms. Stokoe stated that there would be an AI technology speaker on the Monday luncheon that will be announced shortly. She stated that there are 22 pending restaurants for the Aloha Reception and the Tourism Legacy Award luncheon. Ms. Stokoe stated that, for marketing, the Global Tourism Summit has approximately 32,000 page views, up from 15,000 to 20,000 from the previous year; further, there is an increase in user activity from the previous year. She stated that keynote speakers are constantly being updated on the website as the information becomes available. She added that the sponsor page has been updated as sponsors are contracted. Ms. Stokoe stated that the "Buy Hawai'i" and "Stay Hawai'i" page includes local partners providing discounts to visitors, including airline and hotel partners. Ms. Stokoe noted that the Global Tourism Summit has gained more traction on social media, as a result of this year's marketing partner's efforts to gear toward different audiences. She stated that, for integrated marketing, the Global Tourism Summit would have commercial coming out within a week. Ms. Stokoe stated that the Global Tourism Summit would have ads on KFVE and newspaper ads in Star Advertiser and on neighbor islands. Ms. Stokoe noted that the Global Tourism Summit would offer a special promotion code shortly as well.

Ms. Stokoe recognized that for sponsorships, the Global Tourism Summit is trending 30% more than last year. The Global Tourism Summit has currently generated \$300,000 from its attending sponsors and has also received \$134,500 of in-kind value, compared to the goal of \$325,000 of in-cash revenue from sponsorships for 2018. Confirmed sponsors include Hawaiian Airlines and Japan Airlines. Ms. Stokoe stated that out of the 53 total spaces available in the networking lounge, 35 booths have been rented by sponsors; further, 9 additional booths in the networking lounge are currently on hold.

Mr. Dee asked how many registrations were tied to sponsorships. Ms. Stokoe responded to Mr. Dee's question by stating that approximately 225 comp codes have gone to the Global Tourism Summit's current sponsors. Mr. Szigeti added that the Global Tourism Summit will be thought-provoking and asked that attendees devote their time to engaging in the Summit. Mr. Szigeti added that a wide-scope of interested parties from the private sector, including technology, engineers, students, and hoteliers would attend to discuss their vision for the future.

9. Subject to Board Approval, the Suggested Additions and Deletions for the Nomination, Selection and Appointment of Board Members for the Following Committees: Audit Standing Committee (David Arakawa to Replace Donna Domingo), Marketing Standing Committee (Kyoko Kimura to Replace Denise Hayashi Yamaguchi), Convention Center Planning Investigative Committee (George Kam to Replace Denise Hayashi Yamaguchi), Legislative and Governmental Affairs Investigative Committee (Sean Dee will Step Down to be Replaced by Ben Rafter, David Arakawa to Replace Gerald De Mello), Visitor-Related Infrastructure Investigative Committee (Micah Alameda to Replace Donna Domingo, No Replacement for Denise Hayashi Yamaguchi)

Chair Fried stated that he would go through the suggested additions and deletions for the nomination, selection and appointment of Board members for various committees with a single motion. He stated that, subject to the Board's approval, David Arakawa would replace Donna Domingo on the Audit Standing Committee; that Kyoko Kimura would replace Denise Hayashi Yamaguchi on the Marketing Standing Committee; that George Kam would replace Denise Hayashi Yamaguchi on the Convention Center Planning Investigative Committee; that Ben Rafter and David Arakawa would replace Sean Dee and Gerald De Mello on the Legislative and Governmental Affairs Investigative Committee; and that Micah Alameda would replace Donna Domingo on the Visitor-Related Infrastructure Investigative Committee.

Ms. Kumukahi moved to approve the suggested additions and deletions for the nomination, selection, and appointment of Board members as stated by Chair Fried. Mr. Sanders seconded the motion, which was approved by all members present.

10. Nomination, Selection and Appointment of the 2nd Vice Chair of the Marketing Standing Committee (George Kam)

Chair Fried asked for a motion to appoint George Kam as the 2nd Vice Chair of the Marketing Standing Committee, to replace Denise Hayashi Yamaguchi. Mr. Dee so moved, and Mr. Atkins seconded the motion, which was approved by all members present.

11. Update on the Status of the 2018 Audit Action Plan

Chair Fried acknowledged George Szigeti to provide an update on the status of the 2018 audit action plan. Chair Fried noted that this agenda item would be discussed at every future Board meeting. Mr. Szigeti stated the 2018 Audit Action Plan was sent to Board members, and that during August, HTA was able to move the status of two items from 'in progress' to 'completed.'

He stated that HTA Staff's focus, now that the budget has been passed, is to review HTA's internal policies and procedures.

12. Update of the Search for HTA's President and CEO, HTA Chief Administrative Officer and HTA VP of Marketing and Product Development

Chair Fried stated that an impressive number of candidates applied for the open positions of President and CEO, Chief Administrative Officer and VP of Marketing and Product Development. He noted that there were 106 applicants for CEO; 56 for Chief Administrative Officer, and 137 applicants for VP of Marketing and Product Development. He noted that after the bidding process, the choice of selecting Inkinen & Associates was easy, given that the cost for selecting candidates for the three open positions was significantly less than previous years in which HTA sought candidates for just the CEO position.

Chair Fried stated that there were nine members of the Permitted Interaction Group, including five Board members and four community members, and that the Permitted Interaction Group planned to meet after the Board meeting. He acknowledged that Mr. Sanders is the head of the Permitted Interaction Group.

Chair Fried explained the process of evaluating the candidates. He explained that Inkinen & Associates is tasked comparing resumes with the job description, verifying education, as well as employment within the past five years, and contacting at least three references submitted. Chair Fried stated that the names of candidates that would be provided for the Chief Administrative Officer and VP of Marketing and Development would be produced by the end of day on September 7, 2018. He stated that it made sense that the next CEO should be involved in the hiring decision of the new Chief Administrative Officer and VP of Marketing and Development. Chair Fried added that interviews could start as soon as the beginning of September.

Mr. Atkins stated that some legislators had approached him and asked whether HTA would select the next CEO by only bringing one name to the Board for approval. He stated that one legislator in particular was very upset with the fact that HTA only brings one candidate to the Board, despite the involvement of four community members in the Permitted Interaction Group. He stated that he would discuss these rules with the Permitted Interaction Group and would seek feedback from community members who do not sit on the Board. In response to Mr. Atkins' statement, Chair Fried acknowledged that some applicants do not want the fact that they have applied for the position to be public, and if the Permitted Interaction Group brought several names of candidates forward, it would harm applicants who are not selected for the position in their respective jobs. Mr. Atkins agreed that he believed that it would be best for the applicant if the fact that they have applied for the position was private. Mr. Atkins suggested that perhaps Ms. Park or another person from OIP could assist the Permitted Interaction Group with how to bring the names of several candidates to the Board while maintaining the candidates' privacy. Mr. Kinkley interjected that the Permitted Interaction Group must avoid having quorum or else it will be subject to disclosure. Mr. Arakawa suggested that perhaps the

HTA Board could go into executive session and discuss or even interview the top three candidates for the CEO position. Mr. Arakawa stated that he discussed this possibility with Ms. Park from OIP, and that he has asked whether Ms. Park could sit in on the Permitted Interaction Group's meeting to discuss different options on bringing more than one candidate to the Board. Mr. Kinkley, in response to Mr. Arakawa, stated that there was nothing improper about Mr. Arakawa's proposal, and reminded the Board that the decision to bring more than one candidate's name to the Board, by itself, is not a legal matter involving the sunshine law but is within the Board's discretion, and that now would be the proper time to continue those discussions if they wish to do so.

Sherry Menor-McNamara stated her agreement that the Board members should decide who the best candidate for the position of CEO is. She asked to clarify that the Permitted Interaction Group's goal is to select the CEO first and then select the Chief Administrative Officer and VP of Marketing and Development. Chair Fried, in response to Ms. Menor-McNamara, stated that he would like that to be the case, and that the Permitted Interaction Group would have to ultimately decide when it wishes to begin conducting interviews for candidates of each position.

Mr. Arakawa recommended that, because the Permitted Interaction Group has only five Board members, and is permitted to have an additional Board member, to add a female Board member to the Permitted Interaction Group. Mr. Arakawa stated concern that all Board members of the Permitted Interaction Group were men. Chair Fried acknowledged Mr. Arakawa's concern, and added that three of the community members in the Permitted Interaction Group were women.

Mr. Kinkley stated that adding a sixth Board member to the Permitted Interaction Group was legal, but he expressed concern as to whether the discussion on adding a Board member to the Permitted Interaction Group was on the agenda or if was a dramatically different item.

Chair Fried recessed the meeting at 11:29 a.m.

The meeting reconvened at 11:45 a.m.

Chair Fried acknowledged Mr. Arakawa to continue discussion on whether the Board had authority to add another Board member to the Permitted Interaction Group. Mr. Arakawa stated that the Board minutes from the previous Board meeting did not include the number of members on the Permitted Interaction Group or the names of the members of the Permitted Interaction Group, and that he considered that the matter was still pending. He stated that he would nominate Kyoko Kimura, having served previously on HTA's Board and involved in the selection of a previous CEO.

Mr. Kinkley stated that the fact that the previous Board minutes did not state the names or number of the members who were put on the Permitted Interaction Group may reflect a deficiency in the minutes; if the Board did not declare the names and number of members of the Permitted Interaction Group, then the Permitted Interaction Group was not established

because it did not meet its statutory minimum. Mr. Arakawa, in response to Mr. Kinkley, stated that after review of the minutes, the minutes did state the names of the Permitted Interaction Group's members.

Mr. Arakawa moved to add Kyoko Kimura to the Permitted Interaction Group. Ms. Kumukahi seconded the motion, which was approved by all members present.

13. Presentation by AEG Regarding an Update of Hawai'i Convention Center Recent Operational Activities and Sales Initiatives

Chair Fried acknowledged Teri Orton from AEG to deliver a presentation regarding an update of Hawai'i Convention Center recent operational activities and sales initiatives. Ms. Orton stated that she would be presenting for the months of June and July.

Ms. Orton stated that the Convention Center held 14 events in the month of July. Ms. Orton reported that the Convention Center had a net loss of approximately \$112,000 in the month of July. She also reported that the 2018 reforecast projected a net loss of \$2,659,300, higher than the previous budgeted 2018 loss of \$1,959,300. She explained that the loss was due to a number of event cancellations in the last two to three months. She explained that one of the events that cancelled was a corporate group that moved from 2018 to 2019, which resulted in a projected loss of \$600,000 in food and beverage revenue; she stated that cancellations of a youth basketball tournament and corporate group also attributed to the net loss. Ms. Orton explained that the percentage of flow through for food and beverage dropped from the projected 42% to 35%. She stated that, under current statistics, for every dollar spent by the Hawai'i Convention Center, \$19.19 is generated to the State.

Chair Fried asked if it was possible to pick the percentage of flow through up for the year, or if it was too late. Ms. Orton replied that it is likely too late in the year to pick the number up, and that the Hawai'i Convention Center would have to generate approximately \$2 million in addition to its current projection. She added that she has been approaching meeting planners to incentivize signing for events before the end of the year by using incentive offers with hotel partners.

Mr. Dee asked whether upcoming events were expected to experience higher than usual wash. Lee Conching responded to Mr. Dee's question by replying that the upcoming events for the Hawai'i Convention Center were still on pace with previous projections. Mr. Dee commended AEG for having a successful last two previous years of margin control, and added that every dollar counts in mitigation control.

Mr. Atkins asked whether the projected net loss in food and beverage is hard revenue or forecasted revenue. Ms. Orton responded that the \$2 million projected loss in food and beverage revenue is only a forecasted amount, and that she did not have a hard dollar amount for revenue loss at the time.

**Chair Fried recessed the meeting at 12:02 p.m.
The meeting reconvened at 12:27 p.m.**

14. Nomination, Selection and Vote of the Chairperson of the Hawai'i Tourism Authority Board of Directors

Chair Fried stated that the nomination, selection and vote of the chairperson for HTA did not occur to him until Senator Wakai mentioned it to him. Chair Fried thanked the Board members for their support in the last two years. He thanked the Board for their support when he informed them that he wished to remain in his position until the end of his term. Chair Fried stated that his only interest and agenda has been to improve HTA and move Hawai'i forward.

Chair Fried acknowledged Mr. Arakawa, who wished to share his thoughts on the nomination, selection and vote of a new chairperson. Mr. Arakawa stated that, when he saw this item on the agenda, he called Chair Fried. Mr. Arakawa stated that Chair Fried's position is different than other Board members because he voluntarily withdrew his name from nomination, and that Chair Fried is continuing to serve HTA until the Governor's office nominates and the Legislature confirms a replacement. Mr. Arakawa stated that, given the upcoming Global Tourism Summit, selection of a new CEO, and other important issues, he recommended that the Board defer election of a new Board Chair until Chair Fried's term is up or the Governor nominates another Chair. He stated that, given Chair Fried's work, his recommendation is to keep Chair Fried aboard and defer a vote of a new Board chair. Mr. Arakawa acknowledged that the Board has many qualified candidates who could serve as Chair, but that given the circumstances, deferring the vote made the most sense.

Chair Fried asked the Board if anyone disagreed with Mr. Arakawa's statement. Mr. Kinkley asked Mr. Arakawa to clarify that his recommendation was to defer this matter until Chair Fried's term ends. Mr. Arakawa agreed, in which Mr. Kinkley responded that deferring the matter is the functional equivalent of voting Chair Fried in as Chair. Mr. Arakawa acknowledged that he understood Mr. Kinkley's comment.

Mr. Arakawa moved to defer the nomination, selection and vote of the Chairperson of the HTA Board of Directors. Mr. Dee seconded the motion, which was approved by all members present.

15. Discussion and Approval of the 2019 HTA Brand Management Plan

Chair Fried acknowledged Marc Togashi for discussion and approval of the 2019 HTA Board Management Plan. Mr. Togashi stated that the HTA Staff requested a motion to approve the 2019 Board Management Plan, which was previously distributed at the last HTA Board meeting.

Chair Fried asked for a motion to approve the 2019 HTA Brand Management Plan. Ms. Kumukahi so moved, and Mr. Sanders seconded the motion. Chair Fried opened up the matter for discussion.

Mr. Atkins stated that some initiatives of the Brand Management Plan were different than previous discussions. He stated that at some point later in the year, he would like the Board to discuss how certain initiatives are being implemented. Mr. Togashi stated that he agreed with Mr. Atkins' suggestion, and that any guidance that the Board provides is useful for HTA Staff. Chair Fried asked if there was any reason why the Brand Management Plan should be passed now, opposed to the next Board meeting. Mr. Togashi, in response to Chair Fried's question, stated that HTA Staff would like to show the Brand Management Plan during the 2018 Global Tourism Summit. Mr. Atkins acknowledged the work and thought that went into constructing the 2019 Brand Management Plan.

Mr. Dee stated that, in theory, the Brand Management Plan guides the entire organization and will guide new Board members. He stated that he had similar concerns to Mr. Atkins that not all shifts in the Brand Management Plan were vetted through the Board. He asked whether the Board could consider the Brand Management Plan as a working plan to give authority to continue moving forward, while giving the new executive team authority to finalize pieces of the Plan. He stated that new executives should have some ownership of the 2019 Brand Management Plan. In response to Mr. Dee's concerns, Mr. Togashi stated that the Brand Management Plan was understood to be fluid, and that the new CEO, Chief Administrative Officer, and VP of Marketing and Product would have input into implementation of the plan. He stated that if the Board's recommendation was to defer official approval but use the current Brand Management Plan as a working plan, it would be acceptable to HTA Staff.

Mr. Kinkley stated that, if the Board is not approving the plan but wishes to provide guidance through the current document, the shortest route appeared to be to approve the 2019 Brand Management Plan and amend it at a later Board meeting. In response to Mr. Kinkley's comment, Mr. Dee stated that typically, the Board's process was to amend the plan once a year. Mr. Arakawa stated that amending the plan later in the year was for good reason, given that new executive management would be stepping in. Mr. Atkins stated that the initiatives contained in the Brand Management Plan are necessary, but the only concern that new executives may have are the sources of funding, and that the HTA Staff worked to address all of the Board's concerns in detail.

Ms. Kumukahi made a motion to approve the 2019 Brand Management Plan, with the stipulation that when new executives are chosen for the positions of CEO, Chief Administrative Officer and VP of Marketing and Sales, that the Brand Management Plan is apt to change. Mr. Kam seconded the motion, which was approved by all members present.

16. Report of, Discussion and Request for Funding Approval of Programs Recommended by the Marketing Standing Committee

Chair Fried acknowledged Mr. Dee to provide the report of, discussion and request for funding approval of the programs recommended by the Marketing Standing Committee. Peter Honig of Ascendant Sports Marketing Group joined the discussion by phone. Mr. Dee stated that, prior to discussing any proprietary information, the Board would discuss as much in open session as

possible before entering executive session to discuss specific deal terms. Mr. Dee stated that the Marketing Standing Committee examined twelve of HTA's current events, looking at economic impact, impact on travel change, resident sentiment, etc. He stated that the events ranged in size and impact, but his takeaway from the information was that events typically drive incremental economic impact, and that residents like the fact that HTA spends money on public events. He also acknowledged it was clear that some events were not winners, and examining more events will help HTA make decisions in future years.

Mr. Dee acknowledged Peter Honig to deliver an update on discussions with the L.A. Rams. Mr. Honig stated that discussions with the L.A. Rams about bringing a game to Hawai'i have been ongoing for approximately one year. He acknowledged and thanked the representatives from the L.A. Rams that flew into Hawai'i to discuss the proposal. He stated that the L.A. Rams have agreed to a significant reduced cost, and that it shows the L.A. Rams willingness to enter into an agreement. Mr. Honig added that the event is projected to be the largest revenue generator for Aloha Stadium in 2019. He added that the L.A. Rams have agreed to reinvest sponsorship feedback, which will benefit local providers. He reinforced that he believed this program makes sense for the State and HTA. He recognized value in promoting the State of Hawai'i in one of its critical feeder markets throughout the season, and assured that media elements are part of the deal, which will help drive the State's market objectives. He also added that the L.A. Rams are a team on the rise.

Mr. Dee acknowledged Jason Griffiths, VP of Partnerships for the L.A. Rams. Mr. Griffiths stated that the L.A. Rams are exciting about coming to the State of Hawai'i in 2019. He stated that data has shown that 4.5 million L.A. Rams fans would pick Hawai'i as their destination for a vacation in the next year. Mr. Griffiths stated that when the Rams were in Los Angeles originally, Hawai'i was "Rams country" and would like to see that again. He noted that the L.A. Rams have a unique opportunity to capitalize and get Hawai'i residents to visit Los Angeles.

Mr. Dee asked Mr. Griffiths to discuss the some of the terms of the proposed agreement, including risk allocation, revenue generating, and the opportunity to see beyond 2019. Mr. Griffiths, in response to Mr. Dee's question, stated that the Rams will benefit from ticketing and have incentive to drive interest in the State by marketing the game throughout the 2018-19 season. He stated that Aloha Stadium would benefit from all concessions. He stated that there are additional events the L.A. Rams would like to propose before the preseason game, including training camp, to engage with the State. As for long-term interest, Mr. Griffiths stated that there is certainly interest in continuing a relationship past one year, depending on how the initial one-year deal plays out.

Mr. Szigeti asked that, as the NFL expands its global reach, whether the L.A. Rams sees engaging in the State of Hawai'i as an opportunity to expand to other countries in the Pacific. Mr. Griffiths responded absolutely, and that being in Los Angeles is an opportunity to expand to many international markets. He noted that the L.A. Rams would be playing one of its home games in Mexico City this coming season.

Mr. Dee stated that there are specific deal terms that needed to be discussed with the Board, and that because those terms were proprietary information, that the Board would need to enter into executive session.

Mr. Dee stated that the Board needed to enter into Executive session for the remainder of this topic, to discuss specific deal terms, in order to protect Hawai'i's competitive edge as an international destination. Mr. Dee added that Executive Session is allowed by Hawai'i Revised Statutes sections 201B-4(a)(1)&(2). Chair Fried requested a motion to enter Executive Session. Mr. Dee moved for an Executive Session and Mr. Atkins seconded the motion, which was approved by all Board members present.

The meeting was recessed for an Executive Session at 12:58 p.m.

The Board moved out of Executive Session at 1:12 p.m.

Mr. Dee acknowledged Mr. Griffiths and Mr. Tafola to discuss some of the information, including benefits of the deal and community engagement, in public session. Mr. Griffiths stated that every month the L.A. Rams office takes a day off to spend time in the community, and that the L.A. Rams players a large part of the initiative. He stated that the L.A. Rams spend much of their time in Inglewood, a community that has struggled for a while, and that the L.A. Rams want to see how the community can be involved in the development happening in Inglewood. Mr. Griffiths stated that the L.A. Rams want to make sure that when they come to Hawai'i that they are sure to be a part of the community to show that the L.A. Rams care about the State as a whole as much as what is happening on game day.

Mr. Dee asked for a motion to authorize Ascendant to finalize the contract with the L.A. Rams, noting that it is critical that ultimate negotiations involve a deal acceptable to Scott Shannon and the Stadium Authority. Mr. Sanders so moved, and Mr. Atkins seconded the motion, which was approved by all Board members present.

17. Discussion and Approval of the FY19 Convention Center Budget

Chair Fried acknowledged Mr. Togashi to begin discussion on the FY19 Convention Center Budget. Mr. Togashi stated that, like any portfolio, there must be some diversification. Mr. Togashi acknowledged that, although the State continues to have a strong leisure market, there is no guarantee that it will continue, and so it was important for HTA to balance its portfolio by continuing to invest in MCI, and offset any decline in the leisure market if it should occur. Mr. Togashi explained that the Board has been given a draft version of the Convention Center Enterprise Special Fund for FY2019. He noted that the Board should save any confidential or proprietary information to a time in which the Board goes into executive session. He also noted that he has separated confidential information in its own packet.

Ms. Orton began her presentation by stating that HTA has outlined five pillars for budget and goals for the Hawai'i Convention Center. She stated that these five pillars include: (1) increase room nights and occupancy; (2) increase revenue and manage expenses; (3) create new events

and find new business for the Hawai'i Convention Center; (4) aligning goals and initiatives in collaboration with HTA; and (5) tying in Hawaiian culture and community events. Ms. Orton acknowledged Lee Conching, who was recently appointed to VP for Sales and Marketing for the Hawai'i Convention Center, for further discussion.

Mr. Conching shared a chart showing room night goals versus actual numbers. He stated that for 2018, Hawai'i Convention Center currently supported 68,000 room nights, and he believes that they will be able to reach 163,000 by the end of the year. In terms of pace, Mr. Conching noted that 2023 is a low year compared to other years, but that he is currently in negotiations to book an event with Farm Bureau in the year 2023, which is expected to have 60,000 attendees.

For sporting events, Mr. Conching noted that 2019 has two definite events and seven tentative events, and that the Hawai'i Convention Center is looking at having nine sporting events per year. He stated that the Hawai'i Convention Center has four-year contracts for volleyball and indoor soccer leagues. He also stated that Hawai'i Convention Center has worked to create attractive incentive packages for travelling teams, noting that thousands of family members travel to watch high school basketball or volleyball. Mr. Conching also stated that the Hawai'i Convention Center is looking at esports as a potential market, as esports is growing in popularity and has sold out arenas and convention centers.

Mr. Conching stated that the Hawai'i Convention Center has created incentive packages for closing business in 2018. He stated that one of those incentive packages includes a million miles promotion, initially introduced in Chicago. He added that the million miles promotion provides one million miles to an account for an association if that association signs a convention by the end of the year. Mr. Conching stated that he has met with counterparts for an AEG facility in Puerto Rico, and that he believes Hawai'i Convention Center could have synergy with such facilities, and that there would be no competition between the two because they have different calendar years. He added that they are looking to have a joint event in Las Vegas to bring clients in to network. Ms. Orton added that the Puerto Rico facility is nearly identical in capacity to the Hawai'i Convention Center.

Mr. Dee asked how the goals are set for the room nights generated in the pace report, noting it unusual to have a goal of 175,000 in perpetuity. Ms. Orton, in response to Mr. Dee's question, stated that the goal was set several years ago, and that setting a new goal has been continuously deferred as management changes. Mr. Dee asked whether accountability for setting a new goal would be with the new VP of Marketing and Product for HTA. Mr. Togashi, in response to Mr. Dee's question, stated that setting a new goal would definitely be in collaboration with HTA's VP.

Mr. Conching stated that Hawai'i Convention Center is continuing to target major trade shows, including medical and dental groups. He added that, within that particular market segment, there is a high level of success because those groups can afford the extra expense to travel to

Hawai'i, and that those groups also have international members who wish to attend. Mr. Conching added that he would like to hold a "May Day" event in Chicago and Washington DC.

Mr. Conching stated that the corporate market segment is the most lucrative. Mr. Conching acknowledged Priscilla Texeira, who runs the program Aloha Connects, and she manages all of the global marketing partners across the world, with collaboration with her, Hawai'i Convention Center gets exposure in markets that are more difficult to breach. He added that Debbie Zimmerman runs the 'Elele program, she recognizes champions in the local community that can help bring conventions to Hawai'i.

Mr. Conching stated that, for international market initiatives, HCC has tried prospectors, but that it does not help because they do not reach the actual client. Instead, HCC has decided to work with the organization called PCMA, Professional Convention Management Association, which recently bought ICESAP, an Asia-based organization. He noted that PCMA is having its annual convention in November in Bangkok, and that Hawai'i Convention Center plans to have a presence there to reach new potential clients.

Mr. Conching stated that, for Asia-specific initiatives, some groups have had success. Mr. Conching stated that they are having discussions with one group, Prime, on how to bring Asian and U.S. Associations together for a joint meeting in Hawai'i. Mr. Conching also stated that they are looking on bringing their executive chef to provide dinner for JTB corporate accounts and making a pitch on coming to Hawai'i.

Mr. Conching noted that Hawai'i Convention Center is also looking at local business events, including the Okinawan Festival.

Ms. Orton stated that, for 2019 sales and marketing budget is \$6 million, \$892,000 less than 2018 sales and marketing budget. Mr. Togashi stated that, for context, Ms. Orton's team works on a calendar-year basis, whereas HTA operates on a fiscal year basis; therefore, some of the numbers which Ms. Orton may be referring to does not line up with HTA's budget. Ms. Orton also noted that there was a \$200,000 salary variance. Ms. Orton stated that her and Mr. Conching would be looking into different representatives and accounts to determine whether their current representatives are penetrating their account base and prospecting through their leads in their territory. She stated that the additional \$200,000 is room to bring an additional member, if needed.

Mr. Sanders asked how AEG determines salaries, and how AEG determines if sellers are making their particular goals. Ms. Orton, in response to Mr. Sanders, stated that AEG needs to look at their current sellers and determine whether those sellers are accessing their base, and see if they can incentivize them to bring new business into lead years.

Ms. Orton stated that, for facility budget, she is expecting \$15.7 million in gross revenue, with a net loss of \$2 million. She stated that the net loss is due to three groups having either cancelled

or moved to 2019, which subsequently has affected the Hawai'i Convention Center's food and beverage revenue.

Ms. Orton stated that, for capital improvement, the Hawai'i Convention Center's management team on the property have completed one project and is moving to rooftop repair. She stated that the Hawai'i Convention Center also is hoping to receive approval on facility initiatives in the near future, including upgrading banquet chairs, dinnerware, serving dishes, sound system replacement, key access system, and digital display walls. Ms. Orton added that the Hawai'i Convention Center has been recently awarded LEED Gold Certification, and that her team would continue to work on recycling efforts.

Mr. Atkins asked whether there was enough money in the current budget for maintenance. Ms. Orton, in response to Mr. Atkins' question, stated that they have funding but need a project manager to ensure completion. Mr. Togashi added that AEG does not have a preventative repair budget set aside.

Ms. Kimura asked whether AEG has tracked room night goals for neighbor islands. Ms. Orton, in response to Ms. Kimura's question, stated that AEG only tracks room nights on Oahu, explaining difficulty of tracking whether visitors go to neighbor islands. Mr. Dee suggested that surveys could be used as a tool to track whether visitors go to neighbor islands. Jen Chun added that, although HTA has data for how long attendees stay, they do not know pre and post stay. Mr. Sanders suggested that, when booking a large convention, the Hawai'i Convention Center could offer a discounted rate for neighbor island stays.

Pris Texeira stated that, there is some information on how major conventions affect neighbor island visitors because, when looking at the four days prior and four days after the convention, business increased on neighbor islands. She added that some events had workshops and seminars on neighbor islands that were tied to the main convention.

Mr. Atkins asked whether the Hawai'i Convention Center is required to pay real property tax. Mr. Togashi replied that they do not.

Mr. Kam stated that, as for Hawaiian culture, it was important that AEG continue to do things pono, because whenever there is a Hawaiian culture event, there is as much backwash as blessing and endorsement. Mr. Kam suggested that AEG continue to make sure it invests in the community and make sure that the Hawai'i Convention Center is doing things the right way. Mr. Kam stated that, long-term, it is more important to invest in the community and ensure that the Hawai'i Convention Center is doing things the right way, rather than trying to make up quickly for lost sales. Mr. Ka'anā'anā added that hula competitions are incredibly sensitive and complicated subjects, and that HTA needs to continue to be mindful of their involvement.

Mr. Togashi asked the Board to look over particular line items in the budget. He stated that the budget included \$5.4 million for infrastructure to maintain Hawai'i Convention Center as a first-class facility, which was approximately a \$1.1 million increase over the prior year. Mr. Togashi

stated that approximately \$6.9 million was budgeted for Sales and Marketing. He added \$875,000 was budgeted for governance, which included payroll costs for some HTA employees, for management and oversight of the Hawai'i Convention Center operations, as well as cost for insurance for the Hawai'i Convention Center. Mr. Togashi stated that, as for the bond debt service, HTA no longer had to pay the bond debt thanks to the Legislature. Mr. Togashi stated that, after considering all revenue and all expenses, the proposed budget has a net income of approximately \$1 million. He stated that the \$1 million represents a reserve for future repair and maintenance, per Mr. Dee's advice. He further stated that the \$1 million represents approximately 4% of gross expenditures.

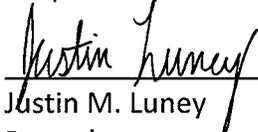
Mr. Togashi asked the Board for a motion to accept the the FY19 Convention Center Enterprise Special Fund budget with approving gross expenditures of \$25,222,869. Chair Fried asked the Board for a Motion. Mr. Sanders so moved, and Ms. Kumukahi seconded the motion, which was approved by all members present.

18. Adjournment

Chair Fried asked for a motion to adjourn. Mr. Kam made the motion, and Ms. Kumukahi seconded the motion, which approved by all the Board members present.

The meeting was adjourned at 2:10 p.m.

Respectfully submitted


Justin M. Luney

Recorder

Agenda Item

4

**Report of the CEO Relating
to Staff's Implementation of
HTA's Programs During
August 2018**



MEMORANDUM

TO: HTA Board of Directors

FROM: George D. Szigeti, President and CEO

DATE: September 27, 2018

RE: Report of the CEO

The following narrative utilizes the 2019 Brand Management Plan's four core areas (Awareness, Conviction & Access; Unique & Memorable Experiences; Knowledge & Collaboration; and Strategic Oversight & Governance) to outline the various matters the staff is currently working on or has completed since the last CEO Report dated August 30, 2018. The narrative also describes the actions conducted by staff to implement the Hawai'i Tourism Authority (HTA) budget previously approved by the Board.

I. AWARENESS, CONVICTION AND ACCESS

A. Access

Meeting with Southwest Airlines Executives

On August 8, HTA staff met with senior executives of Southwest Airlines from their marketing, revenue management, network planning, and commercial planning and operations divisions. Southwest provided an update on its entry into the Hawai'i market, while HTA shared information about the tourism industry, including visitor statistics, airlift, and hotel and timeshare performance.

Meeting with Scoot

HTA staff met with Scoot's marketing team for an update on its business and marketing activities.

B. Major Market Management

Hawai'i Tourism Japan Stakeholder Meetings

On August 6, HTA staff attended Hawai'i Tourism Japan's (HTJ) quarterly stakeholder meetings, which included sub-committee (comprises of lodging partners), attraction committee, and public relations and marketing committee. Updates on the status of Kīlauea volcano and HTJ's marketing plan to promote the island of Hawai'i, along with an economic and market overview and HTJ's upcoming initiatives were shared with the partners. HTA staff presented information on the Global Tourism Summit to solicit participation.

II. UNIQUE AND MEMORABLE EXPERIENCES

A. Hawaiian Culture Initiative

Kūkulu Ola Program

HTA continues to work with its 2017 awardees to close out their work and complete the final evaluations. A few programs were granted no-cost contract extensions for extenuating circumstances. HTA staff is continuing to work with its 2018 awardees on their work for this year. The HTA staff and evaluation committee have scored 51 proposals for work to be performed in 2019, with requests for funding totaling \$2,703,389.50. Projects being awarded will be notified in September by HTA staff.

Signature Events (Hawaiian Festivals)

Aloha Festivals: HTA and the various island contractors have been planning and implementing the events throughout September. Statewide event details are available at events.gohawaii.com and have been shared with the island chapters and GMTs.

Strategic Partnerships (Hawaiian Culture Initiative)

HTA and the Native Hawaiian Hospitality Association continue to build stronger ties between the Hawaiian community and tourism industry. A primary change in this year's contract was bolstering support of Hawaiian culture training within the industry.

The Kālaïmoku Group continues to organize the 'Aha Mele concert series this year. The series has been revamped to have four larger concerts in O'ahu's resort areas and feature a stronger list of performers. This results in savings in logistical costs for sound, lights, tents etc. The series will also partner with two organizations for collaborative projects at 'Onipa'a Celebrations at 'Iolani Palace and The Gabby Pahinui Music Festival in Waimānalo, O'ahu.

HTA staff and Hawaii Investment Ready have finalized an agreement to support a cohort of 12 social enterprises that have a tourism focus and previously received funding through the Community Enrichment, Kūkulu Ola, or Aloha 'Āina programs. The intent is to elevate these social enterprises to seek other forms of capital to enhance and improve their programs. Hawai'i Investment Ready has completed the first four modules, which cover individual enterprise assessments, theory of change and social business model canvas. Modules 5-8 are being completed this year.

B. Natural Resources

Aloha 'Āina (Natural Resources) Program

HTA continues to work with its 2017 awardees to close out their work and complete the final evaluations. A few programs were granted no-cost contract extensions for extenuating circumstances. HTA staff is continuing to work with its 2018 awardees on their work for this year. The HTA staff and evaluation committee have scored 47 proposals for work to be performed in 2019, with requests for funding totaling \$2,654,798.52. Projects being awarded will be notified in September by HTA staff.

Hawai'i Ecotourism Association

The Hawai'i Ecotourism Association has executed a contract for services in 2018. The primary focus of this work will continue to focus on the training of certified tour operators statewide and enhancing their training capacity. Further it will provide for trainings that will be made available via the web and YouTube.

C. Safety and Security

Visitor Assistance Program (VAP). Programs in all four counties are ongoing. Program proposals for 2019 will be submitted to HTA by the end of October.

Lifeguard Program. HTA staff is working with all four county ocean safety sections to further plan this program. Detailed program proposals will be submitted to HTA by the end of October.

Waikīkī Camera Program. HTA staff is working with the City and County of Honolulu and Waikīkī Business Improvement District Association to further discuss and plan for this program.

A. Communication and Outreach: August 2018

News Releases/Statements

- News Release: Hawai'i Prepares for Hurricane Lane (August 22)
- News Release: Hawai'i Governor David Ige Advises Visitors to be Prepared, Stay Safe and Use Common Sense During Hurricane Lane (August 22)
- News Release: Hurricane Lane Weakening, But Heavy Rainfall and Flooding Continue to be Major Threats to the Hawaiian Islands (August 23)
- News Release: DOT, HTA Advise Travelers to Have Confirmed Tickets for Flights Before Heading to Airports (August 23)
- News Release: Hurricane Lane Downgraded to Category 3; Wind Shear Continues to Weaken Hurricane on its Track South of Hawaiian Islands (August 23)
- News Release: Hurricane Lane Downgraded to Category 2; Flash Flood Watch Continues for all of Hawai'i (August 24)
- News Release: Lane Downgraded to Tropical Storm; High Winds No Longer a Threat to the Hawaiian Islands (August 24)
- News Release: Maui, Kaua'i and O'ahu Drove Hawai'i's Hotel Performance in July 2018 (August 29)
- News Release: Hawai'i Visitor Spending Increased 4.8 Percent to \$1.66 Billion in July 2018; Statement by George D. Szigeti (GS) commenting on the results (August 30)

Media Relations

- **Media Interviews:** Coordinated and/or assisted with the following interviews:

- Los Angeles Rams Partnership: Interviews about the status of HTA's proposed agreement with the following:
 - Rick Fried (RF) with Ferd Lewis of the Honolulu Star-Advertiser (August 30).
 - Sean Dee (SD) with Ferd Lewis of the Honolulu Star-Advertiser, Manolo Morales of KHON, Moanikeala Nabarro of KITV and Hawaii News Now (August 30).
 - RF with Caleb Jones of Associated Press (August 31).
- West Hawaii Today: Jay Talwar (JT) of the Hawai'i Visitors and Convention Bureau and Eric Takahata (ET) of Hawai'i Tourism Japan with reporter Max Dible about the marketing programs using the \$2-million in HTA funding to promote the island of Hawai'i (August 30).
- Hawaii News Now: Kalani Ka'anā'anā (KK) with reporter Ashley Nagaoka about visitors taking lava rocks and then mailing them back after returning home (August 31).
- **Publicity Support:** Provided the following information and/or assistance:
 - Hawaii News Now: Provided reporter Austin Westfall with news releases about the June hotel performance report and June visitor statistics (August 2).
 - Honolulu Star-Advertiser: Provided information to reporter Allison Schaefer about the impact of cease and desist orders on alternative accommodations bookings in response to the recent volcano activity in Puna and flooding on Kaua'i (August 9).
 - Honolulu Star-Advertiser: Assisted Charlene Chan (CC) with providing responses to reporter Allison Schaefer about the status of the hiring process to appoint a new President and CEO, Chief Administrative Officer and Vice President of Marketing and Product Development (August 13).
 - KITV: Assisted GS with providing a statement to reporter Avijah Scarbrough regarding the peaceful protest by residents at Laniakea Beach (August 18).
 - Honolulu Star-Advertiser: Provided assistant business editor Dave Segal with news releases for 2017 and June 2018 visitor statistics to show results for China following Hawaiian's announcement to suspend its Beijing service (August 21).
 - Hawaii Open: Assisted GS with preparing a quote for inclusion in a news release issued by Hawaii Open organizers about the players in this year's tournament and the start of ticket sales (August 21).
 - Hawaii Hospitality: Assisted GS with providing responses to writer Brandon Bosworth about the impact of Southwest Airlines' entry into the Hawai'i market (August 28).
 - Honolulu Star-Advertiser: Provided information to reporter Allison Schaefer regarding the addition of new air service to Hawaii in 2017 and 2018 and announced for 2019. Provided information on United's flights and air seat capacity in 2018 (August 30).
 - Get Your Guide: Assisted CC in providing Jennifer Loh with information on the breakdown of spending by visitors to Hawai'i (August 30).

Public Outreach

- Duke's OceanFest: Assisted GS with preparation of talking points for his presentation of remarks at the opening ceremony of Duke's OceanFest (August 18).
- Hawaii Hospitality: Assisted GS with drafting a column for the September-October issue (August 31).
- E-Bulletin Newsletter: Assisted CC with drafting, editing and finalizing the content and distribution of the August E-Bulletin (August 31).

Brand Management

- Anaheim Ducks: Reviewed and forwarded a request about a potential marketing partnership from Chris Wilson, corporate partnerships manager for the Anaheim Ducks, to Peter Honig (PH) of Ascendent Sports Group for review (August 2).
- Hidden Pacific: Reviewed and forwarded a request about a potential marketing partnership from Xenia Pineda, marketing manager for The Sharpe Alliance, to CC for review (August 6).
- Honolulu Civic Center: Provided Daniel Davies of Acuris with contact information for Andrew Pereira of the City and County of Honolulu for responding to inquiries about the status of redeveloping the Honolulu Civic Center (August 6).
- Reuters: Provided reporter Diana Kuzman with the June and April visitor statistics news releases in response to the inquiry about the impact of natural disasters on the island of Hawai'i and Kaua'i to each island's tourism industry (August 7).
- 6th Japan-Hawai'i Legislators' Friendship Association Event: Assisted GS with preparing information and message points for a briefing of Japan leaders (August 16).
- The Asia Oceania Geosciences Society: Assisted GS in preparing a message of support from HTA for the bid package to host the 2022 Annual Symposium (August 16).
- Fiscal Year 2019 Budget: Assisted Marc Togashi (MT) with finalizing an informational graphic showing the comparison between the budgets of FY2018 and FY2019 (August 20).
- AVP Hawaii Invitational: Participated in conference call with tournament organizers on preparation for hosting the tournament, September 14-16 (August 27).
- Global Tourism Summit (October 1-3):
 - Shared exhibitor inquiry from Krystal Posadas of Verizon Wireless with HTA (August 31).
 - Worked with HTA to provide Public Relations Society of America (PRSA) Hawai'i Chapter members a special rate to attend (August 13).
 - Managing media credentials (ongoing).
- 2018 Annual Report:
 - Selected cover photo artwork (August 5).

Crisis Communications

- HTA Alert Page: Posted informational updates on a continuing basis throughout August for the public and industry's knowledge about the Kaua'i floods, Kīlauea volcano, Hurricane Hector and Hurricane Lane.
- HTA Emergency Command Center: As Hurricane Lane approached the Hawaiian Islands, HTA activated the command center at the Hawai'i Convention Center on August 23 at 6:00 p.m. and staffed it continuously until August 24 at 11:00 p.m., with support from the Hawai'i Visitors and Convention Bureau, Hawai'i Tourism Japan and Hawai'i Lodging and Tourism Association. Updates about the hurricane's progress were provided on a continuing basis to tourism industry stakeholders and media in Hawai'i and outside the state. Information on issues impacting visitors and/or tourism providers was gathered and resolutions sought.
- Hurricane Lane:
 - Industry Outreach:
 - Assisted GS in issuing a message to tourism stakeholders that a special Alert page has been created on HTA's website providing information and updates (August 21).
 - Created protocol for providing updates and news releases to Hawai'i Tourism Japan for distribution to industry partners in Japan (August 22).
 - Assisted GS in issuing a message to tourism stakeholders with an update on the storm's aftermath, titled, "Hawai'i is Open for Business!" (August 29).
 - Media Interviews: Assisted GS with the following interviews to provide perspective about the tourism industry's response to Hurricane Lane:
 - Melody Gonzales, KITV (August 20).
 - Lisa Kubota, Hawaii News Now (August 21)
 - Allison Schaefer, Honolulu Star-Advertiser (August 21)
 - William Von Osdol, Hawaii News Now (August 23).
 - Mark Carpenter, KHON (August 23).
 - Jess Bidgood, New York Times (August 23).
 - Joe Moore, KHON (August 23).
 - Robert Kekaula and Paula Akana, KITV (August 23).
 - Mackenzie Stasko, KITV (August 24).
 - Mark Carpenter, KHON (August 24).

- Ross Shimabuku and Kristine Uyeno, KHON (August 24).
- David Montero, Los Angeles Times (August 24).
- Kristin Fisher, FOX News (August 25).
- Paul Drewes, KITV (August 28).
- Media Relations: Interacted with the following media:
 - Press Conferences:
 - Assisted GS in preparing message points for Governor David Ige's press conference about preparing for Hurricane Lane (August 21).
 - Provided HTA message points to Governor Ige for a press conference providing an update on Hurricane Lane (August 22).
 - GS participated in a press conference held by the Hawai'i Emergency Management Agency to provide a progress report on Hurricane Lane and preparations being made by state and county officials and private entities (August 23).
 - Associated Press: Assisted GS in providing a statement to reporters Audrey McAvoy and Jennifer Kelleher advising people on preparing for the weather impacts caused by Hurricane Lane (August 21).
 - Honolulu Star-Advertiser: Provided Allison Schaefer with a comment from John Monahan (JM) of the Hawai'i Visitors and Convention Bureau about calls by visitors to the Go Hawai'i Call Center in response to Hurricane Lane (August 21).
 - Los Angeles Times: Provided Catharine Hamm and Jay Jones with updates on the hurricane's progress (August 22).
 - Hawaii News Now: Provided Howard Dicus with information from GS on preparations being made by hotels to mitigate damage from Hurricane Lane (August 23).
 - NBC News: Provided contact information for hotels to request occupancy rates and shared that approximately 270,000 visitors were in Hawai'i (August 23).
 - Honolulu Star-Advertiser: Provided Allison Schaefer with updates on the number of calls from visitors received by the Go Hawai'i Call Center (August 23 and 24).
 - USA TODAY: Provided Nancy Trejos with contact information for Robin Graf of Castle Hotels and Resorts about cancellations being made by guests (August 24).
 - Travel Agent: Provided Adam Leposa with information about Hawai'i's airports and hotels being open and directing him to HTA's Alert page for updates (August 27).
- Public Outreach:
 - Provided an update to the Global Marketing Team about Lane moving westward away from Hawai'i to share with travel consumers in their respective markets (August 27).
 - Responded to an inquiry from traveler Daniel Yap about Lane's status and the situation on Maui where he will be visiting (August 27).

- Referred several requests from travel consumers seeking information about Lane's impact on Hawai'i to the Go Hawai'i Call Center managed by the Hawai'i Visitors and Convention Bureau (August 27).
- Kīlauea Volcano:
 - Media Interviews: Assisted with the following interviews:
 - WNYW (FOX 5, New York City): Ross Birch (RB) via Skype on August 1 and Tina Neal of the U.S. Geological Survey via Facetime on August 6 with Antwan Lewis regarding the state of Kīlauea's eruption and the impact on tourism.
 - Nippon Television (New York): RB with Takuya Katsumura for news segment airing to audiences in Japan (August 14).
 - Media Relations: Interacted with the following media:
 - National Public Radio: Provided Alex Schmidt with the June visitor statistics and June hotel performance report for a story on Kīlauea's impact on small businesses on the island of Hawaii (August 3).
- Hurricane Hector: Provided an update for the Global Marketing Team to answer questions from travel consumers in their respective markets (August 8).

International News Bureau

- **Media Assistance:** Assisted the Global Marketing Team and provided other support, as noted:
 - **Hawai'i Tourism Oceania**
 - Reviewed and forwarded a request by Kleo Walker of Two Birds Talking on behalf of Roxy about a possible partnership to Chris Sadayasu (CS) (August 6).
 - **Hawai'i Tourism Europe (HTE)**
 - Assisted Italian visitor Mattia Affini with confirming his Hālawā Valley Falls Cultural Hike Tour for August 31 (August 2).
 - Reviewed request for information on the Hawaiian Islands that would appeal to the "best ager" demographic of travelers by blog owner Peter Schiffer of welltrentner.com and suggested that HTE respond (August 8).
 - Reviewed and forwarded a request from Albie Swingler of Buffalo Pictures about a new series called "Islands of America" to Caroline Anderson (CA) (August 9).
 - **Hawai'i Tourism United States (HTUSA)**
 - Reviewed and forwarded a digital marketing request by Andrew Kelley of Bare Tree Media to HTUSA (August 1).
 - Reviewed and forwarded a request by Tatiana Polivoda of Insight Guides Hawaii to HTUSA (August 2).

- Reviewed and forwarded a request by Corrie Katcher of PURIST magazine to HTUSA (August 6).
- Reviewed and forwarded a request by Los Angeles-based musician David Hughes to HTUSA (August 6).
- Reviewed and forwarded a partnership request by Kathleen Ruiz of KRW Consulting, on behalf of Neiman Marcus, to HTUSA (August 17).
- Reviewed and forwarded a request by PBS Utah producer Erik Nielsen to HTUSA (August 20).
- Reviewed and forwarded an advertising request by Jenny Kamprath of Statehood Media to HTUSA (August 30).
- **Hawai'i Tourism Canada**
 - Reviewed and forwarded an advertising request by Jenny Kamprath of Statehood Media to Laci Goshi (LG) (August 30).

Social Media

• **Facebook Posts:**

- Post on HTA's partnership with the L.A. Clippers. Total Reach 1,133 | Total Reactions 37 (August 8).
- Post on the 2nd Annual 'Ōhi'a Love Festival. Total Reach 638 | Total Reactions 8 (August 10).
- Post on the 29th Annual Honolulu Rainbow Film Festival. **Total Reach 783 | Total Reactions 18** (August 10).
- Post on the We Share Hawai'i Facebook live with Jana Lam. **Total Reach 167 | Total Reactions 2** (August 21).
- Post on Hurricane Lane update as a category 4 storm. **Total Reach 4,315 | Total Reactions 355** (August 21).
- Post on Governor Ige press conference regarding Hurricane Lane. **Total Reach 4,253 | Total Reactions 307** (August 22).
- Post on Hurricane Lane update as a category 4 storm. **Total Reach 2,175 | Total Reactions 89** (August 23).
- Post on Hurricane Lane news release advising travelers to have confirmed flight tickets before heading to the airport. **Total Reach 4,935 | Total Reactions 407** (August 23).
- Post on Hurricane Lane update as a category 3 storm. **Total Reach 5,209 | Total Reactions 665** (August 23).
- Post on Hurricane Lane update as a category 2 storm. **Total Reach 1,732 | Total Reactions 69** (August 24).
- Post on Mayor Kirk Caldwell's visit to the HTA Emergency Command Center during Hurricane Lane. **Total Reach 1,735 | Total Reactions 131** (August 24).

- Post on Hurricane Lane update as a category 1 storm. **Total Reach** 3,187 | **Total Reactions** 178 (August 24).
- Post on Lane update as a tropical storm. **Total Reach** 4,307 | **Total Reactions** 254 (August 24).
- Post on Duke's OceanFest revised schedule of events due to Tropical Storm Lane. **Total Views** 275 | **Total Reactions** 1 (August 25).
- Post on Tropical Storm Lane update about its moving westward away from the Hawaiian Islands. **Total Reach** 2,711 | **Total Reactions** 82 (August 27).
- Post on Post-Tropical Cyclone Lane update about its no longer being a threat to the Hawaiian Islands. **Total Reach** 769 | **Total Reactions** 29 (August 29).
- Post on July Visitor Statistics. **Total Reach** 630 | **Total Reactions** 30 (August 30).
- **Twitter Posts:**
 - Post on HTA's Hurricane Lane Alert page (August 21).
 - Post on HTA news release about Hurricane Lane weakening (August 23).
 - Post on HTA's Hurricane Lane Alert page (August 23).
 - Post on HTA Hurricane Lane news release advising travelers to have confirmed flight tickets before heading to the airport (August 23).
 - Post on Hurricane Lane update as a category 3 storm (August 23).
 - Re-tweeted National Weather Service post on Hurricane Lane update (August 24).
 - Post on Hurricane Lane update as a category 2 storm (August 24).
 - Post on Mayor Caldwell's visit to the HTA Emergency Command Center during Hurricane Lane (August 24).
 - Post on Hurricane Lane update as a category 1 storm (August 24).
 - Post on Lane update as a tropical storm (August 24).
 - Post on July Visitor Statistics (August 30).
- **Instagram Posts:**
 - Post on the 29th Annual Honolulu Rainbow Film Festival (August 10).
 - Post on HTA's Hurricane Lane Alert page (August 21).

B. Research and Planning

The Tourism Research Division (TRD) issued the July 2018 monthly visitor statistics on August 30, including monthly arrivals by country, category expenditures for major markets, and monthly visitor characteristics for each major market area.

TRD posted the Air Seat Outlook data tables for September 2018 through December 2018 to the Infrastructure Research Section of the HTA website.

State, major market, and island fact sheets were updated with the July 2018 data and posted to the Board site. State and market fact sheets were published on the website.

TRD issued the July Hawai'i Hotel Performance Report on August 23. The report and related July 2018 data tables were posted to the Infrastructure Research Section of the HTA website. The Hawai'i Hotel

Performance Report is produced using hotel survey data compiled by STR, Inc., the largest survey of its kind in Hawai'i.

TRD continued to work with the State Attorney General's office to analyze visitor data related to the impacts of the national travel ban on inbound travel from seven affected countries.

Jennifer Chun presented a mid-year tourism update to CBRE on August 1.

Jennifer Chun worked with DBEDT READ on the Q3 2018 tourism forecast.

TRD conducted a training session on visitor statistics for HVCB's Market Insights group on August 16.

TRD hired Joseph Patoskie as a new Tourism Research Manager. His first day was August 16.

TRD continues to reply to requests for information from HTA global marketing team, industry, media, and the general public. Data requests completed include:

- Additional detailed visitor statistic data for UHERO and DBEDT/READ for their databases, and the monthly data requests
- Assisted Senator Mazie Hirono's office regarding Australian visitors
- Assisted Hilton regarding Oceania MCI visitors
- Assisted HTA Director Sherry Menor-McNamara with research regarding the Honolulu Marathon
- Responded to research inquiries routed through DBEDT
- Kaua'i and Island of Hawai'i Accommodation Use for the Honolulu Star Advertiser
- Updates on 2018/2019 air service to Hawai'i for the Honolulu Star Advertiser

C. Career Development

LEI (Leadership, Exploration, Inspiration) Program. Staff has received the program proposal and is working on the contract execution for 2019 program.

Global Tourism Summit Student Debate. To date, 12 teams have confirmed their participation in the student debate. They are from Australia, New Zealand, Canada, Japan, China, Hong Kong, Taiwan, Continental USA, and Hawaii.

Customer Service Certificate and Tour Guide Certification. Supported and funded by HTA, another round of training for these two programs statewide began earlier this month. Classes are available in all four community colleges.

IV. STRATEGIC OVERSIGHT AND GOVERNANCE

Contracts List. A list of contracts executed in the month of August is attached.

Hawai'i Tourism United States Monthly Marketing Report August 2018

July 2018 extended the growth of Hawai'i's visitor industry into the crucial summer months, with overall U.S. visitor arrivals and expenditures up +8.3 percent and +9.6 percent year over year, respectively. Meanwhile, the *#LetHawaiiHappen* campaign continues to highlight Hawai'i's unique offerings to keep the destination at top of mind for U.S. travelers.

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

In late August, the Bureau of Economic Analysis revised upward their estimate of second quarter growth to a brisk +4.2 percent. Likewise, the Atlanta Federal Reserve recently bumped their third quarter estimates to an impressive +4.8 percent. All this again points to solid growth throughout the remainder of 2018, though rising inflation hints that this level of economic activity is not sustainable in the long run.

Domestic leisure travel remained strong throughout the summer months, with the U.S. Travel Association reporting that the country saw +4.0 percent growth year over year in June. This is a continuation of a years' long trend of modest but positive gains within the U.S. travel market. At the same time, there are some reasons for concern; the estimated +2.6 percent growth for 2018 still falls well short of the anticipated +6.0 percent growth worldwide, while fears grow that escalating trade tensions will spill into the tourism sector.

Economy

The U.S. Consumer Confidence Index increased +5.5 points in August 2018 to 133.4, the highest since October 2000. Given that bump was driven by both satisfaction with current conditions and optimism about the short-term future of the economy, it is likely consumer confidence will remain at or near record highs for the rest of the year. The resulting boon in consumer spending should likewise continue to fuel healthy economic growth.

Following a modest +0.2-point increase to 4.0 percent in June 2018, July saw U.S. unemployment again tick back down 3.9 percent. The Labor Force Participation Rate and other key indicators of the labor market remained effectively unchanged. All of this continues to point to an economy operating at or near full employment.

Travel Trends – Airfare Update

Overall, round trip airfares between the U.S. mainland and Hawai'i declined in the early months of 2018. Relative to the same period in 2017, Q1 airfares declined -3.1 percent to an average of \$680 per person. Though some markets like New York saw fares increase modestly, significant declines in fares from key gateways such as Los Angeles (-8.2%) and San Francisco (-6.4%) increased the overall affordability of flying to the islands.

Likely, this decline was driven primarily by increased competition between carriers throughout the first half of 2018. With air seat capacity gains reaching well into the double digits throughout the first quarter, it is not surprising that prices fell even as oil prices rose. Though capacity growth has since slowed somewhat, it remains strong enough that airfares should remain stable throughout the rest of 2018.

Airlift

Though perhaps not as robust as the double-digit growth observed early in 2018, the total domestic air seat capacity to Hawai'i will maintain healthy year-over-year growth throughout the fall and winter months. All told, nearly 2.1 million air seats will be flown between September and November, a +9.0 percent increase from the same period last year.

Capacity from the U.S. West market will increase by +9.6 percent, with Denver (+111.3%), Seattle (+21.9%), and San Diego (27.4%) all adding more than 25,000 new seats each. Of interest, Los Angeles will be shedding -3.1 percent of its capacity over this same period, a loss of roughly 20,000 seats.

Meanwhile, capacity from the U.S. East market will grow a more modest +4.3 percent from the previous September through November period, an increase of roughly +10,000 seats. Chicago (+7.1%) and Dallas (+20.3%), are largely responsible for this growth, offsetting the loss of capacity from the seasonal discontinuation of the Minneapolis-Honolulu route.

LEISURE ACTIVITIES

Consumer

On-line

August firmwide digital campaign estimates: Central 23.6 million impressions; KVB 4.6 million impressions; OVB 3.4 million impressions; MVCB 3.7 million impressions; LVB 886,000 impressions; DMVB 715,000 impressions; IHVB 6.1 million impressions.

– Social Media

In August, HTUSA maintained a continued presence and ad campaign for national distribution across *Facebook* and *Instagram*. Campaigns were paused due to Hurricane Lane.

Travel Trade

HTUSA presented to 79 travel agents over five MAST Summer Workshops in Wisconsin in Waukesha and Appleton, and in Illinois in Deerfield, Edwardsville, and Rock Island. The workshops were held between July 31-Aug. 2 and Aug. 7-8.

HTUSA teamed up with the NorCal 'Ohana in organizing their 2018 Travel Agent Lū'au events in Novato, San Ramon and Palo Alto, CA, Aug. 1-2. There were 32 travel advisors in Novato, 77 travel advisors in Danville and 63 travel advisors in Palo Alto. The event featured a trade show, destination update, dinner, Hawaiian entertainment and door prizes. Participating Hawai'i suppliers included All About Tours, Apple Vacations, Aqua-Aston Hospitality, Condominium Rentals Hawai'i, Delta Vacations, Four Seasons Hotels & Resorts, GOGO Worldwide Vacations, Halekūlani, Hawaiian Hotel & Resorts, Hilton Hotels & Resorts, Honua Kai Resort & Spa, Holiday Inn Express Waikīkī, Hyatt Hotels in Hawai'i, Kā'anapali Beach Hotel, Mana Kai Mai, Marriott Hotels Hawai'i, Mauna Lani Bay Hotel & Bungalows, Montage Kapalua Bay, Nāpili Kai Beach Resort, Outrigger Hotels & Resorts and Pleasant Holidays/Journese.

The Mark Travel Corporation conducted three Hawai'i-focused events in Chicago, IL, Kansas City and

St. Louis, MO, Aug. 7-9. HTUSA conducted a destination presentation and participated in a trade show that saw 140 agent attendees. Participating Hawai'i suppliers included Honua Kai Resort & Spa and Fairmont Orchid Hawai'i.

HTUSA participated in the 2018 Virtuoso Travel Week in Las Vegas, NV, from Aug. 11–17. There were 3,502 affluent travel advisors in attendance. HTUSA co-sponsored and presented at the Community Globetrotting Breakfast, spoke at the Community Globetrotting family series and attended the Alliance Partner Lunch and Global Partnership Update Forum. HTUSA completed 351 appointments with travel advisors and participated in meetings with Virtuoso training, marketing and events teams. Participating Hawai'i suppliers included Classic Vacations, Delta Vacations, Fairmont Kea Lani, Fairmont Orchid Hawai'i, Kāhala Hotel and Resort, Royal Hawaiian, A Luxury Collection Resort, Mauna Kea Beach Hotel, Four Seasons Hotels & Resorts, GOGO Worldwide Vacations, Island Destinations, Halekūlani, Mauna Lani Bay Hotel & Bungalows, St. Regis Princeville, Montage Kapalua Bay, Pleasant Holidays/Journese, The Ritz-Carlton Kapalua, Grand Wailea, Uncruise Adventures, Norwegian Cruise Line and Luxe Travel Hawai'i.

ASTA Global Convention and the NACTA Conference were held in conjunction in Washington, DC, Aug. 20-25 and drew nearly 500 advisors. In addition to two trade shows, general sessions and networking events, HTUSA participated in engagement sessions (roundtables) and two destination presentations that saw 170 attendees. ASTA unveiled a new, refreshed logo and look and NACTA announced their rebranding as ASTA Small Business Network. HTUSA was honored with the destination Partner of the Year Award at the NACTA gala dinner. Participating Hawai'i suppliers included The Mark Travel Corporation, Apple Vacations, Travel Impressions, Classic Vacations, Disney Destinations, GOGO Worldwide Vacations, Marriott International and Norwegian Cruise Line.

HTUSA recorded a webinar on Aug. 23 for The Mark Travel Corporation to be aired during the Agent of Change supplier showcase at The Mark Travel Summit Sept. 26-29. The webinar covered an overview of Hawai'i's value proposition, the individual island personalities and several activities on each island.

HTUSA and the Island Chapter representatives hosted the USE/USW Leisure Sales Blitz in Westchester, NY; Jersey City, NJ; Denver, CO; and Salt Lake City, UT, the week of Aug. 27-30. Travel agent training workshops were conducted throughout the week. Supplier trade shows and roundtable sessions featured representatives from 14 Hawai'i suppliers including Apple Vacations, Aqua-Aston Hospitality, Castle Resorts & Hotels, Courtyard Marriott O'ahu North Shore, Delta Vacations, Four Seasons Resort Lāna'i, GOGO Worldwide Vacations, Hawaiian Airlines, Hawaiian Hotels & Resorts, Hyatt Hotels in Hawai'i, Outrigger Hotels & Resorts, Pleasant Holidays/Journese, Polynesian Cultural Center and The Mark Travel Corporation. Due to this event occurring late in the month, final attendee numbers will be reported in the September report.

Public Relations

As a result of HTUSA's Mini Press Trip to Maui and O'ahu in July, Vince Mancini published a story on *GQ.com* titled, "Lahaina Fried Soup Is the Noodle Dish from Hawaii That'll Haunt Your Dreams." The story highlights Star Noodle and Tin Roof on Maui and includes an interview with Chef Sheldon Simeon where he shares the history of the dish and the diverse cultures that influence his cuisine.

Freelance writer Jackie Bryant wrote a story for *MIC.com* titled, "Native Hawaiians see a silver lining to destruction caused by recent volcanic eruptions" that focuses on the cultural significance of Kīlauea's recent eruption through the eyes of various cultural ambassadors and residents. The article also features activities to experience in and outside of Hawai'i Volcanoes National Park including the Kahuku Unit, a sunrise and sunset excursion with Hawai'i Forest & Trail, helicopter tour with Paradise

Helicopters and The Volcano Art Center. The journalist visited the island of Hawai'i and O'ahu in early August because of proactive outreach.

The HTUSA PR team coordinated programming logistics for the New York Botanical Garden's "Music Weekend" on Aug. 18-19 to continue promoting the Garden's "Georgia O'Keeffe: Visions of Hawai'i" exhibit. Programming included an evening concert with musical performances by Kamakakēhau Fernandez, Kapono Nā'ili'i, Led Ka'apana and Willie K, as well as an "All Star Jam Session" on Sunday afternoon featuring all of the musicians.

KVB. Kaua'i was featured three times online resulting in an estimated 12.3 million unique visitors per month (uvpm) and five times in print for an estimated circulation of 3.7 million.

OVB. O'ahu was featured twice online resulting in 5.6 million in estimated uvpm and three times in print for an estimated circulation of 5 million.

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- MVCB. Maui was featured six times online resulting in an estimated 19.4 million uvpm and once in print for an estimated total of 984,000 in circulation.

IHVB. The Island of Hawai'i was featured five times online for an estimated total of 594,000 uvpm and twice in print resulting in an estimated 722,000 in circulation.

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- In June, HTUSA generated:
 - 20 million social media impressions (*Facebook, Instagram*)
 - Publicity (spike in online and broadcast due to extensive national coverage of the Kīlauea eruption)
 - o 49 million print impressions
 - o 43.5 billion online impressions
 - o 309.4 million broadcast impressions

Sales Activities – See Travel Trade above

"COMING ATTRACTIONS" FOR LEISURE MARKET

HTUSA travel trade team will participate in the Cruise Planners Land Summit, Cabo San Lucas, Mexico, Sept. 4-7; Apple Vacations Trade Show, Chicago, IL, Sept. 11; International Travel Agent Forum, Cancun, Mexico, Sept. 14-18; Delta Vacations University, Minneapolis, MN, Sept. 22-23; Classic Vacation E3, island of Hawai'i, HI, Sept. 24-27; The Mark Travel Summit, Cancun, Mexico, Sept. 26-29; Journese Curators Celebration, Maui, HI, Sept. 28-30; HTA Global Summit, Honolulu, HI, Oct. 1-3; Wholesaler Forum, Honolulu, HI, Oct. 4, Association of Westchester Travel Agents Trade Show, Westchester, NY, Oct. 22; Travel Leaders Trade Show, New York, NY, Oct. 30.

The HTUSA PR team is working on logistics for NYBG's Closing Weekend, Oct. 26-28, with programming focusing on Kīlauea and honoring Pele through music, storytelling, dance and more. HTUSA is engaging Hawai'i ambassadors George Kahumoku, Micah Kamohoali'i, Desiree Cruz, E Hula Mai Dance Academy and geologist Dr. Richard Hazlett.

The HTUSA PR team is also finalizing details for a mini press trip surrounding the Hawai'i Food & Wine Festival, Oct. 19-27, and an upcoming media visit with Michele Bigley, *Bindu Trips, Afar, Conde Nast Traveler, CNN*.

Hawai'i Tourism Japan Monthly Marketing Report August 2018

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

- The Japanese Ministry of Health, Labor and Welfare approved supplemental regulations requiring firms to establish measures to ensure the safety of employees who record over 45 hours of overtime hours in a month. Suggested measures include the provision of guidance to doctors and requirements to ensure employees a set amount of time before returning to work.
- The Japanese Finance Minister stated that the consumption tax hike to 10% in October 2019 will be possible after being pushed back twice. He explained that the prolonging of the tax hike was due to uncertainties in the economy; the recent positive stability should enable the tax hike. Although concerns for economic decline after the tax hike have been raised, the Japanese Ministry of Finance remains confident of benefits outweighing potential declines.

Outbound Travel Market

- The amount of Japanese outbound travelers has shown strong growth in 2018. July YTD Japanese outbound travelers have grown by 5.2% to over 10.3 million vs 2017. Amid concerns for a relatively stagnant economy, the continued growth of Japanese travelers shows great potential with Hawaii's well-established branding in Japan.
- The Japanese Ministry of Foreign Affairs announced the launch of a service allowing Japanese citizens to download passport application documents to fill out at home, increasing the ease of applying. The service is set to launch in October. As Japanese passport holder rates remain fairly low amongst the developed nations, such incentives show the government's willingness to boost Japanese outbound travel.

Competitive Environment

- With Japan and Australia approaching the 150th anniversary of trade, Tourism Australia is arranging a special workshop event in Japan with 11 travel trade representatives from Australia in efforts to further enhance two-way exchange. Special campaigns will also be arranged for the event to create further buzz in the Japanese market.
- Competitive destinations have been developing educational tools for travel agents and consumers. Los Angeles Tourism Bureau developed a new online training tool for travel agents, called "L.A. Insider". The platform contains various marketing assets and sales tools; upon completion of training, agents will be able to receive benefits at partnering facilities and invitations to FAM tours. Similarly, the Tourism Authority of Thailand launched their "Thailand Specialist Exams 2018" for the travel trade industry, media and consumers. Those who pass the exam in December 2018 will be recognized as approved Thailand Specialists along with a certification of completion. (Cinq Report)
- JTB's 2018 Global Destination Campaign region of Australia has been shown strong performance from the Japanese market. Executive Director of Travel Australia has been strengthening initiatives such as the attraction of additional direct flight service, appeals to the MICE market and utilization of SNS influencers to achieve 700,000 travelers by 2020.
- Upon request by Municipalities in Hokkaido to increase visitor traffic to less frequently visited cities, Navitime Japan launched a new program in Hokkaido promoting travels on the road itself as appeals for tourism. With support from entities such as the Japanese Government and municipalities, a Hokkaido "Drive" tourism promotion committee was established to attract

visitors to the regional areas of Hokkaido. Navitime developed an app for travelers using rental cars to collect data on consumer habits to study effective developments required to appeal to visitors.

Consumer Trends

- Deloitte Tohmatsu Consulting Co. performed studies on the millennial generation of Japan and their future outlooks. They found that millennial consumers are increasingly considering switching occupations. Most important factors for deciding employers were wages offered, and the flexibility of hours. Deloitte believes this stems from millennials' negative economic outlook prompting conservative habits. In addition to valuing wealth, millennials also showed tendencies to prioritize work-life balance; if such balance is not able to be obtained, they frequently switch occupations.
- Since the summer of 2017, “Night Pools” have been very popular amongst Japanese females. Reasons for popularity are the lack of concerns for being sun burnt, Instagramic, ease of partaking in after work and the dim setting allowing females to be confident of their figure. In addition, the ability to cool off and relax to escape the summer heat of Japan also makes it very appealing. This is particularly of interest for Hawaii, as the infrastructure for “Night Pools” is well established in Hawaii, allowing for new appeals to Japanese visitors.

Travel Trends

- Travel commerce platform operator Travel Port held their annual “Travel Port Live” seminar in Bangkok. At the seminar, customization, relatability and transparency were brought up as the three key factors for facilitating travel commerce. Various speakers at the seminar also stated the importance of innovation to boost travels as various technological developments continue. Such developments should be utilized to improve convenience for consumers while incorporating the three aforementioned keywords to obtain significant results.
- Parent company of social shopping site “BUYMA”, Enigmo launched a new service allowing international travelers to experience activities at their destinations called BUYMA Travel. BUYMA Travel utilizes the combined knowledge of their global members to provide various local reservation services, guide services and/or travel plans for members. All products/services offered on the site will be checked by the parent company offices for legitimacy. The growth of such services has been creating new markets within the travel industry, while greatly increasing convenience and accessibility for consumers.

Media & Online Trends

- Numerous media entities have been performing exceptionally well upon their renewal to web-based platforms. Companies performing particularly well are “GOETHE” for men’s magazines, and “DRESS” for women’s magazines. Interesting similarities between the two is their establishment of an online membership community.
- Lifestyle Magazine “GOETHE” reported 10 times more page views with 8 times more unique users in just five months since their renewal. Success is attributed to the strengthening of their brand image by incorporating web based services with their magazine by creating a department solely for web media. Through the implementation of the membership system, they intend to arrange online and offline events to establish active membership.
- Women’s Web Media “Dress” was able to achieve 3.5 million page views with 1.9 million unique users in July alone. In addition to media, they also organize one of the largest adult women’s communities in Japan with over 34,000 members, to provide grounds to enjoy hobbies such as cooking, sports and beauty together as a community. By offering diverse contents for members, much like GOETHE, Dress has been able to establish a highly active membership base.

Airlift

- Overall booking pace for international travels during the Obon season (August holiday) to all destinations have increased by 6.4% indicating the negative effects from the volcanic activity to be calming down. Overall bookings made for Hawaii alone rose by 7.6%.
- Air Asia X began operation of daily service for the Kansai – Honolulu route on August 16. CEO Tony Fernandes expressed strong intents to continue expanding business in the Japanese market, and stated intents to operate flights from Japan to destinations in North America and Europe.
- Upon establishment of Scoot's sales office in Japan in June, President of their Japan branch office expressed strong optimism for routes operating out of Japan. Usage rates of Japanese citizens on flights are over 90%, indicating the great potential within the market. Scoot also stated intents to increase service as soon as possible for the Kansai – Honolulu route. Concurrently, plans for increasing domestic flight service in Japan in 2019 were also announced, further increasing accessibility for Japanese travelers.

LEISURE ACTIVITIES

Consumer

Hawaii Island Response

- HTJ arranged two events at the Tommy Bahama Ginza store on August 25 and 29. On August 25, a Keiki Hula show was organized, where keiki hula dancers performed a Hula show to a song from the Island of Hawaii. On August 29, Jody Kamisato was invited to provide a special Ukulele live performance. By arranging entertaining events for Japanese consumers to enjoy, HTJ aims to raise awareness and interest amongst consumers for the Island of Hawaii, to instigate desires to travel.
- An event to announce the launch of the Island of Hawaii recovery campaign with JAL was announced on August 26. The venue selected for the announcement was the JAL Plaza branch in Tokyo, which won first place for the Satellite Office display contest. HTJ invited Jody Kamisato to perform, to further raise awareness and interest amongst consumers.
- A new special page was opened on HTJ's portal site for Japanese consumers, allhawaii.jp with support from 9 Japanese wholesalers. The new page features tour information provided specifically for the Island of Hawaii by each of the travel agencies to direct site users to their respective sites. The campaign page also features other information specifically for the Island of Hawaii, such as flight information and the events occurring at Tommy Bahama Ginza. By providing many aspects of information for consumers to peruse, HTJ strives to provide consumers a platform where they can obtain all information relating to travels to the Island, to better facilitate the booking process.
- HTJ has begun phase 3 initiatives for the 3 phase recovery campaign initiatives. From fall to roughly spring of 2019, HTJ will work with the travel trade industry and organize numerous cooperative promotions to appeal to Japanese consumers. Current bookings for the Island of Hawaii remain relatively low from effects of the volcanic activity at roughly 50 – 70% vs 2017, but through the co-op initiatives, the major travel agencies expressed goals to revive travels.
- HTJ coordinated a media interview between Mr. R. Birch, Executive Director of the Island of Hawaii Visitors Bureau and Nippon TV, a Japanese national TV broadcasting station. The interview covered information relating to recent updates surrounding Kilauea, and it's subsiding activity. The footage was played on a Sunday evening TV program on August 19.
- Island of Hawaii Recovery Campaign advertisements were placed on the top page of Yomiuri Newspaper's online portal from August 20 to September 1. Information explaining the safety of

travels as well as the numerous other activities on the Island were mentioned within the advertisement to capture consumers' interest. The advertisement was also linked to HTJ's special Island of Hawaii Recovery Campaign site: www.allhawaii.jp/gohawaii. As of Aug. 31, total of 828,317 impression was generated.

- HTJ supported JAL press tour in Island of Hawaii from Aug. 21 to Aug 24. 4 journalists visited. As of Aug 31, there were 6 online exposure generated 151,000,000 impression (AVE \$37,200)
- HTJ presented about Hawaii to approx. 170 consumers at Orbi Osaka (educational museum) on Aug. 26. The museum has the exhibition featuring Island of Hawaii and guests can learn and experience many things such as temperature change at the Mauna Kea.

Aloha Program

- The Aloha Program held an intermediate level Hawaii seminar and workshop for Hawaii specialists at the RKB Hawaii Fukuoka Matsuri in Fukuoka event to 22 members. Because Fukuoka and Hawaii have maintained sister-city relationships, HTJ worked to further raise interest and awareness amongst consumers in Fukuoka. The seminar was lectured by Aloha Program curator Mr. D. Asanuma, and covered topics relating to the culture and history of Hawaii, while also touching upon contents relating to the affinity of Japan and Hawaii. For the workshop portion of the event, HTJ arranged a Hawaiian Coffee workshop with Aloha Coffee Lab on Hawaiian coffee beans and how to brew coffee to create an opportunity to capture new interests in Hawaii. The Nisei Veterans Legacy Center and HTJ also organized the Japanese immigrant exhibit to be displayed at the event, to promote the affinity between the two countries.
- An award ceremony was held for the winner of the Satellite Office display contest reported last month, JALPLZA Yurakucho. Travel agency satellite offices submitted unique displays featuring HTJ's Gohoubi Hawaii campaign, in efforts to raise interest for travels to Hawaii and the Gohoubi Hawaii campaign. Concurrently, a media event for the Island of Hawaii Recovery Campaign was also held, effectively raising awareness amongst consumers of HTJ's initiatives.
- On August 25, HTJ and the Aloha Program invited musicians, Jody Kamisato and Honoka & Azita to Japan to participate in the Ukulele Paina in Kanazawa event arranged by HTJ. The musicians visited a pre-school in Kanazawa to familiarize the consumers of Kanazawa with Hawaiian culture through a ukulele performance. The event attracted over 100 attendees, effectively raising awareness in a regional city of Japan.
- HTJ and the Aloha Program invited Ukulele Musician J. Kamisato to visit and perform at an Aloha Program's satellite office (restaurant) in Sapporo called "Hale Lounge Ohana" to raise buzz for the Hawaii Expo in Sapporo. Live Ukulele performance was provided to guests of the restaurant to share Hawaiian culture and raise interest amongst local consumers for the Expo and Hawaii.
- As of August, the Aloha Program certified a total of 52 satellite groups (161 branches) throughout Japan.
- Two Aloha Program webinars were scheduled in August. HTA's Director of Cultural Affairs, Mr. K. Ka'anā'anā lectured on stories relating to traditional Hawaiian canoes to Hawaii specialists. The second webinar scheduled in August with Aloha Program curator Ms. J. Moride was postponed due to the approach of Hurricane Lane.
- HTJ met with staff from Bishop Museum's Archives, the Native Hawaiian Hospitality Association (NaHHA) and Friends of Waikiki Aquarium to discuss future opportunities to promote the Aloha Program. HTJ requested their support in diversifying contents offered to Aloha Program members.
- Aloha Program delivered 4 email blasts with an average click through rate of 6.35%.

- Aloha Program site statistics: Unique users at 19,466; Page Views at 124,084; Average Browse Time at 4:14.
- Aloha Program members totaled 461 youth, 8,314 beginners, 3,337 intermediate and 5,464 advanced members for a total of 17,576 specialists. (Total of 30,355 Aloha Program Members)

Gohoubi “Rewards” Hawaii

- As the start of the Hawaii Expo Sapporo event approaches on September 1, Gohoubi Hawaii vertical advertisement videos were broadcasted throughout 80 digital signage stations inside Sapporo station. Videos were able to reach approximately 1,853,715 consumers from August 27 to September 2. Details on the Hawaii Expo will be reported in September.
- Gohoubi Hawaii videos were advertised on YouTube and SNS platforms, reaching 6,933,579 consumers.
- Customizable Gohoubi Hawaii plan downloads from the campaign site totaled 32,558 plans as of August 31.

Travel Trade

- HTJ participated in the Japan Association of Travel Agents (JATA) Seminar in Hokkaido at Obihiro and Sapporo. At the seminar in Obihiro, 27 representatives from 9 companies were in attendance, holding valuable BtoB discussions regarding the specific Hokkaido market. HTJ learned that JAL’s charter flight from Obihiro in November had sold out in just two weeks of sales, expressing the great potential of the Hokkaido region. With charter flights from other areas of Hokkaido such as Asahikawa also performing well, the travel trade industry remains highly optimistic for the potential that Hokkaido holds.
- 46 representatives from 15 companies participated in the Sapporo seminar arranged by JATA. The Sapporo edition featured a seminar and roundtable discussions amongst attendees, where HTJ was able to obtain valuable information on trends specifically relating to the Sapporo market. HTJ discovered that consumers from Sapporo have tendencies to travel to Hawaii via Tokyo, due to factors such as lower price. With ANA’s Airbus entering the Tokyo market in 2019, many attendees speculated that competition between the Tokyo and Sapporo (Chitose) markets to increase.
- Wedding Research Company Zexy announced the results of their 2018 studies on wedding trends. Studies found that Japanese consumers were spending more on photography for their weddings held overseas. For popular destinations, Hawaii remained the most popular by a significant margin at 65.3% of respondents, followed by Guam (16.5%) and Europe (7.0%). Average total expenditures for overseas weddings also slightly rose to roughly \$20.3 thousand, indicating the strength of the Japanese romance market. Breakdowns of the consumption showed that the amount of money spent on photography for wedding related purposes such as “photo tours” were showing strong growth. 81% of study participants stated having participated in photo tours, with new terms such as “reso-genic” (Resort and Photogenic combined) gaining popularity in products offered. HTJ will utilize findings from these studies for romance initiatives.

Public Relations

- HTJ generated a total of 204 exposures, 896,640,955 impressions and \$3,277,889 ad value
- Two press releases were distributed regarding the Hawaii Expo Sapporo event.

Sales Activities – HTJ conducted 30 sales calls and met with 40 agents to promote Hawaii.

- Bookings for package tours overall have been exhibiting lackluster growth for the summer to fall periods. Travel agencies expressed particular difficulty for September. Main reasons for the difficulty are the shift of travel style to FIT, and the extreme heat wave in Japan, discouraging consumers to travel to warm destinations. Many wholesalers expressed intents to begin sale (discount) periods from earlier in fall, to maximize bookings for the winter travel season. In addition, while bookings for the Island of Hawaii remain relatively low, many remain hopeful for the co-op initiatives with HTJ to revitalize travels from fall 2018 to spring 2019.
- HTJ performed sales calls to sales branches of JTB and HIS in Fukuoka to better understand the performance of the overall Fukuoka market. HTJ received comments from all branches on the difficulty of obtaining bookings, highlighting the inevitability for the FIT shift in the Japanese outbound market.

JTB

- **Performance:** Difficulties to obtain bookings for package products continue. Although performance varies by regions, overall difficulties to obtain performance similar to 2017 were expressed. JTB intends to strengthen promotions at each of their branches and reconstruct products to effectively utilize all of the merits of package products.
- **Initiatives:** HTJ continued meetings with JTB regarding the 2019 Global Destination Campaign. JTB stated intents to align promotional strategies with those of HTJ, to effectively promote Hawaii together. In August, meetings with JTB focused on the strengthening of their sales branches and regional city promotions.

HIS

- **Performance:** Bookings have been reported to show signs of recovery from October onwards. However, products for the neighbor Islands continue exhibiting significant difficulties for growth; HIS speculates full recovery from the volcanic activity to take longer. Additionally, they have stated the ratio for package vs FIT inquiries to be equal at some sales branches. As the latter half of the year has tendencies to have greater proportions of FIT travelers, they expect FIT inquiries at branches to surpass those for package travels.

Hankyu Travel

- **Performance:** Although difficulties for products from Tokyo continue, those departing from Osaka and Fukuoka have shown strong signs of recovery. Despite the relative strong performance from these markets, because the Tokyo market maintains the largest share of consumers handled, overall performance remains relatively low. As the FIT shift continues, Hankyu expressed intents to further strengthen FIT products to incorporate the inevitable shift. Special products utilizing charter flights from Kagoshima and Hiroshima have performed exceptionally well. Based on the results from these tours, they intend to add more special Hawaii products utilizing charter flights from regional cities in 2019.

NTA

- **Performance:** NTA has shown continued difficulties in increasing sales of products for Hawaii. One reason for this is the fact that they sell products from other companies such as JTB and JALPAK at branches. Strong growth in the Australia market, partly due to JTB's initiatives with the 2018 Global Destination Campaign, is causing NTA to shift some focus towards Australia. For Hawaii, they have expressed intents to strengthen initiatives towards the edu-tourism market.

View Travel Service

- **Performance:** Although struggles continue for obtaining bookings in the Kamiki period (April – September), View Travel has reported signs of recovery for the Shimoki Period (October – March). As performance begins signs of recovery for Hawaii products, View Travel intends to

further accelerate the recovery by organizing a Hawaii seminar for their staff concurrently with the briefing for agents on new Shimoki products.

Honolulu Office Sales Calls

- The HTJ Hawaii office conducted two sales calls to KNT and HIS in August to discuss the current situation of the market. Upon request by KNT, HTJ shared trends specifically relating to the FIT shift. KNT expressed concerns relating to the FIT shift as travel trends of Japanese consumers change. With HIS, HTJ learned that while business had not slumped as significantly, they continue to struggle in obtaining new bookings. HIS stated intents to create more campaigns to increase booking pace. HTJ will provide support as needed to both wholesalers.

Partner Relations

- HTJ conducted the third quarterly partners meetings in August with the Japan Sub-Committee, Attraction Partners and PR & Marketing Partners on August 5. Over 40 representatives from partner companies attended the meeting where updates on the Japan market and future marketing initiatives were exchanged. At each of the meetings, HTJ encouraged each partner to participate in the upcoming Global Tourism Summit for valuable opportunities to gain vital market information and make connections.
- A request for assistance in the arrangements for JAL's press tour in Hawaii was received. HTJ assisted in arranging a 1 day tour itinerary for the attending media, including transportation and accommodation. The 4 media representatives and Mr. Nishioka from JAL's Media Group/Public Relations division were able to experience the unique offerings of Hawaii.

Brand Experience Update

- Various events such as the Made in Hawaii Festival were promoted via the HTJ portal site allhawaii.jp, SNS and mail magazine
- HTJ created emoji stickers featuring HTJ's character "Shaka-chan" for the popular LINE platform in efforts to promote the spirit of aloha amongst Japanese consumers.

Island Chapters Engagement Update

- GTS: HTJ shared updates on the Japan Summit session at the GTS with all Island Chapter partners.
- OVB: Arrangements were made to introduce OVB to POW! WOW! Hawaii representatives to discuss about tours in the Kakaako Area. The initial meeting is set to be held in September.
- KVB: Worked with Ms. L. Nakamasu from KVB to organize a Kauai tour contest, amongst the travel agencies participating in the previously reported Planning FAM tour. HTJ and Ms. Nakamasu selected a product from JTB as the winning tour. The tour is expected to be sold as an actual product from 2018 fall to 2019 spring.
- MVB: Conducted the first Monthly Conference Call meeting with MVB's R. Parker and S. Duong to share about HTJ's 3rd and 4th quarter initiatives, along with 2019 Travel Trade Seminar Workshop information.

HTA Related Activities

- HTJ met and discussed preparations for the Global Tourism Summit with C. Miyauchi and C. Sadayasu from HTA regarding sponsorship by JATA and ANA. HTJ also organized special rates to be implemented for travel agents wanting to participate in only one day; followed up with Paragon setting up the system to allow this.

- Staff from HTJ was dispatched to HTA’s Command Center to assist with updates relating to the development of Hurricane Lane. HTJ translated all alerts and press release statements to inform the general public of the developments on Lane. HTJ also distributed updates to local travel agency partners and stakeholders to assist them in relaying updates to their guests.

“COMING ATTRACTIONS” FOR LEISURE MARKET

#	Event Name	Date	Location
1	Hawaii Expo in Sapporo	9/1 – 9/2	Hokkaido
2	Hawaii Deep Culture Tour for Advance Level Hawaii Specialists	9/9 – 9/11	Hawaii Island, Maui and Molokai
3	Tourism Expo Japan	9/20 – 9/23	Tokyo

Hawai'i Tourism Canada Monthly Marketing Report August 2018

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

While there is considerable concern around the impact on Canada's economy should the NAFTA talks break down - if a favorable agreement is reached, economists predict the Canadian economy will stay healthy. If the talks break down and/or a new agreement is signed that is perceived to be unfavorable for the Canadian economy, it is realistic to expect the Canadian Dollar to suffer. If it does, it will have an impact on Canadian outbound travel to the U.S. Currently, this is the single largest variable having an impact on Canadian travel to the U.S.

The recent hurricane activity is also having an impact. Several key trade partners are seeing a considerable shortfall in their future bookings as compared to previous years. This has come to light as we've started to get into the heavier booking season for Canadians. Hotel operators in Hawai'i are validating the concern by confirming that their future Canadian booking numbers are currently down.

Economy

The Canadian economy showed both strengths and challenges in August 2018. A large job gain in July was essentially fully wiped out in August with a loss of 51,600 jobs, which has driven up the unemployment rate to 6% (from 5.8%), surprising economists. This loss would decrease the likelihood of an interest rate increase, and after the results were released, the Canadian Dollar dropped by 0.3% to 75.8 US cents. The \$0.75 exchange is considered to be the point where Canadians start to reconsider their U.S. travel plans.

Prior to the negative impact of the job results, Canada had recorded a surge in exports in multiple sectors, resulting in a re-forecasted annualized GDP pace of 2.9%, considered a positive result. The key variable impacting the Canadian economy is the still the to-be-resolved NAFTA issue. In August, for every positive report indicating that progress was being made, there was a negative report that no deal would be reached.

Consumer Confidence

The national consumer confidence rating was 117.8 points in August 2018, a -3.8-point decrease compared to last year. Consumers residing in Quebec and Alberta were more positive, while fairly large declines in confidence was registered in Atlantic Canada, Ontario, BC, and the Prairies. At the same time, purchase intentions declined -2.1 points compared to last year. The largest change was registered in Atlantic Canada (-8.6), while Quebecers (+2.2) and residents of the Prairies (+1.8) reported the only positive changes for the period.

Outbound Travel Market & Competitive Environment

Total Canadian Outbound Travel

Canadians made more than 17 million overnight trips to the U.S. and other outbound destinations during the first half of 2018. Of this total, an estimated 13.2 million trips were for leisure purposes. Compared to 2017, overseas leisure trips have increased 6.5 per cent, while leisure travel to the U.S. has grown 5.5 per cent. The first two months of the summer travel season saw Canadians make an estimated 4.2 million overnight leisure trips to the U.S. and other destinations; an increase of 4.6 per cent.

Canadian Travel to the United States

The first half of 2018 saw Canadians take more than 8.5 million trips to the U.S., an estimated 7.8 million of which were for leisure purposes. During the period, direct deplanements in various Florida destinations surpassed 1.19 million, a 3.4 percent increase compared to last year. In addition, Las Vegas (5.2%), New Orleans (0.3%), and Phoenix (9.2%), as well as key destinations in California, Texas, and Hawaii all recorded an uptick in direct arrivals from Canada during the period.

Direct Air Arrivals to Select U.S. Destinations (January-June each year)

Destination	2014	2015	2016	2017	2018p	% change (2018 vs. 2017)	CARG (2014-2018)
Fort Lauderdale	307,308	330,461	337,092	344,345	341,644	-1.2%	2.7%
Fort Myers	70,965	74,588	93,023	95,517	97,775	1.4%	8.3%
Miami	213,969	205,604	198,118	188,400	203,851	7.7%	-1.2%
Orlando	294,953	310,938	325,948	345,170	367,292	4.9%	5.6%
Palm Beach	28,882	26,909	37,763	42,033	39,589	5.7%	8.2%
Sarasota	13,907	15,465	24,291	23,281	16,484	-28.1%	4.3%
St. Pete's/Clearwater	7,111	8,472	5,303	6,922	6,589	-4.8%	-1.9%
Tampa	102,646	94,809	104,276	107,941	119,440	10.6%	3.9%
Florida destinations	1,039,741	1,067,246	1,125,814	1,153,609	1,192,664	3.4%	3.5%
Austin	--	2,710	10,620	10,767	11,767	9.3%	--
Dallas	183,017	186,873	167,380	180,243	191,590	6.3%	1.2%
Hawaii	199,339	209,464	212,126	225,787	230,010	1.9%	3.6%
Houston	253,823	240,376	242,842	247,138	252,916	2.3%	-0.1%
Las Vegas	438,824	457,262	438,514	435,394	458,129	5.2%	1.1%
Los Angeles	466,698	500,998	503,455	548,562	585,325	6.7%	5.8%
New Orleans	10,583	11,261	11,454	16,982	17,028	0.3%	12.6%
Phoenix	273,465	302,369	264,193	255,851	279,280	9.2%	0.5%
San Antonio				2,995	8,745	192.0%	--
San Diego	35,100	38,490	42,991	65,899	76,174	15.6%	21.4%
San Francisco	317,466	348,537	347,918	356,737	390,022	9.3%	5.3%

Sources: Respective airport authorities, US BTS, Hawaii Department of Business, Economic Development & Tourism.

Canadian Travel to the Caribbean, Mexico, and Central America

More than 3.3 million Canadians visited destinations in Mexico, the Caribbean, and Central America throughout the first half of 2018, an increase of 3.8 per cent compared to 2017. The largest proportional increase was recorded in Antigua, where a new direct Sunwing flight from Montreal has contributed to an 81.5 percent increase in arrivals during the period. In contrast, Anguilla, Dominica, Puerto Rico, and Saint Maarten have yet to see their Canadian arrivals recover from last fall's hurricanes. Of the larger volume destinations, Mexico saw its arrivals jump 11.6 per cent so far this year, while the Dominican Republic experienced an increase of 7.1 percent. In contrast, travel to Cuba declined an estimated -8.0 percent.

Canadian Travel to Europe

Canadians made more than 2.4 million visits to European destinations during the first half of 2018 (based on reporting by 26 countries). This represents an increase of 3.8 per cent compared to last year. With year-over-year growth of more than thirty per cent, Slovenia, Turkey, and Croatia continue to see the largest proportional increases in Canadian visitors.

Canadian Travel to Asia and the South Pacific

Throughout the first half of 2018, Canadians made more than 1.8 million visits to key destinations in the Asia/Pacific region, a 7.5 percent increase compared to last year. During the period Singapore, Malaysia, and Sri Lanka experienced the largest proportional increases in arrivals. China welcomed an estimated 373 thousand visitors; 20.6 percent of the region's Canadian market. Compared to last year, the first half of 2018 saw the average room rate in CAD\$ increase in Hong Kong (2.7%), Singapore (9.4%), and Thailand (14.1%).

Consumer Trends

Increase in Proportion of First-Time Visitors

- Less than two-thirds (65.3%) of Canadians who visited so far in 2018 were repeat visitors.
- This represents the lowest share for the period since 2011.
- The share of repeat visitors for the period reached 69.2% in 2015, but has contracted each year since.

Travel Trends

Indirect Activity Boosting Arrivals

- Compared to 2017, arrivals from Canadian airports grew 1.8% during the first seven months of 2018, while arrivals via U.S. airports jumped 17.5%.
- Almost 11 thousand Canadians arrived via the U.S. in July—the eighth consecutive month of increases in indirect passenger volumes.
- So far this year, 74% of visitors have arrived directly from Canada, which is a smaller share than in 2017 (77%) and 2016 (79%).
- After faltering in June and July, the average value of the Canadian Dollar for the period was \$0.78 USD; a gain of .02¢ compared to the previous year.

Airlift

- Air Canada and WestJet offered 305K direct seats during the first seven months of 2018; 2.2% more than in 2017.
- Compared to last year, Air Canada offered 6.8% more seats, while WestJet's capacity fell -0.6%.
- Air Canada offered 7,300 more seats from Vancouver, but capacity on other routes saw little change.

LEISURE ACTIVITIES

Public Relations

- 2018 to date: 70 journalist requests have been received, 16 journalists have travelled via HTCAN, with 321 articles published in 2018 to-date.
 - o 35 articles published online and in print for the month of August; appearing in top-tier daily newspapers, travel-trade publications, and online news hubs.

- Notably, two different pieces appeared across Canada's two largest news services with the most circulated news service Sun Media/Post Media, as well as a number of features in Travel Week (a top travel-trade publication in Canada).
- Crisis communications for Hurricane Lane were activated for weeks leading up to storm, through identification as hurricane to tropical depression, and in post efforts. Notably, HTCAN responded directly to media, monitored coverage closely, and reached out to HTA team for specific media inquiries where opportunities arose.
- HTCAN issued reports bi-weekly, continued monitoring, responding to media, and directly to consumer inquiries for the Kilauea volcanic activities.
- Honolulu selected as a top traveler destination in Canadian Traveller Magazine after HTCAN submitted for the coveted spot; journalist attended group media fam to O'ahu and Kaua'i. Article went to print on August 1.
- Currently working with Globe & Mail (Canada's top newspaper) on a multi-tier marketing and public relations campaign; coordinating dates to send two journalists to 3 different islands each, with the expectation of bi-weekly features in the publication's Saturday edition. Articles will begin appearing in September.
- Coordination of fall familiarization trip planning (individual and group) in effect; specifically for the Island of Hawai'i and Lana'i in late October.

Sales Activities

Flight Centre Groups & Weddings, Vancouver – Zoe Allen, Assistant Team Lead

- Training session with the Assistant Team Lead and two groups/wedding specialists.

Expedia CruiseShipCenters, Don Mills – Renee Siao, Cruise & Vacation Consultant

- Expedia CruiseShipCenters was an exhibitor at the 5th annual Coconut Festival held Aug 25 and 26 in downtown Toronto. Marketplace, food, wellness, fitness, yoga, and dance demonstrations.
- Expected attendance for the two-day Coconut Festival was 7,000; estimated actual attendance was 4,000 for both days. Lower attendance due to intense rain the Saturday afternoon.
- Renee handed out the Hawaiian Islands Visitor Guides and maps at their booth. Received questions about both hurricane and volcano; Renee was able to answer as she kept up-to-date on the news releases and alerts.

Weddings by Escapes, Calgary – Elizabeth Buchanan, Destination Event Design

- Discussed upcoming consumer wedding shows for 2019.
- Weddings by Escapes are planning their own consumer wedding and honeymoon show for 2019; will advise of the date in the next few months.
- The new Weddings by Escapes website launched in August includes a feature page for Hawai'i found under the Destinations and What's Hot menu options www.escapes.ca/destination-weddings/destinations/hawaii

HTA Hurricane Lane Updates

- Provided HTA Press Releases and Alerts daily to regional consortia managers, previous FAM participants and key agencies in Western Canada.

“COMING ATTRACTIONS” FOR LEISURE MARKET

- Air Canada Vacations Product Launch– September 10, Vancouver
- Air Canada Vacations Product Launch – September 11, Calgary
- ACTA Dine Around Networking Event – September 13, Saskatoon
- Uniglobe Carefree Travel Fall Product Launch – September 15, Saskatoon
- Hawai'i Island Partner Showcase – September 17, Vancouver
- Aloha Canada – October 23 to 25, Toronto, Vancouver, Edmonton
- Centre Holidays Bucket List Travel Show – October 28, Calgary

Hawai'i Tourism Oceania Monthly Marketing Report August 2018

Leisure

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

Australia:

The Australian dollar fell to a 20-month low on the last day of August, trading at US\$0.719. The fall was precipitated by an increase in mortgage lending rates by major banks. Recent data suggests the Australian economy entered the third quarter on solid footing, following expected growth in economic activity during the second quarter. In July, business confidence was strong, the unemployment rate was at a six-year low and consumer confidence jumped—due to income tax cuts which came into effect on July 1.

New Zealand:

Recent economic figures released have shown an increase in consumer spending. Economic growth in the second half of the year is looking like it will be stronger than the first half. These figures are the first signs that consumers [now] have money and are spending it, and if that's the case then we should see some improvement in business sentiment on the back of it. The New Zealand dollar continues to slide against the US\$, reaching a low of US\$0.655.

Outbound Travel Market & Competitive Environment

Australia:

Outbound resident travel during June 2018 increased 0.6% when compared with May 2018. Currently, short term resident returns are 5.7% higher than in June 2017. Japan continues to rise in popularity, with a 4% increase from June for a total 25% increase year on year. Travel to the USA increased slightly, from 3.6% to 3.9%.

New Zealand:

The NZ Dept of Statistics have released the July departure figures. Overseas trips by New Zealand residents were up 24,100 to 326,500. The biggest changes were in departures to: Fiji (up 4,400); Indonesia (up 3,400); China (up 2,500). Trips to the USA was up 4.2% for the month.

Travel Trends

Travel Managers has become the first retail group to enter into a commercial partnership with e-commerce travel provider Luxury Escapes. The agreement will provide Travel Managers' Personal Travel Managers (PTMs) with access to Luxury Escapes' deals.

A new online travel site has launched in Australia, targeting the luxury market with exclusive hotel, tour and airfare packages and claimed savings of up to 60%. Traveldream also features a travel auction function allowing users to bid on experiences from just \$1.

This time of the year is normally the expectant start of the UK/Europe Earlybird season which sees the majority of sales made for the following year. However, with consistent deals coming out throughout the year it is believed the Earlybird season will be a bit diluted.

Airlift

Australia:

The International Air Services Commission has approved extra seat allocations for Qantas and Jetstar for the next five years. The carriers' application for 100 extra seats per week to New Caledonia and 152 extra seats per week to the Philippines has been cleared. Qantas' application for 204 additional weekly seats to the Cook Islands has also been approved, allowing Jetstar to operate an extra weekly flight to Rarotonga from October 28. The extra service will operate from Sydney via Auckland.

LEISURE ACTIVITIES

Consumer

- **Jetstar Kids Fly for Free campaign (August 14-21):** HTO in conjunction with Jetstar have launched a Kids Fly Free Hawai'i campaign to increase awareness of Hawai'i for families with young kids, elevate Hawai'i's value perception within this leisure segment and increase incremental passenger numbers. Jetstar is one of Australia's leading low-cost carriers and currently operates 8-9 flights per week, departing from Melbourne and Sydney. The campaign promoted a flash sale which included packages where one child (0-11 years) per full paying adult can fly and stay for free. This fully integrated campaign included advertising across radio, TV, digital, email and social media channels.
- **Augustine Fashion Shoot - Social Influencer promotion:** HTO in conjunction with Hawaiian Airlines sent a group from local NZ design label Augustine to Hawai'i for 6 nights from August 8-14. The group spent time on O'ahu and the island of Hawai'i. Among the group there were 4 social media influencers who were documenting their stay in Hawai'i on both Instagram and Facebook. The overall aim of the trip was for Augustine to take all the photos of their new summer range in beautiful Hawaiian locations and enjoying some fun activities. Following the trip, Augustine ran a competition to win a trip to Hawai'i through the Augustine Facebook page. This campaign generated over 60,000 entries.

Travel Trade

- **Travel Managers Conference (August 17-19):** The Travel Managers conference in Honolulu was attended by 350 participants. HTO hosted the Friday Night welcome cocktail function at Hilton Hawaiian Village and the conference opening with performers from the Polynesian Cultural Center. HTO also had a booth in the trade show which over 200 Agents attended. HTO also hosted four individual island familiarization trips for 52 Travel Managers conference attendees visiting O'ahu, Maui, Kaua'i and the island of Hawai'i.

Public Relations

In August, HTO met with several media partners regarding two TV lifestyle show opportunities.

Sales Activities

HTO has met with key partners during the month while in Hawai'i and during the Travel Managers Conference.

"COMING ATTRACTIONS" FOR LEISURE MARKET

- Sydney Kings play in Hawai'i
- Helloworld TV show filming – September
- Global Tourism Summit – AU/NZ delegation including pre-fam – September/October
- Triple M location broadcast – October
- Hoot Holidays Co-op campaign – October

- Hawai'i Mega-Fam – October

Hawai'i Tourism China Monthly Marketing Report August 2018

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITION

Economy

- **GDP:** China's GDP growth in Q2 slows down to 6.7% compared to the 6.8% in Q1. This matches the market expectations in light of intensifying trade dispute with the U.S.
- **Currency:** Chinese Yuan depreciates continuously to 6.94 per U.S. dollar in August compared to 6.27 RMB per USD in March. This may impact the purchasing power of Chinese travelers during travel. Many financial experts predict that there may be a consecutive depreciation.
- **Unemployment Rate:** China reached a record low of 3.83% in the second quarter of 2018. The forecast of unemployment rate in Q3 is 4.00%.
- **Consumer Confidence Index:** Consumer confidence in China is slightly decreased in Q2, standing at 113 Index Points from 115 in Q1. The confidence index is higher than 100 points, which shows that Chinese consumers are positive about the current economic situation and the future economic trend.

Outbound Travel Market

- According to Ministry of Culture and Tourism of China, the number of tourists traveling abroad jumped by 15.0% to 71.3 million in the first half of 2018. With increased spending power, Chinese travelers are now traveling abroad more. However, the central government predicts that the growth of outbound travel market may slow down in the second half of 2018 due to the depreciation of the RMB to USD.
- Previously, China has banned Chinese groups from visiting South Korea due to the installation of US Terminal High Altitude Area Defense missiles in 2017. Now, relationship between two nations has since improved, and outbound travel is seeing growth. According to leading media Global Times, the number of tourists that visited South Korea in June 2018 jumped by 49% compared to last year. Online travel platform Mafengwo.com revealed that search popularity of South Korea-related tourism products in July grew 37.8% over. HTC will strengthen the cooperation with Korean Air and Asiana Airlines to drive Chinese arrivals into Hawai'i while transiting in Seoul.

Consumer Trends

- Chinese tourists are boosting mobile payments abroad, especially with Alipay and Wechat Pay. Statistics from Alipay showed the number of mobile transactions rose 75 times in Russia, 12 times in Canada and 8 times in Malaysia this summer as compared to 2017. Hotels.com research revealed that Chinese travelers prefers the convenience of mobile payments. The number of merchants supporting Alipay and Wechat pay is becoming an important measure for Chinese tourists when choosing their next travel destination.

Travel Trends

- New online travel agencies and mobile payment apps around the world are disrupting the Chinese travel industry. According to a July report by eMarketer, digital travel sales in China will reach a total \$133.9 billion in 2018, a 20.5% increase over 2017. Chinese digital travel market is dominated by Millennials who choose to be informed about travel products via social media platforms rather than traditional travel agencies. The full potential of the digital travel market has yet to be realized.

Airlift

- Dallas-based American Airlines will discontinue 2 daily direct routes between Chicago and Shanghai as well as Chicago and Beijing starting from October 2018.
- Hawaiian Airlines will suspend its three-times-a-week, nonstop service between Honolulu and Beijing after the National Day Golden Week holiday in October. To overcome the shortage of air seats, HTC is working closely with Air China and China Eastern Airlines to increase the frequency of their existing direct flights. HTC is also working with airlines like Korean Air, Asiana Airlines, and Japan Airlines that provide a one-stop transit to Hawai'i while seeking partners to develop new direct flights.

LEISURE ACTIVITIES

Consumer

Marketing Initiative – Hawai'i Baby Ambassador

To position the Hawaiian Islands as one of the world's best destinations for China's multi-generation families, and showcase unique family-friendly tourism resources, HTC partnered with leading early-childhood institution Gymboree to launch "Hawai'i Baby Ambassador". The digital social media campaign reached out to Gymboree's 400 branches in China serving over **300,000** Chinese families.

The digital campaign invites Chinese parents to upload creative images of their children below age of 10 celebrating Hawai'i culture. The children with the highest votes will be crowned "Hawai'i Baby Ambassador", and win a Hawai'i trip for the family. Out of more than **200** entries, Baby Ambassador Molly was selected on August 25.

Marketing Initiative – Diamond of Islands – #Longing in Hawaii# Online Campaign Launched on Chinese Valentine's Day

HTC partnered with Chow Tai Fook, a leading upscale jewelry brand in China, to launch #Longing in Hawai'i# (想去夏威夷 天天喜欢你) online campaign on the occasion of Qixi Festival (Chinese Valentine's Day) to target Chinese upscale couples!

As the final stage of Marketing Initiative – Diamond of Islands, which aims to position Hawai'i as the 'diamond' of all islands and strongly differentiate Hawai'i from other competing islands, this campaign showcased Hawai'i's awe-inspiring landscapes through the two selected couples' week-long romantic stay in Hawai'i. The trip was shared online through social media platforms as well as Chow Tai Fook's E-commerce stores in JD (京东) and Tmall (天猫), reaching an estimated **5 million** Chinese millennials.

Travel Trade

Hawai'i Partners EF English Centers

To target potential consumers in First-Tier Cities, HTC partners with leading English-training centers for adults, EF English. The globally-known education organization has 200 branches across China.

HTC conducted a special class sharing the scenic beauty of Hawai'i in English to a class of 40 students at Gongyuanqian branch as part of their learning. During the class, HTC highlighted Hawai'i's unique activities, such as surfing, golfing, stargazing, whale watching and hiking. The social posts on EF English's official channels has a potential outreach of **10,000** customers. HTC will follow up with EF English for further cooperations.

Chinese Golden Week – Joint Co-op with Utour and Air China

To seize the opportunity of Golden Week Holiday, HTC secured a joint promotion with Utour Xi'an and Air China. With the theme "Go See the World with Family!", the promotion was held at the local luxury shopping mall Ginwa Plaza on August 18 - 19.

HTC brought Lei-making lessons and Ukulele performances to the two-day event, attracting more than **2,000** consumers with the immersive Hawai'i style experience. In addition, Utour secured 20pax on-site that will depart to Hawai'i in November. Utour will be promoting their packages in 8 retail stores through October.

Happy Healthy Hawai'i 2018 with Toursforfun

HTC and leading OTA, Toursforfun, jointly launched a large-scale sales promotion for Hawai'i to broadcast Hawai'i products targeting the FIT market in China. Toursforfun offered preferred packages to Hawai'i during the July to August period. During the promotion, Hawai'i was featured with main advertising banners on the official website and APP homepage. The total page view has exceeded **20,000**, and generated over **600** passenger bookings.

Joint Campaign with China Eastern Airlines

To drive sales to Hawai'i in the low season after Summer, HTC cooperated with China Eastern Airlines to launch a preferred air fare for the route between Central China to Hawai'i. To maximize efforts, special packages has been promoted to all main travel agencies in the region.

The joint efforts, competitive air fares and on ground promotions resulted in all special packages being sold out in August before the National Holiday.

Public Relations

Hawai'i Won "World's TOP 20 Safest Destinations for Female" by People's Daily

Hawai'i received the "World's TOP 20 Safest Destination for Female" Award granted by People's Daily, the biggest newspaper group in China.

The award also attracted attentions from over **15** China mainstream media such as People.com.cn, iFeng.com, Qianlong.com and haiwainet.com, and generated over **USD 277,000** PR Value.

2018 Best MICE Island Awarded by China MICE Magazine

Hawai'i received the "2018 Best MICE Island" award granted by MICE magazine, the leading, specialized MICE media with around **30,000** circulations targeting high-end MICE market. Over **150** China's tourism industry players and professional convention organizations attended the award ceremony.

August Press Release: Unforgettable Sunrise at The Hawaiian Islands

To introduce the best places to enjoy unforgettable sunrise on the Hawaiian Islands, HTC issued a press release to 8 Chinese mainstream media. The press release generated a total PR value of **USD 193,200** and over **2.05 million** impressions.

Media Highlights - Outdoor Exploration

Outdoor Exploration (户外探险), China's leading outdoor travel magazine with **420,000** circulations, released two featured articles "Private Jet Escape to Hawai'i" and "The Best of Hawai'i", totalling 8 pages. The articles highlight many attractions and activities.

Media Highlights: Trends Health

Trends Health (时尚健康), the most popular health magazine targeting urban women with sophisticated lifestyle habits, posted a 4-page article to introduce outdoor activities, traditional culture and delicious cuisine of Hawai'i. The total media impressions reached **1.15 million**.

COMING ATTRACTIONS

No	Event Name	Date	Location
1	Aloha Cuisine – 2018 Shanghai Dine & Wine Festival of Hawai'i.	Sep 15-16, 2018	Shanghai, China
2	Island Styles of Seasons –'Calorie Department Store' Online and Offline Promotion with KEEP	Sep	China
3	2018 Happy Healthy Hawai'i Co-op with Toursforfun	Aug – Dec, 2018	China
4	2018 Chengdu Travel Trade Market Expo	Sep 5 – 8, 2018	Chengdu, China
5	2018 China International Tourism Industry Expo	Sep 7 – 9, 2018	Guangzhou, China
6	GTS FAMs: Fashion & Men's Lifestyle Media FAM Beijing & Region Travel Buyers FAM Guangzhou, Shanghai & Chengdu Travel Buyers FAM	Sep 28 – Oct 2, 2018	O'ahu, Kaua'i, Island of Hawai'i, Maui

Hawai'i Tourism Korea Monthly Marketing Report August 2018

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

- As the percentage of Korean travelers who enjoy vacationing, regardless of city or region, has risen significantly this summer, the demand for a 'staycation' is increasing. An aspect of this trend in Korea is call "hocance," a Korean neologism meaning hotel and vacation. According to global hotel reservation platform company Yanolja, hotel reservations in July jumped 314% from a year earlier to a record high. Sales figures also increased by 289%. With additional facilities such as roof top bars, swimming pools, and hot springs that meet accommodation and leisure needs, industry observers forecast that the number of hotel guests will continue to increase.

ECONOMY

- The Korean economy will slow down in the near future, according to statistics released by the OECD on August 13. The composite leading indicator (CLI) for Korea fell 0.3 points from a month earlier to 99.2 in June. That is a warning sign that the Korean economy will worsen in six to nine months as the country suffers from declining domestic consumption and shrinking investments.
- Some 30% of Korea's top listed companies posted worse than expected earnings in the second quarter of this year. KB Securities reported on August 12 that of the 145 listed companies which announced their second-quarter earnings, 43 of them (29.7%) saw operating profits fall more than 10% lower than what analysts expected. The companies were mostly from the IT, auto, telecom and shipbuilding industries which are among Korea's key exporters. Only 30 of the companies fared better than expected.
- The average USD/WON exchange rate in August was 1122.02 won, a slight decrease from the previous rate of 1122.78 won in July. Fuel surcharges were imposed in August up to 145,200 won (\$131) for a round trip between Korea and the U.S.

OUTBOUND TRAVEL MARKET & COMPETITIVE ENVIRONMENT

- Korea Tourism Organization reported the number of Korean outbound travelers in July was 2,495,297, a year-on-year increase of 4.4%.

CONSUMER TRENDS

- South Korean retailers are increasingly crossing boundaries between their commerce platforms, moving from television to offline and online to attract more customers, market watchers said on August 16. Shinsegae TV Shopping Inc., the home shopping arm of retail giant Shinsegae, recently opened an offline shop for luxury goods sold through its S-Style program at the retailer's mall. The store will be the first case of a television-based commerce firm opening an offline mall, Shinsegae claimed. A company official said it will provide a unique experience to customers, allowing them to freely cross the line between online and offline. Industry watchers say local retailers have been gradually expanding their collaboration of online and offline platforms to create synergy and avoid the downside of respective shortcomings.

TRAVEL TRENDS

- Korea's leading travel agencies, Hana Tour and Mode Tour, reported their outbound sales decreased in July. Travel demand for Japan and the USA fell due to recent natural disasters, such as the earthquake in Osaka and volcano eruption in Hawai'i, but the China outbound market recovered from last year's recession. The total number of Korean visitors to Europe and China increased by 20.3% and 14.9% respectively.
- Incheon International Airport has hired a new breed of helpers for travelers. Fourteen artificial intelligence-powered robots started roaming the bustling airport from July 21, guiding people who

were lost, offering information on flight schedules, check-in procedures and other useful advice. The robots, named Air Star, are powered by advanced technologies, including self-driving, voice recognition and artificial intelligence. They interact with people through a touch screen, embedded microphone and barcode scanner and can speak and offer information in four languages — Korean, English, Chinese and Japanese — as well as visualizing 14 emotions through their head screen.

- Korea Tourism Organization (KTO) sees opportunities in North Korea as the new president plans to use big data to improve local tourism. One of the KTO goals is to attract both local and foreign travelers to lesser-known mountains and rivers across the peninsula. In the spirit of easing tensions between North and South Korea, KTO plans to set up a team that will focus on promoting travel throughout both countries. KTO said that if the relationship between South and North improves, 'peace travel' will really start to take off. In addition, it is one way to develop unique tour programs that can appeal to many travelers.

MEDIA & ONLINE TRENDS

- Expedia Group Inc. said it would closely review feedback from customers in South Korea, one of the most wired countries in the world, to better accommodate increasing numbers of travelers using mobile transactions. The travel aggregator said more than 50% of traffic on its website arrives via mobile platforms, with one-third of its bookings made through mobile devices. In South Korea, more than 50% of bookings are made using mobile devices. South Korea's mobile purchases increased steeply for years as smart devices rapidly replaced computers as the preferred platform for making online transactions. The company, meanwhile, aims to boost its competitiveness in the Korean market through the recent launch of its new Add-On Advantage service. This allows travelers who book a flight on its platform to browse through hotel options at discount prices up to the date of their trip.

AIRLIFT

- Korean Air's low-cost affiliate Jin Air has dodged the axe. The Ministry of Land, Infrastructure and Transport said on August 17 it had decided not to revoke the license of the airline which violated an obscure aviation law by keeping a foreign national on the board. Cho Hyun-min, the daughter of Korean Air chairman Cho Yang-ho, was put on the board without qualifications in 2010. She is a U.S. national also known as Emily Cho. The ministry explained it decided not to cancel Jin Air's operating license because of "fundamental flaws in the relevant laws." It decided the potential inconvenience for passengers and the budget carrier's 2,000 staff outweighed the severity of the legal violation. It would therefore only place restrictions on registering new airplanes and adding new routes.
- Asiana Airlines has canceled about 200 scheduled flights until March next year because of chronic delays caused by poor maintenance. The decision came at the instruction of the Ministry of Land, Infrastructure and Transport and will inconvenience some 15,000 people who had already booked tickets. In July, the ministry inspected Asiana's maintenance practices because so many flights were delayed and advised it to cut some services. According to the ministry, Asiana's delay rate was a whopping 57.7% in the first half of 2018, the worst of all 10 domestic airlines. Asiana decided to cut flights to six destinations in the U.S. and six in Europe, from 82 per week to 75 for six months from October 9.
- A glimmer of light is on the horizon for scandal-ridden Korean Air which has been named the world's most profitable airline by the American aviation publication Air Transport World. A report by ATW this month showed the Korean flagged carrier posted the largest YOY profit increase. Korean Air showed a net loss of US\$550 million in 2016 but turned things around enough last year to report a net profit of \$850 million.

LEISURE ACTIVITIES

Consumer

- **GoHawaii Website – Phase II Updates:** HTK was fully informed by HTA through a conference call about the 2nd phase updates on the GoHawaii Korean website. HTK will follow up on the updates wherever necessary in coming months with translation and new personalization functions.
- **Family Promotion with Social Media Influencer:** HTK wrapped up its social media promotion with the famous photographer KOL named @Yoribogo, sending his family to O‘ahu and the island of Hawai‘i to target the family and millennial markets. The group visited the islands for 6 nights and Yoribogo generated social media feeds on both HTK’s social media and his own channel. HTK secured the generated images and social media content for further marketing use.
- **Aloha Report Season II:** HTK launched a second round on social media channels of its Aloha Report, the bi-weekly video series involving reports by local correspondents. The video series has a changed format and frequency to generate a new energy for HTK’s social media feeds.

Travel Trade

- **Eco/Edu Tourism Sales Contest with Asiana Airlines:** HTK awarded the travel agents who achieved highest sales bookings from the ‘Eco/Edu Tourism Sales Contest’ at an event at Courtyard by Marriott Seoul Namdaemun on August 17. The sales contest was run from June 15 to July 15 following the Eco/Edu Tourism Fam in co-op with Asiana Airlines to stimulate a new niche market in Korea. During the month-long promotion, a total of 665 pax bookings for Eco/Edu Tourism products were generated by 9 invited travel agencies – Hana Tour, Mode Tour, YB Tour, Very Good Tour, Jau Tour, Online Tour, Tour 2000, KRT, and Lotte Tour. Newly developed Edu/Eco Tourism Hawai‘i package products that involved Eco/Edu Tourism themed spots and facilities were advertised on travel agents’ multiple channels and the #SafeHawaii campaign’s key messages were extensively delivered to consumers.
- **Mother & Daughter Promotion with TMON Tour:** HTK’s Mother & Daughter Hawai‘i promotion from July 16 to August 16 in co-op with TMON Tour generated 3,414 sales bookings for air tickets, hotels, activities and attractions. TMON Tour’s various owned and paid media channels exposed the destination’s various aspects during the promotion designed to target a new niche market segment. They highlighted must-visit spots and activities conducive to maternal Mother & Daughter bonds. Maui Visitors and Convention Bureau and Queen Kapiolani Hotel sponsored door prizes for a social media sweepstakes event.
- **2018 Mode Tour Travel Mart:** HTK participated in the 5th Mode Tour Travel Mart (MTTM) held at COEX, Seoul, from August 30 to September 2. The Hawai‘i Pavilion was set up to accommodate 15 partners in 13 booths. HTK had one-on-one meetings with Mode Tour’s retailers during the B2B session on the first day of the show. During the weekend, various booth events involved Ukulele, Hula, and Mele performances and Kona Coffee & Kona Beer Tasting events. The Mart attracted 110,000 spectators during its four days and generated a total of 716 pax bookings for Hawai‘i package, honeymoon and airtel products, a 33% increase compared to last year’s show.
- **OVB Sales Call:** HTK arranged sales call meetings with trade partners for Kainoa Daines from O‘ahu Visitors Bureau who attended the Mode Tour Travel Mart. HTK and OVB had meetings with Hana Tour, Asiana Airlines, and SMTOWN Travel on September 3 to share in-depth market updates.
- **#TastyHawaii Promotion:** HTK tied in with ‘StrEAT’, one of Korea’s leading Asian Fusion

restaurants, to produce a Hawai'i-inspired menu and publish Hawai'i cuisine meal coupons which will be distributed through #TastyHawaii events. The promotion aims to extensively introduce Hawai'i-style menus to consumers and highlight the Hawai'i Food & Wine Festival which will be held in October.

- **#LuxuryHawaii Promotion:** HTK will launch an online #LuxuryHawaii themed consumer promotion in collaboration with Korean Air to position it as a premium destination. The promotion will involve a Participation Event and ICN-HNL Ticket Purchase Event that targets consumers who purchase Korean Air tickets for the ICN-HNL route. Six partners – The Ritz-Carlton Residences, Waikiki Beach, Hyatt Regency Waikiki Beach Resort & Spa, Fairmont Orchid Resort, Trump International Hotel Waikiki, and Hertz, Mariposa – will participate in the promotion.
- **Kona Card Co-promotion:** HTK is discussing a promotion collaboration with a technology company involving a tailored credit card and a major consumer festival. HTK plans to work with Korean IT/Fin-Tech Corporation 'Kona I' to design and produce an Aloha Limited Edition Kona Card and host a mega Kona Festival consumer event. The promotion will involve online/offline activities targeting consumers in their 20s and 30s who will be issued with the Aloha edition Kona Card.
- **2018 Pre-GTS Fam Tour:** HTK will host a Pre-GTS Fam tour from September 29 to October 7 in conjunction with the 2018 Global Tourism Summit. The Korean Fam group will visit three islands – O'ahu, Kaua'i and the island of Hawai'i – to experience their diverse attractions and cultural heritage. It will involve 15 travel agents from wholesalers, retailers, OTAs and MCI operators based in Seoul and Busan and invite 2 social influencers to the islands. After the Fam, a follow-up sales contest will be held to stimulate participating travel agents' development of various Hawai'i package/FIT products.

Public Relations

- **Tourism Ambassador's trip to Hawaiian Islands:** HTK's official tourism ambassador, Mina Sohn, visited the Hawaiian Islands from July 16 to August 5 to produce promotional destination videos. She experienced five islands, including the Island of Hawai'i, Kaua'i, Maui, Lana'i and O'ahu, and the resulting videos will be released in September. The content will also be actively promoted via HTK's official social media channels as well as Mina's personal media accounts.
- **Elle Magazine Instagram TV:** Monthly fashion and lifestyle magazine Elle visited O'ahu in August to develop relevant digital travel content with a celebrity influencer, Ms. Yeongjoo Oh. The resulting video will be released via Elle's IG TV, which has more than 127 million followers, and will highlight shopping, restaurants and accommodation as well as activities. The coverage will be published in September.

Sales Activities

- The Korea team had 42 meetings in August with industry trade partners for regular sales calls and to discuss co-op opportunities as follows:
 - **Airlines (8):** Korean Air for #LuxuryHawaii promotion and airlift updates; Asiana Airlines for Eco/Edu Tourism Fam tour and follow-up sales promotion; Jin Air for co-op promotion for the airline's return from July 21; Hawaiian Airlines for airlift update regarding daily service from January 2019; and four major airlines based in Busan – Jin Air Busan, Japan Airlines Busan, Korean Air Busan and Asiana Airlines Busan – to discuss Busan market activation.
 - **Travel Agents (16):** Hana Tour, Mode Tour, YB Tour, Verygood Tour, Hanjin Travel, Lotte JTB, Lotte Tour, Interpark Tour, Online Tour, Jau Tour, Chalet Travel, SMTOWN Travel,

- Redcap Tour, Tidesquare, LAS Tour (Busan), and Tournet Hawai'i.
- **Hotels** (9): Marriott Resorts Hawaii, Hilton Hawaii, Hyatt Centric Waikiki Beach, Hyatt Regency Waikiki Beach Resort & Spa, Aqua-Aston Hospitality, Waikiki Resort Hotel, Prince Waikiki, Trump International Hotel Waikiki, and Outrigger Waikiki Beach Resort.
 - **Rent-a-car/Transportation/Attractions** (5): Hertz, Polynesian Cultural Center, Kualoa Ranch, Waikiki Trolley, and USS Missouri Memorial Association.
 - **DMOs, U.S. Government/Organizations** (2): Brand USA and Las Vegas Convention and Visitors Authority.
 - **Consumer Brands** (2): Kona Card and StrEAT.

“COMING ATTRACTIONS” FOR LEISURE MARKET

- 2018 Pre-GTS Fam Tour (Sep 29 – Oct 7)
- Brand USA - USA Specialist Program (USP) Fam Tour - Hawai'i & Las Vegas (Oct 22 – Oct 29)

Hawai'i Tourism Taiwan Monthly Marketing Report August 2018

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

- In the second quarter of 2018, GDP grew 3.30%; it slightly surpassed the preliminary reading of 3.29%. The overall growth rate for the first half of 2018 reached 3.20%. The unemployment rate in July is 3.81%, slightly increased by 0.11 points compared to June 2018.
- Taiwan's consumer confidence index (CCI) has increased to 82.56 points in August, up from 82.38 points in July. The Taiwan currency exchange rate went up to 30.729 (average) for the month of August, which is 0.164 higher when compared with the previous month.

Outbound Travel Market

According to the Taiwan Tourism Bureau, the overall number of outbound visitors from Taiwan was 1,574,572 in July 2018 with a 6.36% increase compared to July 2017. The outbound number to the U.S. went down by 2.72% to 51,266 in July 2018 compared to the same period last year.

Competitive Environment

Natural Disasters and Changes of Lodging Laws are Influencing Japan Tourism

A series of natural disaster over the past few months is taking a toll on the tourism in Japan. According to Japan National Tourism Organization, the growth in inbound tourists revealed an abrupt slowdown in July. Tourists are aware of the impacts of the large earthquake in Osaka in June, historic floods in western Japan in early July, Typhoon Jebi occurred in Osaka in August, and the powerful earthquake hit near Sapporo in the early September. In addition, "minpaku" private lodging laws and home-sharing laws are influencing tourists' willingness to get Airbnb accommodations. As a result, it is likely that the number of inbound tourists will fall in the third quarter.

Consumer Trends

Increasing Numbers of Travelers are More Willing to Spend More on Travel Apparel Rather Than Activities

Booking.com conducted a survey on how travel apparel influences travel style choices while on vacation among 21,500 global travelers from 29 countries. The findings revealed that up to 48% of the global travelers agreed that looking their best while on vacation is paramount, and 43% of the respondents illustrated that they want to dress their best for uploading appealing vacation photos on social media. Furthermore, one in five (19%) travelers indicated that they would rather spend more money on a wardrobe than on vacation activities during trips.

Travel Trends

Travel Made Easy with UberAir

Uber, a peer-to-peer ridesharing, taxi cab, food delivery, bicycle-sharing, and transportation network company headquartered in San Francisco, has announced its UberAir service. UberAir will host its flying taxi service in 2020 in five countries, the list includes Japan and the cities of Tokyo and Osaka; India with Mumbai, Delhi, and Bangalore; Australia in Melbourne or Sydney; Rio de Janeiro, Brazil; and Paris, France. Travelers will thus have more choices of transportation. The air taxi will be able to cut travel time in congested cities and make travel easier. It is promised that Uber's flying cars into the air over Dallas, Dubai, and Los Angeles will be launched by 2020.

Senior Travelers are Traveling Like Never Before

According to statistics taken by Tourism Bureau, the number of outbound travelers aged over 60 has grown to 28% compared to three years ago. Researchers discovered that senior travelers now tend to organize trip plans on their own and travel in small groups rather than joining large organized groups. Traveling overseas like a backpacker becomes a new trend for Taiwanese seniors. The findings also indicate that agricultural tours are no longer the top choices for senior travelers. Senior travelers now want to enjoy the way of life they have never experience before and prefer themed trips and in-depth tours that allow them to interact with local people.

Media Trends

WestJet Launches AI-powered Chatbot Named Juliet to Help Manage Your Trip

Canadian carrier WestJet has launched a chatbot powered by artificial intelligence on Facebook Messenger. The chatbot, named Juliet, can help customers book flights, check their status and response to common questions, all without speaking to a person. Juliet offers access to quick, simple support on a platform that a majority of guests already have at hand. WestJet also promises that Juliet will add more functions and features, including adding voice interaction capabilities as well as multi-platform supports in the near future.

Airlift

StarFlyer to Launch Direct Flights Between Taoyuan and Three Japanese Cities

Japan-based StarFlyer Airline have announced that it will start operating regular direct flights between Taoyuan and Fukuoka, Kitakyushu as well as Nagoya with one flight each day from October 28, 2018. StarFlyer has been rated for the best Japanese local carrier for the past nine years. It seeks to provide a higher level of service than budget airlines. In addition to free meals, StarFlyer also allows 20 kilograms of free checked baggage.

LEISURE ACTIVITIES

Consumer

HTT Partnered with EBC News to Feature Hawai'i in the "Global Focus" TV Program

In order to boost visitor numbers to Hawai'i and overturn the negative coverage in the media on the volcanic activities, HTT has been worked closely with "Global Focus" TV program and develop the itinerary and activities for the filming. The crew traveled to and filmed on Island of Hawai'i and O'ahu from August 19th to 30th. Despite that Hurricane Lane has caused cancellations in activities and interviews, HTT managed to reschedule 90% of the itineraries and proceed to film smoothly thanks to IHVB and OVB. The crew entered Kahuku unit of the Volcano National Park, interviewed community heroes, snorkeled with manta rays, participated in a shark and honu research snorkel with One Ocean Diving, visited Kualoa Ranch and interviewed cultural practitioners at fishponds with Paepae o He'eia and lo'i systems with Papahana Kuaola. The episode is expected to air in late November or December.

HTT Officially Launched "Travel with Locals" Campaign with Black Buddha

HTT officially launched the "Travel with Locals" campaign on Facebook and Instagram on August 1st. All of the five videos have been published on Facebook and Instagram and have reached 12,000 views as of Aug 31st.

HTT Sponsored "Hawai'i Day" with AHA Ohana Taiwan

HTT worked with the leading dance academy AHA Ohana Taiwan to hold a "Hawai'i Day" workshop on August 12. Cultural activities such as hula dance class on the beach, Polynesian food, and lei workshop were included in this event.

HTT Partnered with Space-Cycle to Host Hawai'i-themed Barre Class

Space-Cycle is a leading premium boutique fitness studio offering trendy and welcoming environment for individuals looking to adopt an active, healthy lifestyle. In each class, inspiring music and themed classes are prepared by professional instructors to fuel every training. This summer, HTT partnered with the studio and offered a Hawai'i-themed barre class which integrated Hawai'i music and accessories into the workout. The class was held on August 16th and instructed by Chennie, the master instructor at SpaceCycle.

Travel Trade

Cathay Life Insurance Has Chosen Hawai'i as Its Incentive Travel Destination in May 2019

Founded in 1962, Cathay Life Insurance, is one of the biggest life insurance companies in Taiwan. The company has confirmed that it has selected Hawai'i as its 2019 incentive destination. The program will start in May 2019 with a total of 4,000 participants and 100 of the VIP's will travel to the neighbor islands. The participants will be organized into 8 groups with arrivals of 500 visitors per day from Taiwan. This is an important milestone for HTT as this will be Cathay Life Insurance's last incentive trip overseas. Starting from 2020, the company will not hold any incentive trips abroad. This will also set a benchmark for future insurance companies in Taiwan that offer incentive travels and put Hawai'i on their list for consideration.

Public Relations

Media Monitoring (Clippings & Publicity Calendar): In August 2018, Hawai'i Tourism Taiwan secured 57 PR coverage publications on an unpaid basis. The estimated advertising value was USD\$ \$941,963.

Sales Activities

Company	Name	Location
Lion Travel	Manager, Mr. James Huang Hawai'i Line Route Planner, Ms. Jean Wu	Taipei
Phoenix Tour	Vice General Manager, Mr. Stanley Shao	Taipei
Cola Tours	MICE Dept. Vice General Manager, Ms. Julia Hsu	Taipei
Life Tour	MICE Dept. Vice Manager Mr. Ray Ko	Taipei
Dragon Tours	American Line Manager, Ms. May Sun	Taipei
KKDay	Senior Business Developer, Nina Huang	Taipei
China Airlines	Assistant Manager Mr. Sung Tao Ming	Taipei

COMING ATTRACTIONS

- **August [“Global Focus” TV Program Filming], Hawai'i**
- **September [Hawai'i Digital Tour Platform Launch], Taiwan**
- **September [Hawai'i Aloha Festival], Taiwan**
- **September [Ciao Travel Magazine Photo Shoot for Celebrity Cover Story] , Hawai'i**
- **September [Taiwan Agent FAM], Hawai'i**
- **October [Global Tourism Summit], Hawai'i**

Hawai'i Tourism Europe Monthly Marketing Report August 2018

Leisure

European summary of market intelligence/ market conditions

Economy

- The UK's economy reported a growth of 0.4% in Quarter 2, double the previous quarter's rise of 0.2%, demonstrating the impact on national spending from the recent good weather
- Office for National Statistics figures have shown unemployment in the UK has reached its lowest point, at 4%, since 1975
- The German economy accelerated in the second quarter. Domestic demand was robust, with private and public consumption, and fixed investment expanding over the previous quarter. Household expenditure was likely to have supported this boost, due to its elevated consumer confidence, rising income expectations and a further drop in the unemployment rate

European Outbound Travel Market & Competitive Environment

- Thailand has been voted the world's Best Country for People, by readers of Conde Nast Traveller UK, in the 2018 Readers' Travel Awards
- Maldives wins for the second year in a row the award for the 'Best Sea Destination' at the Third Edition of the Italia Travel Awards 2018, competing with the French Polynesia and Seychelles

European Consumer Trends

- Technology has been reported to elevate the UK travel industry. Implementation is growing rapidly, with the use of mobile payment, automated check-in and service, chat bots, guest apps and mobile assistants in guest rooms
- England's run to the semi-finals of the World Cup, and a scorching summer, encouraged shoppers in Britain to spend more on food, drink and electric fans in July. Total retail sales values rose by 1.6% compared with July 2017, according to the British Retail Consortium
- The latest Tourism Index, based on a GfK consumer survey, found that Germans will travel more and spend more on travel this year, with the number of 'travel days' increasing by an estimate of 30 million this year. This number has already increased by 2.6% in the first four months of the year
- The LGBT market is growing again this year. Research by mannschaft.com shows that 82% travel more than once a year, and are spending significantly more than in other markets
- Paris has expanded in the retail section and now allow shopping on a Sunday. Palais des Congrès, Champs- Elysées Montaigne and Bercy-Saint Emilion are open to customers on Sundays, thanks to the tourists' zone status

European Travel Trends

- Growth in international tourism is accelerating with global arrivals in the first four months of this year up 6% on last year, following a 7% increase in 2017. The figures, released by the

UN World Tourism Organisation, show worldwide receipts from international tourism rose 5% year on year in 2017 to \$1.33 billion

- The German travel industry is enjoying a strong year with a 13% rise in summer 2018 sales revenues due to very strong early bookings before and after Christmas, according to the latest monthly analysis by market researchers GfK
- Paris has received 17.1m visitors during the first six months of 2018, a 4.1% rise compared to the same period in 2017. The majority of visitors are American, followed by the U.K and Germany

European Media & Online Trends

- The Yorkshire Post is the UK's fastest growing regional news website, according to the latest ABC figures for the first six months of 2018. The Johnston Press website had 58,654 daily unique browsers, up 43% year-on-year from 41,044
- A London-based social enterprise is set to launch its third local newspaper in four years with the help of donations from local residents and organisations. Community news publisher, Social Spider Community Interest Company, will launch the monthly Enfield Dispatch in print on 1 October
- After launching seven new magazines since spring 2016, the publishing house Jahreszeitenverlag is about to introduce two new titles: the offshoot Merian Scout is targeting a younger target group for the established travel magazine Merian (launching 18 October). Merian Scout will have a circulation of 60,000 and will focus on one destination per issue (city or region). The magazine targets travellers between 30 and 55 years. The next magazine launch will be in September 2019 and the title will be a high-end magazine for men

European Airlift

- The top holiday destinations in British Airways' busiest summer have been revealed. The airline was scheduled to carry more than four million passengers across its network in August alone. New York City, Los Angeles, Dubai, Singapore and Hong Kong topped the long-haul list
- Face recognition has launched in Paris Airport, in order to eliminate a visitor's time spent at the immigration desk when arriving in to France. The operation is currently only for visitors from the European Union, Norway, Switzerland and Liechtenstein

Leisure Activity Update & Plan Variance

European co-ordination

- European offices have dealt with consumer requests on an adhoc basis
- Continued liaison with consumers following the recent activity on Island of Hawai'i and Kauai

UK & Ireland

- Continued activity ahead of 'Experience our Aloha' campaign launch in September
- Ongoing 'Hawai'i on Screen' campaign activity
- Liaison with Miles team regarding the GoHawaiiUK website
- Liaison with Gwen and Tara to discuss 2019 social media KPIs
- Close monitoring of content posting on both social channels to ensure an increasingly high engagement rate throughout the month
- Initiated plans for 2019 campaign ideas, including the inclusion of 'mindfulness and wellbeing'

Germany

- Continued to update GoHawaiiDE website
- Regular discussions with Tara and Gwen via podio, next call scheduled for September 5, 2018
- Co-ordinating Experience our Aloha campaign with UK team, and CTA partner Canusa

Travel Trade

UK and Ireland

- Conducted face-to-face tour operator training at TravelBag and Kenwood Travel
- Coordinated destination training via a webinar with Steppes Travel
- Ongoing liaison with confirmed tour operators, Flight Centre and Trailfinders, ahead of Experience our Aloha campaign launching in September
- Proceeded and launched joint marketing activity with Thomas Cook and TravelBag
- Ongoing planning ahead of Aloha Europe 2018
 - o Finalised and launched microsite
 - o Ongoing liaison with venues, to confirm details ahead of each event
 - o Liaised with Virgin HQ ahead of training day in London
 - o Confirmed 5th dancer and musician to join the roadshow
 - o Collated target trade list to distribute invitations
 - o Liaised with Head Office regarding collateral needed
 - o Coordinated quiz for Sales Agent evening events
- Continued liaison with Aloha Europe 2017 prize winners to coordinate upcoming trips to Hawai'i
- Continued to monitor and respond to all trade enquiries regarding bookings to Island of Hawai'i and Kaua'i due to volcano and hurricane
- Ongoing liaison with trade attendees ahead of GTS / PM FAM trip in October
- Ongoing updates to Trade Account Management Matrix Segmentation. Updates continue to be made from sales calls, training and trade events

Scandinavia

- Ongoing liaison with NYHaven Rejser and USA Rejser ahead of GTS Summit/ FAM trip
- Ongoing planning ahead of Aloha Europe 2018

Germany and Switzerland

- Planning and preparation for Aloha Europe 2018
- Distributed invitations for upcoming Maui dedicated FAM trip in December
- Liaison with trade regarding upcoming Experience our Aloha campaign
- Held a meeting with TravelZoo to discuss opportunities for 2018/19
- Liaised with key tour operators regarding recent Hawai'i bookings
- Updated tour operators and travel agencies on all recent Hawai'i natural disasters

France

- Ongoing liaison with 5 tour operators to share information regarding the current volcanic activity

- Ongoing liaison with 2 key tour operators with FAM interest

Public Relations

European co-ordination

- Drafted press release ready for distribution to all European markets
- Held media meetings with key editors from national newspapers and consumer magazines
- Ongoing media liaison and press trip organisation across target European markets including:
 - Individual trip for Lonely Planet

Germany

- Ongoing support of individual media trips

France

- Follow up of a press trip for French TV – Télématin

Sales Activities

UK and Ireland/Germany

- Ongoing liaison with trade
- 38 sales calls carried out in total

France

- Ongoing liaison with trade
- 2 sales calls carried out in total

“Coming Attractions” for Leisure Market

UK & Ireland

- Experience Our Aloha campaign to launch in September
- Product Manager FAM and Global Tourism Summit in September
- Aloha Europe to take place in October
- Flight Centre USA Training Day in November
- Maui Dedicated FAM trip in December

Scandinavia

- Aloha Europe to take place in October

Germany

- Experience Our Aloha campaign to launch in September 2018
- Aloha Europe to take place in October 2018
- Maui Dedicated FAM trip in December

France

- Follow up of an individual press trip in July with a Jurassic Park theme
- FAM Trip in October to develop and create a new product
- Destination training in Paris in October in a Poké Bowl restaurant

Hawai'i Tourism Southeast Asia Monthly Marketing Report August 2018

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

Malaysia: The economy is expected to remain on a steady growth path going forward with growth supported mainly by private sector activity. With the implementation of SST effective September 1, Goods and Services has become the one of the factors that influences prices changes which resulted consumers to be more sensitive to price fluctuations.

Currency Exchange: USD 1 = MYR 4.11 as of August 31, 2018 vs MYR 4.07 as of July 31, 2018

Singapore: Singapore's economy grew by 3.9% year-on-year in the second quarter, easing from the previous quarter when it clocked 4.5% growth, and falling short of market expectations. Singapore's core inflation rose to 1.9% in July mainly due to steep prices for electricity and gas, marking its highest level in nearly four years.

Currency Exchange: USD 1 = SGD 1.37 as of August 31, 2018 vs SGD 1.36 as of July 31, 2018

Indonesia: The GDP of Indonesia growth 5.27% year-on-year (YoY) in Q2 2018. It is the highest annual quarterly growth pace that has been recorded under the administration of President Joko Widodo so far. The bilateral trade between the U.S and Indonesia has the potential to grow to USD 50 billion in 3 – 5 years from the current USD 28 billion.

Currency Exchange: USD 1 = IDR 14.76 as of August 31, 2018 vs IDR 14.42 as of, July 31, 2018

Thailand: Thailand is the second top gross domestic (GDP) in Southeast Asia after Indonesia in 2017 according to the recorded from recorded in the CIA World Factbook. Thailand is expected to post 4.1% growth in 2018 as recovery broadens - the highest since 2012.

Currency exchange: USD 1= THB 32.72 as of August 31, 2018, 2018 VS THB 33.26 as of July 31, 2018

Outbound Travel Market

Malaysia: The China Provinces, e.g. Hainan and Fujian, are actively presence at consumer fairs as well as workshops. They appointed travel agencies as their marketing arms for on-ground activities.

Singapore: The NATAS Holidays held on August 17-19, 2018 saw a record-breaking crowd of 113,103 visitors, an increase of 39.57% from the 2017 event (81,039 visitors). Stage performances throughout the weekend provided information on emerging destinations such as Uzbekistan and Tanzania. Data collected from the NATAS Grand Draw survey revealed that the top 10 destinations were Europe, Japan, Malaysia, China, South Korea, Taiwan, Thailand, Australia, United States and Egypt.

Indonesia: Hainan province is currently a popular destination for the Indonesians to traveling due to similarity of the island of Hawai'i. It's more affordable to travel to Hainan as compared to USA / Hawai'i and there are more airlifts services. Hainan has been labeled as 'The Hawai'i of Asia' by the Indonesians.

Thailand: Aug is the month of the approaching high season of the outbound sector and the biggest consumer Fair TITF (Thai International travel trade fair) just took place on August 9-12, 2018 with more than 500,000 pax visited the event more than 5000 tour & Travel packages has been sold and most of them target travel during holiday on October.

Competitive Environment

Malaysia:

- **Tourism Authority of Thailand (TAT)** participated in the MITM Travel Fair, Mid Valley which was held from August 3-5, 2018.
- **Macau Government Tourist Office (MGTO)** was seen participating in MITM fair in Mid Valley which was held from August 3-5, 2018. Food sampling of Portuguese egg tart & Almond Cookies, Grand Prix simulation and Instant Photo were few of the activities held by MGTO to attract more visitors to their booth.
- **Korean Tourism Organization (KTO)** was also seen in the MITM held in Mid Valley Exhibition which was held from August 3-5, 2018. For those who purchase any packages to Korea from any participating travel agencies during the MITM KL stood a chance to redeem a mystery gift.
- **Taiwan Tourism Bureau (TTBKL)** was also present in the MITM fair in Mid Valley which was held from August 3-5, 2018. TTBKL had activities to attract more visitors to their booth such as Taiwanese food sampling and street dance show by the Zero Four Dance Crew.
- **Destination New South Wales** organised roadshow at Grand Hyatt Malaysia on August 10, 2018 with cocktail making challenge as part of the mission.

Singapore:

- **Destination New South Wales** organized a roadshow at Grand Hyatt Singapore on August 7-8, 2018
- **Tourism Fiji** participated at the NATAS Travel Fair with activity to engage consumers on August 17-19, 2018.

Consumer Trends

Malaysia:

- China Provinces are actively presence in Malaysia market for B2B2C events. This has garnered the interest due to duration of stay, flight connectivity, as well as affordability.

Singapore:

- Outbound travelers from Singapore are coming to tour planners with higher budgets and interest in farther-flung destinations such as Peru, Caucasus, South America and Europe. Such travelers, which can range from young families to older couples, are more willing to spend more time and money on “in-depth” experiences in less-explored destinations. An emerging trend is chartered flights, which EU Holidays has rolled out to destinations like Bhutan and Uzbekistan.
- Hokkaido is another popular choice for year-end winter travel. Dynasty Travel has also rolled out new add-on tour packages to complement its popular 15-day charter cruises to Antarctica, allowing travelers to visit nearby destinations such as Brazil, Chile and Argentina. Such packages can run up to 29 days. As a result, this trend is paralleled by a demand for higher-quality local experiences.

Travel Trends

Malaysia:

- Cruise market is gaining popularity in Malaysia as package prices are all inclusive. Travelers also have one point of accommodation throughout the cruise despite traveling to many ports of call. Travel agencies are aggressively promoting cruise package for the upcoming travel fairs through TV ads as well as radio ads.

Singapore:

- A recent Family Travel Trends 2018 survey found that Singaporeans are the most adventurous on family trips. Exploring new cultures as a family travel experience is most popular at 46%.

Media & Online Trends

The rise of Facebook messenger Chatbots has affected the way people communicating with brands. Chatbots and virtual assistants are the future of marketing and customer support. Chatbot is a chat program that allows people to order food, schedule flights and get recommendation on products. Brands such as Spotify is leveraging on Facebook messenger Chatbot to engage its customers. Chatbot makes it easy for people to search, listen and share music. It will learn as it goes too by recommending music playlist based on the customer's mood. Chatbot is very useful in providing a better, more personalized customer experience. Lastly, we can also tap into Facebook messenger Chatbot to better engage with our customers in terms of recommending the places to explore, the must experience festival and the must eat food in Hawai'i.

Airlift – N/A

LEISURE ACTIVITIES

Consumer

SNS Result: Facebook stands at 12,797 fans; Instagram has 1,184 followers as of August 31, 2018.

[AirAsia X is actively promoting Hawai'i through media ads buy]

AirAsia X is being spotted in promoting Hawai'i actively through GDN, Facebook Link ads and print ad. On top of that, Air Asia also ran a video ad on Lite FM, a radio station in Malaysia to promote Hawai'i with over 1,432,000 listeners for two weeks.

Travel Trade

[Aloha Land of Smiles Sales Mission has successfully lured 74 local agents from 50 travel agencies]

Aloha Land of Smiles Sales Mission 2018 was held in Bangkok on August 23-24, 2018. It has successfully lured 74 local agents from 50 travel agencies with a total attendance of 13 stakeholders (19 pax) during the event. Mission comprised of two main parts: information sharing through roundtable meetings and an engaging activity for all local travel agents to participate. Thai travel agents were divided into groups of 5 for the round table meetings to learn about the services provided by stakeholders with 15 minutes intervals. Later in the mission, travel agents were tasked to create a 6 days 5 nights itinerary in O'ahu based on the knowledge they've gained from the roundtable discussions. Each itinerary was evaluated by Hawai'i based partners for clarity, creativity and feasibility with the top 3 itineraries being rewarded with the recognition by HTSEA. The mission ended with a positive note with Hawai'i raising presence in the market.

[Aloha Sales Mission in Singapore]

A 2.5-day event on August 26-28, 2018 was organized comprising of 4 sales visits, 2 trade lunches for MCI agents and Leisure agents and a Singapore market briefing to the Hawai'i-base partners. It was the largest delegation comprising 11 Hawai'i partners visiting Singapore. There has been overwhelming response from

the local travel trade who appreciated the commitment from the Hawai'i partners in the past three years.

Public Relation

August news clippings saw a total of digital media clippings over 2 platforms and 1 print titles coverage generating more than \$10,000 worth of PR value with 370,550 impressions in total. Shared below are the links of the clippings.

Sales Activities

HTSEA conducted 25 sales calls in Southeast Asia to promote Hawai'i.

[UOB Bank] UOB bank is finalizing the co-op with HTSEA, with spend & win element during the 4-month campaign, starting October 2018 till February 2019. HTSEA is responsible to securing 4 prizes which comprise of air-ticket, accommodation as well as ground arrangement. Prince Waikiki, Trump International and Pan Pacific Enterprise have agreed to sponsor, currently pending for Philippine Airlines as they have expressed interest in sponsoring the premium economy class ticket.

[AirAsia X] Discussion with AirAsia X's digital and brand team on the video editing particularly on the brand guidelines.

[The Meeting Lab] Provided Hawai'i destination information and some suggestions to assist agent in planning itinerary for an incentive group from pharmaceutical industry. The 120 to 130pax group is planning to visit Hawai'i for 4 nights in the first half of 2019. Also provided contacts of DMCs for agent's liaison.

[Invisalign Singapore] Provided more destination information to assist in their planning. Have also connected client with Janet Kuwata of Hawai'i Convention Center to make arrangements for the site inspection trip

[Smiling Tours] Because of the destination awareness of Hainan province in Indonesia, it has garnered the interest of corporate company having incentive travel to Hainan. Perth is another city for incentive travel as it's nearer as compared to Hawai'i. Lately, the leisure division revised the itinerary for 12 Days West Coast & Hawaii with USD 3,205 per person, departure between September till December. They will promote the package to their regular clients as well as travel fairs

Coming Attractions

[Oct] Jetset to the Hawaiian Islands

Hawai'i Tourism Hong Kong Monthly Marketing Report August 2018

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy. Hong Kong's economy expanded by 3.5% year-on-year in real terms in the second quarter of 2018, after the growth of 4.6% in the preceding quarter, marking the seventh consecutive quarter of growth above the trend growth rate of 2.7% per annum in the past decade. Hong Kong dollar and US dollar has a linked exchange rate: Currency Exchange is 1 USD = 7.8481 HKD as of August 31, 2018. The labour market conditions remain tight, with the seasonally adjusted unemployment rate stood at 2.8% for the three months ending July 2018, the lowest level in more than 20 years. Overall consumer prices rose by 2.4% in July 2018 over the same month a year earlier, remaining virtually unchanged as compared to June. Looking ahead, consumer price pressures are expected to increase somewhat. The Government forecasts Hong Kong's consumer price to increase by 2.2% in 2018.

Outbound Travel Market. Hong Kong International Airport (HKIA) has recorded total 6.7 million passengers in July 2018, which is a year-on-year increase of 2.2%. According to TIC the Travel Industry Council of Hong Kong whose members are travel agents, they have USD2,068,062 levy income received during January 2018 to June 2018, which is 14.8% YOY incremental. International Air Transport Association (IATA) recorded USD 346 million total billing of air-ticketing sales in June 2018, which increase 3.7 % YOY. Meanwhile, the number of air tickets transactions have been increased to 938,394 times in June 2018, which is 10.3% YOY incremental.

Competitive Environment. Joining hands with United Airlines, the sole airline flying between Guam and Hong Kong, Guam Holidays, Hong Thai Travel, Travel Expert, United Vacations and Wing On Travel, Guam Visitors Bureau Hong Kong Representative Office has rolled out "Fly to Guam", a sales campaign to further promote the island's tourism. Cebu Pacific charges the lowest rate of US\$70 for a round trip ticket to and from Hong Kong, around one quarter of what other airlines charging. In the first quarter this year, approximately 36,800 tourists from Hong Kong visited Cebu. Despite the recent earthquake in Bali, at least 8 tour groups from Hong Kong around 160 tourists between departed for holidays in Bali or Brunei. The Philippine Department of Tourism (DoT) has decided to try reviving group and FIT traffic from Hong Kong. DoT has appointed JJ Explorer Tours as its marketing representative for Hong Kong and Macau. Former regional director for Tourism Queensland, David Leung, will lead the outfit. According to Leung, the renewed drive to woo the Hong Kong market will involve fam trips for media, monthly travel trade seminars starting mid-September, as well as a new website.

Consumer Trends. According to the research done by Google, people have become research-obsessed, even about the small stuff. Today, people are researching more than ever, so each decision be it big or small, is an informed one. The global wellness industry grew from a size of US\$489 billion in 2013 to US\$563 billion in 2015, and is projected to rise to US\$808 billion by 2020, from the Global Wellness Institute. People are making decisions faster than ever and they expect to act on those decisions in the moment, more than 150 % growth has been found in mobile searches for "near me now".

Travel Trends. Hong Kong travellers have taken an average of 5.02 international trips over the last two years which is more than double the global average of 2.5 trips, according to Visa's Global Travel Intentions Study 2017. According to Visa's Global Travel Intentions study, the findings of which were

published in July, 97 per cent of Hongkongers go online while overseas. Compare that with a global average of 88 per cent. Sixty-nine per cent of Hongkongers use devices to research trips, while 68 per cent rely “heavily” on mobiles for information while abroad. As Visa puts it: “Hong Kongers are inseparable from their smartphones when travelling overseas.”

Media Trends. Google reported that they have recorded mobile searches for “best things to do” grew over 85% in the last two years. Examples include things such as “best things to do in Boston,” “best things to do in Maui,” and “best things to do in Philadelphia.” Recent Google research shows that 87% of people say they can be loyal to a brand without having its app on their phone. In fact, 53% of smartphone users say they do not have their favorite brand’s app installed on their phone.

Airlift. Beginning Nov. 1, United Airlines will run two additional flights a week between Guam and Hong Kong adding 10,000 seats through March 2019. Hawaiian Airlines is going to suspend its thrice-weekly nonstop service between Honolulu's Daniel K. Inouye International Airport (HNL) and Beijing Capital International Airport (PEK) upon the completion of the National Day Golden Week holiday in October. The airline, which started the service in April 2014, will re-deploy its 278-seat Airbus A330-200 aircraft elsewhere in its network. Airfares in Asia Pacific could face a 3.2% hike in 2019 pricing amidst rising oil prices and trade war woes. In addition, the competitive pressure from a shortage of pilots as well as the increasing fare segmentation to improve yield could trigger the hike, a study by travel management firm Carlson Wagonlit Travel (CWT) revealed.

Activities

Consumer

Hawai'i Ukulele Music Festival in Hong Kong at Central Harbourfront

HTHK supported Hong Kong Ukulele Association, the first organization ever introducing Ukulele to Hong Kong citizens, to organize the biggest outdoor Ukulele Music Festival on August 18. The music festival was a delightful event held at the Central Harbourfront Event Space in Tamar Park, an open area with the summer breeze in the city centre. With the HTHK public relations support, the ukulele festival has successfully attracted more than 3,200 public attendees to immerse in the Hawai'i culture through various activities such as Hawai'i music concert, Hawai'i craft workshops and numbers of gaming pavilions. Ukulele lovers and children also brought along their own ukulele and joined the jamming session. The music festival fostered the spread of Hawaiian culture among Hong Kong citizens and provided a valuable chance for them to enjoy a picnic with Hawai'i music during the weekend.

Travel Trade

Wincastle Travel launched 2 New Hawai'i Products

Wincastle Travel has launched 2 new Hawai'i products in August to target both self-drive travelers and mid-high end family travelers. A 5 days 3 nights self-drive package to Hawai'i has been launched and it includes round-trip flight tickets to Hawai'i, 4-night hotel accommodations and 5 days car rental fee as to cater the growing demand of self-drive FIT travelers from Hong Kong. Meanwhile, they have also launched a Hawai'i package targeting the mid-high end family travel market, offering round-trip flight tickets to Hawai'i with 5 nights hotel accommodation in O'ahu and Island of Hawai'i.

Public Relations

In August, HTHK secured 23 media stories with a total viewership of 27,735,527 and total PR value worth USD \$405,874.

Coming Attractions

No.	Event Name	Date	Location
1.	I am ALOHA	September - November 2018	Hong Kong
2.	Global Tourism Summit Trade FAM	September 26 – October 2, 2018	O’ahu, Island of Hawai’i
3.	Romance in the Rainbow State – Pink Dot 2018	October 21, 2018	Hong Kong



HT Global MCI – August 2018

OVERVIEW

Overall, conditions remain favorable for the Meetings, Conventions, and Incentives (MCI) industry. Between robust economic growth and a strong labor market, demand is high for MCI services, and North America industry professionals are likewise confident. All told, two-thirds of those surveyed for Meeting Professional International’s Summer Outlook were optimistic about current market conditions. They anticipate a year-over-year growth rate of nearly three percent, more than double the expected growth during the same period last year. This is also translating into predictions of higher spending over the coming year; over half of MCI professionals expect budgets to increase (versus just 16 percent anticipating declines), while 42 percent plan on increasing employment.

At the same time, the MCI industry is still largely considered a seller’s market. High demand and limited supply growth has resulted in 67 percent of surveyed professionals reporting they believe market conditions favor vendors. This has significant implications for meeting planners, particularly as disruptive forces such as rental accommodation types and other short-term rental services continue to reshape the landscape. One of the key changes cited by many is the evolution of more complex and punitive contracts with hotels. That is, as events and room blocks continue to be locked in years in advance, hotels are building in protections against lost business that results from attendees seeking out alternative lodging on the short-term rental market. This is a trend that will likely continue as the popularity of non-hotel rental types and similar businesses continues to grow, and they become larger players in the MCI scene.

SALES PRODUCTION (in the month for any year)

Table 1: Total Sales Production – August 2018

	Month			Year-to-Date		
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year
Room Nights						
Definite & Assist-Definite	22,727	19,001	20%	241,471	166,648	45%
Tentative & Assist-Tentative	107,680	158,263	-32%	666,266	894,107	-25%

Beginning

January 2018 production is categorized by MCI and non-MCI group sales. See Definitions at the end of this report for a general description of the new categories. Database cleansing is ongoing and may result in changes to previously reported year-to-date figures.

**Table 2a: Hawai'i Convention Center (HCC) Sales Production
 August 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite	4,785	1,130	323%	73,597	40,864	80%	232,000	32%
New to Hawai'i	4,165	1,130	269%	14,740	4,485	229%		
Tentative	53,548	98,769	-46%	225,671	489,475	-54%		
MCI								
Room Nights								
Definite	0	0	N/A	58,745	20,877	181%		
New to Hawai'i	0	0	N/A	8,000	3,355	138%		
Tentative	53,548	92,594	-42%	215,295	320,285	-33%		
Non-MCI								
Room Nights								
Definite	4,785	1,130	323%	14,852	19,987	-26%		
New to Hawai'i	4,785	1,130	323%	6,740	1,130	496%		
Tentative	0	6,175	-100%	10,376	169,190	-94%		

HCC database updates with regard to MCI and non-MCI categories are ongoing and may result in changes to previously reported year-to-date figures.

COMMENTS
<p><i>August had two groups turn definite for 4,785 room nights, one confidential International group and one U.S. sports group. The year to date total on definite room nights is at 73,597 ahead of where HCC was in 2017 at the end of August at 40,864.</i></p> <p><i>An additional 53,548 room nights were added to the tentative pipeline, bringing the total to 225,671 room nights.</i></p> <p><i>August group activity included ComiCon Honolulu with just over 8,000 in attendance. Daito Kentaku returned to Hawai'i and saw 3,200 attendees at their event. The second scheduled Comic Convention, Amazing Comics and an International group dinner were unfortunately canceled due to Hurricane Lane. The end of the month saw the Okinawa Festival at the Center for the first time, moving from Kapiolani Park. Attendance numbers exceeded the anticipated 40,000.</i></p> <p><i>A major tradeshow took place in Chicago this month, the ASAE Annual Meeting & Exposition with 14 Hawai'i participants that included Meet Hawai'i and Hawai'i hotel partners. A new Hawai'i trade show booth was unveiled that was designed, built and installed by a Hawai'i based company, Arch Hawai'i. Materials used in the booth was 100 percent recyclable.</i></p>

**Table 2b: Hawai'i Tourism USA (HTUSA) Single Property Sales Production
 August 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite	14,268	10,524	36%	102,124	64,142	59%	180,000	57%
New to Hawai'i	3,576	6,303	-43%	49,574	25,496	94%	75,000	66%
Tentative	47,581	50,069	-5%	331,572	308,628	7%	500,000	66%
MCI								
Room Nights								
Definite	14,268	10,460	36%	98,148	62,574	57%		
New to Hawai'i	3,576	6,239	-43%	45,598	24,818	84%		
Tentative	47,215	48,161	-2%	327,045	300,592	9%		
Other								
Definite	0	64	-100%	3,976	1,568	154%		
New to Hawai'i	0	64	-100%	3,976	678	486%		
Tentative	366	1,908	-81%	4,527	8,036	-44%		

COMMENTS

Market Conditions

Feedback provided during sales calls and presentations to incentive planners indicates that Mexico is once again considered a questionable destination due to recent media coverage of attacks on tourists. Planners based out of the Mountain states shared their views that airline costs as well as the strength of the U.S. dollar has resulted in a larger number of their bookings going to Europe. They can book top hotels at reasonable prices, bringing high overall value to their bottom line. Airline costs and the time required to travel to Hawai'i are still major reasons for lost business to other destinations.

The announcement that Southwest Airlines will begin service to Hawai'i was received with excitement as planners anticipate that other airlines may drop their fares and improve the quality of service in order to be more competitive.

Meetings Today published the article "Government Trends", which highlights the tendency for government meeting planners to be heavily guided by perception issues, market trends, sustainability concerns and other factors when making site decisions, perhaps even more so than meeting planners for other types organizations. According to Charles Sadler, executive director and CEO of the Society of Government Meeting Professionals (SGMP), government planners are increasingly making site decisions based on sustainability considerations, with destinations, hotels, and other venues more likely to win contracts if they have green standards. He also notes that government planners are once again considering all cities and lodging sectors for their meetings. The post-financial crisis days of blacklisted cities are over, with such destinations as Las Vegas, Orlando, San Francisco, and Atlantic City back in the running for government business.

Sales Production vs. Goals Analysis

Sales productivity continues to show healthy increases over the previous year with definites exceeding same time last year production for the month of August by 36 percent and year-to-date by 59 percent. New business to Hawai'i for the month dipped compared to August 2017, but retains a solid 94 percent increase year-to-date over same time last year. August's tentative production remains at seven percent growth year-to-date.

Highlights of Any Key Definites

- *Incentive — multi-level marketing corporation, June 2019 (2,997 room nights)*
- *Convention — health and wellness corporation, July 2019 (2,258 room nights)*
- *Convention — medical association, November 2019 (1,925 room nights)*
- *Incentive — pharmaceutical corporation, May 2020 (1,426 room nights)*
- *Incentive — insurance corporation, May 2020 (1,172 room nights)*

Public Relations and Collateral

Advertising efforts included:

1. *MCI August Paid Media Recap*
 - a. *Meetings Today – Hawai'i Section/Wellness – 55,055 impressions*

Public Relations efforts on behalf of HTUSA Meet Hawai'i included:

1. *The PR team is working with Successful Meetings, Smart Meetings, and Corporate & Incentive Travel Magazine to provide information and quotes for numerous Hawai'i stories slated to publish over the next few months.*
2. *Media Coverage Highlights:*
 - *“Meetings in Paradise” – Insurance & Financial Meetings Management – July 1 – PDF available upon request*
 - *“Striking the Right Balance” – Meeting Professionals International (MPI) – July 18 - <https://bit.ly/2niGDo6>*
 - *“How to Add Excitement to F&B” – Successful Meetings – July 27 - <https://bit.ly/2OUanUO>*
 - *“Meet in Hawai'i with Marriott International” – Smart Meetings – July 31 - <https://bit.ly/2Mm9v9D>*
 - *“Natural Hawaiian Splendor: Sea, Mountain, Jungle... and, Yes, Fire” – Smart Meetings – August 1 – <https://bit.ly/2LLdFvu>*
 - *“Hawaiian Hands” – Bridge Bulletin – August 2018 – PDF available upon request*
3. *August Impressions and Publicity Values for Articles that included Hawai'i:*

<i>August Impressions</i>	<i>August Publicity Values</i>
<i>Print: 30,500</i>	<i>Print: \$3,900</i>
<i>Online: 585,800</i>	<i>Online: \$15,900</i>
<i>Broadcast: 31,500</i>	<i>Broadcast: \$6,000</i>
<i>Total: 647,800</i>	<i>Total: \$25,800</i>

Meeting Planner Guide: Digital versions of the 2018 Meeting Planner Guide (MPG) mid-year annual publication were completed and updated on meethawaii.com. Digital editions were

produced for the statewide destination, as well as individual digital guides for each island, and the Hawai'i Convention Center.

**Table 2c: Hawai'i Tourism Canada Single Property Sales Production
 August 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	0	374	-100%	2,649	946	180%	4,000	66%
New to Hawai'i	0	324	-100%	1,727	896	93%	2,000	86%
Tentative & Assist-Tentative	240	1,914	-87%	12,241	15,469	-21%	25,000	49%
MCI								
Room Nights								
Definite & Assist-Definite	0	374	-100%	2,607	922	183%		
New to Hawai'i	0	324	-100%	1,685	872	93%		
Tentative & Assist-Tentative	240	1,914	-87%	9,699	15,445	-37%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	42	24	75%		
New to Hawai'i	0	0	N/A	42	24	75%		
Tentative & Assist-Tentative	0	0	N/A	2,542	24	10492%		

COMMENTS

Market Conditions

Total Canadian Outbound Travel – August

Canadians made more than 17 million overnight trips to the U.S. and other outbound destinations during the first half of 2018. Of this total, an estimated 13.2 million trips were for leisure purposes. Compared to 2017, overseas leisure trips have increased 6.5 percent, while leisure travel to the U.S. has grown 5.5 percent. The first two months of the summer travel season saw Canadians make an estimated 4.2 million overnight leisure trips to the U.S. and other destinations; an increase of 4.6 percent. Canadians made 2.6 million trips to the U.S. during the period, while the volume of trips to countries other than the U.S. grew to 1.5 million.

Canadian Travel to United States

Direct deplanements in various Florida destinations surpassed 1.19 million throughout the first half of 2018, a 3.4 percent increase compared to last year. In addition, Las Vegas (5.2%), New Orleans (03%), and Phoenix (9.2%), as well as key destinations in California, Texas, and Hawai'i all recorded an uptick in direct arrivals from Canada during the period.

Direct Air Arrivals to Select U.S. Destinations (January-June each year)

Destination	2014	2015	2016	2017	2018	% Change (2018 vs. 2017)
Hawai'i	199,339	209,464	212,126	225,787	230,010	+3.6%

The daily hotel rate in the United States averaged USD \$129.03 throughout the first six months of 2018, a year-over-year increase of 2.7 percent. Due to a stronger exchange rate, the average rate in Canadian funds fell -1.6 percent to \$164.95. The loonie averaged \$0.78 USD during the period, compared to \$0.75 USD in both 2017 and 2016.

Hawai'i Daily Hotel Rate:

YTD ADR (\$CAD)	2014	2015	2016	2017	2018	% Change YTD avg (\$ CAD)	% Change YTD avg (\$ USD)
Hawai'i**	\$261.98	\$301.00	\$332.84	\$352.54	\$357.87	1.7%	6.1%

***2014-15 rates for HI represent the average of weekly reporting

Consumer Confidence

The national consumer confidence rating was 117.8 points in August 2018, a -3.8-point decrease compared to last year. Consumers residing in Quebec and Alberta were more positive, while fairly large declines in confidence was registered in Atlantic Canada, Ontario, BC, and the Prairies. At the same time, purchase intentions declined -2.1 points compared to last year. The largest change was registered in Atlantic Canada (-8.6), while Quebecers (+2.2) and residents of the Prairies (+1.8) reported the only positive changes for the period.

Though activity declined somewhat in Newfoundland and Nova Scotia, national retail trade grew 4.2 percent in June 2018. E-commerce sales totaled \$1.4 billion during the month, representing 2.6 percent of retail trade. On a year-over-year basis, retail e-commerce rose 18.0 percent.

MCI Overview

The MCI travel opportunity from the Canadian market remains strong, despite fluctuations in the exchange rate and current political climate. Response to HTCAN's MCI activities in 2018, thus far, have been positive, with lots of interest in obtaining information about the islands, assessing options and multiple RFPs. Additionally, all signs indicate strength in the leisure group market to the U.S., which HTCAN sees as favorable to the continuing overall growth of the important MCI segment.

There has been some MCI marketplace commentary about decision makers hesitating to propose U.S. travel due to the uncertainty around entry requirements and current politics. Up to this point, the impact on the MCI segment has been difficult to ascertain, however the current political situation has come up in conversations with meeting planners. When clients are proposed either U.S. based destination vs other destinations, some companies have chosen other such as Europe or the Caribbean. Clients are worried about ensuring their employees can enter and exit the U.S. easily and safely. Many industry employees in the technology and medical fields are travelling on non-Canadian passports. This proves worrisome to company CEO's

and executives. Other comments from planners have arisen with regards to current trade negotiations with the U.S. Some Canadian companies' decision makers do not want to be seen as promoting U.S. destinations in their incentive programs and instead are opting for programs to stay in Canada.

Some of the additional industry trends identified in Canada include: (source SITE, MPI, Conference Board of Canada)

- Tariff Wars – nothing conclusive in MCI however may affect leisure travel more
- Companies closely monitoring USD to CAD exchange rates however this does not seem to be a factor in destination decision making
- **Buyers and sellers have similar views on what's important in selecting a destination, with appeal to participants, value and overall safety as critical.**
- An increase in experiential components of programs, particularly in how participants discover and interact with a destination.
- Greater emphasis with planners who identify sustainability and being "green" as the top condition having a positive impact on incentive travel program. A large majority of incentive travel programs now include at least one corporate social responsibility (CSR) activity
- Increased use and impact of technology.
- Companies planning programs further out and committing to multiyear contracts.
- Increased costs but companies willing to spend more to get the high-level incentive programs they want.
- Planners may be cutting back on length of multi day events, wary of travel length
- Sales & training meetings continue to grow in the corporate segment
- Demand for healthy options in all programs growing (culinary, activities)
- Online RFP tools being used by more planners
- An increase in group lead times from 2017/18 however a short RFP response time is required from stakeholders
- Aspirational destinations being used for top tier employer programs. In Hawai'i's case two island programs
- Increase requests in all-inclusive programs such as seen in many Caribbean destinations
- Destination Incentives, monetary or non, from the islands to offer clients to book. Need to entice the client. Competitive destinations are offering more and more.

Hawai'i has the opportunity to capitalize on many of these trends due to the quality and diversity of accommodations, meeting venues and activities, developed MCI segment on all islands, quality marketing materials available for planners through the Meet Hawai'i website, and a reputation as a safe and healthy destination with frequent air service from most key markets in Canada.

Sales Production vs. Goals Analysis

HT Canada is currently at 49 percent of our new annual 2018 targeted Tentative Room Nights of 25,000. 66.47 percent of new annual targeted Definite Room Nights of 4,000. 86 percent of new annual targeted numbers Definite Room nights – New to Hawai'i. August was a slightly busier month than July however HTCanada is expecting a more robust September as summer holidays are complete. Again, much of August was spent on administrative duties, reports, BMP Plan and upcoming 2nd quarter 2018 review. More time is needed to

sell. HTCAN is consistently following up on old lost groups as well as new requests coming from EABE. Nothing concrete as of yet, just inquiries – no formal RFP’s currently. HTCAN is working with HTA Global MCI on a bid for the International Gay and Lesbian Football Association. A meeting between HTA, HTCAN and the client to take place early September.

WestJet airlines has announced their 2018/2019 Fall and winter schedules. They have added flights to Maui going from 4 flights weekly to 7 flights weekly from Calgary. This will assist in reaching more of the Calgary and Edmonton planners to promote Hawai’i. Although Air Canada is the planner’s choice of airline, WestJet will add to lift to the Hawaiian Islands

Highlights of any Key Definites
 N/A

**Table 2d: Hawai’i Tourism China Single Property Sales Production
 August 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	84	171	-51%	7,818	8,374	-7%	12,000	65%
New to Hawai’i	84	171	-51%	7,818	8,374	-7%	9,600	81%
Tentative & Assist-Tentative	0	201	-100%	15,341	17,486	-12%	45,000	34%
MCI								
Room Nights								
Definite & Assist-Definite	84	66	27%	7,616	7,446	2%		
New to Hawai’i	84	66	27%	7,616	7,446	2%		
Tentative & Assist-Tentative	0	66	-100%	15,139	15,875	-5%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	105	-100%	202	928	-78%		
New to Hawai’i	0	105	-100%	202	928	-78%		
Tentative & Assist-Tentative	0	135	-100%	202	1,611	-87%		

COMMENTS

Market Conditions

A. China Economy

- **GDP** – China’s GDP growth in Q2 slows down to 6.7 percent compared to the 6.8 percent in Q1. This matches the market expectations in light of intensifying trade dispute with the U.S.
- **Currency** – Chinese Yuan depreciates continuously to 6.94 per U.S. dollar in August compared to 6.27 RMB per USD in March. This may impact the purchasing power of Chinese travelers’ during travel. Many financial experts predict that there may be a consecutive depreciation.
- **Unemployment rate** – China reached a record low of 3.83 percent in the second quarter of 2018. The forecast of unemployment rate in Q3 is 4.00 percent.

- **Consumer confidence** – Consumer confidence in China is slightly decreased in Q2, standing at 113 Index Points from 115 in Q1. The confidence index is higher than 100 points, which shows that Chinese consumers are positive about the current economic situation and expectation on the future economic trend.

B. Outbound Travel Market

- According to Ministry of Culture and Tourism of China, the number of tourists traveling abroad jumped by 15.0 percent to 71.3 million in the first half of 2018. With increased spending power, Chinese travelers are now traveling abroad more. However, the Central government predicts that the growth of outbound travel market may slow down in the second half of 2018 due to the depreciation of the RMB to USD.

C. Travel Trends

- A report from leading business travel management company, FCM Travel, shows 80 percent of respondents consider “business + leisure travel” as a welfare. 73 percent of Asian respondents choose to extend their business trip by combining with their own leisure trip. Millennial employees are especially in favor of discovering a new destination during business trips.
- Looming trade tensions between China and the U.S. sees a slowdown in Chinese visitation to the U.S. The travel to Hawai'i for big MCI groups may be negatively impacted. Moving forward, HTC will focus on higher yield, smaller MCI groups to overcome the situation.

Impact on Hawai'i:

The trends between China and the U.S. will hamper the China-U.S. MCI travel market. This might influence Hawai'i as an important U.S. destination for big MCI groups.

Strategy & Action:

In light of natural causes such as the volcano eruption and to minimize Visa travel issues due to the China-U.S. trade wars, HTC's counter-measure will be focused on smaller but high-yielding MCI groups, which will see lesser challengers in terms of travel logistics moving forward.

Sales Production vs. Goals Analysis

Root Cause:

HTC has secured 7,818 room nights, achieving 65 percent of the KPI for 2018 definite room nights.

With a total 15,341 tentative room nights so far, HTC has achieved 34 percent of the KPI for 2018 total tentative room nights.

Analysis & Countermeasures:

August has been one of the busiest months for travel agencies and leisure travelers account for a large proportion of sales. Also, with the China-U.S. trade dispute unfolding, eruption of volcano Kilauea and visa issues, HTC will make more efforts on sales calls with potential MCI intermediaries and corporate end-users to secure more bookings and increase attendance-building for events held in the following half year. The focus will be on smaller, high-yield MCI groups.

Highlights of any Key Definites

Incentive Group/MAUI – 07/20/2018-07/22/2018 (84 room nights)

**Table 2e: Hawai'i Tourism Europe Single Property Sales Production
 August 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	347	0	N/A	347	310	12%	500	69%
New to Hawai'i	347	0	N/A	347	310	12%	500	69%
Tentative & Assist-Tentative	485	420	15%	10,854	2,388	355%	1,500	724%
MCI								
Room Nights								
Definite & Assist-Definite	347	0	N/A	347	310	12%		
New to Hawai'i	347	0	N/A	347	310	12%		
Tentative & Assist-Tentative	485	420	15%	10,507	2,168	385%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	0	N/A		
New to Hawai'i	0	0	N/A	0	0	N/A		
Tentative & Assist-Tentative	0	0	N/A	347	220	58%		

COMMENTS

Market Conditions

French Economic Forecast

By the end of July France saw the fastest pace consumer price inflation since 2012, this was determined by higher tobacco and energy prices which means a reduction in disposable income for individuals and may affect company's profitability in competitive markets with increasing fuel costs when delivering products minimizing margins

SNCF continues to strike in France which has run from March and predicted to September over employee benefits, President Macron continues to stand firm and not negotiate with SNCF and so this is predicted though to keep on affecting services.

German Economic Forecast

The German Gross domestic product expanded by 0.5 percent quarter-on-quarter, the (German) Federal Statistics Office said, versus an expected 0.4 percent in numbers released in August for the months up to June 2018, driven by household spending and increased state consumption. Export numbers continue to grow but so do imports so not increasing economic growth.

UK Economic Forecast

The housing market in the UK still remains very steady and with interest rates increasing this did not create the increase in mortgages approved in July before the increase in August as expected. Consumer spending though still remains buoyant the last couple of months –

partially down to the long stretch of hot weather in the UK although the rise in inflation incomes are starting to become again squeezed.

Brexit

The second quarter saw the biggest drop in EU nationals working in Britain since records began. Net EU migration to Britain has fallen to its lowest since 2012 due to Brexit perceptions although no official policies have yet been released to limit migration or affect this.

This is creating concern within event agencies and hospitality businesses within the UK who rely on EU workers for their staff and so has been seen included in many panels and articles within the M&I industry currently in seeking staff and how to deal with skill shortages.

Trends

It is critical to invest in CSR

The ever-growing topic of corporate social responsibility is a popular trend in the corporate industry and now a core part of many businesses. It is felt that this drive had come from the millennials, who are looking at meaning from their job and are looking to make a difference.

Still not a core decision making criteria, however planners are becoming increasingly aware of the need to incorporate CSR into their event. Hawai'i has several sustainable initiatives including the plant a Koa tree which would appeal to those events with a focus on sustainability.

Meeting Professionals International (MPI) publish report on industry

MPI has published its Meetings Outlook, 2018 Summer Edition stating 66 percent of respondents predict favorable business conditions for the industry, with a 2.8 percent growth expected over the next year. The majority of respondents (54.9%) report that contract negotiations are becoming more complex; 22.8 percent indicate contract negotiations now focus on very different issues. 67 percent of respondents describe the current business climate as a seller's market. Only 13 percent claim to be experiencing buyer's market conditions. For the first time in almost three years of Meetings Outlook survey results, live event attendance is expected to grow more than virtual attendance.

Contracting negotiations are increasingly becoming an area for focus with European event organizers. In order to win the business, clients require more flexibility in contract terms to be competitive such as waiver of hotel resort fees or releasing room blocks without penalty.

The decision process seems to be increasingly complex from recent enquiries received. Some corporates such as Invisalign are looking to outsource certain parts of the event for efficiency purposes.

Sales Production vs. Goals Analysis

HTE has seen a new lead come in as result of Rotary conference in 2020 with the group looking to extend their stay in Hawai'i.

Highlights of any Key Definites

Meeting Group – 04/27/2018- 05/02/2018 (347 room nights)

**Table 2f: Hawai'i Tourism Japan Single Property Sales Production
 August 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	1,941	5,094	-62%	32,458	28,710	13%	49,500	66%
New to Hawai'i	1,941	2,092	-7%	17,708	15,620	13%	18,325	97%
Tentative & Assist-Tentative	2,833	3,985	-29%	33,860	27,633	23%	40,505	84%
MCI								
Room Nights								
Definite & Assist-Definite	1,941	3,690	-47%	26,128	18,238	43%		
New to Hawai'i	1,941	1,288	51%	11,598	5,748	102%		
Tentative & Assist-Tentative	2,523	3,385	-25%	26,395	18,348	44%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	1,404	-100%	6,330	10,472	-40%		
New to Hawai'i	0	804	-100%	6,110	9,872	-38%		
Tentative & Assist-Tentative	310	600	-48%	7,465	9,285	-20%		

COMMENTS

Market Conditions

Economy:

- The Japanese Ministry of Finance announced the results of the Japanese current account balance for the first half of 2018, ending at over 10 trillion 841 billion yen; the current account balance indicates the overall health of the economy. For three consecutive years, Japan was able to report a surplus of over 10 trillion yen, indicating the overall recovery of the Japanese economy. A major reason for this is speculated to be the significant growth in Japanese inbound travelers.
- The recovery of the Japanese economy combined with the declining Japanese population is increasingly creating a lack of labor. With effective job openings reaching highest levels in 44 years, Japanese firms have been competing amongst each other to secure labor. As competition between firms for labor strengthens, average wage rates and benefits for employees increase, creating a favorable market for potential laborers. Potential benefits include examples such as incentive travels for employees, providing overall potential for growth to the Japanese MICE market.
- Trade wars between the USA and China continue after first beginning in July 2018. As economists raise concerns for negative effects on the overall global economy from the war, President Trump stated intents to maintain current positioning. Japanese firms have also begun reporting effects from the trade wars between the two global powers, potentially having negative implications for the Japanese economy in the near future. The HTJ MICE Team will continue monitoring the effects on Japanese firms.

Competitive Environment:

- The Japan Tourism Agency (JTA) announced the establishment of a committee for strengthening Japan as an international MICE destination, along with a supportive "Action Plan" for municipalities to support MICE development. The organized committee will

establish various MICE related KPI statistics for international visitors and determine effective international sales initiatives, amongst other duties to further strengthen the positioning of Japan as a MICE destination. The supportive Action Plan entails the proactive use of unique venues, as well as effective methods for promoting historical and culturally significant resources that regions may have. Japan continues to strengthen its positioning as a MICE destination with both governments and citizens, allocating significant amounts of budgets as they realize the potential economic benefits.

- *JTA announced goals for annual consumption relating to MICE travels to reach 800 billion yen by 2030 within their International MICE Business Committee recommendations. Starting from the consumption levels of 150 billion yen in 2016, they intend to initially reach consumption of 300 billion yen by 2020. In these recommendations, JTA expresses the need for the nation, cities and the Japanese MICE industry to work together to strengthen positioning of Japan as a MICE destination. Specific recommendations to achieve this include the strengthening of international sales initiatives, enhanced support of domestic MICE organizers, development of rich MICE contents and enhancement of labor force to accommodate global business.*
- *Finnair, along with their partner companies arranged a Mega FAM for Japanese travel agents, providing them site inspections of the various edu-tourism materials that Finland has to offer. 60 travel agents from Tokyo, Kansai, Chubu and Fukuoka were invited to learn about the edu-tourism opportunities. The Finnish Government works to proactively promote their advanced educational programs, and encourage others to experience it. In addition to a multitude of learning opportunities, there is a wide variety of “teaching” opportunities offered within their diverse curriculum.*

Travel Trend:

- *JTB Communication Design announced a business partnership with CWT Meetings & Events in efforts to develop a Strategic Meeting Management (SMM) program to provide the Japanese market with an SMM program service for various entities to use. The new program allows partner organizers and related personnel to access a database which effectively organizes information relating to the MICE market, such as costs of suppliers and their analysis to increase overall efficiency of the MICE market. With similar programs already implemented for European and North American markets, benefits such as cost-savings and risk management have already been reported.*

Edu-Tourism Related

- *The Japan Tourism Agency established an organization where municipalities, firms and the edu-tourism industry can promote and provide Japanese millennials with opportunities to travel abroad. This organization is likely to benefit Hawai'i as their work leads to the desire of Japanese firms to seek global employees, who have traveled abroad and have a wider perspective of the world. Similarly, they encourage many students to participate in study abroad programs and experience work in overseas locations through internships. As the University of Hawai'i is already well-established in Japan as a notable University, combined with the branded image of Hawai'i and well-established infrastructure to accept Japanese students, Hawai'i can be viewed as an advantageous destination for initiatives. HTJ will continue working with various edu-tourism related entities to promote studies in Hawai'i.*
- *Japanese Foreign Minister Kono Taro visited Hawai'i on 8/21 and discussed potentials for strengthening relations between Japan and America with Governor David Ige and House representative Colleen Hanabusa. Mr. Taro also visited other locations such as the*

National Memorial Cemetery of the Pacific to pay his respects. Many edu-tourism related personnel followed these events, as they were broadcasted on Japanese television and provide great opportunities to raise awareness of peace studies. Hyogo Prefectural Ashiya High School contacted HTJ upon viewing the event on TV and requested HTJ to support site inspections in Hawai'i at locations such as UH Manoa and the Japanese Cultural Center of Hawai'i for the possibility of selecting Hawai'i as the destination for their exchange programs in 2019.

Sports Tourism Related

- E-sports is rapidly gaining attention globally as an official sports category, such as in the 2018 Asian Games held on August 18 in Jakarta. As e-sports become increasingly recognized as an official sport, the 2018 Asian Games featured e-sports as a demonstration event. Currently, the event organizers are arranging to have it recognized as an official medal event for the 2022 Asian Games in China. The Olympic Committee is also considering establishing e-sports as an official category within the 2024 Paris Olympic Games. Within Japan, organizers have included popular soccer game "Winning Eleven" as an official game for the annual Japanese National Athletic Meet.

Airlift:

- As the price of crude oil rises, airlines have begun implementing the planned fuel surcharge rate hike to 17,000 yen in August. Similarly, Scoot announced that they will be raising fares by up to 1,600 yen (one-way) starting September 1, as difficulties to cover costs of the rising oil prices continue.
- Regional cities have become increasingly engaged in international travels. Iwate Prefecture celebrated the launch of its first regularly scheduled international flight on August 1. The flight is operated by Tigerair Taiwan, between Hanamaki Airport and Taiwan. Although visitors from Taiwan had initially dropped due to the Tohoku earthquake, continued efforts by Iwate prefecture to promote its various appeals led to the inauguration of international flights to the region. Current passport holder rates in Iwate are less than 10 percent, falling shorter than half of the national average. To combat this, the prefecture launched a cashback campaign for new passport campaigns in efforts to encourage travels.

Sales Production vs. Goals Analysis

In August, HTJ was able to secure 4 groups as Assist Definite and 4 groups as Assist Tentative. The four definite inquiries are all incentive travels from various firms, while three of the four tentative inquiries are large-scale edu-tourism bookings. A noteworthy inquiry was the tentative selection of Hawai'i by Kanazawa Ryukoku University for their international educational trip in 2020. Previously, the school had divided destinations of trips, dependent upon the majors of students, but to better prepare students to become global citizens, the school decided to select Hawai'i as an ideal destination which offers many opportunities for students to study and experience English. HTJ will continue supporting the University by assisting in the selection of proper itineraries which align with their purpose for travels. For the definite group, Orec 70th Anniversary Tour in Hawai'i, HTJ is working with the production company to invite Miss Hawai'i to the Gala Dinner, amongst other support requested.

Highlights of any Key Definites

- Convention Group – 11/6 – 11/10, 2018 (680 room nights)
- Incentive Group – 19/4 – 9/8, 2018 (560 room nights)

- *Incentive Group – 9/27 – 10/1, 2018 (456 room nights)*
- *Incentive Group – 8/21 – 8/26, 2018 (245 room nights)*

**Table 2g: Hawai'i Tourism Korea Single Property Sales Production
 August 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	598	504	19%	16,198	10,582	53%	21,000	77%
New to Hawai'i	285	296	-4%	7,204	8,934	-19%	13,500	53%
Tentative & Assist-Tentative	33	504	-93%	15,212	10,736	42%	42,000	36%
MCI								
Room Nights								
Definite & Assist-Definite	598	504	19%	16,198	10,546	54%		
New to Hawai'i	285	296	-4%	7,204	8,898	-19%		
Tentative & Assist-Tentative	33	504	-93%	15,212	10,700	42%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	36	-100%		
New to Hawai'i	0	0	N/A	0	36	-100%		
Tentative & Assist-Tentative	0	0	N/A	0	36	-100%		

COMMENTS

Market Conditions

Korean Political & Economic Overview

- *The Korean economy will slow down in the near future, according to statistics released by the OECD on August 13. The composite leading indicator (CLI) for Korea fell 0.3 points from a month earlier to 99.2 in June. That is a warning sign that the Korean economy will worsen in six to nine months as the country suffers from declining domestic consumption and shrinking investments.*
- *Some 30 percent of Korea's top listed companies posted worse than expected earnings in the second quarter of this year. KB Securities reported on August 12 that of the 145 listed companies which announced their second-quarter earnings, 43 of them (29.7%) saw operating profits fall more than 10 percent lower than what analysts expected. The companies were mostly from the IT, auto, telecom and shipbuilding industries which are among Korea's key exporters. Only 30 of the companies fared better than expected.*

Travel Market Trends

- *Korea's leading travel agencies, Hana Tour and Mode Tour, reported their outbound sales decreased in July. Travel demands for Japan and USA have decreased due to recent natural disasters such as earthquake in Osaka and volcano eruption in Hawai'i but the China outbound market recovered from last year's recession. The total number of Korean visitors to Europe and China increased by 20.3 percent and 14.9 percent respectively.*

- *Incheon International Airport has hired a new breed of helpers for travelers. Fourteen artificial intelligence-powered robots started roaming the bustling airport from July 21, guiding people who were lost, offering information on flight schedules, check-in procedures and other useful advice. The robots, named Air Star, are powered by advanced technologies, including self-driving, voice recognition and artificial intelligence. They interact with people through a touch screen, embedded microphone and barcode scanner and can speak and offer information in four languages — Korean, English, Chinese and Japanese — as well as visualizing 14 emotions through their head screen.*
- *Korea Tourism Organization (KTO) sees opportunities in North Korea as the new president plans to use big data to improve local tourism. One of the KTO goals is to attract both local and foreign travelers to lesser-known mountains and rivers across the peninsula. In the spirit of easing tensions between North and South Korea, KTO plans to set up a team that will focus on promoting travel throughout both countries. KTO said that if the relationship between South and North improves, 'peace travel' will really start to take off. In addition, this is one way to develop unique tour programs that can appeal to many travelers.*
- *As the percentage of Korean travelers who enjoy vacationing regardless of city or region has risen significantly this summer, the demand for a 'staycation' is increasing. An aspect of this trend in Korea is call "hocance," a Korean neologism meaning hotel and vacation. According to global hotel reservation platform company Yanolja, hotel reservation sales in July jumped 314 percent from a year earlier to a record high. Sales figures also increased by 289 percent. With additional facilities such as roof top bars, swimming pools, and hot springs that meet the needs of accommodation and leisure, industry observers forecast that the number of hotel guests will continue to increase.*

Outbound Travel market & Competitive Environment

- *Korea Tourism Organization reported the number of Korean outbound travelers in July was 2,495,297, a year-on-year increase of 4.4 percent.*
- *Okinawa, the southern island of Japan brings around 540K Korean visitors last year and around 560K Koreans are expected to visit this year. Over half a million of Koreans already visited Okinawa, it is forecasting that growth of FIT tourists has reached its uppermost limit. Therefore, Okinawa has launched a strategy to attract Korean MICE visitors to continue its growth from this year. JNTO, the Japan National Tourism Organization will run incentive programs to motivate travel agents, MCI planners and corporate clientele in Korea to choose Okinawa as their MCI destination. Also, JNTO plans to hold various events for corporate and travel agencies to build strong relationships and enhance the awareness.*

Sales Production vs. Goals Analysis

HTK's MCI team achieved its KPI targets in August. The target was 500 definite room nights and HTK secured 598 definite room nights. Incentive groups from Woongjin Thinkbig (204 nights), Yeouido Cultural Center (88 nights) and Shinsegye (76 nights) contributed to the result.

Highlights of any Key Definites

- *Incentive Group (204 nights): visited O'ahu*
- *Incentive Group (88 nights): visited O'ahu and Maui*
- *Incentive Group e (76 nights): visited O'ahu*
- *Incentive Group (72 nights): visited O'ahu*

- *Incentive Group (65 nights): visited O’ahu*

**Table 2h: Hawai’i Tourism Oceania Single Property Sales Production
 August 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	704	839	-16%	6,280	7,019	-11%	16,000	39%
New to Hawai’i	456	839	-46%	4,706	4,621	2%	12,000	39%
Tentative & Assist-Tentative	2,847	2,036	40%	21,282	21,927	-3%	33,000	64%
MCI								
Room Nights								
Definite & Assist-Definite	248	839	-70%	4,917	4,595	7%		
New to Hawai’i	0	839	-100%	3,415	4,271	-20%		
Tentative & Assist-Tentative	2,348	2,036	15%	18,492	18,998	-3%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	456	0	N/A	1,363	2,424	-44%		
New to Hawai’i	456	0	N/A	1,291	350	269%		
Tentative & Assist-Tentative	499	0	N/A	2,790	2,929	-5%		

COMMENTS

Market Conditions

- *At the end of August, the AUD has sunk to its lowest level in two year at 0.71. The AUD/USD has now lost 11.6 percent from late January this year. The combination of heightened trade tensions between the United States and Canada, further weakness in emerging market currencies and month-end capital flows weighed on the Australian dollar on the last day of the month seeing the AUD/USD fall below previous support close at the weakest level since January 2 last year. The challenges for the AUD are increasingly internal politics, too. After becoming a casualty of the leadership spill and recovering almost all of its losses on the elevation of Scott Morrison to prime minister, the currency faces further mounting risks.*
- *The NZD dropped slightly to US0.66 after weak business confidence data added to the view that the Central Bank could opt to cut rates.*
- *HTO continues to provide various types of support on a case by case basis to continue growing Australia/New Zealand MCI business to Hawai’i.*

Sales Production vs. Goals Analysis

- *HTO are keeping an eye on the above areas and ensuring that clients are aware that Hawai’i has a variety of accommodation and activity options to suit any budget. HTO believes that this is critical in maintaining and growing the market share of Business Travel for Hawai’i.*

- *HTO continue to monitor the market including any fluctuations in the exchange rate which may affect MCI business to Hawai'i.*
- *Sri Lanka to appoint local rep SRI Lankan Tourism this morning confirmed aggressive plans to target the Australian market, including the appointment of a third-party destination representative. The move was revealed by Suteash Balasubramaniam, managing director of the Sri Lanka Tourism Promotion Bureau, during an official press conference to open the Travel Industry Exhibition in Sydney. HTO has received feedback from MCI clients that Sri Lanka has become one of popular MCI destinations among the local market.*
- *HTO has received an RFP with requested room rate of AU\$200.00 which the client was able to obtain the rate from a brand new 5-star property in Bali. This is a good indication on how aggressive Bali properties could be during need-periods. HTO continues to work closely with hotel partners to match a suitable business with a suitable property.*
- *Larger MCI groups are now taking longer to make a final decision due to major reasons such as exchange rate and competitive rates from other destinations. Therefore, HTO started to explore new opportunities outside Conference & Meeting such as Sporting groups; Golf & Tri-Athlete in particular where the minimum stay is longer with relatively high minimum spend.*
- *Hurricane Lane which threatened to hit the Hawaiian Islands made big headlines across the globe. HTO received questions from MCI clients expressing concerns especially for the groups travelling to Hawai'i that week. HTO team monitored the news closely and communicated with the clients accordingly to ensure it was safe for the groups travelling to Hawai'i.*
- *HTO has lost one group to Caribbean Cruise as the client was very concerned about the Kilauea eruption at the time.*

Highlights of any Key Definites

- *Incentive Group confirmed 248 room nights on O'ahu*
- *Sports Group confirmed 196 room nights on the Island of Hawai'i and 124 room nights on O'ahu*
- *Sports Group confirmed 72 room nights on Maui and 24 room nights on O'ahu*
- *Sports Group confirmed 40 room nights on O'ahu*

**Table 2i: Other International Single Property Sales Production
 August 2018**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2018 Actual	Prior Year	Variance to Prior Year	2018 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	0	365	-100%	0	5,701	-100%	N/A	N/A
New to Hawai'i	0	365	-100%	0	5,701	-100%		
Tentative & Assist-Tentative	113	365	-69%	233	365	-36%		
MCI								
Room Nights								
Definite & Assist-Definite	0	365	-100%	0	5,701	-100%		
New to Hawai'i	0	365	-100%	0	5,701	-100%		
Tentative & Assist-Tentative	113	365	-69%	233	365	-36%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	0	N/A		
New to Hawai'i	0	0	N/A	0	0	N/A		
Tentative & Assist-Tentative	0	0	N/A	0	0	N/A		

**Table 3: Island Distribution of HTUSA Single Property Sales
 Year-to-Date August 2018**

Island	Tentative Room Nights	Definite Room Nights				Lead-to-Booking Conversion (Room Nights)	
	YTD Actual*	Annual Goal	Monthly Actual	YTD Actual	Percent of Goal	Goal	Actual
O'ahu	190,479	36,600	4,734	35,314	96%	18%	19%
Kaua'i	111,633	25,300	1,456	7,324	29%	27%	7%
Maui County	238,736	74,500	5,266	43,215	58%	29%	18%
Hawai'i	157,605	43,600	2,812	16,271	37%	27%	10%
Total	698,453	180,000	14,268	102,124	57%		

*Tentative room nights do not match those in Table 2b because many leads are distributed to more than one island.

'ELELE PROGRAM

COMMENTS
<p><i>August meetings and updates from Deborah Zimmerman, 'Elele Program Director from New Millennium Meetings (NMM):</i></p> <p><u>Promising New Prospects</u></p> <ul style="list-style-type: none"> <i>Dr. Kenric Murayama, chair of the surgery department for the John A. Burns School of Medicine, has been working his network to help Hawai'i secure a major international surgical conference. (September 2023/2,500ppi) 2023 represents the 50th anniversary for this organization. Dr. Murayama has secured an appointment with association's</i>

Secretary-General and Immediate Past President, during the October American College of Surgeons convention in Boston. Patrick Blangy is the HCC lead.

Dr. Murayama is also working on a smaller academic surgical conference. More details forthcoming, but Hawai'i has been selected for 2020 Annual Meeting, a single property meeting.

- Dr. Doug Johnson, a local dermatologist, has been serving as our 'Elele for an international dermatology organization. Debbie joined Dr. Johnson for lunch with the president of one such organization at Turtle Bay. There are 2 possible conventions for Hawai'i:

- International Congress –April 2025/2,500ppl
- Continental Congress – month tbd/1,300ppl

Both meetings would require the Hawai'i Derm Society to coordinate. Debbie is trying to get on the calendar for the October 10 Hawai'i Derm Society meeting. Patrick Blangy is the HCC lead.

- Pris Texeira and I met with Joel Weaver, President of Study Hawai'i. Joel represents a consortium of academic institutions – secondary education, k-12 schools and ESL schools – who are trying to attract international students. Joel is partnering with Meet Hawai'i in pursuit of the 2022 or 2023 Asia Pacific education meeting. (April/2000+ppl) Pris Texeira is the lead.

New Marketing Initiatives

Dr. Michael Bruno, Vice Chancellor for Research at UH Mānoa and Dr. Wayne Shiroma, Chair of the Electrical Engineering Department, UH Mānoa, joined Debbie for lunch this month. Together they discussed UH research priorities and the 'Elele program.

As a result of this appointment, Dr. Bruno is providing Meet Hawai'i a 30-minute presentation on the 'Elele program during their October 8 Academic Affairs Deans and Research Units meeting. Participants include: Meeting participants include academic deans, research directors, and other staff from the Office of the Vice Chancellor for Academic Affairs.

LOST BUSINESS

Table 4: Lost Business – August 2018

HTUSA SINGLE PROPERTY – HIGH PROFILE						
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
MCI: Incentive (11656)	Consumer Products	946	460	12/01/2019 - 12/07/2019	Jamaica, Dominican Republic, Costa Rica, and Hawai'i	Client is no longer considering Hawai'i.
MCI: Meeting (13073)	Manufacturing, Distrib.	800	130	09/16/2019 - 09/20/2019	Lake Tahoe, Hawai'i, and Portugal	Program lost to Lake Tahoe.
MCI: Incentive (13316)	High Tech	688	172	10/17/2018 - 10/20/2018	Island of Hawai'i, Maui, and O'ahu	The client decided to book with another 3rd party.

INTERNATIONAL SINGLE PROPERTY

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
HT Canada: MCI: Incentive (12828)	Insurance	438	130	04/22/2019 - 05/02/2019	Unknown	Program lost to Quebec City.
HT Oceania: MCI: Incentive (12929)	Consumer Products	180	100	08/17/2018 - 08/20/2018	Initially, Hawai'i only	Client was deterred by the volcano eruption, but they also decided to go somewhere new as they had travelled to Hawai'i previously.
HT Oceania: MCI: Incentive (12930)	Consumer Products	120	100	08/20/2018 - 08/22/2018	Initially, Hawai'i only	Client was deterred by the volcano eruption, but they also decided to go somewhere new as they had travelled to Hawai'i previously.
HT Oceania: MCI: Meeting (12986)	Technology	200	100	03/05/2019 - 03/08/2019	New Zealand	Client was recently acquired by a U.S.-based company, so all travel plans have been put on hold until further notice.
HT Oceania: MCI: Convention - Domestic (11950)	3rd Party	1,120	400	08/22/2019 - 08/25/2019	Beijing and Bangkok	Program lost to Bangkok due to overall costs.
HT Oceania: MCI: Incentive (12985)	Consumer Products	150	50	08/16/2019 - 08/21/2019	Initially, Hawai'i only	Program lost to a cruise out of Orlando as voted by the attendees. There was also concern over the volcano eruption in May and June.

Hawaii Convention Center

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
MCI: Meeting (1343)	Technology	10,757	3,045	01/23/19 - 02/01/19	Unknown	Event changed from global to regional sales conference.
MCI: Meeting (2010)	Beauty & Health	N/A	1,500	06/19/19 - 06/22/19	Sheraton Waikiki	Lost to Sheraton Waikiki.
MCI: Meeting (1913)	Medical & Healthcare	20,000	4,500	06/12/22 - 06/16/22	Africa	Lost to Africa.
MCI: Convention (2022)	Medical & Healthcare	7,229	1,666	04/25/23 - 04/29/23	Unknown	Another city selected.
MCI: Convention (1975)	Scientific	2,507	900	01/22/20 - 01/30/20	Las Vegas, Orlando	Lost to Las Vegas.

NEW-TO-HAWAI'I DEFINITE BOOKINGS

Table 5: New to Hawai'i Definite Bookings – August 2018

HTUSA SINGLE PROPERTY - HIGH PROFILE					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
MCI: Incentive (12727)	Medical, Pharm	1,426	600	05/15/2020 - 05/22/2020	Caribbean, Maui, Kaua'i, and O'ahu.
INTERNATIONAL SINGLE PROPERTY					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
HT Oceania: Non-MCI: Sports (12622)	Sports	72	12	03/01/2019 - 03/06/2019	Initially, Hawai'i only.
HT Korea: MCI: Incentive (13345)	Educational	72	42	08/10/2018 - 08/14/2018	Initially, Hawai'i only.
HT Oceania: Non-MCI: Sports (13391)	Sports	196	50	08/18/2018 - 08/24/2018	Initially, Hawai'i only.
HT Oceania: Non-MCI: Sports (13392)	Sports	124	50	08/25/2018 - 08/28/2018	Initially, Hawai'i only.
HT Korea: MCI: Incentive (13393)	Culture, Arts	88	45	08/02/2018 - 08/05/2018	Initially, Hawai'i only.
HT Korea: MCI: Incentive (13394)	Hobby	60	30	08/11/2018 - 08/14/2018	Initially, Hawai'i only.
HT Korea: MCI: Incentive (13395)	Travel	65	25	08/12/2018 - 08/16/2018	Initially, Hawai'i only.
HT Japan: MCI: Convention - Domestic (13399)	Technology	680	325	11/06/2018 - 11/10/2018	Initially, Hawai'i only.
HT Japan: MCI: Incentive (13400)	Manufacturing, Distrib.	456	228	09/27/2018 - 10/01/2018	Taiwan
HT Japan: MCI: Incentive (13401)	Engineering	245	49	08/21/2018 - 08/26/2018	Initially, Hawai'i only.
HT Japan: MCI: Incentive (13402)	Real Estate	560	123	09/04/2018 - 09/08/2018	Initially, Hawai'i only.
HT Oceania: Non-MCI: Sports (13489)	Sports	24	12	03/07/2019 - 03/08/2019	Initially, Hawai'i only.
HT Oceania: Non-MCI: Sports (13491)	Sports	40	15	08/20/2019 - 08/23/2019	Initially, Hawai'i only.
TOTAL NEW TO HAWAI'I GMT BOOKINGS FOR THE MONTH					25
TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I GMT BOOKINGS					6,689

Hawaii Convention Center					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
Non-MCI: Special Events (1974)	Entertainment	4,165	2,000	09/27/18 - 09/28/18	Unknown
Non-MCI: Sports (2012)	Sports	620	960	04/18/19 - 04/22/19	Hawai'i only
TOTAL NEW TO HAWAI'I CITYWIDE BOOKINGS FOR THE MONTH					2
TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I CITYWIDE BOOKINGS					4,785

New to

Hawai'i bookings are accounts that have never met in Hawai'i before or, in the case of citywides, have not met in Hawai'i in the last 10 years or for single property bookings, not in the past five years.

MAJOR SALES AND MARKETING ACTIVITIES

Meet Hawai'i participated in the following MCI events in August:

- 2 client promotional events
 - HCC
 - National Medical Association, Orlando, Florida, August 9-15
 - Goldschmidt Conference, Boston, Massachusetts , August 11-16
- 2 educational events
 - International GMTs
 - HTK MCI Educational Seminar, South Korea, August 23
 - JTB International Travel Expo, Tokyo, Japan, August 31
- 9 trade shows
 - HTUSA
 - Convention and Visitor Bureau, CVB Reps Summer Splash, Alexandria, VA, August 2
 - American Society of Association Executives (ASAE), Chicago, IL, August 18-21
 - Connect Marketplace, Salt Lake City, UT, August 23-26
 - HCC
 - Experient e4, Houston, Texas, August 12-15
 - ASAE Annual Meeting and Exhibition, Chicago, Illinois, August 16-24
 - Connect Sports Conference, Salt Lake City, Utah, August 23-25
 - International GMTs
 - Travel Industry Exhibition, Sydney, Australia, August 21-22
 - Destination Hawai'i, Maui, HI, August 27-29
 - 2018 Mode Tour Travel Mart, Seoul, South Korea, August 30-September 2
- 1 sales blitz
 - HTUSA
 - Idaho and Utah Sales Blitz, August 19-22

- 14 major site visits and familiarization (FAM) tours with clients and potential clients
 - HTUSA
 - 2 site visits, Maui and island of Hawai'i
 - 2 site visits, Maui
 - 1 site visit, Kaua'i
 - 1 site visit, O'ahu
 - HCC
 - 2 site visits, O'ahu
 - International GMTs
 - 1 site visit, Kaua'i, Maui, and Island of Hawai'i
 - 1 familiarization, Maui and Lāna'i
 - 1 site visit, Kaua'i
 - 3 site visits, Maui

FUTURE SALES AND MARKETING ACTIVITIES

Meet Hawai'i will participate in the following MCI events in the upcoming months:

Sep. 2018			
1-2	Hawai'i Expo, Sapporo, Japan	Trade Show	HTJ
5-8	Society for Incentive Travel Excellence (SITE) Classic, Bluffton, SC	Trade Show	HTUSA
10-13	Sports the Relationship Conference, Winston Salem, NC	Tradeshow	HCC
16-20	Ungerboeck Unite Global Conference, St. Louis, MN	Educational Event	HCC
18	Northern California Hui Luncheon, CA	Client Event	HTUSA
20-23	JATA Tourism Expo, Tokyo, Japan	Trade Show	HTJ
26	Prestige, CA	Trade Show	HTUSA
23-28	Atlanta Sales Blitz, Atlanta, GA	Sales Blitz	HTUSA
28	Meet Hawai'i Sales Meeting, Honolulu, HI	Educational Event	HCC
TBD	Southwest Sales, TBD	Sales Blitz	HCC
Oct. 2018			

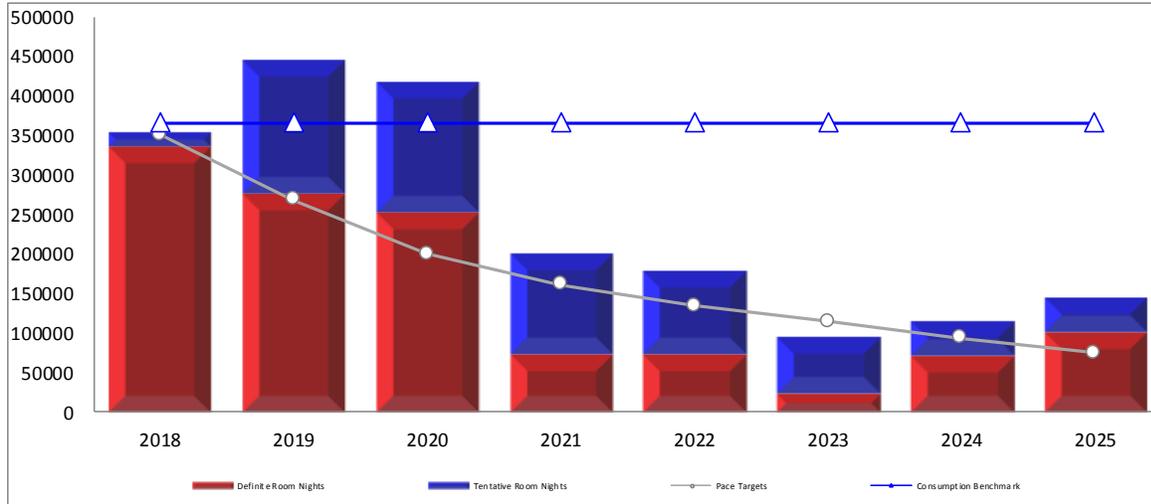
1-3	HTA Global Tourism Summit, Honolulu, HI	Tradeshow	HCC
3-5	Customer Advisory Board Meeting, Honolulu, HI	Educational Event	HCC
10-12	Society for Advancement of Chicanos and Native Americans (SACNAS), San Antonio, TX	Client Promo	HCC
10-13	Connect Medical Tech, Las Vegas, NV	Trade Show	HTUSA
11-13	HTLA General Membership Meeting, TBD	Educational Event	HCC
15-20	IMEX America, Las Vegas, NV	Trade Show	HTUSA
16-18	IMEX America, Las Vegas, NV	Tradeshow	HCC
16-23	ADA 2018 Meeting, Honolulu, HI	Educational Event	HCC
21-25	American College of Surgeons, Boston, MA	Educational Event	HCC
23-24	Aloha Canada Sales Mission – MCI, Toronto and Vancouver	Sales Blitz	HTCAN
25-31	American Academy of Periodontology Annual Meeting, Vancouver, Canada	Client Promo	HCC
Nov. 2018			
4-7	Financial Insurance Conference Professionals (FICP), San Diego, CA	Trade Show	HTUSA
6-9	Prestige, CA	Trade Show	HTUSA
8-11	Annual Meeting of the American Studies Association, Atlanta, GA	Client Promo	HCC
13-15	All Things Meetings, San Francisco, CA	Trade Show	HTUSA
17-21	PCMA CIC Conference, Victoria, BC	Educational Event	HTCAN
24-Dec. 1	IBTM Trade Fair, Barcelona, Spain	Tradeshow	HCC
29-Dec. 6	JTB Workshop/Tasting in Japan, Tokyo, Japan	Educational Event	HCC

CONSUMPTION

The TAP Reports on the next page show the number of events and room nights on the books for each year 2018-2025 against a rolling 36-month consumption benchmark.

Table 6: The TAP Report: Hawai'i 8-year Pace (citywide and single property)

THE TAP REPORT **Hawai'i** **Period Ending: August 31, 2018**
 Report Date: September 5, 2018



<i>Hawai'i R/N</i>	2018	2019	2020	2021	2022	2023	2024	2025	Total
Definite Room Nights	335,288	276,677	252,345	72,326	74,099	22,606	72,029	100,786	1,206,156
Pace Targets	351,089	268,057	199,942	161,383	134,191	114,263	93,382	74,708	1,397,015
Variance	(15,801)	8,620	52,403	(89,057)	(60,092)	(91,657)	(21,353)	26,078	(190,859)
Consumption Benchmark	365,636	365,636	365,636	365,636	365,636	365,636	365,636	365,636	2,925,088
Pace Percentage	95%	103%	126%	45%	55%	20%	77%	135%	86%
Total Demand Room Nights	786,666	613,562	439,940	242,958	177,342	56,482	83,271	126,686	2,526,907
Lost Room Nights	451,378	336,885	187,595	170,632	103,243	33,876	11,242	25,900	1,320,751
Conversion Percentage	43%	45%	57%	30%	42%	40%	86%	80%	48%
Tentative Room Nights	17,823	167,779	164,571	127,190	103,738	72,091	43,215	43,231	739,638

<i>Hawai'i Events</i>	2018	2019	2020	2021	2022	2023	2024	2025	Total
Definite Events	331	150	74	22	15	5	6	7	610
Pace Targets	309	120	49	28	15	11	7	3	542
Variance	22	30	25	(6)	0	(6)	(1)	4	68
Consumption Benchmark	346	346	346	346	346	346	346	346	2,768
Pace Percentage	107%	125%	151%	79%	100%	45%	86%	233%	113%
Total Demand Events	667	319	138	46	23	8	7	9	1,217
Lost Events	336	169	64	24	8	3	1	2	607
Conversion Percentage	50%	47%	54%	48%	65%	63%	86%	78%	50%
Tentative Events	78	281	150	53	32	16	11	10	631

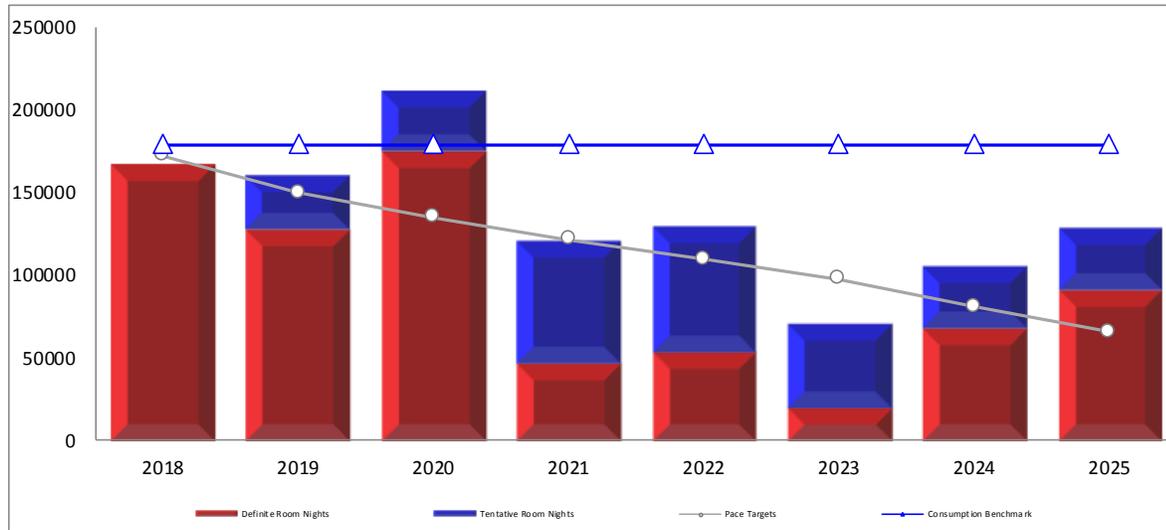
The number of events reported in TAP is slightly higher than the actual number of events due to a number of overflow programs and the splitting of some bookings into two in order to track shared credit.

Table 7: The TAP Report: Convention Center 8-year Pace (citywide only)

THE TAP REPORT

Hawai'i
 Convention Center

Period Ending August 31, 2018
 Report Date: September 5, 2018



<i>Hawai'i R/N</i>	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Definite Room Nights	166,740	127,886	174,332	46,931	54,201	20,885	68,759	91,116	750,850
Pace Targets	171,938	149,588	134,535	121,370	109,565	97,319	80,649	65,114	930,078
Variance	(5,198)	(21,702)	39,797	(74,439)	(55,364)	(76,434)	(11,890)	26,002	(179,228)
Consumption Benchmark	178,696	178,696	178,696	178,696	178,696	178,696	178,696	178,696	1,429,568
Pace Percentage	97%	85%	130%	39%	49%	21%	85%	140%	81%
Total Demand Room Nights	355,011	323,616	284,797	191,241	154,734	53,626	80,001	117,016	1,560,042
Lost Room Nights	188,271	195,730	110,465	144,310	100,533	32,741	11,242	25,900	809,192
Conversion Percentage	47%	40%	61%	25%	35%	39%	86%	78%	48%
Tentative Room Nights	0	32,615	36,981	74,301	75,618	50,313	37,440	37,440	344,708

<i>Hawai'i Events</i>	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Definite Events	24	17	13	4	5	2	5	5	75
Pace Targets	28	20	15	12	11	9	6	3	104
Variance	(4)	(3)	(2)	(8)	(6)	(7)	(1)	2	(29)
Consumption Benchmark	30	30	30	30	30	30	30	30	240
Pace Percentage	86%	85%	87%	33%	45%	22%	83%	167%	72%
Total Demand Events	53	47	33	19	11	4	6	7	180
Lost Events	29	30	20	15	6	2	1	2	105
Conversion Percentage	45%	36%	39%	21%	45%	50%	83%	71%	42%
Tentative Events	0	13	9	12	12	10	6	6	68

The number of events reported in TAP is slightly higher than the actual number of events due to a number of overflow programs and the splitting of some bookings into two in order to track shared credit.

Glossary of TAP Report Terms

<p>Consumption Benchmark – The average number of definite room nights produced by Meet Hawai'i for each month and year for the last three twelve month periods. Each month the “oldest” month is dropped from the calculation and the most recent month is added.</p>
<p>Conversion Index - A measurement for each month and year of the client city's Conversion Percentage compared to the Peer Set's Conversion Percentage. A value greater than 100 indicates that the client city is converting more demand to definite room nights than the Peer Set. A number less than 100 indicates that the client city is converting less demand to definite room nights than the Peer Set.</p>
<p>Conversion Index Rank - The position of the client's Conversion Index compared to the Peer Set.</p>
<p>Conversion Percentage - The percentage of Total Demand Room Nights that Meet Hawai'i converts to Definite Room Nights for each month and year at the time the report is published.</p>
<p>Definite Room Nights – Number of definite room nights, confirmed by Meet Hawai'i for each month and year at the time the report is published.</p>
<p>Definite Room Night Share % – A percentage indicating the client city's portion of the Peer Set's Definite Room Nights.</p>
<p>Lost Room Nights – The number of room nights, both definite and tentative, that have been lost for each month and year at the time the report is published.</p>
<p>Pace Index - A measurement for each month and year of the client city's Pace Percentage compared to the Peer Set's Pace Percentage. A value greater than 100 indicates that the client city's Pace Percentage is higher than that of the Peer Set. A number less than 100 indicates that the client city's Pace Percentage is less than that of the Peer Set.</p>
<p>Pace Index Rank - The position of the client's Pace Index compared to the Peer Set.</p>
<p>Pace Percentage – The percentage of Definite Room Nights compared to the Pace Target. If Meet Hawai'i continues to book at current trends the same percentage can be applied to the Consumption Benchmark when each month and year passes.</p>
<p>Pace Target – Number of definite room nights that should be confirmed for each month and year at the time the report is published (updated every month). Pace targets are determined by analyzing a minimum of the last three years definite room nights and all definite room nights confirmed for the future. The analysis is completed by comparing the date a booking was confirmed to that of the arrival date for each confirmed booking and computing the number of months in advance of arrival that each booking was confirmed.</p>
<p>Room Night Demand Share % – A percentage indicating the client city's portion of the Peer Set's Demand.</p>
<p>Tentative Room Nights – The number of tentative room nights pending for each future month and year at the time the report is published.</p>
<p>Total Demand Room Nights - Number of total lead room nights issued by Meet Hawai'i for each month and year at the time the report is published.</p>
<p>Variance – The difference between the Definite Room Nights and the Pace Target.</p>

CONVENTION CENTER PERFORMANCE

Table 8: Convention Center Performance – July 31, 2018 Year-to-Date

PERFORMANCE MEASURE	YTD	TARGET	VARIANCE
Occupancy	31%	32%	-1%
Total Events	109	125	(16)
Total Attendance	210,919	195,882	15,037
Visitor Spending	\$190,288,033	\$190,288,033	\$0
Tax Revenue	\$17,221,303	\$17,221,303	\$0
Revenue per Attendee	\$39.73	\$47.97	(\$8.24)

COMMENTS

For the month ended July 31, 2018, HCC hosted 14 licensed events with two of them coming from offshore, a scientific convention and a corporate event, that generated over \$21 million in state visitor spending and \$2 million in state tax revenue. At the Hawai'i Convention Center (HCC), these 2 events brought in over \$634,000 or 51 percent of the \$1.2 million in gross revenues which was on target with budget. HCC's bottom line results for the month was a net loss of \$111,800 which was a \$122,400 improvement versus budget.

For the year to date, HCC financials reflect gross revenues of \$8.3 million, \$1 million less than budgeted, a net loss of \$691,800, \$325,300 more than planned, and 31 percent occupancy. HCC's 2018 year-end reforecast now reflects a net loss of \$2.6 million which is \$700,000 higher than the budget of \$1.9 million, and 31 percent occupancy.

The summary below highlights why HCC's year-end reforecast is not meeting budget.

1. *Cancellations resulting in over \$1.1 million in lost revenue.*
 - a. *Applied Materials, 1,000 delegates, budgeted \$85,000 in event revenue and \$628,000 in F&B revenue in June 2018. On a positive note, however, HCC does expect this event to return in 2019.*
 - b. *Youth Basketball of America, 3,000 delegates, budgeted \$84,000 in event revenue and \$34,000 in F&B revenue in June 2018.*
 - c. *C.KAY International, 1,500 delegates, budgeted \$20,000 in event revenue and \$224,000 in F&B revenue in September 2018.*
 - d. *Art Hawai'i, 12,000 delegates, budgeted \$60,000 in event revenue and \$34,000 in F&B revenue in November 2018.*
2. *Business Mix*
 - a. *No U.S. corporate business in 2018 (vs 2017 – 4 events, Homeaway Summit, Taco Bell, Aflac, Applied Materials and 2016 – 1 event, Applied Materials).*
 - b. *No association event in 2018 that singularly generates over \$1 million in revenue (vs 2017 – 1 event, IEEE CVPR, 4,730 delegates generated over \$1.8 million; 2016 – 3 events, BMT Tandem, 5,171 delegates generated \$1 million, and CPCU, 11,014*

delegates generated over \$2.7 million, International Union for the Conservation Nature, 10,000 delegates generated over \$1.1 million).

- c. The business mix has impacted our F&B bottom line results. Our prior two-year average flow through in F&B was 49 percent. With lower spend events in 2018 our F&B flow through is 35 percent.*

For the year to date, visitor spending and tax revenue are on target, attendance is up over target by 15,037, however, occupancy, total events and revenue per attendee are not meeting target by 1 percent, 16, and \$8.24 respectively.

DEFINITIONS

- **Single Property Group:** A group that can be booked into a single hotel for both guest rooms and meeting space.
- **Citywide Group:** A group that books Hawai'i Convention Center for space, which either has at least 1,000 out-of-town attendees or utilizes two or more hotels with a minimum of 500 out-of-town attendees.
- **Group Bookings:** The total number of group room nights booked for the future. A group is defined as needing a minimum of 10 hotel rooms.
- **MCI and Non-MCI Bookings:** Both MCI and Non-MCI Bookings must primarily be off-shore bookings requiring attendees to stay in visitor accommodations. An MCI booking is an association or corporate meeting, convention or incentive program that requires meeting space. A Non-MCI booking requires off-site meeting space or no meeting space, or is public/consumer-facing like expos, sporting events, etc.
- **Definite Room Night:** Room nights associated with groups that have a signed contract or letter of commitment with the convention center and or a signed contract with a hotel.
- **Tentative Room Night:** Room nights associated with groups that have indicated interest in holding a meeting or convention in Hawai'i and a lead has been sent to the convention center and/or the hotels. Citywide leads are considered tentative when space is blocked at the convention center. Includes leads generated by partners at HVCB coordinated trade shows.
- **Economic Impact:** The direct and induced spending generated from a group meeting in Hawai'i. The economic impact formulas are based on research of attendee spending patterns.
- **Lead-to-Booking Conversion:** Conversion of tentative leads into definite bookings as measured by dividing tentative room nights generated in the month/year by definite room nights for the same month/year.
- **Consumed Room Night:** Room nights generated from groups that have convened in Hawai'i. For citywide events, this figure is calculated from the number of attendees. For single property meetings, the figure is the contracted room nights.
- **Goal:** A level of achievement that has been determined through the goal setting process that includes industry stakeholders and the HTA board.
- **International Markets:** Current areas of focus for international groups. These markets are supported by contractors of HTA.
- **New to Hawai'i – New Business:** A group that has never met, or has not had a single property meeting in Hawai'i over the past five years or a citywide meeting within the past 10 years.

- **Repeat Business:** A group that has had a single property meeting in Hawai'i within the past five years or a citywide meeting in Hawai'i within the past 10 years.
- **Island Distribution:** The breakdown of room nights that have been booked on the neighboring islands. This includes Maui, Kaua'i, O'ahu and the Island of Hawai'i.
- **Pace:** A calculation that evaluates the annual sales activity level by comparing production to the same time frames for previous years. This calculation shows if the current year-to-date room night bookings are at the same or higher/lower levels than the past year.
- **Need Period:** A future timeframe where the projections for room night demand are lower, therefore warranting specific sales strategies to attract business.
- **Lost Business:** A group where a lead has been generated due to client interest and Hawai'i was not chosen for the meeting or convention.
- **Total Events:** Total licensed events held at the Hawai'i Convention Center
- **Total Attendance:** Total delegate attendees at licensed events at the Hawai'i Convention Center
- **Visitor Spending:** State economic impact of offshore licensed events
- **Tax Generation:** State tax generation of offshore licensed events

August 2018					
Contract No.	Contractor	Description	Dollar Amount	Start Date	End Date
19001	Inkinen & Associates, LLC	HTA Leadership Search	\$46,750.00	7/26/2018	12/31/2018
15011 Supp. 2	SMS Research and Marketing Services, Inc.	For services related to the 2015-2018 Domestic Visitor Basic Characteristic Survey	(+ \$4,670.16) \$1,129,750.16	9/7/2018	6/30/2019
15057 S4	Ailevon Pacific Aviation Consulting dba "Ailevon, LLC	For services related to achieving or exceeding air seat targets with manager distribution to all islands.	(+ \$184,200.00) \$689,200.00	8/28/2018	7/31/2019
16011 S4	Access Cruise, Inc.	Services related to achieving or exceeding cruise targets with managed distribution to all islands.	(+ \$133,930.40) \$643,930.40	9/7/2018	9/30/2019
17214 S2	Anthology Marketing Group	Hawaii Tourism Authority Website (B2B)	(+ \$74,327.37) \$332,576.37	8/8/2018	12/31/2020
18135 S1	ClimbHI	LEI Program 2018	(+ \$0.00) \$70,000.00	7/19/2018	10/31/2018
18142 S1	PA'I Foundation	Maoli Arts Movement MAMo Festival 2018	(+ \$0.00) \$35,000.00	8/27/2018	10/31/2018

Contract Type:
 • Sole Source
 † Procurement Exemption

•18165 S1	Hawai'i Academy of Recording Arts	Mele Mei 2018	(+ \$0.00) \$150,000.00	8/25/2018	11/30/2018
19001 S1	Inkinen & Associates, LLC	HTA Leadership Search	(+ \$7,853.40) \$56,335.06	9/6/2018	12/31/2018
19002	OmniTrak Research & Marketing Group Inc.	Resident Sentiment Survey Fall 2018	\$43,000.00	7/30/2018	9/30/2019

Agenda Item

5

Presentation by Honolulu Mayor Kirk
Caldwell Regarding the
2019 U.S. Conference of Mayors
in Honolulu, June 28, 2019-July 1, 2019

US Conference of Mayors Annual Summer Meeting
June 28 - July1, 2019
Honolulu, Hawaii

In 2019, the U.S. Conference of Mayors will bring civic, corporate and global leaders and decision-makers to Honolulu for a stimulating series of meetings and discussions. Honolulu has proudly been selected to host the prestigious United States Conference of Mayors 87th Annual Summer Meeting. As Host City, we want to ensure that all in attendance will have a memorable “Hawai‘i experience.”

- We anticipate approximately 1,500 people in attendance at the 4-day conference, including 300 mayors from across the United States.
- Mayors from major cities such as Los Angeles, New York, Boston, and Chicago, and business and thought leaders from a broad spectrum of the corporate community are expected to attend. Mayors from Honolulu’s sister-cities will also be invited.
- The Conference will be held with at the Hilton Hawaiian Village, our conference headquarters. As Host City, Honolulu will organize and present four spectacular evening events designed to showcase the Hawai‘i experience with 1,500 expected at each event:

Hilton Hawaiian Village Great Lawn

USS Battleship Missouri

‘Iolani Palace

Hawai‘i Convention Center

- A \$4.5 million budget has been developed for the activities of the Host City. A fundraising campaign has been launched to national and Hawai‘i-based corporations.
- The economic impact to Honolulu from hotel stays, projected spending, and funds raised to support the Conference is expected to total approximately \$8 million (\$3.5 million direct spend/\$4.5 million raised and to be spent).

We invite the Hawai‘i Tourism Authority to partner with Host City Honolulu as a major sponsor of the event. We believe that the visible presence of the Hawai‘i Tourism Authority, as a major sponsor and supporter of the conference, is not only important but essential.

Our request is for a grant of \$250,000 from the Hawai‘i Tourism Authority - these funds will help to underwrite the expenses of the Host City events.

The conference aligns with several goals and objectives in the HTA's Five-year Strategic Plan 2016:

- The conference will provide an excellent opportunity to market Hawai'i as a viable and preferred destination for corporate meetings and conventions.
- Civic and community leaders attending the conference will have the financial resources to spend on accommodations, meals, goods and services and entertainment while in Hawai'i.
- Honolulu's Sister-Cities are made up of 33 established relationships on six continents. A primary function of the sister-city relationship is to enhance tourism and business relations between Honolulu and these cities.

Five sister-cities in Japan (including Hiroshima and Naha); six in China (including Zhangzhou and Shanghai); seven in the Philippines (including Manila and Cebu) and others.

- All Host City evening events will include entertainment, food and activities designed to spotlight Hawai'i's culture, presenting our state as a unique cultural destination.

Background on U.S. Conference of Mayors

- Established in 1932, the Conference brings together mayors to discuss and develop national urban policy. Standing committees address pressing issues such as Community Development and Housing; Environment; Jobs, Education and the Workforce; Transportation and Communications.

In addition, mayors examine and act on issues that demand special attention such as civic innovation, exports, hunger and homelessness, brownfields and climate change.

- Policy positions adopted at the annual meeting collectively represent the views of the nation's mayors and are distributed to the President and Congress.
- Honolulu competed with major U.S. cities to host the Annual Meeting. (Boston was the 2018 host city and Austin will be the 2020 host city.) Honolulu last hosted the U.S. Conference of Mayors in 1967.

Agenda Item

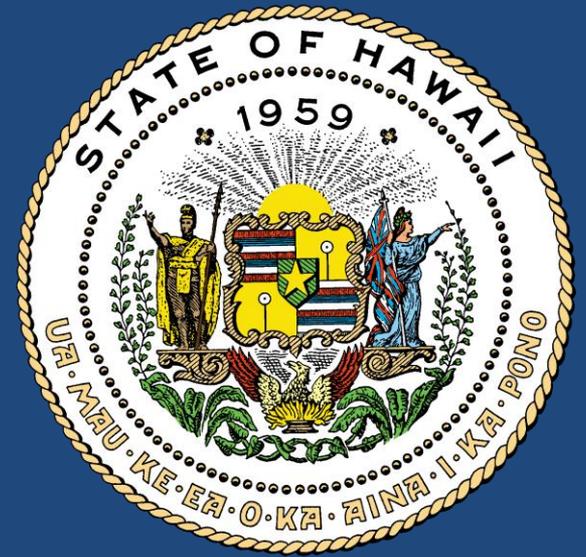
6

Presentation by the Hawai'i State
Ethics Commission Regarding an
Overview of the State Ethics Code for
State Board Members

Ethics Training: Hawai'i Tourism Authority

September 27, 2018

Hawai'i State Ethics
Commission



State Ethics Code

HRS chapter 84

- State Employees
- State Legislators
- Members of State Boards and Commissions

Ethics Code: Subject Areas

- Confidential Information
- Gifts/Gifts Disclosure
- Fair Treatment
- Financial Disclosure Statements
- Conflicts of Interests
- State Contracts
- Post-Employment Restrictions



Confidential Information

HRS § 84-12

- Cannot disclose confidential information
- Cannot use confidential information for personal gain or anyone's benefit



Jerry, an HTA employee, receives a box of manapua from a representative of a golf tournament sponsored by HTA.



GIFTS

HRS § 84-11

No employee shall accept or solicit any gift if it is reasonable to infer that the gift is intended to influence or reward official action.



GIFTS

- Food
- Entertainment
- Travel
- Gift certificates
- Discount cards or passes
- Loans
- Money
- Services
- Anything of value



GIFTS

Factors to consider:

- **VALUE:** How much is the gift worth?
- **RELATIONSHIP:** What is the donor's relationship to the recipient? Does the recipient take official action affecting the donor?
- **STATE PURPOSE:** Does the gift benefit the State?

“Gifts of Aloha” and other gifts of nominal value:

- Malasadas
- Cookies
- Leis



Laura, an HTA Board Member, is invited to play golf in a charity golf tournament by the president of a major cruise ship company.



Kim, an HTA computer specialist, is invited to attend an IT conference on the mainland. The national trade organization sponsoring the conference is offering to pay Kim's airfare and conference fees.



Gifts

1. Can you accept the gift?
(HRS § 84-11)



2. If you can accept the gift, must you report it?
(HRS § 84-11.5)

GIFTS DISCLOSURE

HRS § 84-11.5

Requires a gifts disclosure statement to be filed if certain conditions are met:

1. An employee (or spouse or dependent child) receives any gift(s) whose value, singly or combined, is more than \$200; and
2. The source of the gift has interests that may be affected by official action by the employee; and
3. The gift is not exempted from the reporting requirements.

**Political campaign contributions that comply with state law do not need to be reported as “gifts.”*

Fair Treatment

HRS § 84-13

- No unwarranted privileges, exemptions, advantages, contracts, or treatment.
- No extra “perks” for doing your state job.

Malia attends a marketing conference on the mainland. While there, she wins a door prize – a trip for two to Las Vegas!

Can Malia accept the door prize?



Fair Treatment

- Additional (“Double”) Compensation
- Using state position to seek private work or contracts
- Using state resources for private business purposes
- Financial transactions with subordinates

STATE TIME



Time during which State employee is supposed to be performing State duties.



STATE EQUIPMENT

- State office equipment: copiers, telephones, computers, State email, fax machines.
- Other equipment: State machinery, vehicles, etc.



STATE FACILITIES



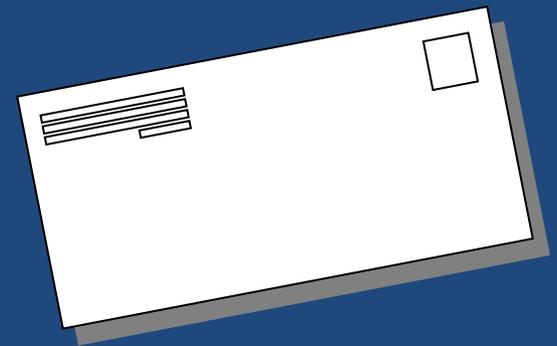
State facilities, offices and workplaces, including State conference rooms and lunch rooms.



STATE RESOURCES

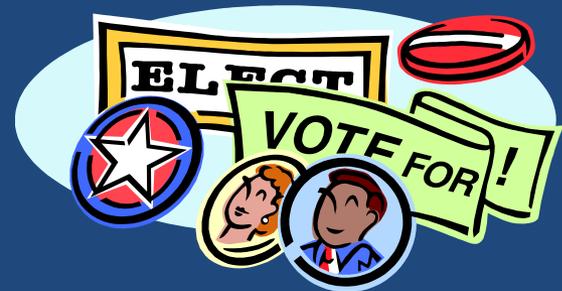


- State personnel
- E-mail system
- Letterhead
- Office supplies
- State vehicles, machinery



PRIVATE BUSINESS ACTIVITIES

- Sales
- Fundraising
- Campaign Activities
- Outside Employment

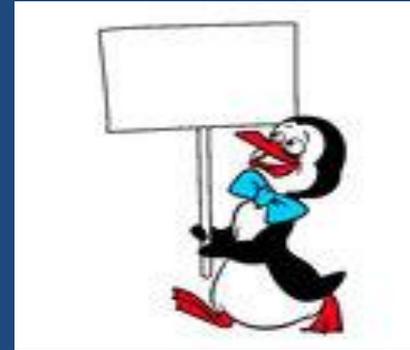


Is This OK?



A state employee sells ribbon lei to co-workers in the office lunch room, but only during lunch.

Is This OK?



A state employee sends an email from her office computer to other employees to remind them that they are scheduled to sign wave for a political candidate after work.

Is This OK?



- A teacher posts a flyer in the lunch room about chili tickets his child's soccer team is selling to raise money to go to the national tournament in California.
- A teacher posts a flyer in the lunch room about a fundraiser for the school's soccer team to go to the national tournament in California.

Disclosures

- Financial
- Gifts
- Contracts
- Candidates
- Lobbying

Conflicts of Interests

1. Disqualify yourself when there is a financial conflict.
2. Don't create new conflicts.
3. Don't represent (or assist) anyone ...
 - a) on a matter before your agency, or
 - b) on a matter that you worked on.

Carol is an investigator for the State Department of Consumer Complaints.

The Department is investigating a complaint against Volcano Eye Center for false advertising.

Carol's husband is an optometrist with Volcano Eye Center.

Can Carol investigate the complaint against Volcano Eye Center?



Conflicts of Interests

HRS § 84-14(a)

No employee shall take official action directly affecting a business in which the employee has a financial interest.

Rule #1: Disqualify yourself when there is a conflict

Financial Interest

- Ownership interest in a business
- Employment or prospective employment
- Director or officer
- Ownership of real or personal property
- Loan or other debtor interest
- Creditor in an insolvent business

Employee's Financial Interests Include Interests of:

- Spouse
- Dependent Children
- Civil Union Partner

Official Action

- Decision
- Recommendation
- Approval or Disapproval
- Action involving discretionary authority

The Department of Consumer Complaints is investigating a complaint against Hurricane Roofing for poor workmanship.

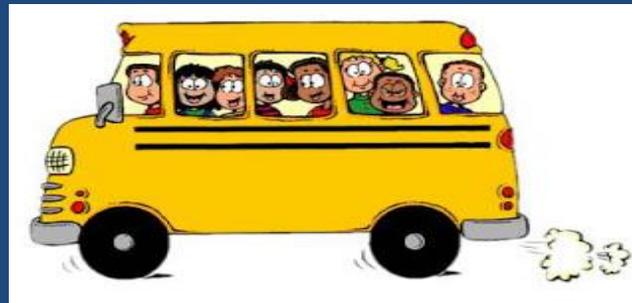


Carol's daughter is the owner of Hurricane Roofing.

Can Carol investigate the complaint against Hurricane Roofing?

Roger works for HTA, which has a contract with Mahalo Transit. Roger oversees the contract.

Can Roger start working as a tour guide for Mahalo Transit on the weekends?



Conflicts of Interests

HRS § 84-14(b)

No employee shall acquire a financial interest in a business if there is reason to believe the employee will be taking official action involving that business.

Rule #2: Don't create new conflicts

Sherry works for HTA. She also works part-time as a sales agent for Malama Solar. HTA is planning on adding energy saving features to the Convention Center. Sherry would like to approach HTA's leadership to see if HTA is interested in buying solar panels.

Can Sherry do this?



Conflicts of Interests

HRS § 84-14(d)

No legislator or employee shall assist or represent another person or business for pay

- Before the employee's agency or
- On a matter in which the employee has participated or will participate

Rule #3: Don't represent anyone in a matter before your agency

Contracts

HRS § 84-15

Public notice required:

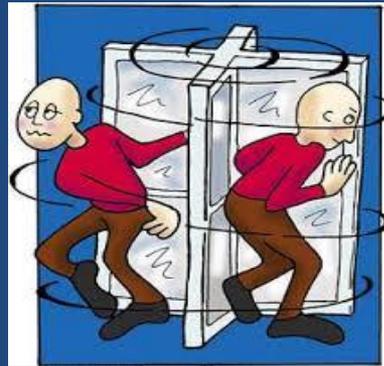
- Contract with state employee, legislator, or business controlled by state employee or legislator
- Not awarded by competitive sealed bid or proposal under HRS §103D-302, 303
- Contract is more than \$10,000

Prohibited if assisted or represented by agency employee or former employee who participated in contract matter within past 2 years

Post Employment

HRS § 84-18

- 12 month “cooling off period”
- Cannot be paid to represent another person or business on matters participated in
- Cannot be paid to represent another person or business before former state agency
- Exception: State may contract with a former employee



State Ethics Commission

- Hawaii Constitution, Art. XIV
- To preserve public confidence in public servants

State Ethics Commission

- Education
- Guidance
- Enforcement
- Disclosure



State of Hawaii Hawaii State Ethics Commission



- Home
- About
- Resources
- Opinions
- Guidance
- Disclosures
- Contracts
- Lobbying
- Forms



- Financial Disclosure Form
- Candidate Disclosure Form
- Gift Disclosure Form
- 2018 Financial Disclosures
- 2018 Candidate Financial Disclosures

What's New

[September 21, 2018 Commission Meeting](#)

Posted on September 14, 2018

[State Ethics Commission issues Notice of Hearing re COMPL-C-15-00236, Hawaii State Ethics Commission v. Rowena Akana](#)

Posted on September 11, 2018

[State Ethics Commission issues Resolution of Investigation No. 2018-3 regarding conflicts of interests and misuse of state resources for outside employment activities](#)

Posted on August 22, 2018

[State Ethics Commission issues an Advisory Opinion Concluding that the Conflicts of Interests Law and Fair Treatment Law Prohibit a State Employee's Private Employment.](#)

Posted on August 20, 2018

[State Ethics Commission issues Advisory Opinion that a State board member's](#)

Filing Deadlines

January 31, 2019

- Financial Disclosure Statements for State Legislators
- Lobbying Expenditures and Contributions Reports for May 1-December 31, 2018

April 1, 2019

- Lobbying Expenditures and Contributions Reports for January 1-February 28, 2019

COMMISSION MEETING

- Agendas
- Public Materials



“The people of Hawaii believe that public officers and employees must exhibit the highest standards of ethical conduct and that these standards come from the personal integrity of each individual in government.”

— Hawaii State
Constitution
Article XIV

**Hawaii State
Ethics Commission**

Phone: (808) 587-0460

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Website:

The High Road

The High Road is a publication of the Hawaii State Ethics Commission

Issue 2018-3

June 2018

Gifts Disclosure Deadline: July 2, 2018

The deadline for state legislators and employees to file a gifts disclosure statement with the State Ethics Commission is **July 2, 2018**. (The statutory deadline is June 30, 2018, but because June 30 falls on a Saturday this year, filers have until Monday, July 2, to file their forms.)

Who is required to file? If you are a state legislator, state employee, or member of a state board or commission, you must file a gifts disclosure if you meet all the following conditions:

- 1) Between June 1, 2017 and June 1, 2018, you (or your spouse or dependent child) received (a) a gift valued at more than \$200, or (b) two or more gifts from the same source, where the combined value of the gifts is more than \$200; and
- 2) The source of the gift(s) has interests that may be affected by your official action; and
- 3) The gift is not exempted by law from the gifts reporting requirement.

What gifts are exempt from reporting? HRS section 84-11.5(d) lists the gifts that are excluded from the reporting require-

What information must be reported on a gifts disclosure? You must provide a description of each gift on the report, a good faith estimate of the value of the gift, the date on which the gift was received, and the name of the person or entity from whom the gift was received.

If I did not receive any gifts, must I still file a gifts disclosure? No. You must file a gifts disclosure only if you received a gift or gifts that meet all of the conditions listed above. If you did not receive any reportable gifts, you are not required to file a gifts disclosure.

Can filers obtain an extension of time to file? Yes. Filers may submit a written request for a 15-day extension of time to file. Extension requests must be submitted before the July 2, 2018 filing deadline.

How do I file? Gift disclosures can be filed using the State Ethics Commission's new electronic filing system. To access the form and instructions on how to use the e-filing system, click on this link: http://ethics.hawaii.gov/giftdisclosure_efiling/



Invitation

- Education
- **Guidance**
- Enforcement
- Disclosure



State Ethics Commission

- Attorney-of-the-day: verbal or written advice by Commission staff, usually the same day
- Advisory Opinions – written, binding opinions by Commission within 30 days
 - Process to request an Advisory Opinion is set forth in the Hawaii Administrative Rules

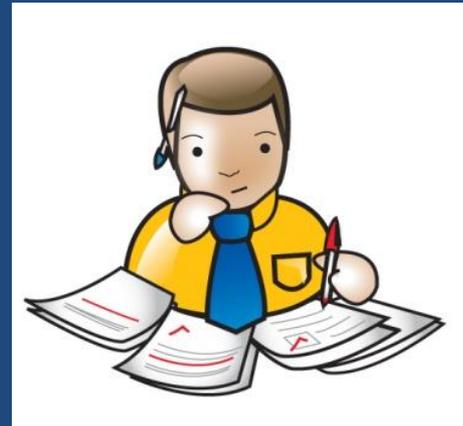
- Education
- Guidance
- **Enforcement**
- Disclosure



Penalties

- Fines up to \$1,000 per violation
- Disciplinary action
- Recovery of gifts or profits
- Contracts or action voidable

- Education
- Guidance
- Enforcement
- Disclosure



HAWAII STATE ETHICS COMMISSION

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Agenda Item

7

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

Market Insights – August 2018

The HTA Monthly Market Insights reports on the most recent key performance indicators that the Hawai'i Tourism Authority (HTA) uses to measure success. The following measures provide indicators of the overall health of Hawai'i's visitor industry and help to gauge if the HTA is successfully attaining its goals.

Report on Economic Impact

For the first eight months of 2018, Hawai'i's tourism economy experienced:

- \$12.34 billion in visitor spending, \$977.1 million more in visitor spending compared to same period last year.
- Total visitor arrivals rose 7.2 percent to 6,767,275, with growth in arrivals by air service (+7.4% to 6,700,520) offsetting decreased arrivals by cruise ships (-12.6% to 66,755).
- Hawai'i's tourism economy experienced \$1.44 billion in generated state tax revenue, up (+8.8 percent or +\$116.4 million) compared to the first eight of 2017.
- Through June 2018, the state collected \$554.9 million in TAT, an increase of 9.2 percent compared to FY 2017 through June 2017.
 - In August 2016, DoTAX reallocated \$25 million from GET to TAT.
 - If this adjustment is subtracted from the FY2017 total, FY2018's collection through June 2018 would show an increase of 14.8 percent compared to this adjusted total for FY2017 through June 2017.
- Total air capacity into Hawai'i grew 9.1 percent to 8,989,109 seats.

Table 1: Overall Key Performance Indicators – Total (Air + Cruise) – August 2018

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡ 100.7%	7.2%	6,767,275	6,721,652
Visitor Spending (\$mil)*	➡ 100.0%	8.8%	12,336.3	12,338.7
Visitor Days	➡ 100.5%	6.5%	60,621,096	60,337,796
Daily Spend (\$pppd)	➡ 99.5%	2.2%	203.5	204.5
Airlift (scheduled seats)	➡ 99.9%	9.0%	8,920,071	8,927,563

*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

Visitors to the Hawaiian Islands spent a total of \$1.41 billion in August 2018, an increase of 1.4 percent compared to a year ago. Statewide, visitor spending on an average daily basis was down (-2.2% to \$193 per person) compared to August 2017.

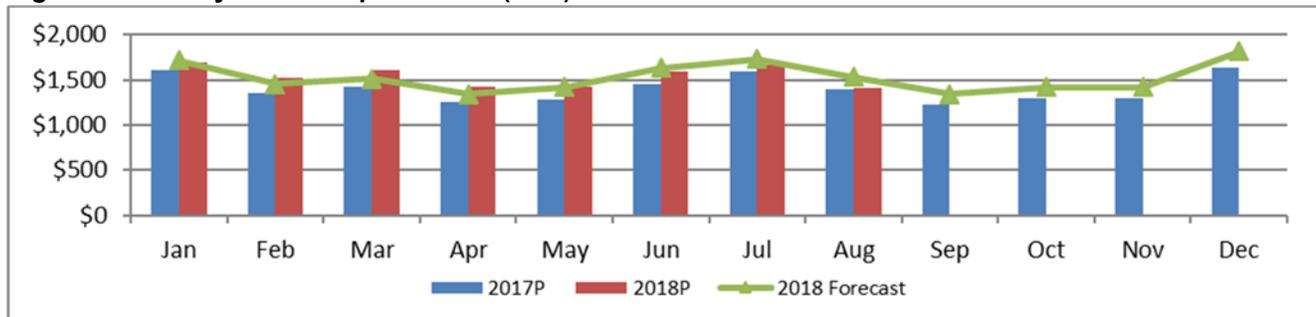
Total arrivals increased 3.2 percent to 845,072 visitors in August 2018 with all visitors coming by air service. No out-of-state cruise ships visited Hawai'i during the month. Total visitor days¹ rose

¹ Aggregate number of days stayed by all visitors.

3.7 percent. The average daily census², or the number of visitors on any given day in August statewide, was 235,963, up 3.7 percent from last year.

O‘ahu recorded increases in both visitor spending (+3.5% to \$723.4 million) and visitor arrivals (+3.7% to 536,181) compared to August 2017. Kaua‘i also saw growth in visitor spending (+7% to \$157.7 million) and arrivals (+3% to 115,242). Maui saw a decline in spending (-2.6% to \$355.2 million) despite growth in arrivals (+5.5% to 246,063). The island of Hawai‘i recorded decreases in visitor spending (-4.4% to \$166.1 million) and arrivals (-12% to 134,215) compared to last year.

Figure 1: Monthly Visitor Expenditures (\$mil)



Major Market Areas (MMAs)

USA

- In late August, the Bureau of Economic Analysis revised upward their estimate of second quarter growth to a brisk 4.2 percent. Likewise, the Atlanta Federal Reserve recently bumped their third quarter estimates to an impressive 4.8 percent. This again points to solid growth throughout the remainder of 2018, although rising inflation hints that this level of economic activity is not likely sustainable in the long run.
- Domestic leisure travel remained strong throughout the summer months, with the U.S. Travel Association reporting that the country saw 4.0 percent year-over-year growth in June. This is a continuation of years' long trend of modest but positive gains within the U.S. travel market. At the same time, there are some reasons for concern; the estimated 2.6 percent growth for 2018 still falls well short of the anticipated 6.0 percent growth worldwide, and growing fears that escalating trade tensions will spill into the tourism sector.
- The U.S. Consumer Confidence Index increased 5.5 points in August 2018 to 133.4, the highest since October 2000. Given that this bump was driven by both satisfaction with current conditions and optimism about the short-term future of the economy, it is likely consumer confidence will remain at or near record highs for the rest of the year. The resulting boom in consumer spending should likewise continue to fuel healthy economic growth.
- Following a modest 0.2-point increase to 4.0 percent in June 2018, July saw U.S. unemployment again tick back down 3.9 percent. The Labor Force Participation Rate and other key indicators of the labor market remained effectively unchanged. All of this continues to point to an economy operating at or near full employment.

² Average daily census is the average number of visitors present on a single day.

- Though perhaps not as robust as the double-digit growth observed early in 2018, the total domestic air seat capacity to Hawai'i will maintain healthy year-over-year growth throughout the fall and winter months. All told, nearly 2.1 million air seats will be flown between September and November, a 9.0 percent increase from the same period last year.

US WEST

Table 2: Key Performance Indicators - U.S. West

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↗ 101.2%	10.1%	2,845,510	2,811,379
Visitor Spending (\$mil)*	➡ 100.0%	8.8%	4,513.7	4,514.9
Visitor Days	➡ 100.8%	8.6%	25,489,963	25,289,368
Daily Spend (\$pppd)	➡ 99.2%	0.1%	177.1	178.5
Airlift (scheduled seats)	➡ 99.9%	11.7%	5,515,020	5,521,801

*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- The U.S. West market reported a slight gain of 0.8% in visitor spending to \$494.1 million in August year-over-year. Visitor arrivals increased (+5.2% to 359,752), but the average daily spending (-3.6% to \$162 per person) was lower compared to August 2017.
- Airlift: Capacity from the U.S. West market will increase by 9.6 percent, with Denver (+111.3%), Seattle (+21.9%), and San Diego (+27.4%) all adding more than 25,000 new seats each. Of interest, Los Angeles will be shedding 3.1 percent of its capacity over this same period, a loss of roughly 20,000 seats.

US EAST

Table 3: Key Performance Indicators - U.S. East

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡ 101.0%	8.1%	1,527,087	1,512,576
Visitor Spending (\$mil)*	➡ 99.5%	8.3%	3,241.1	3,258.4
Visitor Days	➡ 100.5%	6.4%	15,254,630	15,185,965
Daily Spend (\$pppd)	➡ 99.0%	1.8%	212.5	214.6
Airlift (scheduled seats)	➡ 100.0%	11.9%	792,513	792,513

*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Spending by U.S. East visitors was rose 0.8% to \$331 million in August 2018. Visitor arrivals were up (+8.8% to 173,610) but daily spending (-6.5% to \$198 per person) declined from a year ago.
- Air capacity from the U.S. East market will grow at a more modest pace of 4.3 percent from the previous September through November period, an increase of roughly +10,000 seats. Chicago (+7.1%) and Dallas (+20.3%) are largely responsible for this growth, offsetting the loss of capacity from the seasonal discontinuation of the Minneapolis-Honolulu route.

CANADA

Table 4: Key Performance Indicators – Canada

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡ 99.2%	4.6%	360,828	363,803
Visitor Spending (\$mil)*	➡ 100.1%	7.4%	758.3	757.7
Visitor Days	➡ 99.1%	3.2%	4,477,180	4,518,683
Daily Spend (\$pppd)	↗ 101.0%	4.1%	169.4	167.7
Airlift (scheduled seats)	➡ 100.0%	2.2%	325,116	325,116

*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- The Canada market saw a 4.0% gain in visitor spending to \$53.0 million in August 2018. Visitor arrivals decreased (-4.7% to 28,163) but daily spending was higher (+8.0% to \$168 per person) compared to last year.
- Airlift: Scheduled air seats from Canada increased (+1.9% to 19,530 seats) compared to August 2017.
- HTCAN continues to monitor the impacts, i.e., related to the Kilauea volcano and recent tropical storm/hurricane activity, remaining in contact with key tour operator partners with regards to cancellations and future bookings.
- After faltering in June and July, the average value of the Canadian Dollar for August has somewhat leveled off, holding at \$0.77 USD (~\$0.03 lower compared to the same period last year).
- Even though pricing remains a slight deterrent, the exchange rate is now less of a shock to US travelers. Travel prices are on the rise, but the year-over-year impact is not as significant as the past few years due to the stabilization of the dollar.
- The national consumer confidence rating was 117.8 points in August 2018, a 3.8-point decrease compared to last year.
- With a population of almost 37 million, Canadians made more than 17 million overnight trips to the U.S. and other outbound destinations during the first half of 2018. Of this total, an estimated 13.2 million trips were for leisure purposes. Compared to 2017, overseas leisure trips have increased 6.5 percent, while leisure travel to the U.S. has grown 5.5 percent. The first two months of the summer travel season saw Canadians make an estimated 4.2 million overnight leisure trips to the U.S. and other destinations, an increase of 4.6 percent.
- The Aloha Canada trade mission will be taking place from October 23 to 25 in Toronto, Vancouver, and Edmonton. Attending the event will be travel agents, travel media, island visitor bureaus, and accommodations and attractions partners.

JAPAN

Table 5: Key Performance Indicators – Japan

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡ 101.0%	0.9%	1,044,039	1,033,836
Visitor Spending (\$mil)*	➡ 101.7%	5.8%	1,571.4	1,545.5
Visitor Days	➡ 100.8%	1.1%	6,273,222	6,221,135
Daily Spend (\$pppd)	➡ 100.8%	4.7%	250.5	248.4
Airlift (scheduled seats)	➡ 100.2%	0.3%	1,344,847	1,342,113

*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Spending by Japanese visitors decreased 1.5% to \$228.2 million in August. Visitor arrivals (-0.6% to 159,395) and visitor days (-1.8%) declined, while daily spending was similar to August 2017 (+0.4% to \$225 per person).
- Japan is a mature market with avid travelers who value quality over quantity; and it continues to hold high demand for Hawai'i with approximately 9.0 percent of all outbound travel from Japan choosing Hawai'i. Sixty percent of the travelers are also repeat visitors to Hawai'i.

OCEANIA

Table 6: Key Performance Indicators – Oceania

		% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡	100.7%	7.0%	266,620	264,697
Visitor Spending (\$mil)*	⬇	94.3%	3.6%	676.2	716.8
Visitor Days	➡	100.7%	7.6%	2,571,255	2,552,517
Daily Spend (\$pppd)	⬇	93.7%	-3.7%	263.0	280.8
Airlift (scheduled seats)	➡	99.7%	10.2%	352,008	353,129

*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- **Australia:** There were 26,698 visitors in August, down 3.5 percent from a year ago. Arrivals increased through the first eight months (+1.8% to 209,858 visitors) compared to the same period last year.
- **New Zealand:** Supported by increased air service, visitor arrivals grew in both August (+13.3% to 8,156) and year-to-date (+31.7% to 56,762).
- The Australian dollar fell to a 20-month low on the last day of August, trading at US\$0.719. The fall was precipitated by an increase in mortgage lending rates by major banks. Recent data suggests the Australian economy entered the third quarter on solid footing, following expected growth in economic activity during the second quarter.
- In 2018, outbound travel has continued on a growth trend, with NZ resident departures up over 5 percent for the year.

EUROPE

Table 7: Key Performance Indicators – Europe

		% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➡	100.5%	5.0%	96,627	96,159
Visitor Spending (\$mil)*	⬆	104.4%	12.4%	223.1	213.7
Visitor Days	➡	101.7%	5.5%	1,263,759	1,243,080
Daily Spend (\$pppd)	⬆	102.7%	6.6%	176.5	171.9
Airlift (scheduled seats)		NA	NA	NA	NA

*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Visitor arrivals from the United Kingdom, France, Germany, Italy and Switzerland increased in August (+1.9% to 18,878) and through the first eight months (+5% to 96,627) compared to a year ago.
- The U.K.'s economy reported a growth of 0.4 percent in Quarter Two (double the previous quarter's rise of 0.2 percent) demonstrating the impact on nation-wide spending from the recent good weather.
- The Office for National Statistics figures show that unemployment in the U.K. has reached four percent, its lowest point since 1975.
- The German economy accelerated in the second quarter. Domestic demand was robust, with private and public consumption, and fixed investment expanding over the previous quarter. Household expenditures were helped support this boost as a result of elevated consumer confidence, rising income expectations, and a further drop in the unemployment rate.
- The German tourism industry has launched new initiatives to promote more bookings of sustainable holidays and help overcome consumer reluctance to put well-meaning words into action. Technological advances are reported to have helped leverage the U.K. travel

industry, including the use of mobile payments, automated check-in/service, chat bots, guest apps, and mobile assistance in guest rooms.

- The latest Tourism Index, based on a GfK consumer survey, found that Germans plan to travel more and spend more on travel this year, with the number of ‘travel days’ expected to increase an estimated 30 million this year. The number of travel days had already increased by 2.6 percent in the first four months of this year.
- The LGBT market is growing again this year. Research by mannschaft.com shows that 82 percent travel more than once a year and spend significantly more than other markets.
- Growth in international tourism is accelerating with global arrivals in the first four months of this year up six percent over last year, following a seven percent increase in 2017. The figures, released by the UN World Tourism Organization, show worldwide receipts from international tourism rose five percent year-over-year in 2017 to \$1.33 billion.
- The German travel industry is enjoying a strong year with a 13 percent rise in summer 2018 sales revenues due to very strong early bookings before and after Christmas, according to the latest monthly analysis by GfK.
- The top holiday destinations in British Airways’ busiest summer segment have been revealed. The airline was scheduled to carry more than four million passengers across its network in August alone. New York City, Los Angeles, Dubai, Singapore and Hong Kong topped its long-haul list.
- American Airlines plans to expand its network next summer with nine new routes added to meet customer demand. The new Dublin to Dallas Fort Worth service set to launch next summer will be Ireland’s first direct flight to Dallas.

CHINA

Table 8: Key Performance Indicators – China

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 94.9%	-6.1%	103,383	108,946
Visitor Spending (\$mil)*	↓ 97.9%	2.5%	283.7	289.9
Visitor Days	↓ 97.2%	-6.0%	792,505	815,230
Daily Spend (\$pppd)	→ 100.7%	9.0%	357.9	355.6
Airlift (scheduled seats)	→ 99.8%	4.2%	114,237	114,445

*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Visitor arrivals decreased in August (-22.5% to 10,664) and year-to-date (-6.1% to 103,383) compared to a year ago.
- The share of China’s GDP in the world economy was 14.9 percent or US\$12 billion in 2017, maintaining 2nd place after the U.S. The Chinese economy expanded 6.9 percent year over year in 2017, above the official target of 6.5 percent. For the first half of 2018, the Chinese economy grew by 6.8 percent. However, with escalating trade tariff disputes between the U.S. and China, many believe the GDP growth rate might decelerate in the second half of 2018.
- In August, HTC partnered with EF English, a leading English-training center for adults with 200 branches across China. HTC conducted a special education seminar on Hawai’i at the Gongyuanqian branch followed by social posts on EF English’s official channels that reached 10,000 customers.

- To seize the opportunity of Golden Week Holiday, HTC secured a joint promotion with Utour Xi'an and Air China. With the theme "Go See the World with Family!", the promotion was held at the local luxury shopping mall Ginwa Plaza on August 18 - 19. HTC brought Lei-making lessons and Ukulele performances to the two-day event, attracting more than 2,000 consumers. In addition, Utour will continue to promote special Hawai'i packages in eight retail stores through October.
- HTC and leading OTA Toursforfun jointly launched a large-scale promotion for Hawai'i targeting the FIT segment in China. During the two-month promotion, Hawai'i was featured with main advertising banners on Toursforfun's official website and APP homepage. The total page view exceeded 20,000 and more than 600 people made their bookings during the campaign period.
- To drive sales to Hawai'i in the low season after Summer, HTC cooperated with China Eastern Airlines to launch a preferred air fare for the route between Central China and Hawai'i. Special packages were promoted to all main travel agencies in the region and were sold out in August before the National Day Holiday.

KOREA

Table 9: Key Performance Indicators – Korea

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 95.6%	3.0%	160,195	167,633
Visitor Spending (\$mil)*	↓ 97.0%	11.5%	354.6	365.5
Visitor Days	↓ 96.8%	5.6%	1,213,931	1,254,017
Daily Spend (\$pppd)	→ 100.2%	5.6%	292.1	291.5
Airlift (scheduled seats)	→ 99.7%	5.1%	245,047	245,789

*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Visitor arrivals declined in August (-7% to 19,336) but increased through the first eight months of the year (+3% to 160,195).
- It is expected that the peace aspirations in the Korean Peninsula will have a positive influence on the wider Korean economy through labor and resource exchanges between South and North Korea, leading to a stronger and more stable Korean economy. South Korea's economy is expected to grow 2.7 percent this year according to the Korea Economic Research Institute (KERI).
- The average USD/WON exchange rate in August was 1122.02 won, a slight decrease from the previous rate of 1122.78 won in July. Fuel surcharges were imposed in August up to 145,200 won (\$131) for a round trip between Korea and the U.S.
- Korea Tourism Organization reported the number of Korean outbound travelers in July 2018 was 2,495,297, a year-over-year increase of 4.4 percent. The final tally in 2017 marked the first time that the figure surpassed 26 million with year-to-date growth of 18.7 percent, which is a remarkable number at more than half of the nation's population of around 51 million. This upward trend was expected to continue in 2018, taking advantage of favorable external conditions, cheaper airfares, strong seat supplies offered by low-cost carriers, strong KRW, and extended national holidays. The forecast for the Korean outbound travel this year is 30 million trips (15 percent up from 2017) of which more than a 10 percent increase in the number of Korean visitors to the U.S. is expected this year.
- With U.S. policy makers making efforts to include Korea in the U.S. Global Entry program, Koreans will be looking forward to be able to bypass the long customs and immigration

lines at United States airports. As such, there will be a need to do entry interviews for foreigners as early as next year.

TAIWAN

Table 10: Key Performance Indicators – Taiwan

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 89.5%	-8.2%	11,839	13,232
Visitor Spending (\$mil)*	↑ 106.5%	12.8%	28.5	26.8
Visitor Days	↑ 106.2%	13.1%	111,651	105,169
Daily Spend (\$pppd)	→ 100.3%	-0.3%	255.2	254.4
Airlift (scheduled seats)	→ 100.0%	3.2%	21,114	21,114

*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Visitor arrivals decreased in August (-19.2% to 1,392) and year-to-date (-8.2% to 11,839).
- The overall economic outlook in Taiwan continues its momentum with an ongoing cyclical recovery that is expected to continue in the second half of 2018. Taiwan's government has revised its economic forecast for 2018 to a GDP growth of 2.6 percent. The unemployment rate for 2018 is estimated to be 3.8 percent, similar to last year.
- Taiwan outbound travel reached 15.6 million in 2017, a 7.3 percent increase over 2016, 92 percent of which was to short haul Asia destinations.
- In 2018 Taiwanese outbound travel to the U.S. is expected to grow by 3 percent to 482,000 arrivals.
- Travel agencies are increasingly focusing on themed and in-depth travel products instead of generalized tours. Popular themes include health & wellness, Michelin-starred gourmet tours, vineyards and winetasting, and music festivals.
- In August, HTT partnered with EBC News to feature Hawai'i Island in the "Global Focus" TV Program to boost visitor numbers to Hawai'i and overturn the negative coverage of the island's volcanic activities by the media. The episode is expected to air in late November or December.
- HTT has secured a large incentive group to Hawai'i for May 2019. A total of 4,000 participants and 100 VIPs will travel to the neighbor islands. The participants will be divided into eight groups consisting of 500 individuals arriving per day from Taiwan.

LATIN AMERICA

Table 11: Key Performance Indicators – Latin America

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↑ 109.9%	13.2%	18,523	16,854
Visitor Spending (\$mil)*	↑ 108.6%	18.5%	45.9	42.2
Visitor Days	↑ 107.8%	11.3%	195,535	181,372
Daily Spend (\$pppd)	→ 100.8%	6.5%	234.6	232.8
Airlift (scheduled seats)	NA	NA	NA	NA

*DBEDT Forecasts as of August 2018, Excludes Supplemental Business Expenditures

- Visitor arrivals from Mexico, Brazil and Argentina declined in August (-9.1% to 1,593) but increased over the first eight months (+13.2% to 18,523) compared to last year.

Island Distribution

- **O'ahu:** Visitor spending increased in August (+3.5% to \$723.4 million), boosted by growth in visitor days (+7.4%). The average daily spending was lower (-3.6% to \$194 per person) compared to a year ago. Visitor arrivals were up (+3.7% to 536,181) from August 2017. The average daily census rose 7.4 percent to 120,218 visitors in August.
- **Maui:** Visitor spending decreased in August (-2.6% to \$355.2 million), as a result of lower daily spending (-7.6% to \$195 per person) which offset growth in visitor days (+5.3%). Visitor arrivals increased 5.5% to 246,063 visitors. The average daily census increased 5.3 percent to 58,874 visitors in August.
- **Island of Hawai'i:** Visitor spending declined in August (-4.4% to \$166.1 million) as a result of decreased visitor days (-8.6%). Average daily spending of \$179 per person (+4.7%) was higher compared to August 2017. Arrivals were down 12% to 134,215 visitors. Significantly fewer visitors took day trips (-37.7%) to Hawai'i Island compared to a year ago. The average daily census decreased 8.6 percent to 29,877 visitors in August.
- **Kaua'i:** Visitor spending (+7% to \$157.7 million), visitor days (+1.8%) and average daily spending (+5.2% to \$197 per person) all increased in August compared to a year ago. Arrivals were up 3 percent to 115,242 visitors. The average daily census rose 1.8 percent to 25,843 visitors in August.

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Aug-18** Preliminary

Visitor Industry Performance Measures

Market: **OVERALL**

Key Performance Indicators

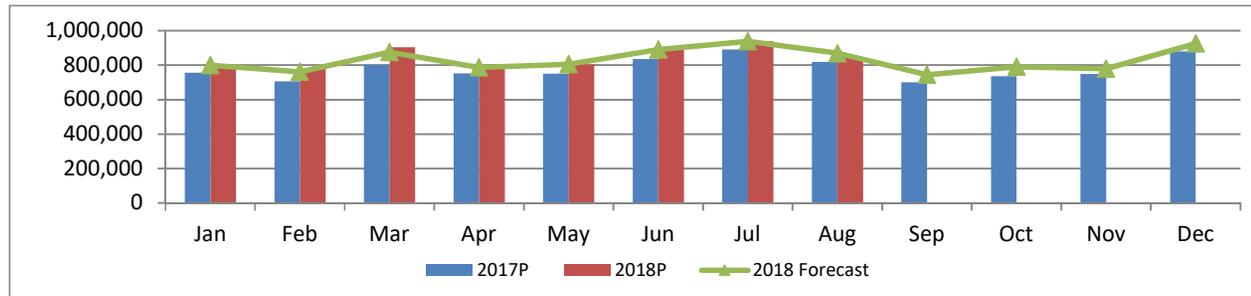
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	➔ 100.7%	7.2%	6,767,275	6,721,652	O'ahu	N/A	5.3%	4,016,560	N/A
Visitor Spending (\$mil)*	➔ 100.0%	8.8%	12,336.3	12,338.7	Maui	N/A	8.0%	2,004,686	N/A
Visitor Days	➔ 100.5%	6.5%	60,621,096	60,337,796	Moloka'i	N/A	6.8%	40,115	N/A
Daily Spend (\$pppd)	➔ 99.5%	2.2%	203.5	204.5	Lāna'i	N/A	20.3%	51,471	N/A
Airlift (scheduled seats)	➔ 99.9%	9.0%	8,920,071	8,927,563	Kaua'i	N/A	9.8%	951,258	N/A
					Hawai'i Island	N/A	1.8%	1,218,539	N/A

*DBEDT Forecasts as of August 2018

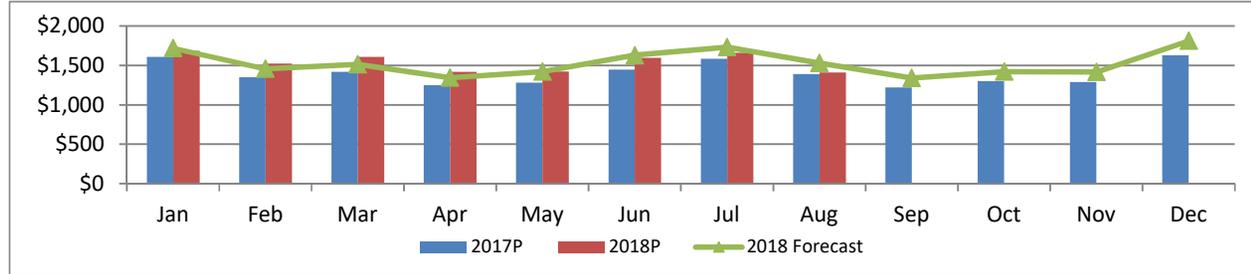
Arrows represent increments of 1%

Monthly Indicators

Monthly Arrivals

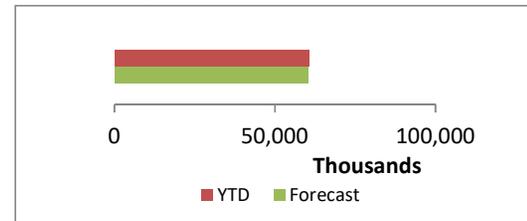


Monthly Visitor Expenditures (\$mil)

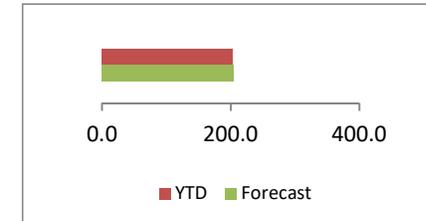


Annual Indicators

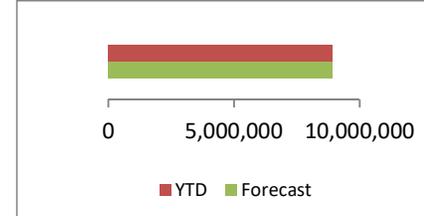
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Aug-18** Preliminary

Visitor Industry Performance Measures

Market: **U.S. WEST**

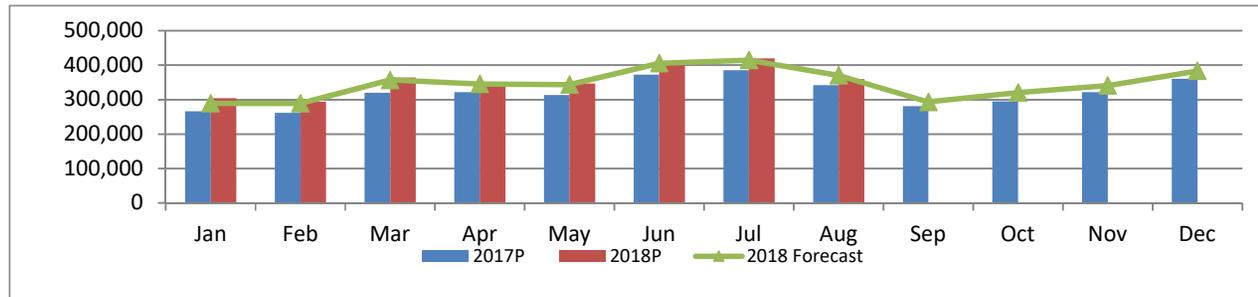
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↗ 101.2%	10.1%	2,845,510	2,811,379	O'ahu	N/A	8.7%	1,203,695	N/A
Visitor Spending (\$mil)*	→ 100.0%	8.8%	4,513.7	4,514.9	Maui	N/A	10.5%	1,005,549	N/A
Visitor Days	→ 100.8%	8.6%	25,489,963	25,289,368	Moloka'i	N/A	2.4%	15,381	N/A
Daily Spend (\$pppd)	→ 99.2%	0.1%	177.1	178.5	Lāna'i	N/A	14.7%	18,506	N/A
Airlift (scheduled seats)	→ 99.9%	11.7%	5,515,020	5,521,801	Kaua'i	N/A	10.8%	488,801	N/A
					Hawai'i Island	N/A	4.1%	502,257	N/A

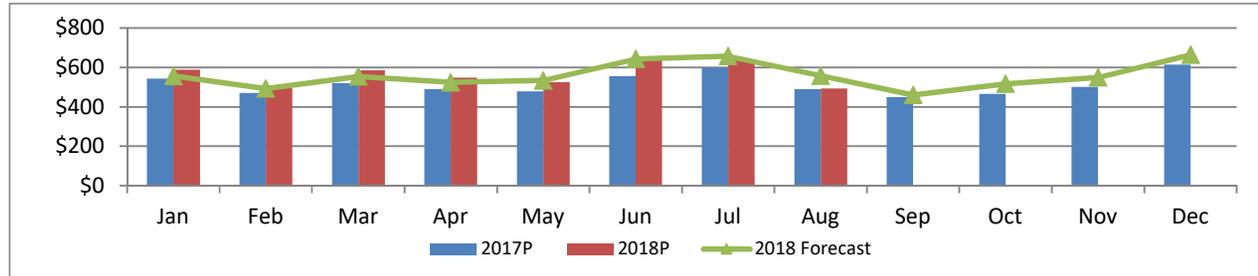
*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

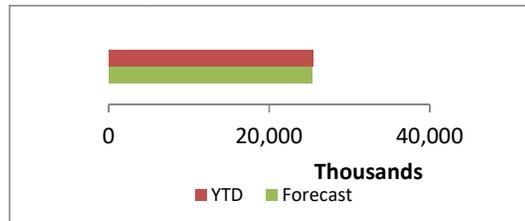


Monthly Visitor Expenditures (\$mil)

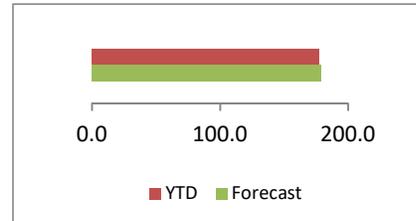


Annual Indicators

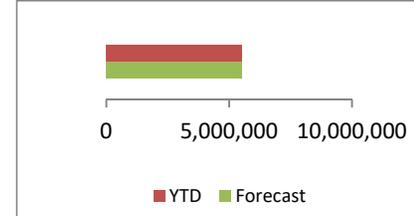
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Aug-18** Preliminary

Visitor Industry Performance Measures

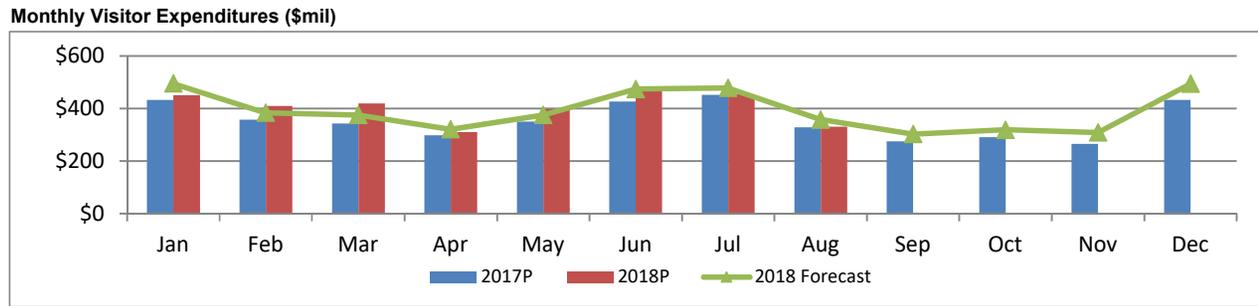
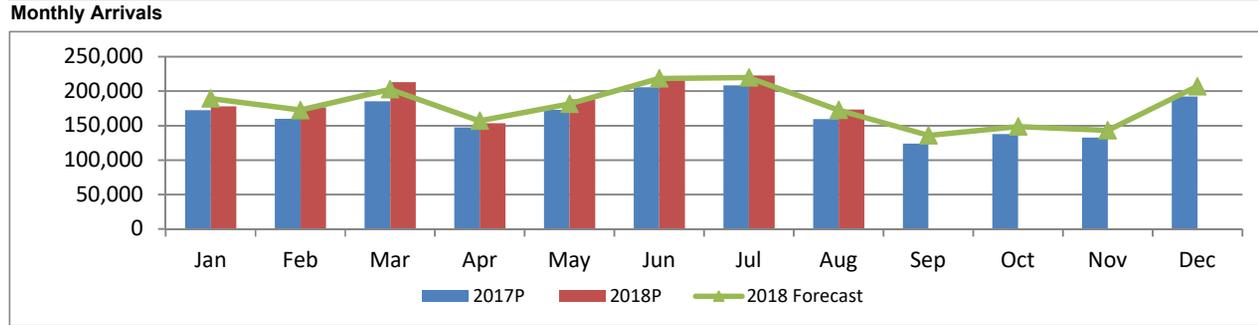
Market: **U.S. EAST**

Key Performance Indicators

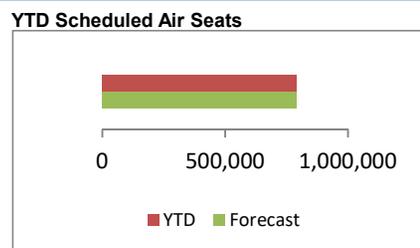
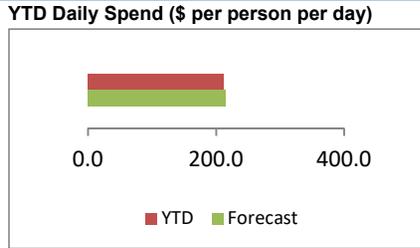
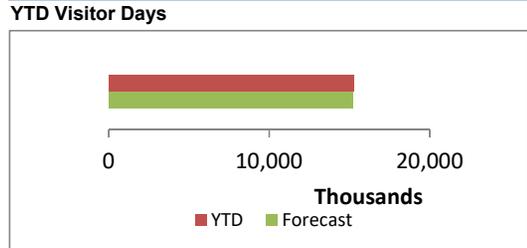
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	➔ 101.0%	8.1%	1,527,087	1,512,576	O'ahu	N/A	6.4%	865,066	N/A
Visitor Spending (\$mil)*	➔ 99.5%	8.3%	3,241.1	3,258.4	Maui	N/A	7.7%	571,042	N/A
Visitor Days	➔ 100.5%	6.4%	15,254,630	15,185,965	Moloka'i	N/A	18.0%	12,254	N/A
Daily Spend (\$pppd)	➔ 99.0%	1.8%	212.5	214.6	Lāna'i	N/A	40.6%	19,262	N/A
Airlift (scheduled seats)	➔ 100.0%	11.9%	792,513	792,513	Kaua'i	N/A	9.1%	296,219	N/A
					Hawai'i Island	N/A	0.1%	332,739	N/A

*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Aug-18** Preliminary

Visitor Industry Performance Measures

Market: **CANADA**

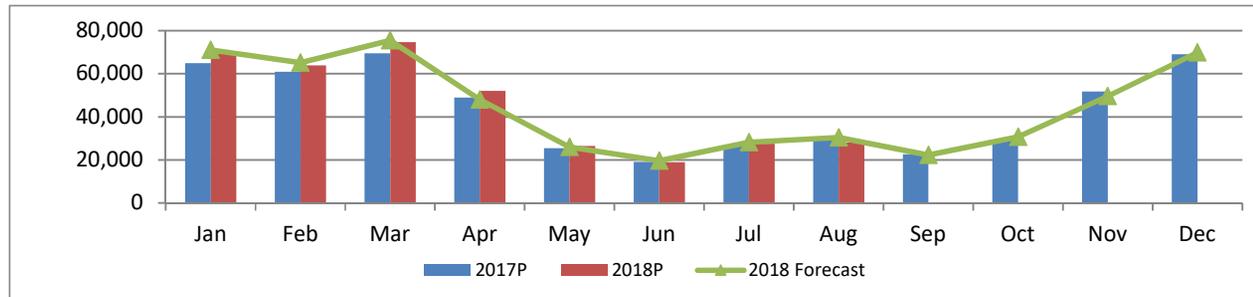
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	99.2%	4.6%	360,828	363,803	O'ahu	N/A	4.5%	151,035	N/A
Visitor Spending (\$mil)*	100.1%	7.4%	758.3	757.7	Maui	N/A	7.9%	184,709	N/A
Visitor Days	99.1%	3.2%	4,477,180	4,518,683	Moloka'i	N/A	-5.2%	2,516	N/A
Daily Spend (\$pppd)	101.0%	4.1%	169.4	167.7	Lāna'i	N/A	19.1%	4,034	N/A
Airlift (scheduled seats)	100.0%	2.2%	325,116	325,116	Kaua'i	N/A	9.2%	53,806	N/A
					Hawai'i Island	N/A	2.8%	71,729	N/A

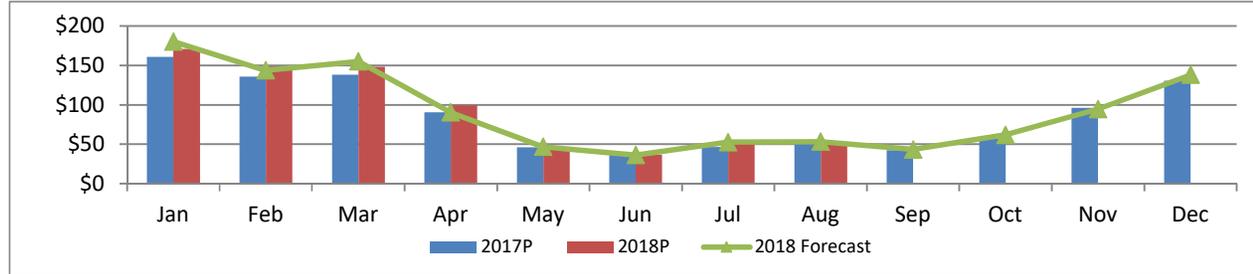
*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

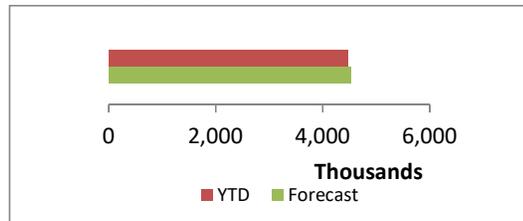


Monthly Visitor Expenditures (\$mil)

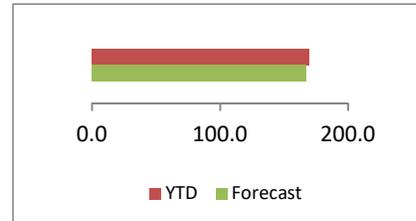


Annual Indicators

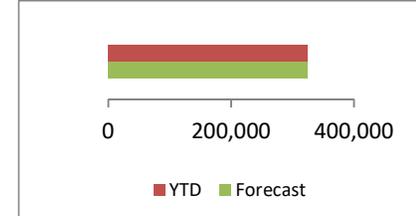
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Aug-18** Preliminary

Visitor Industry Performance Measures

Market: **JAPAN**

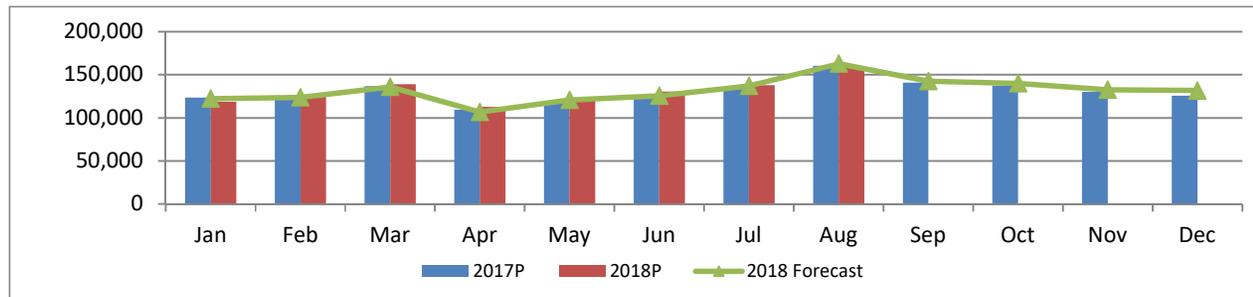
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	➔ 101.0%	0.9%	1,044,039	1,033,836	O'ahu	N/A	-1.0%	981,001	N/A
Visitor Spending (\$mil)*	➔ 101.7%	5.8%	1,571.4	1,545.5	Maui	N/A	-14.1%	33,141	N/A
Visitor Days	➔ 100.8%	1.1%	6,273,222	6,221,135	Moloka'i	N/A	-45.8%	789	N/A
Daily Spend (\$pppd)	➔ 100.8%	4.7%	250.5	248.4	Lāna'i	N/A	-15.4%	1,115	N/A
Airlift (scheduled seats)	➔ 100.2%	0.3%	1,344,847	1,342,113	Kaua'i	N/A	2.1%	17,166	N/A
					Hawai'i Island	N/A	7.2%	126,728	N/A

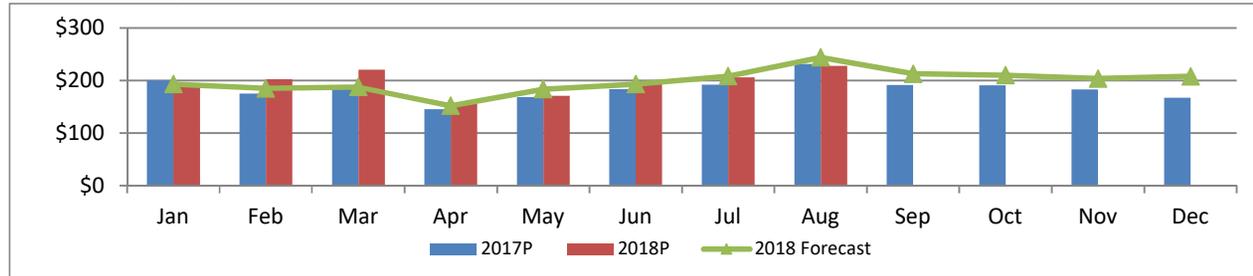
*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

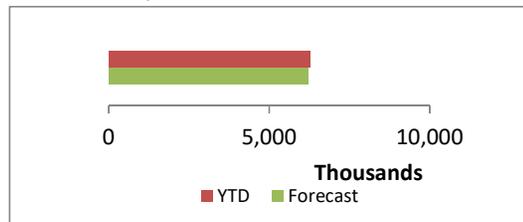


Monthly Visitor Expenditures (\$mil)

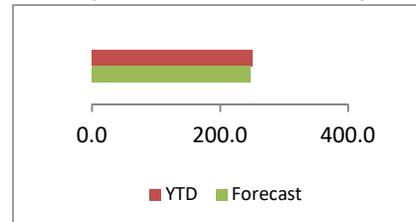


Annual Indicators

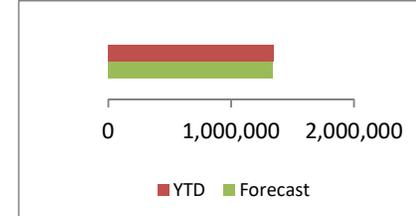
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Aug-18** Preliminary

Visitor Industry Performance Measures

Market: **CHINA**

Key Performance Indicators

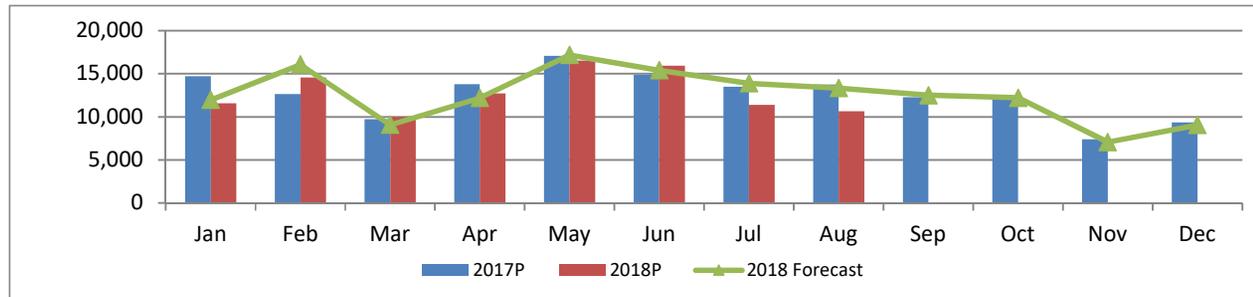
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 94.9%	-6.1%	103,383	108,946
Visitor Spending (\$mil)*	↓ 97.9%	2.5%	283.7	289.9
Visitor Days	↓ 97.2%	-6.0%	792,505	815,230
Daily Spend (\$pppd)	→ 100.7%	9.0%	357.9	355.6
Airlift (scheduled seats)	→ 99.8%	4.2%	114,237	114,445

Arrivals	% of Forecast	YOY Rate	YTD	Forecast
O'ahu	N/A	-5.5%	101,002	N/A
Maui	N/A	-6.6%	21,919	N/A
Moloka'i	N/A	64.5%	954	N/A
Lāna'i	N/A	-24.3%	744	N/A
Kaua'i	N/A	-16.0%	3,095	N/A
Hawai'i Island	N/A	-8.2%	35,661	N/A

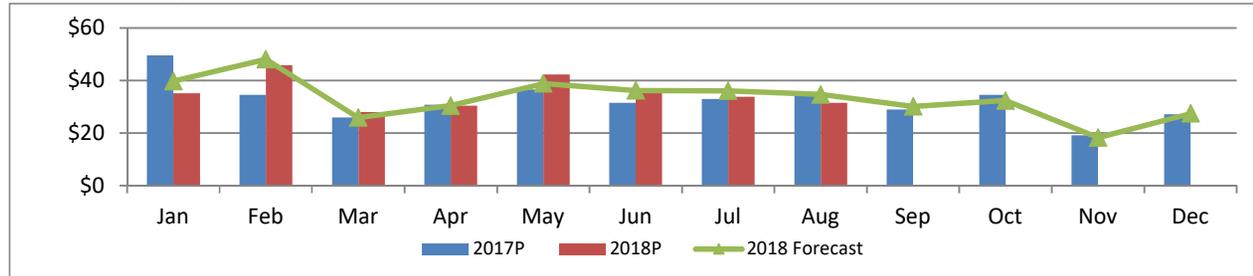
*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

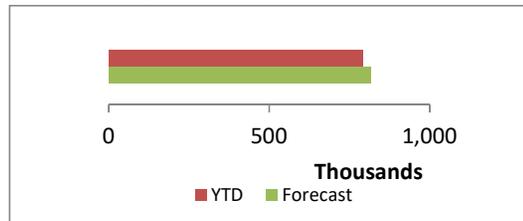


Monthly Visitor Expenditures (\$mil)

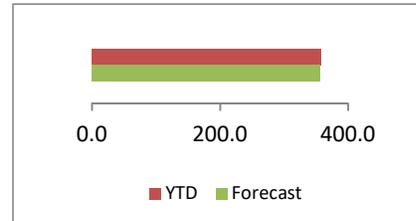


Annual Indicators

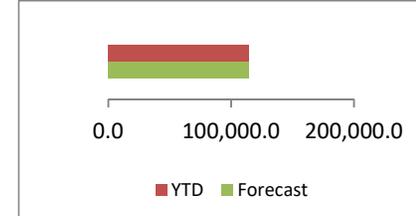
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Aug-18** Preliminary

Visitor Industry Performance Measures

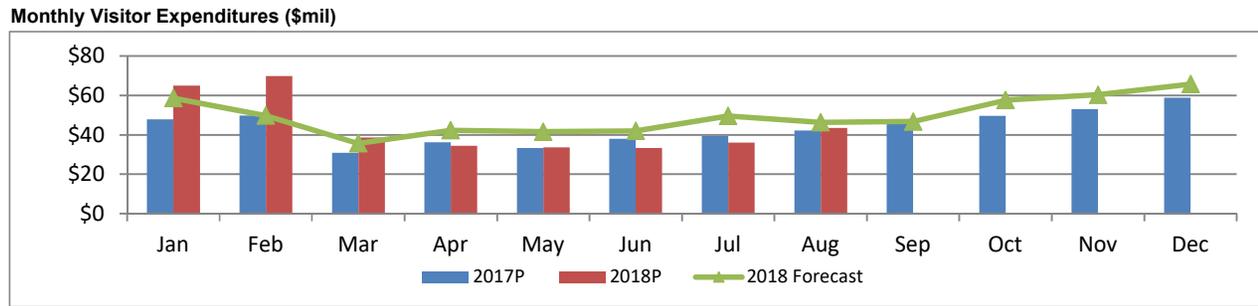
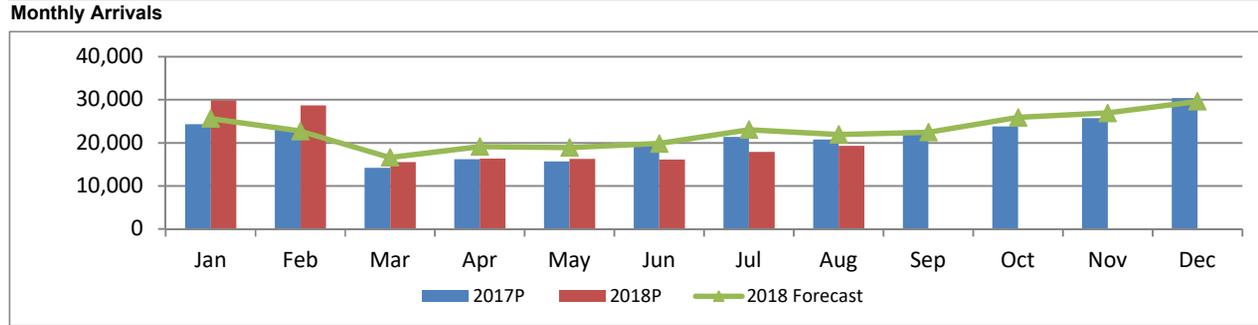
Market: **KOREA**

Key Performance Indicators

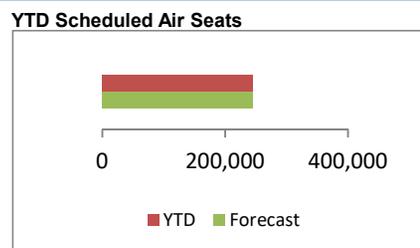
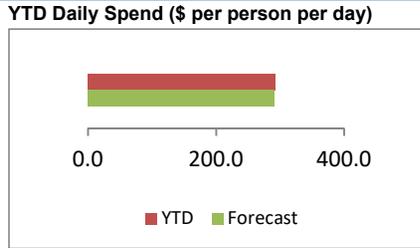
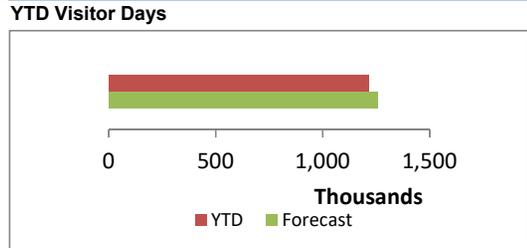
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↓ 95.6%	3.0%	160,195	167,633	O'ahu	N/A	2.2%	156,066	N/A
Visitor Spending (\$mil)*	↓ 97.0%	11.5%	354.6	365.5	Maui	N/A	-24.4%	21,744	N/A
Visitor Days	↓ 96.8%	5.6%	1,213,931	1,254,017	Moloka'i	N/A	-3.7%	670	N/A
Daily Spend (\$pppd)	→ 100.2%	5.6%	292.1	291.5	Lāna'i	N/A	-13.4%	463	N/A
Airlift (scheduled seats)	→ 99.7%	5.1%	245,047	245,789	Kaua'i	N/A	5.5%	7,077	N/A
					Hawai'i Island	N/A	18.5%	18,922	N/A

*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Aug-18** Preliminary

Visitor Industry Performance Measures

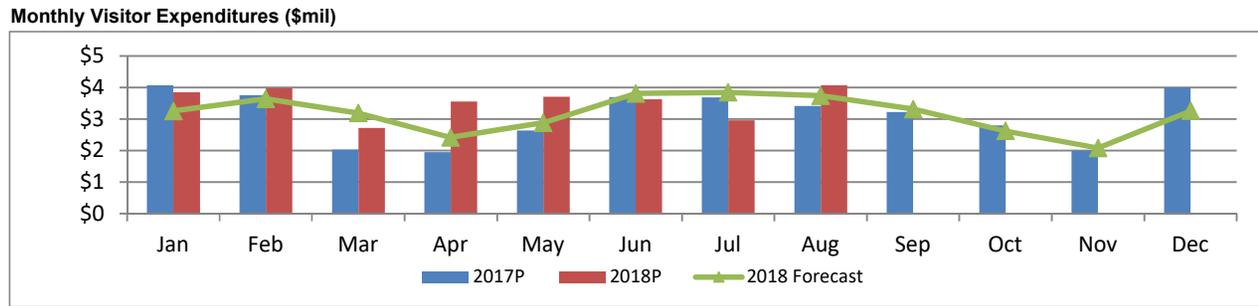
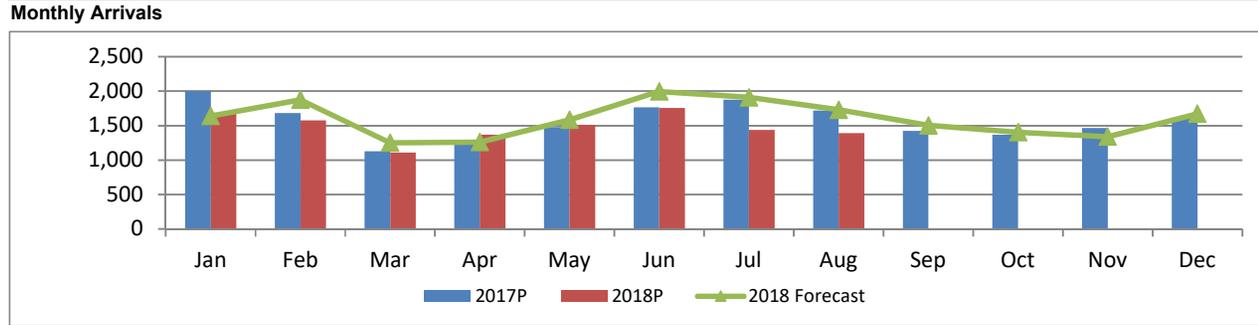
Market: **TAIWAN**

Key Performance Indicators

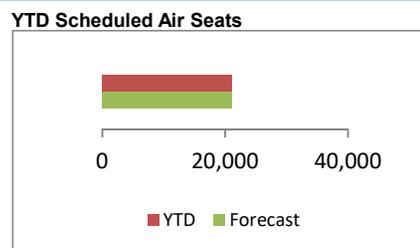
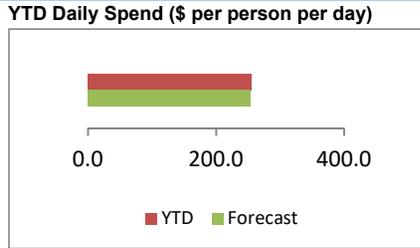
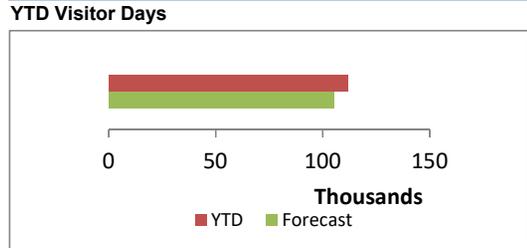
	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↓ 89.5%	-8.2%	11,839	13,232	O'ahu	N/A	-6.4%	11,478	N/A
Visitor Spending (\$mil)*	↑ 106.5%	12.8%	28.5	26.8	Maui	N/A	33.3%	2,285	N/A
Visitor Days	↑ 106.2%	13.1%	111,651	105,169	Moloka'i	N/A	55.0%	41	N/A
Daily Spend (\$pppd)	→ 100.3%	-0.3%	255.2	254.4	Lāna'i	N/A	114.8%	87	N/A
Airlift (scheduled seats)	→ 100.0%	3.2%	21,114	21,114	Kaua'i	N/A	-22.1%	390	N/A
					Hawai'i Island	N/A	6.3%	3,514	N/A

*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Aug-18** Preliminary

Visitor Industry Performance Measures

Market: **OCEANIA**

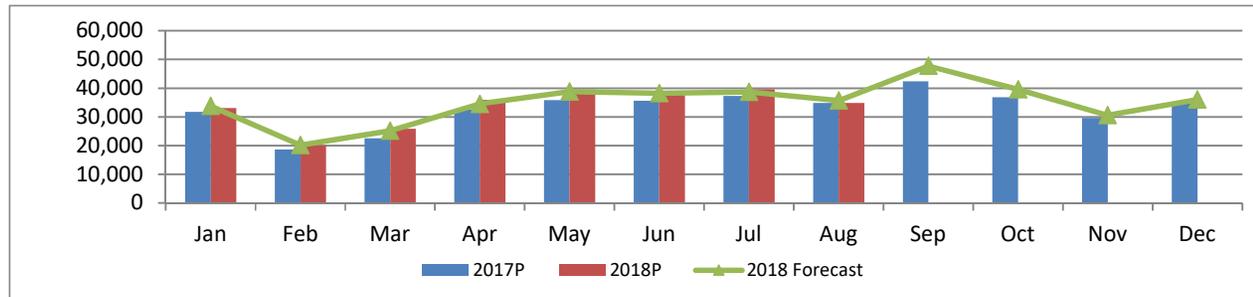
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	→ 100.7%	7.0%	266,620	264,697	O'ahu	N/A	7.6%	260,654	N/A
Visitor Spending (\$mil)*	↓ 94.3%	3.6%	676.2	716.8	Maui	N/A	-2.9%	45,113	N/A
Visitor Days	→ 100.7%	7.6%	2,571,255	2,552,517	Moloka'i	N/A	-29.5%	2,308	N/A
Daily Spend (\$pppd)	↓ 93.7%	-3.7%	263.0	280.8	Lāna'i	N/A	-14.4%	3,401	N/A
Airlift (scheduled seats)	→ 99.7%	10.2%	352,008	353,129	Kaua'i	N/A	-3.3%	21,179	N/A
					Hawai'i Island	N/A	-16.8%	33,933	N/A

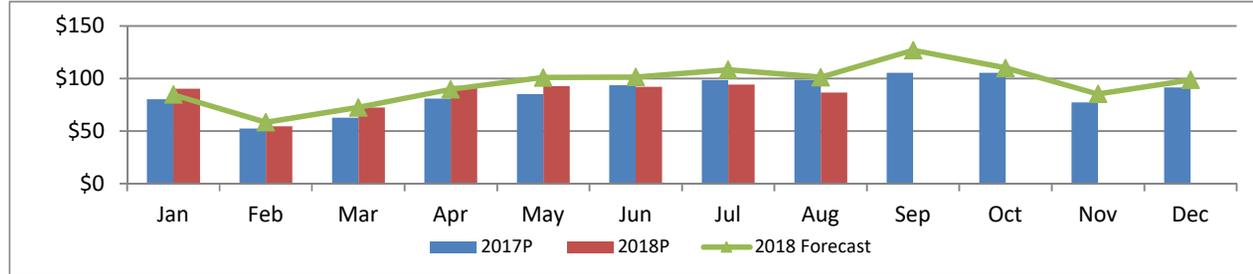
*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

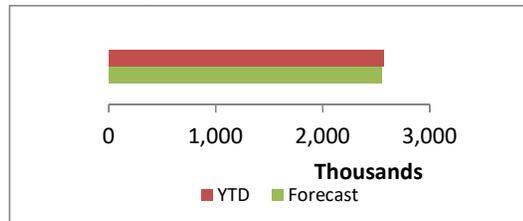


Monthly Visitor Expenditures (\$mil)

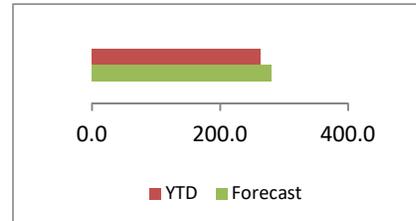


Annual Indicators

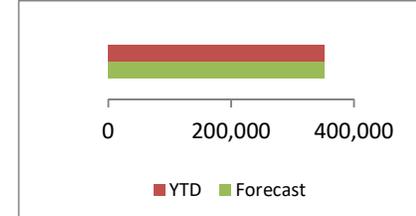
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Aug-18** Preliminary

Visitor Industry Performance Measures

Market: **EUROPE**

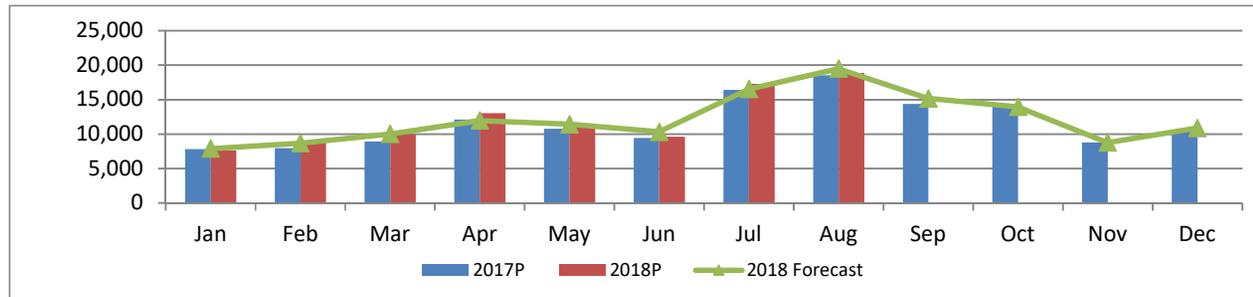
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	→ 100.5%	5.0%	96,627	96,159	O'ahu	N/A	8.9%	72,244	N/A
Visitor Spending (\$mil)*	↑ 104.4%	12.4%	223.1	213.7	Maui	N/A	5.8%	41,535	N/A
Visitor Days	↗ 101.7%	5.5%	1,263,759	1,243,080	Moloka'i	N/A	35.0%	1,992	N/A
Daily Spend (\$pppd)	↑ 102.7%	6.6%	176.5	171.9	Lāna'i	N/A	4.1%	984	N/A
Airlift (scheduled seats)	NA	NA	NA	NA	Kaua'i	N/A	12.8%	24,961	N/A
					Hawai'i Island	N/A	-8.6%	32,215	N/A

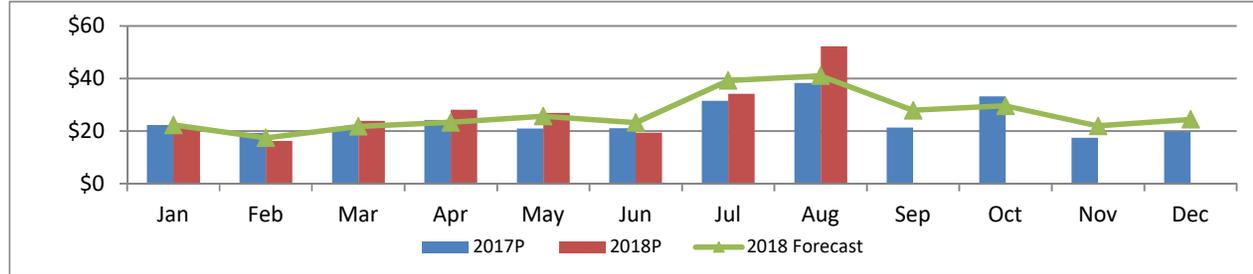
*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

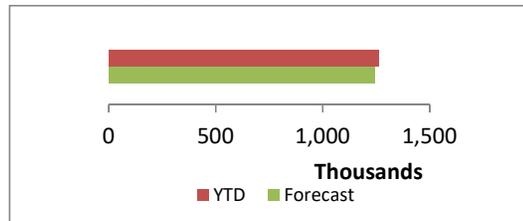


Monthly Visitor Expenditures (\$mil)

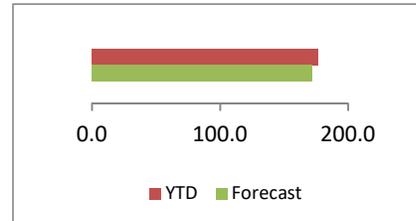


Annual Indicators

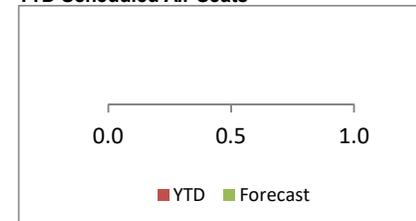
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of August 2018

Hawai'i Tourism Authority Report Date: **Aug-18** Preliminary

Visitor Industry Performance Measures

Market: **LATIN AMERICA**

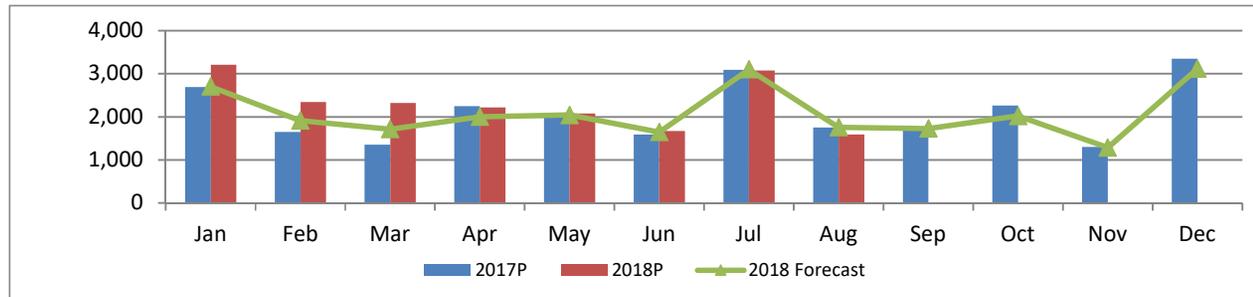
Key Performance Indicators

	% of Forecast*	YOY Rate	YTD	Forecast	Arrivals	% of Forecast	YOY Rate	YTD	Forecast
Arrivals	↑ 109.9%	13.2%	18,523	16,854	O'ahu	N/A	18.5%	14,287	N/A
Visitor Spending (\$mil)*	↑ 108.6%	18.5%	45.9	42.2	Maui	N/A	6.7%	7,047	N/A
Visitor Days	↑ 107.8%	11.3%	195,535	181,372	Moloka'i	N/A	95.8%	314	N/A
Daily Spend (\$pppd)	→ 100.8%	6.5%	234.6	232.8	Lāna'i	N/A	137.8%	343	N/A
Airlift (scheduled seats)	NA	NA	NA	NA	Kaua'i	N/A	19.9%	2,243	N/A
					Hawai'i Island	N/A	12.1%	4,149	N/A

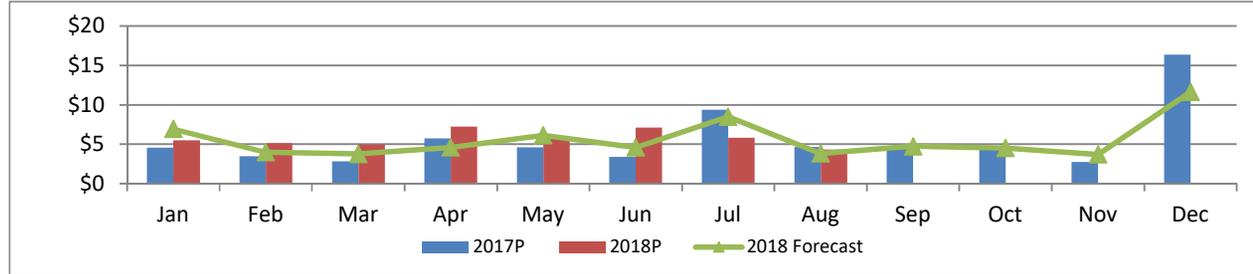
*DBEDT Forecasts as of August 2018

Monthly Indicators Arrows represent increments of 1%

Monthly Arrivals

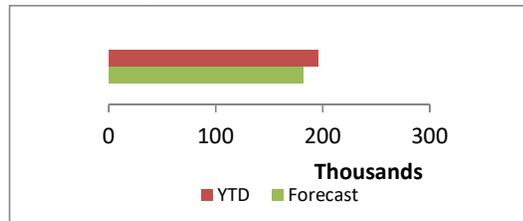


Monthly Visitor Expenditures (\$mil)

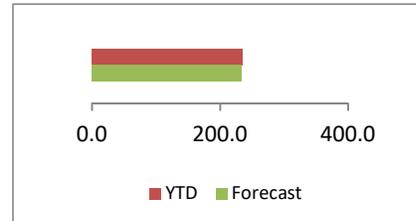


Annual Indicators

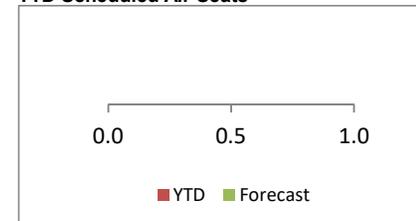
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

Agenda Item

8

Presentation, Discussion and Action
on HTA's Financial Reports for April-
June 2018 and July and August 2018

HAWAII TOURISM

AUTHORITY

Financial Statements – Executive Summary July 1, 2018 - August 31, 2018

Tourism Special Fund:

1. \$87.7M in cash and investments
 - a. Includes \$5M in Emergency Fund held as investments
 - b. Increase from June of \$10.6M due primarily to the following:
 - i. Recording \$13.2M in TAT revenues
 - ii. Offset by \$3.2M in expenditures
2. \$43.1M of prior year encumbrances being spent down
3. \$24.5M in Board allocations projected for June 30, 2019. A supporting schedule is embedded in these financial statements to provide greater detail. This number includes:
 - a. \$5M in Emergency Fund established under statute;
 - b. \$3M allocated by the Board for use during a significant economic downturn;
 - c. \$4.15M in funds held for the Center for Hawaiian Music & Dance;
 - d. \$9M earmarked for specific obligations, such as EUTF, ERS, and accrued vacation.
4. \$1.5M of the \$85.4M FY 2019 Budget utilized.
5. Operating Income:
 - a. Recorded \$13.2M in TAT for two-month period ended on August 31, 2018.
 - b. Incurred \$3.2M in program and other expenditures during two-month period ended August 31, 2018.

Convention Center Enterprise Special Fund:

6. \$23.6M in cash
 - a. Increase of \$2.8M from June due to the following:
 - i. Receiving \$2.8M in TAT
7. \$20.8M in cash with contractor or with DAGS, for R&M projects (as of July 2018).
 - a. Includes \$2M Emergency

- b. Remaining encumbered or budgeted toward specific projects such as cooling tower replacement, furnishings and enhancements, wall rehabilitation, boiler replacement, and various equipment purchases and upgrades.
 - c. Reflects \$10.6M spent on current and future projects (in-progress costs or preliminary work); this includes recent costs expended on meeting room roof repairs.
- 8. \$19.3M in Board allocations projected for June 30, 2019. This includes funds targeted to fund future repair and maintenance projects, large equipment purchases, convention center operating contingencies, operating capital, and convention center incentives. The HTA Board institutes a budgeting practice of allocating approximately 4% of each year's budgeted gross expenditures toward increasing HCC's Repairs and Maintenance reserve.
- 9. \$2.5M of prior year encumbrances being spent down.
- 10. Operating Income:
 - a. Recorded \$2.8M in TAT revenue year-to-date
 - b. Convention Center operations:
 - i. \$407K operating loss year-to-date.
- 11. Spending according to Budget.

Hawaii Tourism Authority
 Balance Sheet
 348 - Tourism Special Fund
 As of 8/31/2018

	Current Year
Assets	
Current Assets	
Checking 348	82,723,147.38
Petty Cash	5,000.00
Investments	0.00
Savings	0.00
Other	0.00
Total Current Assets	82,728,147.38
Accounts Receivable	
Accounts Receivable	0.00
Accounts Receivable-Accrual	0.00
Total Accounts Receivable	0.00
Total Assets	82,728,147.38
Fund Balance	
Current year payables	
Accounts Payable	536,450.62
Credit Card Payable	1,205.90
Total Current year payables	537,656.52
Current year net assets	
	10,012,970.48
Total Current year net assets	10,012,970.48
Prior years	
FY 2011 Funds	44,050.00
FY 2012 Funds	205,373.36
FY 2013 Funds	245,769.89
FY 2014 Funds	31,233,999.01
FY 2015 Funds	38,380,444.09
FY 2016 Funds	40,267,767.14
FY 2017 Funds	36,727,419.72
FY 2018 Funds	40,696,801.61
Unreserved Fund Balance	(115,624,104.44)
Total Prior years	72,177,520.38
Total Fund Balance	82,728,147.38

Hawaii Tourism Authority
 Balance Sheet
 361 - Convention Center Enterprise Special Fund
 As of 8/31/2018

	Current Year
Assets	
Current Assets	
Checking 348	0.00
Investments	0.00
Savings	0.00
Checking 361	23,594,117.73
Other	0.00
Total Current Assets	23,594,117.73
Accounts Receivable	
Accounts Receivable	0.00
Accounts Receivable	0.00
Accounts Receivable-Accrual	0.00
Total Accounts Receivable	0.00
Total Assets	23,594,117.73
Fund Balance	
Current year payables	
Accounts Payable	0.00
Total Current year payables	0.00
Current year net assets	
	2,750,000.00
Total Current year net assets	2,750,000.00
Prior years	
FY 2013 Funds	14,533.57
FY 2014 Funds	2,183,441.28
FY 2015 Funds	15,629,628.73
FY 2016 Funds	5,066,786.48
FY 2017 Funds	734,405.58
FY 2018 Funds	1,139,398.30
FY 2019 Funds	18,353,058.99
Unreserved Fund Balance	(22,277,135.20)
Total Prior years	20,844,117.73
Total Fund Balance	23,594,117.73

HTA Allocations (Preliminary)
FY 2019

HTA Allocations:

Annual Budgets:
-\$84.2M HTA Tourism Special Fund
 (\$79M TAT + \$4.9M prior year carryover + \$300K Funds set aside last year by HTA Board for FY19)
-Convention Center Fund (\$16.5M Revenues, \$15.5M Expenses, \$1M to R&M Reserve) - **Pending Board approval.**

\$8M Emergency Funds
\$5M Emergency Fund Reserve
 (Established by Statute as a separate fund, to be used upon declaration of a tourism emergency by the Governor)
\$2.98M Mandated by Board (to be used in the event of a significant economic downturn upon Board approval)
 [\$4.3M at June 30 2018; In FY 19, the Board allocated an additional \$1.25M out of this fund for Hawaii'i Island.]

	Tourism Special Fund Long-Term Obligations and Commitments:		Convention Center Fund Long-Term Obligations and Commitments:	
	6/30/2018	Projected 6/30/2019	6/30/2018	Projected 6/30/2019
Carryover of FY 2018 to FY 2019 Budget (Use in FY 19)	4,269,476	-	1,512,988	1,512,988
Use of Funds Held Last Year for FY 2019 Budget	939,632	-	16,090,071	17,092,452
FY 2020 Budget / Operating Reserve	2,002,969	2,002,969	750,000	750,000
International Access Funding (incl Kona)	1,125,233	1,125,233		
Center for Hawaiian Music & Dance	4,153,000	4,153,000		
Accrued Health Liability (Based on liability at FY17)	2,430,000	2,430,000		
Accrued Retirement Liability (FY 17)	6,300,000	6,300,000		
Accrued Vacation Liability	442,245	442,245		
HCC MFF Commitments *	-	-		
Total Long-Term Obligations and Commitments	21,662,556	16,453,448	18,353,059	19,355,440

** In an effort to build available funds for future significant HCC R&M projects, staff recommends a practice of allocating approximately 4% of each year's budgeted gross expenditures toward increasing HCC's R&M reserves.

Hawaii Tourism Authority
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
348 - Tourism Special Fund
19 - FY 2019 Funds
From 7/1/2018 Through 8/31/2018

	Total Budget - MicroixFY19	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY19
Revenue				
Transient Accomodations Tax	79,000,000.00	13,166,666.66	13,166,666.66	(65,833,333.34)
Interest and Dividends	0.00	(350.94)	(350.94)	(350.94)
Miscellaneous	0.00	766.44	766.44	766.44
Industry Collaboration and Coordination	0.00	0.00	0.00	0.00
Total Revenue	<u>79,000,000.00</u>	<u>13,167,082.16</u>	<u>13,167,082.16</u>	<u>(65,832,917.84)</u>
Expense				
Hawaiian Culture	3,735,000.00	192.50	192.50	3,734,807.50
Natural Resources	2,180,000.00	192.50	192.50	2,179,807.50
Community	4,056,000.00	0.00	0.00	4,056,000.00
Communications	636,000.00	0.00	0.00	636,000.00
Career Development	720,000.00	0.00	0.00	720,000.00
Major Market Management	44,496,000.00	0.00	0.00	44,496,000.00
Business Destination Management	1,155,000.00	0.00	0.00	1,155,000.00
Access	2,713,000.00	0.00	0.00	2,713,000.00
Industry Collaboration and Coordination	55,000.00	(1,185.00)	(1,185.00)	56,185.00
Digital Marketing Projects	1,400,000.00	0.00	0.00	1,400,000.00
HTA Product Development	654,000.00	0.00	0.00	654,000.00
Sports Marketing	6,135,000.00	0.00	0.00	6,135,000.00
Festivals and Events	2,308,000.00	0.00	0.00	2,308,000.00
Brand Development Projects	275,000.00	0.00	0.00	275,000.00
Greetings	1,200,000.00	0.00	0.00	1,200,000.00
Safety and Security	1,910,000.00	0.00	0.00	1,910,000.00
Tourism Research	4,231,214.00	0.00	0.00	4,231,214.00
Governance	4,977,894.00	2,002.58	2,002.58	4,975,891.42
Industry Relations	1,357,000.00	0.00	0.00	1,357,000.00
Total Expense	<u>84,194,108.00</u>	<u>1,202.58</u>	<u>1,202.58</u>	<u>84,192,905.42</u>
Net Income	<u>(5,194,108.00)</u>	<u>13,165,879.58</u>	<u>13,165,879.58</u>	<u>18,359,987.58</u>

Hawaii Tourism Authority
 Statement of Revenues and Expenditures - Unposted Transactions Included In Report
 361 - Convention Center Enterprise Special Fund
 19 - FY 2019 Funds
 From 7/1/2018 Through 8/31/2018

	Total Budget - MicroixFY19	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY19
Revenue				
Transient Accomodations Tax	0.00	2,750,000.00	2,750,000.00	2,750,000.00
Interest and Dividends	0.00	0.00	0.00	0.00
Total Revenue	<u>0.00</u>	<u>2,750,000.00</u>	<u>2,750,000.00</u>	<u>2,750,000.00</u>
Net Income	<u>0.00</u>	<u>2,750,000.00</u>	<u>2,750,000.00</u>	<u>2,750,000.00</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures
348 - Tourism Special Fund
Prior Year Funds

	Total Budget - Revised	Current Period Actual	Current Year Actual	Total Budget Variance - Revised
Revenue				
Transient Accomodations Tax	0.00	0.00	0.00	0.00
Interest and Dividends	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
Business Destination Management	0.00	0.00	0.00	0.00
Industry Collaboration and Coordination	0.00	0.00	0.00	0.00
Governance	0.00	0.00	0.00	0.00
Total Revenue	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Expense				
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
Hawaiian Culture	1,703,716.94	206,229.19	206,229.19	1,497,487.75
Natural Resources	1,266,954.83	559,441.19	559,441.19	707,513.64
Community	1,465,470.95	80,000.00	80,000.00	1,385,470.95
Communications	434,050.58	475.22	475.22	433,575.36
Career Development	280,750.00	0.00	0.00	280,750.00
Major Market Management	24,998,960.33	795,827.20	795,827.20	24,203,133.13
Business Destination Management	623,119.53	35,667.00	35,667.00	587,452.53
Access	3,530,331.50	810,000.00	810,000.00	2,720,331.50
Industry Collaboration and Coordination	24,101.97	549.59	549.59	23,552.38
Digital Marketing Projects	2,465,107.02	172,066.00	172,066.00	2,293,041.02
HTA Product Development	120,794.30	48,000.00	48,000.00	72,794.30
Sports Marketing	2,775,102.26	18,000.00	18,000.00	2,757,102.26
Festivals and Events	958,381.11	122,000.00	122,000.00	836,381.11
Brand Development Projects	234,896.80	0.00	0.00	234,896.80
Greetings	905,595.44	54,000.00	54,000.00	851,595.44
Safety and Security	558,213.31	99,000.00	99,000.00	459,213.31
Tourism Research	2,152,865.34	135,299.74	135,299.74	2,017,565.60
Governance	946,904.96	16,098.97	16,098.97	930,805.99
Industry Relations	837,458.99	255.00	255.00	837,203.99
Total Expense	<u>46,282,776.16</u>	<u>3,152,909.10</u>	<u>3,152,909.10</u>	<u>43,129,867.06</u>
Net Income	<u>(46,282,776.16)</u>	<u>(3,152,909.10)</u>	<u>(3,152,909.10)</u>	<u>43,129,867.06</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures
361 - Convention Center Enterprise Special Fund
Prior Year Funds

	Total Budget - Revised	Current Period Actual	Current Year Actual	Total Budget Variance - Revised
Revenue				
Transient Accomodations Tax	0.00	0.00	0.00	0.00
Interest and Dividends	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
HCC Revenue	0.00	0.00	0.00	0.00
HCC Operating Expense	0.00	0.00	0.00	0.00
Total Revenue	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Expense				
HCC Revenue	0.00	0.00	0.00	0.00
Governance	21,309.74	0.00	0.00	21,309.74
HCC Operating Expense	2,089,065.81	0.00	0.00	2,089,065.81
HCC Repair and Maintenance	0.00	0.00	0.00	0.00
HCC Sales and Marketing / MFF	354,962.93	0.00	0.00	354,962.93
Bond Debt Service	0.00	0.00	0.00	0.00
HCC Hawaiian Music and Dance Center	0.00	0.00	0.00	0.00
HCC Turtle Bay Conservation Due Diligence	27,356.00	0.00	0.00	27,356.00
Total Expense	<u>2,492,694.48</u>	<u>0.00</u>	<u>0.00</u>	<u>2,492,694.48</u>
Net Income	<u>(2,492,694.48)</u>	<u>0.00</u>	<u>0.00</u>	<u>2,492,694.48</u>

Hawaii Convention Center
Facility
Reforecast
From 8/1/2018 Through 12/31/2018
(In Whole Numbers)

	YTD Actual	Projected Next Month to 12/31/18	Reforecast	Budget	Variance	Prior Year Actual
Direct Event Income						
Rental Income (Net)	1,650,896	916,495	2,567,391	2,330,000	237,391	2,300,956
Service Revenue	442,437	249,430	691,867	887,100	(195,233)	908,564
Total Direct Event Income	2,093,333	1,165,925	3,259,258	3,217,100	42,158	3,209,520
Direct Service Expenses	1,070,097	721,350	1,791,447	1,790,900	(547)	1,870,174
Net Direct Event Income	1,023,236	444,575	1,467,811	1,426,200	41,611	1,339,346
Ancillary Income						
F&B Concession (Net)	432,290	139,268	571,558	605,000	(33,442)	596,056
F&B Catering (Net)	2,495,412	1,755,270	4,250,682	5,822,675	(1,571,993)	7,697,213
Event Parking (Net)	486,831	259,900	746,731	757,400	(10,669)	691,002
Electrical Services	114,778	123,200	237,978	233,400	4,578	261,850
Audio Visual	220,948	89,548	310,496	314,800	(4,304)	318,910
Internet Services	694	21,860	22,554	0	22,554	21,455
Rigging Services	57,487	19,900	77,387	76,900	487	102,494
First Aid Commissions	2,272	1,550	3,822	4,300	(478)	4,062
Total Ancillary Income	3,810,712	2,410,496	6,221,208	7,814,475	(1,593,267)	9,693,042
Total Event Income	4,833,948	2,855,071	7,689,019	9,240,675	(1,551,656)	11,032,388
Other Operating Income						
Non-Event Parking	35,806	23,000	58,806	55,200	3,606	62,373
Other Income	27,182	15,882	43,064	38,100	4,964	64,129
Total Other Operating Income	62,988	38,882	101,870	93,300	8,570	126,502
Total Gross Income	4,896,936	2,893,953	7,790,889	9,333,975	(1,543,086)	11,158,890
Net Salaries & Benefits						
Salaries & Wages	2,591,191	1,966,290	4,557,481	4,989,000	431,519	4,159,961
Payroll Taxes & Benefits	670,472	505,305	1,175,777	1,169,500	(6,277)	1,102,710
Labor Allocations to Events	(298,794)	(157,460)	(456,254)	(409,251)	47,003	(407,543)
Total Net Salaries & Benefits	2,962,869	2,314,135	5,277,004	5,749,249	472,245	4,855,128
Other Indirect Expenses						
Net Contracted Services	158,354	179,191	337,545	402,396	64,851	349,348
Operations	67,100	94,663	161,763	200,300	38,537	207,311
Repair & Maintenance	341,526	346,345	687,871	795,200	107,329	744,770
Operational Supplies	324,366	287,406	611,772	675,700	63,928	629,579
Insurance	75,107	89,050	164,157	176,100	11,943	202,371
Utilities	1,254,357	1,076,827	2,331,184	2,337,748	6,564	2,194,274
Meetings & Conventions	11,045	5,464	16,509	24,900	8,391	20,109
Promotions & Communications	31,193	17,669	48,862	42,400	(6,462)	39,073
General & Administrative	144,210	145,792	290,002	327,002	37,000	304,339
Management Fees	75,600	177,100	252,700	285,100	32,400	279,840
Other	85,316	31,912	117,228	77,200	(40,028)	569,676
Total Other Indirect Expenses	2,568,174	2,451,419	5,019,593	5,344,046	324,453	5,540,690
Net Income (Loss) before CIP Funded Expenses	(634,107)	(1,871,601)	(2,505,708)	(1,759,320)	(746,388)	763,072
CIP Funded Expenses	16,388	0	16,388	0	16,388	575,840
Net Income (Loss) from Operations	(617,719)	(1,871,601)	(2,489,320)	(1,759,320)	(730,000)	1,338,912
Fixed Asset Purchases	74,094	95,906	170,000	200,000	30,000	222,331
Net Income (Loss) after Fixed Asset Purchases	(691,813)	(1,967,507)	(2,659,320)	(1,959,320)	(700,000)	1,116,581

Hawaii Convention Center
Facility
Income Statement
From 7/1/2018 Through 7/31/2018
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Direct Event Income								
Rental Income (Net)	181,941	86,546	95,395	294,187	1,650,896	1,466,566	184,330	1,639,196
Service Revenue	63,971	74,475	(10,504)	98,924	442,437	525,765	(83,328)	500,430
Total Direct Event Income	245,912	161,021	84,891	393,111	2,093,333	1,992,331	101,001	2,139,626
Direct Service Expenses	165,452	164,224	(1,228)	193,282	1,070,097	1,113,924	43,827	1,213,587
Net Direct Event Income	80,460	(3,203)	83,663	199,828	1,023,236	878,408	144,828	926,040
Ancillary Income								
F&B Concession (Net)	113,445	68,310	45,135	65,834	432,290	369,527	62,763	478,161
F&B Catering (Net)	449,282	509,639	(60,357)	2,024,977	2,495,412	3,760,302	(1,264,890)	4,727,547
Event Parking (Net)	71,388	47,000	24,388	68,674	486,831	452,850	33,981	479,313
Electrical Services	3,670	40,400	(36,730)	20,494	114,778	109,400	5,378	226,467
Audio Visual	15,579	42,860	(27,281)	15,745	220,948	164,700	56,248	177,870
Internet Services	694	0	694	0	694	0	694	0
Rigging Services	2,771	6,000	(3,229)	29,160	57,487	46,800	10,687	69,658
First Aid Commissions	418	385	33	490	2,272	2,705	(433)	2,876
Total Ancillary Income	657,248	714,594	(57,346)	2,225,375	3,810,712	4,906,284	(1,095,572)	6,161,892
Total Event Income	737,707	711,391	26,317	2,425,204	4,833,948	5,784,692	(950,744)	7,087,932
Other Operating Income								
Non-Event Parking	6,068	4,600	1,468	10,185	35,806	32,200	3,606	41,308
Other Income	6,867	3,174	3,693	3,322	27,182	22,218	4,964	26,665
Total Other Operating Income	12,935	7,774	5,161	13,507	62,987	54,418	8,569	67,973
Total Gross Income	750,642	719,165	31,477	2,438,710	4,896,935	5,839,110	(942,174)	7,155,905
Net Salaries & Benefits								
Salaries & Wages	378,510	405,883	27,373	337,240	2,591,191	2,841,181	249,990	2,373,405
Payroll Taxes & Benefits	102,580	94,885	(7,695)	86,506	670,472	664,195	(6,277)	639,108
Labor Allocations to Events	(46,650)	(37,257)	9,393	(44,547)	(298,794)	(251,791)	47,003	(236,851)
Total Net Salaries & Benefits	434,441	463,511	29,070	379,199	2,962,870	3,253,585	290,715	2,775,663
Other Indirect Expenses								
Net Contracted Services	26,076	33,515	7,439	33,355	158,354	223,205	64,851	174,840
Operations	7,234	14,291	7,057	16,141	67,100	105,637	38,537	110,642
Repair & Maintenance	47,229	66,265	19,036	53,415	341,526	463,855	122,329	384,366
Operational Supplies	48,493	55,353	6,860	95,237	324,366	398,294	73,928	327,357
Insurance	11,482	14,936	3,454	25,109	75,107	106,050	30,943	115,823
Utilities	202,834	212,990	10,156	198,506	1,254,357	1,260,921	6,564	1,264,787
Meetings & Conventions	3,270	2,788	(482)	1,885	11,045	14,436	3,391	11,951
Promotions & Communications	6,109	3,533	(2,576)	1,609	31,193	24,731	(6,462)	22,091
General & Administrative	12,997	35,653	22,656	17,425	144,210	200,643	56,433	173,748
Management Fees	10,800	10,800	0	10,600	75,600	75,600	0	74,200
Other	8,314	6,384	(1,930)	7,018	85,316	45,288	(40,028)	521,793
Total Other Indirect	384,840	456,508	71,668	460,299	2,568,175	2,918,660	350,485	3,181,596
Net Income (Loss) before CIP Funded Expenses	(68,638)	(200,854)	132,216	1,599,212	(634,109)	(333,135)	(300,974)	1,198,646
CIP Funded Expenses	742	0	742	417,283	16,388	0	16,388	471,180
Net Income (Loss) from Operations	(67,896)	(200,854)	132,958	2,016,495	(617,721)	(333,135)	(284,586)	1,669,826
Fixed Asset Purchases	43,905	33,334	(10,571)	12,959	74,094	33,334	(40,760)	72,421
Net Income (Loss) After Fixed Asset Purchases	(111,802)	(234,188)	122,386	2,003,536	(691,815)	(366,469)	(325,346)	1,597,405

Hawaii Convention Center
Facility
Income Statement
From 7/1/2018 Through 7/31/2018
(In Whole Numbers)

	<u>Current Month Actual</u>	<u>Current Month Budget</u>	<u>Variance</u>	<u>Current Month Prior Year</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance</u>	<u>YTD Prior Year</u>
Revenues								
Food & Beverage	884,213	897,995	(13,782)	2,752,332	5,293,509	6,534,869	(1,241,360)	7,875,365
Facility	363,875	310,840	53,035	550,674	3,096,120	2,868,154	227,965	3,219,255
Total Revenues	<u>1,248,088</u>	<u>1,208,835</u>	<u>39,253</u>	<u>3,303,006</u>	<u>8,389,628</u>	<u>9,403,023</u>	<u>(1,013,395)</u>	<u>11,094,620</u>
Expenses								
Food & Beverage	484,662	505,253	20,591	864,615	3,470,176	3,670,732	200,556	3,772,633
Facility	832,064	904,436	72,372	839,179	5,553,562	6,065,427	511,865	6,123,342
Total Expenses	<u>1,316,726</u>	<u>1,409,689</u>	<u>92,963</u>	<u>1,703,794</u>	<u>9,023,738</u>	<u>9,736,159</u>	<u>712,421</u>	<u>9,895,974</u>
Net Income (Loss) before CIP Funded Expenses	(68,638)	(200,854)	132,216	1,599,212	(634,109)	(333,135)	(300,974)	1,198,646
CIP Funded Expenses	<u>742</u>	<u>0</u>	<u>742</u>	<u>417,283</u>	<u>16,388</u>	<u>0</u>	<u>16,388</u>	<u>471,180</u>
Net Income (Loss) from Operations	(67,896)	(200,854)	132,958	2,016,495	(617,721)	(333,135)	(284,586)	1,669,826
Fixed Asset Purchases	<u>43,905</u>	<u>33,334</u>	<u>(10,571)</u>	<u>12,959</u>	<u>74,094</u>	<u>33,334</u>	<u>(40,760)</u>	<u>72,421</u>
Net Income (Loss) after Fixed Asset Purchases	<u>(111,801)</u>	<u>(234,188)</u>	<u>122,387</u>	<u>2,003,536</u>	<u>(691,815)</u>	<u>(366,469)</u>	<u>(325,346)</u>	<u>1,597,405</u>

Hawaii Convention Center
 Facility
 Reforecast
 From 9/1/2018 Through 12/31/2018
 (In Whole Numbers)

	YTD Actual	Projected Next Month to 12/31/18	Reforecast	Budget	Variance	Prior Year Actual
Direct Event Income						
Rental Income (Net)	1,750,930	788,350	2,539,280	2,330,000	209,280	2,300,956
Service Revenue	506,146	216,855	723,001	887,100	(164,099)	908,564
Total Direct Event Income	2,257,076	1,005,205	3,262,281	3,217,100	45,181	3,209,520
Direct Service Expenses	1,172,128	625,199	1,797,327	1,790,900	(6,427)	1,870,174
Net Direct Event Income	1,084,948	380,006	1,464,954	1,426,200	38,754	1,339,346
Ancillary Income						
F&B Concession (Net)	461,460	121,416	582,876	605,000	(22,124)	596,056
F&B Catering (Net)	2,876,766	1,379,155	4,255,921	5,822,675	(1,566,754)	7,697,213
Event Parking (Net)	528,081	194,800	722,881	757,400	(34,519)	691,002
Electrical Services	115,101	120,400	235,501	233,400	2,101	261,850
Audio Visual	226,271	88,123	314,394	314,800	(406)	318,910
Internet Services	1,309	19,210	20,519	0	20,519	21,455
Rigging Services	60,408	14,250	74,658	76,900	(2,242)	102,494
First Aid Commissions	2,452	1,290	3,742	4,300	(558)	4,062
Total Ancillary Income	4,271,848	1,938,644	6,210,492	7,814,475	(1,603,983)	9,693,042
Total Event Income	5,356,796	2,318,650	7,675,446	9,240,675	(1,565,229)	11,032,388
Other Operating Income						
Non-Event Parking	41,936	18,400	60,336	55,200	5,136	62,373
Other Income	32,812	12,708	45,520	38,100	7,420	64,129
Total Other Operating Income	74,748	31,108	105,856	93,300	12,556	126,502
Total Gross Income	5,431,544	2,349,758	7,781,302	9,333,975	(1,552,673)	11,158,890
Net Salaries & Benefits						
Salaries & Wages	2,961,071	1,602,401	4,563,472	4,989,000	425,528	4,159,961
Payroll Taxes & Benefits	764,188	410,420	1,174,608	1,169,500	(5,108)	1,102,710
Labor Allocations to Events	(327,979)	(128,562)	(456,541)	(409,251)	47,290	(407,543)
Total Net Salaries & Benefits	3,397,280	1,884,259	5,281,539	5,749,249	467,710	4,855,128
Other Indirect Expenses						
Net Contracted Services	197,728	124,952	322,680	402,396	79,716	349,348
Operations	78,771	66,610	145,381	200,300	54,919	207,311
Repair & Maintenance	399,332	295,205	694,537	795,200	100,663	744,770
Operational Supplies	366,825	189,543	556,368	675,700	119,332	629,579
Insurance	85,458	75,595	161,053	176,100	15,047	202,371
Utilities	1,457,163	837,600	2,294,763	2,337,748	42,985	2,194,274
Meetings & Conventions	13,222	14,050	27,272	24,900	(2,372)	20,109
Promotions & Communications	37,136	24,136	61,272	42,400	(18,872)	39,073
General & Administrative	158,727	110,101	268,828	327,002	58,174	304,339
Management Fees	86,400	166,300	252,700	285,100	32,400	279,840
Other	85,187	18,701	103,888	77,200	(26,688)	569,676
Total Other Indirect Expenses	2,965,949	1,922,793	4,888,742	5,344,046	455,304	5,540,690
Net Income (Loss) before CIP Funded Expenses	(931,685)	(1,457,294)	(2,388,979)	(1,759,320)	(629,659)	763,072
CIP Funded Expenses	19,259	0	19,259	0	19,259	575,840
Net Income (Loss) from Operations	(912,426)	(1,457,294)	(2,369,720)	(1,759,320)	(610,400)	1,338,912
Fixed Asset Purchases	74,094	101,906	176,000	200,000	24,000	222,331
Net Income (Loss) after Fixed Asset Purchases	(986,520)	(1,559,200)	(2,545,720)	(1,959,320)	(586,400)	1,116,581

Hawaii Convention Center
Facility
Income Statement
From 8/1/2018 Through 8/31/2018
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Direct Event Income								
Rental Income (Net)	100,034	190,626	(90,592)	152,202	1,750,930	1,657,192	93,738	1,791,398
Service Revenue	63,709	42,925	20,784	46,383	506,146	568,690	(62,544)	546,813
Total Direct Event Income	163,743	233,551	(69,808)	198,585	2,257,076	2,225,882	31,194	2,338,212
Direct Service Expenses	102,031	111,415	9,384	110,923	1,172,128	1,225,339	53,210	1,324,510
Net Direct Event Income	61,712	122,136	(60,424)	87,662	1,084,948	1,000,544	84,404	1,013,702
Ancillary Income								
F&B Concession (Net)	29,169	51,844	(22,675)	37,916	461,460	421,371	40,089	516,078
F&B Catering (Net)	381,354	462,285	(80,931)	387,429	2,876,766	4,222,587	(1,345,821)	5,114,975
Event Parking (Net)	41,250	74,700	(33,450)	60,870	528,081	527,550	531	540,183
Electrical Services	323	2,800	(2,477)	1,212	115,101	112,200	2,901	227,679
Audio Visual	5,323	8,100	(2,777)	8,606	226,271	172,800	53,471	186,477
Internet Services	615	0	615	197	1,309	0	1,309	197
Rigging Services	2,921	3,600	(679)	2,865	60,408	50,400	10,008	72,523
First Aid Commissions	180	285	(105)	133	2,452	2,990	(538)	3,008
Total Ancillary Income	461,136	603,614	(142,478)	499,227	4,271,848	5,509,898	(1,238,050)	6,661,120
Total Event Income	522,848	725,750	(202,902)	586,890	5,356,796	6,510,442	(1,153,646)	7,674,822
Other Operating Income								
Non-Event Parking	6,130	4,600	1,530	2,993	41,936	36,800	5,136	44,300
Other Income	5,630	3,174	2,456	18,694	32,812	25,392	7,420	45,359
Total Other Operating Income	11,760	7,774	3,986	21,686	74,747	62,192	12,555	89,659
Total Gross Income	534,608	733,524	(198,916)	608,576	5,431,543	6,572,634	(1,141,091)	7,764,481
Net Salaries & Benefits								
Salaries & Wages	369,880	405,883	36,003	334,234	2,961,071	3,247,064	285,993	2,707,639
Payroll Taxes & Benefits	93,716	94,885	1,169	8	8	759,080	(5,108)	728,349
Labor Allocations to Events	(29,185)	(28,898)	287	(1,100)	(1,100)	(280,689)	47,290	(263,956)
Total Net Salaries & Benefits	434,411	471,870	37,459	396,370	3,397,280	3,725,455	328,175	3,172,032
Other Indirect Expenses								
Net Contracted Services	39,374	32,115	(7,259)	30,606	197,728	255,320	57,592	205,447
Operations	11,671	14,291	2,620	21,849	78,771	119,928	41,157	132,491
Repair & Maintenance	57,806	66,265	8,459	108,724	399,332	530,120	130,788	493,089
Operational Supplies	42,458	53,534	11,076	45,252	366,825	451,828	85,003	372,609
Insurance	10,350	14,455	4,105	9,064	85,458	120,505	35,047	124,887
Utilities	202,806	246,967	44,161	201,864	1,457,163	1,507,888	50,725	1,466,651
Meetings & Conventions	2,178	1,608	(570)	133	13,222	16,044	2,822	12,084
Promotions & Communications	5,943	3,533	(2,410)	5,387	37,136	28,264	(8,872)	27,478
General & Administrative	14,517	23,118	8,602	21,758	158,727	223,761	65,034	195,506
Management Fees	10,800	10,800	0	10,600	86,400	86,400	0	84,800
Other	(129)	6,384	6,513	82,433	85,186	51,672	(33,514)	604,226
Total Other Indirect	397,774	473,070	75,296	537,671	2,965,949	3,391,730	425,781	3,719,267
Net Income (Loss) before CIP Funded Expenses	(297,577)	(211,416)	(86,161)	(325,464)	(931,686)	(544,551)	(387,135)	873,182
CIP Funded Expenses	2,871	0	2,871	417,283	19,259	0	19,259	551,254
Net Income (Loss) from Operations	(294,706)	(211,416)	(83,290)	91,819	(912,427)	(544,551)	(367,876)	1,424,436
Fixed Asset Purchases	0	33,334	33,334	12,959	74,094	66,668	(7,426)	74,745
Net Income (Loss) After Fixed Asset Purchases	(294,706)	(244,750)	(49,956)	78,860	(986,521)	(611,219)	(375,302)	1,349,691

Hawaii Convention Center
 Facility
 Income Statement
 From 8/1/2018 Through 8/31/2018
 (In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Revenues								
Food & Beverage	753,881	816,075	(62,194)	718,597	6,047,389	7,350,944	(1,303,555)	8,593,962
Facility	230,062	337,010	(106,948)	299,738	3,326,182	3,205,164	121,018	3,518,994
Total Revenues	983,943	1,153,085	(169,142)	1,018,335	9,373,571	10,556,108	(1,182,537)	12,112,955
Expenses								
Food & Beverage	486,928	476,418	(10,510)	433,639	3,957,104	4,147,150	190,046	4,206,271
Facility	794,592	888,083	93,491	910,160	6,348,154	6,953,510	605,356	7,033,502
Total Expenses	1,281,520	1,364,501	82,981	1,343,799	10,305,258	11,100,660	795,402	11,239,774
Net Income (Loss) before CIP Funded Expenses	(297,577)	(211,416)	(86,161)	(325,464)	(931,687)	(544,551)	(387,135)	873,182
CIP Funded Expenses	2,871	0	2,871	417,283	19,259	0	19,259	551,254
Net Income (Loss) from Operations	(294,706)	(211,416)	(83,290)	91,819	(912,428)	(544,551)	(367,876)	1,424,436
Fixed Asset Purchases	0	33,334	33,334	12,959	74,094	66,668	(7,426)	74,745
Net Income (Loss) after Fixed Asset Purchases	(294,706)	(244,750)	(49,956)	78,860	(986,522)	(611,219)	(375,302)	1,349,691

HAWAII TOURISM

AUTHORITY

Financial Statements – Executive Summary April-June 30, 2018

Tourism Special Fund:

1. \$77.2M in cash and investments
 - a. Includes \$5M in Emergency Fund held as investments
 - b. Decrease from March of \$12.8M due primarily to the following:
 - i. Recording \$20.5M in TAT revenues
 - ii. Offset by \$33.3M in expenditures
2. \$5.6M of prior year encumbrances being spent down
3. \$30.9M in Board Allocations as of June 30, 2018; projected to be \$24.5M at June 30, 2019. A supporting schedule is embedded in these financial statements to provide greater detail. This number includes:
 - a. \$5M in Emergency Fund established under statute;
 - b. \$3M allocated by the Board for use during a significant economic downturn;
 - c. \$4.15M in funds held for the Center for Hawaiian Music & Dance;
 - d. \$9M earmarked for specific obligations, such as EUTF, ERS, and accrued vacation.
4. \$82.5M of the \$88.4M FY 2018 Budget utilized.
5. Operating Income:
 - a. Recorded \$20.5M in TAT for three-month period ended on June 30, 2018, and \$82.0M in TAT YTD.
 - b. Incurred \$33.3M in program and other expenditures during three-month period ended June 30, 2018.

Convention Center Enterprise Special Fund:

6. \$20.8M in cash
 - a. Decrease of \$20.8M from March due to the following:
 - i. Receiving \$6.6M in TAT, \$4.9M transfers from HTA Tourism Special Fund to fund HCC sales and marketing, and \$2.3M in HCC

operations. This was offset by \$20M in bond debt service payments and \$17M in HCC operating expenditures.

7. \$16.9M in cash with contractor or with DAGS, for R&M projects (as of May 2018).
 - a. Includes \$2M Emergency
 - b. Remaining encumbered or budgeted toward specific projects such as cooling tower replacement, furnishings and enhancements, wall rehabilitation, boiler replacement, and various equipment purchases and upgrades.
 - c. Reflects \$10.2M spent on current and future projects (in-progress costs or preliminary work); this includes recent costs expended on meeting room roof repairs.
8. \$18.3M Board Allocations as of June 30, 2018; projected to be \$19.3M at June 30, 2019. This includes funds targeted to fund future repair and maintenance projects, large equipment purchases, convention center operating contingencies, operating capital, and convention center incentives. At its August 2018 Board meeting, the HTA Board shall consider implementing a budgeting practice of allocating approximately 4% of each year's budgeted gross expenditures toward increasing HCC's Repair & Maintenance reserve.
9. \$1.3M of prior year encumbrances being spent down.
10. Operating Income (Loss):
 - a. Recorded \$26.5M in TAT revenue year-to-date
 - b. Convention Center operations:
 - i. \$541K operating income for FY 2018, compared to a budgeted FY 2019 operating cost of \$1.3M. FY 2018's operating income was driven by revenues of \$16.9M compared to expenses of \$16.4M.
11. Spent according to Budget, except for favorable variances related to Convention Center operations (as discussed above) and staffing costs.

Hawaii Tourism Authority
 Balance Sheet
 348 - Tourism Special Fund
 As of 6/30/2018

	Current Year
Assets	
Current Assets	
Checking 348	72,165,097.28
Petty Cash	5,000.00
Investments	0.00
Savings	0.00
Other	0.00
Total Current Assets	72,170,097.28
Accounts Receivable	
Accounts Receivable	0.00
Accounts Receivable-Accrual	0.00
Total Accounts Receivable	0.00
Total Assets	72,170,097.28
Fund Balance	
Current year payables	
Accounts Payable	(740.38)
Credit Card Payable	1,355.70
Total Current year payables	615.32
Current year net assets	
	1,785,004.71
Total Current year net assets	1,785,004.71
Prior years	
FY 2011 Funds	44,050.00
FY 2012 Funds	205,373.36
FY 2013 Funds	245,769.89
FY 2014 Funds	31,233,999.01
FY 2015 Funds	38,380,444.09
FY 2016 Funds	40,267,767.14
FY 2017 Funds	36,727,419.72
Unreserved Fund Balance	(76,720,345.96)
Total Prior years	70,384,477.25
Total Fund Balance	72,170,097.28

Hawaii Tourism Authority
 Balance Sheet
 361 - Convention Center Enterprise Special Fund
 As of 6/30/2018

	Current Year
Assets	
Current Assets	
Checking 348	0.00
Investments	0.00
Savings	0.00
Checking 361	20,844,117.73
Other	0.00
Total Current Assets	20,844,117.73
Accounts Receivable	
Accounts Receivable	0.00
Accounts Receivable	0.00
Accounts Receivable-Accrual	0.00
Total Accounts Receivable	0.00
Total Assets	20,844,117.73
Fund Balance	
Current year payables	
Accounts Payable	0.00
Total Current year payables	0.00
Current year net assets	
	2,914,979.34
Total Current year net assets	2,914,979.34
Prior years	
FY 2013 Funds	14,533.57
FY 2014 Funds	2,183,441.28
FY 2015 Funds	15,629,628.73
FY 2016 Funds	5,066,786.48
FY 2017 Funds	734,405.58
FY 2018 Funds	16,105,684.50
Unreserved Fund Balance	(21,805,341.75)
Total Prior years	17,929,138.39
Total Fund Balance	20,844,117.73

HTA Allocations (Preliminary)
FY 2019

HTA Allocations:

Annual Budgets:
-\$84.2M HTA Tourism Special Fund
 (\$79M TAT + \$4.9M prior year carryover + \$300K Funds set aside last year by HTA Board for FY19)
-Convention Center Fund (\$16.5M Revenues, \$15.5M Expenses, \$1M to R&M Reserve) - **Pending Board approval.**

\$8M Emergency Funds
\$5M Emergency Fund Reserve
 (Established by Statute as a separate fund, to be used upon declaration of a tourism emergency by the Governor)
\$2.98M Mandated by Board (to be used in the event of a significant economic downturn upon Board approval)
 [\$4.3M at June 30 2018; In FY 19, the Board allocated an additional \$1.25M out of this fund for Hawaii'i Island.]

	Tourism Special Fund Long-Term Obligations and Commitments:		Convention Center Fund Long-Term Obligations and Commitments:	
	6/30/2018	Projected 6/30/2019	6/30/2018	Projected 6/30/2019
Carryover of FY 2018 to FY 2019 Budget (Use in FY 19)	4,269,476	-	1,512,988	1,512,988
Use of Funds Held Last Year for FY 2019 Budget	939,632	-	16,090,071	17,092,452
FY 2020 Budget / Operating Reserve	2,002,969	2,002,969	750,000	750,000
International Access Funding (incl Kona)	1,125,233	1,125,233		
Center for Hawaiian Music & Dance	4,153,000	4,153,000		
Accrued Health Liability (Based on liability at FY17)	2,430,000	2,430,000		
Accrued Retirement Liability (FY 17)	6,300,000	6,300,000		
Accrued Vacation Liability	442,245	442,245		
HCC MFF Commitments *	-	-		
Total Long-Term Obligations and Commitments	21,662,556	16,453,448	18,353,059	19,355,440

** In an effort to build available funds for future significant HCC R&M projects, staff recommends a practice of allocating approximately 4% of each year's budgeted gross expenditures toward increasing HCC's R&M reserves.

*Used to replenish Emergency Funds.

Hawaii Tourism Authority
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
348 - Tourism Special Fund
18 - FY 2018 Funds
From 4/1/2018 Through 6/30/2018

	Total Budget - MicroixFY18	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY18
Revenue				
Transient Accomodations Tax	82,000,000.00	20,499,999.99	81,999,999.96	(0.04)
Interest and Dividends	0.00	35,532.76	140,820.35	140,820.35
Miscellaneous	0.00	6,504.70	7,189.14	7,189.14
Refunds	0.00	105,668.00	105,688.00	105,688.00
Transfers - In	0.00	(294.22)	(294.22)	(294.22)
Industry Collaboration and Coordination	0.00	25,175.66	25,175.66	25,175.66
Total Revenue	<u>82,000,000.00</u>	<u>20,672,586.89</u>	<u>82,278,578.89</u>	<u>278,578.89</u>
Expense				
Hawaiian Culture	3,897,500.00	867,499.03	1,140,351.51	2,757,148.49
Natural Resources	1,857,500.00	687,065.20	807,596.86	1,049,903.14
Community	2,480,000.00	715,229.16	912,154.81	1,567,845.19
Communications	625,000.00	162,220.59	198,029.06	426,970.94
Career Development	370,000.00	12,500.00	72,500.00	297,500.00
Major Market Management	47,746,500.00	18,143,750.16	23,166,488.21	24,580,011.79
Business Destination Management	5,937,179.00	5,291,577.60	5,305,903.78	631,275.22
Access	3,930,000.00	158,975.30	346,802.61	3,583,197.39
Industry Collaboration and Coordination	55,000.00	26,338.98	44,983.98	10,016.02
Digital Marketing Projects	2,100,000.00	220,268.32	302,403.32	1,797,596.68
HTA Product Development	330,000.00	157,436.98	176,020.91	153,979.09
Sports Marketing	5,883,364.00	1,248,874.74	3,322,715.25	2,560,648.75
Festivals and Events	2,177,000.00	922,300.00	922,896.86	1,254,103.14
Brand Development Projects	250,000.00	68,798.00	68,798.00	181,202.00
Greetings	950,000.00	1,584.95	4,532.26	945,467.74
Safety and Security	986,000.00	228,219.56	427,219.56	558,780.44
Tourism Research	2,530,800.00	538,249.45	736,465.85	1,794,334.15
Governance	4,852,367.00	1,044,517.62	3,193,232.67	1,659,134.33
Industry Relations	1,414,000.00	182,008.49	615,642.05	798,357.95
Total Expense	<u>88,372,210.00</u>	<u>30,677,414.13</u>	<u>41,764,737.55</u>	<u>46,607,472.45</u>
Net Income	<u>(6,372,210.00)</u>	<u>(10,004,827.24)</u>	<u>40,513,841.34</u>	<u>46,886,051.34</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures - Unposted Transactions Included In Report
361 - Convention Center Enterprise Special Fund
18 - FY 2018 Funds
From 4/1/2018 Through 6/30/2018

	Total Budget - MicroixFY18	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY18
Revenue				
Transient Accomodations Tax	26,500,000.00	6,624,999.99	26,499,999.96	(0.04)
Interest and Dividends	0.00	(5,232.03)	39,204.49	39,204.49
Miscellaneous	0.00	23,400.00	23,400.00	23,400.00
Refunds	0.00	27,287.78	456,345.06	456,345.06
Transfers - In	4,940,679.00	4,940,679.00	4,940,679.00	0.00
HCC Revenue	<u>10,054,334.00</u>	<u>2,251,448.23</u>	<u>10,645,881.02</u>	<u>591,547.02</u>
Total Revenue	<u>41,495,013.00</u>	<u>13,862,582.97</u>	<u>42,605,509.53</u>	<u>1,110,496.53</u>
Expense				
Governance	875,000.00	219,812.21	477,123.05	397,876.95
HCC Operating Expense	11,366,346.00	9,555,931.70	9,555,931.70	1,810,414.30
HCC Repair and Maintenance	4,300,000.00	4,300,000.00	4,300,000.00	0.00
HCC Sales and Marketing / MFF	4,940,679.00	2,906,478.00	4,885,682.00	54,997.00
Bond Debt Service	<u>20,000,000.00</u>	<u>20,000,000.00</u>	<u>20,000,000.00</u>	<u>0.00</u>
Total Expense	<u>41,482,025.00</u>	<u>36,982,221.91</u>	<u>39,218,736.75</u>	<u>2,263,288.25</u>
Net Income	<u>12,988.00</u>	<u>(23,119,638.94)</u>	<u>3,386,772.78</u>	<u>3,373,784.78</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures
348 - Tourism Special Fund
Prior Year Funds

	Total Budget - Revised	Current Period Actual	Current Year Actual	Total Budget Variance - Revised
Revenue				
Transient Accomodations Tax	0.00	0.00	0.00	0.00
Interest and Dividends	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
Business Destination Management	0.00	0.00	0.00	0.00
Governance	0.00	0.00	0.00	0.00
Total Revenue	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Expense				
Miscellaneous	0.00	0.00	0.00	0.00
Refunds	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
Hawaiian Culture	1,817,578.13	156,927.66	1,402,431.07	415,147.06
Natural Resources	1,034,482.46	74,343.71	804,049.96	230,432.50
Community	1,047,977.00	115,404.00	831,011.55	216,965.45
Communications	345,264.58	2,396.32	320,723.95	24,540.63
Career Development	227,850.00	0.00	132,850.00	95,000.00
Major Market Management	26,625,947.39	1,072,157.77	24,893,584.35	1,732,363.04
Business Destination Management	544,373.53	(4,162.00)	487,017.40	57,356.13
Access	3,272,958.61	325,067.79	2,623,132.67	649,825.94
Industry Collaboration and Coordination	25,180.63	1,397.61	8,578.46	16,602.17
Digital Marketing Projects	1,394,065.17	328,627.00	693,804.00	700,261.17
HTA Product Development	110,150.00	19,830.00	101,400.00	8,750.00
Sports Marketing	2,125,582.30	121,400.00	1,906,450.00	219,132.30
Festivals and Events	1,172,966.69	36,055.00	1,026,735.58	146,231.11
Brand Development Projects	122,250.20	11,773.00	65,062.40	57,187.80
Greetings	778,425.44	15,000.00	769,000.00	9,425.44
Safety and Security	357,231.27	0.00	356,304.22	927.05
Tourism Research	1,850,475.22	230,206.65	1,321,926.10	528,549.12
Governance	908,408.07	90,659.28	405,529.72	502,878.35
Industry Relations	674,047.14	20,027.92	579,245.20	94,801.94
Total Expense	<u>44,435,213.83</u>	<u>2,617,111.71</u>	<u>38,728,836.63</u>	<u>5,706,377.20</u>
Net Income	<u>(44,435,213.83)</u>	<u>(2,617,111.71)</u>	<u>(38,728,836.63)</u>	<u>5,706,377.20</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures
361 - Convention Center Enterprise Special Fund
Prior Year Funds

	Total Budget - Revised	Current Period Actual	Current Year Actual	Total Budget Variance - Revised
Revenue				
Transient Accomodations Tax	0.00	0.00	0.00	0.00
Interest and Dividends	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	0.00	0.00
Transfers - In	0.00	0.00	0.00	0.00
HCC Revenue	0.00	0.00	0.00	0.00
HCC Operating Expense	0.00	0.00	0.00	0.00
Total Revenue	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Expense				
HCC Revenue	0.00	0.00	0.00	0.00
Governance	47,934.22	0.00	0.00	47,934.22
HCC Operating Expense	1,421,463.95	0.00	471,793.44	949,670.51
HCC Repair and Maintenance	0.00	0.00	0.00	0.00
HCC Sales and Marketing / MFF	354,959.93	0.00	0.00	354,959.93
Bond Debt Service	0.00	0.00	0.00	0.00
HCC Hawaiian Music and Dance Center	0.00	0.00	0.00	0.00
HCC Turtle Bay Conservation Due Diligence	27,356.00	0.00	0.00	27,356.00
Total Expense	<u>1,851,714.10</u>	<u>0.00</u>	<u>471,793.44</u>	<u>1,379,920.66</u>
Net Income	<u>(1,851,714.10)</u>	<u>0.00</u>	<u>(471,793.44)</u>	<u>1,379,920.66</u>

Hawaii Convention Center
 Facility
 Reforecast
 From 7/1/2018 Through 12/31/2018
 (In Whole Numbers)

	YTD Actual	Projected Next Month to 12/31/18 *	Reforecast	Budget	Variance	Prior Year Actual
Direct Event Income						
Rental Income (Net)	1,468,955	1,127,378	2,596,333	2,330,000	266,333	2,300,956
Service Revenue	378,466	389,835	768,301	887,100	(118,799)	908,564
Total Direct Event Income	1,847,421	1,517,213	3,364,634	3,217,100	147,534	3,209,520
Direct Service Expenses	904,645	903,676	1,808,321	1,790,900	(17,421)	1,870,174
Net Direct Event Income	942,776	613,537	1,556,313	1,426,200	130,113	1,339,346
Ancillary Income						
F&B Concession (Net)	318,846	169,333	488,179	605,000	(116,821)	596,056
F&B Catering (Net)	2,046,130	2,251,491	4,297,621	5,822,675	(1,525,054)	7,697,213
Event Parking (Net)	415,443	322,750	738,193	757,400	(19,207)	691,002
Electrical Services	111,108	124,800	235,908	233,400	2,508	261,850
Audio Visual	205,369	101,060	306,429	314,800	(8,371)	318,910
Internet Services	0	25,460	25,460	0	25,460	21,455
Rigging Services	54,716	24,400	79,116	76,900	2,216	102,494
First Aid Commissions	1,854	1,980	3,834	4,300	(466)	4,062
Total Ancillary Income	3,153,466	3,021,274	6,174,740	7,814,475	(1,639,735)	9,693,042
Total Event Income	4,096,242	3,634,811	7,731,053	9,240,675	(1,509,622)	11,032,388
Other Operating Income						
Non-Event Parking	29,738	27,600	57,338	55,200	2,138	62,373
Other Income	20,315	19,056	39,371	38,100	1,271	64,129
Total Other Operating Income	50,053	46,656	96,709	93,300	3,409	126,502
Total Gross Income	4,146,295	3,681,467	7,827,762	9,333,975	(1,506,213)	11,158,890
Net Salaries & Benefits						
Salaries & Wages	2,212,681	2,340,997	4,553,678	4,989,000	435,322	4,159,961
Payroll Taxes & Benefits	567,892	600,190	1,168,082	1,169,500	1,418	1,102,710
Labor Allocations to Events	(252,144)	(194,717)	(446,861)	(409,251)	37,610	(407,543)
Total Net Salaries & Benefits	2,528,429	2,746,470	5,274,899	5,749,249	474,350	4,855,128
Other Indirect Expenses						
Net Contracted Services	132,278	212,706	344,984	402,396	57,412	349,348
Operations	59,865	139,954	199,819	200,300	481	207,311
Repair & Maintenance	294,297	497,910	792,207	795,200	2,993	744,770
Operational Supplies	275,873	400,759	676,632	675,700	(932)	629,579
Insurance	63,626	84,986	148,612	176,100	27,488	202,371
Utilities	1,051,522	1,289,817	2,341,339	2,337,748	(3,591)	2,194,274
Meetings & Conventions	7,775	13,252	21,027	24,900	3,873	20,109
Promotions & Communications	25,085	21,202	46,287	42,400	(3,887)	39,073
General & Administrative	131,213	195,012	326,225	327,002	777	304,339
Management Fees	64,800	187,900	252,700	285,100	32,400	279,840
Other	77,001	38,296	115,297	77,200	(38,097)	569,676
Total Other Indirect Expenses	2,183,335	3,081,794	5,265,129	5,344,046	78,917	5,540,690
Net Income (Loss) before CIP Funded Expenses	(565,469)	(2,146,797)	(2,712,266)	(1,759,320)	(952,946)	763,072
CIP Funded Expenses	15,646	0	15,646	0	15,646	575,840
Net Income (Loss) from Operations	(549,823)	(2,146,797)	(2,696,620)	(1,759,320)	(937,300)	1,338,912
Fixed Asset Purchases	30,189	169,811	200,000	200,000	0	222,331
Net Income (Loss) after Fixed Asset Purchases	(580,012)	(2,316,608)	(2,896,620)	(1,959,320)	(937,300)	1,116,581

Hawaii Convention Center
Facility
Income Statement
From 4/1/2018 Through 4/30/2018
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Direct Event Income								
Rental Income (Net)	245,191	255,149	(9,958)	190,135	957,344	892,095	65,249	874,978
Service Revenue	57,888	51,200	6,688	54,049	217,183	256,365	(39,182)	235,657
Total Direct Event Income	303,079	306,349	(3,270)	244,184	1,174,526	1,148,460	26,066	1,110,634
Direct Service Expenses	134,313	162,549	28,235	162,477	516,123	539,925	23,802	602,539
Net Direct Event Income	168,766	143,801	24,965	81,706	658,403	608,536	49,868	508,095
Ancillary Income								
F&B Concession (Net)	63,023	32,892	30,131	122,133	185,562	170,423	15,139	296,691
F&B Catering (Net)	501,601	480,166	21,435	528,935	1,488,005	1,639,068	(151,063)	1,583,890
Event Parking (Net)	118,794	123,600	(4,806)	76,627	297,588	291,400	6,188	288,715
Electrical Services	31,038	30,100	938	30,277	51,631	55,700	(4,069)	109,251
Audio Visual	21,407	18,860	2,547	18,681	62,093	51,420	10,673	70,072
Internet Services	0	0	0	0	0	0	0	0
Rigging Services	4,657	200	4,457	5,312	37,520	26,200	11,320	32,216
Security Commissions	0	0	0	0	0	0	0	0
First Aid Commissions	452	470	(18)	508	1,268	1,515	(247)	1,512
Total Ancillary Income	740,972	686,288	54,684	782,473	2,123,668	2,235,726	(112,058)	2,382,346
Total Event Income	909,737	830,089	79,649	864,179	2,782,071	2,844,262	(62,190)	2,890,441
Other Operating Income								
Non-Event Parking	8,895	4,600	4,295	10,063	23,430	18,400	5,030	24,315
Other Income	3,826	3,174	652	5,124	19,403	12,696	6,707	19,960
Total Other Operating Income	12,721	7,774	4,947	15,187	42,833	31,096	11,737	44,275
Total Gross Income	922,458	837,863	84,595	879,366	2,824,905	2,875,358	(50,453)	2,934,717
Net Salaries & Benefits								
Salaries & Wages	384,839	405,883	21,044	312,848	1,469,960	1,623,532	153,572	1,331,339
Payroll Taxes & Benefits	99,524	94,885	(4,639)	81,691	371,999	379,540	7,541	359,750
Labor Allocations to Events	(43,711)	(37,315)	6,396	(28,594)	(148,792)	(121,438)	27,354	(106,757)
Total Net Salaries & Benefits	440,651	463,453	22,802	365,945	1,693,167	1,881,634	188,467	1,584,332
Other Indirect Expenses								
Net Contracted Services	34,054	33,465	(589)	22,534	93,345	129,360	36,015	85,810
Operations	(630)	14,291	14,921	21,276	42,124	59,964	17,840	68,243
Repair & Maintenance	49,805	66,265	16,460	70,214	190,751	265,060	74,309	221,574
Operational Supplies	50,514	53,450	2,936	38,662	152,806	210,824	58,018	133,229
Insurance	11,300	14,519	3,219	27,060	38,523	54,558	16,036	63,267
Utilities	180,548	165,311	(15,237)	172,680	657,466	666,180	8,714	681,983
Meetings & Conventions	545	1,608	1,063	1,322	3,058	5,432	2,374	6,262
Promotions & Communications	2,618	3,533	915	2,084	29,615	14,132	(15,483)	11,986
Marketing Flexibility Fund	0	0	0	0	0	0	0	0
General & Administrative	16,968	30,559	13,591	29,059	78,606	103,117	24,511	108,571
Management Fees	10,800	10,800	0	10,600	43,200	43,200	0	42,400
Other	2,257	6,384	4,127	5,901	33,994	25,536	(8,458)	470,783
Total Other Indirect	358,781	400,185	41,404	401,391	1,363,488	1,577,363	213,875	1,894,108
Net Income (Loss) before CIP Funded Expenses	123,026	(25,776)	148,801	112,030	(231,750)	(583,640)	351,889	(543,723)
CIP Funded Expenses	1,580	0	1,580	417,283	5,114	0	5,114	454,647
Net Income (Loss) from Operations	124,606	(25,776)	150,381	529,313	(226,636)	(583,640)	357,003	(89,076)
Fixed Asset Purchases	0	0	0	12,959	24,430	0	(24,430)	12,860
Net Income (Loss) After Fixed Asset Purchases	124,606	(25,776)	150,381	516,354	(251,066)	(583,640)	332,573	(101,936)

Hawaii Convention Center
 Facility
 Income Statement
 From 4/1/2018 Through 4/30/2018
 (In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Revenues								
Food & Beverage	956,708	812,280	144,428	1,029,693	3,026,995	2,876,364	150,631	3,147,416
Facility	500,114	496,953	3,161	398,794	1,696,482	1,633,291	63,191	1,686,655
Total Revenues	1,456,822	1,309,233	147,589	1,428,487	4,723,477	4,509,655	213,822	4,834,071
Expenses								
Food & Beverage	553,910	476,415	(77,495)	547,261	1,988,511	1,760,182	(228,329)	1,849,819
Facility	779,886	858,594	78,708	769,197	2,966,717	3,333,113	366,396	3,527,975
Total Expenses	1,333,796	1,335,009	1,212	1,316,457	4,955,228	5,093,295	138,067	5,377,794
Net Income (Loss) before CIP Funded Expenses	123,026	(25,776)	148,801	112,030	(231,750)	(583,640)	351,889	(543,723)
CIP Funded Expenses	1,580	0	1,580	417,283	5,114	0	5,114	454,647
Net Income (Loss) from Operations	124,606	(25,776)	150,381	529,313	(226,636)	(583,640)	357,003	(89,076)
Fixed Asset Purchases	0	0	0	12,959	24,429	0	(24,429)	12,860
Net Income (Loss) after Fixed Asset Purchases	124,606	(25,776)	150,381	516,354	(251,065)	(583,640)	332,574	(101,936)

Hawaii Convention Center
Facility
Income Statement
From 5/1/2018 Through 5/31/2018
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Direct Event Income								
Rental Income (Net)	220,458	280,187	(59,729)	195,580	1,177,802	1,172,282	5,520	1,070,558
Service Revenue	85,011	104,675	(19,664)	94,305	302,193	361,040	(58,847)	329,961
Total Direct Event Income	305,469	384,862	(79,393)	289,884	1,479,995	1,533,322	(53,327)	1,400,519
Direct Service Expenses	175,061	212,489	37,427	194,438	691,184	752,413	61,229	796,977
Net Direct Event Income	130,407	172,373	(41,966)	95,447	788,811	780,909	7,902	603,542
Ancillary Income								
F&B Concession (Net)	53,153	57,236	(4,083)	62,770	238,716	227,659	11,057	359,460
F&B Catering (Net)	172,311	676,339	(504,028)	288,899	1,660,316	2,315,407	(655,091)	1,872,789
Event Parking (Net)	51,529	69,100	(17,571)	63,091	349,117	360,500	(11,383)	351,806
Electrical Services	57,463	10,100	47,363	9,897	109,093	65,800	43,293	119,148
Audio Visual	115,465	39,120	76,345	17,016	177,558	90,540	87,018	87,088
Internet Services	0	0	0	0	0	0	0	0
Rigging Services	4,146	4,200	(54)	2,284	41,666	30,400	11,266	34,499
Security Commissions	0	0	0	0	0	0	0	0
First Aid Commissions	235	455	(220)	216	1,503	1,970	(467)	1,728
Total Ancillary Income	454,301	856,550	(402,249)	444,173	2,577,969	3,092,276	(514,307)	2,826,518
Total Event Income	584,708	1,028,923	(444,215)	539,619	3,366,780	3,873,185	(506,405)	3,430,060
Other Operating Income								
Non-Event Parking	2,508	4,600	(2,093)	3,083	25,938	23,000	2,938	27,398
Other Income	3,278	3,174	104	1,478	22,682	15,870	6,812	21,439
Total Other Operating Income	5,786	7,774	(1,988)	4,561	48,619	38,870	9,749	48,836
Total Gross Income	590,494	1,036,697	(446,203)	544,180	3,415,399	3,912,055	(496,656)	3,478,896
Net Salaries & Benefits								
Salaries & Wages	380,854	405,883	25,029	350,059	1,850,814	2,029,415	178,601	1,681,398
Payroll Taxes & Benefits	100,409	94,885	(5,524)	98,826	472,408	474,425	2,017	458,576
Labor Allocations to Events	(42,706)	(51,855)	(9,149)	(41,544)	(191,497)	(173,293)	18,204	(148,300)
Total Net Salaries & Benefits	438,557	448,913	10,356	407,342	2,131,724	2,330,547	198,823	1,991,674
Other Indirect Expenses								
Net Contracted Services	14,734	31,215	16,481	30,256	108,079	160,575	52,496	116,065
Operations	11,262	14,291	3,029	16,891	53,386	74,255	20,869	85,134
Repair & Maintenance	53,140	66,265	13,125	55,776	243,891	331,325	87,434	277,350
Operational Supplies	66,061	61,221	(4,840)	37,934	218,867	272,045	53,178	171,163
Insurance	8,803	16,664	7,861	12,119	47,326	71,222	23,896	75,386
Utilities	187,828	179,482	(8,346)	207,659	845,294	845,662	368	889,642
Meetings & Conventions	859	1,108	249	1,912	3,917	6,540	2,624	8,174
Promotions & Communications	(8,531)	3,533	12,064	923	20,486	17,665	(2,821)	12,910
Marketing Flexibility Fund	0	0	0	0	0	0	0	0
General & Administrative	30,121	25,952	(4,169)	23,732	108,727	129,069	20,342	132,303
Management Fees	10,800	10,800	0	10,600	54,000	54,000	0	53,000
Other	37,272	6,384	(30,888)	30,849	71,266	31,920	(39,346)	501,632
Total Other Indirect	412,349	416,915	4,566	428,651	1,775,239	1,994,278	219,039	2,322,759
Net Income (Loss) before CIP Funded Expenses	(260,411)	170,869	(431,280)	(291,813)	(491,564)	(412,770)	(78,793)	(835,537)
CIP Funded Expenses	5,785	0	5,785	417,283	10,899	0	10,899	459,170
Net Income (Loss) from Operations	(254,626)	170,869	(425,495)	125,470	(480,664)	(412,770)	(67,894)	(376,367)
Fixed Asset Purchases	5,759	0	(5,759)	12,959	30,189	0	(30,189)	33,155
Net Income (Loss) After Fixed Asset Purchases	(260,385)	170,869	(431,254)	112,511	(510,853)	(412,770)	(98,083)	(409,522)

Hawaii Convention Center
Facility
Income Statement
From 5/1/2018 Through 5/31/2018
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Revenues								
Food & Beverage	513,613	1,162,357	(648,744)	605,706	3,540,608	4,038,721	(498,113)	3,753,122
Facility	546,795	521,911	24,884	394,491	2,243,277	2,155,202	88,076	2,081,146
Total Revenues	1,060,408	1,684,268	(623,860)	1,000,197	5,783,885	6,193,923	(410,037)	5,834,268
Expenses								
Food & Beverage	441,062	614,884	173,822	402,012	2,429,573	2,375,066	(54,507)	2,251,831
Facility	879,757	898,515	18,758	889,998	3,845,876	4,231,627	385,751	4,417,973
Total Expenses	1,320,819	1,513,399	192,580	1,292,011	6,275,449	6,606,693	331,244	6,669,805
Net Income (Loss) before CIP Funded Expenses	(260,411)	170,869	(431,280)	(291,814)	(491,564)	(412,770)	(78,793)	(835,537)
CIP Funded Expenses	5,785	0	5,785	417,283	10,899	0	10,899	459,170
Net Income (Loss) from Operations	(254,626)	170,869	(425,495)	125,469	(480,665)	(412,770)	(67,894)	(376,367)
Fixed Asset Purchases	5,759	0	(5,759)	12,959	30,189	0	(30,189)	33,155
Net Income (Loss) after Fixed Asset Purchases	(260,385)	170,869	(431,254)	112,510	(510,854)	(412,770)	(98,083)	(409,522)

Hawaii Convention Center
Facility
Income Statement
From 6/1/2018 Through 6/30/2018
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Direct Event Income								
Rental Income (Net)	291,153	207,739	83,414	274,451	1,468,955	1,380,021	88,934	1,345,009
Service Revenue	76,273	90,250	(13,977)	71,545	378,466	451,290	(72,824)	401,507
Total Direct Event Income	367,426	297,989	69,437	345,997	1,847,421	1,831,311	16,111	1,746,516
Direct Service Expenses	213,461	197,287	(16,175)	223,327	904,645	949,700	45,054	1,020,304
Net Direct Event Income	153,965	100,703	53,263	122,669	942,776	881,611	61,165	726,211
Ancillary Income								
F&B Concession (Net)	80,130	73,558	6,572	52,867	318,846	301,217	17,629	412,327
F&B Catering (Net)	385,813	935,256	(549,443)	829,781	2,046,130	3,250,663	(1,204,533)	2,702,570
Event Parking (Net)	66,326	45,350	20,976	58,833	415,443	405,850	9,593	410,639
Electrical Services	2,014	3,200	(1,186)	86,824	111,108	69,000	42,108	205,972
Audio Visual	27,811	31,300	(3,489)	75,037	205,369	121,840	83,529	162,125
Internet Services	0	0	0	0	0	0	0	0
Rigging Services	13,050	10,400	2,650	5,999	54,716	40,800	13,916	40,498
First Aid Commissions	351	350	1	658	1,854	2,320	(466)	2,386
Total Ancillary Income	575,495	1,099,414	(523,919)	1,109,999	3,153,465	4,191,690	(1,038,225)	3,936,517
Total Event Income	729,461	1,200,117	(470,656)	1,232,669	4,096,241	5,073,301	(977,061)	4,662,728
Other Operating Income								
Non-Event Parking	3,800	4,600	(800)	3,725	29,738	27,600	2,138	31,123
Other Income	(2,366)	3,174	(5,540)	1,905	20,315	19,044	1,271	23,343
Total Other Operating Income	1,434	7,774	(6,340)	5,630	50,053	46,644	3,409	54,466
Total Gross Income	730,894	1,207,891	(476,996)	1,238,298	4,146,293	5,119,945	(973,652)	4,717,194
Net Salaries & Benefits								
Salaries & Wages	361,867	405,883	44,016	354,767	2,212,681	2,435,298	222,617	2,036,165
Payroll Taxes & Benefits	95,484	94,885	(599)	94,027	567,892	569,310	1,418	552,603
Labor Allocations to Events	(60,646)	(41,241)	19,405	(44,004)	(252,144)	(214,534)	37,610	(192,304)
Total Net Salaries & Benefits	396,705	459,527	62,822	404,790	2,528,429	2,790,074	261,645	2,396,463
Other Indirect Expenses								
Net Contracted Services	24,199	29,115	4,916	25,421	132,278	189,690	57,412	141,486
Operations	6,480	17,091	10,611	9,367	59,865	91,346	31,481	94,501
Repair & Maintenance	50,406	66,265	15,859	53,601	294,297	397,590	103,293	330,951
Operational Supplies	57,006	70,896	13,890	60,956	275,873	342,941	67,068	232,120
Insurance	16,300	19,892	3,592	15,329	63,626	91,114	27,488	90,714
Utilities	206,228	202,269	(3,959)	176,639	1,051,522	1,047,931	(3,591)	1,066,281
Meetings & Conventions	3,858	5,108	1,250	1,892	7,775	11,648	3,873	10,066
Promotions & Communications	4,598	3,533	(1,065)	7,572	25,085	21,198	(3,887)	20,482
General & Administrative	22,486	35,921	13,435	24,019	131,213	164,990	33,777	156,323
Management Fees	10,800	10,800	0	10,600	64,800	64,800	0	63,600
Other	5,735	6,984	1,249	13,143	77,001	38,904	(38,097)	514,775
Total Other Indirect	408,097	467,874	59,777	398,539	2,183,335	2,462,152	278,817	2,721,297
Net Income (Loss) before CIP Funded Expenses	(73,907)	280,490	(354,397)	434,970	(565,471)	(132,281)	(433,190)	(400,567)
CIP Funded Expenses	4,747	0	4,747	417,283	15,646	0	15,646	464,362
Net Income (Loss) from Operations	(69,160)	280,490	(349,650)	852,253	(549,825)	(132,281)	(417,544)	63,795
Fixed Asset Purchases	0	0	0	12,959	30,189	0	(30,189)	69,221
Net Income (Loss) After Fixed Asset Purchases	(69,160)	280,490	(349,650)	839,294	(580,014)	(132,281)	(447,733)	(5,426)

Hawaii Convention Center
Facility
Income Statement
From 6/1/2018 Through 6/30/2018
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Revenues								
Food & Beverage	868,687	1,598,153	(729,466)	1,369,911	4,409,296	5,636,874	(1,227,579)	5,123,033
Facility	488,968	402,113	86,855	587,435	2,732,245	2,557,315	174,930	2,668,581
Total Revenues	<u>1,357,655</u>	<u>2,000,266</u>	<u>(642,611)</u>	<u>1,957,346</u>	<u>7,141,540</u>	<u>8,194,189</u>	<u>(1,052,648)</u>	<u>7,791,614</u>
Expenses								
Food & Beverage	555,941	790,413	234,472	656,186	2,985,514	3,165,479	179,965	2,908,018
Facility	875,621	929,364	53,742	866,189	4,721,497	5,160,990	439,493	5,284,162
Total Expenses	<u>1,431,562</u>	<u>1,719,777</u>	<u>288,214</u>	<u>1,522,376</u>	<u>7,707,011</u>	<u>8,326,469</u>	<u>619,458</u>	<u>8,192,180</u>
Net Income (Loss) before CIP Funded Expenses	<u>(73,907)</u>	<u>280,490</u>	<u>(354,397)</u>	<u>434,970</u>	<u>(565,471)</u>	<u>(132,280)</u>	<u>(433,190)</u>	<u>(400,567)</u>
CIP Funded Expenses	<u>4,747</u>	<u>0</u>	<u>4,747</u>	<u>417,283</u>	<u>15,646</u>	<u>0</u>	<u>15,646</u>	<u>464,362</u>
Net Income (Loss) from Operations	<u>(69,160)</u>	<u>280,490</u>	<u>(349,650)</u>	<u>852,253</u>	<u>(549,825)</u>	<u>(132,280)</u>	<u>(417,544)</u>	<u>63,795</u>
Fixed Asset Purchases	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,959</u>	<u>30,189</u>	<u>0</u>	<u>(30,189)</u>	<u>69,221</u>
Net Income (Loss) after Fixed Asset Purchases	<u>(69,160)</u>	<u>280,490</u>	<u>(349,650)</u>	<u>839,294</u>	<u>(580,014)</u>	<u>(132,280)</u>	<u>(447,733)</u>	<u>(5,426)</u>

Agenda Item

9

Update on the Status of the
2018 Audit Action Plan

STATUS UPDATE ON
HTA ACTION PLAN
ADDRESSING
RECOMMENDATIONS FROM
STATE AUDIT 18-04
SEPTEMBER BOARD MEETING

HTA Action Plan Status Summary

This is an update to the audit action plan approved by the Board on March 29, 2018. Change in status from the July update are in bold.

Status	# from Auditors' 21 Recommendations
Completed	4e, 4g, 5, 6, 11, 12 18, 19 (Completed, discussed with HCC Investigative Committee)
In Progress	HTA Policies and Procedures need to be updated: 1, 3, 4a, 4b, 4c, 4d, 4f, 8, 9, 10, 13, 14, 15, 16, 17 Items that require actions other than HTA Policies and Procedures update: 7 (Complete when the rest of staff who haven't been to this year's Ethics training attend the training held in October)
Have Not Started Beyond Initial Discussion	2 (Upon filling the Chief Administrative Officer's position) 20, 21 (Working to identify solutions)

General Recommendations

1. Update internal Policies and Procedures related to training, compliance reviews, and other quality assurance functions, to ensure they align with HTA's current organizational structure and personnel.

Action Plan	Timeline	Assigned to	Status
Currently updating internal Policies and Procedures in the areas of:	Started: Q3 2017 Completion: Q3 2018	Chief Administrative Officer	In Progress
Finance		VP of Finance	
Procurement		Contract Specialist	
Operations (IT, Board of Directors and HR)		Operations Manager	
Quality Assurance/Compliance		Chief Administrative Officer Quality Assurance Specialist	

General Recommendations

2. Assign a senior manager to oversee HTA's quality assurance function and ensure it is a priority for the Authority. Such oversight should include ensuring HTA's quality assurance plan is updated and properly implemented.

Action Plan	Timeline	Assigned to	Status
Chief Administrative Officer(CAO) oversees Hawai'i Tourism Authority's (HTA) quality assurance function.	Upon filling the currently vacant CAO position.	President and CEO	Pending
Review current quality assurance process. Implement changes to the process if necessary.	Upon filling the currently vacant CAO position.	Chief Administrative Officer	Pending

Overall Procurement Recommendations

3. Update internal Policies and Procedures to clearly identify the HTA management and staff who are responsible for procurement, administration, and oversight of all contracts, and clearly delineate the responsibilities assigned to each.

Action Plan	Timeline	Assigned to	Status
HTA is currently updating internal Policies and Procedures to identify and incorporate any necessary changes in responsibilities and to reflect the Chief Administrative Officer's areas of oversight.	Q3 2018	Chief Administrative Officer	In Progress

Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

a. Requiring pre-solicitation market research to assess, among other things, market competition and estimated cost.

Action Plan	Timeline	Assigned to	Status
Solicitation Procurement Planning Worksheet (PPW) is being updated to require price justification and documentation of market research as applicable.	May 2018	Chief Administrative Officer Contracts Specialist	Completed
Policies and Procedures are being updated accordingly.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Available competitive cost data will be provided prior to solicitation. Contracts Specialist or Chief Administrative Officer will be included in any sole source or 201B-12B HRS procurement process.	Immediately and ongoing	Chief Administrative Officer Contracts Specialist	Completed

Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

b. Requiring proposals for each contract, contract amendment, and extension.

Action Plan	Timeline	Assigned to	Status
The Contract PPW and Contract Supplemental PPW have both been updated to require attachment of a contractor proposal.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed
Policies and Procedures are being updated.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Staff to be trained regarding HTA's expectations of the content that should be included in contractor proposals.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed

Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.
- c. Enforcing requirement that contractors provide evidence of a valid Certificate of Vendor Compliance (CVC) prior to contract execution.

Action Plan	Timeline	Assigned to	Status
CVC is currently required to be filed prior to contract execution for all contracts with a value of \$2,500 or more and for the exercising of contract options. For some RFPs, CVC is being required from applicants as part of their proposal submission and as a condition for award.	Immediately and ongoing.	Program Managers Contracts Specialist Quality Assurance Specialist	Completed
Policies and Procedures are also being updated.	Q3 2018	Chief Administrative Officer	In Progress

Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

d. Requiring contracts to include specific performance criteria, performance benchmarks, and deliverables that are aligned with the contract objectives.

Action Plan	Timeline	Assigned to	Status
Contract PPW and Supplemental PPW include a requirement to outline contract objectives. The CAO, Contracts Specialist, and Program Manager will work together to ensure that the intended criteria, benchmarks, and deliverables are documented in the PPW and align with these objectives.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed
Policies and Procedures are being updated.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress

Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.
 - e. Requiring contractors to provide regular progress reports.

Action Plan	Timeline	Assigned to	Status
Existing practices and procedures are in place regarding the submission of progress reports. Staff is being trained to file these reports in a manner that ensures compliance can be evidenced.	Immediately and ongoing.	Chief Administrative Officer Program Managers Quality Assurance Specialist	Completed

Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA’s actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.
 - f. Evaluating contractor performance against performance criteria.

Action Plan	Timeline	Assigned to	Status
Policies and Procedures are being updated regarding the evaluation of performance criteria. Program Managers will work with the Vice President of Marketing & Product Development and Chief Administrative Officer to ensure performance is being measured against the criteria.	Immediately and ongoing.	Chief Administrative Officer VP of Marketing & Product Development Program Managers	In Progress

Overall Procurement Recommendations

4. Enforce Policies and Procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds.

g. Requiring written evaluation of contractor performance before amending, modifying, or extending any contract.

Action Plan	Timeline	Assigned to	Status
HTA will continue to train staff to ensure a written evaluation of contractor performance is completed before the contract is amended, modified, or extended. Procurement Planning Worksheet will be modified to incorporate a requirement for a written evaluation of contractor performance.	Immediately and ongoing.	Chief Administrative Officer Contracts Specialist	Completed

Overall Procurement Recommendations

5. Retain exclusive ownership of intellectual property created, developed, prepared, or assembled using State funds, absent extraordinary and unique circumstances. Require requests for waiver of the State’s ownership of intellectual property to be thoroughly documented and approved by the Department of the Attorney General.

Action Plan	Timeline	Assigned to	Status
Solicitation PPW and Contract PPW have been modified to ask whether intellectual property is to be waived. HTA is working with Attorney General to craft exceptions to State ownership, including language, where applicable, that differentiates the assets being paid for versus the technology or the process used to gather those assets. Attorney General’s office will have final approval on waivers.	Modified in February 2018	Chief Administrative Officer Contracts Specialist	Completed

Overall Procurement Recommendations

6. Regularly review and evaluate HTA management and staff performance of their respective procurement and contract-related duties and responsibilities.

Action Plan	Timeline	Assigned to	Status
HTA's annual employee performance form will be reviewed and updated to include the above.	June 2018	Chief Administrative Officer	Completed

Overall Procurement Recommendations

7. Require HTA management and staff who have procurement and contract-related responsibilities to receive regular training on the State Procurement Code, Chapter 103D, HRS,12 and the State Ethics Code, specifically, Section 84-15, HRS.

Action Plan	Timeline	Assigned to	Status
HTA will continue to hold annual agency-wide in-house procurement training, as well as individual training upon hire, to ensure compliance with Policies and Procedures as updated.	Immediately and ongoing.	Chief Administrative Officer	In Progress
All staff will continue to attend annual Ethics Commission training and attorneys will attend additional State attorney ethics training.	Immediately and ongoing.	Chief Administrative Officer	In Progress

Sole Source Procurements Recommendations

8. Limit sole source procurement to where a good or service is deemed available from only one source.

Action Plan	Timeline	Assigned to	Status
<p>Solicitation PPW, and Policies and Procedures, are being updated to differentiate between:</p> <ul style="list-style-type: none"> Competitive Solicitations, such as RFPs. Sole Source Procurements. Procurement Exemptions as allowed for in 201B-12B HRS. 	<p>PPW: April 2018</p> <p>Policies & Procedures: Q3 2018</p>	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	In Progress
<p>In FY 2017, HTA held sessions to train staff on the need for increased documentation of justification. HTA will conduct additional training regarding the differentiated types of procurement noted above.</p>	Q2 2018	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	Completed
<p>Staff to be trained in filling and filing PPWs.</p>	Q2 2018	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	Completed

Sole Source Procurements Recommendations

9. Require completed documentation to support use of sole source procurement.

Action Plan	Timeline	Assigned to	Status
<p>Solicitation PPW, and Policies and Procedures, are being updated to differentiate between:</p> <ul style="list-style-type: none"> Competitive Solicitations such as RFPs. Sole Source Procurements, Procurement Exemptions as allowed for in 201B-12B HRS. 	<p>PPW: Q2 2018</p> <p>Policies & Procedures: Q3 2018</p>	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	In Progress
<p>In FY 2017, HTA held sessions to train staff on the need for increased documentation of justification. HTA will conduct additional training regarding the differentiated types of procurement noted above.</p>	Q2 2018	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	Completed
<p>Staff to be trained on filling and filing PPWs.</p>	Q2 2018	<p>Chief Administrative Officer Contracts Specialist Quality Assurance Specialist</p>	Completed

Sole Source Procurements Recommendations

10. Require written confirmation and justification of sole source contract pricing.

Action Plan	Timeline	Assigned to	Status
Solicitation PPW was updated, and Policies and Procedures are being updated, to include questions regarding price justification and market research information.	PPW: May 2018 Policies and Procedures: Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Contracts Specialist or Chief Administrative Officer will provide best available cost data and will be included in any sole source or 201B-12B HRS procurement process prior to award.	May 2018	Chief Administrative Officer Contracts Specialist	In Progress
Staff will be trained on definitions and practices.	May 2018	Chief Administrative Officer Contracts Specialist	Completed

Sole Source Procurements Recommendations

11. Develop a publicly accessible list of sole source procurement contracts.

Action Plan	Timeline	Assigned to	Status
The monthly Board book that is published, and made public in conjunction with the monthly Board meeting, includes a list of contracts executed in the previous month. Starting with the April Board book, that list will include a legend to identify any contracts that were procured by sole source or by 201B-12B HRS procurement process exception.	April 2018	Contracts Specialist	Completed

Cost Reimbursement Contracts Recommendations

12. Enforce existing contract provisions requiring AEG, and any other contractors who are reimbursed by HTA for costs they incur, to submit receipts and other supporting documentation for each cost invoiced to HTA for reimbursement or other payment.

Action Plan	Timeline	Assigned to	Status
Receipts for cost reimbursement contracts will be required from contractors.	April 2018	VP of Finance	Completed

Cost Reimbursement Contracts Recommendations

13. Develop and implement procedures to review and evaluate receipts and supporting documentation submitted for each cost that AEG, and any other contractors who are reimbursed by HTA for costs they incur, invoices HTA for reimbursement or other payment.

Action Plan	Timeline	Assigned to	Status
HTA will draft and develop procedures for cost reimbursement payments to be included in the Policies and Procedures updated manual.	Q3 2018	Chief Administrative Officer VP of Finance	In Progress

Major Contractors (AEG and HVCB) Recommendations

14. Develop and implement procedures to include additional monitoring and more frequent evaluation of contractors' performance.

Action Plan	Timeline	Assigned to	Status
Currently in practice with HTA's Major Market Area (MMA) contractors, HTA will update its Policies and Procedures to include semi-annual performance evaluations of MMA contractors. Performance evaluations for AEG will be increased to a semi-annual basis.	Q3 2018	Chief Administrative Officer	In Progress

Major Contractors (AEG and HVCB) Recommendations

15. Require compliance with all material contract terms, including but not limited to HTA's prior written approval of all subcontracts.

Action Plan	Timeline	Assigned to	Status
Updating Policies and Procedures to require Major Market Area contractors, who are subcontracting individual subcontracts greater than \$50,000 in services, to obtain prior approval by Chief Administrative Officer and Program Managers.	Q3 2018	Chief Administrative Officer Program Managers	In Progress

Major Contractors (AEG and HVCB) Recommendations

16. Require requests for written approval to subcontract to include, at a minimum: (1) an explanation of the need for the goods or services to be subcontracted; (2) a statement regarding subcontractor's qualifications to provide the goods or services; (3) a summary of process used to procure the goods or services, including the material terms of bids or other responses to provide the goods or services; and (4) the reason(s) for the selection of the subcontractor, including information used to determine the reasonableness of the subcontract amount.

Action Plan	Timeline	Assigned to	Status
HTA Policies and Procedures will be updated to include a form with points (1) to (4) to be completed for HTA's Major Market Area contractors and AEG.	Q3 2018	Chief Administrative Officer Program Managers	In Progress

Major Contractors (AEG and HVCB) Recommendations

17. For current subcontracts without HTA's prior written approval, require justification for the subcontracts, including but not limited to the information required for approval to subcontract. For current subcontracts deemed unnecessary, unreasonable, or otherwise contrary to the State's best interest, consider requiring the goods or services to be re-procured.

Action Plan	Timeline	Assigned to	Status
Current subcontracts of major contractors will be reviewed and assessed for reasonableness and necessity.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress
Policies and Procedures will be updated to include prior written approval of all subcontracts of major contractors.	Q3 2018	Chief Administrative Officer Contracts Specialist	In Progress

Major Contractors (AEG and HVCB) Recommendations

18. Determine whether “agreements” and “arrangements” for goods or services relating to AEG’s performance of the contract, including with AEG affiliates or related organizations, are subcontracts, requiring prior written consent.

Action Plan	Timeline	Assigned to	Status
HTA will determine the legal relationship between AEG and Levy.	Q2 2018	Chief Administrative Officer VP of Finance	Completed, discussed with the HCC Investigative Committee

Major Contractors (AEG and HVCB) Recommendations

19. Consult with the Department of the Attorney General regarding the concession services agreement between AEG and Levy, specifically about action required to remedy AEG's failure to competitively procure the concession services as required by law.

Action Plan	Timeline	Assigned to	Status
Once the legal relationship between AEG and Levy is determined, the information will be submitted to the Attorney General's office to determine appropriate action to ensure that the agreement is compliant with the change made to Section 102-2(b) HRS, which previously, but no longer, applied an exception to the bidding requirement for concessions at the Hawai'i Convention Center.	Q2 2018	Chief Administrative Officer VP of Finance Contracts Specialist	Completed

The Limit on Administrative Expenses Recommendations

20. Seek clarification from the Legislature regarding the term “administrative expenses,” as used in section 201B-11(c)(1), HRS, through legislation to define the term, including the specific types of expenses that are included within that term.

Action Plan	Timeline	Assigned to	Status
Legislation is currently being heard to determine the definition of administrative expenses.	Q2 2018	President and CEO VP of Finance	Pending

The Limit on Administrative Expenses Recommendations

21. Until the Legislature provides clarification of the term, request a formal legal opinion from the Attorney General as to the meaning of the term “administrative expenses,” as used in section 201B-11(c)(1), HRS, that HTA can apply in developing its budget and to monitor its use of the Tourism Special Fund.

Action Plan	Timeline	Assigned to	Status
Legislation is currently being heard to determine the definition of administrative expenses.	Q2 2018	President and CEO VP of Finance	Pending

HTA Audit Timeline

Date	Event
July 7, 2017	HTA Audit Entrance Conference with the State auditors was held.
February 21, 2018	HTA Audit Exit Conference with the State auditors was held.
February 22, 2018	The Audit Report 18-04 was issued.
March 16, 2018	Based on the Audit Report, HTA staff created “HTA Audit Action Plan” to address auditor’s recommendations.
March 29, 2018	The HTA Audit Action Plan has been approved by the Board at the March Board meeting.
September, 2018	Staff has been working to address auditor’s recommendations, and is providing updates of progress at each Board meeting.

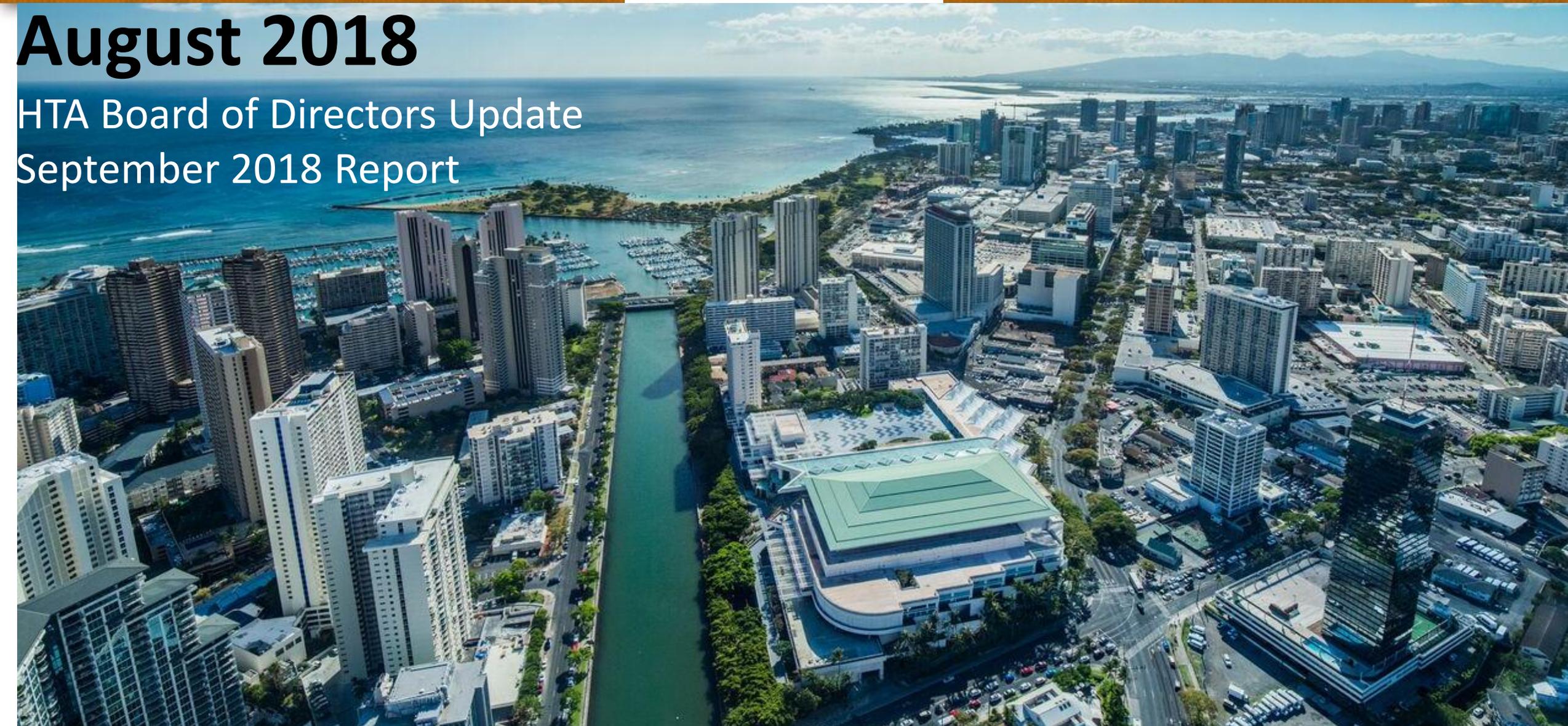
Agenda Item

10

Presentation by AEG Regarding an
Update of Hawai'i Convention Center
Recent Operational Activities and
Sales Initiative

August 2018

HTA Board of Directors Update
September 2018 Report



Agenda

- **Financials – August 2018**
- **HCC ROI**
- **Sales & Marketing, Facility Updates**

2018 Facility Financial Update

Facility	2018 August	2018 August YTD	2018 Reforecast	2018 Budget	Variance	2017 Actual
Occupancy	16%	29%	31%	31%	0%	33%
Number of Events	11	120	189	205	(16)	182
Gross Revenue	\$983,900	\$9,373,600	\$13,462,600	\$15,072,400	(\$1,609,800)	\$17,586,400
Gross Expenses	\$1,278,600	\$10,360,100	\$16,008,300	\$17,031,700	\$1,023,400	\$16,469,800
Net Income(Loss)	(\$294,700)	(\$986,500)	(\$2,545,700)	(\$1,959,300)	(\$586,400)	\$1,116,600

2018 Food & Beverage Update

Food & Beverage	2018 August	2018 August YTD	2018 Reforecast	2018 Budget	Variance	2017 Actual
F&B Revenue	\$753,900	\$6,047,400	\$8,541,700	\$10,303,900	(\$1,762,200)	\$12,768,900
F&B Expenses	\$486,900	\$3,957,100	\$5,602,000	\$6,025,100	\$423,100	\$6,383,200
Net Income	\$267,000	\$2,090,300	\$2,939,700	\$4,278,800	(\$1,339,100)	\$6,385,700
% of flow through	36%	35%	35%	42%	(7%)	50%

2018 ROI AUGUST YTD

HCC Revenue + State Revenue + Tax Revenue
= \$235.0M

HCC Expense \$12.9M

***ROI = For every dollar spent by HCC we returned
\$18.17 to the State***

HCC Sales Updates

- Converted 4,785 room nights in August 2018; bringing YTD room nights thru August 2018 to 73,597.
- On pace to achieve room night goal of 232,000 by year end.
- The tentative pipeline total is 625,448. Focus continues to be to convert these to Definite.

HCC Sales & Marketing Updates

Groups in-house August 2018

- International incentive group, Daito Kentaku – 3,268 attendees
- Comic Con Honolulu – 8,651 attendees

Mahalo



CONVENTION CENTER

Where Business and Aloha Meet