



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii tourismauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

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

**REGULAR BOARD MEETING
HAWAI'I TOURISM AUTHORITY**

Po'ahā, 28 Pepeluali 2019, 9:30 a.m.
Thursday, February 28, 2019 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 January 31, 2019 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. *Hō'ike A Ka Luna Ho'okele*
Report of the CEO Relating to Staff's Implementation of HTA's Programs During January 2019
5. *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
6. *Hō'ike A Ke Kōmike Ho'omākaukau A Ho'oma'a Loli Aniau O Hawai'i*
Presentation by the Hawai'i Climate Change Mitigation and Adaption Committee Regarding the Commission's Work, its Vision and the Tourism Industry



7. *Hō'ike, Kūkākūkā a Ho'oholo No Nā Mo'okālā*
Presentation, Discussion and Action on HTA's Financial Reports for January 2019
8. *Hō'ike, Kūkākūkā a Ho'oholo No Ka 'Ōlelo Ho'oholo 2019-2-1*
Presentation of, Discussion and Action on Resolution 2019-2-1 Authorizing the Transfer of an Unencumbered Appropriation Balance of \$500,000 from the Major Market Management Category, FY 2019 Budget to a New Budget Objective Entitled Career Development – Scholarship Program
9. *Hō'ike, Kūkākūkā a Ho'oholo No Ka 'Ōlelo Ho'oholo 2019-2-2*
Presentation of, Discussion and Action on Resolution 2019-2-2 Authorizing the Transfer of an Unencumbered Appropriation Balance of \$200,000 from the Major Market Management Category – Canada, FY 2019 Budget to a New Budget Objective Entitled Major Market Management – Southeast Asia
10. *Hō'ike No Ka Papahana Ho'oponopono*
Update on the Status of the 2018 Audit Action Plan
11. *Kūkākūkā a Ho'oholo No Nā Kulekele I Ho'āno Hou 'Ia*
Discussion and Action on HTA's Updated Policies on Board Operations & Oversight, Finance & Accounting, Operations, Administration, and Information Technology
12. *Kūkākūkā a Ho'oholo No Nā Kānāwai Kūloko I Ho'āno Hou 'Ia*
Discussion and Action on HTA's Updated Bylaws to Address Definitions, Committees, Succession, and Position Titles
13. *Hō'ike No Ke Kau 'Aha'ōlelo 2019*
Update Relating to the 2019 Legislative Session and Related Bills Relevant to HTA
14. *Hō'ike A Ke Kōmike Hokona Kūmau*
Report of the Marketing Standing Committee with the Committee's Recommendations to Support Various Marketing Proposals, for Discussion and Approval by the Board
15. *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
16. *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.

Kono 'ia ka lehulehu i ka hālāwai no ka ho'olohe a hāpai mana'o waha paha no nā kumuhana i helu 'ia ma ka papa kumuhana'o. Inā hoihoi i ka hāpai mana'o kākau, hiki ke ho'ouna 'ia i ke Ke'ena Kuleana Ho'okipa O Hawai'i ma mua o ka hālāwai ma o ka leka uila iā carole@gohta.net; ma o ka leka i ka helu wahi o luna; a i 'ole ma o ke kelepa'i i ka helu o luna. Inā pono ke kōkua ma muli o kekahi kīnānā, e ho'omaopopo aku iā Carole Hagihara (973-2255 a i 'ole carole@@gohta.net), he 'ekolu lā ma mua o ka hālāwai ka lohi loa.

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 an auxiliary aid/service or other accommodation due to a disability, 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
January 31, 2019 Board
Meeting



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, January 31, 2019
Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT:

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

HTA STAFF PRESENT:

Chris Tatum, Keith Regan, Karen Hughes, Marc Togashi, Charlene Chan, Jadie Goo, Jennifer Chun, Kalani Ka'anā'anā, Caroline Anderson, Carole Hagihara, Joseph Patoskie, Lawrence Liu, Minh-Chau Chun, Noriko Sloan, Ronald Rodriguez, Laci Goshi, Chris Sadayasu

GUESTS:

Representative Richard Onishi, Mufi Hannemann, John Monahan, Jay Talwar, Darlene Morikawa, Teri Orton, Mari Tait, Noelle Liew, Patrick Dugan, Erin Khan, Nathan Kam, Malia Sanders, John DeFries, Uncle Joe Recca, Allison Schaefer, Chris Kam, Allan Ellis, Pat Loui, Jessica Lani Rich, David Baronfeld, Eric Takahata

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule

Presiding Officer Rick Fried called the meeting to order at 9:36 a.m.

Kalani Ka'anā'anā introduced Uncle Joe Reca of Waikīkī, who offered a pule to open the meeting. Following the pule, Reca shared a story about his childhood growing up in Waikīkī.

2. Approval of the Minutes of the December 27, 2018 Board Meeting

Chair Fried asked for a motion to approve the minutes of the December 27, 2018 Board Meeting. George Kam made the motion, and Craig Nakamura seconded the motion. Chair Fried then opened the item up for discussion and, hearing none, the motion was put to a vote which was approved unanimously.

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

Chair Fried asked the Board whether there were any permitted interactions to report. There were no reports of any permitted interactions since the last Board meeting.

Chair Fried then introduced Representative Richard Onishi, John DeFries of the Native Hawaiian Hospitality Association, and Mufi Hannemann of the Hawai'i Lodging & Tourism Association.

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

Chair Fried recognized CEO Chris Tatum to provide his a report on the staff's implementation of Hawai'i Tourism Authority (HTA)'s Programs during December 2018. Mr. Tatum began by explaining that he has been doing a listening tour with the legislators and the community.

He said that one thing that he has heard repeated is that there is a desire to encourage more locals to come into Waikīkī. He acknowledged that there are reasons that locals do not want to come down to Waikīkī, but that one thing HTA is working on a program to manage tourism in Hawai'i and promote the things that are going on in Waikīkī to residents. He discussed plans to potentially expand the 'Sunset on the Beach' event to include halaus, and having regular Royal Hawaiian Band performance events.

Mr. Tatum explained recent organizational changes at HTA. The Board was provided with a new organization chart that reflected the changes, a "flattening" of the organizational structure. Mr. Tatum said that Karen Hughes is overseeing sales and branding, Keith Regan is overseeing accounting and contracts, Mr. Ka'anā'anā is leading efforts in Hawaiian culture and natural resources, and Caroline Anderson is involved with community enrichment programs. Mr. Ka'anā'anā and Ms. Anderson now report directly to Mr. Tatum. Mr. Tatum added that there is

also a new budget format that has been sent out to Board members.

Mr. Tatum said that he has met with Teri Orton and the Hawai'i Convention Center (HCC) team, that they went over the HCC budget in detail, and feedback was provided. The current law requires that the company managing HCC is also required to manage the sales of HCC, and a bill has been introduced to separate those two functions so HCC is run by the HCC team, and the sales organizations in the markets sell the "city-wides." He stated that this would be easier for the customer and that it would allow for leveraging of the marketing and branding of those contractors. Mr. Tatum noted that if the bill passes, there will probably be an RFP because there would be a change in the dynamics of HCC since HCC would just be operating HCC, and sales would go to the new contract.

Mr. Tatum said that he has been re-evaluating all of the contracts, but that in the tourism industry there is a need to be dynamic and flexible. He expressed overall concern over the current pace of the industry, particularly on Hawai'i Island, and a desire to implement new programs, like social media or a spokesperson, to generate excitement about Hawai'i.

Mr. Tatum then discussed the upcoming sports events scheduled to take place in Hawai'i. He thanked Sean Dee for his work on the L.A. Rams contract, and noted that the first thing that he was asked about on a recent Hawai'i News Now morning show appearance was the Rams' pre-season football game. In addition to marketing and the game itself, there is a community-involvement component both in Hawai'i and in Los Angeles.

The L.A. Clippers are coming to Hawai'i in October. The opponents in the aforementioned games have not been confirmed, but once the opponents are finalized, then dates can be finalized. He added that HTA no longer employs a sports marketing consultant, but that he is consulting with Mr. Hannemann and John Monahan, of Hawai'i Visitors and Convention Bureau (HVCB), and that he will engage advisors as other opportunities arise. Moving forward he stressed the importance of community engagement and to relate the fact that these types of events are coming to Hawai'i because of tourism. He added that the Pacific Rim Cup soccer event is scheduled for the end of February.

Mr. Tatum said that he has met with the Department of Land and Natural Resources (DLNR), and that there is a memorandum of understanding on many activities. DLNR will be providing a scope on a pilot "ambassador" program at the trails and parks that have the biggest impact on visitors. He noted that many visitors want to respect the land but that there is a need for education. HTA is working with HVCB and contractors to develop an education program on the value of the land to the Hawaiian people, potentially with video on the airlines and in hotels. HTA is also working with HLTA and the University of Hawai'i on workforce and leadership development so that the future leaders of the industry are people who have grown up in Hawai'i. The effort includes setting money aside for a scholarship program that contains a mentorship/internship component with HTA.

Mr. Tatum closed by touching on his frustration with illegal vacation rentals, noting that he

believes the number is growing because statistics show an increase in visitors, but not in hotel rooms. He stated that the legislature and the council are on board with trying to control vacation rentals, and it should be the community, not companies, controlling vacation rentals.

Chair Fried announced that, because of Representative Onishi's schedule, Item 9 would be heard out of order so that Representative Onishi could provide feedback before he had to return to the Capitol.

5. Presentation, Discussion and Action on HTA's Policy Positions for the 2019 Legislative Session on Bills Anticipated to be Brought Forward Relating to Tourism

Chair Fried introduced Keith Regan to present HTA's 2019 legislative policy positions. Mr. Regan explained that there are four primary positions that HTA is recommending the Board to support. The first position is supporting community infrastructure needs to ensure there is safe, secure, and well-maintained infrastructure in the counties to support the industry. Mr. Atkins asked whether there were currently any bills in the legislature that fit under this category. Mr. Regan responded that there are, in total, approximately 91 Senate bills and 74 House bills that HTA is actively tracking, at least three of which are focused on infrastructure.

The second position Mr. Regan discussed is the elimination of transient vacation rentals. He stated that this issue is of great concern for HTA and the industry. There are several bills before the legislature addressing this issue and HTA is tracking seven bills that pertain to transient vacation rentals.

The third position is support of an airport corporation. There are at least five bills before the legislature on this issue. Mr. Regan said that one such bill is SB666, which passed the Senate Transportation Committee the day before the Board meeting. Chair Fried noted that the independence and nimbleness of an airport corporation makes sense, and added that he believes that most legislators are on board with HTA's position.

The fourth position is opposition to tax increases that would increase the cost of a Hawai'i vacation. HTA is monitoring at least 17 bills related to this issue. Many of these bills have not been scheduled for hearing but HTA is monitoring them.

Mr. Arakawa said that HB1584, relating to a carbon tax, was heard that morning and the airline industry was mentioned specifically. He also noted that there was a bill introduced which required all the counties to meet their affordable housing goals, or the law would take away their Transient Accommodation Tax allocation. He noted a third bill of concern, that would give the Land Use Commission more power to take action against resorts that are approved but are not fully developed.

Chair Fried said that, as the HTA Board Chair, he serves on the Climate Commission, and there is a plan for the executive director of the Climate Commission to provide a presentation to the Board next month. Mr. Arakawa responded that the bill states that the recommendation to tax

the tourism industry was made by the Climate Commission and that industries that will be affected by the carbon tax, like agriculture, tourism, and the military, should have a seat at the Climate Commission. Chair Fried noted that representatives from those industries currently sit on the Climate Commission.

Mr. Hannemann discussed three points. First, he asked that the Board members from O'ahu implore their county council representatives to do something about transient vacation rentals because it would help if the counties were progressive in this area, and noted that Honolulu county is lagging behind Maui, Hawai'i, and Kaua'i counties on this issue. Second, he said that in regards to an airport corporation, there is also a bill to create a harbor corporation and he has heard that there is talk of getting both passed at the same time. However, he said that the focus should be on getting the airport bill out first and then focusing on the harbor bill. The third point was related to keeping the cost of a Hawai'i vacation down. He stated that there is a "resort fee tax" bill that has been introduced and that it proposes putting a tax on resort fees and all amenities associated with staying at a resort.

Representative Onishi explained some of the details of the legislative process, noting that it was still early in the legislative session. He said that it was important for HTA and the industry to let legislators know which bills they support or oppose, and why, because it has an impact on whether the bill will be scheduled for hearing.

Mr. Arakawa added that a bill relating to Real Estate Investment Trusts (REIT) had been introduced, and that many of Hawai'i's real estate and resort projects were accomplished with REITs so it may be a topic for future discussion.

Mr. Regan then discussed other bills of concern to HTA, but that do not relate directly to HTA's position statements. First, were bills that would separate HCC sales and management, HB422 and SB992. Second, were bills allowing for more flexibility for the Center for Hawaiian Music and Dance. The current statute requires that it be funded and constructed at HCC, but since that has been a challenge, HB420 and SB803 are two bills that would provide additional flexibility to consider other locations that would be more appropriate. Airport corporation bills and budget bills are also of concern.

Kyoko Kimura stated that there is also relevant county-related legislation that has been introduced, for example, a bill that would allow Maui County to raise the General Excise Tax (GET). She asked whether HTA could also monitor those types of bills. She also asked Mr. Hannemann for more information about the resort fee tax. Mr. Hannemann said that a similar bill had passed the Legislature last year but that the Governor vetoed it because it would tax amenities.

Chair Fried asked for a motion to approve the positions presented by Mr. Regan. George Kam made a motion and Benjamin Rafter seconded the motion. The motion was unanimously approved. Mr. Dee asked whether there was a plan to present these legislative positions to broader stakeholders. Mr. Tatum responded that he met with Mr. Hannemann to make sure

that they are aligned as an industry, and Sheri Menor-McNamara to make sure they are aligned with the Chamber of Commerce. Mr. Dee clarified that he was asking whether there was a plan to communicate the positions to the public. Mr. Tatum said that they could do that.

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

Chair Fried recognized Jennifer Chun to provide a presentation on current market insights and conditions. Ms. Chun stated that 2018 ended with \$17.82 billion in visitor spending, an increase in 6.8% compared to 2017. Arrivals increase to 9.9 million, which translates to about \$2 billion in tax revenue. The tax data in the Board packet were adjusted to reflect the increase in tax collection without the rate increase attributed to rail. The 2018 Visitor Plant Inventory Report was published the previous week and total inventory was 80,751 units. December RevPAR was \$222 and ADR was \$278. Occupancy was flat at 79.8%. Ms. Chun pointed out that the December Hawai'i Hotel Performance Report included information about room supply and room demand to provide a more well-rounded picture.

Chair Fried noted that even though occupancy was flat, Hawai'i's RevPAR is the second in the U.S. Ms. Chun confirmed that Hawai'i is second to New York City, followed by San Francisco. Mr. Dee asked how there could be flat occupancy but more visitors. Ms. Chun responded that one possibility is larger party size, meaning that more people staying one room.

Ms. Hughes said that this statistic was a good sign and that it was the first time that she had seen it since she has been in Hawai'i, where occupancy is flat while ADR is going up. She noted that revenue management systems are very sophisticated at hotels, so they are able to better manage rates.

7. Presentation of the Resident Sentiment Survey Results

Ms. Chun introduced the President of Omnitrak, Chris Kam, to present on the 2018 Resident Sentiment Survey. The survey is conducted annually to assess how residents view tourism. The survey is conducted to track how resident sentiment is changing over time, to identify the perceived positive and negative impacts of the tourism industry, and to identify new issues and concerns on the horizon. The results of the presentation were divided into two parts: the impact of tourism and general perception of visitors.

There were three takeaways from the survey: 1) residents still generally view tourism in a positive light, 2) expectations of what the visitor industry should provide has changed, and 3) residents would like a greater voice in tourism development and would like to see Native Hawai'i an culture preserved and presented authentically. Mr. Kam went on to discuss the results of the survey, which are also found in the Board packet.

The key resident sentiment indicators suggest that the favorability of residents' attitudes towards the industry has weakened, the perceived impact on the state overall has remained

steady, the perceived impact of tourism on the family has taken a downturn, and there is a decrease in agreement with the statement that tourism has brought more benefits than problems.

Sean Dee asked how much Mr. Kam believed resident sentiment in Hawai'i Island and Kaua'i was influenced by the volcano and flooding, respectively. Mr. Kam responded that, whenever there is a downturn in visitor arrival and spending, there is an increase in appreciation for visitors. In this case, there was not an uptick in Kaua'i and Hawai'i Island was flat. The survey was taken between August and October 2018.

Chair Fried pointed out that positive and negative sentiments were both up, and the number of respondents that felt no effect dropped significantly. Mr. Dee asked whether there were benchmarks with which HTA can compare to other destinations. Mr. Kam responded that other cities do not publish that information. Ms. Chun said that Hawai'i is the only place that consistently conducts a survey and publishes its results.

Ms. Kumukahi said that she was glad to see that Hawaiian culture was a driver of resident sentiment but noted that she knew of hotels in Waikiki that did not want to carry Hawaiian culture. She asked how hotels could be brought onboard with HTA's mission in this regard. Mr. Tatum said that, from his experience in the industry, the hotels that are not engaging in Hawaiian culture are making a mistake and that is HTA's role to share the vision for what visitors should be experiencing. He said that he would work with Mr. Ka'anā'anā to take an inventory of which hotels are engaging and which are not. Mr. Hannemann said that HLTA is making a conscious effort to get all its hotels to participate and has incorporated a Hawaiian culture presentation at its regular meetings. HLTA also has an award for that hotel which is perpetuating and preserving the Hawaiian culture. Mr. Ka'anā'anā added that this is the very reason that the Native Hawaiian Hospitality Association was founded with the express purpose of advancing this work.

8. Presentation, Discussion, and Action on HTA's Financial Reports for November and December 2018

Chair Fried recognized Mr. Regan and Marc Togashi to provide a presentation on HTA's financial reports. Mr. Regan began the presentation by explaining the new format of the budget, which was included in the Board packet. The budget contains the same information, but presented in a new way with different categories to provide a better understanding of how funds are being allocated. Chair Fried note that when he first went through it, it seemed like some items already had most of their annual budget spent. Mr. Regan explained that in some cases, money is "encumbered" rather than expended, so that money that is earmarked for a certain purpose is not spent.

Mr. Dee asked whether the amount of budget used was a blend of actual and expected expenditures. Mr. Regan confirmed that it was. Mr. Arakawa noted that the new budget format reflected the way the Legislature looks at the budget. Mr. Regan added that this makes

it easier when HTA goes to the Legislature for budget issues.

Mr. Togashi discussed the December budget statement. He said that the new format provides a single-paged snapshot of HTA's financials. In December, HTA recorded \$21.4 million in contract activity, and a balance of approximately \$31.2 million. The financials in the packet includes the budget statement, financial statements, and executive summary for November and December 2018. At the end of December 2018 there were \$87.6 million in cash and investments including \$5 million in emergency funds which is required by statute. This represents a decrease of \$3.5 million from November, due to recording \$6.6 million in TAT revenues which was offset by \$10.1 million in expenditures. He stated that there is a total of \$22.5 million in Board allocations that are outside of the budget. That is comprised of several things, including emergency funds, reserves in the case of an economic downturn, and other earmarks. In the HCC financials, there is \$31.6 million maintained in cash, which is an increase of \$2.3 million from last year. Both HTA and HCC are on track with their spending their budgets.

Mr. Atkins asked whether any of the reserve was used for Hawai'i Island. Mr. Togashi responded that there is approximately \$3 million currently in the fund and some of that has been put into the budget to bolster Hawai'i Island. Mr. Tatum said that there is a plan to put together an additional campaign or branding exercise to impact Hawai'i Island, and a presentation is planned for the next Board meeting. Ms. Kimura asked about the \$5 million in the emergency fund. Mr. Togashi responded that, in order to use those funds, the Governor would first need to declare a tourism emergency.

Mr. Togashi requested a motion for the Board to approve the November and December 2018 financial documents. Mr. Kam made a motion and Ms. Kumukahi seconded the motion. The motion was unanimously approved.

9. Update on Status of the 2018 Audit Action Plan

Chair Fried recognized Mr. Regan to provide an update on the 2018 Audit Action Plan. Mr. Regan said that he has met with staff to go over different segments of the audit findings in order to clear those findings. They are reviewing the policies and procedures and will be presenting their recommendations to the Board. As part of that process, Mr. Regan found a need to update the bylaws so the bylaws were reviewed and proposed revisions have been drafted and forwarded to the Attorney General for review. He plans to present the updated bylaws to the Board at the next meeting.

Mr. Arakawa asked about the general nature of the bylaws revisions. Mr. Regan responded that there is inclusion of succession planning, specifying and clarifying the chain of command in the case of an absence. Mr. Arakawa asked if these changes were recommended by the audit, and Mr. Regan responded that they are housekeeping changes not recommended by the audit.

10. Presentation by AEG Regarding an Update of Hawai'i Convention Center Recent Operational

Activities and Sales Initiatives

Chair Fried recognized Teri Orton to provide an update on HCC. Ms. Orton said that HCC hosted 18 events in December, three more than were originally budgeted for. HCC posted gross revenue of \$860,000, which was \$40,000 more than was budgeted for, for a total net loss of \$729,000, \$81,000 better than what had been planned. For the year, HCC ended with gross revenue of \$13.9 million, \$1 million less than what was planned. There was a net loss of \$2.1 million which was \$210,000 more than planned. Occupancy for the year was 29%. The report also includes HCC's sales and marketing budget. The net loss for 2018 was \$6.2 million, \$2 million of which was incentive payouts and \$1.7 million was payroll. The bottom line for 2018, inclusive of sales and marketing, was a loss of \$8.3 million compared to 2017 which was a loss of \$4.4 million. There were many drivers contributing to the difference including events being rescheduled or cancelled, a different mix of business, and food and beverage that was moved to other properties.

For food and beverage sales, HCC closed out 2018 with a net income of \$4.1 million, which was about \$2 million less than last year, attributable to the same aforementioned factors. The 2018 ROI was \$22.29 returned to the state for every dollar spent. Ms. Orton said that she is preparing a high level audited sales update to present at the next Board meeting. She also noted that the General Managers' Forum and the Customer Advisory Board Meetings are scheduled in February.

Ms. Orton provided an update on HCC's capital improvement projects. An RFP is out for the boiler replacement project, and it is due on February 13, 2019. In regards to the roof repair project, there are contractors on site updating the 2012 assessment. Ms. Orton said that a report may be ready to present to the Board by the next Board meeting.

Mr. Atkins said that at previous meetings the HCC team had noted that some sales were waiting until the end of the year to close, and he asked whether those last-minute sales had in fact closed. Ms. Orton confirmed that a majority of what needed to close closed and that incentives were a contributing factor. Mr. Atkins asked whether there were procedures and policies in place to ensure that incentives are returned in the event that a group does not meet their food and beverage obligations. Ms. Orton responded that there is a policy, included in the term sheets.

Mr. Tatum said, generally, that convention centers are unique compared to hotels because their analysis does not include what is generated in taxes for the whole city. He said that most convention centers do not make money, but there is more to it to than that because they drive business for hotels and the rest of the city.

Mr. Atkins asked what constitutes a "city-wide." Ms. Orton responded that it was either two hotels or more, or more than 1,000 delegates. Mr. Tatum said that HTA is re-evaluating the criteria for "city-wides" and incentives. In that regard, Ms. Hughes said that she has done a survey of other convention centers and how they view city-wides and fund incentives.

Mr. Dee said that HCC had housed an exhibit on Hawaiian music for about 9 months, and that exhibit will be curated at the Grammy museum in Los Angeles which receives about 100,000 visitors. Mr. Dee thanked AEG and HTA for their efforts on that project.

Ms. Kimura asked whether it is possible to generate a report of pre- and post- room nights at neighbor islands. Ms. Orton said that that is not tracked and she is not sure if there is a way to track that. Mr. Arakawa asked if there could be a way to measure it by making it a part of the template to provide a form to organization, or encourage the groups that book with HCC to obtain that type of information. Ms. Chun said that the current survey asks whether a visitor is coming for a meeting or conference but does not say whether it is for an HCC meeting or conference, so there is currently no way to track that information. She added that she could work with Ms. Orton's team to develop a questionnaire. Mr. Arakawa asked what about the nature of the end-of-year signing bonuses. Ms. Orton said that the incentives are offered to groups that have put Hawai'i on its shortlist. Signing bonuses and incentives from \$5,000 to \$25,000 are offered, depending on the size of the group. Mr. Arakawa asked whether a HCC has hired a new chef, and Ms. Orton responded that they have not yet hired a new chef but interviews are ongoing.

11. Adjournment

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

The meeting was adjourned at 12:06 p.m.

Respectfully submitted



Janjeera Hail
Recorder

Agenda Item

4

**Report of the CEO Relating
to Staff's Implementation of
HTA's Programs During
January 2019**



MEMORANDUM

TO: HTA Board of Directors

FROM: Chris Tatum, President and CEO

DATE: February 28, 2019

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 January 31, 2019. The narrative also describes the actions conducted by the staff to implement the Hawai'i Tourism Authority (HTA) budget previously approved by the Board.

I. AWARENESS, CONVICTION AND ACCESS

A. Access

Meeting with Department of Transportation (DOT) Harbors Division

HTA staff and representatives of DOT Harbors held an introductory meeting to provide strategic overviews within the new administrations for both organizations.

Meeting with the Cruise Lines International Association (CLIA) and Norwegian Cruise Line (NCL)

HTA staff had an introductory meeting with CLIA and NCL to discuss HTA's key priorities and the new organizational structure at CLIA.

MSC Magnifica Inaugural Port Calls

MSC Cruises made her inaugural call to the Hawaiian Islands with a call to Hilo on February 16, 2019 and Honolulu from February 17-18, 2019 by its ship, Magnifica.

B. Major Market Management

Spring Tourism Update

HTA's Global Marketing Team will be in Hawai'i from March 1-9 to participate in internal meetings, Hawaiian cultural training, the public Spring Tourism Update, and meetings with industry and community partners on O'ahu and Kaua'i. The public Spring Tourism Update will take place March 6 at the Hawai'i Convention Center. HTA will provide updates on Hawaiian culture, natural resources, and community programs, and overall strategy, while the Global Marketing Team will address activities underway and an update of brand management plans for this year in each market. The program will also feature a luncheon panel with government officials and Q&A sessions.

II. UNIQUE AND MEMORABLE EXPERIENCES

A. Hawaiian Culture Initiative

Kūkulu Ola Program

HTA continues to work with one 2017 Kūkulu Ola awardees to close out their work and complete the final evaluation. This program was granted a no-cost contract extension for extenuating circumstances. HTA staff is in receipt of many final reports for the 2018 Kūkulu Ola programs, a majority of which completed their work on December 31, 2018. The final reports were due by the end of January. The Kūkulu Ola 2019 program includes 28 awardees statewide with total funding of \$1.223 million allocated. Contracts were distributed over the two-day period December 12-13, 2018. Contracting and payments made through the State Department of Accounting and General Services (DAGs) have been delayed, as DAGs is seeking to establish a new payment process via purchase order instead of contract payments. HTA and DAGs are discussing how best to move forward.

Strategic Partnerships (Hawaiian Culture Initiative)

HTA and the Native Hawaiian Hospitality Association (NaHHA) 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. NaHHA's work also includes Hawaiian translation work and the hosting of statewide Hawaiian cultural advisor meetings.

The Kālainmoku Group and HTA staff are in negotiations for 2019 programming. HTA is currently evaluating the 2018 program and attendance. HTA is also looking at the theme and awards focus for the May Day program. No contract has been signed for 2019 as of this board meeting.

HTA staff is exploring a possible contract extension with Hawaii Investment Ready to support a cohort of 12 social enterprises that have a tourism focus. Hawaii Investment Ready previously received funding through the Community Enrichment, Kūkulu Ola, or Aloha 'Āina programs to build capacity for its program. 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 two 2017 Aloha 'Āina awardees to close out their work and complete the final evaluations. These two programs were granted no-cost contract extensions due to extenuating circumstances. HTA staff is in receipt of many final reports for the 2018 Aloha 'Āina programs, a majority of which completed their work on December 31, 2018. The final reports were due by the end of January. The Aloha 'Āina 2019 program includes 28 awardees statewide with total funding of \$1.124 million allocated. Contracts were distributed over the two-day period of December 12-13, 2018. Contracting and payments made through the State Department of Accounting and General Services (DAGs) have been delayed, as DAGs is seeking to establish a new payment process via purchase order instead of contract payments. HTA and DAGs are discussing how best to move forward.

Hawai'i Ecotourism Association

The Hawai'i Ecotourism Association (HEA) are negotiating the terms and scope of work for the 2019 calendar year program. The primary focus of HEA's work would be a continued focus on the training of certified tour operators statewide and enhancing their training capacity. In addition, HTA would provide for trainings that can be accessed via the internet and YouTube.

Hawai'i Green Business Program

HTA staff is finalizing a Memorandum of Agreement with the Hawai'i Green Business Program. The primary focus of this work will be to assist and recognize businesses that operate in an environmentally, culturally and socially responsible manner. The program has a proven record of reducing energy consumption, water usage and waste, which are three key metrics of HTA's strategic plan.

C. Safety and Security

Visitor Assistance Program (VAP). Programs in all four counties are ongoing.

Lifeguard Support Program. Contracts for the County of Maui and Hawai'i are in execution.

Waikīkī Camera Program. A Memorandum of Agreement with the City for this program is in execution.

Airport Ocean Safety Survey. HTA staff is working with the Department of Health and OmniTrak on a survey at all five airports statewide.

D. Community Enrichment Program

HTA staff is closing out the 2018 Community Enrichment Program (CEP) contracts, which ended on December 31, 2018. Staff is processing the 2019 executed contracts in collaboration with the State Department of Accounting and General Services (DAGs). The 2019 CEP program includes 73 awardees statewide with total funding of more than \$1.2 million allocated. Contracts were distributed over the two-day period of December 12-13, 2018. For a listing of 2019 CEP awardees visit:

<https://www.hawaiitourismauthority.org/what-we-do/hta-programs/community-enrichment-programs/>

III. KNOWLEDGE AND COLLABORATION

A. Communication and Outreach: January 2019

News Releases/Reports Issued

- Report: 2018 Hawai'i Hotel Performance Report (January 25)
- Report: Hawai'i 2018 Visitor Plant Inventory Report (January 28)
- News Release: Hawai'i Visitor Statistics Released for 2018 (January 31)

Media Relations

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

- Travel Weekly: Chris Tatum (CT) and Karen Hughes (KH) with reporter Tovin Lapan about the new direction in leadership for HTA (January 18 and January 21).
- Mike Buck Radio Show-Tourism Tuesday: Kalani Ka'anā'anā (KK) addressing HTA's focus, community programs and other key issues affecting tourism. Provided talking points to share with Mike Buck for leading the discussion (January 22).
- KHPR: Jennifer Chun (JC) with reporter Casey Harlow about the Hawai'i Hotel Performance Report for 2018 (January 25).
- Hawaii News Now: CT with Howard Dicus on Sunrise about HTA's position on sports marketing, sustainability and other issues important to tourism's future (January 30).
- KHPR: JC with reporter Casey Harlow about the news release on Hawai'i's visitor statistics for 2018 (January 31).
- **Publicity Support:** Provided the following information and/or assistance:
 - Honolulu Star-Advertiser: JC responded to reporter Allison Schaefer about the pace of visitor stays in vacation rentals versus timeshares (January 3).
 - CNN: Charlene Chan (CC) directed reporter Bonney Kapp to contact Aileen Utterdyke for answers about funding of the USS Arizona Memorial visitor center during the partial federal government shutdown (January 3).
 - KHPR: Declined request for HTA to do an interview providing comments about the impact of the government shutdown on Hawai'i (January 4).
 - KITV: Directed reporter Diane Ako's request for comment about the lack of rental cars on the island of Hawai'i to Ross Birch of IHVB (January 7).
 - KHON: Directed reporter Nikki Schenfeld's request for data about the economic impact of the Sony Open to the golf tournament organizers (January 7).
 - KHON: Directed reporter Kimberlee Speakman's request for information about HTA's funding to support the USS Arizona Memorial visitor center to Aileen Utterdyke of Pacific Historic Parks (January 7).
 - Hawaii News Now: CC directed Senior Digital Producer Melanie Yamaguchi to Aloha Stadium and the Blaisdell Center for information on the impact of large-scale concerts to tourism and Hawai'i's economy (January 9).
 - DLNR Forests for Life News Release: Assisted KK in developing a quote for inclusion in the news release issued by the Department of Land and Natural Resources (DLNR) about the Forests for Life TV documentary (January 10).
 - Pacific Rim Cup: Assisted CC in reviewing and editing the news release issued by organizers of the Pacific Rim Cup about tourism's support of the tournament (January 10).
 - Honolulu Star-Advertiser: CC provided reporter Ferd Lewis with a copy of HTA's contract with the Los Angeles Rams (January 28).

- KITV: Assisted CC in providing a quote from CT to reporter Nicole Tam regarding the upcoming introduction of ANA's new A380 Flying Honu aircraft in May (January 28).
- Pacific Business News: JC responded to reporter Christina O'Connor about Hawai'i's hotel performance in 2018 (January 29).
- Pacific Business News: JC responded to reporter Christina O'Connor about Hawai'i's visitor industry statistics in 2018 (January 31).

Public Outreach

- Pacific Historic Parks: Assisted CC in drafting an article for the Pacific Historic Parks newsletter about the fundraising support provided by Hawai'i's tourism industry to keep the USS Arizona Memorial visitor center open during the partial federal government shutdown (January 9).
- ANA Press Conference: Assisted CC in developing talking points for CT to reference in providing remarks about ANA's introduction of flights using its new A380 Flying Honu aircraft in May (January 18).
- Honolulu Festival: Assisted CC in preparing a welcome letter from CT for inclusion in the program being given to attendees of the festival on March 9-10 (January 29).

Brand Management

- Cathay Life: Assisted CC in reviewing and editing the video welcome message being presented by Chris Tatum to delegates attending the Annual Cathay Life Summit (January 7).
- ADA Compliance: Met with HTA staff and provided information and recommendations on making HTA documents compliant with ADA regulations (January 8).
- Representative Ed Case: Assisted CC in arranging a meeting between CT and Jacqueline Conant, district director, and Nestor Garcia, communications director, for Representative Ed Case (January 8).
- Pacific Historic Parks: Assisted CC in developing a list of organizations to approach for fundraising support to keep the USS Arizona Memorial visitor center open during the partial federal government shutdown (January 9).
- HTA Website-Alert Page: Assisted CC with updating the message about the partial federal government shutdown for the special alert page and posting on HTA's website (January 15).
- New HTA Vision: Assisted CC in drafting the document about the new vision for HTA's leadership based on CT's president's report to HTA's board of directors (January 29).
- Community Outreach Plan: Developed a proposed plan to assist beneficiaries of HTA grants in utilizing marketing and communications to share the impact of their community projects with media and the public (January 30).

- Chamber of Commerce: Assisted CC in preparing a long version and short version of CT's bio for his presentation to the Chamber of Commerce on February 21, and to provide other groups for speaking engagements (January 31).

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 Sarah Fairburn of TravelBulletin to Chris Sadayasu (January 2).
 - **Hawai'i Tourism Europe**
 - Reviewed and forwarded a request by Antonello Ruiu in Italy to Caroline Anderson (CA) (January 2).
 - Reviewed and forwarded a request by Alberto Arizkorreta of CHILOE TV in Spain to CA (January 8).
 - **Miscellaneous**
 - Reviewed and forwarded a request by Michelle de Guzman of television program, Day Off on GMA News TV 11 to Jadie Goo (January 4).

Social Media

- **Facebook Posts:**
 - Post on the Sentry Tournament of Champions at Kapalua. **Total Reach** 1,051 | **Total Reactions** 48 (January 3).
 - Post on the Sony Open in Hawai'i. **Total Reach** 548 | **Total Reactions** 13 (January 8).
- **Twitter Posts:**
 - Post on the Sentry Tournament of Champions at Kapalua. (January 3).

B. Research and Planning

The Tourism Research Division (TRD) issued the December 2018 monthly visitor statistics on January 31, 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 February through April 2019 to the Infrastructure Research Section of the HTA website.

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

TRD issued the December Hawai'i Hotel Performance Report on January 25. The report and related December 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 issued the 2018 Visitor Plant Inventory Report on January 28 and posted the report to the HTA website. The 2018 VPI report includes a supplemental study on Individually Advertised Units.

Chris Kam of the OmniTrak Group presented results of the 2018 Resident Sentiment Survey to HTA staff on January 25 and to HTA's Board of Directors on January 31. The presentation to the Board has been posted to the HTA website.

The 2017 Annual Visitor Satisfaction and Activity Report and companion tables were posted to the HTA website on January 31.

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.

TRD is participating in the redesign process for the HawaiiTourismAuthority.org website.

Karen Hughes, Jennifer Chun, Jadie Goo, Kalani Ka'anā'anā, and Eric Takahata presented to the Naha City Council Delegation on January 22.

Jennifer Chun was interviewed by Hawaii Public Radio (KHPR) on January 25 regarding the December 2018 and year-end Hawaii Hotel Performance Report and on January 31 regarding the visitor statistics results for December and year-end.

TRD continues to reply to requests for information from HTA's 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 •

- Responded to research inquiries routed through DBEDT
- 2019 cruise estimates, for DBEDT
- Economic impact of new ANA A380 jumbo jet service to Hawai'i, for HLTA
- 2018 vs 2017 domestic load factors, for HVCB

C. Career Development

LEI (Leadership, Exploration, and Inspiration). Program planning for 2019 is ongoing.

DOE CTE (Career Technical Education) Partnership. DOE CTE has submitted a partnership proposal and the proposal is currently under HTA staff's review.

IV. STRATEGIC OVERSIGHT AND GOVERNANCE

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

Hawai'i Tourism United States Monthly Marketing Report January 2019

The January domestic air passenger count (visitors and residents) was up 1.9 percent year-over-year which is a strong indicator that HTA's January visitor arrival numbers will show an increase in U.S. travel to Hawai'i as well.

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

Due to the U.S. government partial shutdown, updated travel export numbers have not yet been refreshed.

Domestic travel is expected to continue to grow, albeit more slowly in 2019. The partial government shutdown, trade tensions, overcrowding trends and rising gasoline prices may dampen expectations for 2019, yet the lodging and airline industry continue to post records.

The latest U.S. Travel Barometer reported that of U.S. residents searching for lodging in December, 86 percent searched within the U.S., up significantly from the 69 percent searching domestically the same time the year prior. For the year, the share of resident searches within the U.S. rose to an average of 85 percent up from 76 percent in 2017.

Overtourism ranks among one of the top travel trends of 2019, according to experts polled by The Washington Post. Higher demand promises to make 2019 one of the busiest travel years on record. As such, prices are also expected to rise, driven by a growing global economy and rising oil prices. However, overtourism to certain destinations may change consumer trends in two specific ways. Within the context of seeking out new destinations, one new trend is to use artificial intelligence to improve the booking experience by making more sophisticated suggestions on destinations alternatives and flights available.

Another travel trend worth monitoring is the lingering effects of the month-long partial federal government shutdown. MMGY Global surveyed consumers in mid-January and reported that the shutdown had indeed impacted leisure travel. Sixteen percent of Americans cancelled or planned to cancel a vacation because of the shutdown. Another 14 percent were unsure or were considering canceling their vacation plans because of the shutdown. The leading concerns were park and monument closings, delays in receipt of their tax refund, and safety. Among those who were still planning to vacation during the next six months, 55 percent indicated that they will do so without hesitation, while 32 percent were planning to move forward but were monitoring the situation.

The hotel industry expects slow and steady revenue growth for 2019 driven by price increases. STR.com expects revenue per available room (RevPAR) to increase by 2.4 percent. The revenue increase is expected to be fueled by price growth (2.3 percent increase in average daily rate [ADR]) and not quantity (0.1 percent increase in occupancy rate). Lodging industry revenue management executives remain optimistic. According to Cassie Bond, Vice President of Revenue Management at Chesapeake Hospitality, a flat occupancy rate "means consistently analyzing booking windows, length of stay, day-of-week patterns and overall spend by rate plan for each segment.

Economy

The Conference Board's Consumer Confidence Index was near an all-time high last fall. That is no longer the case after a large drop in December was followed by another large drop in January to 120.2. Still, the Consumer Confidence Index remains above its long-term average. Fortunately, sagging consumer confidence does not necessarily result in a decrease in consumer spending. During times like these, consumers typically go shopping. Unfortunately, the month-long partial federal government shutdown likely affected the usual pattern negatively. In addition to reduced spending by federal employees who missed two paychecks, there is indication that travel was negatively affected by concerns over travel safety due to strains on TSA and air traffic controller workforces.

In addition, recently released U.S. economic data was mixed. The U.S. economy is in a transitional state buffeted by policy headwinds, a cooling global economy, financial market volatility and indications of cooling corporate profits. In the short term, there is also the lingering consumer uncertainty from the recent government shutdown even as another shutdown is possible if agreement is not reached by the midnight Feb. 15 deadline.

Competitor Update

With a softening of the global travel market, competition for American dollars is expected to heat up. Despite increased safety concerns in Mexico, tourism officials are still forecasting an increase in both visitors and spending in 2019. Mexico is the sixth most visited country in the world, with tourism arrivals climbing +3.4 percent in 2018, reaching a new record of 39.3 million foreign visitors. 2019 is expected to top that, with an estimated 44.8 million arrivals (+5.8% year-over-year). Even with tourism success, violence continues to skyrocket in Mexico. 2018 was the deadliest year on record for the country, with an average of 91 murders per day. As such, the U.S. State Department continues to issue travel advisories for Mexico, labeling the country 'Level 2 - Exercise Increased Caution'. There are even stronger warnings for many popular tourist areas, including Mazatlan, Acapulco, and Riviera Nayarit, with the State Department warning would-be travelers to reconsider or cancel their travel plans.

Airlift

Seat capacity to Hawai'i will grow a modest one percent February-April 2019 when compared to the same three-month period the year prior.

Seat capacity from the U.S. West will be flat at 0.6 percent and flights will be up two percent. This is due to reduction of seats from Los Angeles (HNL, OGG, ITO, LIH all lost flights), Salt Lake City (OGG) and San Jose (KOA in April). There will be an increase in seats from Anchorage (KOA, OGG), Bellingham (OGG, KOA), Oakland (LIH), Sacramento (OGG), and San Diego (OGG, LIH) during this period.

Seat capacity from the U.S. East will be up two percent and the number of flights will be up 1.7 percent attributable to the addition of seats from Chicago (HNL), Atlanta (HNL) as well as the inaugural Hawaiian flight from Boston to Honolulu on April 4 serving five days each week. We will see a reduction in the number of flights from Dallas-Fort Worth (OGG, KOA, LIH), Minneapolis-St. Paul (HNL), Washington DC (HNL).

LEISURE ACTIVITIES

Consumer

On-line

January firmwide digital campaign estimates: Central 8.7 million impressions; KVB 5.8 million impressions; OVB 4.7 million impressions; MVCB 5.8 million impressions; LVB 1 million impressions; DMVB 1 million impressions; IHVB 6.8 million impressions.

– Social Media

In January, HTUSA continued the *Hawai'i Rooted* video series which featured park ranger Keoni Kaholo'a'ā through an adapted *Facebook* mini-story, as well as *Instagram* teaser ads.

– Advanced Television/Digital Video

HTUSA launched a national flight in January with a broad reach of advanced television/digital video for the Hawai'i target audience and showcase the newest Hawai'i Rooted video creative: 1) Four 30-second brand videos in the #LetHawaiiHappen – Hawai'i Rooted campaign (one per major island); 2) Four 30-second brand video co-op spots with partner tags for Hawaiian Airlines (one per major island).

- HGTV Full Episode Player (FEP). Flight launched in January (Jan. 7-Feb. 3) with media that included video in content/programming that the Hawai'i target audience is streaming on devices of their choice.
- ROKU - the market leader in OTT (over-the-top) devices. Flight launched in January (Jan. 7-Mar. 31) with media that included in-stream video.
- HULU - the largest ad supported streaming service. Flight launched in January (Jan. 7-Mar. 31) with media that included video in HULU's Original Series Sponsorship and pre-roll and mid-roll video.
- VideoAmp. Flight launched in January (Jan. 7-Mar.31) with media that included targeting premium video environments with the capability to re-target TV viewership across second screens, modeling a competitor's TV campaigns to re-target their audiences, and showing Hawai'i Rooted video around relevant travel, culture and adventure content.
- Programmatic Video. Flight launched in January (Jan. 7-Mar. 31) to complement direct video partners, drive efficiencies, and leverage video programmatically across a variety of platforms.

– Cinema

In theater media launched in January (Jan. 18-Feb. 21) to amplify video efforts in an intimate and captive environment. Thirty-second brand videos ran with Spotlight in a select network of high-end cinema movie theaters concentrated in Hawai'i's top markets, with timing leading into Academy Awards season. Audiences were re-contacted with location-based mobile targeting after leaving the theaters.

– Golf

The 2019 Aloha Season on Golf Channel (pre-promotion Dec. 1-Mar. 31) provided a national cable television golf platform for Hawai'i in January. Programming and paid media promotion included the following:

- A flight of 30-second commercials ran that featured four different PGA TOUR players, with each professional engaging in an activity that he enjoys seeing/experiencing with others in Hawai'i:

- Bryson DeChambeau – ziplining (Maui)
- Jon Rahm – helicopter (Maui)
- Wesley Bryan – blue water rafting (Maui)
- Jhonattan Vegas – whale watching (Maui)
- Programming. 37.5 hours live tournament; 248 hours total programming coverage including tournament live, re-air and additional hours with some Hawai'i tournament exposure.
- Morning Drive "Hawai'i Destination Spotlight" presented a Hawai'i-themed show during the Thursday-Friday of the Sentry Tournament of Champions event on Maui.
- Promos. 600 total "January in Hawai'i" promo spots: 200 including logo and call-to-action; 400 Event Tune-In promos.
- Features. Three custom features aired (one each week during the January tournaments played on Maui, O'ahu, island of Hawai'i).
- Billboards. 120 billboards including logo, tagline and call-to-action.
- Beauties/Bumps. In and out of tournament programming coverage.

Travel Trade

The Family Travel Advisor Forum was held Jan. 7-11 in Ocho Rios, Jamaica. This event was attended by 125 pre-qualified travel advisors based on revenue, business model and references. In addition to 50 one-on-one appointments and networking events, HTUSA conducted a one-hour destination presentation. Hawai'i suppliers present included Classic Vacations and OneALG Apple Leisure Group.

HTUSA participated in Classic Vacations' 2019 Partner Appreciation Event in Newport Beach, CA on Jan. 10. All-island updates were presented to 119 luxury travel advisors. The event consisted of a trade show, networking and dinner presentation from Classic Vacations. Hawai'i suppliers present included 'Alohilani Resort Waikīkī Beach, Aulani, A Disney Resort & Spa, Hyatt Hotels in Hawai'i, Lodge at Kukui'ula Kaua'i & Wailea Beach Villas, Marriott Hawai'i, Montage Kapalua Bay, The Ritz-Carlton, Kapalua, The Ritz-Carlton Residences, Waikīkī Beach and Turtle Bay Resort.

Classic Vacations held their 2019 Partner Appreciation Event in Sacramento, CA, on Jan. 16. HTUSA shared island updates with 125 travel advisors. The event consisted of a trade show, networking and dinner presentation from Classic Vacations. Hawai'i suppliers present included 'Alohilani Resort Waikīkī Beach, Four Seasons Lāna'i, Grand Wailea, A Waldorf Astoria Resort, Halekūlani, Hyatt Hotels in Hawai'i, Mauna Lani, Auberge Resorts Collection in Hawai'i, Montage Kapalua Bay, The Ritz Carlton Resorts of Hawai'i and The Westin Hāpuna Beach.

HTUSA partnered with Pleasant Holidays to conduct sales calls and trainings with AAA Northeast offices in Hudson Valley and Utica, NY, on Jan. 3 and 4. HTUSA trained 17 travel agents and met with two additional AAA Northeast agencies.

HTUSA conducted four sales calls in Garden City and East Islip, NY, before attending a Travel Agents of Suffolk County (TASC) dinner meeting. At the meeting, HTUSA briefly presented to a dozen agents in attendance and encouraged them to attend the upcoming HTUSA blitz in Garden City, NY.

With the help of Pleasant Holidays, HTUSA conducted three HDS trainings in Alexandria, Richmond and Virginia Beach, VA during the week of Jan. 15-18. HTUSA trained a total of 98 agents during these events. In the same week, HTUSA also went on seven sales calls with Pleasant Holidays and presented at a Travel Leaders Hawai'i Night to 20 of the agency's clients in Fredericksburg, VA.

Public Relations

In January, HTUSA's 2019 Aloha Swing campaign highlighted the Sentry Tournament of Champions on Maui, Sony Open on O'ahu and Mitsubishi Electric Championship at Hualālai on the island of Hawai'i.

During the golf tournaments, each island received a destination spotlight on the Golf Channel's *Morning Drive*. HTUSA provided destination talking points, images, b-roll and tropical floral arrangements to support the show's in-content vignettes. As a result, the campaign had an audience reach of 11.5 billion, with a publicity value of \$9.9 million.

In efforts to promote Kaua'i as a compelling travel destination, Sal DiBenedetto, a New York-based freelancer and contributor to *Travel + Leisure*, visited the Garden Island Jan. 8-18 to gather research for the publication's "The Ultimate Kaua'i Guide." HTUSA provided ground transportation and worked with the Island Chapter to provide him with connections to Kaua'i partners, including Kipu Ranch Adventures, Jack Harter Helicopters and Princeville Ranch Adventures. Thus far, Sal has posted several photos from the trip to his *Instagram* account (@*thegrubfather*). Anticipated coverage is forthcoming.

As part of the *Work From Hawai'i* (WFH) campaign, Andrea Bartz, freelance journalist on assignment for *Psychology Today*, visited the island of Hawai'i (Jan. 17-24) to work on a confirmed story about the benefits of working from a new spot, using scientific research as well as combining WFH's survey statistics. HTUSA worked with the Island Chapter to coordinate activities with KapohoKine Adventures, facilitated a visit to Hawai'i Volcanoes National Park and provided recommended experiences to be explored at leisure. Throughout her trip, Andrea generated photos featuring Kīlauea, Maunakea and Hilo town (@*andibartz*).

As a result of HTUSA's press trip, Fire it Up!, freelance journalist Jillian Dara produced a *Travel + Leisure* story featuring Chef Mike Lofaro, "The Most Delicious Way to Protect Hawaii's Natural Beauty? Eat the Invasive Species." The article highlights Grand Wailea's Humuhumunukunukuapua'a restaurant where Chef Lofaro uses various invasive plants in his dishes and explains the impact that these invasive species have on native Hawaiian plants. The story was also picked up on *MSN.com*.

As a result of HTUSA's individual media visit by freelance journalist Shane Mitchell on the island of Hawai'i and O'ahu, Shane published a story on *Taste.com*, titled "There's a Poke Problem." The story highlights the misuse and sudden hype of poke on the mainland and how it is becoming an issue. From this, Shane shared the food's history and what traditional poke is. Shane also connected with Hawai'i Regional Cuisine Chef Sam Choy and master Hawaiian cultural practitioner Micah Hodson Kamohoali'i who provided their insights on the topic. Local poke restaurants such as Ono Seafood, Sushi Rock, Poke to the Max and Ahi Assassins were mentioned.

Because of HTUSA's media visit by freelance journalist Shayla Martin in October 2018, O'ahu was featured in *Delta Sky Magazine* (PDF available on request), January/February 2019 issue. The story showcased Chinatown as a transformed eclectic arts and dining district with its original edge, and included Char Hung Sut, Madre Chocolate, Yield, Hawai'i Cultural Center and more.

KVB. Kaua'i was featured four times online resulting in an estimated 18.6 million unique visitors per month (uvpm) and three times in print, estimated circulation of 126,000.

OVB. O'ahu was featured three times online resulting in 83.8 million in estimated uvpm.

- MVCB. Maui was featured three times online resulting in an estimated 5.4 million uvpm and once in print for an estimated circulation of 149,000.

IHVB. The Island of Hawai'i was featured seven times online for an estimated total of 128.8 million

uvpm.

- In December, HTUSA generated:
 - 35 million social media impressions (*Facebook, Instagram*)
 - December impressions and publicity values for articles that included Hawai'i:
 - o 13.8 million print impressions
 - o 21.8 billion online impressions
 - o 108.1 million broadcast impressions

Sales Activities – See Travel Trade above

“COMING ATTRACTIONS” FOR LEISURE MARKET

The travel trade team will participate in the Virtuoso Travel Week On Tour, Washington D.C., Feb. 7-8; NorCal 'Ohana Meeting, Napa Valley, CA, Feb. 7; Training with Delta Vacations & Culture Traveler event, Detroit, MI, Feb. 12-13; Southwest ASTA Trade Show, Houston, TX, Feb. 25; Travel Leaders Training, Lakewood, WA, Feb. 12; OneALG Apple Leisure Group Hawai'i Dinner Events, Sacramento, Oakland and San Jose, CA; Feb. 26-28; AAA Travel Show w/Pleasant Holidays, Boston, MA, Mar. 1-3; HDS Training with Allied Travel, Des Moines, IA, Mar. 6-7; Inteletravel Conference, Norwegian Cruise departing from Port Canaveral, FL, Mar. 2-7; Virtuoso Travel Week On Tour, Beverly Hills, CA, Mar. 22-23; Uniglobe Conference, Long Beach, CA, Mar. 27-30; OneALG Apple Leisure Group Hawai'i Dinner Training, Dallas, TX, Mar. 18; Trainings and Sales Calls with OneALG Apple Leisure Group and Norwegian Cruise Line, Buffalo and Rochester, NY, Mar. 25-26; New Jersey ASTA Training and Trade Show, Totowa, NJ, Mar. 27; Sales Calls and Training with Norwegian Cruise Line, Poughkeepsie, NY, Mar. 28; HTUSA U.S. West Leisure Sales Blitz, San Diego, Los Angeles, San Francisco, CA; Portland, OR; and Seattle, WA; Mar. 11-15; Travel Agent Forum, Las Vegas, NV, Mar. 20-23; OneALG Apple Leisure Group Hawai'i Dinner Events, Denver, CO & Salt Lake City, UT; Mar. 26-27.

The HTUSA PR Team is coordinating an upcoming media visit with freelance writer Holly Johnson (U.S. News & World Report, Fodor's, TravelPulse) and a mini-press trip focused on the island of Hawai'i with Jun Harada (Condé Nast Traveler) and other media from Condé Nast.

Hawai'i Tourism Japan Monthly Marketing Report January 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

- The Japanese Cabinet Office announced results of studies on business confidence for January as continuing downward trends. A major reason for the loss in confidence is the declining world economy reducing overall demand. This is causing particular concerns for the manufacturing industry. (Nikkei)
- Rates of households free of debt have been in an upward trend. The Ministry of Internal Affairs and Communications announced that more than 30% of households were free of debt. This is attributed to the increase in working females, as well as the conservative habits of consumers with the potential global economic downturn. (Nikkei)

Outbound Travel Market

- The first millennial market outbound travel committee meeting was held on January 24 to discuss support methods for boosting outbound travels. Programs included JATA's (Japan Association of Travel Agents) first-timer international travel project for consumers in their 20s, and the continuation of passport support campaigns. The Japan Tourism Agency reaffirmed importance of outbound travel to achieve initiatives towards making Japan a leading tourism-oriented country. (J-Wing)
- The Japan National Tourism Organization announced that 2018 Japanese outbound travelers reached record levels of 18.95 million. With favorable factors such as the extended Golden Week holidays, the industry remains hopeful for outbound travelers to reach 20 million in 2019. (Kankou Keizai)
- HIS announced that growth was seen for outbound travels to all major regions in December. Noteworthy points were the strong performance of charter flight services, as well as the returning popularity of Guam. (Travel Vision) While the rising popularity of outbound travels are beneficial overall to Hawaii, it will be important to monitor competitive destinations such as Guam which have been regaining popularity.

Competitive Environment

- Collaborative initiatives through the MOU between the Tourism Authority of Thailand (TAT) and JATA and the Japan External Trade Organization have continued with goals to reach 2 million visitors from Japan by 2020. TAT expressed intents to continue campaigns for first-timers such as the travel itinerary contests for students, and passport cashback campaigns. To recapture the repeater market, promotions of the less traveled regions of Thailand, with Special Interest Tours (ie. Marathon and/or muay thai) will be promoted. (Travel Vision)
- Las Vegas Convention and Visitors Authority (LVCVA) and Sedona Chamber of Commerce & Tourism Bureau (SCCTB) held a collaborative seminar in Japan, to encourage Japanese travels. LVCVA explained the current market conditions and hotel/attraction developments along with the introduction of a large-scale "Asia" themed resort set to open in 2020. SCCTB has been making initiatives to lengthen Japanese visitor days while working to boost visitors from the off-season of travel (November – February). (Cinq Report)

- The German National Tourist Board held their annual convivial gathering for the travel and media industries. The entity announced that in 2019, they will be promoting the destination with a theme of music, while also focusing on more specific audiences such as the affluent. To keep up with the ever-changing digitization of society, similar initiatives to HTJ have been carried out, such as the use of SNS influencers and VR technology. (Cinq Report)

Consumer Trends

- Nomura Research Institute announced results of studies on Japanese household assets in 2017, finding that affluent households have been exhibiting strong growth. Net total financial assets amongst 1.27 million households totaled 299 trillion JPY, with the number of households in the classification being the highest in the current millennium. (Travel Voice)
- As affluent consumers grow, product development for the market has been increasing. As examples, a new segment called “sports hospitality”, whereby services such as dining is combined with ticket sales for sporting events at premium prices. (Nikkei) Mastercard launched initiatives for their “Luxury Card” holders, offering members unique activities at international destinations. (Travel Voice) Initiatives to create experiences unique to Hawaii for affluent consumers will be vital to obtain the growing market segment.
- Japan continues to shift towards a cashless society, as millennials favor e-currency bank accounts over traditional banks. The generation quickly transfers pay checks into e-currency to utilize as payment for purchases. Corporations are beginning to leverage upon these trends through joint initiatives such as that of LINE and Mizuho Bank, coming together to establish the “LINE Bank”. (IT Media) Cashless payment methods such as “LINE Pay” and “Rakuten Pay” are becoming increasingly implemented in the regional areas, despite originally being mostly concentrated in major cities. (Nikkei)

Travel Trends

- HIS announced the most popular destination for the 2019 Golden Week holidays to be Hawaii for seven consecutive years. Closer destinations such as Taiwan and Korea also maintained popularity, ranging from 2nd – 7th place. Significant growth from long-haul destinations such as Cairns, London and Los Angeles were also observed, likely due to the Golden Week holidays being extended to 10 days in 2019. (Travel Vision)
- Development of new platforms for consumers looking to travel continues. LINE Travel JP, a subsidiary of popular SNS app LINE, began a travel product comparison service, allowing users to compare products offered, including those of major wholesalers. Consumers are increasingly obtaining information from many sources prior to purchases, creating needs to promote rich contents on multiple facets. (Travel Vision)
- The United Nations World Tourism Organization (UNWTO) announced global international traveler numbers to have surpassed 1.4 billion in 2018 (+6% vs 2017). Goals established in 2010 originally estimated 1.4 billion travelers to not be obtained until 2020. For 2019, the UNWTO predicts growth rates to settle between 3% – 4% with noteworthy growth for some developing regions such as India and Russia. (Travel Voice)

Media & Online Trends

- Nikkei BP launched a new digital version of the Nikkei Business Paper on January 15. In addition to the contents featured on the traditional paper format, the digital version will feature contents unique to it. Contents specific to the digital iteration will include their attempt at a new form of content, “Open Journalism”, whereby readers, interviewees, companies etc. all contribute on various topics. (Cinq Report)
- Numerous publishers have begun issuing smaller versions of women’s magazines. Contents remain the same, but publishers have adjusted the medium to be smaller, accommodating for their

female readers, which frequently travel with many items so that they are easily able to carry the magazines. (Cinq Report) In such ways, publishers are increasingly adjusting strategies for each target segment to maintain customers.

Airlift

- Airlift for scheduled flights to Hawaii in 2019 are expected to decline by close to 2% when compared with 2018. Major causes for the decline come from the termination of service by Delta and Scoot from their Fukuoka and Kansai routes respectively, along with JAL announcing the reduction of service from Kansai back to one daily flight. By market, Tokyo will likely increase with the introduction of the Airbus A380, while Kansai and Fukuoka are expected to shrink. No changes in scheduled flights from Chubu and Chitose have been received for 2019.
- Delta Air Lines has announced the withdrawal of their Fukuoka – Honolulu route from May 8, as they reorganize international routes to use aircrafts on more profitable routes. Because the sole carrier from Fukuoka will be leaving the market, wholesalers in the region will be greatly affected, with many already having to find alternate routes for bookings secured. Many speculate a decline in consumers from Kyushu as they will now have to visit Hawaii via Kansai or Tokyo. (Travel Vision)
- Finnair announced a new route 2 times per week between Hokkaido and Helsinki as part of growth strategies. With their current service from Narita, Kansai, Chubu and Fukuoka, Chitose will become their 5th destination in Japan, allowing them to be the sole European carrier with scheduled flights to Hokkaido. (Aviation Tribune) As terroristic tensions in Europe ease, access and travels to the region are likely to continue growth.

LEISURE ACTIVITIES (Please list your high level key initiatives and outcomes)

Hakken Hawaii (2019 new promotion)

- HTJ's new promotional campaign, "Hakken Hawaii" (Adventure in Hawaii) was launched on January 24.
- The promotion's concept focuses on sharing various facts through numbers, relating to Hawaii's vast nature, history, culture, activities and gourmet selections with impactful and/or surprising statistics to facilitate the discovery of unknown appeals that can be found in Hawaii.
- A press conference for the campaign was held for **57 media companies** and **78 journalists** at the Ebisu Act Square in Tokyo. Special initiatives for the conference included the utilization of a nearly 360-degree screen to allow the participating media to dynamically feel the contents introduced.
- The Hakken Hawaii campaign [site](http://allhawaii.jp) was opened under allhawaii.jp simultaneously. In the first two days, the site recorded **4,929 unique users** with **5,706 page views**. A new Instagram page was also opened for the campaign, attracting follows from **700 consumers** by January 25.
- Certificate exams were also created as part of the special "Hakken Hawaii Hunter" campaign. Through the special campaign, consumers will be able to win 12 round-trip air tickets to Hawaii with Air Asia X, Japan Airlines or All Nippon Airways. The campaign attracted over **2,000 consumers** within the first week.
- Pictorial index books with **55 unique** select facts were created to assist in raising interest amongst consumers.
- Special 15 second promotional videos were played on digital signage boards throughout **20 train stations** in the Tokyo area from January 28 to February 3.

Aloha Program / Responsible Tourism

- Creation of the historic guidebooks for Waikiki and Downtown Honolulu was completed. The guidebooks explain the various historic locations in the respective areas to assist and create desires for travel. Other renditions of the guidebooks are currently being created such as Kauai and Hilo.
- The Aloha Program completed the first edition of the Aloha Program newsletter for members. This edition featured recent gourmet trends, an interview with Ms. K. Kumukahi, initiatives of the Paepae o He'eia to protect fishponds, traditional Hawaiian food Poi, event calendars and a report on the Aloha Program Week in Hawaii. The newsletter will be published and shared with members on a quarterly basis.
- The collaborative promotional initiative with Hawaii Life Style Press to increase Aloha Program members which began in December ended on January 31, 2019. **92 new members** successfully registered through the campaign.
- On January 18, a webinar was conducted for intermediate and advance members to share recent developments on Oahu. Over 130 applications were received to attend the webinar, with **92 members** attending the session. Plans of webinars over the next six months were also shared with the members to encourage planning of future attendance.
- HTJ is finalizing collaborative initiatives with Hawaiian Legacy Hardwoods as part of benefits for Aloha Program Members.
- Meetings were held with local cultural practitioners to discuss cultural initiatives to offer to members. Potential initiatives discussed included column contents on the Aloha Program site, workshops in Japan and cultural experience sessions in Hawaii throughout 2019.
- Aloha Program delivered **1 email blasts** with an average click through rate of **2.68%**.
- Aloha Program site statistics: **Unique users at 22,752; Page Views at 197,922; Average Browse Time at 5:32.**
- Aloha Program members totaled 579 youth, 10,561 beginners, 5,075 intermediate and 6,185 advanced members for a total of **22,400 specialists. (Total of 37,449 Aloha Program Members)**

HTJ Certified “Konin” Product Campaign

- HTJ and Tully’s Coffee in Japan announced the certified 100% Kona coffee bean products. Press release statements were released to various Japanese media to raise awareness amongst consumers.
- The certified product campaigns are conducted to raise awareness of products related to Hawaii in the Japanese marketplace. HTJ aims for the heightened interest to lead to bookings being made from new potential consumers. For the 2019 Tully’s campaign, 1,800 limited coffee beans will be sold at over 200 Tully’s Coffee outlets throughout Japan from February 15. A collaborative Hakken Hawaii postcard will be sold together with the coffee beans to help bolster the interest of consumers.

Hawaii Island / Neighbor Island Promotion

- Promotions for the Island of Hawaii Recovery campaign (phase 3) continue with the various wholesalers. Wholesalers continue significant ad campaigns to raise awareness and interest for the Island of Hawaii through exposure of contents.
- Wholesalers have been reporting booking pace to be improving from April onwards. The main reason raised for the improvement is the early sales of the extended 2019 Golden Week holidays, but the extensive coverage of the Island of Hawaii on two popular Japanese TV shows on New Year’s Day is also thought to have greatly contributed to the growth.

Hawaii Camera Girls

- The Hawaii Camera Girls launched the special Oahu page of their website under the allhawaii.jp site. All photos utilized on the website were taken by members of the Hawaii Camera Girls for promotional purposes.
- The website features various attractions and spots throughout Oahu through images. Accompanying the images are brief explanations of the location featured and maps to help website visitors in planning trips.

Travel Trade

- The annual 3 City Seminar & Workshop event was held in Osaka (January 28), Nagoya (January 30) and Tokyo (February 1), along with a VIP reception for the Osaka and Tokyo events. With over **816 local partners** across the three cities in attendance, attendees were able to make valuable exchanges with the Japanese travel trade industry. The VIP receptions also provided the local partners with a valuable opportunity to exchange opinions with executives of the Japanese travel industry and make lasting connections.
- HTJ worked with the Hawaii Association of Japan to host the monthly seminar session to educate the local travel trade industry on the destination. Although this seminar is regularly held in Osaka, the venue was moved to Fukuoka, to expand the network of well-educated travel trade agents. **20 agents** from **15 companies**, along with **10 suppliers** from the local area participated to deepen their understanding of what is offered in Hawaii. Because the market is relatively underdeveloped, response from the attendees was highly positive, as they were able to learn about the latest updates on Hawaii, which they usually had limited access to. HTJ will continue working with the Hawaii Association to host seminars in the regional cities to raise the knowledge of agents.
- Current market situations and information relating to the drastically changing airlift between Hawaii and Japan were shared at the Japan Hawaii Travel Association (JHTA) bi-monthly meeting on January 17.
- Preparations for the Aloha Program Satellite Office FAM tour on the island of Hawaii began in January. A total of **10 agents** from Satellite Offices throughout Japan will be attending the FAM tour from February 17 – 21. Discussions are ongoing with partners on the island of Hawaii and IHVB to finalize the itinerary.

Public Relations

- HTJ generated a total of **418 exposures, 7,548,706,525 impressions** and **\$6,416,248 ad value** in January.
- Three press release statements were distributed in January. Two of the statements were related to the launch of the Hakken Hawaii campaign, while the third was for the launch of the certified product campaign.
- A special press conference was arranged for the start of the Hakken Hawaii campaign. The press conference alone generated a total of **241 exposures, 3,170,975,376 impressions** and **\$1,968,809 ad value**.
- **13 media support** inquiries were received in January. HTJ provided information on sustainable initiatives through collaborations amongst organizations. Other information requested related with how to work while on vacation in Hawaii, Hawaii's culture and myths and how mothers and children can both enjoy vacations together in Hawaii. HTJ will continue supporting media by introducing partners and providing information.
- HTJ distributed a media newsletter with the topic of Hawaii's artists, venues and events for visitors to enjoy. The newsletter will be distributed on a quarterly basis. The next issue will feature the characteristics of each island.

Sales Activities – HTJ conducted **40 sales calls** and met with **75 agents** to promote Hawaii.

- Significant news of airlift to Hawaii was received as Delta Air Lines announced the cessation of their Fukuoka – Honolulu route from May 8, leaving no carriers serving the market. Wholesalers struggle to reroute the over 1,000 confirmed bookings from consumers for itineraries after May 8. With many flights for the peak summer travel season already being close to fully booked from alternate Japanese airports (Tokyo and Osaka), agents are working to find alternate routes to utilize. Because the market overall still has great potential for growth, efficient arrangements will be essential for leveraging the market potential.
- The entry of the Airbus A380 into the market is prompting significant competition for market shares between JAL and ANA. Competition between the agents is also changing, as online travel agents have been increasingly gaining market share. Rakuten has made significant moves as they announced the decision to begin handling domestic carriers (ANA).
- Although JTB’s Global Destination Campaign (GDC) is set to begin from April, various preparations have been underway to raise awareness of the initiatives. On January 22, JTB held a press conference for their commercial campaign utilizing popular actress Ms. H. Takahashi, launching on the 25th. HTJ will work to obtain quarterly KPIs for the campaign.

JTB

- **Global Destination Campaign (GDC):** Significant portions of coop initiatives for the GDC have been decided. HTJ will continue to hold close communications with JTB on a monthly basis, to consistently be aware of its progress. To create strong positive brand images of Hawaii in Japan, HTJ will also be supporting JTB by providing pin badges, aloha shirts, etc. to disperse the spirit of Aloha.
- **Performance:** A relatively strong start for the growth of sales has been recorded in January. Improvements were seen from mainly Kansai and Tokyo, with Nagoya and Fukuoka exhibiting lesser growth. Fukuoka in particular will require special strategies, as there will no longer be a direct route from the market.

HIS

- **Performance:** Strong performance in sales for two of HIS’ special products were observed in January. One was launched in Osaka with HTJ coop initiatives, utilizing Air AsiaX, and attracted over 5,000 consumers in just one month of sales. The other product was the special island of Hawaii tour, recording particularly strong performance from April onwards. HIS stated intents to continue proactive promotions for the island.
- **Initiatives:** Plans to launch a special neighbor island campaign in March at their Hawaii specialty store in Osaka have been announced. The campaign will feature special island specific promotion initiatives, the first of which will be a Maui corner, together with special products being created for the neighbor islands. HIS hopes to revitalize travels to the neighbor islands together with the local partners on each island.

KNT-CT

- **Performance:** KNT-CT was amongst the few wholesalers exhibiting growth in pax handled to Hawaii in 2018. Although the Kansai market caused numerous problems for many of the agents, KNT-CT was able to record growth from the market. KNT-CT hopes to obtain greater performance growth in 2019.
- **Initiatives:** A major product launch utilizing HTJ’ spokesperson Ms. N. Ishida will be announced for sales in the Kansai market. Additionally, intents were stated to continue sales of niche products such as the “men’s trip”, to differentiate products from competitors.

JALPAK

- **Performance:** In early January, a popular TV program featuring the Island of Hawaii, received a strong response, but much of the positive response was dispersed throughout the various

wholesalers, leading a lesser response than anticipated for JALPAK. The company intends to continue initiatives for Hawaii as it remains a staple destination.

ANA Sales

- **Performance:** Sales of ANA's Airbus A380 by ANA Sales began, with the inaugural flight selling out on the first day. Overall performance in January recorded strong growth close to 30%. Performance in the Fall period as the buzz settles will be critical in gaging longer-term performance.

Rakuten Travel

- **Performance:** Rakuten Travel has been greatly strengthening presence in the market with further growth expected in 2019. Concern comes from the reimplementation of a new platform in June. Previous implementation of a new platform resulted in a drastic decline for bookings, prompting them to revert to the older platform.

Watabe Wedding

- **Initiatives:** HTJ will be working with Watabe Wedding for promotions to the romance market. Support of seminars hosted by Watabe for employees will be provided to educate staff in better obtaining high quality consumers from the honeymooner market.

Partner Relations

- Through support from IHVB, meetings were held with Japanese tour operators on the island of Hawaii. HTJ was able to learn about the condition of their markets relating to the Japanese travel industry, including performance after the heightened volcanic activity, government shutdown and overall market demand. Various initiatives will be carried out with each entity as all products and segments targeted are unique.
- HTJ participated in the special reception event for the Airbus A380, organized by ANA on January 23 at the Hawaii Convention Center. Assurance to representatives of ANA was made for continued support to ANA and ANA Sales while also expressing deep gratitude for their commitment to Hawaii.

Key Performance Indicators (see KPI sheet)

HTA Related Activities

- Upon request from HTA, HTJ approached the JHTA and the 7 major participating wholesalers to request support for the continued operation of Pearl Harbor through the shut down of the Federal Government. HTJ successfully secured funds to assist in HTA's efforts to keep one of Hawaii's major attractions in operation.

Island Chapters Engagement Update

- OVB: A meeting was held with Ms. N. Schilling-Wheeler of OVB to discuss the collaborative production of a sustainable tourism video. OVB will be creating plans and a timeline for the initiative.
- MVB: Conducted the monthly conference call meeting with Mr. R. Parker from MVB. Topics included the current situation of national parks (Haleakala), updates on wholesaler co-ops and recent developments from partners on Maui.

“COMING ATTRACTIONS” FOR LEISURE MARKET

#	Event Name	Date	Location
1	Hospitality Tourism Seminar	2/7	Tokyo
2	Satellite Office FAM Tour	2/17 – 2/22	Island of Hawaii
3	ANA Hawaii Seminar	2/22 – 2/24	Tokyo

Hawai'i Tourism Canada Monthly Marketing Report January 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

Currently there is some instability and uncertainty in the Canadian economy. That said, economists seem to disagree as to whether this is short or longer term. The uncertainty is contributing to reduced consumer confidence which impacts outbound travel. While the exchange rate is currently slightly above \$0.75, there is some volatility that contributes to traveler's wariness. Key Canadian travel partners are still seeing a soft Q1 for bookings, but improvement on the horizon.

Economy

Recent economic data from Statistics Canada has indicated that the economic growth slowed in Q4 of 2018. The Gross Domestic Product has contracted by 0.1 percent, which, while seemingly negligible, continues to confirm overall uncertainty about the Canadian economy.

A combination of plunging oil prices (30% in Q4 2018), U.S. – China trade tensions, and the recent 5th increase in interest rates has contributed to economist commentary about the uncertainty. Additionally, wholesale, retail and manufacturing activity all contracted in Q4. Economists are anticipating Q1 of 2019 to be similar. The anticipated pace of growth of the first 3 months of 2019 is forecast to be 0.8 percent. Canada's labor market is seemingly holding strong with a low unemployment rate at 5.6%

The exchange rate has come up slightly from its dip in Q4 2018. As of this reporting date, one Canadian Dollar was worth \$0.76 U.S., which is a positive sign.

Consumer Confidence

The national consumer confidence rating was 109.7 points in January, a 12.1-point decrease compared to last year, but a 6.7-point increase compared to last month's low. Despite this increase, the index remains weak compared with 2017 and 2018. Compared to January 2018, consumer confidence recorded a year-over-year drop in every province except Quebec. At the same time, the overall attitude regarding purchase intentions was similar to December 2018 but fell 4.0-points compared to January 2018.

Outbound Travel Market & Competitive Environment

Canadians made almost 31 million overnight trips to the U.S. and other outbound destinations throughout the first eleven months of 2018, an increase of 1.0 per cent compared to the previous year. Of this total, an estimated 23.5 million trips were for leisure purposes. Throughout the period, overseas leisure trips decreased 0.5 per cent compared to 2017 while leisure travel to the U.S. grew an estimated 2.4 per cent. The 2018 summer travel season saw Canadians make an estimated 13.8 million overnight leisure trips to the U.S. and other destinations; a similar volume as recorded in 2017. Canadians made 9.2 million leisure trips to the U.S. during the period, while the volume of leisure trips to countries other than the U.S. reached 4.68 million.

Canadian Travel to the United States

Canadians took almost 19.4 million overnight trips to the U.S. throughout the first eleven months of 2018, an estimated 14.7 million of which were for leisure purposes. While total trip volumes during the period appear stable, cross-border auto traffic started to slow in the summer and has recorded year-over-year declines every month since August. Between Jan-Nov 2018, the Canadian dollar averaged 77.4 cents USD, compared to 77.0 cents USD in 2017. However, the year over-year increases occurred throughout the first six months of 2018—the Canadian Dollar averaged \$0.758 USD in November, the lowest value since June 2017.

Canadian Travel to the Caribbean, Mexico, and Central America

There were more than 4.7 million Canadian arrivals in destinations in Mexico, the Caribbean, and Central America throughout Jan-Nov 2018, an increase of 4.6 per cent compared to 2017. Compared to the previous year, the largest proportional increases were recorded in Antigua and Belize—destinations where new direct flights from Canada were recently introduced. Of the larger volume destinations, arrivals in Mexico grew 9.2 per cent throughout the period, while the Dominican Republic recorded an increase of 8.8 per cent. In contrast, travel to Cuba declined -2.6 per cent. Mexico and the Dominican Republic accounted for 56.5 per cent of activity in the region throughout Jan-Nov 2018; this proportion was 54.2 per cent in 2017.

Canadian Travel to Europe

There were more than 5.7 million Canadian arrivals in European destinations throughout Jan-Nov 2018 (based on reporting by 26 countries). This represents an increase of 5.9 per cent compared to the previous year. During the period, Slovenia, Turkey, Croatia, and Poland recorded the largest proportional increases in Canadian visitors, while traditional destinations such as Spain and the UK experienced year-over-year declines.

Canadian Travel to Asia and the South Pacific

There were more than 3.1 million Canadian arrivals in key destinations in the Asia/Pacific region throughout the first eleven months of 2018, a 5.9 per cent increase compared to the same period in 2017. South-Pacific destinations, including Malaysia, Singapore, Sri Lanka, and the Philippines, continue to record the largest proportional increases in arrivals.

Consumer Trends

- Compared to 2017, visits to O'ahu grew 3.1% while visits to Hawai'i Island fell -1.6%.
- Prior to Kilauea's eruption, visits to Hawai'i Island were up 5.6%, however Jun-Dec saw activity decline by 9.7% compared to 2017.
- Visits to Maui increased 5.2% throughout the year, and accounted for 40.6% of total visits, a slightly higher percentage than in 2017.

Canadian Visits by Island (Jan-Dec each year)			
	2017	2018	% change
O'ahu	213,275	219,928	3.1%
Kaua'i	73,333	77,403	5.6%
Maui	265,148	278,966	5.2%
Moloka'i	3,767	3,725	-1.1%
Lāna'i	4,766	5,738	20.4%
Hawai'i	103,591	101,953	-1.6%
TOTAL	663,880	687,713	3.6%

Note: As visits to more than one island can be made during a single trip, the number of visits by island adds up to more than the overall number of visits made to Hawaii.

Travel Trends

Independent Travel Activity Sets a New Record

- The volume of independent travelers has surpassed 432,000 in 2018, the highest annual level ever recorded.
- At the same time, a little more than 101,000 packaged trips occurred, the same volume recorded in 2017.
- Compared to the peak volume recorded in 2011, there have been 28,000 fewer package travelers in 2018.

Airlift

- Air Canada and WestJet offered more than 489,000 direct seats in 2018; 5.6% more than in 2017.
- Compared to 2017, Air Canada offered 7.8% more seats, and WestJet increased capacity by 4.2%.
- Together, Air Canada and WestJet offered 20,000 more seats from Vancouver and 6,000 additional seats from Calgary.
- Increased capacity and reduced demand throughout the summer has resulted in an average load factor of 81.2% throughout 2018, compared to 83.2% in 2017.

Number of Direct Seats by City			
Jan-Dec 2017	Air Canada	WestJet	Total
Calgary	19,637	31,702	51,339
Edmonton		10,480	10,480
Toronto	5,640		5,654
Vancouver	151,998	243,432	395,430
Total	177,275	285,614	462,889
Jan-Dec 2018	Air Canada	WestJet	Total
Calgary	20,251	37,090	57,341
Edmonton		10,480	10,480
Toronto	5,552		5,552
Vancouver	165,385	250,098	415,484
Total	191,189	297,668	488,857
% change	Air Canada	WestJet	Total
Calgary	3.1%	17.0%	11.7%
Edmonton	--	0.0%	0.0%
Toronto	-1.6%	--	-1.6%
Vancouver	8.8%	2.7%	5.1%
Total	7.8%	4.2%	5.6%

Source: OAG, US BTS

LEISURE ACTIVITIES

Consumer

January was one of the highest months for television activity for 2019. While the 30 second commercials have been running, HTCAN has seen a significant increase in the volume of Vacation Planner requests.

Travel Trade

TripCentral.ca Top Performers Incentive/FAM Trip to Maui April 6 to 13, 2019

- 13 TripCentral top performers, 3 TripCentral executive management, 2 executives from WestJet Vacations, hosted by Susan Webb of VoX International.

Public Relations

2019 to date: 12 media calls have been made, 3 journalists have travelled via HTCAN, with **27 total articles published online and print as a result of HTCAN's media relations endeavors.**

- **14 articles published in print for the month of January with 10 online;** appearing in top-tier daily newspapers, travel-trade publications, and online news hubs.
 - Canada's largest newspaper network, Sun Media, had a feature on Kaua'i appear across all of their newspapers, which was a result of an individual familiarization trip in fall 2018.
 - WestJet Magazine (the airlines inflight publication) featured Honolulu as a top convention center in a best of list; this as a result of pitching to the publication and working with a writer in Q4 2018.
 - Zoomer Magazine featured an article detailing The Island of Hawai'i; the publication targets the largest boomer demographic of affluent, travel focused readers.
- HTCAN coordinated a cover shoot with enRoute Magazine (Air Canada's magazine) for 2019; the shoot will be happening on the Island of Hawai'i with an accompanying article on the island's

many outdoor adventure offerings. This included booking air travel for the art director, photographer, model, as well as securing permits, itineraries, waivers, and scheduling alongside the Island of Hawai'i's PR team.

- HTCAN is coordinating a number of individual FAMs with top-tier consumer and trade publications in key markets; this is ongoing, while determining dates, themes, and itinerary with ICs in O'ahu, the Island of Hawai'i, and Maui.

Sales Activities

Travel Trends, Calgary, AB – Pam Macey, Travel Consultant

- Pam coordinated and escorted a corporate incentive group of 170 guests to O'ahu staying at the Hilton Hawaiian Village Waikiki Beach Resort January 13 to 20

Rock-It Travel, Red Deer, AB – Shauna Sharp, Destination Wedding Specialist

- Shauna participated as a vendor at the Edmonton Wedding Fair in January. She advised that she received a follow-up wedding inquiry for Kaua'i and has reached out to White Orchid Wedding for assistance with wedding ceremony and reception venues

Expedia CruiseShipCenters, Fish Creek, AB - Liz Poblete, Cruise & Vacation Consultant

- Assisted Liz with how to research festivals & events and access the digital O'ahu Vacation Planner on GoHawaii.com

Compass Vacations, Calgary, AB – Kim Tillmar, Travel Consultant

- Kim requested assistance with finding availability for a family vacation package for O'ahu the end of March
- Advised that the Canadian Tour Operators ACV, TravelBrands and WestJet Vacations offer pre-packaged vacations
- Encouraged her to visit GoHawaii for itinerary suggestions and to complete the Hawai'i Destination Specialist Program through Agents.GoHawaii

Go Travel Company, Edmonton, AB – Glenna Budd, Travel Counsellor

- Glenna will be travelling to O'ahu for her personal vacation in April; she requested information on agent rates for hotels and activities
- Advised to refer to Agents.GoHawaii and/or GoHawaii for ideas for itinerary suggestions and supplier contact information to request industry rates
- Encouraged completion of the Hawai'i Destination Specialist Program

“COMING ATTRACTIONS” FOR LEISURE MARKET

- Major TV Campaign running on specialty TV channels continues nationally

Hawai'i Tourism Oceania Monthly Marketing Report January 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

Australia:

Several reports suggest that big business is cautious about Australia's economic prospects in 2019, singling out uncertainties surrounding the coming federal election, industrial relations, Brexit and global trade tensions as key risks to business. The trend for the Australian dollar over the past year has been down which is stalling wage growth. A sharp fall in house prices over recent months is also affecting personal wealth and this, combined with a weaker share market, will be a negative for the economy. In January the AU\$ hovered around US\$0.72.

New Zealand:

It was another steady month for the New Zealand dollar which continues to hover around US\$0.67, a rate which remains in the 'perceived value' range for NZ travelers. Domestically, the all-important agriculture industry is seeing strong global commodity prices which is good news for the Kiwi farmers. However, a very dry summer is bringing drought conditions to parts of the country.

Outbound Travel Market & Competitive Environment

Australia:

The number of Australians returning from overseas trips in November 2018 remained consistent with the previous month. The solid growth for outbound travel in 2018 continued as figures show a 5.8% increase on the previous year. Travel to the USA remains consistent (+1.7%). The top five destinations for departures with increases year on year were: Indonesia (+17.4%); Japan (+11.7%); India (+9.8%); China (+5.9%); and Fiji (+4.3%).

Source: ABS

New Zealand:

The number of New Zealand residents traveling on an overseas trip in November 2018 was up 7,400 from November 2017 to 221,800. The biggest changes were the following: Australia (up 2,600); Indonesia (up 1,200); and United Kingdom (up 1,200). The US as a whole was up by 474 and Hawai'i contributed strongly to this increase (up 585 to Hawai'i).

Source: Statistics New Zealand

Travel Trends

Qantas has announced a major revamp of its distribution model for the travel industry. The new model will allow agents to offer customers a wider range of fares and new content sourced from the NDC-enabled Qantas Distribution Platform (QDP), which is not currently available via traditional indirect booking systems. The majority of QF's key agency partners have already agreed to participate globally in the Qantas Channel, including Flight Centre, Helloworld, Express Travel Group, Consolidated Travel, Corporate Travel Management, Carlson Wagonlit, ATPi Voyager, CT Connections, Expedia Group, Webjet and Virtuoso.

Airlift

Qantas has made several announcements regarding increased airlift to Asia-Pacific destinations. Qantas begins flying to Fiji after a hiatus of almost two decades with four flights a week between Sydney – Nadi to commence from March 31. The route will be operated using Boeing 737 aircraft. In addition, the carrier has increased its Sydney-Noumea service from three to four times weekly and its Brisbane-Noumea service from one to two times weekly. Qantas has also revealed plans to upgrade its aircraft on its flights from Sydney to Bali from a Boeing 737 to Airbus A330, adding 650 seats on the route each week. The move will provide customers with access to the carrier's lie-flat Business suites and improved in-flight entertainment. Together with Jetstar, the additional capacity will see the Qantas Group offer close to 38,000 seats a week between Australia and Bali.

There will be approximately 20,000 less air seats on offer between Auckland and Honolulu this year due to schedule changes by Air New Zealand and Hawaiian Airlines. This reflects a settling down approach between the two rivals after the significant increases in 2018. While the total number of schedules and seats have reduced, there is opportunity to improve loadings and yields to ensure the market is profitable.

LEISURE ACTIVITIES

Consumer

Helloworld TV show (Jan. 6, 13 & 27): Helloworld, in conjunction with HTO, filmed three dedicated segments for the Helloworld Travel Show promoting Hawai'i. Filming took place on Maui and O'ahu in October last year and the segment was aired in January. These segments focused on Hawaiian culture, soft adventure, family holidays and showcased the diversity of experiences on both islands. These segments reach an estimated audience of over 325,000 on TV and over 128,000 digitally. The TV show also aligned with Helloworld's promotional and trade activity in January.

Sydney Kings Basketball online competition Jan. 20 – March 1: HTO in conjunction with the Sydney Kings launched an online competition giving away a trip for two to Hawai'i. HTO are season sponsors of the Sydney Kings and this competition is part of the agreed marketing activities. The competition is being promoted across the Sydney Kings' and HTO's Social Media and digital channels.

Choice TV Promo: The Hawaiian Airlines Choice TV promotion has been running through January. HTO is partnering through content support and will have access to an opt-in database. This promotion is looking like it will generate close to 10,000 new subscribers to our consumer EDM.

Travel Trade

2019 Campaign Calendar: HTO is working with trade partners to arrange co-operative campaigns in key periods throughout the year. Campaign themes include multi-island holidays, romance, soft adventure and luxury.

2019 Educational Program: Throughout January, HTO connected with trade partners to schedule face to face training sessions and webinar sessions for the first six months of 2019.

Visit USA: HTO, as a member of the NZ Visit USA Committee, met with the group to discuss the 2019 regional training seminars. March will see events taking place in Nelson and Christchurch.

Public Relations

During January, many media contacts are on summer holidays. HTO took this opportunity to plan media and PR activity for 2019. This planning included a group media familiarization trip in May.

“COMING ATTRACTIONS” FOR LEISURE MARKET

- HTO ‘Ohana Trade Lunch and Update - February
- Flight Centre Consumer Shows in Sydney, Melbourne, Brisbane and Auckland – February
- Flight Centre National Campaign – February 14-27
- Sydney Kings Hawai‘i Game Day and online competition – January-March
- Visit USA AU Roadshow – February
- Brand USA NZ Roadshow – February

Hawai'i Tourism China Monthly Marketing Report January 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITION

Economy

a) China Mainland

- **GDP:** China's GDP growth in Q4 slowed down to 6.4% compared to 6.5% in Q3. The decline matched the market expectations in light of trade disputes with the U.S.
- **Currency:** Chinese Yuan is 6.8 per USD in January 2019, depreciating by 0.1 per USD compared to June 2018. The USD-CNY exchange rate remained stable for the last half of 2018.
- **Unemployment rate:** Unemployment rate in China decreased to 3.80% in Q4 2018 from 3.82 % in Q3 2018, reaching a record low since 2002.
- **Consumer confidence:** Consumer confidence in China increased in Q4, standing at 122.1 Index Points from 118.6 in Q3. Confidence index scoring over 100 points showed that Chinese consumers are positive about the present and future economic trends.

b) Hong Kong

- **Economy:** Hong Kong's economy expanded by 2.9% year-on-year in real terms in the third quarter of 2018, after the growth of 3.5% in the preceding quarter.
- **Currency:** Hong Kong dollar and US dollar maintained a linked exchange rate of 1 USD = 7.8493 HKD as of January 31.
- **Unemployment rate:** The seasonally adjusted unemployment rate stood at 2.8% for the three months ending November 2018, the lowest level in more than 20 years.
- **Consumer prices:** Overall consumer prices rose by 2.6% in November 2018 over the same month a year earlier, slightly lower than 2.7% in October 2018.

Outbound Travel Market

a) China Mainland

- China is now "the world's largest outbound tourism market" according to the China National Tourism Administration. Chinese travelers made 140 million outbound trips in 2018, a 13.5% increase from 2017. Chinese travelers spent over USD 120 billion in 2018 on their trips to 157 countries and regions. This is a 20% increase compared to 2017.
- Ctrip forecasted that there would be 400 million travelers during Chinese New Year; among the group, around 7 million have chosen outbound travel, an 8% increase compared to the same period

in 2018. People from over 100 Chinese cities will be traveling to 500 destinations across 90 countries and regions.

b) Hong Kong

- The outbound airfares in Hong Kong shows a trend of decrease due to intense competition. In December 2018, the air tickets transactions increased 5.5% YOY, yet the total billing of air-ticketing sales decreased 5.7% YOY. For example, airfares to Australia were as low as USD385, almost half the price of traveling to Hawai'i, driving a lot of the long-haul market share to Australia.

Consumer Trends

a) China Mainland

- 2018 saw a huge adoption of Chinese mobile payment overseas, with Alipay and WeChat Pay being the primary beneficiaries of this trend. According to the Nielsen survey, **60%** or more Chinese have used mobile payment during their 2018 trips to **the U.S.**, Canada, the U.K., France, Germany or Italy.
- O2O (online-to-offline) will dominate the consumer experience. A Bain & Co. study showed that 100% Chinese consumers will seek inspirations online before purchasing offline by 2025. It is anticipated that 2019 will be the year overseas retailers close the loop between online and offline shopping experience for traveling Chinese consumers — adopting mobile payment options, offering in-language customer service, and deploying innovative customer experiences to connect with these global consumers at the point of purchase.

b) Hong Kong

- Hong Kong consumers are confident in adopting to the growing trend of online payment for travel products in 2018. They would trust online retailers (38%) and large technology companies (26%) to initiate a payment of travel products.
- Hong Kong startup Klook has become the most-searched travel activities platform worldwide since October 2018. Klook's 2018 survey showed two-thirds (63%) of travelers search for local things to do in a given destination, before shopping for hotels and flights. Most notably, Klook's data found that same-day bookings for activities increased nine-fold between 2016 and 2018, with 85% of bookings being confirmed instantly.

Travel Trends

a) China Mainland

- Island travel is a growing segment, as the ideal of escaping to an island becomes increasingly popular: Although China has a long coastline, beaches are somewhat rare and often overcrowded during holiday seasons. Several travel companies are reporting an expected Compound Annual Growth Rate (CAGR) of 35% in the next three years; meanwhile the market for island travel currently exceeded RMB 100 billion (USD 146 million) annually.
- According to China's National Forestry and Grassland Administration, domestic tourism to parks and forested areas exceeded 1.6 billion visits in 2018, accounting for a-third of all trips in the country. It's

an indication that Chinese tourists wish to indulge in tranquil nature for vacation. This, combined with outbound tourists' growing interest in road trips, has made marketing rural getaways an important part of China's current travel landscape.

b) Hong Kong

- Skyscanner has seen an increased uptake in short-haul flights as Hongkongers are embracing the weekend "quickie" holiday to destinations such as the Philippines, Cambodia, Japan and Thailand. One out of 10 Hongkongers take seven or more trips a year as they make full use of their limited annual leave to take short trips more frequently.

Airlift

a) China Mainland

- The new Daxing International Airport in Beijing will kick start its operations in September 2019. China Eastern Airlines group, China Southern Airlines group, Capital Airlines and China United Airlines will be based in the new airport, reducing the high volume pressure of Beijing Capital International Airport. At the same time, Air China Group and Hainan Airlines will still be based in Capital International Airport. Therefore, tourists traveling to Hawai'i now have more options for their convenience.

b) Hong Kong

- HK Express launched its newest route from Hong Kong (HKG) to Nagasaki (NGS). With this launch, HK Express now serves 23 short-haul destinations from Hong Kong, further expanding its market share in Asia Pacific.

LEISURE ACTIVITIES

Consumer

a) China Mainland

Marketing Initiatives – Diamond of Islands – Up Close & Personal Hawai'i

To position The Hawaiian Islands as the 'diamond' of all islands and the ideal destination to 'seize the moment' for Chinese YOLOs and affluent travelers, HTC partnered with **Miaopai, leading online short-video platform**; and **The Beast, a creative luxury lifestyle brand**. In total, the launch of the "**Diamond of Islands – Up Close & Personal Hawai'i**" initiative could outreach to over 42 million active users.

This integrated campaign highlights a variety of romantic yet thrilling resources of Hawai'i, perfect for couples and friends. Waikīkī, Kualoa Ranch, Pow!Wow!, sunrise watching at Haleakalā National Park, whale watching at Lahaina, star-gazing on the Island of Hawai'i, Allerton Garden and Priceville Makai Golf Club were all featured through multiple digital media platforms like Miaopai and Weibo. The campaign will last throughout Q1 of 2019 and has successfully generated over 1 million viewership thus far.

b) Hong Kong

NIL

Travel Trade

a) China Mainland

Diamond of Islands- New Year Consumer Carnival with AITS

To promote mono-Hawai'i products with flights from China Eastern Airlines in Hangzhou, HTC partnered up with AITS at the New Year Consumer Carnival. This seminar celebrated the New Year at Hangzhou's most popular shopping mall, Joy City. Over 100 VIP club members were invited to the event. Through this event, AITS successfully secured 60 pax that will travel to Hawai'i in February.

Chinese New Year Greetings to 300 Chinese Trade Partners and Airlines

To further strengthen the relationships with China's main trade partners and airlines, and express our gratitude for their continuous support to Hawai'i, HTC visited and sent well wishes for the Chinese New Year. This was followed-up by trade opportunities and collaborations for the year. A total of over 300 trade partners across airlines, OTAs, travel agencies, MCI intermediaries and government bodies were reached.

Co-op with Airlines to Launch Competitive Pricing for Travel Agents

HTC worked closely with airlines to provide special promotions for travel agents. Air China will be supporting Guangzhou-Beijing-Honolulu flash sales in January; China Eastern Airlines offered Chengdu-Shanghai-Honolulu a competitive pricing for the whole year of 2019. Preferred pricing will motivate local travel agents to better promote Hawai'i. HTC help to broadcast the above promotions to over 218 travel agents in south China and 160 travel agents in southwest China.

HTC In-house Training to Dolphin Diving Club

HTC conducted an in-house training to Dolphin Diving Club in Beijing, introducing The Hawaiian Islands' leisure and MCI resources to over 30 sales professionals, including the Kualoa Ranch and Pacific Aviation Museum. Dolphin Diving Club is a top diving institution in China with an extensive network of B2B diving partners. In addition, HTC introduced kayak opportunities and high-end hotels to Dolphin's potential groups.

New Mono Hawai'i Product Launched in January

Champion Holiday launched a new mono Hawai'i product. The 10-day packaged tour will include visits to O'ahu, Maui and Island of Hawai'i, starting from USD 1,429. The package cover some popular attractions like Pearl Harbour, Iolani Palace, Polynesia Cultural Center, and Hawai'i Volcanoes National Park.

Jianfa Wanda Travel presented a new travel product during 2019 Chinese New Year. This 8-day package tour will visit O'ahu and Island of Hawai'i, with the highlight being a 5-night stay at Hilton Hawaiian Village.

Fancy Tour established a new travel product: the 10-day packaged tour to O'ahu and Island of Hawai'i. Price of the package are USD 3,387 per adult and USD 2,496 per child. The itinerary includes popular

attractions like Kualoa Ranch, Hawai'i Volcano National Park and Dolphin Watching.

b) Hong Kong

Westminster 8-days Multi-island Package

Hong Kong's key wholesaler, Westminster established a new travel product: the 8-day packaged tour to O'ahu and Island of Hawai'i. Price of the package starts from USD\$1,824. With the theme of adventures eco-tourism, the itinerary includes snorkeling with the Manta Ray and hiking in Hawai'i Volcano National Park.

Public Relations

a) China Mainland

New Year Greetings to 30 Chinese Medias

To strengthen relationships with China's leading media and express gratitude for their continued support to Hawai'i in the past years, HTC visited and sent greetings to 30 leading travel and lifestyle media partners during the Lunar New Year to secure media opportunities in 2019.

Press Release – Aloha! Check Out 2019 Exciting Activities in Hawai'i

To introduce upcoming activities and help travelers better plan their Hawai'i itinerary, HTC released an article to recommending the unique festivals of Hawai'i in 2019. These festivals include **Honolulu Festival, Merrie Monarch Festival, Lei Day** and **Aloha Festival**. Featured in 10 mainstream lifestyle and travel media, this press release garnered **over 750,000 impressions and USD 130,000 PR value**.

Media Highlight –Voyage 9-page Feature on Lāna'i

In line with targeting high-yield audiences, HTC secured a 9-page article in *Voyage*, a leading leisure travel magazine with 986,000 circulation volume. Titled 'Lāna'i March, Hawai'i', the article recommended famous attractions of the island, including Manele Harbor, Hulopo'e Bay Ocean Reserve, Dole Plantation, Shipwreck Beach, Keahiakawelo, Four Seasons Resort Lāna'i and Nobu.

Social Media Highlight – #Pick Your New Year's Good Luck# on Wechat

HTC launched a social media interactive activity **#Pick Your New Year's Good Luck#** on Wechat this January. This activity encouraged followers to draw and repost a New Year's greeting from multiple blessings posted by HTC, each blessing correspond with a Hawai'i's attraction or experience: Kualoa Ranch, sunrise watching at Haleakala National Park, surfing at Waikiki Beach, whale watching, lei wearing, and Hawaiian cuisine tasting. Through this activity, the daily growth of followers of HTC Wechat account increased by 177%.

b) Hong Kong

2019 New Year Greetings to 17 Local Medias in Hong Kong

To celebrate the new year, HTC-HK sent e-greetings to 17 media partners in January to express appreciation to media partners for their goodwill and support for Hawai'i.

Social Media Highlight

HTC-HK continued to post attractive pictures to promote the less-known places in Hawai'i highlighting the awe-inspiring nature of Hawai'i. Social media posts from Facebook and Instagram generated **more than 66,000 digital gross impressions** in the Hong Kong Market.

COMING ATTRACTIONS

a) China Mainland

No	Event Name	Date	Location
1	Diamond of Islands - Up Close & Personal Hawai'i - Little Beast Meet Hawai'i	Feb-Mar, 2019	China
2	Diamond of Islands - Olympic Dreams Hawai'i	Mar, 2019	China
3	Trade FAM - New First Tier Cities - Tour Operators	Mar 4 - 9, 2019	Island of Hawai'i, O'ahu
4	2019 Camp Aloha! China Trade Mission	Apr 15 - 19, 2019	Beijing, Chengdu, Shenzhen

b) Hong Kong

No	Event Name	Date	Location
1	The Awe-inspiring Media Fam	Feb, 2019	O'ahu and Island of Hawai'i
2	Korean Air: Let's Say Aloha	Mar, 2019	Hong Kong

Hawai'i Tourism Korea Monthly Marketing Report January 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

The extended national holidays for 2019 Lunar New Year (Seollal) activated outbound market demands for Hawai'i. Big data research by HotelsCombined showed Hawai'i was the most trending destination for holidays in Lunar New Year, a year-on-year 9.8% increase in terms of search rate on the booking platform, also ranking No. 1 among top 10 U.S. destinations. Market insiders said that as natural disaster issues, including volcano eruption in May, gradually receded, Hawai'i was revived as a top-of mind destination for Koreans seeking clean air and environment as an escape from recent serious air pollution. In addition, Korean Air reported that ICN-HNL was the most popular of the airline's entire routes during the holiday season (Feb 1 to Feb 10), hitting a top booking rate of 94%.

ECONOMY

- The central bank trimmed its outlook for the Korean economy this year as a combination of a slowdown in the global economy, weaker-than-expected exports and trade disputes take their toll. The Bank of Korea (BOK) cut its projection for GDP growth by 0.1% to 2.6% and estimated 2020's growth at the same level. Increasing uncertainties, especially outside Korea, were cited as primary factors. The Korean economy grew 2.7% year-on-year in 2018, retreating from the 3.1% gain in 2017 to its slowest economic advance since 2012.
- Statistics Korea reported the number of people employed rose by only 97,000 in 2018, the lowest increase since 2009. The jobless rate now stands at a 17-year high of 3.8%. The nation's finance minister said it would be difficult to find a job over the next three years due to the flood into the market of "echo boomers," the children of baby boomers born between 1979 and 1992.
- The average USD/WON exchange rate in January was 1120.44 won, a slight decrease from the previous rate of 1123.52 won in December 2018. Fuel surcharges were imposed in January up to 98,400 won (\$87) 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 December 2018 was 2,495,279, a year-on-year increase of 3.8%. The final tally for 2018 was 28,695,983, a year-to-date growth of 8.58% ahead of 26,496,447 in 2017. Rising oil prices/fuel surcharges slowed the 2018 growth rate, but moderate improvement is expected to continue in 2019, taking advantage of favorable external conditions, cheaper airfares, strong capacity offered by low-cost carriers, and a stable KRW/USD exchange rate.

CONSUMER TRENDS

South Korea's online shopping sector hit a fresh record high of 10.63 trillion won (\$9.49 billion) in November last year due to bumper demand during Chinese and Black Friday blowouts. Statistics Korea data published on January 2 showed that online transactions in November jumped 22.1% compared to last year, breaking the previous record high of 10.04 trillion won a month earlier. Cumulative purchases from January to November totaled 101.21 trillion won. Transactions through mobile devices, such as smartphones, accounted for 62.1% of online purchases, up 28% year-on-year to a historic high of 6.6 trillion won. Food delivery service purchases jumped 78.7%, followed by home appliances (36.5%) and food and beverage (37.4%).

TRAVEL TRENDS

■ **Outbound Travel Analysis for 2018**

In 2018, the distinctions between peak and low seasons gradually disappeared in the Korean travel market. Korea Tourism Organization statistics for January to November 2018 show the monthly differences in the number of overseas travelers became smaller compared by 2017. The differences between the average number of overseas travelers in July and August and in March and June sharply decreased from the same period the previous year. Also, there were no big differences in the number of overseas travelers every month: the average number in the first half of 2018 was 2,386,017 and in the second half was 2,376,919. Also, there was evidence of distinctive gender and age variations. In 2017, the number of female outbound travelers exceeded the number of male travelers for the first time, but also there were more males traveling. By age group, travelers aged in their 50s accounted for the biggest share. Compared to 2017, the rate of overseas travelers in their 50s and 60s increased 0.5% and 1% respectively, but those aged in their 30s decreased slightly.

- Bookings for overseas travel during the Lunar New Year in early February have jumped 10.5% compared to last year, according to travel agency Hana Tour. The agent had received 41,000 overseas bookings for the first week of February at time of reporting. Last year, 37,000 Koreans spent the holiday abroad. The number is likely to increase as the holiday is still some time away, a Hana Tour staffer said. The most popular destination for bookings was Southeast Asia with 51.4%, followed by Japan (24.2%), China (11.4%), and Europe (7.4%). Bookings to the U.S. accounted for only 1.8%.
- South Koreans now prefer to design their own travel itinerary and join local tour programs instead of taking fully pre-packaged tours when going overseas. Gone are the days when Koreans went overseas in groups and relied on Korean-led tour guides, industry leader Hana Tour Service found after studying the bookings of 7 million overseas travelers. Independent planning, diversified destinations, and theme-led travel are the new trends in Korean travel style, it said. The number of individually-planned overseas trips has expanded by 11% on average over the past five years. Individual bookings for local tour programs, like guided visits to a museum, have grown 72% on average in recent years.

MEDIA & ONLINE TRENDS

YouTube has taken Korea by the storm, growing to become the country's most influential video platform and creating overnight media stars and national sensations. YouTube's presence in Korea has been rapidly growing. The platform's monthly usage time is 31.7 billion minutes, ten times the combined usage of all competitors, including Oksusu, Afreeca TV, Naver TV and Netflix. As of November last year, the country had 31.22 million YouTube users which is 78% of the population.

AIRLIFT

- South Korea's Incheon International Airport is expected to become the fifth-busiest in the world after annual international passenger traffic at the main gateway hit a record high of 67.68 million last year. Total annual passenger traffic reached an all-time high 68.26 million in 2018, up 10% from a year ago, Incheon International Airport Corp. (IIAC) reported on January 9. The airport handled a total of 387,000 flights, up 7.6% during the same period, and the total number of international transfer passengers also increased 9.6% to 8.02 million last year.
- Incheon International Airport opened its second terminal a year ago on January 19 and has already been used by more than 19 million passengers. The full airport handled more than 68 million passengers of which 28% used the new terminal which has helped to reduce congestion. The time it took last year on average to get through security and immigration at Terminal 1 has been reduced by four minutes to 37 minutes and at Terminal 2 it took 31 minutes.

LEISURE ACTIVITIES

Consumer

- **Luxury/Romance Promotion with Minjoo Yoo:** In celebration of the wedding of Minjoo Yoo, a renowned CEO, patissiere, broadcaster and luxury brand ambassador, HTK sent the couple to the three islands for her once-in-a-lifetime honeymoon. The payoff was a series of social media posts targeting the luxury and romance market. The couple started their journey on January 21 and stayed on the islands for 3 weeks to experience daily life. Forty posts have been generated so far, equivalent to about \$60,000 in pure AVE.
- **#AlohaEverywhere Influencer Fam trip:** HTK is holding a YouTuber Fam trip in March in partnership with The Traveller magazine and involving a 5-night stay on the islands. An accompanying pair of YouTubers will help to highlight the iconic destination through online content on YouTube and Instagram, today's top two influential social media channels in Korea. The trip will involve visiting two islands, O'ahu and Kaua'i.

Travel Trade

- **Korean Air's 50th Anniversary Event:** HTK sponsored Korean Air's 50th Anniversary Online Event which is taking place in February. For the door prize, HTK will offer a gift certificate for a 3-night stay at Waikiki Beach Marriott Resort & Spa. It will receive in return brand exposure of the destination and hotel through the airline's event webpage.
- **AMCHAM Inaugural Ball 2019:** HTK is partnering with AMCHAM Korea (American Chamber of Commerce in Korea) to support its Inaugural Ball which will be held on February 23 at Grand Hyatt Seoul. HTK will sponsor the event with 3-night stay hotel vouchers at Sheraton Princess Kaiulani (SPK). HTK's official logo and island image will be exposed to over 700 event attendees, including senior members of the business community and officials of the U.S. and Korean governments.
- **Brand USA America Wild Movie Roadshow:** HTK joined the Brand USA America Roadshow held in Seoul and Busan in December. The roadshow involved educational seminar sessions and movie showcase of 'America Wild: National Parks Adventure' to introduce the U.S.'s national parks. During the seminar, HTK presented Haleakalā National Park and Hawai'i Volcano National Park, sharing latest destination updates with 80 attending travel agents. HTK also attended the networking dinner to share market updates with participating industry partners from airlines, DMOs and travel agents. For the dinner event, HTK sponsored Aloha Winter Packages which included beach towels, tumblers, snorkeling gear and dry bags as lucky draw prizes.
- **Lotte JTB LPGA Promotion:** HTK will tie in with the leading travel agency Lotte JTB and JTB Global based in Hawai'i to develop golf tour products and online/offline promotions in conjunction with the 2019 LOTTE LPGA Championship in April. These will pitch Hawai'i as a year-round premium golf destination in the Korean market in line with the target audience's demographics and purchasing powers. Through agents' and partners' multiple media channels, HTK will generate not only growth in visitors and their spending but also attract the interest of the B2B and B2C sectors.
- **Korean Air #LuxuryHawaii Promotion:** HTK successfully completed the online #LuxuryHawaii-themed consumer promotion from December 4 to February 1 in collaboration with Korean Air. The aim was to position Hawai'i as the most trending premium destination. The promotion involved an ICN-HNL Ticket Purchase Event that targeted consumers who buy Korean Air flights for the route. For online sweepstakes event, five trade partners – The Ritz-Carlton Residences, Waikiki Beach, Hyatt Regency Waikiki Beach Resort & Spa, Trump

International Hotel Waikiki, Hertz, and Mariposa – fully sponsored the door prizes.

- **Asiana Airlines TV Home-shopping Promotion:** the Korea team has partnered with Asiana Airlines to conduct a TV Home-shopping promotion. In association with three major travel agents – Hana Tour, Jau Tour, and Very Good Tour – it maximized sales bookings for winter peak season and bolstered the market share of Hawai'i package/FIT/Premium products as below.

Accounts	Sales Bookings	Total # of calls (conversion rate)	Aired date/ Channels
Hana Tour	323 pax	1,100 calls (30%)	Oct 27, 2018 via NS Home shopping
Jau Tour	101 pax	156 calls (65%)	Oct 24, 2018 via TMON TV LIVE
Very Good Tour	250 pax Premium/business class 80 seats & Economy-class 170 seats	2,802 calls (9%)	Jan 25-26, 2019 via GS MYSHOP

- **Jin Air Sales Contest:** HTK is running a sales contest in line with Jin Air's returning ICN-HNL flights from December 29 to boost sales volume and stabilize the carrier's load factors. Involving five leading package travel agencies and the top 10 OTAs, the two-phase sales contest started on Dec 29 and will run through to March 2. HTK and the airline partner will award cash incentives according to the participating travel agents' sales booking results.
- **Asiana Airlines OTA Sales Promotion:** HTK and Asiana Airlines will be running an FIT sales boosting promotion involving Korea's top six online travel agencies. The promotion will kick off in mid-March to primarily target the honeymoon peak season between April and June and a growing number of FITs. It will also involve online advertising from April 30 to May 18 via the invited OTA's various owned/paid media channels to extensively highlight OZ's daily ICN-HNL flights.

Public Relations

- **Big 3 Entertainment FAM Tour:** HTK will run an Entertainment Fam with the "Big 3" entertainment giants in Korea – SM, YG, and JYP – in April. The purpose of the project is to actively draw celebrity projects to the Hawaiian Islands. Team-leader level personnel from the companies will be invited to the trip, and HTK will showcase O'ahu and Island of Hawai'i as ideal film location destinations. The site inspection itinerary will include various natural attractions and hotel properties on the islands.
- **Media Advertorial:** HTK has developed an advertorial with 'Artnow' by Noblesse, the nation's leading art magazine. The feature highlights the Hawaiian Islands as the best edu-tourism

destination for the high-end family market. O'ahu, Island of Hawai'i, and Maui are featured and various cultural and educational destinations are highlighted. It will be published in March and is expected to generate \$10,000 in PR value.

- **TV Film Project – MBC's 'Single Life'**: HTK has organized a co-op TV project with MBC, one of Korea's biggest broadcasting companies. It has invited MBC's most popular variety show, 'Single Life' to Hawai'i. Cast member and top fashion model, Hyejin Han, will visit O'ahu with a friend to celebrate the 20th anniversary of her debut. The Hawai'i episode is scheduled to be aired in mid-February over two weeks.

Sales Activities

The Korea team had 36 meetings in January with industry trade partners for regular sales calls and to discuss co-op opportunities as follows:

- **Airlines** (9): Korean Air for #LuxuryHawaii promotion and airlift updates; Asiana Airlines for OTA promotion; Jin Air for co-op promotion supporting the airline's return on December 29; Hawaiian Airlines for Neighbor Island promotions; and four major airlines based in Busan – Japan Airlines Busan, Delta Air Lines Busan, Korean Air Busan and Asiana Airlines Busan – to follow up on Busan market activation and to discuss upcoming joint promotions.
- **Travel Agents** (18): Hana Tour, Mode Tour, SMTown Travel, YB Tour, Very Good Tour, Hanjin Travel, Jau Tour, Lotte JTB, JTB Global Hawai'i, Interpark Tour, Tidesquare, LAS Tour (Busan), Busan Blue, I Am Tour Busan, Hana Tour Busan, Tournet Hawai'i, Royal Hawai'i, and Trava.
- **Hotels** (3): Courtyard by Marriott Seoul Namdaemun, Hilton Namhae, and Park Hyatt Busan.
- **Rent-a-car/Transportation/Attractions** (3): Alamo Rent-a-car, Hertz and Roberts Hawai'i
- **DMOs, U.S. Government/Organizations** (3): AMCHAM, Brand USA, and San Francisco Travel.
- **Consumer Brands** (0): N/A

"COMING ATTRACTIONS" FOR LEISURE MARKET

- Aloha YouTube Fam (February)
- Mother & Daughter Travel with Style H (February)
- OVB Fam with Naver Tour+ (March)
- TV Film Project 'Single Life' (March)
- Lotte JTB - LPGA Promotion (Apr)

Hawai'i Tourism Taiwan Monthly Marketing Report January 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

- Taiwan's Directorate General of Budget, Accounting and Statistics revised the GDP growth of 2018 to 2.66%, slightly lower than its preliminary reading of 2.69%. The unemployment rate in December is 3.66%, decreased by 0.04 points compared to November 2018.
- Taiwan's Consumer Confidence Index (CCI) ended a three-month falling streak in January, rising from 3.89 points to hit 83.63. Of the six factors, the sub-index on the confidence in the stock market increasing the most, growing 19.30 points from the previous month to reach 93.80 in January. As for the other sub-indexes, family finances, the local economic climate and the possible purchase of durable goods grew 1.95 to 88.60, 0.55 to 82.80 and 1.65 to 47.05, respectively. Confidence in the employment sector was the only one to fall, dropping 0.30 points from December to 99.65.
- The Taiwan currency exchange rate went up to 30.826 (average) in January, which is 0.004 higher when compared to the previous month.

Outbound Travel Market

According to the Taiwan Tourism Bureau, the overall number of outbound visitors from Taiwan was 1,258,773 in December 2018 with an 8.41% growth compared to December 2017. The outbound number to U.S. went down by 1.34% to 39,946 in December 2018 compared to the same period last year.

Competitive Environment

Expedia Releases Most Popular Travel Destinations of 2018

Expedia has released a new report listing the most popular destinations for the Taiwanese for the year 2018. This list represents the top ten destinations people chose to go on their vacation through a combination of popularity and promotion, including Hong Kong, Tokyo, Bangkok, Seoul, Osaka, Shanghai, Cebu, Singapore, Macau and Kuala Lumpur. According to the survey, all of the top ten destinations are located in Asia and Cebu is the destination that saw the most growth compared to the year of 2017. The report explained that the rise in passenger traffic is largely attributed to the increasing popularity of low cost carriers, as well as the New Southbound Policy. In addition, Lisbon, Da Nang, Sabah has been ranked as the fastest-growing tourism destinations among Taiwanese travelers. It indicates that beach holidays that include resorts, tropical atmosphere and culture/history still remains as the most favorable destination for Taiwanese travelers.

Consumer Trends

Responsible Consumerism Will Come Around in 2019

According to Canvas8, a global ethnographical market research firm, 2019 will be the year that consumers seek to find equilibrium in all aspects of their lives between humans and technology, brand and personal. With the growing ease of buying goods, consumers will seek out brands that help them make better, more responsible choices such turning to brands that align with social issues and environmental concerns. In addition, people want to simplify their lives and back to basics. The terms of "old school" barbershops, natural cosmetics, and restaurants and supermarkets offering fresh, organic, hyperlocal food will go mainstream in 2019.

Travel Trends

UUPON Reveals How Taiwanese Travelers Plan a Vacation for the Lunar New Year Holiday

UUPON, a Taiwan-based coupon company, conducted a survey on how consumers select their vacation destination over the Lunar New Year holiday among 10,000 members. According to the survey, females and males have different decision-making styles when planning travels. UUPON discovered that male travelers select vacation destinations based on hotel facilities and accommodation ratings. They believed that traveling is the time to relax and to reward themselves thus 10% male travelers started making travel plans three weeks prior to vacation. On the other side, tasty foods and culinary are the most important factor when female travelers plan a trip. Over 20% female consumers started organizing their trips six months prior to departure. The findings show that female travelers are more cautious than male travelers when making travel plans as they don't want to miss any Instagram-worthy scenery and spot when going abroad.

Media Trends

YouTube Reports Growing Trend for Taiwanese Users

YouTube has recently released a list of YouTube Rewind 2018 Videos to celebrate the videos, people, music and moments that defined 2018. As for Taiwan, six out of the top ten videos were generated by YouTube creators. As YouTube is the most popular video channel among Taiwanese users, whether people are looking for entertainment, product information, or to learn something new, their top choice is YouTube. Videos that offer new perspectives to topics and knowledgeable contents were popular among Taiwanese consumers. Furthermore, the report showed that the average age of Taiwan YouTube users has continued to rise. Of the viewers age 55 to 64, 80% of the senior viewers watch YouTube videos every month and 40% of the viewers indicated that they spend more than 1.5 hours on YouTube everyday.

Airlift

Mandarin Airlines to Introduce Taichung-Manila Flights

Mandarin Airlines, the subsidiary of China Airlines, announced that it would operate a new route between Taichung, Taiwan and Manila, Philippines starting April 1st. Mandarin Airlines plans to operate this route three times a week, on board Embraer E190 aircraft. As Philippines is one of the targeted country of the New Southbound Policy, more travelers will be able to visit Philippines seamlessly with the anticipated launch of new route.

LEISURE ACTIVITIES

Consumer

Co-op with Smart Magazine

Smart Magazine is the top one financial journal in Taiwan with a monthly circulation of 100K copies. By partnering with the publisher and its parent company Business Weekly Group, HTT is able to target more precisely high-income segments who travel regularly. Instead of encouraging mass tourism, the content development focused on eco-tourism and responsible tourism in Hawai'i to cater to the readers' interest in socio-economic subject matters. The co-op features a print advertorial in its physical magazine as well as online coverage (website banners and social media advertising) under the Business Weekly Group. Since December, Smart Magazine has published the two full-page advertorial in print (December issue), an online advertorial featuring Hawai'i videos, a full-page banner on Smart Magazine's official website, an e-newsletter, a post on mobile app – LINE, and a link post on its official Facebook Page. The online contents on Smart Magazine's Facebook page have reached over 11,970 viewers. The impression of online article has reached over 3,112,349 viewers and the EDM has spread across 37,932 Smart Magazine members via email.

2019 “Yoga with Aloha” Online Campaign

The Yoga with Aloha Online Campaign is one of HTT's major initiatives for 2019. Since January, HTT has been reaching out to the leading fitness clothing brand Roxy and fitness studio/gym True Yoga to launch the campaign. The online campaign has started from January 14th and will run until March 10th. Participants are required to post yoga photos/videos while wearing Hawai'i-themed outfits or accessories for a week to become

eligible for a lucky draw to win a trip and a yoga lesson in Hawai'i. In addition, HTT is also arranging two Hawai'i themed yoga workshop which will take place in February in Taipei and Taichung. HTT has been work closely with True Yoga to recruit a professional yoga instructor as well as workshop venue to make sure the participants can enjoy the class as well as Hawai'i culture. The three partners will finalize the invite respective VIP members, KOL and media over the next two weeks.

2019 Fashion Media FAM

HTT is partnering with Vogue Taiwan and Marie Claire Taiwan to promote Hawai'i as the number one destination for pampering experiences as well as eco-tourism including high-end accommodations, fine dining options and cultural activities. Since January, HTT has been working with OVB to develop itineraries of this 2019 Fashion FAM trip for the two fashion media outlets. Meanwhile, HTT is negotiating with the editors to discuss coverage distribution across hotel partners, activities and restaurants. The crew will travel to Hawai'i in March and the final itinerary will be finalized in February.

Travel Trade

Co-op with China Airlines on the Additional Flight Starting April 2019

Starting from April 5th, China Airlines will launch an additional direct flight on Fridays between Taoyuan International Airport (TPE) and Daniel K. Inouye International Airport (HNL) in addition to the existing two flights every Wednesday and Sunday. Given the seat capacity of the three direct flights, HTT has proposed co-op programs to promote the destination with China Airlines to drive ticket sales as well as package tour products. In addition to communicating greater flexibility in travel dates and length of stay, HTT and China Airlines have assigned a theme to the designated PAK product in each quarter starting April 2019. As for Q2, the focused theme will be Hawai'i as the top destination for golf vacations. Since January, HTT has been working with China Airlines on visual design, advertising video and promotional messages. The PAK partners have been putting efforts on promoting the new product and the first group will depart on April 5th, 2019.

Public Relations

Media Monitoring (Clippings & Publicity Calendar): In January 2019, Hawai'i Tourism Taiwan secured 69 PR coverage publications on an unpaid basis. The estimated advertising value was USD\$1,023,062.

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

- February [Yoga with Aloha Workshop], Taiwan
- March [Fashion Media FAM – Vogue & Marie Claire]

Hawai'i Tourism Europe Monthly Marketing Report January 2019

Leisure

European summary of market intelligence/ market conditions

- New analysis by ATBA has found travellers now spend \$45.7 billion on travel products and services before they travel, contributing 1.8% of GDP to the UK economy. The study also finds that this figure has grown by 36% since 2014 with the industry now employing 221,000 jobs
- During January, there was reported solid domestic demand in Germany on the back of a pick-up in private and public consumption. This is expected to drive the economy during 2019. Private expenditure should benefit from the increase to the minimum wage and a tightening labour market
- FocusEconomics panellists expect GDP in Switzerland to grow 1.6% this year, and to also expand 1.6% in 2020
- Although fourth-quarter economic growth was undoubtedly bruised by last year's 'gilets jaunes' protests, President Emmanuel Macron's late-year concessions—including raising the minimum wage and cutting some taxes—appeared to contain the political crisis
- FocusEconomics' analysts are confident the economy will bounce back early this year thanks to resilient fixed investment and as Macron's recently-promised fiscal measures bolster consumer spending

Exchange rate

- The GBP/USD: \$1.3
- EUR/ USD: €1 = \$1.14

Consumer Confidence

- Despite Brexit uncertainty households' assessment of their personal finances improved due to falling inflation and higher wages and employment
- Consumer confidence started the year on a stronger note than previously estimated, with the GfK Group Consumer Climate index revised upwards from 10.4 to 10.5 in January
- The Swiss consumer confidence index rose to -4 in the first quarter of 2019 from -6 in the previous period and slightly above market expectations
- French consumer confidence indicator currently stands at 91

Unemployment

- National Unemployment Rate at 4.0 Percent through January 2019. Approximately 304,000 jobs were created in January 2019, and the national unemployment rate rose to 4.0 percent, according to the Bureau of Labour Statistics
- Irish seasonally adjusted unemployment rate stood at 5.3 percent in January of 2019, remaining the lowest jobless rate since February of 2008
- Germany's seasonally adjusted number of unemployed fell by 2,000 from December to 2.26 million in January 2019

- The average monthly unemployment rate in Switzerland last year was 2.6 percent, the lowest figure in ten years, according to figures published by the State Secretariat for Economic Affairs (SECO)
- France unemployment rate is at 9.10%; this is lower than the long-term average of 9.28%

European Outbound Travel Market & Competitive Environment

- Travel guide company Lonely Planet recently named Sri Lanka the number one country in the world to visit in 2019. The South Asian country was chosen because of a diversity of experiences, incredible food, and burgeoning tourism industry
- Malaysia Airports Holdings and Tourism Malaysia have created an incentive fund to attract airlines that launch new non-stop flights into the country
- Long-haul holidays are also gaining popularity, and TUI has a 20% rise in bookings for this segment. Apart from the USA, the number one summer destination, demand is also good for the Caribbean (Jamaica, Cuba, Dominican Republic) and the Indian Ocean (Maldives, Seychelles), the market leader said

European Consumer Trends

- The British holidaymaker is in good stead with a January jump in bookings for the summer. A growing army of 2,000 personal travel agents, who work from home and visit clients whenever convenient, are helping sales
- The vital New Year selling season is off to a rapid start. So far bookings for May to October are up 5% versus the same period last year, and according to ABTA, 27% of holidaymakers intend to spend more on their holidays than last year
- Research by bitkom shows that 56 million Germans shop online; 80% of the population. It has been recently reported that every second consumers shops directly from his smartphone with Millennials being the largest group
- United States continues to attract French travellers. French TOs declared 2018 as an "excellent year" for sales to the US. In 2019, they are expecting a slight increase with 3 market trends: escorted tours drop, while fly & drive and tailored itineraries are increasing; the USD/EUR currency with a strong USD makes French travellers more eager to travel to the USA, and the current social issues may lead French travellers to book less in advance

European Travel Trends

- Jet2holidays has topped rivals as the highest ranked UK tour operator for customer service. The company was named joint 20th out of almost 250 companies in the latest UK Customer Satisfaction Index (UKCSI) published by the Institute of Customer Service
- Holiday Extras reported that the 7th January was the firm's third-highest booking day in its 35-year history. This is proof that holidaymakers are planning trips for the year ahead as usual, undaunted by Brexit on the horizon, the company claimed
- According to FUR Reiseanalyse, 2019 will be a strong year for the tourism industry. The German economy is very stable encouraging consumers to spend more on leisure activities
- Research from FVW and booking.com show that Millennials (Generation Y) prefer to book online and crate a tailor-made holiday, rather than book a regular package with traditional tour operators
- According to the World Tourism Organization, there were 1.4 billion arrivals of international tourists in 2018, a strong growth of 6%. For 2019, the number of international tourists' arrival is estimated to increase by 3 or 4%

European Media & Online Trends

UK and Ireland

- *Vogue* and *GQ* publisher Conde Nast has launched a new London-based B2B title for the fashion, beauty and luxury industries. *Vogue Business* will publish as a newsletter aimed at fashion industry professionals. It will have an editorial focus on the analysis of fashion industry trends, how global politics impacts on the sector and technology that could change how fashion operates
- Newsquest is launching a new edition of the *Bucks Free Press* to provide news to Buckinghamshire towns and villages abandoned by Reach as it closes newspapers covering the area. The new edition will ensure Amersham, Chesham and Little Chalfont are 'still represented'. It will be published for the first time on 8 February
- *Mail* titles owner, the *Daily Mail* and *General Trust*, has reported revenue growth of 2% year-on-year for the first quarter of 2019. The group said *Mail Online*'s total revenues were up by an underlying 14% year-on-year for the three months to the end of December 2018, with figures for the US-focused Daily Mail TV included. The UK's most-read news website also saw advertising revenues climb by an underlying 11% on the same period last year

Germany/Switzerland

- According to figures of the Federal Statistic Office, half of Germans over the age of 65 were online in the first half of the year. In 2007, 19% of people of retirement age were on the Internet, rising to 32% in 2012
- According to a DAK survey, young people want to be online less in 2019: 14- to 29-year-olds plan to reduce the use of smartphones, computers and the Internet
- Millennials love Instagram, vacation and travel: Market researchers at Brandtrust examined the concept of luxury of the digital natives among those born between 1980 and 2000 in Germany, Austria and Switzerland.

Social media has replaced the advice of families or friends and for young luxury buyers, the importance of company-owned Instagram accounts is growing

- The German version of HuffPost which started in October 2013, will be discontinued at the end of March. The reasons have not been mentioned yet, however, the platform has never been one of the top German news providers and their target numbers have never been reached

France

Facebook announced on 23 January the publication of its French tour guide 'FacebookCityGuide', with its first edition dedicated to Bordeaux. In partnership with Bordeaux Tourism Board, the City Guide gathers the best addresses recommended by the locals for an off-the-beaten experience. The booklet is funded by Facebook and is available at the tourist office, and downloadable on the French Facebook page or on Cityguides.fr.

European Airlift

- A record 80 million passengers used Heathrow last year as numbers grew by 2.7% over 2017. Heathrow is one of only seven airports in the world to achieve the 80 million annual passenger

milestone. December saw passenger traffic rise by 2.5% year-on-year to 6.5 million; the 26th consecutive record month of growth

- Research by the International Council on Clean Transportation (ICCT) estimates there could be around 5,000 commercial supersonic flights a day by 2035. The United States is forecast to be the busiest country for SST travel handling 27% of the estimated 5,000 daily SST movements worldwide
- Flybe is being bought for £2.2m by a consortium including Virgin Atlantic and Stobart Group. Virgin Atlantic has a 30 per cent stake in the venture, as does Stobart Group and Cyrus Capital Partners. Flybe will be re-named after Sir Richard Branson's airline, marking a return by Virgin to domestic flights
- Lufthansa wants to grow in Munich with bigger jets since plans for a third runway at the airport were put on hold last year. At present, Lufthansa has stationed five A380s at the airport, and is planning to introduced two more of the world's largest passenger planes
- On Friday, February 1st, the Air France-KLM group officially changed the name of the domestic subsidiary HOP! It will now be marketed under the name "Air France HOP". This is a first step to increase the readability and the overall coherence of the Air France-KLM group's offer

Leisure Activity Update & Plan Variance

European co-ordination

European offices have dealt with consumer requests on an adhoc basis

UK & Ireland

- Compiled and shared revised Marketing Plan for 2019
- Participated in Holiday World consumer and trade shows in Dublin
- Supported Bon Voyage during consumer show: Destinations
- Ongoing activity with 'Experience our Aloha' digital consumer campaign now it is complete;
 - Shared databases collected from EOA campaign with CTA partners
 - Followed up with CTA partners on campaign results and bookings
- Close monitoring of content posting on both social channels to ensure an increasingly high engagement rate throughout the month

Germany

- Continued to update GoHawaiiDE website
- Ongoing monitoring of 'Experience our Aloha' digital consumer campaign
- Cancelled Douglas B2C promotion supposed to take place in Q1 2019

Travel Trade

UK and Ireland

- Held a meeting with Virgin Atlantic to discuss current Hawai'i performance, how HTE UK can support and potential opportunities to partner
- Reached out to top performing tour operators to compile End of Year and Tour Operator Update report
- Confirmed training days across the UK for Trailfinders
- Confirmed participation in British Airways USA training day in May
- Coordinated destination training at Elegant Resorts in Q2

- Ongoing 'Hawai'i on Screen' campaign activity; initiated plans for screening event of Jumanji 2 for trade and media
- Continued to monitor all Tour Operator performance to the Hawaiian islands
- Ongoing liaison with Flight Centre and Trailfinders, following completion of Experience our Aloha campaign results
- Ongoing liaison with Thomas Cook regarding joint marketing activity. Booking figures are as below:
 - 173 passengers: +7% vs the same period last year
- Ongoing updates to Trade Account Management Matrix Segmentation and brochure audit; updates continue to be made from trade survey, sales calls, and training

Scandinavia

- Ongoing liaison with coordinators of the Scandinavia Travel Shows ahead of the events in 2019
- Continued liaison with NYHaven Rejser to discuss joint marketing creative and content

Germany and Switzerland

- Ongoing liaison with CANUSA regarding Experience our Aloha campaign
- Sent out feedback from Maui Fam attendees to MVB
- Requested booking numbers from all major tour operators for 2018 and forecast for 2019 to be shared with HTA in Q1
- Ongoing liaison with all major tour operators
- Meeting with tour operator Hawaii.de and restaurant Aloha Poke to finalize marketing campaign to go live in Q1 2019

France

Ongoing liaison with four tour operators

Public Relations

European co-ordination

United Kingdom and Ireland

- Secured coverage in *Spear's Magazine* and *The Scotsman* following bespoke media pitches, press releases and press trips
- Team met with key editors:
- Hollie-Rae Brader and Erica Bush, *Aspire*
 - HTE held media meeting with Hollie and Erica to discuss Hawai'i. Hollie is very interested in a press trip to Hawai'i and has never written about the destination. She is interested in planning an individual trip to two islands (O'ahu and Maui) and combining luxury accommodation (Four Seasons) with high end activities such as a helicopter tour. Team to touch base once budgets have been confirmed for 2019
- Sarah Hartley, travel editor, *Mail on Sunday*
 - HTE met with Sarah to learn about her new role as travel editor since her takeover from Frank Barrett in October 2018. She is very keen to cover Hawai'i and look at the angle 'why Hawai'i is worth the journey?'
- Kirsty Nutkins, features editor, *Daily Express Supplement Magazines*

- HTE held media meeting with Kirsty to discuss destination updates. Kristy has recently interviewed Martin Clunes ahead of the Islands of America show airing in February. The interview is due to be published in the 2 February issue
- Nigel Tisdall, freelance journalist for titles including *The Daily Telegraph*, *Financial Times*, *Mail on Sunday*, *Sunday Times Travel Magazine*
 - HTE held meeting with Nigel to discuss what he is working on since leaving Marie Claire as the editor.
Nigel is particularly interested in off the beaten track adventures and visiting at least two islands. He is keen to experience tours such as KapohoKine Adventures' new tour around the Island of Hawai'i
- Team pitched Hawai'i to the following publications:
- *Isabel Conway, Irish publications*
 - HTE shared further destination information and images for inclusion in an upcoming feature in new Irish publication
- *Sara Lawrence, Grazia*
 - HTE pitched Kualoa Nature Reserve and Jumanji and Jurassic World to Grazia for inclusion in top filming locations around the world
- *Abra Dunsby, TTG*
 - HTE pitched KapohoKine Adventures's new tour for inclusion in TTG's January US hotlist roundup. Team shared further information and images
- Continued liaison with tourism partners in regards to upcoming individual press trips to Hawai'i for 2019:
- *Boat International*
 - HTE continued liaised with Hugh Anderson, the island chapters and Four Seasons ahead of individual press trip in February 2019 to finalise the itinerary
- *Sunday Times*
 - HTE finalised itinerary and followed up with Francesca following her press trip. Team shared feedback with the island chapters and partners following the trip
- *Rich McCor, Paper Boyo*
 - HTE sent holding note to Paper Boy's request for press trip support due to budgets
- *Guinness World Record Holder Visit*
 - HTE declined support due to limited ROI and coverage for Hawai'i
- Followed up with media following individual press trips to Hawai'i in 2018 for expected dates of publication:
- *Lonely Planet UK*
 - HTE shared factbox information. US coverage secured and UK coverage pending in February 2019

Scandinavia

Secured coverage in *Berlingske* and *Aftonbladet* following individual press trips

Germany

- Individual press trips:
Jan 25-27, 2019: Brigitte von Imhof/Freelance – traveled to Maui and Kaua'i. HTE supported with two nights' accommodation on Maui. First feedback very positive

General media activity:

- Anja Francesca Richter, *Freelance*
 - General update
- Jörg Michel, *Freelance*
 - General update
- Marcel Lesch, *Instagramer*
 - Contacted HTE about 2019 activities – declined for now
- Oliver Nermerich, *Oliver Schrott Kommunikation*
 - Oliver is very interested in working with HTE again in 2019 (image video for one of their lifestyle clients)
- *Frau im Trend*
 - Provided editor with information and link to image gallery for upcoming Hawai'i feature
- Almut Faass, *Freelance (TV editor)*
 - Almut Faass is planning a TV documentary/series about Hawai'i for the German/French TV station ARTE
 - provided her with story ideas, details tbc
- Andreas David, *Filmtourismus.de*
 - Andrea is planning to travel to Hawai'i with her family in summer 2019 – asked for support, tbc
- Sarah Cosgrove, *Blogger*
 - Sarah from The Pink Macaron is very interested in travelling to Hawai'i in 2019 – asked for support, tbc
- Daniel Dorfer, *Blogger*
 - Daniel from fernwehblog.net is very interested in travelling to Hawai'i – declined request for support
- Markus Grenz, *Freelance*
 - Provided Markus with information about astronomy in Hawai'i for upcoming feature
- Anja Hanke, *Freelance*
 - Provided Anja with story ideas for culinary festivals in Hawai'i
- Corinna Siepenkort, *Blonde*
 - Corinna will travel to Hawai'i in February – provided her with detailed information
- Clemens Sehi, *Blogger*
 - Clemens and his partner Anne from travellersarchive.com are very interested in a cooperation in 2019 - tbc
- Katharina Berlet, *Blogger*
 - Katharina from oooyeah.de is very interested in a cooperation in 2019 - tbc
- Britta Smyrak, *LOOPING Magazin*
 - Britta requested support for a Hawai'i trip – declined for now
- Bianca Driesen, *Freelance (TV editor)*
 - Bianca approached us in regards to a TV show for which she is looking for protagonists – declined request
- *Kristina Kreisel, focus.de*
 - Provided Kristina with information about sustainable tourism for upcoming feature
- Chris Eichhorn & Sarah Eichhorn, *Blogger & Instagramer*
 - Follow up with Chris and Sarah from josieloves.de – they fell in love with Hawai'i and are planning to go back
- Alexandra Seifert, *Blogger & Instagramer*
 - Very interested in a cooperation in 2019 – tbc

- Marco Maurer, *Freelance*
 - Follow up with Marco in regards to his ukulele story – publishing date is scheduled for spring 2019
- Martin Melzer, Blogger & Instagramer
 - Martin will travel to Hawai'i in February 2019. His blog specialises in cruise travel. Provided him with story ideas/highlights for O'ahu, Maui and Kaua'i
- Lottemi Doormann, *Freelance*
 - General update

Switzerland

- *Bucketlist*
 - Updated Yvonne Beck, publisher and editor – very interested in participating in a press trip in 2019
- *Tagblatt Zürich*
 - General update

Austria

- Sabine Mezler-Andelberg, *Die Presse*
 - Follow up in regards to article/interview – story was published, result was sent to OVB
- *Insiderei*
 - Provided Robert Kropf with information about wellness/healing trends in Hawai'i for upcoming online feature

France

- Distributed press release
- Communicated with two journalists in January

Others

- *Putopis*
 - HTE declined support for Croatian influencers due to lack of budget for secondary EU market

Sales Activities

UK and Ireland/Germany

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

France

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

PR Activities

UK, Ireland and Scandinavia

- 15 journalists communicated with in January
- 4 pieces of coverage received in January (total)

- o 1 online
- o 3 print
- Print AVE and circulation:
 - o AVE: US \$51,461.00
 - o Circulation: 254,000
- Online AVE and circulation:
 - o AVE: US \$9,679.00
 - o Circulation: 273,782

Germany/Switzerland

- 27 journalists communicated with in January
- 34 pieces of coverage received January (total)
 - o 26 in print
 - o 7 online
 - o 1 TV
- Online AVE and circulation:
 - o AVE: US\$ 36,560
 - o Circulation: 251,345,188
- Print AVE and circulation:
 - o AVE: US\$ 1,098,369
 - o Circulation: 1,098,369
- TV AVE and circulation:
 - o AVE: US\$ 2,185,380
 - o Circulation: 970,000

France

No coverage generated by HTA

Upcoming Activities for Leisure Market

UK, Ireland & Scandinavia

- Trailfinders Joint Marketing Campaign launch in February 2019
- Visit USA Aspire Luxury Travel Forum in February 2019
- Scandinavia Trade Shows in March 2019
- Visit USA Unite B2B event in March 2019

Germany

- Hawaii.de & Aloha Poke promotion in Q1 2019
- VUSA consumer show F.R.E.E. in Munich February 2019



HT Global MCI – January 2019

OVERVIEW

Domestic demand for meetings continues to be high, but meeting space supply is struggling to match buyer needs. According to the 2019 industry forecast report released by BCD Travel, this structural problem is partly responsible for new changes in meeting planner behavior. Meetings are becoming shorter, sometimes spanning only a single day. Non-hotel meeting venues are increasingly more popular in response to a drop in substantial meeting space included in newly built hotels. To meet these challenges, hotels are upgrading existing properties or converting lobbies and other areas into alternative event spaces. Although large meeting space supply is not anticipated to improve significantly in 2019, cities including Boston, Austin, Los Angeles, and New York will see new properties added to their markets.

BCD Travel also reports that meeting costs in 2018 increased by two to five percent, and this increase is expected to continue at a similar pace in 2019, in part due to the booming meetings demand. In the U.S. market, domestic demand is expected to offset the decrease in international bookings, while Canada will likely see their domestic market share boosted by overseas bookings attracted by a more welcoming destination image compared to the U.S., and a more favorable exchange rate.

SALES PRODUCTION (in the month for any year)

Beginning January 2019 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.

Table 1: Total Sales Production – January 2019

	Month			Year-to-Date		
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year
Room Nights						
Definite & Assist-Definite	18,569	9,027	106%	18,569	9,027	106%
Tentative & Assist-Tentative	91,126	102,295	-11%	91,126	102,295	-11%

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
 January 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite	9,255	1,770	423%	9,255	1,770	423%	TBD	TBD
New to Hawai'i	3,655	0	N/A	3,655	0	N/A		
Tentative	17,348	60,394	-71%	17,348	60,394	-71%		
MCI								
Room Nights								
Definite	9,255	0	N/A	9,255	0	N/A		
New to Hawai'i	3,655	0	N/A	3,655	0	N/A		
Tentative	12,119	60,394	-80%	12,119	60,394	-80%		
Non-MCI								
Room Nights								
Definite	0	1,770	-100%	10,855	1,770	513%		
New to Hawai'i	0	0	N/A	0	0	N/A		
Tentative	5,229	0	N/A	5,229	0	N/A		

COMMENTS

January saw one new group, an educational association, turn definite for 3,655 room nights. This is a good start for 2019, as HCC historically does not have bookings signed within the first month of the calendar year. In addition, 17,348 room nights were added to the tentative pipeline in the first month of the year.

January group activity included an annual corporate gala, an international corporate meeting, an international corporate convention, and the first of a series of sports events for an athletic union.

HCC hosted the Sports Express Conference that brought together planners, promoters and sports commissioners to look at destinations for a number of sporting events. The Center hosted the conference which had 100 in attendance. The Hawai'i Convention Center sales team also attended the Annual PCMA Convening Leaders Convention in Pittsburgh, PA. This convention brought together 4,000 industry partners and meeting planners for four days. Hawai'i did a series of events that allowed Hawai'i partners to network with clients, which included a dim sum Sunday brunch, NHL Hockey game and a Hawai'i client reception.

Key site inspection took place with an educational association that is focusing on Hawai'i in 2024.

**Table 2b: Hawai'i Tourism USA (HTUSA) Single Property Sales Production
 January 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite	7,001	2,624	167%	7,001	2,624	167%	TBD	TBD
New to Hawai'i	3,248	2,301	41%	3,248	2,301	41%	TBD	TBD
Tentative	64,677	27,359	136%	64,677	27,359	136%	TBD	TBD
MCI								
Room Nights								
Definite	6,981	2,604	168%	6,981	2,604	168%		
New to Hawai'i	3,228	2,281	42%	3,228	2,281	42%		
Tentative	64,589	27,079	139%	64,589	27,079	139%		
Non-MCI								
Room Nights								
Definite	20	20	0%	20	20	0%		
New to Hawai'i	20	20	0%	20	20	0%		
Tentative	88	280	-69%	88	280	-69%		

COMMENTS

Market Conditions

The Smart Meetings January issue reports that event tech continues to grow rapidly, with the majority (53%) of event planners using mobile apps. Mobile app usage is expected to rise to nearly 61 percent in 2019. Interactive apps can add a dose of fun to events, while also providing real-time, interactive information that can increase efficiency. Cashless payments have increased, with 47 percent of planners using this option. Livestreaming is also more popular at events, with 40 percent of planners incorporating this hybrid meeting format.

According to the American Express Meetings & Events 2019 Global Meetings and Events Forecast survey, to offset the three percent room-rate increase planners are expecting in the United States, some planners said they may be forced to reduce the number of room nights for their programs or move to mid-tier regions to stay within their budget. In fact, hoteliers reported that demand for smaller cities was up three percent while requests for non-traditional meetings facilities was also up three percent. The forecast also commented that the commission cuts that made headlines in 2018 are impacting the bottom lines of meeting budgets. More than two-thirds of planners responded that the decision to cut commissions from 10 percent to seven percent was the biggest side-effect of hotel mergers and acquisitions.

The HTUSA West Coast Regional Director met with Adam Tillotson of Prestige Global Meeting Source, who shared that he had spoken with Orlando, Phoenix, St. Louis, Louisville, and Scottsdale Convention and Visitor Bureau (CVB) partners. Those destinations all believe that 2019 will be a concerningly soft year for business, and they are offering deep discounts as well as destination incentives to attract short term business. However, bookings for 2020 and beyond are pacing normally.

Sales Production vs. Goals Analysis

January produced the highest number of definite bookings (7,001 room nights) for the start of the year since 2013. This is due in part to contracts that were anticipated to go to signature in 2018 that were not finalized until January. On a similar note, tentative room night production for this month is the highest since 2016.

Annual goals for 2019 will be determined after internal approval and final review by the Hawai'i Tourism Authority (HTA).

Highlights of Any Key Definites

- Convention — medical association, January 2023 (2,721 room nights)
- Convention — financial corporation, January 2023 (2,202 room nights)

Public Relations and Collateral

Advertising efforts included:

1. MCI January Paid Media Recap:
 - Successful Meetings full-page advertisement – 50,000 impressions
 - Northstar destination e-guide – 876 impressions
 - Northstar dedicated e-blast – 67,319 impressions
 - Meeting News newsletter – 46,536 impressions
 - 728x90 ROS Banner and 300x250 ROS Banner, 2,231 impressions
 - Social Media (Facebook, Instagram Stories, and Twitter) – 21,692 impressions

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

1. Activity highlights include:
 - Fielded request from N. Cramer / All Things Meetings regarding new and exciting group venues in Honolulu.
 - Fielded request from J. Anderson / Cvent regarding Q&A on green meetings in Honolulu; drafted answers on behalf of Mary Neister.
2. Media Coverage Highlights:
 - "Give and Get" – Meetings & Conventions – December 31, 2018 – PDF available upon request
 - "Give and Get" – Successful Meetings – December 31, 2018 – PDF available upon request
3. December Impressions and Publicity Values for Articles that included Hawai'i

<i>December</i>	<i>December</i>
<i>Impressions</i>	<i>Publicity Values</i>
<i>Print: 100,000</i>	<i>Print: \$107,562</i>
<i>Online: 0</i>	<i>Online: \$0</i>
<i>Broadcast: 0</i>	<i>Broadcast: \$0</i>
<i>Total: 100,000</i>	<i>Total: \$107,562</i>

**Table 2c: Hawai'i Tourism Canada Single Property Sales Production
 January 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	0	N/A	TBD	TBD
New to Hawai'i	0	0	N/A	0	0	N/A	TBD	TBD
Tentative & Assist-Tentative	126	2,575	-95%	126	2,575	-95%	TBD	TBD
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	126	325	-61%	126	325	-61%		
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	2,250	-100%	0	2,250	-100%		

COMMENTS

Market Conditions
Canadian Visits to Hawai'i – Conference Board of Canada
 Canadian trips for MC&IT purposes and other business decreased -0.8 percent and -6.4 percent, respectively. Non-pleasure trips accounted for just 7.2 percent of total trips during the period of Jan-Nov 2018.

Sales Production vs. Goals Analysis
 January was a slow month in RFP generation due to time of year and seasonal holidays.

Advertising/Public Relations
 HTCAN is working with new Incentive Magazine – The Incentivist. Banner Ads, e-blasts etc. for completion prior to end of March 2019.

**Table 2d: Hawai'i Tourism China Single Property Sales Production
 January 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	346	0	N/A	346	0	N/A	12,480	3%
New to Hawai'i	346	0	N/A	346	0	N/A	9,984	3%
Tentative & Assist-Tentative	2,484	947	162%	2,484	947	162%	24,960	10%
MCI								
Room Nights								
Definite & Assist-Definite	90	0	N/A	90	0	N/A	9,360	1%
New to Hawai'i	90	0	N/A	90	0	N/A	7,488	1%
Tentative & Assist-Tentative	1,280	745	72%	1,280	745	72%	18,720	7%
Non-MCI								
Room Nights								
Definite & Assist-Definite	256	0	N/A	256	0	N/A	3,120	8%
New to Hawai'i	256	0	N/A	256	0	N/A	2,496	10%
Tentative & Assist-Tentative	1,204	202	496%	1,204	202	496%	6,240	19%

COMMENTS
<p><u>Market Conditions</u></p> <p>A. China Economy</p> <ul style="list-style-type: none"> • GDP – China's GDP growth in Q4 slowed down to 6.4 percent compared to 6.5 percent in Q3. The decline matched the market expectations in light of trade disputes with the U.S. • Currency – Chinese Yuan is 6.8 per USD in January 2019, depreciating by 0.1 per USD compared to June 2018. The USD-CNY exchange rate remained stable for the last half of 2018. • Unemployment rate – Unemployment rate in China decreased to 3.80 percent in Q4 2018 from 3.82 percent in Q3 2018, reaching a record low since 2002. • Consumer confidence – Consumer confidence in China increased in Q4, standing at 122.1 Index Points from 118.6 in Q3. Confidence index scoring over 100 points showed that Chinese consumers are positive about the present and future economic trends. <p>B. Outbound Travel Market</p> <ul style="list-style-type: none"> • China is now "the world's largest outbound tourism market" according to the China National Tourism Administration. Chinese travelers made 140 million outbound trips in 2018, a 13.5 percent increase from 2017. Chinese travelers also spent 20 percent more on their trips to 157 destinations in 2018, totaling over USD 120 billion. • Two months ago, the Chinese government introduced a policy to tighten the operations of China direct-sales companies. With tighter controls, this may have a dampening effect on MCI incentive trips. <p>C. Travel Trends</p> <ul style="list-style-type: none"> • A notable trend for corporate travel in 2018 is the increased acceptance of 'bleisure' trips (combining business and leisure, including family trips) among Chinese employers. With

the increase of white-collar jobs in recent years, traveling has become a regular part of many positions in China.

- *In 2019, more enterprises are determined to upgrade their business trips management system to simplify the business travel SOP. E.g., SAP Concur aimed to integrate airlines, accommodations, and transportations into one business travel eco-system to ensure transparency in corporate spending.*

Impact on Hawai'i:

As an impressive leisure and family-friendly destination, Hawai'i has a huge potential to attract business travelers seeking 'bleisure'.

Strategy & Action:

HTC will be following up with MCI intermediaries handling small but high-quality corporate groups.

Sales Production vs. Goals Analysis

HTC has secured 346 room nights, totaling 94 pax as of January and a total of 2,484 tentative room nights. HTC will channel more efforts developing new channels with potential MCI intermediaries to secure more bookings on smaller, high-yield MCI groups in 2019. Also, HTC is cooperating with NCL and airlines to create package products, promoting to MCI intermediaries and corporate end-users.

Highlights of any Key Definites

- *Corporate Travel Group – 1/31/2019-2/3/2019 (90 room nights)*
- *Luxury Sports Group-Kaua'i – 1/24-27/2019 (64 room nights)*
- *Luxury Sports Group-Island of Hawai'i – 1/27-30/2019 (64 room nights)*
- *Luxury Sports Group-Maui – 1/30/2019-2/2/2019 (64 room nights)*
- *Luxury Sports Group-O'ahu – 2/3-6/2019 (64 room nights)*

Advertising/Public Relations

MICE Business Tourism featured A Two-Page Article of O'ahu and Lāna'i

- *MICE Business Tourism, a leading MICE magazine with 30,000 circulation volume targeting high-end MCI market, featured a two-page article named Enjoy a Breeze in Hawai'i. This article introduced the incentive travel activities on O'ahu and Lāna'i. Hilton Hawaiian Village and Four Seasons Lāna'i at Manele Bay are some of the highly recommended locations for MICE travel.*

**Table 2e: Hawai'i Tourism Europe Single Property Sales Production
 January 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	0	N/A	TBD	TBD
New to Hawai'i	0	0	N/A	0	0	N/A	TBD	TBD
Tentative & Assist-Tentative	3,270	395	728%	3,270	395	728%	TBD	TBD
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	3,270	48	6713%	3,270	48	6713%		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0		N/A	0	0	N/A		
New to Hawai'i	0		N/A	0	0	N/A		
Tentative & Assist-Tentative	0	347	-100%	0	347	-100%		

COMMENTS
<p><u>Market Conditions</u></p> <p><i>Corporate Event Budgets are Changing</i> <i>According to a survey by C&IT, 32 percent of corporate planners have increased their events budgets, with 43 percent of staying the same and 25 percent have seen budgets fall. In particular, the uncertainty surrounding Brexit has led to many corporate companies diverting budget to "future-proofing" their business.</i></p> <p><i>What Corporates Think of Agency Commissions</i> <i>In 2018, Marriott announced it was reducing the commission payable to third party planners in North America from 10 percent to seven percent, and Hilton followed suit with a similar announcement. Smaller agencies tend to rely on hotel commissions, so this indicated a potential for a change in the status quo for agency commission structures. A survey of corporates in the UK by C&IT indicated that a 78 percent of corporates favor a change in the current structure in favor of more transparent pricings policies. The respondents would be willing to pay more for an agency services in order to have a commission free service.</i></p> <p><u>Public Relations efforts on behalf of Hawai'i Tourism Europe included:</u></p> <ol style="list-style-type: none"> Activity highlights: <ul style="list-style-type: none"> Fielded request from P. Mayoral / El Gallo no Cesa (radio show) regarding Q&A on New Years in Hawai'i and general Hawai'i facts; drafted answers on behalf of R. Bennett / Hawai'i Tourism Europe.

**Table 2f: Hawai'i Tourism Japan Single Property Sales Production
 January 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	1,364	1,407	-3%	1,364	1,407	-3%	54,450	3%
New to Hawai'i	444	1,407	-68%	444	1,407	-68%	20,000	2%
Tentative & Assist-Tentative	1,364	3,382	-60%	1,364	3,382	-60%	40,000	3%
MCI								
Room Nights								
Definite & Assist-Definite	1,364	1,407	-3%	1,364	1,407	-3%	40,850	3%
New to Hawai'i	444	1,407	-68%	444	1,407	-68%	7,000	6%
Tentative & Assist-Tentative	1,364	2,557	-47%	1,364	2,557	-47%	30,000	5%
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	0	N/A	13,600	0%
New to Hawai'i	0	0	N/A	0	0	N/A	13,000	0%
Tentative & Assist-Tentative	0	825	-100%	0	825	-100%	10,000	0%

COMMENTS
<p><u>Market Conditions</u></p> <p><u>Economy</u></p> <ul style="list-style-type: none"> Teikoku Databank announced that there will be roughly 140,000 companies celebrating major (multiples of 10) anniversaries, with 1,700 celebrating their 100th anniversary in 2019. Entities with major holidays include Olympus and Nintendo, indicating potential for heightened demand to incentive travels. <p><u>Competitive Environment</u></p> <ul style="list-style-type: none"> Starting in 2019, Japan will be hosting numerous global scale events over the next few years. In 2019, the Rugby World Cup will be held in Japan, followed by the Olympic Games in 2020 and the World Master Games in 2021. Because the Rugby World Cup will be held throughout 12 cities in Japan, it gives the country an ideal opportunity to showcase the regional cities of Japan. (Source) As Japan continues to develop inbound initiatives, entities may become more inclined towards domestic travels. Tourism Australia, along with individual state tourism bureaus conducted a MICE seminar for travel agencies dealing heavily with group and incentive travels. Representatives appealed the strengths and diversity of Australia, some of which were similar to Hawai'i. Similarities included the safety of travels, pleasant climate and well-established infrastructure. (Source) The Japan Sports Agency, Agency for Cultural Affairs and Japan Tourism Agency organized the 3rd annual Sports Culture Tourism Symposium at Haneda Airport on January 24. In addition to presentations from directors of the agencies, keynote speakers from entities such as TripAdvisor were invited to discuss methods for bolstering inbound tourism through sports. (Source) As awareness of sports tourism grows, HTJ will also be explaining sports related aspects in Hawai'i such as the courts offered at HCC at the 3 City Seminar & Workshop event.

Travel Trend

- *Rise in popularity has been seen for activities free of language barriers. In Osaka, various entertainment such as shows, digital arts, and discos have been rising in popularity for both local citizens and inbound travelers. Popular shows are nonverbal and allow for all attendees to have a universally pleasurable experience. Because much of entertainment is universal, such initiatives have potential to be further developed and implemented in Hawai'i.*
- *To strengthen international group sales initiatives, NTA established a department solely dealing with the promotion of international group sales. The department will be analyzing destinations to create unique strategies for each region. NTA expressed that Hawai'i remains as an essential destination for group business and that they will continue major campaigns for Hawai'i. Close communication with NTA and support will be maintained through efforts such as seminars.*

Airlift

- *Delta Air Lines announced the cessation of services between Honolulu and Fukuoka from May 8, as it readjusts international flight networks. Travel agencies have already begun rebooking initiatives with other airlines / airports. Should there be complications for the rebooking initiatives, potentials for cancellations and/or switching destinations arises; HTJ will continue performing hearings with wholesalers to monitor the effects of the cessation of services.*

Sales Production vs. Goals Analysis

In January, HTJ was able to secure a corporate high-tech incentive group (444 RN) and a corporate automotive incentive group (920 RN) as assist definite bookings to Hawai'i. HTJ and organizers have been pursuing the corporate high-tech incentive group since Fall 2018. Upon selection of Hawai'i in January, HTJ issued a welcome letter to the entity to show gratitude for their selection. The corporate automotive company is a subsidiary of a major automotive brand and a heavy repeater business to Hawai'i. For this incentive tour for employees' families, HTJ successfully convinced the entity to select Hawai'i with the multitude of components for all generations that can be experienced in Hawai'i. Various optional tours were suggested to the organizers to ensure that all participants are able to enjoy their stay. HTJ strives to provide information well suited for all potential business to Hawai'i so that repeaters are able to continue enjoying visits regardless of their frequency of visits.

Highlights of any Key Definites

- *Corporate High-Tech Incentive Group – 2/22-26/2019 (444 room nights)*
- *Corporate Automotive Incentive Group – 6/9-13/2019 (920 room nights)*

Advertising/Public Relations

Weekly Economist

- *HTJ worked with the magazine to feature a special coverage on MICE in Hawai'i on the January 28 issue, which incorporated factors such as corporate social responsibility and responsible tourism as the target audience is typically made up of consumers aged in their 40s and 50s in executive positions at companies.*

Revision to the MICE Travel Guide Book

- Contents will include information useful to all relevant parties including organizers, educational institutions, etc. as opposed to the previous version which was mainly for travel agents.

**Table 2g: Hawai'i Tourism Korea Single Property Sales Production
 January 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	522	3,142	-83%	522	3,142	-83%	21,840	2%
New to Hawai'i	201	1,528	-87%	201	1,528	-87%	14,040	1%
Tentative & Assist-Tentative	0	2,522	-100%	0	2,522	-100%	43,680	0%
MCI								
Room Nights								
Definite & Assist-Definite	522	3,142	-83%	522	3,142	-83%	16,380	3%
New to Hawai'i	201	1,528	-87%	201	1,528	-87%	10,530	2%
Tentative & Assist-Tentative	0	2,522	-100%	0	2,522	-100%	32,760	0%
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	0	N/A	5,460	0%
New to Hawai'i	0	0	N/A	0	0	N/A	3,510	0%
Tentative & Assist-Tentative	0	0	N/A	0	0	N/A	10,920	0%

COMMENTS

Market Conditions

Travel Market Trends

- South Koreans now prefer to design their own travel itinerary and join local tour programs instead of taking fully pre-packaged tours when going overseas. Industry leader Hana Tour Service found after studying the bookings of seven million overseas travelers that independent planning, diversified destinations, and theme-led travel are the new trends in Korean travel style. Individually-planned overseas trips have expanded by 11 percent on average over the past five years. Individual bookings for local tour programs, like guided visits to a museum, have grown 72 percent on average in recent years.

Sales Production vs. Goals Analysis

HTK's MCI team achieved its KPI targets for Total Definite Room Nights in January 2019. The targeted number of definite room nights for MCI & Non-MCI was 520 definite room nights and HTK secured actual 522 definite room nights.

Highlights of any Key Definites

- Corporate Manufacturing Incentive Group (321 nights) visited O'ahu.
- Corporate Incentive Group Easywell (85 nights) visited O'ahu.
- Corporate Travel Incentive Group (72 nights) visited O'ahu.
- Corporate Finance Incentive Group (44 nights) visited O'ahu.

**Table 2h: Hawai'i Tourism Oceania Single Property Sales Production
 January 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	81	84	-4%	81	84	-4%	16,640	0%
New to Hawai'i	0	84	-100%	0	84	-100%	12,480	0%
Tentative & Assist-Tentative	1,857	4,721	-61%	1,857	4,721	-61%	34,320	5%
MCI								
Room Nights								
Definite & Assist-Definite	0	84	-100%	0	84	-100%	12,640	0%
New to Hawai'i	0	84	-100%	0	84	-100%	9,360	0%
Tentative & Assist-Tentative	1,697	4,217	-60%	1,697	4,217	-60%	25,820	7%
Non-MCI								
Room Nights								
Definite & Assist-Definite	81	0	N/A	81	0	N/A	4,000	2%
New to Hawai'i	0	0	N/A	0	0	N/A	3,120	0%
Tentative & Assist-Tentative	160	504	-68%	160	504	-68%	8,500	2%

COMMENTS
<p><u>Market Conditions</u></p> <ul style="list-style-type: none"> • <i>Slow activities on the MCI market during the holiday season as key clients, decision makers and meeting planners returning from holiday from the 2nd week of January 2019 onwards. School holidays in Australia & NZ finished at the end of January 2019, hence more activities & enquiries will start again at end of January/beginning of February.</i> • <i>The NZ Government has agreed to fast track regulation which will ban sales incentives in the insurance industry. This follows a report which was released by the Reserve Bank of NZ (RBNZ) and the Financial Market Authority (FMA) on the life insurance market. The report cast a negative light on the sales incentive tactics in the insurance industry. The new legislation will focus on a regime where insurers as well as banks are focused on good outcomes for the consumer and are not conflicted by sales rewards. This is something HTO will follow closely as there are a variety of insurance and banking incentive trips to Hawai'i from NZ.</i> • <i>The NZ Dollar was at a six-week high at the end of January sitting at USD0.69. The dollar increased in value after the U.S. Federal reserve sounded a more cautious note on future rate increases as well as a revision on New Zealand's outlook to positive (from stable) on its improving fiscal position by Standard & Poor.</i> • <i>For the month of January, the AU Dollar was sitting at USD 0.72, a positive change after a plunge to 0.69 at the beginning of the month. Two major factors that will affect the exchange rate and set the trend for 2019 are the upcoming State Election in March and the Banking Royal Commission Report which will be released in early February.</i> <p><u>Sales Production vs. Goals Analysis</u></p> <ul style="list-style-type: none"> • <i>The U.S. federal government shutdown which occurred from midnight EST on December 22, 2018 until January 25, 2019 (35 days) has generated some enquiries & questions for MCI clients. HTO has ensured the shutdown had minimal impact on the Hawaiian Islands.</i>

HTO worked closely with Island Chapters to obtain the most up-to date and relevant information for HTO's MCI clients during the shutdown.

- *Marriott Global has tightened up on their Information Privacy Policies since the release of Data Breach in December 2018. Consequently, HTO's Marriott hotel partners are more conscious on providing such personal information including average room rates and confirmation documentations.*

Highlights of any Key Definites

- *Sports Association Group – May 2019 (81 room nights)*

Advertising/Public Relations

Travel Weekly

Advertising ahead of a busy trade show seasons in Australia.

LATTE Luxury News

An exclusive Hawai'i EDM which was released on 31st January. The EDM covers anything "MICE" on the Hawaiian Islands including testimonials from last year Experience Aloha Business Exchange attendees which generated a great exposure ahead of AIME for the Meet Hawai'i Stand.

Siteseer

HTO assisted the journalist from Siteseer to visit Hawai'i in October last year. Two articles have been published in January with a spotlight on MICE market promoting Hawai'i Convention Center & DoubleTree by Hilton Hotel Alana Waikiki Beach.

The Events Authority

Newsletter featured Hawai'i as Monthly Destination in the recent Direct Selling Association Newsletter. The LayLow Waikiki and Hawaiian Airlines are being promoted on this campaign.

**Table 2i: Other International Single Property Sales Production
 January 2019**

COMBINED - TOTAL	Month			Year-to-Date			Annual Goal	YTD as % of Annual Goal
	2019 Actual	Prior Year	Variance to Prior Year	2019 YTD	Prior Year	Variance to Prior Year		
Room Nights								
Definite & Assist-Definite	0	0	N/A	0	0	N/A	N/A	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		
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		
Non-MCI								
Room Nights								
Definite & Assist-Definite	0	0	N/A	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 January 2019**

Island	Tentative Room Nights	Definite Room Nights				Lead-to-Booking Conversion (Room Nights)	
		Annual Goal	Monthly Actual	YTD Actual	Percent of Goal	Goal	Actual
O'ahu	32,294	TBD	286	286	TBD	TBD	1%
Kaua'i	21,250	TBD	1,537	1,537	TBD	TBD	7%
Maui County	38,932	TBD	2,305	2,305	TBD	TBD	6%
Hawai'i	20,410	TBD	2,873	2,873	TBD	TBD	14%
Total	112,886	-	7,001	7,001	-		

*Tentative room nights do not match those in Table 1 because many leads are distributed to more than one island.

Table 4: Lost Business – January 2019
HTUSA SINGLE PROPERTY – HIGH PROFILE

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
MCI: Convention - Domestic (9419)	Energy, Environment	600	325	02/23/2019 - 03/03/2019	New York and Salt Lake City, UT	Program lost to Vancouver, BC.
MCI: Incentive (10277)	Retail	3,750	1,500	06/17/2019 - 06/21/2019	Maui and Island of Hawai'i	Program dates changed to 2020.
MCI: Convention - Domestic (10400)	Medical, Healthcare	4,630	1,500	06/05/2020 - 06/11/2020	Oklahoma, Hawai'i, California and Seattle	No response from client
MCI: Incentive (11739)	Medical, Pharm	612	85	05/30/2019 - 06/16/2019	Caribbean, Hawai'i, Mexico and Central America	Program lost to Aruba due to overall distance of travel.
MCI: Convention - Domestic (11858)	Medical, Healthcare	2,071	900	09/25/2021 - 10/03/2021	Initially, Hawai'i only	No response from client.
MCI: Convention - Domestic (11859)	Medical, Healthcare	2,071	900	10/07/2023 - 10/16/2023	Initially, Hawai'i only	Client is no longer considering Hawai'i.
MCI: Incentive (11884)	Multi Level Marketing	1,000	800	05/05/2019 - 05/10/2019	Costa Rica, Puerto Rico, and Aruba	Program lost to Los Cabos, Mexico.
MCI: Incentive (11887)	Multi Level Marketing	1,000	800	05/05/2019 - 05/10/2019	Costa Rica, Puerto Rico, and Aruba	Program lost to Los Cabos, Mexico.
MCI: Incentive (12231)	High Tech	1,000	400	01/17/2019 - 01/22/2019	Caribbean, Hawai'i, Mexico and other warm weather destinations	Program lost to Thailand.
MCI: Convention - International (12306)	Engineering	594	250	06/01/2019 - 06/07/2019	O'ahu, Phoenix/Scottsdale, AZ, Southern California, and New Orleans, LA	Program lost to Portland, OR.
MCI: Incentive (12360)	High Tech	1,059	600	04/03/2019 - 04/08/2019	Initially, Hawai'i only	Program was cancelled.
MCI: Incentive (12470)	Finance, Banking	500	125	03/31/2019 - 04/04/2019	Mexico and the Caribbean	Program lost to an all-inclusive resort in Cancun, Mexico.
MCI: Incentive (12491)	Entertainment, Media	968	225	03/01/2019 - 03/05/2019	Initially, Hawai'i only	No response from client.
MCI: Meeting (12549)	Manufacturing	197	60	06/03/2019 - 06/09/2019	Hawai'i, San Diego, CA, San Francisco, CA, Bermuda, and Cruise	Program lost to San Diego, CA
MCI: Convention - International (12553)	Technology	950	325	05/04/2019 - 05/10/2019	O'ahu, Seattle, WA, and Austin, TX	Program lost to Austin, TX.
MCI: Meeting (12558)	Medical, Pharm	638	200	02/04/2020 - 02/07/2020	Initially, Hawai'i only	Client decided to stay in Minnesota, MN, due to distance.
MCI: Incentive (12593)	High Tech	1,560	700	05/27/2019 - 06/01/2019	Hawai'i and Dublin, Ireland	Program lost to Dublin, Ireland.
MCI: Incentive (12717)	Multi Level Marketing	600	175	01/01/2020 - 01/06/2020	Initially, Hawai'i only	Program lost due to overall costs.
MCI: Incentive (12743)	Insurance	763	320	06/04/2020 - 06/08/2020	Croatia, Portugal, and Scotland	Program lost to Monaco.
MCI: Incentive (12745)	Unknown	3,745	1,400	08/08/2020 - 08/12/2020	Dublin, Maui, and Bermuda	Client is no longer considering Hawai'i.
MCI: Incentive (12747)	High Tech	1,872	400	02/25/2019 - 02/28/2019	Mexico and Hawai'i	Program lost to Aruba.
MCI: Incentive (12757)	Insurance	616	220	03/30/2020 - 04/05/2020	Initially, Hawai'i only	Program dates changed to 2021.

Report of the CEO
February 28, 2019
Page 69

MCI: Convention - Domestic (12800)	Energy, Environment	2,507	900	01/23/2020 - 01/31/2020	Initially, Hawai'i only	Program lost due to hotel rates being too high.
MCI: Convention - Domestic (12831)	Retail	500	250	02/27/2019 - 03/03/2019	Initially, Hawai'i only	Program lost to Punta Cana.
MCI: Incentive (12897)	Manufacturing, Distrib.	565	250	02/19/2019 - 02/24/2019	Kaua'i, Maui, Island of Hawai'i, Florida, Arizon, and California	Program lost to Mexico due to overall budget and travel time.
MCI: Incentive (12920)	Finance, Banking	655	400	03/03/2020 - 03/08/2020	Initially, Hawai'i only	Program was cancelled.
MCI: Incentive (12921)	Finance, Banking	985	550	03/03/2020 - 03/08/2020	Initially, Hawai'i only	Program was cancelled.
MCI: Incentive (12934)	Unknown	525	160	02/23/2020 - 02/29/2020	Hawai'i, Punta Canta, Curacao, and Turks and Caicos	Program lost to the Dominican Republic.
MCI: Incentive (12957)	High Tech	1,024	425	04/27/2020 - 05/03/2020	Caribbean, Island of Hawai'i, and the Florida Keys	Program lost to Aruba.
MCI: Incentive (12983)	Other	2,420	1,200	01/20/2020 - 01/24/2020	Jamaica, Turks and Caicos, Aruba, O'ahu, Maui and Kaua'i	Program lost to Punta Cana.
MCI: Incentive (13029)	Manufacturing, Distrib.	3,168	1,200	01/07/2020 - 01/12/2020	Maui, Island of Hawai'i, and O'ahu	Program lost to Punta Cana, Mexico, due to overall budget and airfare costs.
MCI: Convention - International (13050)	Fraternal, Service	1,100	1,000	08/29/2019 - 09/01/2019	Initially, Hawai'i only	Program lost to Boston, MA.
MCI: Convention - International (13053)	Finance, Banking	5,750	1,000	09/09/2019 - 09/13/2019	Initially, Hawai'i only	Program has been postponed.
MCI: Convention - Domestic (13159)	Medical, Pharm	1,455	320	12/09/2019 - 12/13/2019	Maui, Island of Hawai'i, and O'ahu	Program will stay on the U.S. West Coast as attendance numbers were lower than expected.
MCI: Incentive (13171)	Manufacturing, Distrib.	512	200	04/11/2019 - 04/16/2019	Honduras, Hawai'i, Florida, and Aruba	No response from client.
MCI: Convention - Domestic (13222)	High Tech	1,402	300	01/12/2020 - 01/17/2020	Maui and O'ahu	Program lost to Atlanta, GA, due to overall cost and distance.
MCI: Incentive (13254)	Multi Level Marketing	1,438	1,000	05/08/2019 - 05/13/2019	Auckland, NZ, and O'ahu	Program was cancelled.
MCI: Incentive (13256)	Multi Level Marketing	1,437	1,000	05/08/2019 - 05/13/2019	Auckland, NZ, and O'ahu	Program was cancelled.
MCI: Incentive (13258)	High Tech	568	250	04/10/2019 - 04/14/2019	Maui, Kaua'i, and Island of Hawai'i	Program lost to Aruba.
MCI: Meeting (13434)	High Tech	874	200	01/13/2020 - 01/17/2020	Phoenix, AZ, Las Vegas, NV, Florida, Texas	Program lost to Dallas, TX.
MCI: Incentive (13475)	Multi Level Marketing	1,000	500	11/04/2019 - 11/08/2019	Mexico, U.S. West Coast, and U.S. East Coast	Program lost to Costa Rica.
MCI: Meeting (13480)	Government	735	35	02/17/2019 - 03/08/2019	Initially, Hawai'i only	Program did not materialize.
MCI: Incentive (13482)	High Tech	666	275	06/14/2020 - 06/21/2020	Los Angeles, CA, San Diego, CA, Phoenix/Scottsdale, AZ, the Caribbean, Maui, and Kaua'i	Client is no longer considering Hawai'i.
MCI: Incentive (13483)	Automotive	546	248	04/10/2019 - 04/14/2019	Bahamas, Maui, Kaua'i, and Island of Hawai'i	Program lost to Costa Rice due to overall costs.
MCI: Convention - Domestic (13631)	Manufacturing, Distrib.	1,765	350	02/10/2019 - 02/15/2019	Dominican Republic, Nassau, Hawai'i, Aruba, Costa Rica, Jamaica, Cabo, Puerto Rico, Palm Springs, FL	Client decided to stay in Minnesota, MN.

MCI: Convention - Domestic (13638)	Medical, Healthcare	1,376	400	06/23/2019 - 06/29/2019	Maui and Kaua'i	Program lost to Chicago, IL.
MCI: Convention - Domestic (13645)	Educational	3,595	900	06/28/2023 - 07/02/2023	Island of Hawai'i, Portland, OR, and San Francisco, CA	Program lost to Seattle, WA, due to overall costs of the event.
MCI: Meeting (13779)	Medical, Healthcare	540	150	01/08/2020 - 01/13/2020	Bahamas, Anguilla, Aruba, Antigua and Barbuda, Turks and Caicos, Costa Rica, Hawai'i	Program dates changed to 2021.
MCI: Convention - Domestic (13803)	Government	1,500	300	04/06/2020 - 04/10/2020	Initially, Hawai'i only	Client is no longer considering Hawai'i.
MCI: Incentive (14875)	Consumer Products	1,250	500	05/10/2020 - 05/15/2020	Europe and Hawai'i	Program requirements have changed.
MCI: Incentive (14878)	Insurance	1,992	500	04/19/2021 - 04/29/2021	Southern California, Vancouver, BC, and Hawai'i	Client is no longer considering Hawai'i due to distance and time away, as the larger contingency is from Florida.
MCI: Incentive (14927)	High Tech	600	200	01/21/2019 - 01/24/2019	Initially, Hawai'i only	Program lost due to distance, as part of the group will be coming from Pittsburgh, which is too long of a flight for the client.
MCI: Convention - Domestic (14993)	Educational	2,500	500	02/19/2020 - 02/23/2020	Initially, Hawai'i only	Client is no longer considering Hawai'i.

INTERNATIONAL SINGLE PROPERTY

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
HT Oceania: MCI: Convention - International (13786)	Consumer Products	510	250	03/08/2020 - 03/10/2020	Phuket, Thailand, and Hawai'i	Program lost to Thailand as the overall costs for Hawai'i is well-above the client's budget in comparison.
HT Oceania: MCI: Meeting (13791)	Food, restaurants	400	100	11/17/2019 - 11/20/2019	Queensland, Australia	Client decided to stay onshore due to the exchange rate, which would bring higher total costs.
HT China: MCI: Incentive (14830)	Travel	120	40	02/15/2019 - 02/18/2019	None	Prograde dates have changed.
HT China: MCI: Incentive (14831)	Travel	90	40	02/19/2019 - 02/21/2019	Initially, Hawai'i only	Program dates have changed.
HT China: MCI: Incentive (14832)	Travel	420	100	02/15/2019 - 02/21/2019	Initially, Hawai'i only	Program dates have changed.
HT China: MCI: Incentive (14880)	Incentive	180	40	02/16/2019 - 02/22/2019	Fuji, Maldives	Program lost due to total costs and visa issues.
HT Oceania: MCI: Meeting (14943)	Technology	165	55	10/22/2019 - 10/24/2019	Hong Kong	Program lost to Hong Kong as it would be an easier flight for the Asian delegation.
HT China: MCI: Incentive (14999)	Travel	400	200	03/12/2019 - 03/15/2019	Las Vegas, NV	Program dates have changed.

HAWAI'I CONVENTION CENTER

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations	Reason for Lost Business
Non MCI: Sports (2034)	Sports	2,500	1,000	06/25/2019 - 07/02/2019	Unknown	Client is seeking another year.
Non MCI: Banquet (2077)	Entertainment	13,250	5,000	10/02/2019 - 10/07/2019	Unknown	Headliner's availability, budget constraints and other factors. Client decided to go with overseas.
MCI: Convention (1277)	Religious	25,500	10,000	11/12/2019 - 11/18/2019	Unknown	Client decided to not pursue event in Hawaii.
MCI: Convention (1278)	Religious	25,500	10,000	11/19/2019 - 11/26/2019	Unknown	Client decided to not pursue event in Hawaii.
MCI: Meeting (2042)	Technology	11,179	4,000	07/09/20 - 07/17/20	Unknown	Client is not ready to finalize dates.
MCI: Meeting (1320)	Real Estate	4,000	4,500	03/18/21 - 03/24/21	Las Vegas	Lost bid to Las Vegas.
MCI: Convention (2059)	Scientific	1,420	900	09/10/21 - 09/16/21	Unknown	Costs and risk of selecting a "farther" destination.
MCI: Convention (1374)	Financial	3,935	1,500	06/08/2024 - 06/14/2024	Unknown	Hawaii did not make the short list.
MCI: Meeting (1375)	Financial	3,935	1,500	06/07/2025 - 06/13/2025	Unknown	Hawaii did not make the short list.
MCI: Incentive (2035)	Manufacturing	2,600	1,200	01/20/20 - 01/25/20	Maui, Miami	No response from client.

NEW-TO-HAWAI'I DEFINITE BOOKINGS

Table 5: New to Hawai'i Definite Bookings – January 2019

HTUSA SINGLE PROPERTY - HIGH PROFILE

Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
MCI: Convention - Domestic (12781)	Finance, Banking	2,202	500	01/12/2023 - 01/22/2023	U.S. Mainland
MCI: Incentive (13611)	Manufacturing, Distrib.	695	400	12/07/2019 - 12/14/2019	Amsterdam and some select U.S. resort destinations.

INTERNATIONAL SINGLE PROPERTY					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
HT China: MCI: Meeting (13794)	Travel	90	30	01/31/2019 - 02/03/2019	Australia and Fiji
HT Korea: MCI: Incentive (14915)	Other	85	34	01/16/2019 - 01/20/2019	Initially, Hawai'i only
HT Korea: MCI: Incentive (14916)	Travel	72	36	01/17/2019 - 01/20/2019	Initially, Hawai'i only
HT Korea: MCI: Incentive (14917)	Finance, Banking	44	22	01/18/2019 - 01/21/2019	Initially, Hawai'i only
HT Japan: MCI: Incentive (15047)	High Tech	444	111	02/22/2019 - 02/26/2019	Initially, Hawai'i only
HT China: Non-MCI: Sports (15093)	Unknown	64	16	01/24/2019 - 01/27/2019	Initially, Hawai'i only
HT China: Non-MCI: Sports (15094)	Unknown	64	16	01/27/2019 - 01/30/2019	Initially, Hawai'i only
HT China: Non-MCI: Sports (15095)	Unknown	64	16	01/30/2019 - 02/02/2019	Initially, Hawai'i only
HT China: Non-MCI: Sports (15096)	Unknown	64	16	02/03/2019 - 02/06/2019	Initially, Hawai'i only
TOTAL NEW TO HAWAI'I GMT BOOKINGS FOR THE MONTH					15
TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I GMT BOOKINGS					4,239

HAWAI'I CONVENTION CENTER					
Market	Vertical Market Segment	Total Room Nights	Total Attendees	Meeting Dates	Competing Destinations
MCI: Convention (1986)	Educational	3,655	3,200	03/22/2022 - 03/28/2022	Unknown
TOTAL NEW TO HAWAI'I CITYWIDE BOOKINGS FOR THE MONTH					1
TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I CITYWIDE BOOKINGS					3,655

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 January:

- 1 client promotional event
 - HCC
 - American Astronomical Society, Seattle, WA, January 5-12

- 3 educational events
 - International GMTs
 - HTC – JTB Shanghai Educational Event, Shanghai, China, January 14
 - HTJ & HCC– Japan Trade Seminar and Workshop by HTJ, Osaka and Nagoya, Japan, January 28 & 30

- HTK – Meet Hawai'i Best Partner Award and Educational Seminar, Seoul, South Korea, January 31

- 1 trade show
 - HTUSA & HCC
 - Professional Convention Management Association (PCMA), Pittsburg, PA, January 4-9

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

FUTURE SALES AND MARKETING ACTIVITIES

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

Feb. 2019			
1	Japan Trade Seminar and Workshop, Tokyo, Japan	Educational Event	HTJ
1-3	Japan Trade Seminar and Workshop by HTJ, Osaka, Nagoya, Tokyo, Japan	Educational Event	HCC
2-6	Independent Planner Education Conference (IPEC)	Trade Show	HTUSA
16-21	AIME, Melbourne, Australia	Trade Show	HTO & HCC
20-22	Customer Advisory Board	FAM Tour	HCC
24-27	CESSE CEO Meeting, Kiawah Island, SC	Educational Event	HCC
26	MPI NCC Annual Conference & Expo, San Francisco, CA	Trade Show	HCC
26	Meeting Professionals International Northern California Chapter (MPINCC)	Trade Show	HTUSA
TBD	Sales Calles, WI	Sales Blitz	HTUSA
Mar. 2019			
3-7	Conference Direct Annual Partner Meeting, Atlanta, GA	Educational Event	HCC
3-8	Meet New York/Northeast Sales Blitz	Sales Blitz	HTUSA
6	NYSAE & Meet NY Sales Blitz, New York, NY	Trade Show	HCC
7-9	Meeting Space 2019, Stockholm, Sweden	Trade Show	HTE
7-11	Aquaculture America 2020, New Orleans, LA	Client Promo	HCC
9-16	Meetings Industry Council (MIC), CO and Sales Calls	Trade Show	HTUSA
10-12	Toxicology, Baltimore, MD	Client Promo	HCC
12-15	Experient Envision Conference, Las Vegas, NV	Trade Show	HCC

17-19	ASAE Great Ideas Conference, Colorado Springs, CO	Educational Event	HCC
24-27	Pharma Forum, New York, NY	Trade Show	HCC
24-30	Goldschmidt and American Astronomical Society Site Inspections, Honolulu, HI	Site Visit	HCC
30	"The Taste" HCC Showcase, Tokyo, Japan	Trade Show	HCC
TBD	California Society of Association Executives (CalSAE) Elevate and Sales Calls	Trade Show	HTUSA
TBD	Sales Calls, St. Louis, MN and I'A	Sales Blitz	HTUSA
TBD	Incentive Live	Trade Show	HTUSA
TBD	Meet Hawai'i Corporate Event, Korea	Educational Event	HTK
Apr. 2019			
2-3	Prestige, OR and WA	Trade Show	HTUSA
8	All Things Meeting, CA	Trade Show	HTUSA
11-12	ASAE XDP Experience, National Harbor, MD	Trade Show	HCC
17	NYSAE Annual Synergy Awards Luncheon, TBD	Trade Show	HCC
29	Minnesota Sales Calls, MN	Sales Blitz	HCC
29-May 3	Southwest Sales Calls, TX, AZ, CO	Sales Blitz	HCC
30	Missouri Sales Calls, MO	Sales Blitz	HCC
TBD	Destination Representatives Event	Trade Show	HTUSA
TBD	Association Calls, MN	Sales Blitz	HTUSA
TBD	Sales Blitz, UT	Sales Blitz	HTUSA

CONSUMPTION

The TAP Reports on the next page show the number of events and room nights on the books for each year 2019-2026 against a rolling 36-month consumption benchmark.

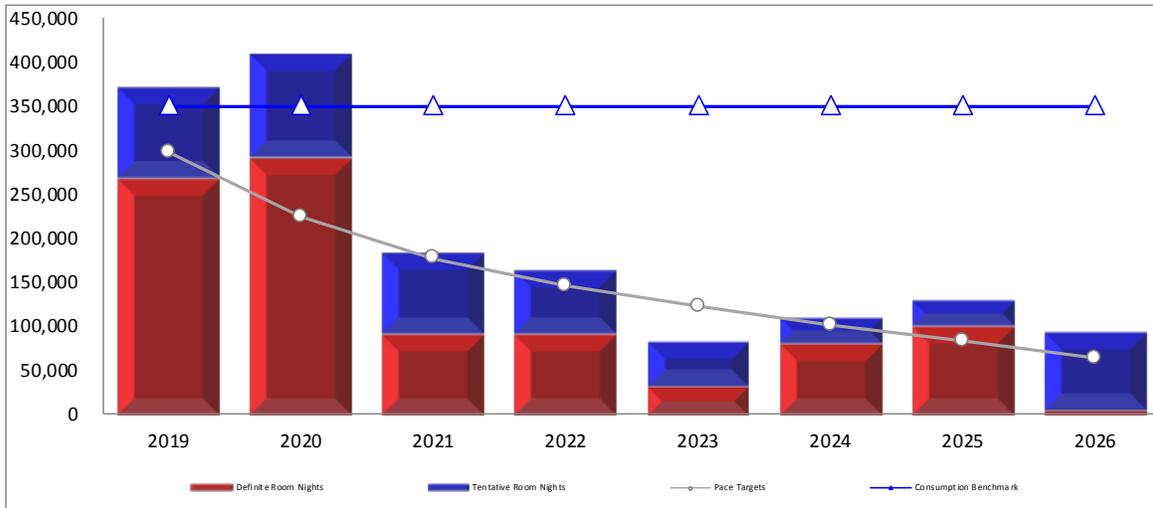
Table 6: The TAP Report: Hawai'i 8-year Pace (citywide and single property)

THE TAP REPORT

Hawai'i

Period Ending: January 31, 2019

Report Date: February 5, 2019



Hawai'i R/N

	2019	2020	2021	2022	2023	2024	2025	2026	Total
Definite Room Nights	267,981	290,075	92,793	92,335	32,310	80,549	101,385	7,014	964,442
Pace Targets	297,406	224,109	176,517	144,875	122,171	100,674	82,268	62,615	1,210,635
Variance	(29,425)	65,966	(83,724)	(52,540)	(89,861)	(20,125)	19,117	(55,601)	(246,193)
Consumption Benchmark	349,826	349,826	349,826	349,826	349,826	349,826	349,826	349,826	2,798,608
Pace Percentage	90%	129%	53%	64%	26%	80%	123%	11%	80%
Total Demand Room Nights	752,717	546,936	292,422	212,245	79,637	95,726	131,220	26,063	2,136,966
Lost Room Nights	484,736	256,861	199,629	119,910	47,327	15,177	29,835	19,049	1,172,524
Conversion Percentage	36%	53%	32%	44%	41%	84%	77%	27%	45%
Tentative Room Nights	100,745	117,003	91,038	71,153	50,697	29,230	28,679	87,632	576,177

Hawai'i Events

	2019	2020	2021	2022	2023	2024	2025	2026	Total
Definite Events	240	123	38	25	10	11	9	4	460
Pace Targets	196	81	40	20	14	10	5	2	368
Variance	44	42	(2)	5	(4)	1	4	2	92
Consumption Benchmark	323	323	323	323	323	323	323	323	2,584
Pace Percentage	122%	152%	95%	125%	71%	110%	180%	200%	125%
Total Demand Events	567	266	74	38	20	14	12	5	996
Lost Events	327	143	36	13	10	3	3	1	536
Conversion Percentage	42%	46%	51%	66%	50%	79%	75%	80%	46%
Tentative Events	191	148	58	31	18	13	8	8	475

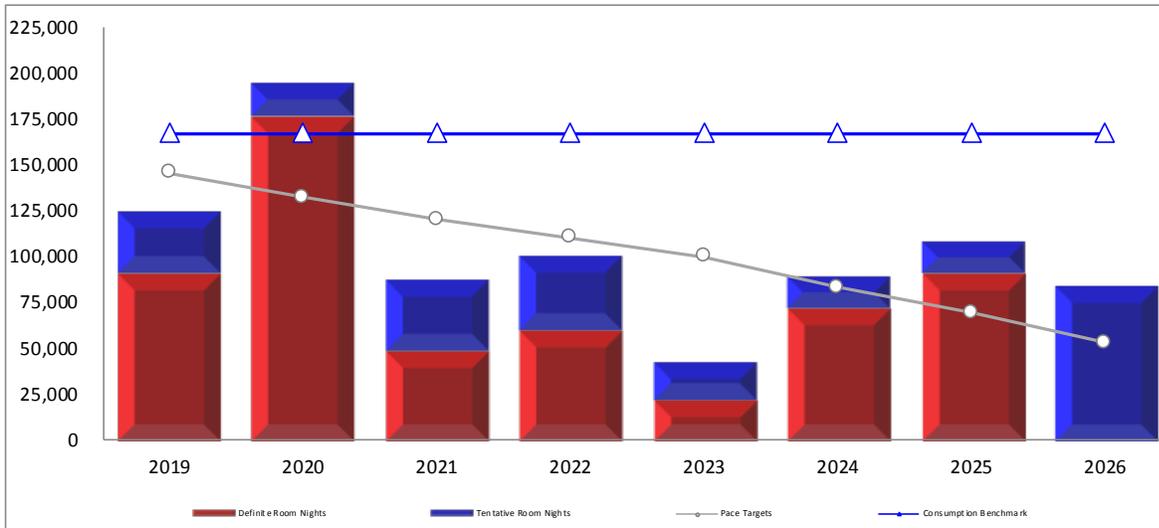
The number of events reported in TAP is slightly higher than the actual number of events due to a number of overflow programs and the splitting of some bookings into two in order to track shared credit.

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

THE TAP REPORT

Hawai'i
 Convention Center

Period Ending January 31, 2019
 Report Date: February 5, 2019



Hawai'i R/N

	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
Definite Room Nights	90,474	175,932	48,531	59,681	21,939	72,330	91,055	0	559,942
Pace Targets	145,567	131,810	119,998	109,841	99,575	83,045	68,926	52,652	811,414
Variance	(55,093)	44,122	(71,467)	(50,160)	(77,636)	(10,715)	22,129	(52,652)	(251,472)
Consumption Benchmark	166,944	166,944	166,944	166,944	166,944	166,944	166,944	166,944	1,335,552
Pace Percentage	62%	133%	40%	54%	22%	87%	132%	0%	69%
Total Demand Room Nights	355,254	295,545	210,046	176,881	62,465	87,507	120,890	19,049	1,327,637
Lost Room Nights	264,780	119,613	161,515	117,200	40,526	15,177	29,835	19,049	767,695
Conversion Percentage	25%	60%	23%	34%	35%	83%	75%	0%	42%
Tentative Room Nights	34,403	18,405	38,996	40,626	20,940	17,005	17,005	84,142	271,522

Hawai'i Events

Definite Events	22	14	5	7	3	6	5	0	62
Pace Targets	21	17	11	10	10	6	3	0	78
Variance	1	(3)	(6)	(3)	(7)	0	2	0	(16)
Consumption Benchmark	28	28	28	28	28	28	28	28	224
Pace Percentage	105%	82%	45%	70%	30%	100%	167%	0%	79%
Total Demand Events	58	38	24	18	10	9	8	1	166
Lost Events	36	24	19	11	7	3	3	1	104
Conversion Percentage	38%	37%	21%	39%	30%	67%	63%	63%	37%
Tentative Events	14	5	7	7	6	8	4	7	58

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 –December 31, 2018 Year-to-Date

PERFORMANCE MEASURE	YTD	TARGET	VARIANCE
Occupancy	29%	31%	-2%
Total Events	206	204	2
Total Attendance	393,486	387,332	6,154
Visitor Spending	\$443,106,699	\$443,106,699	\$0
Tax Revenue	\$41,744,714	\$41,744,714	\$0
Revenue per Attendee	\$35.41	\$38.89	(\$3.48)

COMMENTS

During the month ended December 31, 2018, HCC hosted 18 events, three more than budgeted and occupancy of 25%. HCC's financial statements for the same period reflect gross revenues of \$816,900 which was \$39,600 more than budgeted and a net loss of \$729,400 which was \$81,100 better than planned.

For the year ended December 31, 2018, HCC hosted 206 events, two more than budgeted and occupancy of 29%. HCC's financial statements reflect gross revenues of \$13,991,600, \$1,080,800 less than budgeted and a net loss of \$2,169,200, \$209,900 more than planned. The impact to the State of Hawai'i from events held at HCC in 2018 was over \$443 million in visitor spending and \$41 million in tax revenue.

The summary below highlights why HCC did not meet 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.*
 - e. *Hurricane Lane which resulted in the loss of three events and \$132,000 in revenue.*
2. *Business Mix*
 - a. *No U.S. corporate business in 2018 (vs 2017 – four events, Homeaway Summit, Taco Bell, Aflac, Applied Materials and 2016 – one event, Applied Materials).*
 - b. *No association event in 2018 that singularly generates over \$1 million in revenue (vs 2017 – one event, IEEE CVPR, 4,730 delegates generated over \$1.8 million; 2016 – three 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 HCC's F&B bottom line results. HCC's prior two-year average flow through in F&B was 49 percent. With lower spend events in 2018 HCC's F&B flow through is 34 percent.*

For the year ended December 31, 2018, visitor spending and tax revenue were on target. Occupancy and revenue per attendee were shy of meeting targets by 2 percent and \$3.48, respectively. Total attendance is 6,100 more than target due to the Okinawan Festival in September 2018 that brought in more attendees than expected for its first-time event in the facility.

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

January 2019					
Contract No.	Contractor	Description	Dollar Amount	Start Date	End Date
16071 S8	HVCB	Supplemental Services related to management of research, websites, online marketing and social media, intellectual property data bank, developmental services, and projects related to the 2016 Tourism Conference.	(+ \$1,039,268.00) \$6,222,592.32	12/27/2018	12/31/2019
16036 S5	High Performance Systems, Inc.	Services related to IT Support	(+ \$12,430.00) \$132,706.44	12/27/2018	3/31/2019
19046	Japanese Cultural Center of Hawai'i	The New Year's 'ohana Festival / Shichi Go San: Keiki Kimono Dressing	\$10,000.00	12/20/2018	3/31/2020
19129	Moloka'i Land Trust	Anapuka Critical Habitat Restoration for Ground Nesting Seabirds and Endangered Species	\$50,000.00	12/28/2018	3/31/2020
19023	Kona Historical Society	Hands on History at the Kona Coffee Living History Farm	\$10,000.00	12/20/2018	3/31/2020
19038	Kumu Kahua Theatre	The Watcher of Waipuna by Gary Pak and Da Beer Can Hat by Darrell H. Y. Lum	\$14,000.00	12/20/2018	9/21/2019
19031	Hawai'i Book & Music Festival	Hawai'i Book & Music Festival 2019	\$10,000.00	1/10/2019	8/31/2019

Contract Type:
 • Sole Source
 † Procurement Exemption

19135	Maui Nui Marine Resource Council, Inc. dba Maui Nui Marine Resource Council	Monitoring and Protecting Ocean Water Quality Along Maui's South and West Shores to Benefit Coral Reef Health	\$44,000.00	12/20/2018	3/31/2020
19117	Kalanihale	Building the Next Generation of Resource Stewards in Miloli'i	\$36,000.00	12/20/2018	3/31/2020
19095	Hookuaaina	Kukuluhou Internship Program	\$50,000.00	12/20/2018	3/31/2020
19052	'Ahā Hui E Kālā dba Lāwa'i International Center	Cultural Awareness Events 2019	\$30,000.00	12/20/2018	3/31/2020
19027	'Ukulele Festival Hawai'i	49th Annual 'Ukulele Festival Hawai'i	\$15,000.00	12/20/2018	10/31/2019
19083	'Ohina LLC	Ohina Short Film Showcase	\$25,000.00	12/20/2018	12/29/2019
19079	Hawai'i Institute for Music Enrichment and Learning Experiences, Inc. dba HIMELE	Steel Guitar Festivals (Kaua'i, Hawai'i Island)	\$10,000.00	12/20/2018	2/8/2020
19032	Ki-hō'alu Foundation	Annual Hawaiian Slack Key Guitar Festival	\$30,000.00	12/20/2018	2/28/2020
19125	Hui o Koolaupoko	Mālama Muliwai o He'eia	\$30,000.00	12/28/2018	3/31/2020
19128	Garden Island Resource Conservation & Development, Inc.	Voluntourism To Save Kōke'e's Native Forests	\$35,000.00	12/20/2018	3/31/2020
19048	Malie Foundation	Hawaiian Cultural Events and Kaua'i Mokihana Festival 2019	\$30,000.00	1/10/2019	3/31/2020

19041	Nā'ālehu Theatre Inc	Gabby Pahinui Waimānalo Kanikapila / Hawaiian Music Masters Youth Outreach and Community Reinvestment and Live From Waimānalo Promotional Program	\$15,000.00	1/10/2019	7/31/2019
19051	Ka'imi Na'auao O Hawai'i Nei Institute dba Ka'imi Na'auao O Hawai'i Nei	Heiva I Kaua'i 2019	\$15,000.00	1/10/2019	11/30/2019
19076	Hawai'i Bicycling League	Exploring Maui's Greenways, Bike and Walking Paths	\$15,000.00	1/10/2019	3/31/2020
19020	Kohala Institute	Traditional Oceanic Tattoo Festival: Embodying Knowledge & Culture	\$30,000.00	1/10/2019	1/31/2020
19024	Hāmākua Harvest, Inc.	Annual Farm Festival at Hāmākua Harvest	\$6,000.00	1/10/2019	8/31/2019
19055	Kaua'i Outrigger Association dba KOA	Nā Pali Challenge	\$30,000.00	1/10/2019	11/30/2019
19087	Kohala Institute	'Aina-based Learning in the Iole Ahupua'a	\$28,000.00	1/10/2019	3/31/2020
19034	Hawai'i LGBT Legacy Foundation	HONOLULU PRIDE Parade, Festival and LGBT Youth Education	\$10,000.00	1/10/2019	1/31/2020
19029	Bikeshare Hawai'i	Biki Bike Audio Tours	\$10,000.00	1/10/2019	3/31/2020
19008	Blue United Corporation	Pacific Rim Cup 2019	\$300,000.00	1/10/2019	10/31/2019
19022	Kona Hawaiian Quilt Museum Society	Tropical Inspirations Quilt Show	\$5,000.00	1/10/2019	10/31/2019

19132	The Nature Conservancy	Local Action for Effective Management of Priority Coral Reefs in Maui Nui	\$50,000.00	1/10/2019	3/31/2020
19134	Friends of Auwahi Forest Restoration Project	Hookumu 'ulu ila au 'ōiwi Auwahi; continued restoration of a wahi pana forest	\$60,000.00	1/10/2019	3/31/2020
19111	Lighthouse Project	Family Ingredients - Season 3 Mālama-Themed Episodes	\$50,000.00	1/10/2019	3/31/2020
19102	PA'I Foundation	I Lea Ka Hula: Celebrating Culture, Preserving Traditions	\$70,000.00	1/10/2019	12/31/2019
19091	Kalihi-Pālama Culture & Arts Society, Inc.	44th Annual Queen Lili'uokalani Keiki Hula Competition	\$75,000.00	1/14/2019	10/31/2019
19045	Blane K Gaison dba MC Events LLC	Hawaiian Makahiki Series	\$15,000.00	1/14/2019	3/31/2020
19127	Hika'alani	Hookanaka III	\$50,000.00	1/14/2019	3/31/2020
19130	Ma Ka Hāna Ka Ike Building Program	Wailua Nui Restoration Project	\$54,000.00	1/14/2019	3/31/2020
19059	Friends of the Festival of Lights	Festival of Lights	\$9,900.00	1/14/2019	3/30/2020
19069	Valley Isle Road Runners, Inc. dba Valley Isle Road Runners	Maui Marathon & Half Marathon	\$25,000.00	1/11/2019	1/31/2020
19025	Hawai'i Island Pacific & Asia Cultural Celebration, Inc.	Hawai'i Kuauli Pacific and Asia Cultural Festival	\$20,000.00	1/11/2019	8/31/2019

19054	Kaua'i Rodeo Club Inc.	Kōloa Plantation Days Paniolo Heritage Rodeo (aka Paniolo Heritage Rodeo, Heritage Rodeo)	\$15,000.00	1/11/2019	10/31/2019
19056	Hanapēpē Economic Alliance	Kaua'i Chocolate & Coffee Festival 2019	\$20,000.00	1/11/2019	1/31/2020
19039	Hawai'i Korean Chamber of Commerce	17th Annual Korean Festival	\$15,000.00	1/10/2019	11/1/2019
19013	Big Island Resource Conservation and Development Council	Ka'ū Coffee Festival	\$25,000.00	1/10/2019	7/31/2019
19113	Big Island Resource Conservation and Development Council	Managing High-Profile Invasive Species in Hawai'i's Landscape	\$50,000.00	1/10/2019	3/31/2020
19144	The Hawai'i Lodging & Tourism Association	Homeless Initiatives Matching Funds 2019	\$1,000,000.00	1/17/2019	12/31/2019
17001 S3	Business Events Hawai'i	Global MCI	(+ \$500,000.00) \$1,637,500.00	12/30/18	12/31/19
14002 S7	AEG Management, HCC LLC	For services related to the transition of the management of the Hawai'i Convention Center to AEG	(+\$23,266,433.00) \$129,180,493.00	1/22/2019	12/31/2019
16022 S8	Aviareps Marketing Garden	For services related to marketing services in the Korea MMA.	(+ \$0.00) \$5,804,000.00	1/23/2019	12/31/2019
17004 S2	County of Hawai'i	Services related to technical assistance to support HTA programs in Hawai'i County.	(+ \$70,000.00)	1/29/2019	3/31/2020

			\$210,000.00		
17007 S2	County of Maui	Services related to technical assistance to support HTA programs in Maui County	(+ \$70,000.00) \$210,000.00	1/29/2019	3/31/2020
17101 S3	Kai Opua Canoe Club	SIGNATURE Queen Liliuokalani Long Distance Canoe Races	(+ \$50,000.00) \$100,000.00	1/29/2019	1/31/2020
18166 S2	Kōloa Plantation Day, Inc.	Kōloa Plantation Days	(+ \$0.00) \$63,500.00	1/29/2019	3/31/2019
18178 S1	Kloninger & Sims Consulting LLC	Visitor Plant Inventory Survey 2018-2020	2018-\$95,000.00 2019-\$97,500.00 Total-\$192,500.00	1/29/2019	1/31/2021
18183 S2	Epic Sports Foundation Inc. dba Epic Sports Foundation	22nd Annual Moloka'i 2 O'ahu Paddleboard World Championship 2018	(+ \$0.00) \$35,000.00	1/29/2019	3/31/2019
18190 S1	TEAM Unlimited LLC	XTERRA World Championship	\$90,000.00 Total: \$180,000.00	1/29/2019	1/31/2020
18191 S1	TEAM Unlimited LLC	XTERRA Trail Run World Championship	(+ \$0.00) Total: \$42,000.00	1/29/2019	4/30/2019
19014	HawaiiCon Inc dba HawaiiCon	HawaiiCon 2019	\$20,000.00	1/23/2019	12/31/2019

19017	Hawaiian International Billfish Association dba Hawaiian International Billfish Tournament	60th Hawaiian International Billfish Tournament	\$20,000.00	1/23/2019	11/30/2019
19047	DB Productions, Inc. dba Hawai'i Dragon Boat Association / Chinatown Merchants	Night in Chinatown and Asian Lunar New Year Parade	\$20,000.00	1/23/2019	5/3/2019
19080	University of Hawai'i Office of Research Services	Asia Pacific Dance Festival 2019	\$14,000.00	2/13/2019	12/31/2019
19115	Na Mamo O Kawa	Kawa Dryland Forest and Coastal Revegetation Project	\$40,000.00	1/23/2019	3/31/2020
19121	O'ahu Na Ala Hele Trails and Access Program, Division of Forestry and Wildlife	Mānoa Falls Trail Improvement Project: Phase Three	\$68,000.00	1/23/2019	12/31/2019
19122	Department of Land and Natural Resources - Division of Forestry & Wildlife (DLNR-DOFAW), Urban & Community Forestry Program	Hālau 'ōhi'a Environmental Stewardship Training for O'ahu	\$25,000.00	1/23/2019	12/31/2019
19124	State of Hawai'i, Department of Land and Natural Resources, Division of Forestry and Wildlife	O'ahu Offshore Island Wildlife Sanctuaries	\$25,000.00	1/15/2019	3/31/2020
19126	Division of State Parks	Ka'ena Point Coastal Stewardship Project	\$33,000.00	1/23/2019	3/31/2020

19152	West Kaua'i Business and Professional Association	Waimea Town Celebration: Heritage of Aloha 2019	\$35,000.00	1/29/2019	9/30/2019
19153	Cades Schutte a Limited Liability Law Partnership LLP	HTA's Legislative Package 2019	\$110,000.00	1/25/2019	12/31/2019

Agenda Item

5

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

Market Insights – January 2019

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 month of 2019, Hawai'i's tourism economy experienced:

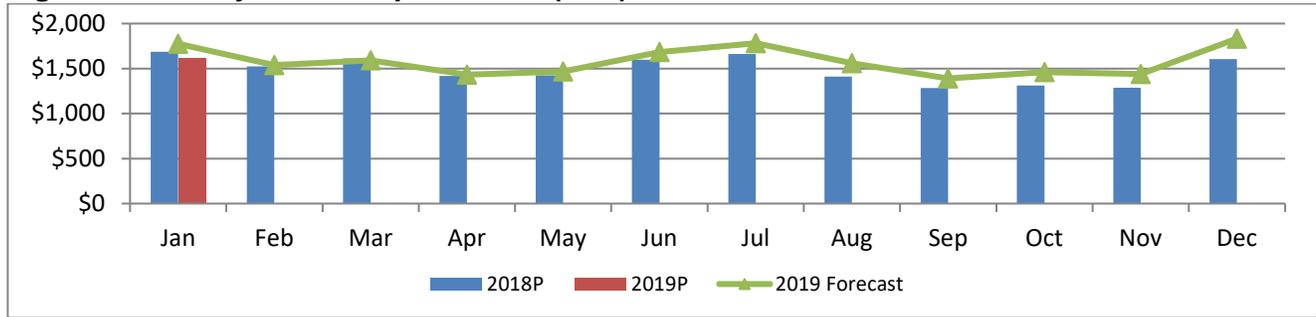
- \$1.62 billion in visitor spending, a decrease of 3.8 percent compared to January 2018. On a statewide level, average daily visitor spending was down (-5.3% to \$199 per person) in January 2019 versus last year.
- Total arrivals to Hawai'i grew 3.0 percent to 820,621 visitors in January 2019, with total visitor days also increasing (+1.6%). Growth in arrivals by air service (+3.2% to 809,098) offset fewer arrivals by cruise ships (-5.9% to 11,523).
- The average daily census (i.e. number of visitors on any given day) in January 2019 was 272,834, up 1.6 percent compared to a year ago.
- Hawai'i's tourism economy experienced \$189.6 million in generated state tax revenue, down 3.8 percent (-\$7.4 million) compared to January 2018.
- Through October 2018, the state collected \$203.1 million in TAT, an increase of 16.7% compared to FY 2018 through October 2017.
 - The TAT rate increased from 9.25% to 10.25% as of January 2018.
 - Per Board request, FY 2019 TAT collections amount was recalculated using the 9.25% rate for an “apples to apples” comparison to FY 2018 collections.
 - Adjusted FY 2019 collections through October 2018 is \$183.3 million or an increase of 5.4% compared to FY 2018.
- Total air capacity into Hawai'i grew 1.0 percent to 1,134,182 seats.

Table 1: Overall Key Performance Indicators – Total (Air + Cruise) – January 2019

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	100.6%	3.0%	820,621	815,325
Visitor Spending (\$mil)*	91.5%	-3.8%	1,624.4	1,775.4
Visitor Days	97.7%	1.6%	8,174,042	8,365,740
Daily Spend (\$pppd)	93.6%	-5.3%	198.7	212.2
Airlift (scheduled seats)	100.0%	1.1%	1,128,387	1,128,387

DBEDT Forecasts (Quarter 4 2018), Excludes Supplemental Business Expenditures

Figure 1: Monthly Visitor Expenditures (\$mil)



Major Market Areas (MMAs)

USA

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

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	101.9%	3.7%	500,068	490,504
Visitor Spending (\$mil)*	93.5%	-2.0%	1,019.4	1,090.2
Visitor Days	97.7%	0.6%	5,222,958	5,344,248
Daily Spend (\$pppd)	95.7%	-2.6%	195.2	204.0
Airlift (scheduled seats)	100.0%	0.9%	763,632	763,632

DBEDT Forecasts (Quarter 4 2018), Excludes Supplemental Business Expenditures

- MMGY Global surveyed consumers in mid-January 2019 and reported that the partial Federal Government shutdown had indeed impacted leisure travel. Sixteen percent of Americans cancelled or planned to cancel a vacation because of the shutdown. Another 14 percent were unsure or were considering canceling their vacation plans because of the shutdown. The leading concerns were park and monument closures, delays in receipt of their tax refund, and safety. Among those who were still planning to vacation during the next six months, 55 percent indicated that they will do so without hesitation, while 32 percent were planning to move forward but were monitoring the situation.
- The hotel industry expects slow and steady revenue growth for 2019 driven by price increases. STR.com expects revenue per available room (RevPAR) to increase by 2.4 percent. The revenue increase is expected to be fueled by price growth (2.3% increase in average daily rate [ADR]) and not quantity (0.1% increase in occupancy rate). Lodging industry revenue management executives remain optimistic.
- The Conference Board's Consumer Confidence Index was near an all-time high in fall 2018. However, the index declined in December 2018, and again in January 2019 to 120.2. Still, the Consumer Confidence Index remains above its long-term average. The month-long partial federal government shutdown likely affected consumer spending. In addition to reduced spending by federal employees who missed two paychecks, there is indication that travel was negatively affected by concerns over travel safety due to strains on TSA and air traffic controller workforces.
- Seat capacity to Hawai'i will grow by a modest 1.0 percent from February-April 2019 when compared to the same three-month period the year prior.

US WEST

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

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	105.6%	4.5%	317,890	301,108
Visitor Spending (\$mil)*	93.2%	-5.4%	557.8	598.2
Visitor Days	100.4%	0.1%	3,098,386	3,086,645
Daily Spend (\$pppd)	92.9%	-5.4%	180.0	193.8
Airlift (scheduled seats)	100.0%	1.5%	668,288	668,288

DBEDT Forecasts (Quarter 4 2018), Excludes Supplemental Business Expenditures

- The U.S. West market reported a 5.4 percent decline in visitor spending to \$557.8 million in January 2019. Arrivals increased 4.5 percent to 317,890 visitors. Daily visitors spending dropped to \$180 per person (-5.4%) in January 2019, largely due to decreased lodging and food and beverage expenses compared to January 2018.
- Air capacity from the U.S. West market is expected to increase slightly (+0.6%) from February through April 2019, with the addition of service from Long Beach in June 2018, and increased service from Anchorage, Bellingham, Oakland, Sacramento and San Diego. These gains offset declines in capacity from Los Angeles, Salt Lake City and San Jose.

US EAST

Table 4: Key Performance Indicators - U.S. East

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	96.2%	2.4%	182,177	189,396
Visitor Spending (\$mil)*	93.8%	2.4%	461.6	492.0
Visitor Days	94.1%	1.5%	2,124,571	2,257,604
Daily Spend (\$pppd)	99.7%	1.0%	217.3	217.9
Airlift (scheduled seats)	100.0%	-2.9%	95,344	95,344

DBEDT Forecasts (Quarter 4 2018), Excludes Supplemental Business Expenditures

- Spending by U.S. East visitors increased 2.4 percent to \$461.6 million in January 2019. Arrivals rose 2.4 percent to 182,177 visitors and daily spending was slightly higher (+1.0% to \$217 per person) compared to a year ago.
- Air seat capacity from the U.S. East market is expected to grow 2.8 percent from February through April 2019 compared to the same period last year, with the addition of seats from Chicago, Atlanta, as well as the inaugural Hawaiian Airlines flight from Boston to Honolulu on April 4. There will be reduced service from Dallas-Fort Worth, Minneapolis-St. Paul and Washington DC.

CANADA

Table 5: Key Performance Indicators – Canada

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	96.3%	-1.0%	68,462	71,073
Visitor Spending (\$mil)*	91.8%	-2.1%	167.6	182.6
Visitor Days	96.5%	0.2%	976,857	1,011,897
Daily Spend (\$pppd)	95.1%	-2.3%	171.6	180.4
Airlift (scheduled seats)	100.0%	10.9%	72,049	72,049

DBEDT Forecasts (Quarter 4 2018), Excludes Supplemental Business Expenditures

- Spending by Canadian visitors decreased 2.1 percent to \$167.6 million in January 2019. Arrivals declined 1.0 percent to 68,462 visitors. Daily visitor spending dropped to \$172 per person (-2.3%), largely due to lower lodging expenses compared to January of last year.
- Recent economic data from Statistics Canada has indicated that economic growth slowed in the fourth quarter of 2018. The Gross Domestic Product has contracted by 0.1 percent, which, while seemingly insignificant, continues to confirm overall uncertainty about the Canadian economy.
- The exchange rate has come up slightly from its dip in the fourth quarter of 2018. Currently, one Canadian dollar is worth \$0.76 U.S., which is a positive sign.
- The national consumer confidence rating was 109.7 points in January 2019, a 12.1-point decrease compared to January 2018, but a 6.7-point increase compared to this past December's low. The index remains weak compared with 2017 and 2018. Compared to January 2018, consumer confidence recorded a year-over-year drop in every province except Quebec.
- Key Canadian air & vacation partners have reported a sluggish booking pace starting from the fourth quarter of 2018 with an improvement not expected until later in the first quarter of 2019.
- Hawai'i Tourism Canada has partnered with key wholesalers to stimulate demand for need periods, with a focus on generating positive awareness with key target markets.

JAPAN

Table 6: Key Performance Indicators – Japan

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	104.3%	5.7%	125,504	120,321
Visitor Spending (\$mil)*	92.7%	-6.5%	179.4	193.5
Visitor Days	105.4%	5.4%	753,714	715,301
Daily Spend (\$pppd)	88.0%	-11.3%	238.1	270.5
Airlift (scheduled seats)	100.0%	5.9%	174,100	174,100

DBEDT Forecasts (Quarter 4 2018), Excludes Supplemental Business Expenditures

- Spending by Japanese visitors declined 6.5 percent to \$179.4 million in January 2019 compared to last year. Arrivals increased 5.7 percent to 125,504 visitors. However, daily visitor spending dropped to \$238 per person (-11.3%), mostly due to decreased lodging expenses.
- Japan's economy remains on a moderate path to recovery with unemployment at 2.5 percent and the exchange rate stabilizing at approximately 112.5 JPY to USD.
- The recurring natural disasters in Japan have adversely affected the travel industry businesses amongst the Japanese. In the Kansai market, where Kansai International Airport was closed for over two weeks in September 2018, companies continue efforts to recuperate losses. The Western regions of Japan are still undergoing recovery initiatives for travels.
- Steady recovery from the heightened volcanic activity at Kīlauea has been observed as a result of the co-op funds spent for the market by the wholesalers and HTJ. Current updates on wholesalers' booking paces indicate that stronger results will be seen in the second quarter of 2019.

- Visitor arrivals to Hawai'i overall have remained relatively sluggish, partly due to the increase in fuel surcharge rates currently set at 17,000 yen. Airlines have also announced the increase of surcharge rates of tickets issued from February 2019 to further increase to 22,000 yen.
- A shift in the Kansai market is expected for 2019 with the cessation of services by Scoot and the end of a second daily service by JAL. The market is expected to see the effects of rising fueling costs in the coming months.
- The launch of the first Airbus A380 Aircraft by ANA on 5/24 (3 days/week) and second aircraft on 7/1 (7 days/week) in 2019 will greatly increase media exposure for Hawai'i, while changing the dynamic of the seat distribution for Hawai'i - Japan route.

OCEANIA

Table 7: Key Performance Indicators – Oceania

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	99.2%	3.4%	34,228	34,502
Visitor Spending (\$mil)*	89.3%	-8.6%	84.9	95.1
Visitor Days	98.6%	1.4%	320,565	325,131
Daily Spend (\$pppd)	90.6%	-9.8%	264.8	292.4
Airlift (scheduled seats)	100.0%	-0.2%	44,633	44,633

DBEDT Forecasts (Quarter 4 2018), Excludes Supplemental Business Expenditures

- Arrivals from Oceania increased (+3.4%) compared to January 2018, with growth in arrivals from New Zealand (+16.9% to 5,501) and Australia (+1.1% to 28,727). However, lower daily spending (-9.8% to \$265 per person) led to a decrease in total spending by Oceania visitors (-8.6% to \$84.9 million) year over year.
- The trend for the Australian dollar over the past year has been down, which will influence consumer travel decisions. In January the AUD hovered around USD\$0.72.
- GDP growth for Australia is forecast at 3% for 2019 and 2020, supported by substantial activity in public spending, business investment and exports.
- There has been an increase in the number of flights available from Australia to U.S. destinations, resulting in very competitive fares and providing travelers with more choice on where to holiday in the USA.
- The New Zealand economy is predicted to see GDP growth of between 2.5% and 3.5% over the next few years.
- After a long period of stability, the New Zealand dollar weakened against the USD during 2018 but rallied towards the latter part of the year. The NZD began 2019 at US\$0.67.

EUROPE

Table 8: Key Performance Indicators – Europe

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	98.5%	2.5%	7,807	7,926
Visitor Spending (\$mil)*	75.6%	-14.0%	18.8	24.8
Visitor Days	96.9%	1.9%	115,418	119,066
Daily Spend (\$pppd)	78.0%	-15.6%	162.7	208.5
Airlift (scheduled seats)	NA	NA	NA	NA

DBEDT Forecasts (Quarter 4 2018), Excludes Supplemental Business Expenditures

- Combined visitor arrivals from Europe (United Kingdom, France, Germany, Italy and Switzerland) increased (+2.5% to 7,807) in January 2019 compared to a year ago.
- Despite Brexit uncertainty, households' assessment of their personal finances improved due to falling inflation and higher wages and employment.
- Consumer confidence started the year on a stronger note than previously estimated, with the GfK Group Consumer Climate index revised upwards from 10.4 to 10.5 in January.
- The Swiss consumer confidence index rose to -4 in the first quarter of 2019 from -6 in the previous period and slightly above market expectations of -5.
- French consumer confidence indicator rose to 91 in January 2019, from 86 in December and beating market expectation of 88.
- According to the World Tourism Organization, there were 1.4 billion arrivals of international tourists in 2018, a growth of 6 percent. For 2019, the number of international tourists' arrival is estimated to increase by 3 or 4 percent.

CHINA

Table 9: Key Performance Indicators – China

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	71.8%	-21.0%	9,129	12,719
Visitor Spending (\$mil)*	56.4%	-29.9%	24.7	43.8
Visitor Days	65.8%	-17.3%	82,052	124,672
Daily Spend (\$pppd)	85.6%	-15.3%	301.2	351.6
Airlift (scheduled seats)	100.0%	-16.8%	10,935	10,935

DBEDT Forecasts (Quarter 4 2018), Excludes Supplemental Business Expenditures

- In January 2019, visitor spending declined (-29.9% to \$24.7 million) as a result of decreased arrivals (-21.0% to 9,129 visitors) and lower daily spending (-15.3% to \$301 per person) compared to January 2018.
- The share of China's GDP in the world economy was 17 percent or U.S. \$13.6 billion in 2018, maintaining second place after the U.S. The Chinese economy expanded 6.6 percent year over year in 2018, above the official target of 6.5 percent. For the second half of 2018, the Chinese economy grew by 6.5 percent which decreased by 0.3 percent from the first half of 2018 due to the escalating trade tariff disputes between the U.S. and China.
- As reported by the China Tourism Academy, outbound tourism recorded 140 million trips at the end of 2018, an increase of 13.5 percent compared to 2017. Chinese travelers' outbound trips will increase to 148 million in 2019 according to Mckinsey China's forecast.
- As of February 2019, a total of 72 destinations/countries offer Chinese visitor's visa waivers or visas upon arrival to entice the market. Many competing destinations have loosened up their visa policies for Chinese travelers.
- Competition continues to intensify as countries and the continental U.S. destinations invest heavily on accessing the China market. The overall increase in airlift from Tier 1 and Tier 2 China cities to the continental U.S. has increased convenience and destination offerings to Chinese travelers, raising competition to the Hawaiian Islands.
- The new Daxing International Airport in Beijing will kick-start its operations in September 2019. Meanwhile, Shanghai is planning to build a 3rd airport in Jiangsu province after

Hongqiao and Pudong international airport, bringing more travel options for tourists traveling to Hawai'i.

- Hawai'i ranked 2nd among outbound tourism destinations for Chinese Luxury travelers, according to the latest joint report by Hurun Report and International Luxury Travel Market (ILTM). HTC 2019 Marketing strategy continues to target more sophisticated and high-end and high spend travelers.

KOREA

Table 10: Key Performance Indicators – Korea

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	80.8%	-26.8%	21,897	27,108
Visitor Spending (\$mil)*	83.8%	-28.9%	46.2	55.1
Visitor Days	82.8%	-20.9%	183,905	222,130
Daily Spend (\$pppd)	101.2%	-10.2%	251.0	248.1
Airlift (scheduled seats)	100.0%	-22.4%	33,610	33,610

DBEDT Forecasts (Quarter 4 2018), Excludes Supplemental Business Expenditures

- In January 2019, visitor spending decreased (-28.9% to \$46.2 million) from a year ago. Arrivals were down (-26.8% to 21,897 visitors) and daily spending declined (-10.2% to \$251 per person) compared to January 2018.
- The Central Bank trimmed its outlook for the Korean economy this year as a combination of a slowdown in the global economy, weaker-than-expected exports and trade disputes take their toll. The Bank of Korea (BOK) cut its projection for GDP growth by 0.1 percent to 2.6 percent and estimated 2020's growth at the same level. Increasing uncertainties, especially outside Korea, were cited as primary factors. The Korean economy grew 2.7 percent year-on-year in 2018, retreating from the 3.1 percent gain in 2017 to its slowest economic advance since 2012.
- The average USD/WON exchange rate in January was 1,120.44 won, a slight decrease from the previous rate of 1,123.52 won in December 2018. Fuel surcharges were imposed in January up to 98,400 won (\$87) for a round trip between Korea and the U.S.
- Jin Air, Korean Air, and Asiana Airlines reduced capacity in 2018 mainly due to corporate management issues, having a direct effect on international routes. Hawaiian Airlines, the sole foreign carrier, temporarily increased its flight frequency to daily from January 14 to February 6, 2019. Asiana Airlines will have temporary daily flights from April 30 to May 18, 2019. Jin Air will suspend flights from March 3 to mid-July 2019, and from October to December 2019.
- HTK partnered with: 1) Korean Air on a "Luxury Hawai'i" promotional campaign; 2) Asiana Airlines for an online and home shopping promotion; 3) Jin Air to support the airline's return from December 29; and Hawaiian Airlines with their daily flight promotion.
- HTK continues to promote the individual Hawaiian Islands in efforts to increase island distribution by collaborating with key airline partners and tour operators.

TAIWAN

Table 11: Key Performance Indicators – Taiwan

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	121.2%	24.5%	2,100	1,732
Visitor Spending (\$mil)*	141.0%	46.7%	5.7	4.0
Visitor Days	161.3%	56.9%	22,050	13,669
Daily Spend (\$pppd)	87.4%	-6.5%	256.4	293.3
Airlift (scheduled seats)	100.0%	0.0%	2,754	2,754

DBEDT Forecasts (Quarter 4 2018), Excludes Supplemental Business Expenditures

- Visitor arrivals from Taiwan increased in January 2019 (+24.5% to 2,100) versus a year ago.
- Taiwan's GDP growth for 2018 closed at 2.6 percent, slightly lower than its previous forecast of 2.7 percent according to Directorate General of Budget, Accounting and Statistics. Taiwan's government further trimmed its 2019 economic growth to 2.3 percent due to slowing global expansion and trade tensions between China and the U.S. The unemployment rate for 2018 was 3.7 percent, the lowest in the past 18 years.
- Currency exchange rate fluctuations play a critical role in Taiwanese consumers' decision-making in oversea travel destination and spending. In 2018, due to favorable currency exchange rate, Australia and New Zealand experienced double- and triple-digit growths (14.6% and 205.3%, respectively) in visitor arrivals in 2018, impacting the long-haul outbound travel to Hawai'i and the U.S.
- China Airlines will add one more direct flight providing a total of three weekly flights between Taipei and Honolulu starting May 2019.
- In January, HTT has been working with the leading fitness clothing brand Roxy and fitness studio/gym True Yoga to launch its Yoga with Aloha campaign featuring a social media yoga challenge and an offline yoga class. The Yoga with Aloha campaign will run from January 14th to March 10th.

LATIN AMERICA

Table 122: Key Performance Indicators – Latin America

	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	82.7%	-23.4%	2,459	2,975
Visitor Spending (\$mil)*	130.1%	42.4%	7.8	6.0
Visitor Days	87.1%	-20.9%	29,616	33,997
Daily Spend (\$pppd)	149.3%	79.9%	263.8	176.7
Airlift (scheduled seats)	NA	NA	NA	NA

DBEDT Forecasts (Quarter 4 2018), Excludes Supplemental Business Expenditures

- Visitor arrivals from Mexico, Brazil and Argentina declined (-23.4% to 2,459) in January 2019 versus last year.

Island Distribution

- **O'ahu:** Visitor spending increased (+6.7% to \$706.4 million) in January 2019 year-over-year. While total visitor days rose 7.8 percent, daily spending dropped slightly (-1.0% to \$193 per person) compared to last January. Arrivals were up 6.8 percent to 491,922 visitors. The average daily census rose 7.8 percent to 117,825 visitors.
- **Maui:** Visitor spending decreased (-13.8% to \$472.6 million) in January 2019. There was no growth in visitor days, and daily spending (-13.8% to \$218 per person) was lower compared to January 2018. Arrivals increased 1.2 percent to 233,320 visitors. The average daily census showed 69,800 visitors in January, virtually unchanged from a year ago.
- **Island of Hawai'i:** Visitor spending decreased in January (-5.5% to \$253.4 million) due to a decline in visitor days (-6.0%). Daily spending was slightly higher (+0.6% to \$191 per person) compared to a year ago. Total arrivals were down 6.5 percent to 148,126 visitors. The average daily census decreased 6.0 percent to 42,721 visitors.
- **Kaua'i:** Visitor spending declined in January (-7.8% to \$176.4 million) as a result of decreased visitor days (-4.4%) and lower daily spending (-3.5% to \$191 per person) compared to last January. Arrivals were down 2.9 percent to 106,064 visitors. The average daily census dropped 4.4 percent to 29,761 visitors.

HTA Key Performance Indicators Dashboard

Forecasts as of Q4 2018

Hawai'i Tourism Authority Report Date: **Jan-19** Preliminary

Visitor Industry Performance Measures

Market: **OVERALL**

Key Performance Indicators

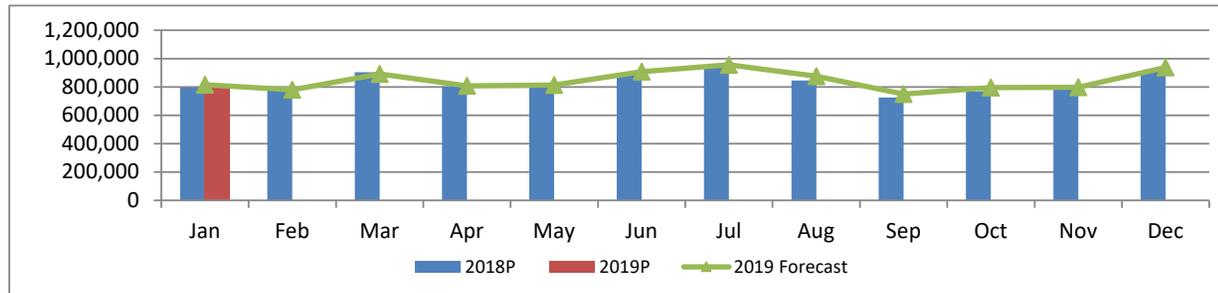
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➔ 100.6%	3.0%	820,621	815,325
Visitor Spending (\$mil)*	⬇️ 91.5%	-3.8%	1,624.4	1,775.4
Visitor Days	⬇️ 97.7%	1.6%	8,174,042	8,365,740
Daily Spend (\$pppd)	⬇️ 93.6%	-5.3%	198.7	212.2
Airlift (scheduled seats)	➔ 100.0%	1.1%	1,128,387	1,128,387

Arrivals	YOY Rate	YTD
O'ahu	6.8%	491,922
Maui	1.2%	233,320
Moloka'i	8.7%	5,699
Lāna'i	1.8%	6,351
Kaua'i	-2.9%	106,064
Hawai'i Island	-6.5%	148,126

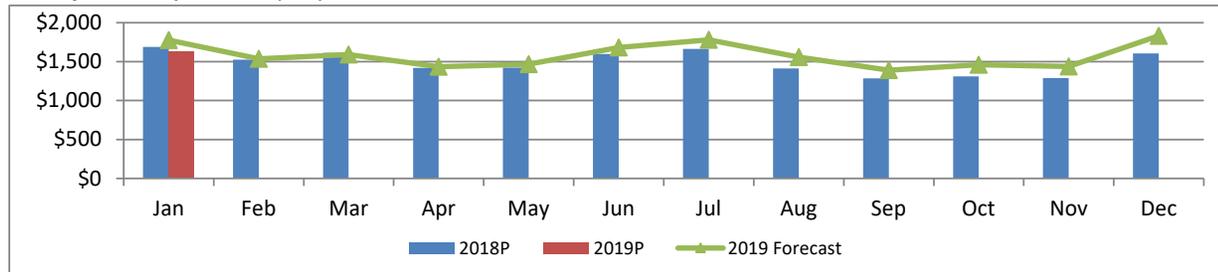
*DBEDT Forecasts as of Q4 2018

Monthly Indicators

Monthly Arrivals

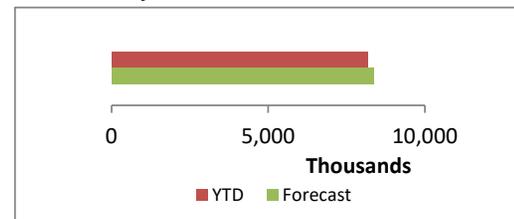


Monthly Visitor Expenditures (\$mil)

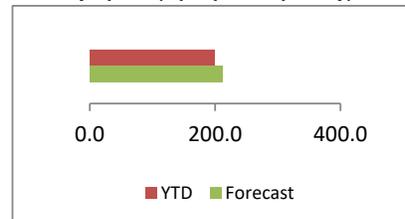


Annual Indicators

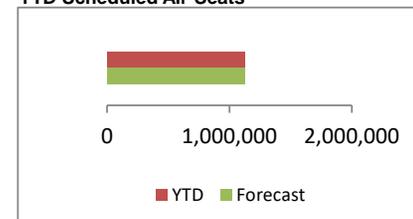
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of Q4 2018

Hawai'i Tourism Authority Report Date: **Jan-19** Preliminary

Visitor Industry Performance Measures

Market: **U.S. TOTAL**

Key Performance Indicators

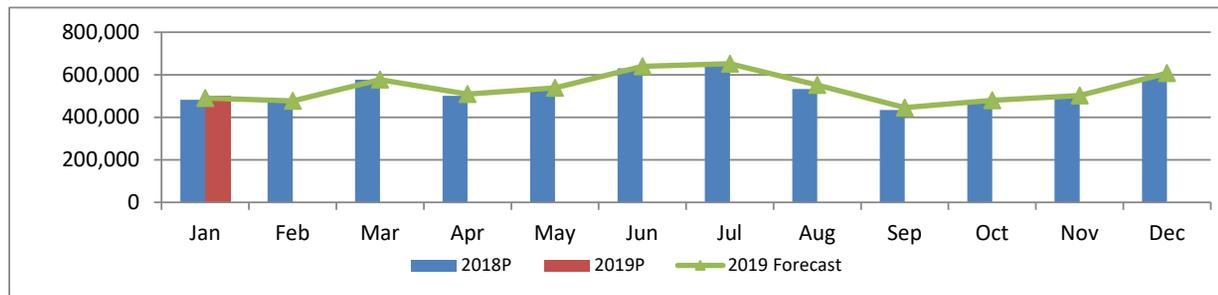
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	👉 101.9%	3.7%	500,068	490,504
Visitor Spending (\$mil)*	👇 93.5%	-2.0%	1,019.4	1,090.2
Visitor Days	👇 97.7%	0.6%	5,222,958	5,344,248
Daily Spend (\$pppd)	👇 95.7%	-2.6%	195.2	204.0
Airlift (scheduled seats)	👉 100.0%	0.9%	763,632	763,632

Arrivals	YOY Rate	YTD
O'ahu	8.3%	240,018
Maui	0.7%	170,697
Moloka'i	8.6%	3,886
Lāna'i	-0.4%	4,224
Kaua'i	-4.9%	82,845
Hawai'i Island	-6.5%	97,679

*DBEDT Forecasts as of Q4 2018

Monthly Indicators

Monthly Arrivals

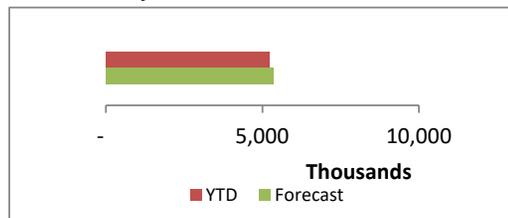


Monthly Visitor Expenditures (\$mil)

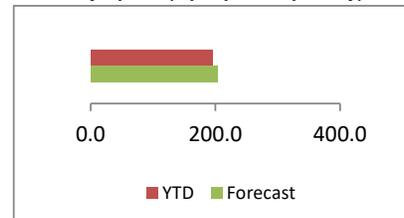


Annual Indicators

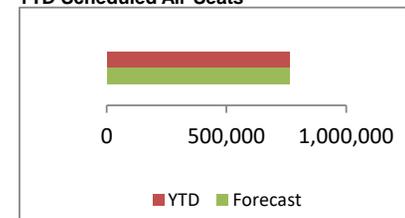
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of Q4 2018

Hawai'i Tourism Authority Report Date: **Jan-19** Preliminary

Visitor Industry Performance Measures

Market: **U.S. WEST**

Key Performance Indicators

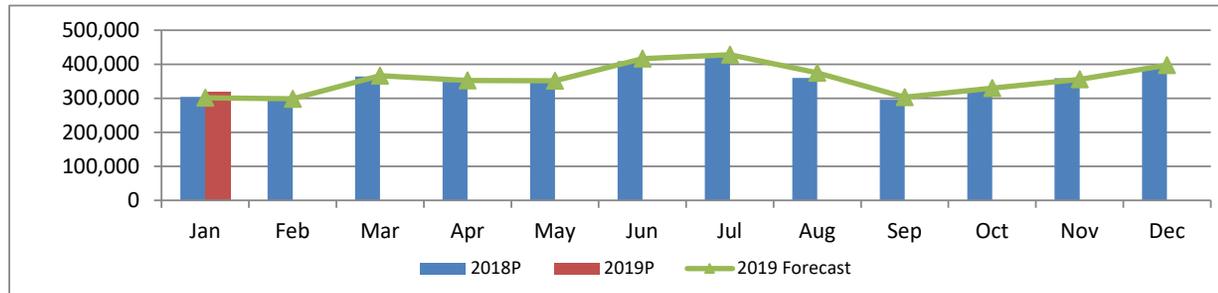
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↑ 105.6%	4.5%	317,890	301,108
Visitor Spending (\$mil)*	↓ 93.2%	-5.4%	557.8	598.2
Visitor Days	→ 100.4%	0.1%	3,098,386	3,086,645
Daily Spend (\$pppd)	↓ 92.9%	-5.4%	180.0	193.8
Airlift (scheduled seats)	→ 100.0%	1.5%	668,288	668,288

Arrivals	YOY Rate	YTD
O'ahu	10.0%	140,630
Maui	1.7%	104,290
Moloka'i	11.8%	2,333
Lāna'i	4.6%	2,196
Kaua'i	-5.7%	48,355
Hawai'i Island	-2.6%	60,201

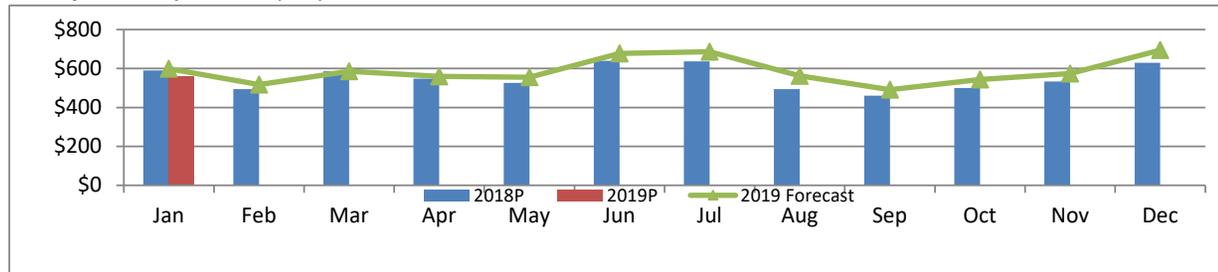
*DBEDT Forecasts as of Q4 2018

Monthly Indicators

Monthly Arrivals

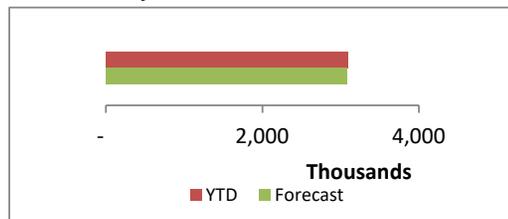


Monthly Visitor Expenditures (\$mil)

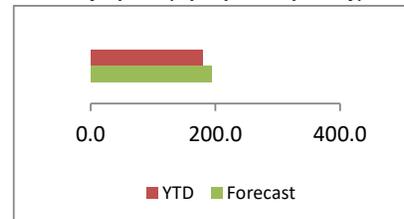


Annual Indicators

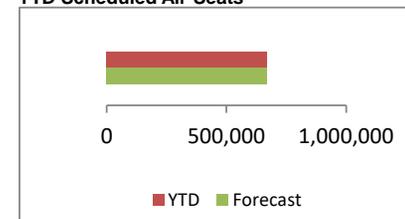
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of Q4 2018

Hawai'i Tourism Authority Report Date: **Jan-19** Preliminary

Visitor Industry Performance Measures

Market: **U.S. EAST**

Key Performance Indicators

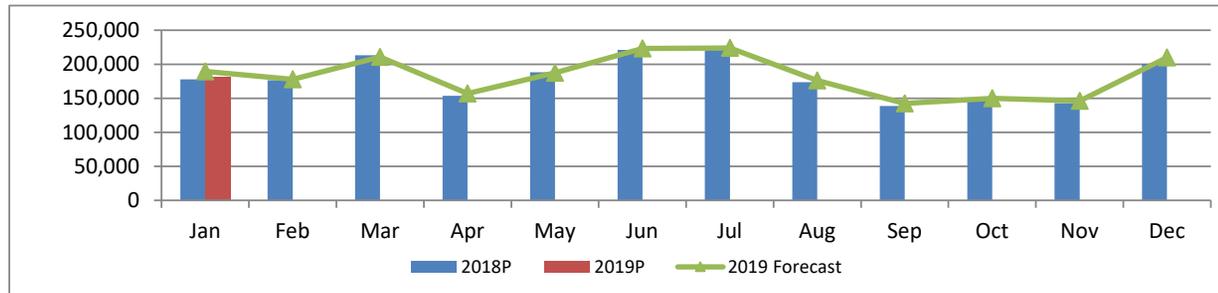
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 96.2%	2.4%	182,177	189,396
Visitor Spending (\$mil)*	↓ 93.8%	2.4%	461.6	492.0
Visitor Days	↓ 94.1%	1.5%	2,124,571	2,257,604
Daily Spend (\$pppd)	→ 99.7%	1.0%	217.3	217.9
Airlift (scheduled seats)	→ 100.0%	-2.9%	95,344	95,344

Arrivals	YOY Rate	YTD
O'ahu	5.9%	99,388
Maui	-0.8%	66,407
Moloka'i	4.1%	1,553
Lāna'i	-5.2%	2,028
Kaua'i	-3.8%	34,490
Hawai'i Island	-12.0%	37,477

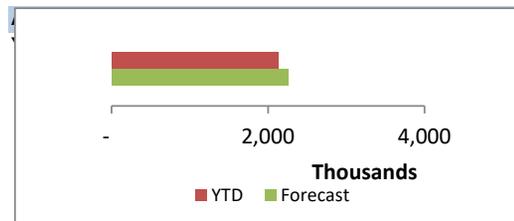
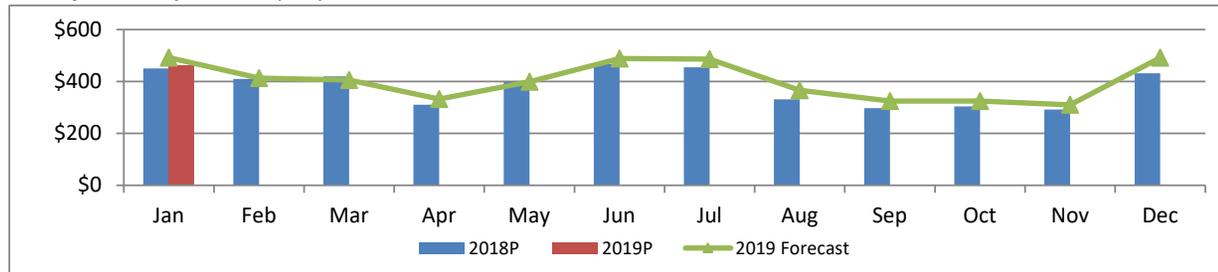
*DBEDT Forecasts as of Q4 2018

Monthly Indicators

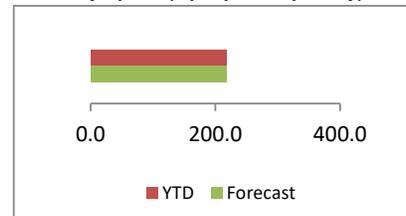
Monthly Arrivals



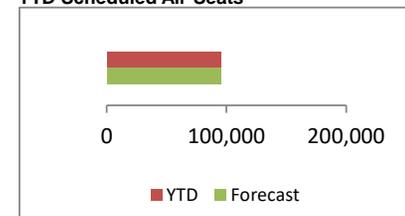
Monthly Visitor Expenditures (\$mil)



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of Q4 2018

Hawai'i Tourism Authority Report Date: **Jan-19** Preliminary

Visitor Industry Performance Measures

Market: **CANADA**

Key Performance Indicators

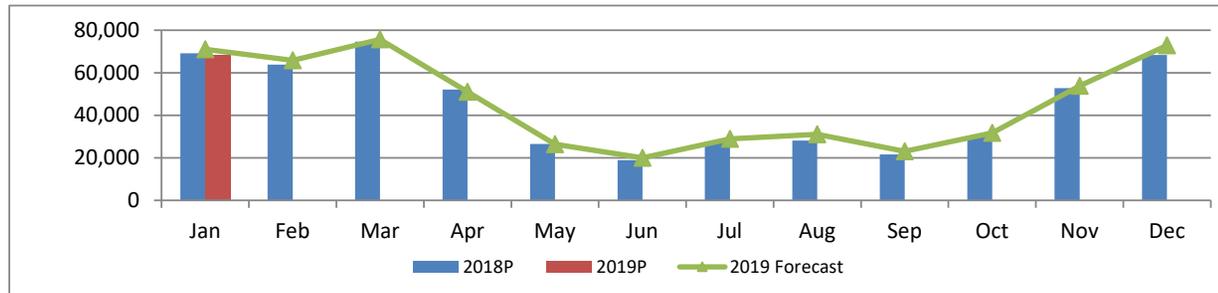
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 96.3%	-1.0%	68,462	71,073
Visitor Spending (\$mil)*	↓ 91.8%	-2.1%	167.6	182.6
Visitor Days	↓ 96.5%	0.2%	976,857	1,011,897
Daily Spend (\$pppd)	↓ 95.1%	-2.3%	171.6	180.4
Airlift (scheduled seats)	→ 100.0%	10.9%	72,049	72,049

Arrivals	YOY Rate	YTD
O'ahu	2.2%	26,250
Maui	-2.4%	33,897
Moloka'i	-14.0%	485
Lāna'i	10.1%	946
Kaua'i	-0.6%	10,671
Hawai'i Island	-4.7%	14,246

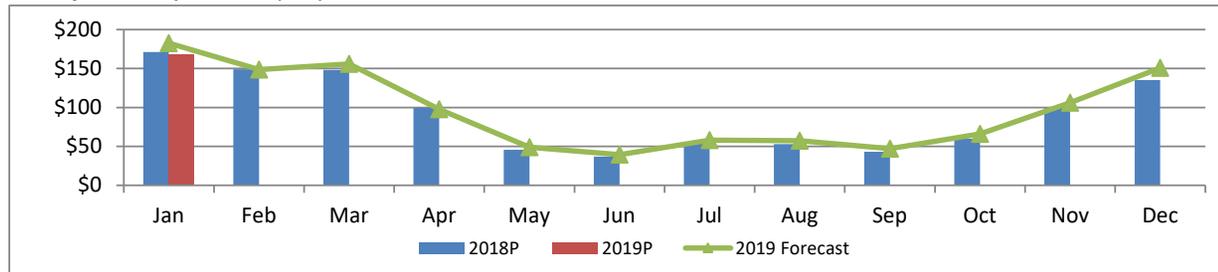
*DBEDT Forecasts as of Q4 2018

Monthly Indicators

Monthly Arrivals

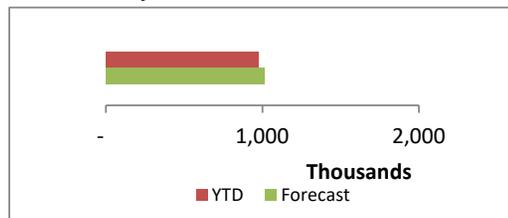


Monthly Visitor Expenditures (\$mil)

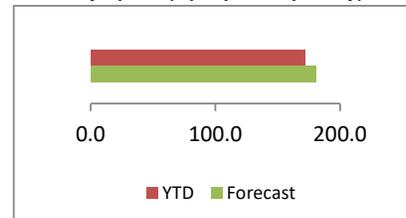


Annual Indicators

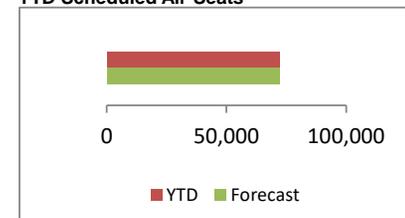
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of Q4 2018

Hawai'i Tourism Authority Report Date: **Jan-19** Preliminary

Visitor Industry Performance Measures

Market: **JAPAN**

Key Performance Indicators

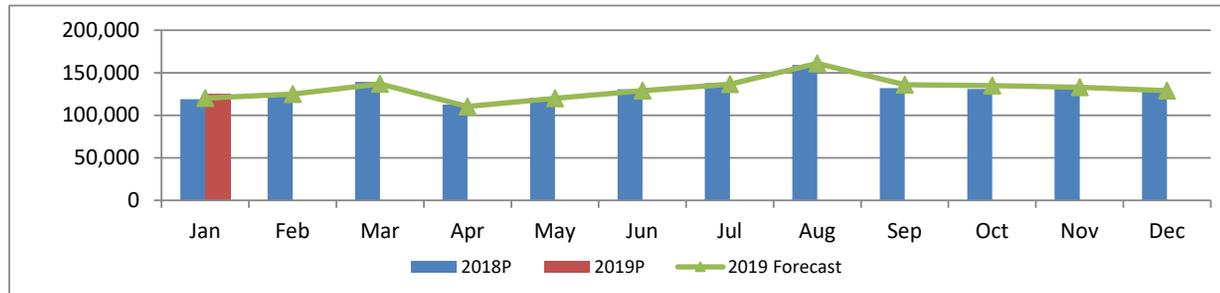
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↑ 104.3%	5.7%	125,504	120,321
Visitor Spending (\$mil)*	↓ 92.7%	-6.5%	179.4	193.5
Visitor Days	↑ 105.4%	5.4%	753,714	715,301
Daily Spend (\$pppd)	↓ 88.0%	-11.3%	238.1	270.5
Airlift (scheduled seats)	→ 100.0%	5.9%	174,100	174,100

Arrivals	YOY Rate	YTD
O'ahu	9.2%	120,724
Maui	-6.7%	4,667
Moloka'i	-65.4%	47
Lāna'i	-9.9%	74
Kaua'i	21.1%	2,547
Hawai'i Island	-20.0%	12,121

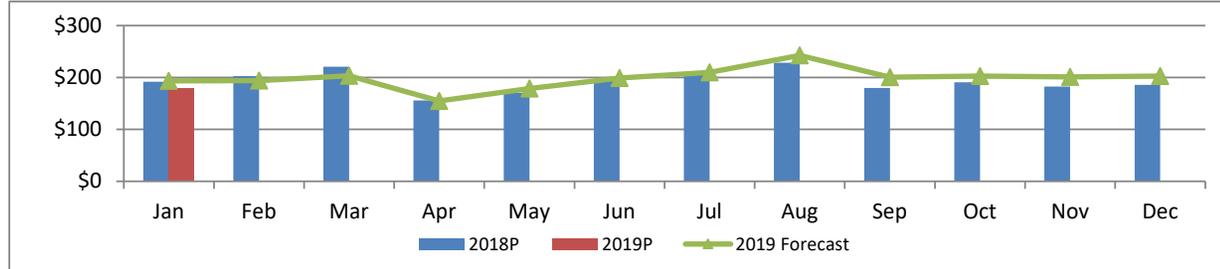
*DBEDT Forecasts as of Q4 2018

Monthly Indicators

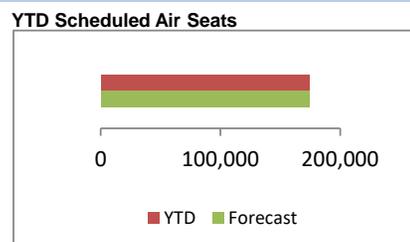
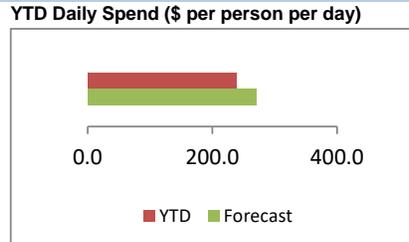
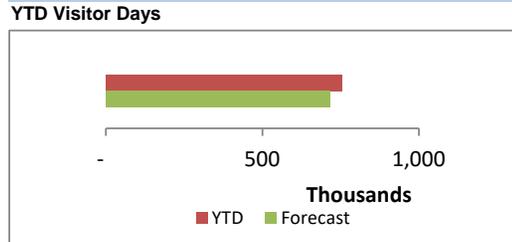
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of Q4 2018

Hawai'i Tourism Authority Report Date: **Jan-19** Preliminary

Visitor Industry Performance Measures

Market: **CHINA**

Key Performance Indicators

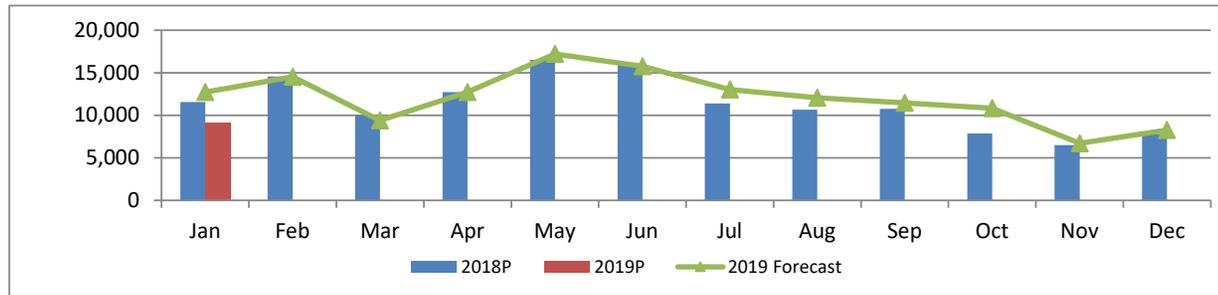
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 71.8%	-21.0%	9,129	12,719
Visitor Spending (\$mil)*	↓ 56.4%	-29.9%	24.7	43.8
Visitor Days	↓ 65.8%	-17.3%	82,052	124,672
Daily Spend (\$pppd)	↓ 85.6%	-15.3%	301.2	351.6
Airlift (scheduled seats)	⇒ 100.0%	-16.8%	10,935	10,935

Arrivals	YOY Rate	YTD
O'ahu	-21.6%	8,833
Maui	-14.5%	2,389
Moloka'i	71.1%	64
Lāna'i	-58.1%	81
Kaua'i	92.6%	476
Hawai'i Island	-21.6%	3,718

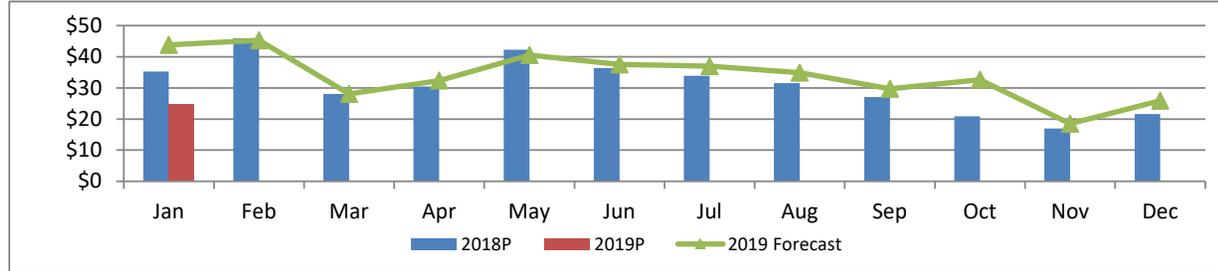
*DBEDT Forecasts as of Q4 2018

Monthly Indicators

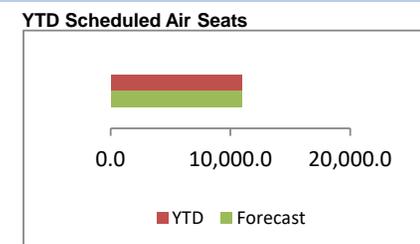
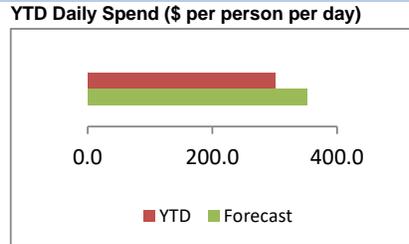
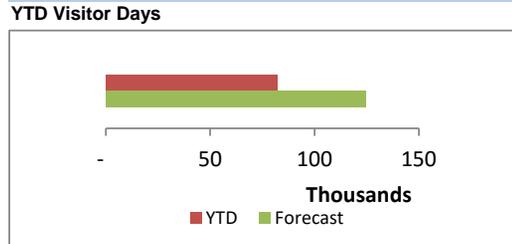
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of Q4 2018

Hawai'i Tourism Authority Report Date: **Jan-19** Preliminary

Visitor Industry Performance Measures

Market: **KOREA**

Key Performance Indicators

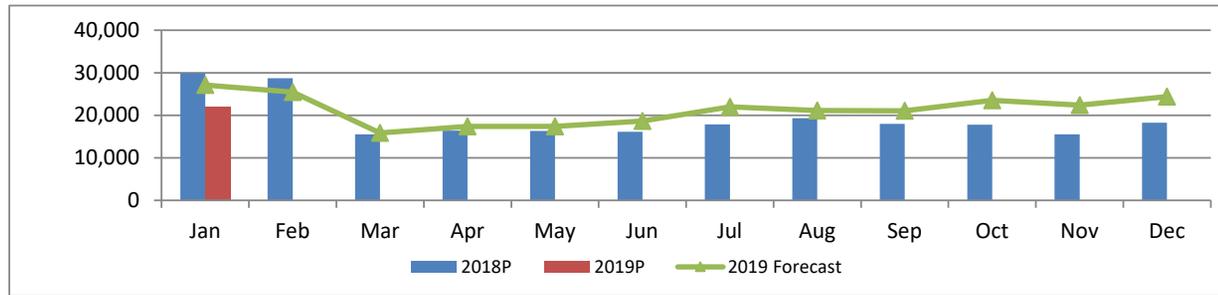
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 80.8%	-26.8%	21,897	27,108
Visitor Spending (\$mil)*	↓ 83.8%	-28.9%	46.2	55.1
Visitor Days	↓ 82.8%	-20.9%	183,905	222,130
Daily Spend (\$pppd)	↗ 101.2%	-10.2%	251.0	248.1
Airlift (scheduled seats)	↗ 100.0%	-22.4%	33,610	33,610

Arrivals	YOY Rate	YTD
O'ahu	-26.0%	21,604
Maui	-6.0%	2,933
Moloka'i	-27.0%	96
Lāna'i	2168.9%	98
Kaua'i	-35.5%	731
Hawai'i Island	-13.8%	4,021

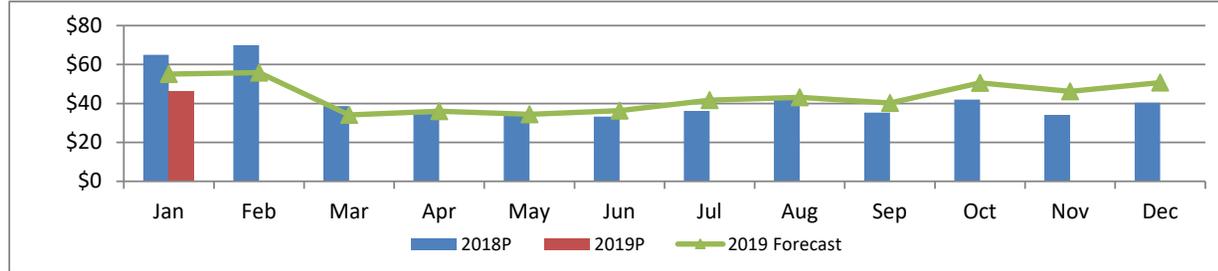
*DBEDT Forecasts as of Q4 2018

Monthly Indicators

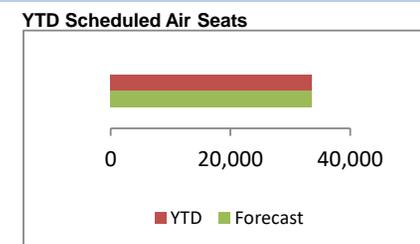
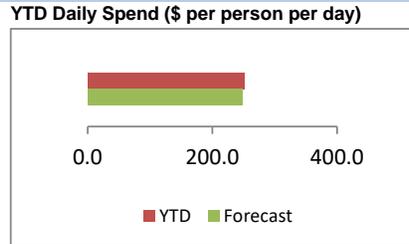
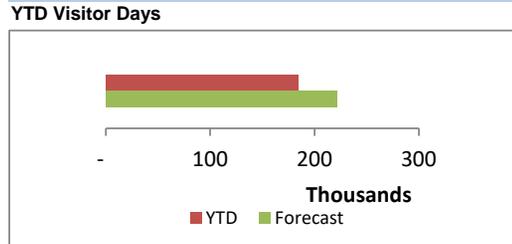
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of Q4 2018

Hawai'i Tourism Authority Report Date: **Jan-19** Preliminary

Visitor Industry Performance Measures

Market: **TAIWAN**

Key Performance Indicators

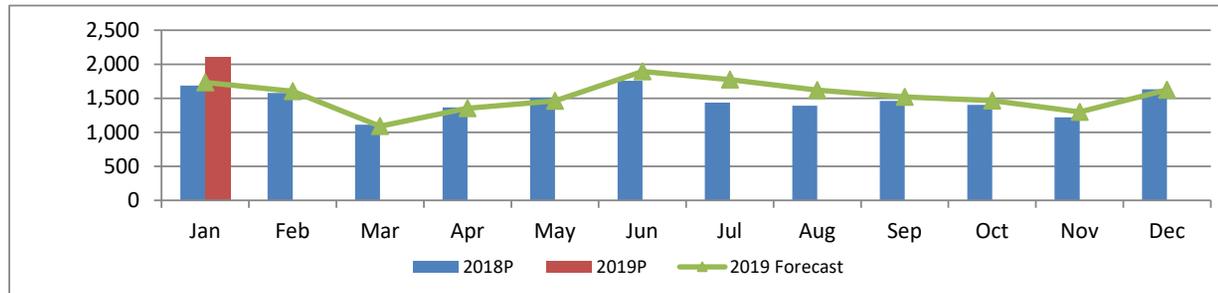
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↑ 121.2%	24.5%	2,100	1,732
Visitor Spending (\$mil)*	↑ 141.0%	46.7%	5.7	4.0
Visitor Days	↑ 161.3%	56.9%	22,050	13,669
Daily Spend (\$pppd)	↓ 87.4%	-6.5%	256.4	293.3
Airlift (scheduled seats)	→ 100.0%	0.0%	2,754	2,754

Arrivals	YOY Rate	YTD
O'ahu	24.6%	2,085
Maui	252.8%	435
Moloka'i	#DIV/0!	-
Lāna'i	#DIV/0!	2
Kaua'i	4092.0%	228
Hawai'i Island	-8.5%	506

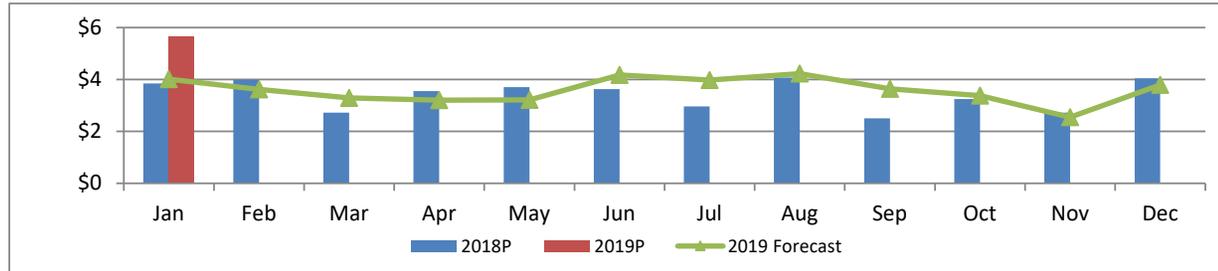
*DBEDT Forecasts as of Q4 2018

Monthly Indicators

Monthly Arrivals

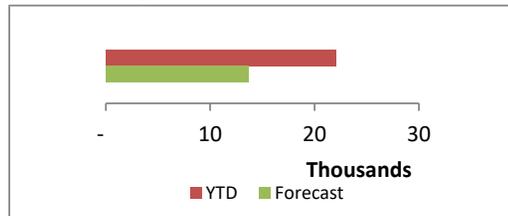


Monthly Visitor Expenditures (\$mil)

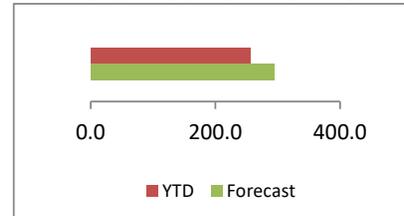


Annual Indicators

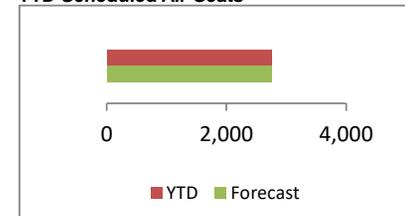
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of Q4 2018

Hawai'i Tourism Authority Report Date: **Jan-19** Preliminary

Visitor Industry Performance Measures

Market: **OCEANIA**

Key Performance Indicators

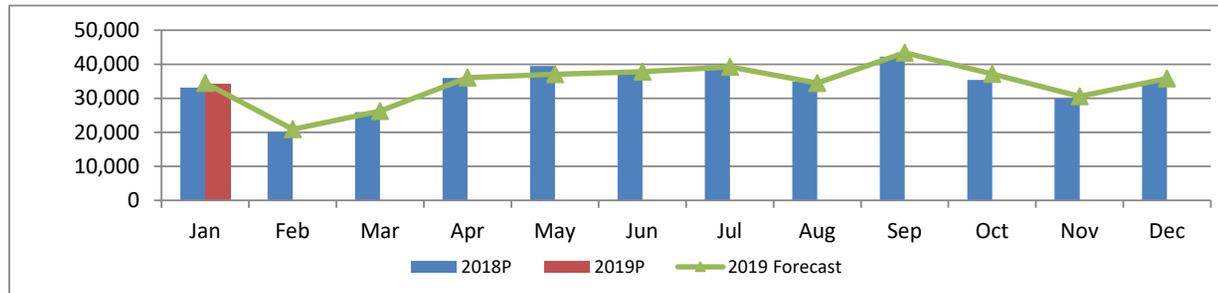
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	➔ 99.2%	3.4%	34,228	34,502
Visitor Spending (\$mil)*	⬇️ 89.3%	-8.6%	84.9	95.1
Visitor Days	➔ 98.6%	1.4%	320,565	325,131
Daily Spend (\$pppd)	⬇️ 90.6%	-9.8%	264.8	292.4
Airlift (scheduled seats)	➔ 100.0%	-0.2%	44,633	44,633

Arrivals	YOY Rate	YTD
O'ahu	2.4%	33,129
Maui	-8.5%	5,128
Moloka'i	61.9%	479
Lāna'i	66.7%	712
Kaua'i	39.1%	3,195
Hawai'i Island	-21.7%	3,311

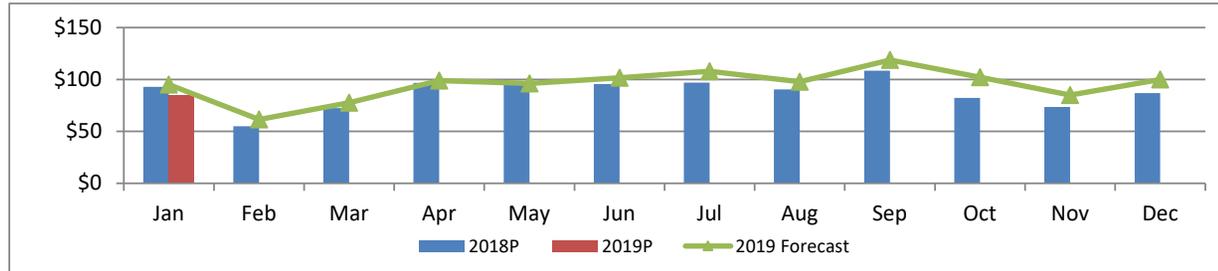
*DBEDT Forecasts as of Q4 2018

Monthly Indicators

Monthly Arrivals

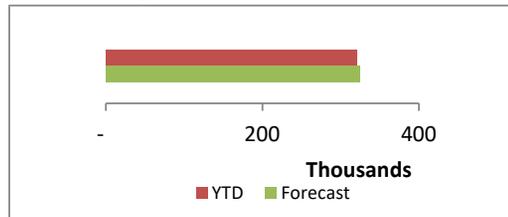


Monthly Visitor Expenditures (\$mil)

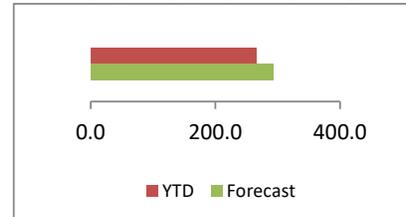


Annual Indicators

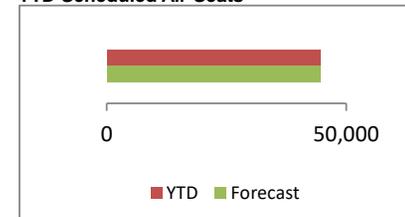
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of Q4 2018

Hawai'i Tourism Authority Report Date: **Jan-19** Preliminary

Visitor Industry Performance Measures

Market: **EUROPE**

Key Performance Indicators

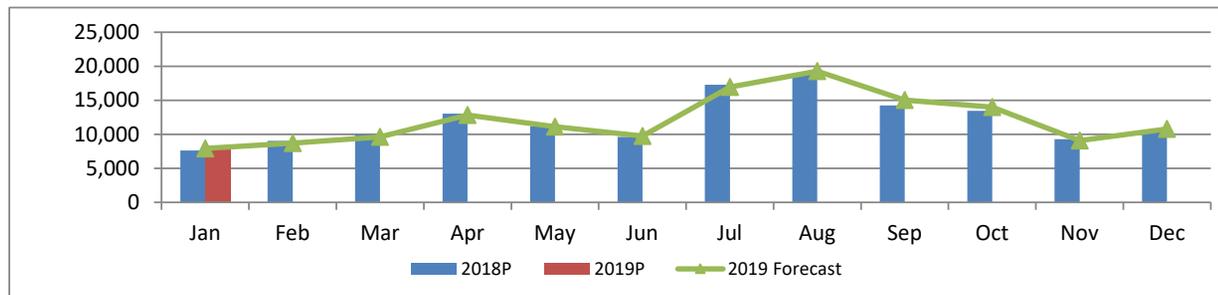
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	👉 98.5%	2.5%	7,807	7,926
Visitor Spending (\$mil)*	👇 75.6%	-14.0%	18.8	24.8
Visitor Days	👇 96.9%	1.9%	115,418	119,066
Daily Spend (\$pppd)	👇 78.0%	-15.6%	162.7	208.5
Airlift (scheduled seats)	NA	NA	NA	NA

Arrivals	YOY Rate	YTD
O'ahu	2.8%	5,984
Maui	31.5%	3,346
Moloka'i	14.2%	128
Lāna'i	-41.2%	67
Kaua'i	26.9%	2,001
Hawai'i Island	-7.7%	2,501

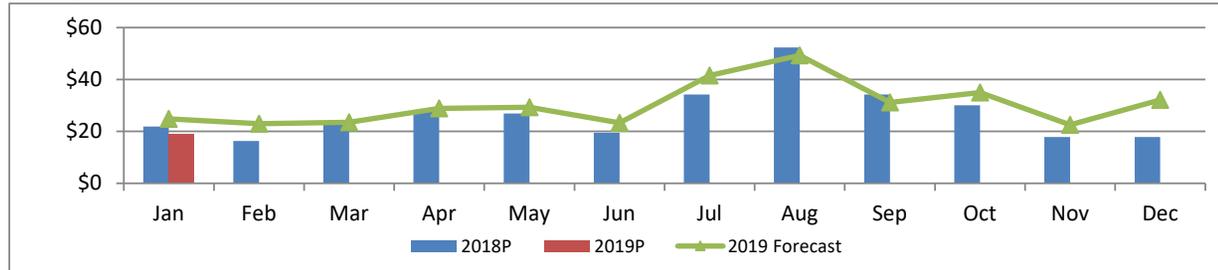
*DBEDT Forecasts as of Q4 2018

Monthly Indicators

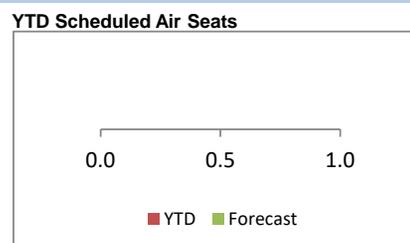
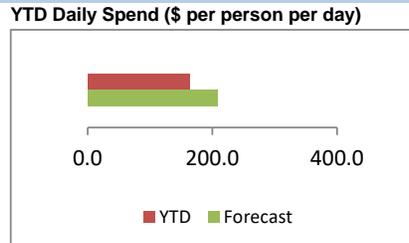
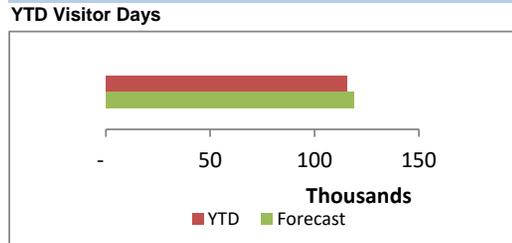
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

Forecasts as of Q4 2018

Hawai'i Tourism Authority Report Date: **Jan-19** Preliminary

Visitor Industry Performance Measures

Market: **LATIN AMERICA**

Key Performance Indicators

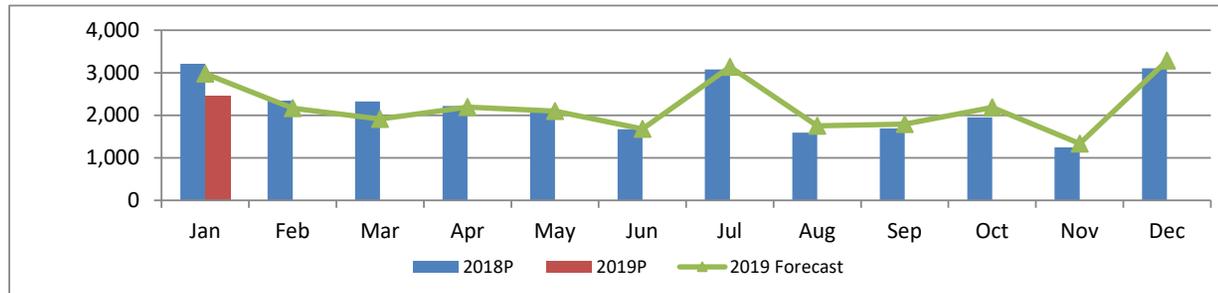
	% of Forecast*	YOY Rate	YTD	Forecast
Arrivals	↓ 82.7%	-23.4%	2,459	2,975
Visitor Spending (\$mil)*	↑ 130.1%	42.4%	7.8	6.0
Visitor Days	↓ 87.1%	-20.9%	29,616	33,997
Daily Spend (\$pppd)	↑ 149.3%	79.9%	263.8	176.7
Airlift (scheduled seats)	NA	NA	NA	NA

Arrivals	YOY Rate	YTD
O'ahu	-24.3%	1,997
Maui	-31.0%	879
Moloka'i	-88.8%	14
Lāna'i	-88.4%	15
Kaua'i	-10.7%	343
Hawai'i Island	-26.2%	413

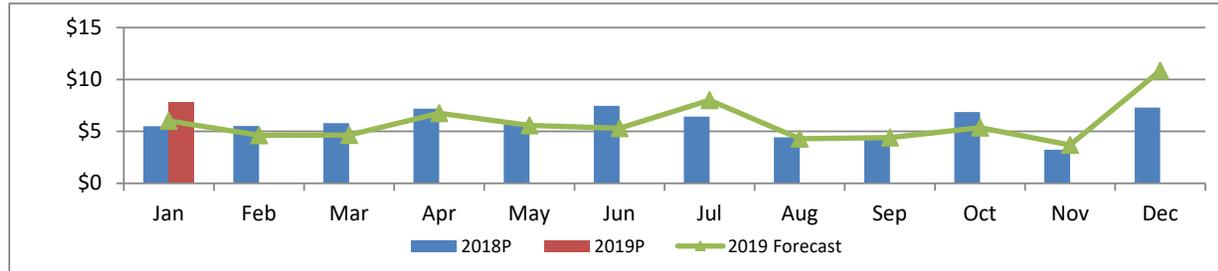
*DBEDT Forecasts as of Q4 2018

Monthly Indicators

Monthly Arrivals

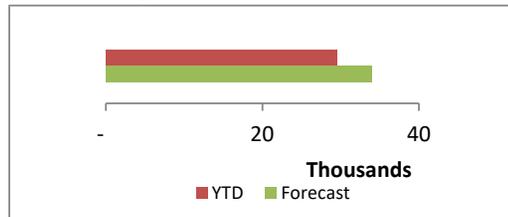


Monthly Visitor Expenditures (\$mil)

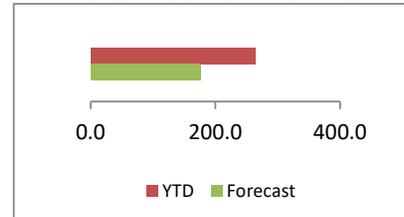


Annual Indicators

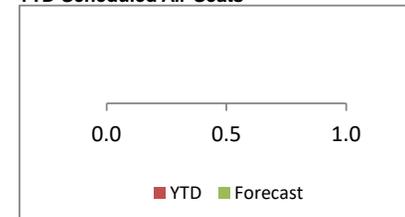
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

Agenda Item

6

**Presentation by the Hawai'i
Climate Change Mitigation
and Adaption Committee
Regarding the Commission's
Work, its Vision and the
Tourism Industry**

Climate Change, Hawaii and HTA

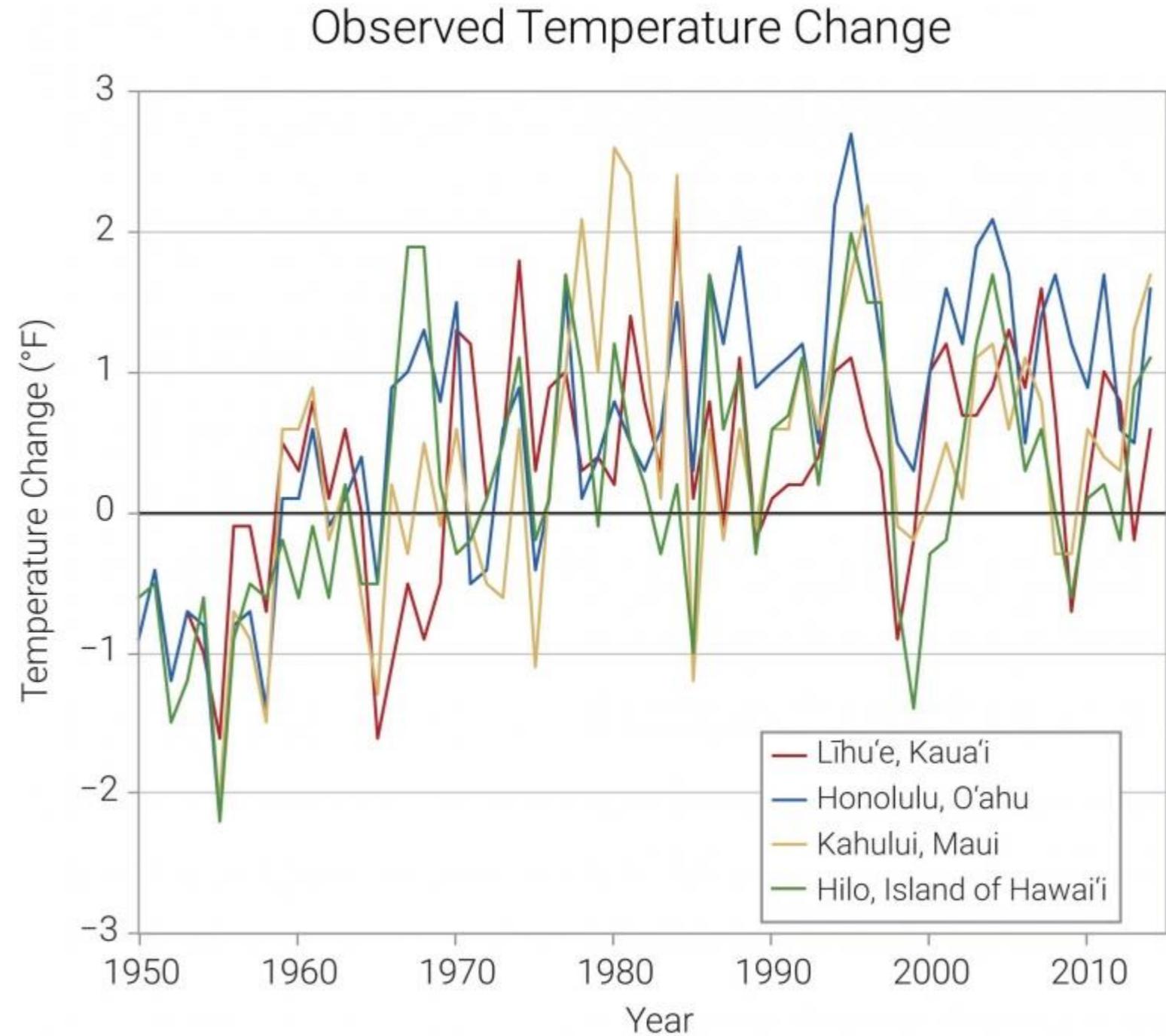


Anu Hittle
Hawaii Climate Change Mitigation and Adaptation Coordinator

Climate Change in Hawaii: What's happening now

Hotter days

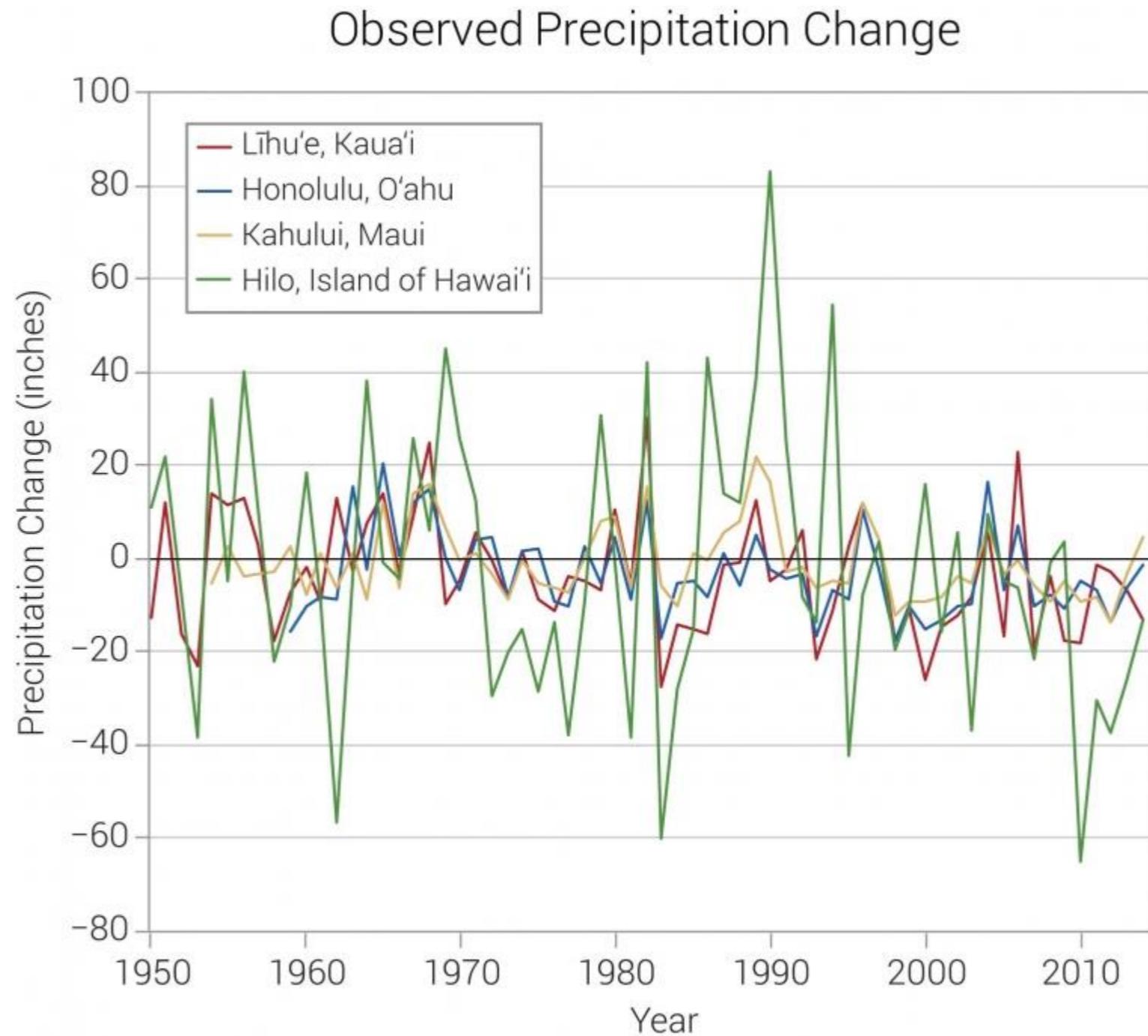
- Temps in HI have increased 2.5 degrees F between 1950-1980.



Climate Change in Hawaii: What's happening now

Precipitation Changes

Drier overall



Climate Change in Hawaii: What's happening now

High tide flooding

Since 1960s, increased from 6 days/year to 11.



Photo: Hawaii news now

Climate Change in Hawaii: projections

Sea Level Rise

- 3+ feet likely in second half of century
- 1-4.3 feet by 2100
- 3 feet by 2060 in extreme scenario

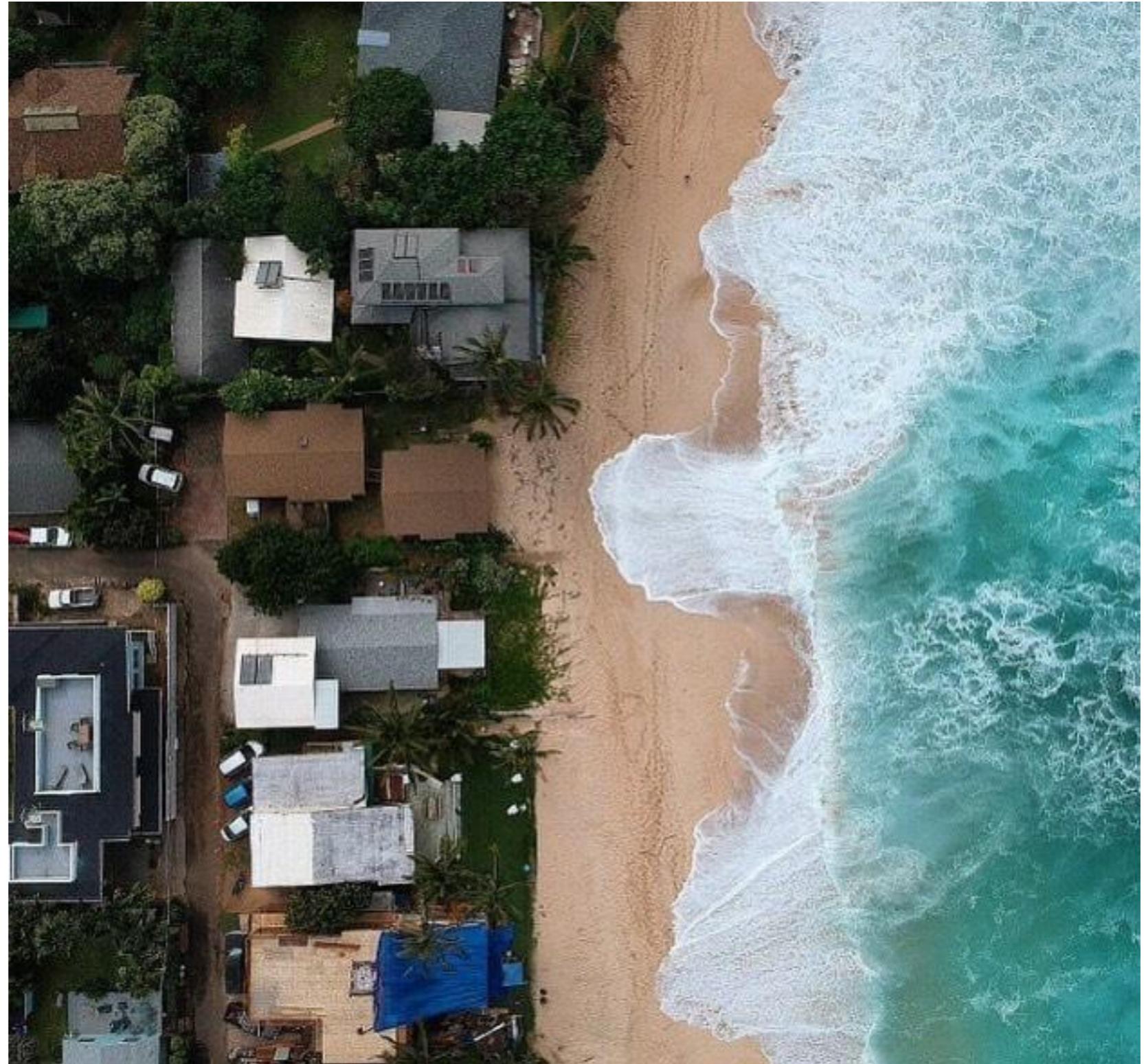
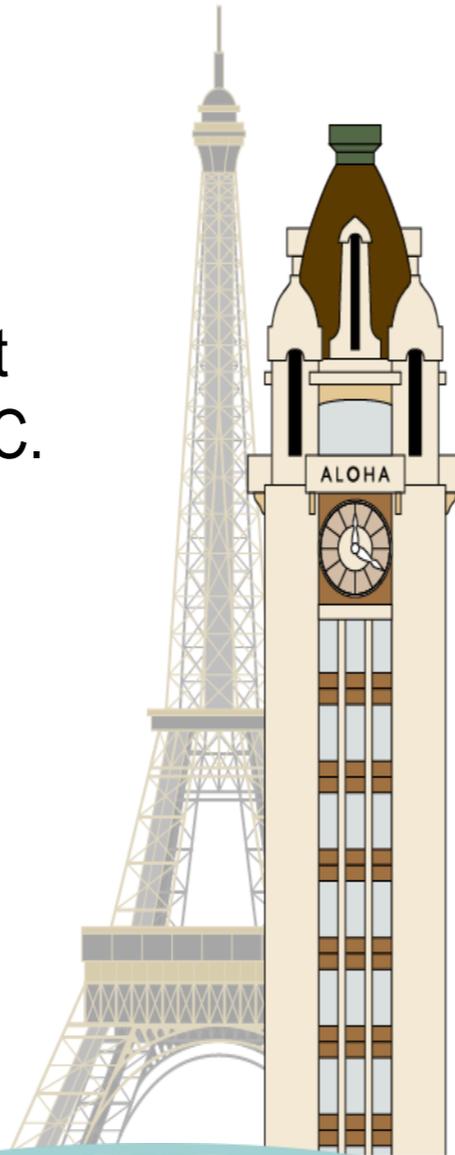


Photo: Lynn Englum, Vanishing Places, Instagram

Paris in Paradise: Hawaii's response

The Paris Agreement

2016: 197 countries agree to limit global temperature rise below 2°C.

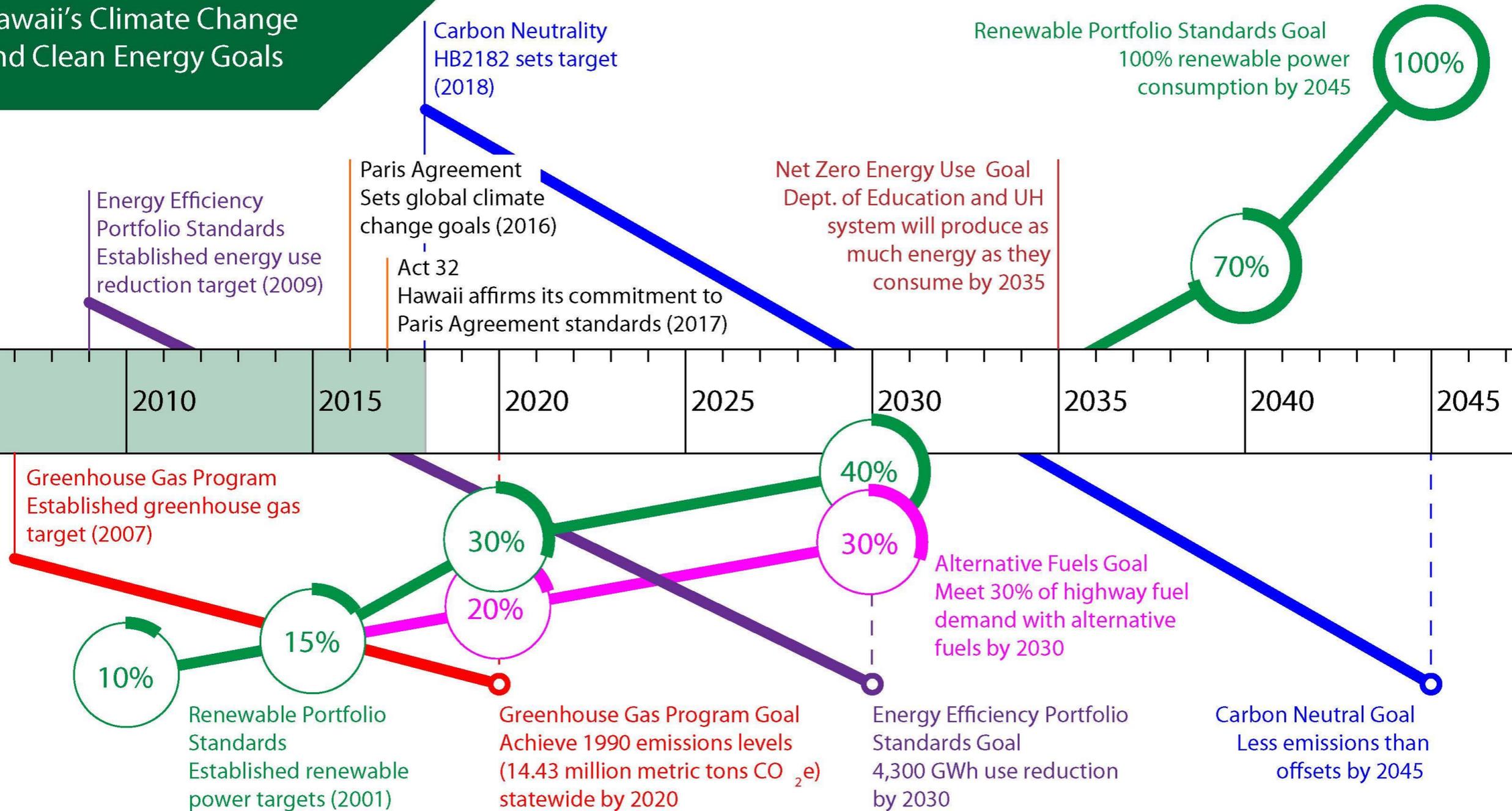


Hawaii's Response—Act 32 and Net Zero

2017: Act 32 affirms the State's commitment to the Paris Agreement goals and establishes the Climate Change Commission.
2018: State of Hawaii has ambitious goals—to become Carbon Neutral by 2045.

Hawaii has a lot of goals:

Hawaii's Climate Change and Clean Energy Goals



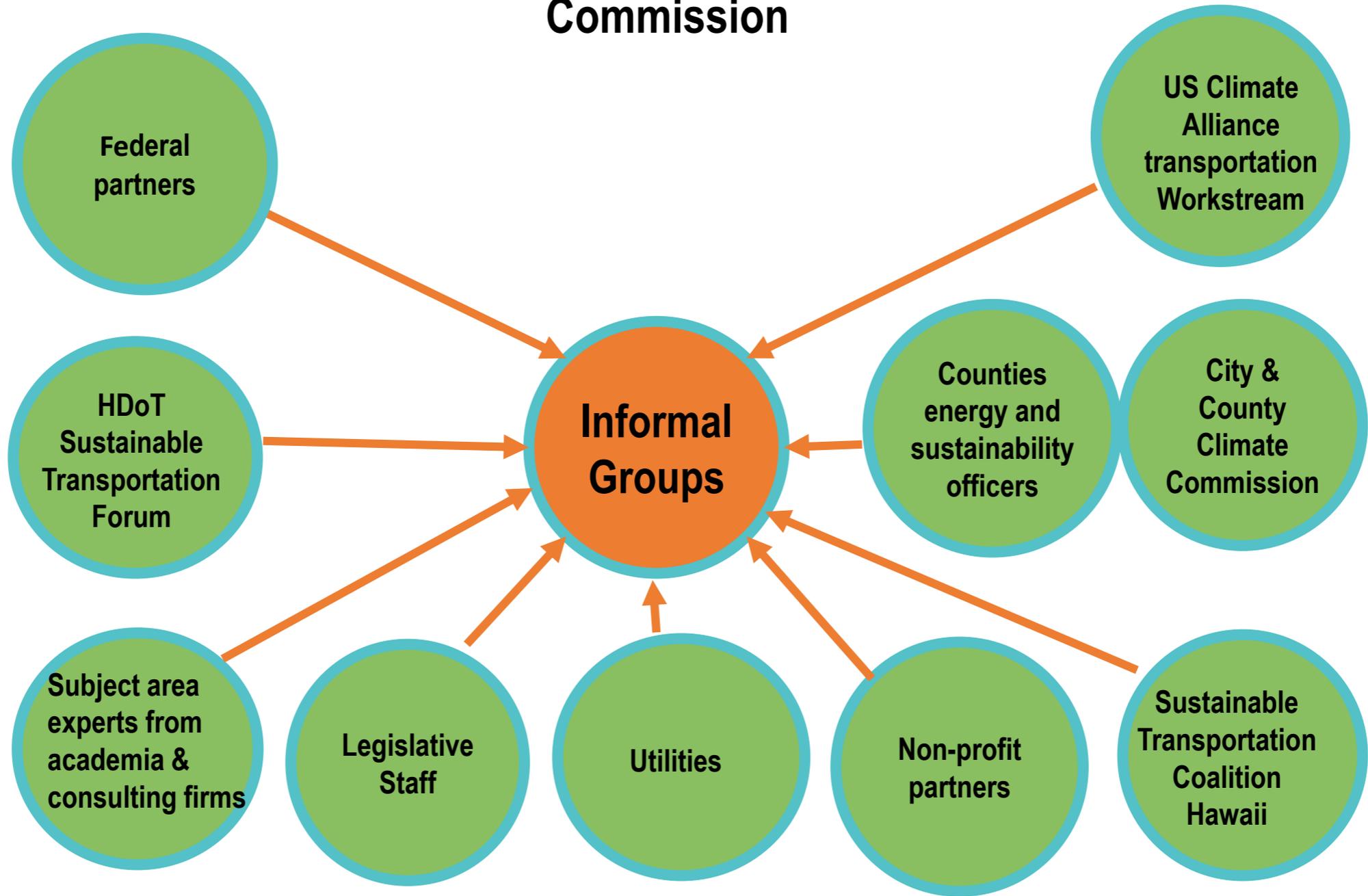
Who is on the Commission?

- 20 members--including HTA
- 2 co-chairs--including DLNR and OP
- 4 legislators
- 4 county planning heads
- 7 directors and chairs of state departments and boards

High level

Multi jurisdictional

Informal Groups: experts support the Climate Change Commission

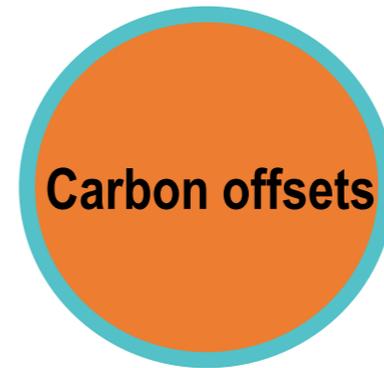


Climate Change Commission: Two pronged approach

Adaptation



**& Greenhouse Gas Sequestration
Taskforce: makes three!**



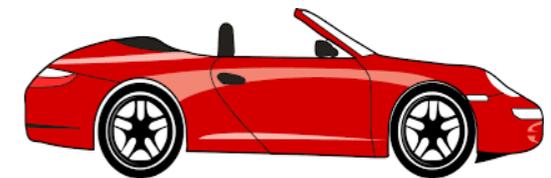
Mitigation



Mission Statement

Hawaii's Climate Mitigation and Adaptation Commission recognizes the urgency of climate threats and the need to act quickly.

It promotes ambitious, carbon-neutral, culturally-relevant strategies for climate change **adaptation** and **mitigation** in a manner that is Clean, Equitable & Resilient.



Paris in Paradise: Where does HTA fit in?

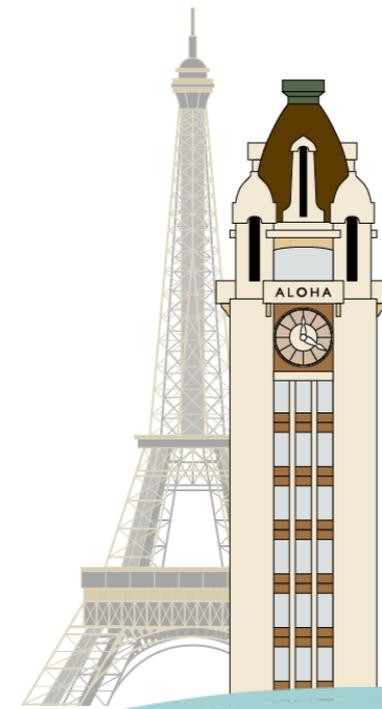
Table 3-1: GHG Emissions from the Energy Sector by Source and Year (MMT CO₂ Eq.)

Source	1990	2007	2010	2015
Stationary Combustion^a	7.91	9.26	9.91	8.38
Energy Industries ^b	6.80	8.78	8.48	7.06
Residential	0.03	0.04	0.08	0.08
Commercial	0.38	0.24	0.51	0.84
Industrial	0.70	0.19	0.84	0.40
Transportation^a	11.26	12.19	10.16	9.79
Ground	3.40	4.97	5.28	5.64
Domestic Marine	1.82	1.79	0.91	0.39
Domestic Aviation	4.66	4.42	2.87	3.23
Military	1.38	1.02	1.10	0.53
Incineration of Waste	0.18	0.15	0.19	0.20
Oil and Natural Gas Systems	0.27	0.24	0.20	0.19
<i>International Bunker Fuels^c</i>	<i>2.95</i>	<i>1.54</i>	<i>1.38</i>	<i>1.61</i>
<i>CO₂ from Wood Biomass and Biofuel Consumption^c</i>	<i>NE</i>	<i>0.16</i>	<i>1.22</i>	<i>1.45</i>
Total	19.61	21.84	20.46	18.57



Paris in Paradise: HTA's Role?

- **Help us brand a clean Hawaii.** When visitors come to Hawaii, let them know they are getting a clean experience





carbon offsets

Successful reforestation of Acacia koa at Kahikinui Forest Reserve



**Help us focus on clean transportation—
on the ground and in the air**



Help us protect our beaches!

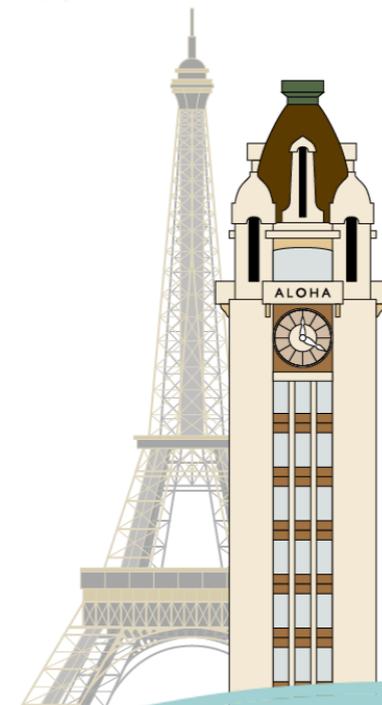
Paris in Paradise: HTA's Role?

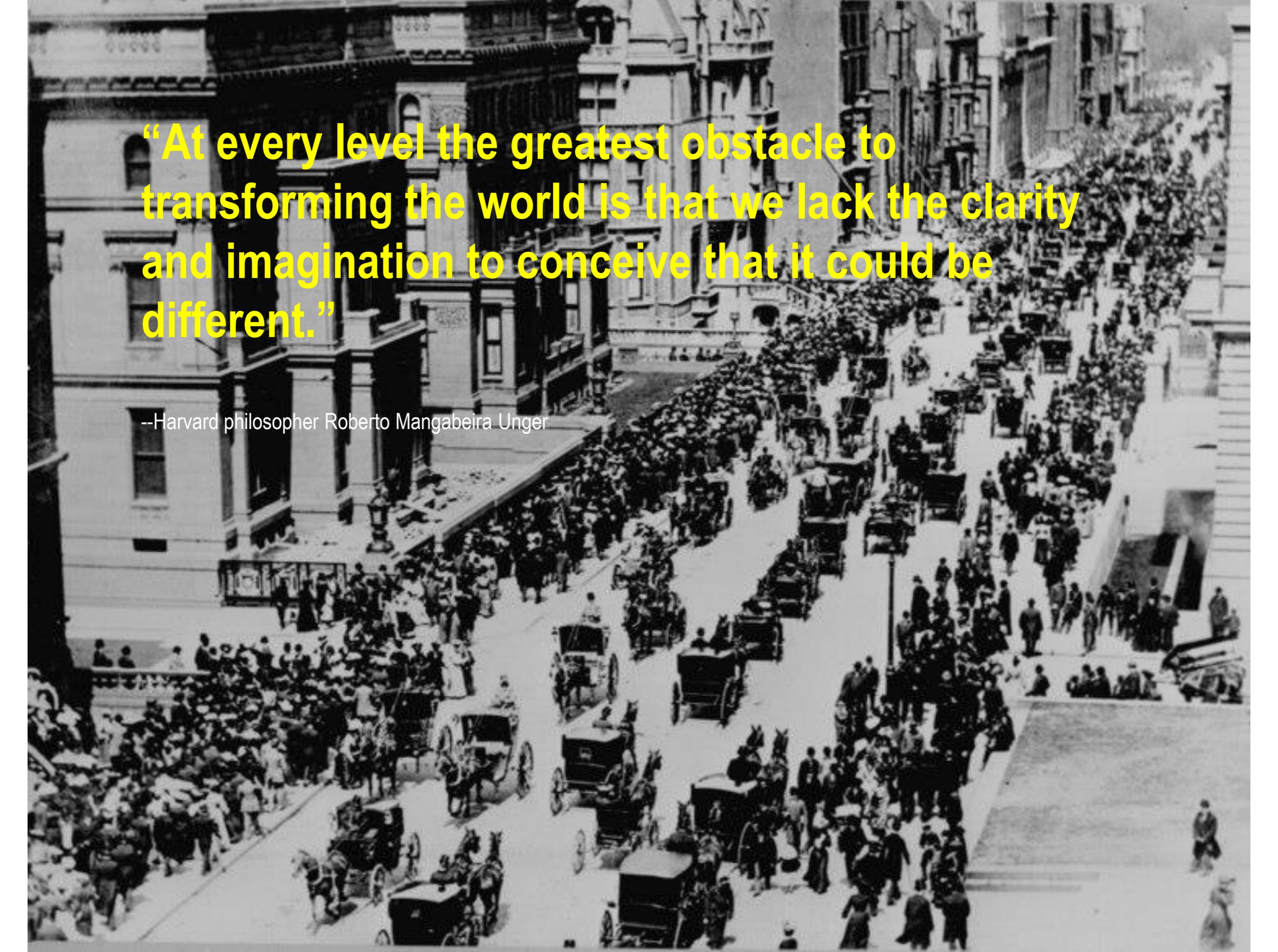
Help us brand a clean Hawaii. When visitors come to Hawaii, let them know they are getting a clean experience

1. Carbon offsets. HTA is already funding a small project to sequester and buy carbon offsets.

2. Help us focus on clean transportation. Clean rental cars, clean carshare, and clean options from the airport and point-to-point tourist destinations.

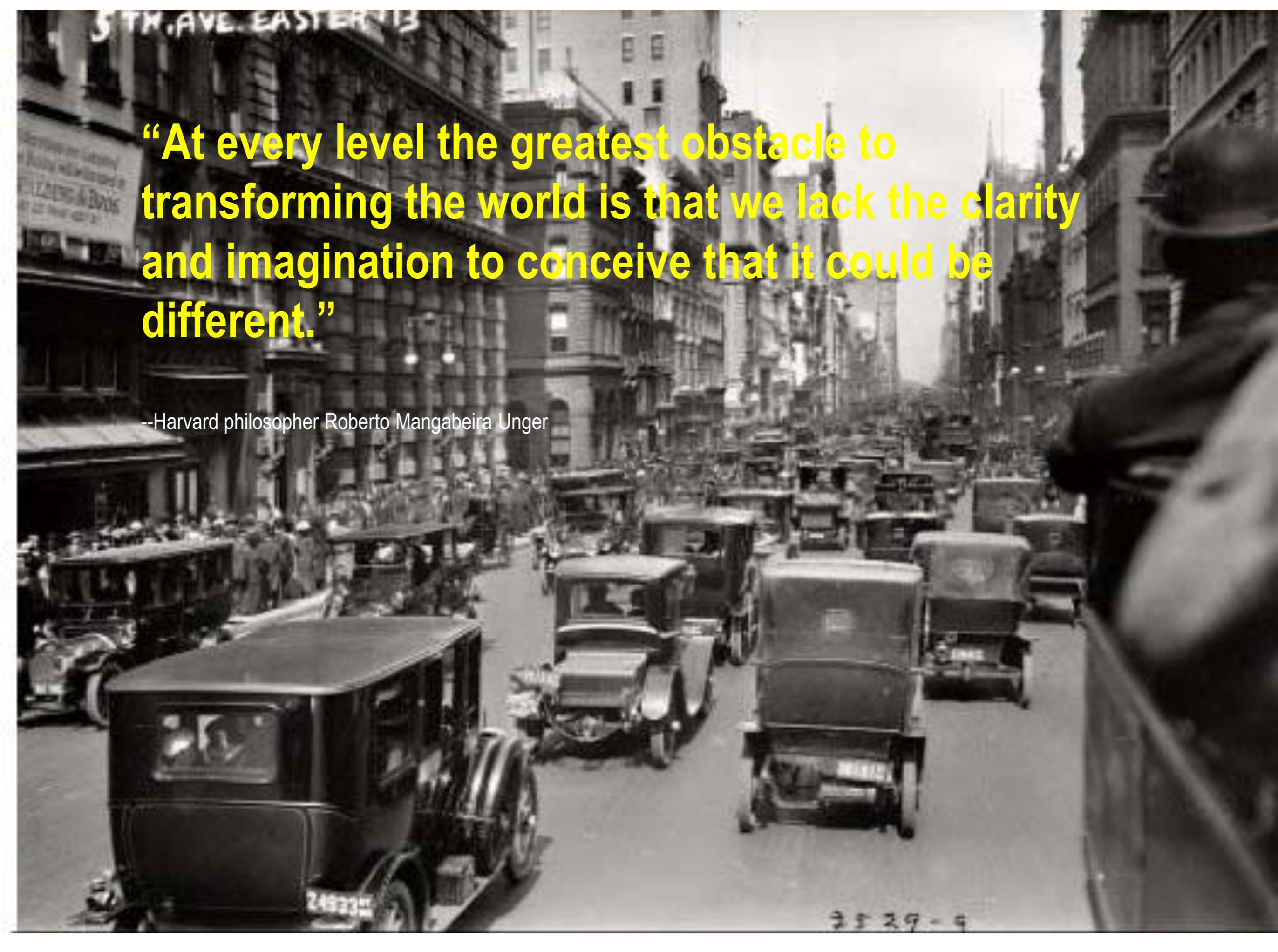
And—help protect what tourists come here for—our beaches!



A black and white historical photograph of a crowded city street, likely from the late 19th or early 20th century. The street is filled with a dense crowd of people and numerous horse-drawn carriages. The buildings lining the street are multi-story and feature classical architectural elements like windows and doorways. The perspective is from an elevated position, looking down the length of the street.

“At every level the greatest obstacle to transforming the world is that we lack the clarity and imagination to conceive that it could be different.”

--Harvard philosopher Roberto Mangabeira Unger



“At every level the greatest obstacle to transforming the world is that we lack the clarity and imagination to conceive that it could be different.”

--Harvard philosopher Roberto Mangabeira Unger

“At every level the greatest obstacle to transforming the world is that we lack the clarity and imagination to conceive that it could be different.”

--Harvard philosopher Roberto Mangabeira Unger



Thank you!
Mahalo!

For more information: Anukriti.s.Hittle@Hawaii.gov

Agenda Item

7

**Presentation, Discussion and
Action on HTA's Financial
Report for January 2019**

Hawaii Tourism Authority
Budget Statement - Summary
FY 2019
As of January 31, 2019

Category	Tourism Special Fund				Convention Center Enterprise Special Fund			
	Fiscal Year 2019				Fiscal Year 2019			
	Budget	YTD Amount of Budget Used	Balance	Activity for January 2019	Budget	YTD Amount of Budget Used	Balance	Activity for January 2019
Revenues								
TAT Revenue Allocation	79,000,000	46,083,333	32,916,667	6,581,566	16,500,000	9,625,000	6,875,000	1,375,000
Prior Year Carryover	8,459,108	8,459,108	-	-	-	-	-	-
Other	-	163,660	-	150,533	-	-	-	-
	<u>87,459,108</u>	<u>54,706,101</u>	<u>32,916,667</u>	<u>6,732,099</u>	<u>16,500,000</u>	<u>9,625,000</u>	<u>6,875,000</u>	<u>1,375,000</u>
Expenditures								
Sales and Marketing								
Salaries & Wages	713,872	691,673	22,199 *	-	70,000	56,438	13,562 *	-
Major Market Management	45,746,000	41,833,162	3,912,838	4,743,950				
Communications	636,000	28,623	607,377	-				
Sports	8,135,000	4,884,559	3,250,441	-				
Brand Development Projects	275,000	3,640	271,360	-				
Business Destination Management	1,155,000	236,000	919,000	-				
Access	2,713,000	762,630	1,950,370	-				
Industry Collaboration & Coordination	55,000	12,443	42,557	-				
Digital Marketing Projects	1,400,000	317,206	1,082,794	245,135				
Industry Relations	1,357,000	250,737	1,106,263	157,225				
Subtotal	<u>62,185,872</u>	<u>49,020,673</u>	<u>13,165,199</u>	<u>5,146,310</u>	<u>70,000</u>	<u>56,438</u>	<u>13,562</u>	<u>-</u>
Culture, Community & Natural Resources								
Salaries & Wages	371,226	277,404	93,822 *	-	-	-	-	-
Hawaiian Culture Initiatives	3,735,000	1,313,051	2,421,949	32,873				
Community	4,056,000	1,949,721	2,106,279	126,000				
Greetings	1,200,000	-	1,200,000	-				
Other Product Development	654,000	221,781	432,219	133,622				
Festivals & Events	2,308,000	861,000	1,447,000	-				
Safety & Security	1,910,000	1,541,000	369,000	(196,005)				
Career Development	720,000	80,000	640,000	(80,000)				
Natural Resources	2,180,000	1,129,219	1,050,781	-				
Subtotal	<u>17,134,226</u>	<u>7,373,176</u>	<u>9,761,050</u>	<u>16,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Research								
Salaries & Wages	384,180	380,880	3,300 *	-	-	-	-	-
Tourism Research	4,231,214	1,517,212	2,714,002	(258,629)				
Subtotal	<u>4,615,394</u>	<u>1,898,092</u>	<u>2,717,302</u>	<u>(258,629)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Hawai'i Convention Center								
Sales & Marketing	-	-	-	-	6,967,896	4,523,322	2,444,574	4,523,322
Operations	-	-	-	-	2,240,280	1,946,816	293,464	5,681,680
Major Repair & Maintenance	-	-	-	-	5,414,443	-	5,414,443	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,622,619</u>	<u>6,470,138</u>	<u>8,152,481</u>	<u>10,205,002</u>
Administration								
Salaries & Wages	825,625	944,946	(119,321) *	-	297,491	311,054	(13,563) *	-
Operations	660,700	278,048	382,652	(32,591)				
Subtotal	<u>1,486,325</u>	<u>1,222,994</u>	<u>263,331</u>	<u>(32,591)</u>	<u>297,491</u>	<u>311,054</u>	<u>(13,563)</u>	<u>-</u>
Organizationwide Costs								
Fringe Costs	1,315,992	1,315,992	-	-	187,676	187,676	-	-
Governance - Board	266,300	155,954	110,346	5,306	230,000	113,458	116,542	113,458
Contract Services	120,000	-	120,000	-	89,833	-	89,833	-
Travel	334,999	58,400	276,599	220	-	-	-	-
Subtotal	<u>2,037,291</u>	<u>1,530,346</u>	<u>506,945</u>	<u>5,526</u>	<u>507,509</u>	<u>301,134</u>	<u>206,375</u>	<u>113,458</u>
Total Expenditures	<u>87,459,108</u>	<u>61,045,281</u>	<u>26,413,827</u>	<u>4,877,106</u>	<u>15,497,619</u>	<u>7,138,764</u>	<u>8,358,855</u>	<u>10,318,460</u>
Budgeted Revenues vs Expenditures	<u>0</u>				<u>1,002,381</u>			
Administrative Cap (3.5%)	2,765,000	2,765,000						
Administrative Costs (AG Definition)	1,486,325	1,222,994						
	1,278,675	1,542,006						

* Nets to \$0 when summed all together.

(February 22 2019)

HAWAII TOURISM

AUTHORITY

Financial Statements – Executive Summary January 1, 2019 – January 31, 2019

Tourism Special Fund:

1. \$89.5M in cash and investments
 - a. Includes \$5M in Emergency Fund held as investments
 - b. Increase from December of \$2M due primarily to the following:
 - i. Recording \$6.6M in TAT revenues
 - ii. Offset by \$4.7M in expenditures
2. \$15.3M of prior year encumbrances being spent down
3. \$22.5M 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. \$61.0M of the \$87.4M FY 2019 Budget utilized; contract paperwork currently being submitted for this year's expenditures. Further detail on the budget is included in these financial statements.
5. Operating Income:
 - a. Recorded \$6.6M in TAT for January 2019, and \$46.1M in TAT YTD.
 - b. Incurred \$4.7M in program and other expenditures for January 2019.

Convention Center Enterprise Special Fund:

6. \$33.8M in cash
 - a. Increase of \$2.2M from December due to the following:
 - i. Receiving \$1.4M in TAT and \$868K in HCC operating revenue.
This was offset by \$73K in expenditures.

7. \$20.4M in cash with contractor or with DAGS, for R&M projects (as of December 2018).
 - a. Includes \$2M Emergency
 - b. Of the \$20.4M in cash, \$1.1M is contracted for ongoing projects.
 - c. 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.
 - d. Reflects \$10.8M spent on current and future projects (in-progress costs or preliminary work); this includes recent costs expended on meeting room roof repairs.
8. \$20.5M 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 instituted a budgeting practice of allocating approximately 4% of each year's budgeted gross expenditures toward increasing HCC's Repairs and Maintenance reserve.
9. \$860K of prior year encumbrances being spent down.
10. Operating Income:
 - a. Recorded \$1.4M in TAT for January 2019, and \$9.6M in TAT YTD.
 - b. Convention Center operations:
 - i. \$1.9M operating loss year-to-date (As of January 2019).
11. Spending according to Budget.

Hawaii Tourism Authority

Balance Sheet

348 - Tourism Special Fund

As of 1/31/19

Current Year

Assets

Current Assets

Checking 348 84,517,070.85

Petty Cash 5,000.00

Total Current Assets 84,522,070.85

Accounts Receivable

Accounts Receivable 10.00

Total Accounts Receivable 10.00

Total Assets 84,522,080.85

Fund Balance

Current year payables

Accounts Payable 18,119.34

Credit Card Payable 1,205.90

Total Current year payables 19,325.24

Current year net assets

12,332,389.68

Total Current year net assets 12,332,389.68

Prior years

Total Prior years 72,170,365.93

Total Fund Balance 84,522,080.85

Hawaii Tourism Authority
 Balance Sheet
 361 - Convention Center Enterprise - Special Fund
 As of 1/31/19
Current Year

Assets	
Current Assets	
Checking 361	<u>33,808,950.73</u>
Total Current Assets	<u>33,808,950.73</u>
Total Assets	<u><u>33,808,950.73</u></u>
Fund Balance	
Current year net assets	
	<u>12,964,833.00</u>
Total Current year net assets	<u>12,964,833.00</u>
Prior years	
Total Prior years	<u>20,844,117.73</u>
Total Fund Balance	<u><u>33,808,950.73</u></u>

HTA Allocations
FY 2019

HTA Allocations:

<p>Annual Budgets: -\$87.5M HTA Tourism Special Fund (\$79M TAT + \$4.9M prior year carryover + \$3.6M Funds set aside last year by HTA Board for FY19)</p> <p>-Convention Center Fund (\$16.5M Revenues, \$15.5M Expenses, \$1M to R&M Reserve)</p>

\$8M Emergency Funds	
<p>\$5M Emergency Fund Reserve (Established by Statute as a separate fund, to be used upon declaration of a tourism emergency by the Governor)</p>	<p>\$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.]</p>

	Projected			Projected	
	6/30/2018	6/30/2019		6/30/2018	6/30/2019
Tourism Special Fund Long-Term Obligations and Commitments:			Convention Center Fund Long-Term Obligations and Commitments:		
Carryover of FY 2018 to FY 2019 Budget (Use in FY 19)	4,269,476	-	Reserve for Operations	1,512,988	1,512,988
Use of Funds Held Last Year for FY 2019 Budget	939,632	-	Funds for R&M - (Of which, \$6,797,393 is designated by law) **	16,090,071	18,254,948
FY 2020 Budget / Operating Reserve	2,002,969	2,969	HCC MFF Commitments	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	14,453,448		18,353,059	20,517,936
*Used to replenish Emergency Funds.			** 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
348 - Tourism Special Fund
19 - FY 2019 Funds
From 1/1/2019 Through 1/31/2019

	Total Budget - MicroixFY19	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY19
Revenue				
Transient Accomodations Tax	79,000,000.00	6,581,566.33	46,083,333.31	(32,916,666.69)
Interest and Dividends	0.00	0.00	(501.36)	(501.36)
Miscellaneous	0.00	0.00	12,318.74	12,318.74
Refunds	0.00	150,532.66	150,532.66	150,532.66
HCC Revenue	0.00	0.00	1,309.51	1,309.51
Industry Collaboration and Coordination	0.00	0.00	0.00	0.00
Total Revenue	<u>79,000,000.00</u>	<u>6,732,098.99</u>	<u>46,246,992.86</u>	<u>(32,753,007.14)</u>
Expense				
Hawaiian Culture	3,735,000.00	203.57	53,059.32	3,681,940.68
Natural Resources	2,180,000.00	165.58	1,071.68	2,178,928.32
Community	4,056,000.00	126,378.27	126,378.27	3,929,621.73
Communications	636,000.00	0.00	2,573.82	633,426.18
Career Development	720,000.00	0.00	50,000.00	670,000.00
Major Market Management	45,746,000.00	142.67	8,854.54	45,737,145.46
Business Destination Management	1,155,000.00	0.00	0.00	1,155,000.00
Access	2,713,000.00	111,700.00	175,700.00	2,537,300.00
Industry Collaboration and Coordination	55,000.00	0.00	12,442.78	42,557.22
Digital Marketing Projects	1,400,000.00	5,280.46	6,546.88	1,393,453.12
HTA Product Development	654,000.00	6,915.24	24,982.51	629,017.49
Sports Marketing	8,135,000.00	1,100,000.00	1,333,366.61	6,801,633.39
Festivals and Events	2,308,000.00	0.00	0.00	2,308,000.00
Brand Development Projects	275,000.00	0.00	3,640.06	271,359.94
Greetings	1,200,000.00	0.00	0.00	1,200,000.00
Safety and Security	1,910,000.00	0.00	5,000.00	1,905,000.00
Tourism Research	4,231,214.00	37,932.00	125,442.16	4,105,771.84
Governance	4,977,894.00	234,817.11	1,180,689.40	3,797,204.60
Industry Relations	1,357,000.00	3,238.00	83,482.00	1,273,518.00
Total Expense	<u>87,444,108.00</u>	<u>1,626,772.90</u>	<u>3,193,230.03</u>	<u>84,250,877.97</u>
Net Income	<u>(8,444,108.00)</u>	<u>5,105,326.09</u>	<u>43,053,762.83</u>	<u>51,497,870.83</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures
361 - Convention Center Enterprise Special Fund
19 - FY 2019 Funds
From 1/1/2019 Through 1/31/2019

	Total Budget - MicroixFY19	Current Period Actual	Current Year Actual	Total Budget Variance - MicroixFY19
Revenue				
Transient Accomodations Tax	16,500,000.00	1,375,000.00	9,625,000.00	(6,875,000.00)
Interest and Dividends	0.00	0.00	0.00	0.00
HCC Revenue	<u>9,725,250.00</u>	<u>867,666.88</u>	<u>3,898,788.64</u>	<u>(5,826,461.36)</u>
Total Revenue	<u>26,225,250.00</u>	<u>2,242,666.88</u>	<u>13,523,788.64</u>	<u>(12,701,461.36)</u>
Expense				
Governance	875,000.00	19,332.76	89,160.76	785,839.24
HCC Operating Expense	11,965,530.00	0.00	0.00	11,965,530.00
HCC Repair and Maintenance	5,414,443.00	0.00	0.00	5,414,443.00
HCC Sales and Marketing / MFF	<u>6,967,896.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,967,896.00</u>
Total Expense	<u>25,222,869.00</u>	<u>19,332.76</u>	<u>89,160.76</u>	<u>25,133,708.24</u>
Net Income	<u>1,002,381.00</u>	<u>2,223,334.12</u>	<u>13,434,627.88</u>	<u>12,432,246.88</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures
348- Prior Year Funds
From 1/1/2019 Through 1/31/2019

	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	80,889.50	619,934.83	1,083,782.11
Natural Resources	1,266,954.83	50,211.73	757,634.79	509,320.04
Community	1,465,470.95	5,762.00	623,888.77	841,582.18
Communications	434,050.58	9,093.75	241,092.67	192,957.91
Career Development	280,750.00	0.00	23,000.00	257,750.00
Major Market Management	24,998,960.33	2,387,459.30	20,461,179.58	4,537,780.75
Business Destination Management	623,119.53	15,000.00	335,912.08	287,207.45
Access	3,530,331.50	0.00	1,362,380.00	2,167,951.50
Industry Collaboration and Coordination	24,101.97	0.00	2,578.31	21,523.66
Digital Marketing Projects	2,465,107.02	92,848.73	632,155.01	1,832,952.01
HTA Product Development	120,794.30	2,400.00	61,362.01	59,432.29
Sports Marketing	2,775,102.26	38,000.00	2,024,909.27	750,192.99
Festivals and Events	958,381.11	60,745.00	596,945.00	361,436.11
Brand Development Projects	234,896.80	0.00	165,482.00	69,414.80
Greetings	905,595.44	0.00	452,750.00	452,845.44
Safety and Security	558,213.31	38,250.97	401,909.65	156,303.66
Tourism Research	2,152,865.34	289,947.79	1,200,472.37	952,392.97
Governance	946,904.96	13,295.82	252,227.15	694,677.81
Industry Relations	837,458.99	53,841.75	505,559.66	331,899.33
Total Expense	<u>46,282,776.16</u>	<u>3,137,746.34</u>	<u>30,721,373.15</u>	<u>15,561,403.01</u>
Net Income	<u>(46,282,776.16)</u>	<u>(3,137,746.34)</u>	<u>(30,721,373.15)</u>	<u>15,561,403.01</u>

Hawaii Tourism Authority
Statement of Revenues and Expenditures
361-Prior Year Funds
From 1/1/2019 Through 1/31/2019

	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	53,389.85	469,794.88	1,619,270.93
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>53,389.85</u>	<u>469,794.88</u>	<u>2,022,899.60</u>
Net Income	<u>(2,492,694.48)</u>	<u>(53,389.85)</u>	<u>(469,794.88)</u>	<u>2,022,899.60</u>

Hawaii Convention Center
Facility
Reforecast
From 2/01/2019 Through 12/31/2019
(In Whole Numbers)

	YTD Actual	Projected Next Month to 12/31/18	Reforecast	Budget	Variance	Prior Year Actual
Direct Event Income						
Rental Income (Net)	168,556	2,800,948	2,969,504	2,994,300	(24,796)	2,689,423
Service Revenue	66,964	724,005	790,969	776,800	14,169	819,497
Total Direct Event Income	235,520	3,524,953	3,760,473	3,771,100	(10,627)	3,508,920
Direct Service Expenses	122,122	1,838,564	1,960,686	1,952,004	(8,682)	1,787,798
Net Direct Event Income	113,398	1,686,389	1,799,787	1,819,096	(19,309)	1,721,122
Ancillary Income						
F&B Concession (Net)	35,002	612,445	647,447	629,200	18,247	600,981
F&B Catering (Net)	221,042	5,526,634	5,747,676	6,070,900	(323,224)	4,204,790
Event Parking (Net)	56,706	747,900	804,606	782,100	22,506	758,199
Electrical Services	0	156,900	156,900	159,400	(2,500)	195,243
Audio Visual	3,344	276,620	279,964	282,600	(2,636)	357,626
Internet Services	14,684	0	14,684	0	14,684	22,742
Rigging Services	0	64,400	64,400	85,400	(21,000)	77,983
First Aid Commissions	0	0	0	4,200	(4,200)	3,363
Total Ancillary Income	330,778	7,384,899	7,715,677	8,013,800	(298,123)	6,220,927
Total Event Income	444,176	9,071,288	9,515,464	9,832,896	(317,432)	7,942,049
Other Operating Income						
Non-Event Parking	6,785	53,625	60,410	58,500	1,910	56,763
Other Income	14,218	34,833	49,051	38,000	11,051	104,403
Total Other Operating Income	21,003	88,458	109,461	96,500	12,961	161,166
Total Gross Income	465,179	9,159,746	9,624,925	9,929,396	(304,471)	8,103,215
Net Salaries & Benefits						
Salaries & Wages	382,397	4,865,953	5,248,350	5,297,300	48,950	4,509,295
Payroll Taxes & Benefits	106,220	1,162,511	1,268,731	1,262,400	(6,331)	1,206,224
Labor Allocations to Events	(35,809)	(437,594)	(473,403)	(461,400)	12,003	(501,122)
Total Net Salaries & Benefits	452,808	5,590,870	6,043,678	6,098,300	54,622	5,214,397
Other Indirect Expenses						
Net Contracted Services	32,193	369,668	401,861	402,000	139	315,234
Operations	6,884	194,159	201,043	208,800	7,757	157,769
Repair & Maintenance	47,131	824,084	871,215	899,000	27,785	651,788
Operational Supplies	35,472	657,111	692,583	705,202	12,619	537,106
Insurance	8,288	148,449	156,737	157,900	1,163	169,614
Utilities	161,412	2,190,004	2,351,416	2,368,800	17,384	2,379,218
Meetings & Conventions	2,815	33,292	36,107	34,900	(1,207)	22,215
Promotions & Communications	24,510	38,867	63,377	42,400	(20,977)	38,831
General & Administrative	17,598	334,144	351,742	359,501	7,759	271,716
Management Fees	11,000	279,400	290,400	290,400	0	252,720
Other	3,410	52,483	55,893	57,200	1,307	214,097
Total Other Indirect Expenses	350,713	5,121,661	5,472,374	5,526,103	53,729	5,010,308
Net Income (Loss) before CIP Funded Expenses	(338,342)	(1,552,785)	(1,891,127)	(1,695,007)	(196,120)	(2,121,490)
CIP Funded Expenses	2,217	0	2,217	0	2,217	76,411
Net Income (Loss) from Operations	(336,125)	(1,552,785)	(1,888,910)	(1,695,007)	(193,903)	(2,045,079)
Fixed Asset Purchases	0	299,090	299,090	300,000	910	124,122
Net Income (Loss) after Fixed Asset Purchases	(336,125)	(1,851,875)	(2,188,000)	(1,995,007)	(192,993)	(2,169,201)

Hawaii Convention Center
Facility
Income Statement
From 1/1/2019 Through 1/31/2019
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance
Direct Event Income							
Rental Income (Net)	168,556	163,352	5,204	159,454	168,556	163,352	5,204
Service Revenue	66,964	35,895	31,069	32,035	66,964	35,895	31,069
Total Direct Event Income	235,520	199,247	36,273	191,489	235,520	199,247	36,273
Direct Service Expenses	122,122	96,915	(25,207)	107,600	122,122	96,915	(25,207)
Net Direct Event Income	113,398	102,332	11,066	83,889	113,398	102,332	11,066
Ancillary Income							
F&B Concession (Net)	35,002	16,755	18,247	23,426	35,002	16,755	18,247
F&B Catering (Net)	221,042	274,692	(53,650)	228,092	221,042	274,692	(53,650)
Event Parking (Net)	56,706	32,700	24,006	39,436	56,706	32,700	24,006
Electrical Services	0	300	(300)	12,282	0	300	(300)
Audio Visual	3,344	5,980	(2,636)	10,692	3,344	5,980	(2,636)
Internet Services	0	0	0	0	0	0	0
Rigging Services	14,684	18,000	(3,317)	17,370	14,684	18,000	(3,317)
First Aid Commissions	0	135	(135)	158	0	135	(135)
Total Ancillary Income	330,778	348,562	(17,784)	331,456	330,778	348,562	(17,784)
Total Event Income	444,175	450,894	(6,719)	415,345	444,175	450,894	(6,719)
Other Operating Income							
Non-Event Parking	6,785	4,875	1,910	7,485	6,785	4,875	1,910
Other Income	14,218	3,167	11,051	6,821	14,218	3,167	11,051
Total Other Operating Income	21,003	8,042	12,961	14,306	21,003	8,042	12,961
Total Gross Income	465,179	458,936	6,243	429,651	465,179	458,936	6,243
Net Salaries & Benefits							
Salaries & Wages	382,397	431,316	48,919	359,898	382,397	431,316	48,919
Payroll Taxes & Benefits	106,220	99,889	(6,331)	97,608	106,220	99,889	(6,331)
Labor Allocations to Events	(35,809)	(23,806)	12,003	(30,719)	(35,809)	(23,806)	12,003
Total Net Salaries & Benefits	452,808	507,399	54,591	426,787	452,808	507,399	54,591
Other Indirect Expenses							
Net Contracted Services	32,193	32,332	139	12,751	32,193	32,332	139
Operations	6,884	14,641	7,757	10,748	6,884	14,641	7,757
Repair & Maintenance	47,131	74,916	27,785	33,609	47,131	74,916	27,785
Operational Supplies	35,472	48,091	12,619	19,900	35,472	48,091	12,619
Insurance	8,288	9,451	1,163	6,622	8,288	9,451	1,163
Utilities	161,412	178,796	17,384	128,152	161,412	178,796	17,384
Meetings & Conventions	2,815	1,608	(1,207)	311	2,815	1,608	(1,207)
Promotions & Communications	24,510	3,533	(20,977)	616	24,510	3,533	(20,977)
General & Administrative	17,598	25,357	7,759	19,076	17,598	25,357	7,759
Management Fees	11,000	11,000	0	10,800	11,000	11,000	0
Other	3,410	4,717	1,307	400	3,410	4,717	1,307
Total Other Indirect	350,712	404,442	53,730	242,984	350,712	404,442	53,730
Net Income (Loss) before CIP Funded Expenses	(338,341)	(452,905)	114,564	(240,120)	(338,341)	(452,905)	114,564
CIP Funded Expenses	2,217	0	2,217	0	2,217	0	2,217
Net Income (Loss) from Operations	(336,124)	(452,905)	116,781	(240,120)	(336,124)	(452,905)	116,781
Fixed Asset Purchases	0	25,000	25,000	15,545	0	25,000	25,000
Net Income (Loss) After Fixed Asset Purchases	(336,124)	(477,905)	141,781	(255,665)	(336,124)	(477,905)	141,781

Hawaii Convention Center
 Facility
 Income Statement
 From 1/1/2019 Through 1/31/2019
 (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	596,070	451,535	144,535	418,402	596,070	451,535	144,535	418,402
Facility	336,325	268,904	67,421	292,012	336,325	268,904	67,421	292,012
Total Revenues	<u>932,395</u>	<u>720,439</u>	<u>211,956</u>	<u>710,414</u>	<u>932,395</u>	<u>720,439</u>	<u>211,956</u>	<u>710,414</u>
Expenses								
Food & Beverage	509,614	329,912	(179,702)	300,163	509,614	329,912	(179,702)	300,163
Facility	761,122	843,432	82,310	650,372	761,122	843,432	82,310	650,372
Total Expenses	<u>1,270,736</u>	<u>1,173,344</u>	<u>(97,392)</u>	<u>950,535</u>	<u>1,270,736</u>	<u>1,173,344</u>	<u>(97,392)</u>	<u>950,535</u>
Net Income (Loss) before CIP Funded Expenses	<u>(338,341)</u>	<u>(452,905)</u>	<u>114,564</u>	<u>(240,121)</u>	<u>(338,341)</u>	<u>(452,905)</u>	<u>114,564</u>	<u>(240,121)</u>
CIP Funded Expenses	<u>2,217</u>	<u>0</u>	<u>2,217</u>	<u>0</u>	<u>2,217</u>	<u>0</u>	<u>2,217</u>	<u>0</u>
Net Income (Loss) from Operations	<u>(336,124)</u>	<u>(452,905)</u>	<u>116,781</u>	<u>(240,121)</u>	<u>(336,124)</u>	<u>(452,905)</u>	<u>116,781</u>	<u>(240,121)</u>
Fixed Asset Purchases	<u>0</u>	<u>25,000</u>	<u>25,000</u>	<u>15,545</u>	<u>0</u>	<u>25,000</u>	<u>25,000</u>	<u>15,545</u>
Net Income (Loss) after Fixed Asset Purchases	<u>(336,124)</u>	<u>(477,905)</u>	<u>141,781</u>	<u>(255,666)</u>	<u>(336,124)</u>	<u>(477,905)</u>	<u>141,781</u>	<u>(255,666)</u>

Hawaii Convention Center
Sales and Marketing
Reforecast
From 12/1/2019 Through 12/31/2019
(In Whole Numbers)

	YTD Actual	Projected Next Month to 12/31/19	Reforecast	Budget	Variance	Prior Year Actual
Other Operating Income						
Other Income	15	0	15	0	15	50
Total Other Operating Income	15	0	15	0	15	50
Total Gross Income	15	0	15	0	15	50
Net Salaries & Benefits						
Salaries & Wages	121,376	1,539,456	1,660,832	1,851,900	191,068	1,469,457
Payroll Taxes & Benefits	27,332	339,533	366,865	372,100	5,235	296,085
Total Net Salaries & Benefits	148,708	1,878,989	2,027,697	2,224,000	196,303	1,765,542
Other Indirect Expenses						
Net Contracted Services	8,438	206,100	214,538	250,200	35,662	138,779
Repair & Maintenance	6,722	95,900	102,622	101,700	(922)	97,227
Utilities	772	8,800	9,572	12,000	2,428	7,146
Meetings & Conventions	71,613	1,017,755	1,089,368	1,074,400	(14,968)	840,231
Promotions & Communications	45,301	894,468	939,769	857,800	(81,969)	1,343,225
Marketing Flexibility Fund	30,010	1,390,530	1,420,540	1,175,000	(245,540)	1,167,907
General & Administrative	10,696	35,425	46,121	59,300	13,179	84,331
Management Fees	11,000	226,600	237,600	237,600	0	165,360
Other	4,188	3,000	7,188	103,000	95,812	697
Total Other Indirect Expenses	188,740	3,878,578	4,067,318	3,871,000	(196,318)	3,844,903
Net Income (Loss) from Operations	(337,433)	(5,757,567)	(6,095,000)	(6,095,000)	0	(5,610,395)
Fixed Asset Purchases	0	0	0	0	0	13,054
Net Income (Loss) After Fixed Asset Purchases	(337,433)	(5,757,567)	(6,095,000)	(6,095,000)	0	(5,623,449)

Hawaii Convention Center
Sales and Marketing
Income Statement
From 1/1/2019 Through 1/31/2019
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Other Operating Income								
Other Income	15	0	15	42	15	0	15	42
Total Other Operating Income	15	0	15	42	15	0	15	42
Total Gross Income	15	0	15	42	15	0	15	42
Net Salaries & Benefits								
Salaries & Wages	121,376	138,700	17,324	105,627	121,376	138,700	17,324	105,627
Payroll Taxes & Benefits	27,332	27,100	(232)	24,199	27,332	27,100	(232)	24,199
Total Net Salaries & Benefits	148,708	165,800	17,092	129,826	148,708	165,800	17,092	129,826
Other Indirect Expenses								
Net Contracted Services	8,438	17,434	8,996	7,438	8,438	17,434	8,996	7,438
Repair & Maintenance	6,722	5,800	(922)	6,022	6,722	5,800	(922)	6,022
Operational Supplies	0	0	0	0	0	0	0	0
Utilities	772	1,000	228	489	772	1,000	228	489
Meetings & Conventions								
Mileage	0	200	200	0	0	200	200	0
Meals & Entertainment	141	1,000	859	141	141	1,000	859	141
Meetings & Conventions	69,178	104,800	35,622	44,552	69,178	104,800	35,622	44,552
Dues & Subscriptions	2,294	8,600	6,306	1,125	2,294	8,600	6,306	1,125
Total Meetings & Conventions	71,613	114,600	42,987	45,818	71,613	114,600	42,987	45,818
Promotions & Communications								
Site Visit	3,406	3,750	344	14,186	3,406	3,750	344	14,186
Photography	0	1,000	1,000	0	0	1,000	1,000	0
Advertising	20,542	29,000	8,458	(9,763)	20,542	29,000	8,458	(9,763)
Web Development & Maint	2,844	2,662	(182)	2,382	2,844	2,662	(182)	2,382
Market Research	4,800	4,800	0	4,800	4,800	4,800	0	4,800
Promotional	5,992	1,450	(4,542)	13,505	5,992	1,450	(4,542)	13,505
Attendance Promotion	7,717	5,000	(2,717)	10,426	7,717	5,000	(2,717)	10,426
Global Outreach	0	0	0	0	0	0	0	0
Total Promotions & Comm	45,301	47,662	2,361	35,536	45,301	47,662	2,361	35,536
Marketing Flexibility Fund	30,010	6,500	(23,510)	7,500	30,010	6,500	(23,510)	7,500
General & Administrative	10,696	1,775	(8,921)	2,899	10,696	1,775	(8,921)	2,899
Management Fees	11,000	11,000	0	10,800	11,000	11,000	0	10,800
Other	4,188	8,333	4,145	0	4,188	8,333	4,145	0
Total Other Indirect Expenses	188,740	214,104	25,364	116,502	188,740	214,104	25,364	116,502
Net Income (Loss) from Operations	(337,433)	(379,904)	42,471	(246,286)	(337,433)	(379,904)	42,471	(246,286)
Fixed Asset Purchases	0	0	0	0	0	0	0	5,071
Net Income (Loss) After Fixed Asset Purchases	(337,433)	(379,904)	42,471	(246,286)	(337,433)	(379,904)	42,471	(241,215)

Agenda Item

8

Presentation of, Discussion and Action on Resolution 2019-2-1 Authorizing the Transfer of an Unencumbered Appropriation Balance of \$500,000 from the Major Market Management Category, FY2019 Budget to a New Budget Objective Entitled Career Development – Scholarship Program



Resolution

No. 2019-2-2

AUTHORIZING THE TRANSFER OF AN UNENCUMBERED
APPROPRIATION BALANCE WITHIN THE
MAJOR MARKET MANAGEMENT CATEGORY,
FISCAL YEAR 2019 BUDGET

WHEREAS, Board Policy, #400-50 (5) of the Hawai'i Tourism Authority, states that, unless otherwise provided, the Authority is to prepare and manage the operating budget based on main budget objectives; and

WHEREAS, Board Policy, #400-500-10 (6) of the Hawaii Tourism Authority, provides that, upon approval of the Board of Directors (Board), part or all of any unencumbered appropriation balance may be transferred from one main budget objective to another; and

WHEREAS, the Hawai'i Tourism Authority's annual budget for Fiscal Year 2019, established the Major Market Management – Canada appropriation of \$2,200,000 which has an unencumbered balance of \$1,400,000; and

WHEREAS, the Hawai'i Tourism Authority, with the approval of the Board, desires to transfer \$200,000 from the Major Market Management – Canada appropriation to a new budget objective entitled Major Market Management – Southeast Asia; and

WHEREAS, the Hawai'i Tourism Authority, has identified a strong need to provide support in the Southeast Asia market specifically to increase awareness of the Hawai'i brand, as a destination, for potential visitors from that region. The Authority, with support of the Board, wishes to use these funds to contract with an experienced vendor to service this market in accordance with our vision.

now, therefore,

BE IT RESOLVED by the Board of Directors of the Hawai'i Tourism Authority:

1. That, pursuant to Board Policy #400-50 of the Hawai'i Tourism Authority, and in accordance with the Fiscal Year 2019 Budget, the Board does hereby authorize the transfer of an unencumbered appropriation balance of \$200,000 from the Major Market Management – Canada objective to the newly established Major Market Management – Southeast Asia objective in order to disburse \$200,000 for the implementation of a Southeast Asia brand management strategy; and
2. That certified copies of this resolution be transmitted to the President & CEO, Board Chair, and Chief Administrative Officer.

APPROVED AS TO FORM AND LEGALITY:

GREGG KINKLEY
Deputy Attorney General
State of Hawai'i

Agenda Item

9

Presentation of, Discussion and Action on Resolution 2019-2-2 Authorizing the Transfer of an Unencumbered Appropriation Balance of \$200,000 from the Major Market Management Category-Canada, FY2019 Budget to a New Budget Objective Entitled Major Market Management-Southeast Asia



Resolution

No. 2019-2-1

AUTHORIZING THE TRANSFER OF AN UNENCUMBERED
APPROPRIATION BALANCE WITHIN THE
MAJOR MARKET MANAGEMENT CATEGORY,
FISCAL YEAR 2019 BUDGET

WHEREAS, Board Policy, #400-50 (5) of the Hawai'i Tourism Authority, states that, unless otherwise provided, the Authority is to prepare and manage the operating budget based on main budget objectives; and

WHEREAS, Board Policy, #400-500-10 (6) of the Hawaii Tourism Authority, provides that, upon approval of the Board of Directors (Board), part or all of any unencumbered appropriation balance may be transferred from one main budget objective to another; and

WHEREAS, the Hawai'i Tourism Authority's annual budget for Fiscal Year 2019, established the Major Market Management – Canada appropriation of \$2,200,000 which has an unencumbered balance of \$1,400,000; and

WHEREAS, the Hawai'i Tourism Authority, with the approval of the Board, desires to transfer \$500,000 from the Major Market Management – Canada appropriation to a new budget objective entitled Career Development - Scholarship Program; and

WHEREAS, the Hawai'i Tourism Authority, in cooperation and partnership with the Hawai'i Lodging and Tourism Association, wishes to use these funds to support individuals interested in pursuing careers in the visitor industry by attending college within the University of Hawai'i system by providing scholarships;

now, therefore,

BE IT RESOLVED by the Board of Directors of the Hawai'i Tourism Authority:

1. That, pursuant to Board Policy #400-50 of the Hawai'i Tourism Authority, and in accordance with the Fiscal Year 2019 Budget, the Board does hereby authorize the transfer of an unencumbered appropriation balance of \$500,000 from the Major Market Management – Canada objective to the newly established Career Development – Scholarship Program in order to disburse \$500,000 for the implementation of a scholarship program; and

2. That certified copies of this resolution be transmitted to the President & CEO, Board Chair, and Chief Administrative Officer.

APPROVED AS TO FORM AND LEGALITY:

GREGG KINKLEY
Deputy Attorney General
State of Hawai'i

Agenda Item

10

Update on the Status of the 2018
Audit Action Plan



Hawai'i Convention Center
 1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiitourismauthority.org

David Y. Ige
 Governor

Chris Tatum
 President and Chief Executive Officer

Audit Action Plan Update

As of

February 2019

The State of Hawai'i Auditor, in his February 2018 audit, provided 21 recommendations to the Hawai'i Tourism Authority. Since the issuance of the report, the Hawai'i Tourism Authority's staff has been actively working to implement these recommendations. We provide the following update to the Board on the status of these 21 recommendations:

#	Recommendation	Comments	Status	Completion Date
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	Policy review completed and submitted to CEO and Board Chair for review and approval. Procedure reviews underway.	40%	June 2019
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.	CEO assigned CAO with this responsibility.	100%	Complete
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.	Policy review completed and submitted to CEO and Board Chair for review and approval. Procedure reviews underway.	40%	June 2019

#	Recommendation	Comments	Status	Completion Date
4	<p>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, including:</p> <ul style="list-style-type: none"> a) Requiring pre-solicitation market research to assess, among other things, market competition and estimated cost. b) Requiring proposals for each contract, contract amendment, and extension. c) Enforcing requirement that contractors provide evidence of a valid Certificate of Vendor Compliance (CVC) prior to contract execution. d) Requiring contracts to include specific performance criteria, performance benchmarks, and deliverables that are aligned with the contract objectives. e) Requiring contractors to provide regular progress reports. f) Evaluating contractor performance against performance criteria. g) Requiring written evaluation of contractor performance before amending, modifying, or extending any contract. 	<ul style="list-style-type: none"> a) We are currently in process of addressing this recommendation. b) This item is complete. We require proposals for all contracts, contract amendments, and extensions. c) This item is complete. We require contractors to provide proof of a valid CVC prior to contract execution. d) This item is complete. We require our contracts to include specific performance criteria, performance benchmarks, and deliverable that are aligned with the contract's objectives. e) This item is complete. We require our contractors to provide us with regular progress reports. f) This item is complete. We are now evaluating contractor performance against performance criteria included in the contract. g) This item is complete. We require written evaluations of contractor performance prior to amending, modifying, or extending contracts. 	85%	September 2019
5	<p>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.</p>	<p>Recommendation implemented. Procurement implemented process to require waivers to be thoroughly documented, reviewed, and approved prior to execution.</p>	100%	Complete

#	Recommendation	Comments	Status	Completion Date
6	Regularly review and evaluate HTA management and staff performance of their respective procurement and contract-related duties and responsibilities.	The CAO is developing a process to conduct regular reviews and evaluations of HTA management and staff in the performance of their respective procurement and contract-related duties and responsibilities. Ongoing.	25%	September 2019
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, and the State Ethics Code, specifically, Section 84-15, HRS.	All HTA staff with procurement/contract related responsibilities receive regular training on state procurement code and state ethics.	100%	Complete
8	Limit sole source procurement to where a good or service is deemed available from only one source.	Process in place to review all requests for sole source procurement prior to contract execution.	100%	Complete
9	Require completed documentation to support use of sole source procurement.	Process in place to require requesting staff to provide in-depth information to justify sole source procurement. Sole Source Procurement Planning Worksheet (PPW).	100%	Complete
10	Require written confirmation and justification of sole source contract pricing.	Process in place to require requesting staff to provide in-depth information to justify sole source procurement. Sole Source Procurement Planning Worksheet (PPW).	100%	Complete
11	Develop a publicly accessible list of sole source procurement contracts.	Sole source procurements included in monthly board packets which are publicly available on website. In addition, we are developing a page on our HTA website to list all HTA sole source procurement contracts.	100%	Complete
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.	Completed.	100%	Complete

#	Recommendation	Comments	Status	Completion Date
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.	Completed. VP of Finance implemented the procedures to audit receipts from AEG as well as other contractors.	100%	May 2018
14	Develop and implement procedures to include additional monitoring and more frequent evaluation of contractors' performance.	Procedures are being developed to address this recommendation.	50%	August 2019
15	Require compliance with all material contract terms, including but not limited to HTA's prior written approval of all subcontracts.	Completed.	100%	Complete
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.	Completed. A subcontractor approval form has been created and is being used with AEG and the MMA contractors.	100%	Complete
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.	Completed. A subcontractor approval form has been created and is being used with AEG and the MMA contractors.	100%	Complete

#	Recommendation	Comments	Status	Completion Date
18	Determine whether “agreements” and “arrangements” for goods or services relating AEG’s performance of the contract, including with AEG affiliates or related organizations, are subcontracts, requiring prior written consent.	Completed. Received written confirmation of AEG's relationship with Levy (June 26, 2018). Consulted with AG's office, and apprised HCC Investigative Committee (September 19, 2018). Confirmed that no further action required.	100%	Complete
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 procurement the concession services as required by law.	Consultation with Attorney General’s office regarding has been completed.	100%	Complete
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.	HTA received a guidance memo from the Attorney General’s office. Will work with legislators as recommended.	50%	August 2019
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.	Guidance letter received from Attorney General’s office. Pending request for formal opinion.	50%	TBD

Agenda Item

11

Discussion and Action on HTA's
Updated Bylaws to Address
Definitions, Committees, Succession,
and Position Titles

Board Structure and Mandate Policy



Policy Purpose

The purpose of this policy is to define the structure, roles, and responsibilities of the Board and its members.

Policy Provisions

- 1) The Board structure and its duties and responsibilities shall be provided in Hawai'i Revised Statutes Chapter 201B, as it may be amended from time to time.
- 2) The Authority shall be headed by a policy-making Board of Directors that shall consist of twelve members.
- 3) The Board Members shall be appointed in the manner provided in Hawai'i Revised Statutes §201B-2(b).
- 4) The Board shall elect a chairperson and Vice-Chairperson from among the members.
- 5) Seven members shall constitute a quorum and a minimum of seven affirmative votes shall be necessary for all actions by the Authority.
- 6) The Board shall appoint one person to serve as President and CEO who shall oversee the Authority's staff and implement any policy or decision delegated by the Board. The Board shall set the President and CEO's duties, responsibilities, compensation, holidays, vacations, leave, hours of work, and working conditions.
- 7) The Board may establish committees to assist on any matter related to its power, duties, and responsibilities.

Responsibilities

Responsible Officer:
President & CEO

Policy Owner:
Board of Directors

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Confidentiality and Privacy Policy



Policy Purpose

The purpose of this policy is to establish guidelines for ensuring the confidentiality and privacy of the information the Authority uses for its operations.

Policy Provisions

- 1) All policies should be aligned with the Hawaii Tourism Authority Strategic Plan, as revised, and the Authority's duties and responsibilities as provided by Hawai'i Revised Statutes Chapter 201B and any other applicable law.
- 2) No board member or employees shall disclose information which by law or practice is not available to the public and which the employee or board member acquires in the course of one's official duties, or use the information for personal gain or for the benefit of anyone.
- 3) Safeguards and protections will be implemented to maintain the privacy and confidentiality of information. All individuals authorized and accountable for handling confidential information are expected to maintain the confidentiality of such information.
- 4) The Authority will limit the collection and use of confidential information to purposes necessary to perform job-related duties. The collection of confidential information should not be more than is reasonably necessary to accomplish its intended purpose.
- 5) Access to and use of confidential information will be limited to the minimum number required to fulfill the objectives of the Authority.
- 6) Any report of violation of a breach of confidentiality will be promptly investigated. Any person found to breach confidentiality will be subject to sanctions in accordance with applicable policies, procedures, laws, and regulations.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
Board of Directors

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Code of Conduct Policy



Policy Purpose

The purpose of this policy is to provide standards and expectations by which each of the Authority's Board members, management, and employees conduct themselves.

Policy Provisions

- 1) A Director shall discharge the Director's duties:
 - a) In good faith;
 - b) With the care of an ordinarily prudent person in a like position would exercise under similar circumstances; and
 - c) In a manner in the Director reasonably believes to be in the best interests of the Authority.
- 2) In determining the best interests of the Authority, a Director, in addition to considering the law, mission, rules, and bylaws of the Authority, may, in the Director's discretion, consider any of the following factors:
 - a) The interests of the Authority's employees, customers, suppliers, and creditors;
 - b) The economy of the State and the nation;
 - c) Community and societal considerations, including, without limitation, the economic, social, and physical impacts of tourism on the State and its natural resources infrastructure; and
 - d) The long-term, as well as short-term interest of the Authority.
- 3) The Authority is committed to providing a safe and productive work environment for its Board Directors, management, and employees. It recognizes the importance of those who work for the Authority and strives to treat them with fairness and respect.
- 4) It is expected that honesty, objectivity, and integrity govern the conduct of performing and fulfilling the job duties required to achieve the mission and objectives of the Authority.
- 5) The Authority will promote full and strict compliance with all applicable laws and regulatory requirements and expect that all persons covered under this policy will adhere to this standard.
- 6) No Director or employees shall take any official action directly affecting:
 - a) A business or other undertaking in which they have a financial interest; or
 - b) A private undertaking in which they are engaged as legal counsel, advisor, consultant, representative, or in any other agency capacity.
- 7) A Director of the Authority shall immediately stop working on a matter in which the Director has a perceived or actual conflict of interest and immediately report the conflict to the HTA Board Chair for resolution.
- 8) Employees and Directors shall act in good faith to discharge their duties to ensure the fair and equitable treatment of all persons who deal with government procurement.
- 9) All Directors and Employees of the Authority shall complete an ethics training course on an annual basis.
- 10) Failure to comply with any provision of this policy will result in the appropriate sanctions as provided for by State law.

Responsibilities

Responsible Officer:

Chief Administrative Officer

Policy Owner:

Board of Directors

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Board of Directors Meetings Policy



Policy Purpose

The purpose of this policy is to provide guidance for conducting board meetings, facilitating efficient operations and promoting transparency.

Policy Provisions

- 1) The meetings of the Board shall be open to the public as provided by State law, except that when it is necessary for the Board to receive information that is proprietary to a particular enterprise or the disclosure of which might be harmful to the business interests of the enterprise, the Board may enter into an executive meeting that is closed to the public.
- 2) The Board may hold an executive meeting closed to the public upon an affirmative vote, taken at an open meeting, of two-thirds of the members present; provided the affirmative vote constitutes a majority of the members to which the board is entitled.
- 3) The Board shall give written public notice of any regular, special, or rescheduled meeting, or any executive meeting when anticipated in advance. The notice shall include an agenda which lists all of the items to be considered at the forthcoming meeting, the date, time, and place of the meeting, and in the case of an executive meeting the purpose shall be stated.
- 4) The Board shall keep written minutes of all meetings, documenting an accurate reflection of the matters discussed at the meeting and the views of the participants.
- 5) All material reviewed by the Board should be printed prior to meetings.
- 6) All material shall be made available, if requested, in an accessible format, in accordance with the Americans with Disabilities Act, Title II.
- 7) The Board shall make its meetings accessible, upon request, in accordance with the Americans with Disabilities Act, Title II.

Responsibilities

Responsible Officer: President & CEO

Policy Owner: Board of Directors

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Delegation of Authority Policy



Policy Purpose

The purpose of this policy is to establish guidelines for the delegation of authority to ensure efficient operations while maintaining fiscal and policy integrity.

Policy Provisions

- 1) As used in this policy, a delegation of authority is the formal recorded transference of authority from one Authority employee to another Authority employee to bind the organization within the scope of authority to a legally enforceable obligation.
- 2) A formal delegation of authority should describe the authority that is being delegated, its scope and limitation, and any reference to existing delegations that will be modified or superseded.
- 3) Delegations of authority are appropriate where the delegation will enhance the effectiveness and efficiency of the Authority's operations without risking the integrity of the internal control necessary for accountability. No delegation shall be made of all or substantially all of the powers held by any persons making a delegation, or where checks and balances would be minimized.
- 4) Accountability and authority for the Authority's activities lies with the President and Chief Executive Officer. Those who receive delegated authority under the terms of this policy are expected to safeguard and properly manage the Authority's resources by establishing and implementing sound business controls.
- 5) Those who receive delegated authority shall have sufficient knowledge of the Authority's policies, rules, laws, regulations and procedures to ensure compliance.
- 6) A delegation of authority shall be commensurate with the employee's role within the Authority. No delegation shall be made to any employee whose level of responsibility within the Authority is lower than the level of employee who reasonably could be expected to understand and act in respect to the powers being delegated.
- 7) This policy recognizes and is intended to implement Hawai'i Revised Statutes §201B-7(b), which authorizes the delegation to staff the responsibility for soliciting, awarding, and executing contracts, and monitoring and facilitating any and all functions related tourism-related activities.

Responsibilities

Responsible Officer:

President & CEO

Policy Owner:

Board of Directors

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Board of Directors Attendance Policy



Policy Purpose

This policy is intended to support appropriate participation of all members of the Board. Such participation is necessary for Board Directors to fulfill their statutory and fiduciary duties to the Authority.

Policy Provisions

- 1) This policy recognizes and is intended to implement Hawai'i Revised Statutes §92-15.5 which addresses nonattendance of a Board Director.
 - 2) Board Directors are expected to attend scheduled Board meetings in person unless the meeting is being conducted by videoconference in accordance with the requirements of Hawai'i Revised Statutes §92-3.5. Any Director participating in a meeting conducted by videoconference is considered present for the purpose of compliance and voting requirements of the Board.
 - 3) To the extent provided by law, the term of a Board Director shall expire upon the failure of the Director, without valid excuse, to attend three consecutive meetings duly noticed to all Directors of the Board and where the Board failed to constitute quorum necessary to transact Board business. The expiration of the Director's term shall be effective immediately after the third consecutive unattended meetings and unexcused absence. The Chair will promptly notify the Director of the expiration of the Board Director's term.
 - 4) Upon issuance of a notice providing a schedule of regular Board meetings over a one-year period, an attendance problem occurs if:
 - a. The Director has two unexcused absences from a Board meeting within a one-year period;
 - b. The Director misses three (3) consecutive meetings for any reason; or,
 - c. The Director misses one-third of the total number of Board meetings in a one-year period.
 - d.
 - 5) In the event of a Board Director's attendance problem, the Board Chair will promptly contact the individual to discuss the problem.
 - 6) The Chair, or Acting Chair, of the Board shall determine whether an absence of a Board Director is excusable.
-

Responsibilities

Responsible Officer:

Chief Administrative Officer

Policy Owner:

Board of Directors

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Policy & Procedures Management Policy



Policy Purpose

The purpose of this policy is to provide standards and guidelines for developing and maintaining the Authority's policies and procedures, to ensure accurate and sound practices that are clearly defined and documented, and to clearly identify responsibility, authority, and accountability.

Policy Provisions

- 1) All policies should be aligned with the Hawaii Tourism Authority Strategic Plan, as revised, and the Authority's duties and responsibilities as provided by Hawai'i Revised Statutes Chapter 201B and any other applicable law.
- 2) All procedures should provide guidance to effectively and efficiently implement related policies.
- 3) All policies and procedures must follow a format approved by the Board Chair and the President & CEO.
- 4) The Board Chair and the President & CEO are required to review all policies prior to Board approval to ensure compliance with this policy. **Procedures shall follow a prescribed and agreed on format as indicated in item 3 above. Procedures will be developed and approved by the Chief Executive Officer and shall be in alignment with board policies.**
- 5) The Board Chair and the President & CEO are responsible for ensuring that policies are current and shall conduct an annual review which shall include updates, if necessary.
- 6) Any policy may be adopted or amended from time to time upon an action taken by the Board at a duly noticed Board meeting to approve the adoption or amendment of the policy. The President & CEO may adopt or amend procedures to implement the policies.
- 7) The Chief Administrative Officer, or designee, is to maintain a central repository for all policies and procedures for ready review and inspection by the Authority and the public.

Responsibilities

Responsible Officer:

Chief Administrative Officer

Policy Owner:

Board of Directors

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Fraud Response Policy



Policy Purpose

The purpose of this policy is to facilitate the development of controls that will aid in the detection and prevention of fraud. It is the Authority's intent to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

Policy Provisions

- 1) Management is responsible for detecting defalcation, misappropriating, and other irregularities. Each member of the management team should be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.
- 2) Although it is impossible to describe every situation that might give rise to fraud or corruption, this policy addresses common situations described below that may arise:
 - a) Systems Issues - Where a process/system exists which is prone to abuse by either employees or public.
 - b) Financial Issues - Where individuals or companies have fraudulently obtained money from the Authority.
 - c) Resource Issues - Where there is a misuse of resources, (e.g. theft of materials)
 - d) Procurement - Where there is an ethical and procurement matter related to the implementation of procurement policies and practices.
 - e) Other Issues - Activities undertaken by officers of the Authority which may be unlawful, against the organization's policies, ethical obligations, fiduciary duties; or amounts to improper conduct.
- 3) The Board and the President & CEO are responsible to ensure corrective measures are promptly instituted and carried out.
- 4) Pursuant to all applicable federal and state law, including laws providing "Whistleblower" protection, the Authority prohibits retaliation against anyone who raises or reports a suspicion of fraud or corruption, or cooperates in an investigation. The Authority will not permit any sanction against employees for making a good-faith complaint, regardless of whether the underlying facts prove to be correct or result in any corrective action.
- 5) The Authority can best achieve its mission if it is made aware of potential improper actions and has the opportunity to investigate and fix problems. This goal is best served when Employees, contractors, and agents know they can bring such concerns to the attention of the Authority's managers or to the Board without fear that they may be penalized for sharing such information. It is the policy of the Authority to:
 - a) Encourage Employees, contractors, and agents, acting in good faith, to report what they reasonably believe to be improper governmental action or wrongdoing by Directors, Employers, contractors, or agents; and

- b) Protect persons so reporting in accordance with the provisions of this policy and State and Federal law.

Responsibilities

Responsible Officer:

Chief Administrative Officer

Policy Owner:

Board of Directors

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Internal Controls Policy



Policy Purpose

The purpose of this policy is to establish the internal control framework that will provide reasonable assurance that the Authority's objectives are achieved to ensure effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

Policy Provisions

- 1) The Board Chair and the President & CEO are responsible for establishing a set of processes that provide the Board of Directors with reasonable assurance of meeting the following control objectives:
 - a) Data and information published either internally or externally is accurate, reliable and timely;
 - b) The actions of directors, management and employees are in compliance with the Authority's policies and procedures, and all applicable laws and regulations;
 - c) The Authority's resources (including IT personnel, systems, data/information) are adequately protected;
 - d) Quality business processes and continuous improvement are emphasized; and,
 - e) Goals and objectives as outlined in the Hawaii Tourism Authority Strategic Plan, as revised, are achieved.
- 2) Control activities are a function of management and are an integral part of the overall process of managing operations. As such, it is management's responsibility to:
 - a) Identify and evaluate the exposures to loss that relate to the Authority's operations;
 - b) Establish policies, procedures, and systems to be implemented to mitigate the risks associated with the exposures identified;
 - c) Establish practical controlling processes that enables and requires the Authority's directors, management and employees to carry out their duties and responsibilities to ensure the control objectives listed above are achieved; and,
 - d) Maintain the effectiveness of the controlling processes to foster continuous improvement.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
Board of Directors

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Quality Assurance



Policy Purpose

The purpose of this policy is to affirm HTA's commitment to maintain a high standard of quality in the way we work, the services we deliver, and our relationships with stakeholders and to ensure continuous improvement in our operations.

Policy Provisions

- 1) Definitions. "Quality Assurance" is what the HTA and its stakeholders enjoy if quality control has been effectively applied in the work of the organization. "Quality Control" is the combination of operational techniques, procedures, and objectives that are used to fulfill the requirements of quality.
 - 2) Policy. The HTA's policy is to maintain an effective and efficient quality control process planned and developed in conjunction with all management and staff functions and stakeholders, outlined in a series of procedures, guidelines and checklists (including external contracts, regulations, and codes of practice) which are designed to eliminate deficiencies and inaccuracies and to ensure high quality standards.
 - 3) Application. The assurance of quality is fundamental for all work undertaken by HTA and should be implemented by all staff and contractors in their work. To that effect, the HTA shall:
 - a. Maintain consistency in work method throughout in accordance with set policies, procedures, regulations, and codes of practice and without significant deviation.
 - b. Ensure that all policies, procedures, relevant regulations and codes of practice are implemented and systematically reviewed.
 - c. Regularly monitor and measure the quality of its work methods, outputs, and outcomes with a view to ensuring high quality standards and continuous improvement.
 - 4) Quality Assurance Specialist. The President and CEO will designate one member of the HTA staff as the quality assurance specialist. The quality assurance specialist shall be responsible for reviewing quality standards, recommending and drafting updates to policies and procedures, training the HTA staff and auditing the HTA's operations for proper quality assurance and statutory compliance.
 - 5) Procedures. The Chief Administrative Officer shall prepare staff procedures, guidelines, and checklists as necessary to implement this policy.
-

Responsibilities

Responsible Officer:

Chief Administrative Officer

Policy Owner:

Board of Directors

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Annual Report Policy



Policy Purpose

The purpose of this policy is to establish standards and requirements for the HTA Annual Report to the Governor and the Legislature in accordance with state law.

Policy Provisions

- 1) The President and CEO, Board Chair, and Chief Administrative Officer shall review the proposed content of the Annual Report for compliance with statutes and this policy at least 90 days before the due date to the Legislature.
- 2) The President and CEO and the Board Chair shall approve the Annual Report before release to the Legislature.
- 3) The Annual Report shall include the following:
 - a. A cover letter from the President and CEO and Board Chair highlighting HTA activity for the year;
 - b. A full copy of the summary version of the HTA Strategic Plan;
 - c. A report card of progress against the HTA Strategic Plan including metrics charts;
 - d. A summary of the HTA marketing plan;
 - e. Highlights of accomplishments under the brand management plan;
 - f. A list of programs sponsored by the HTA including those in the community, cultural, and natural resource categories;
 - g. County by county highlights of brand management and brand development activities;
 - h. Program highlights of brand management and brand development activities;
 - i. A list of board members showing end of term date, county, and industry representation;
 - j. A list of standing board committees with members;
 - k. The number of board of directors' meetings for the reporting year and a schedule of meetings for the upcoming calendar year;
 - l. List of all contractors for major market areas and contracts valued at over \$1,000,000 over the life of the contract;
 - m. List of procurements over \$100,000 for current year with the name of the selected contractor;
 - n. A list of procurements over \$100,000 anticipated for the upcoming calendar year; and,
 - o. Annual financial reports from the most recently completed fiscal year.
- 4) The President and CEO may remove any of the items contained in item #5 as long as the remaining content meets the statutory requirements for the Annual Report.
- 5) The President and CEO shall review the contents of the Annual Report with the board at the January board meeting each year.

Responsibilities

Responsible Officer:
Chief Executive Officer

Policy Owner:
Board of Directors

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Chart of Accounts Policy



Policy Purpose

The purpose of this policy is to establish the basic framework for the organization's Chart of Accounts in order to produce meaningful financial data for the Authority.

Policy Provisions

- 1) There shall be developed and maintained a Chart of Accounts for the Hawai'i Tourism Authority which shall be in compliance with Generally Accepted Accounting Principles (GAAP) and Government Accounting Standards Board (GASB) guidelines.
- 2) The chart of accounts is a systematic classification of the Authority's assets, liabilities, fund balances, revenues and expenditures. It is designed to capture information that is compatible with the form and content of the Authority's reporting requirements.
- 3) The format utilized to classify transactions and balances shall be determined by the Chief Administrative Officer in consultation with the designated responsible finance official within the organization.
- 4) The Chart of Accounts structure is intended to be difficult to change, however, adjustments may be necessary to individual accounts in order to achieve certain reporting objectives. The designated responsible finance official, in consultation with the Chief Administrative Officer, is responsible for monitoring and approving changes to the Authority's chart of accounts.

Responsibilities

Responsible Officer:

Chief Administrative Officer

Policy Owner:

VP of Finance

Approvals

Prepared:

Keith A. Regan
Chief Operating Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Effective Date: Date

Account Reconciliation Policy



Policy Purpose

The purpose of this policy is to define the requirements for general ledger account reconciliations and to communicate those requirements to those responsible for preparing reconciliations.

Policy Provisions

- 1) It is a key responsibility of Finance to monitor the general ledger and subsidiary ledgers to ensure that they accurately account for the Authority's activities. This responsibility should be accomplished by implementing and following a formal process which ensures that all accounts are reconciled regularly and in a timely manner.
- 2) Each balance sheet account should be reconciled no less than annually and more often if deemed appropriate by the VP of Finance. However, each cash account should be reconciled against the applicable bank account monthly.
- 3) Reconciliations should be done in a standard format indicating the general ledger balance at the end of the month and identifying each item comprising the difference, if any, between the actual general ledger balance and the adjusted figure. The reconciler should identify the corrective steps taken to clear each reconciling item.
- 4) Reconciling items should be cleared before the next hard close or at least annually and within one month for each cash account.

Responsibilities

Responsible Officer:

Chief Administrative Officer

Policy Owner:

VP of Finance

Effective Date: Date

Approvals

Prepared:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Accounts Payable and Cash Disbursements Policy



Policy Purpose

The purpose of this policy is to explain the practices for documenting, recording and issuing payments for accounts payable transactions.

Policy Provisions

- 1) Internal controls are required to ensure that only valid and authorized payables are recorded and paid. Accounting procedures should be implemented to ensure the propriety and accuracy of amounts, General Ledger account coding and appropriate timing of payments.
- 2) Fiscal management is responsible for approving the Accounts Payable document package and adding signature for payment.
- 3) The departments are responsible for forwarding all documentation required to substantiate the expenditure(s) to Finance for payment.
- 4) Finance is responsible for payment of invoices, but only after satisfactory completion or delivery of goods or services has been made. Procedures shall be established to account for each method of payment issued which include:
 - a. Check payments
 - b. Wire transfer payments
 - c. P-Card payments
 - d. Petty cash payments

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
VP of Finance

Effective Date: Date

Approvals

Prepared:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Chair, HTA Board of Directors

Date

Expenditure Policy



Policy Purpose

The purpose of this policy is to explain how funds may be expended for the Authority's activities.

Policy Provisions

- 1) All expenditures of the Authority must be related to the Authority's approved mission as expressed in the approved Operating Budget.
- 2) All expenditures must be properly approved and authorized, substantiated by adequate documentation, supported by budgeted funds, and correctly processed for payment.
- 3) The Authority assumes no responsibility for expenditures that do not adhere to this policy and its related procedures.
- 4) Unacceptable expenditures include, but are not limited to, the following:
 - a. Club memberships
 - b. Political or charitable contributions which include gifts to legislators and their staff
 - c. Show and sporting events tickets
 - d. Penalties and fines which include traffic and parking tickets
 - e. Clothing except where a uniform or particular form of dress is mandated
 - f. Purchase of items which will be used by an employee upon termination from the position as an employee of the Authority
 - g. Gifts, which do not directly support the function of the Authority. Examples include flowers and fruit baskets sent for sickness or death to employees or relatives of employees; appreciation gifts for employees.
- 5) This policy excludes the Protocol Fund.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
VP of Finance

Effective Date: Date

Approvals

Prepared:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Finance & Accounting

Payroll & Benefits Policy



Policy Purpose

The purpose of this policy is to ensure payroll-related expenditures are processed and recorded timely and accurately, and in a manner consistent with its confidential nature.

Policy Provisions

- 1) Prior to each pay date, the payroll register is to be reviewed and reconciled to accurately reflect upcoming payroll-related expenditures.
- 2) Employment and payroll information is confidential and will not be released except to employees who require the information to perform their job-related duties.
- 3) All payroll-related documentation and information must be handled and stored in a manner consistent with their confidentiality by all who handle any aspect of the payroll function.

Responsibilities

Responsible Officer:

Chief Administrative Officer

Policy Owner:

VP of Finance

Effective Date: Date

Approvals

Prepared:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Effective Date: Date

Fixed Assets Control Policy



Policy Purpose

The purpose of this policy is to establish proper control procedures for all fixed asset acquisitions, transfers and dispositions in order to provide internal control of fixed assets and to assist in reporting.

Policy Provisions

- 1) It is the policy of the Authority to make best and efficient use of any and all assets.
- 2) All commitments for fixed assets expenditures will be made only under the authority of a properly approved request pursuant to *Policy # 300-03 Accounts Payable and Cash Disbursements Policy*.
- 3) The HTA shall comply with *Hawaii Administrative Rules §3-130*, as it relates to all expenditures for fixed assets.
- 4) Consistent with *Hawaii Administrative Rules §3-130*, any “theft-sensitive” purchases between \$250 and \$1,000 are to be tagged and tracked in the internal fixed assets register.
- 5) Expenditures for fixed assets exceeding \$5,000 on a per unit cost basis will be capitalized and depreciated/amortized pursuant to *Policy # 300-08 Fixed Assets Capitalization and Depreciation Policy*.
- 6) As needed, the Authority may conduct a review of obsolete or unused fixed assets to be identified and marked for disposal. Fiscal management is responsible for reviewing and approving disposition of fixed assets. Disposal of assets shall be in accordance with HAR §3-130.
- 7) A physical inventory of all tagged assets is to be performed at least once during the fiscal year. Any variances or missing items are to be investigated and resolved. Finance is responsible for preparing a reconciled fixed asset register for review and approval.
- 8) The Fiscal Manager is responsible for reviewing and approving the reconciled fixed asset register. A fixed asset return is submitted to the Department of Accounting and General Services for reporting purposes.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
VP of Finance

Effective Date: Date

Approvals

Prepared:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Fixed Assets Capitalization and Depreciation Policy

Policy Purpose

The purpose of this policy is to establish guidelines for capitalizing and depreciating fixed assets.

Policy Provisions

- 1) New acquisitions of furniture, fixtures, and equipment with an acquisition cost of \$5,000 or more on a per unit basis with a useful life of greater than one year are to be capitalized and tracked in a fixed asset register.
- 2) Buildings and building improvements costing \$100,000 or more are to be capitalized. Cost includes purchase price or cost of construction plus any other charges incurred to place the asset in its intended location and condition for use.
- 3) Donated assets are recorded at the fair market value on the date donated. The fair market value is the estimated amount at which the asset would be exchanged between a willing buyer and seller.
- 4) The useful life of each asset is determined when it is placed in service and is depreciated on the straight-line method over the useful life of the asset. Buildings and improvements are depreciated over 30 years, while furniture, fixtures, and equipment will be depreciated over 5 to 7 years. Land is not depreciated as it is assumed to have an indefinite life.

Responsibilities

Responsible Officer:

Chief Administrative Officer

Policy Owner:

VP of Finance

Effective Date: Date

Approvals

Prepared:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Protocol Fund Policy



Policy Purpose

The purpose of this policy is to establish standards for the acceptable use of the Protocol fund by the President & CEO, or his designee.

Policy Provisions

- 1) Per Hawai'i Revised Statutes §201B-11, Tourism Special Fund; Exemptions; Reports, the Authority's President & CEO or his designee, may expend up to \$15,000 per fiscal year at her or his discretion.
- 2) The following is a list of acceptable expenditures related to the use of the Protocol fund:
 - a. Meals and refreshments while entertaining private and public sector officers on official business;
 - b. Meals and refreshments for board and fellow employees during staff meetings conducted by the President & CEO or designee;
 - c. Token gifts (including leis) when welcoming or visiting government officials and miscellaneous client groups;
 - d. Gifts, such as plaques, framed commendations, or trophies to recognize service rendered to the Authority by a board member or volunteer. Gifts to employees related to service and incentive awards should follow the policies issued by the Department of Human Resources Development.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
VP of Finance

Effective Date: Date

Approvals

Prepared:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Financial Reporting Policy



Policy Purpose

The purpose of this policy is to establish guidelines and standards for financial reporting requirements and duties related to those responsible for financial reporting.

Policy Provisions

- 1) The State of Hawaii recognizes a fiscal year beginning on July 1 and ending on June 30. The Authority prepares financial reports based on this accounting cycle.
- 2) Internal controls over financial reporting are to be established to provide reasonable assurance over the Authority's financial information. Procedures should be in place to ensure financial transaction data is recorded timely and accurately.
- 3) The annual combined financial statements of the Authority are prepared in accordance with Governmental Accounting Standards Board (GASB) requirements. Finance is responsible for designing, implementing, and maintaining an effective and efficient year-end closing schedule in preparation of the annual financial report.
- 4) The Authority will engage a firm of Certified Public Accountants (CPAs) to perform an annual financial audit according to Generally Accepted Government Auditing Standards (GAGAS).
- 5) Finance is responsible for preparing and submitting monthly management reports using a basis determined as appropriate by the Board of Directors. Finance is also responsible for designing, implementing, and maintaining an effective and efficient month-end closing schedule for ensuring the preparation of timely and reliable reports.
- 6) To comply with State reporting requirements, subsequent to the month-end and fiscal year-end accounting cycles, Finance is responsible for preparing and submitting the Authority's financial transaction data to the Department of Accounting and General Services (DAGS).
- 7) Pursuant to Hawai'i Revised Statutes §201B-16, the Authority shall submit an annual report of its activities, expenditures, and results to the Governor and the Legislature at least twenty days prior to the convening of each regular session of the Legislature.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
VP of Finance

Approvals

Prepared:

Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Effective Date: Date

Cash Management Policy



Policy Purpose

The purpose of this policy is to establish standards to manage and control the collection of revenues and disbursement of funds so as to maximize the pool of temporary idle cash. Additionally, idle cash should be minimized by investing cash into liquid and income-earning investments.

Policy Provisions

- 1) All activity and balances in the Authority's primary bank accounts shall be monitored to assess the cash necessary to meet daily obligations and ensure adequate funds are available.
- 2) On a periodic basis determined by the Authority, the Authority's cash position should be analyzed to forecast cash needs and identify idle cash to be transferred to income-earning financial assets.
- 3) Procedures and controls are to be designed to ensure the safety of assets by maintaining cash in federally insured accounts, to provide liquidity for operations, and to secure reasonable returns on investments on idle funds.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
VP of Finance

Effective Date: Date

Approvals

Prepared:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Finance & Accounting

Debt Service Policy



Policy Purpose

The purpose of this policy is to provide guidance governing the processing of long-term debt transactions.

Policy Provisions

- 1) Only projects that are related to the Authority's approved mission will be considered for debt financing.
- 2) Pursuant to Hawai'i Revised Statutes §37-2, Financing Agreements, the State's Attorney General must approve as to form and legality any debt financing agreement the Authority wishes to consider.
- 3) Management is to achieve acquiring the lowest cost of capital while balancing the objective of mitigating exposure to interest rate and other financing and credit risks.
- 4) State funding via the issuance of general obligation bonds and all other legally available funds is the first option when considering the Authority's investment in facilities.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
VP of Finance

Effective Date: Date

Approvals

Prepared:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Investment Policy



Policy Purpose

The purpose of this policy is to establish guidelines for the appropriate management and investment of funds, and to establish reasonable expectations of return on those investments.

Policy Provisions

- 1) Management of the Authority's funds shall be in accordance with prudent practices of public agencies and consistent with Hawai'i Revised Statutes §36-21 relating to the investment of state funds.
- 2) Investments shall be made to secure reasonable returns on idle funds, while anticipating future cash flow needs and known future liabilities.
- 3) To limit exposure to fair market value losses due to rising interest rates, investments shall not be made in securities maturing more than five years from the date of purchase. In general, securities should be held to maturity. However, securities may be sold in order to meet unforeseen cash flow needs.
- 4) Investments shall be limited to those identified in HRS §36-21 which may be updated from time to time.
- 5) Responsibility and authority for the management of short-term investments of operating funds are delegated to the fiscal operations of the organization.
- 6) Collateralization of savings and checking accounts and certificates of deposit is required under this policy for all investments exceeding the maximum amount of federal deposit insurance.
- 7) Procedures are to be established to determine the means of reviewing and evaluating investment performance, as well as to determine the specific allocation of investment funds.

Responsibilities

Responsible Officer:

Chief Administrative Officer

Policy Owner:

VP of Finance

Effective Date: Date

Approvals

Prepared:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Procurement Policy



Policy Purpose

The purpose of this policy is to define and establish procurement standards and practices to maximize purchasing value, while maintaining the highest standards of quality and integrity.

Policy Provisions

- 1) The Authority is to procure materials and services needed to perform its mission in a cost-effective and responsive manner in accordance with all state laws.
- 2) Employees and Board directors shall act in good faith during the procurement process and conduct themselves in accordance with *Policy # 100-03 Code of Conduct Policy*, as well as applicable state laws and regulations.
- 3) In accordance with best practices, the Authority's procurement methods shall foster competition, while preserving fairness and equity. To ensure this, internal management procedures shall be designed and maintained for various procurement methods, including but not limited to:
 - a) Competitive sealed bidding
 - b) Competitive sealed proposals
 - c) Small purchases
 - d) Sole source procurements
 - e) Emergency procurements
 - f) Professional service procurements
- 4) Internal management procurement procedures shall be designed and maintained to provide a structure for the procurement of goods and services, source selection and contract formation, contractor responsibilities, types of contracts, modification and termination of contracts, cost principles, audit of records, and remedies, including the resolution of protests or procurement disputes.
- 5) Internal management ethics in public contracting procedures shall be designed and maintained to provide a structure for the implementation of ethical and procurement integrity matters.
- 6) The Authority shall develop and incorporate into its procurement solicitation and contracts various objective key performance indicators, which are aligned to the Hawaii Tourism Authority Strategic Plan, as revised, and will be used to measure or evaluate the contractor's performance of the contract.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
Board of Directors

Approvals

Prepared:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Operations

Contract Management Policy



Policy Purpose

The purpose of this policy is to establish standards for the formation, management, and resolution of contracts executed by the Authority.

Policy Provisions

- 1) All contracts awarded for the procurement of materials and services are to be processed through the Authority's approved internal management policies and procedures for procurement and ethics in public contracting.
- 2) All parties involved in the competition, performance, or administration of the Authority's contracts shall act in good faith and avoid all conflicts of interest.
- 3) All contracts shall have all applicable administrative and legal reviews completed and executed by all parties prior to commencement of any services set forth in the agreement.
- 4) Procedures shall be designed and maintained for an efficient, effective and productive contract management and administration to ensure the ongoing fulfillment of the terms and conditions of the contract, or if necessary, the modification or termination of the contract.
- 5) Procedures shall be designed and maintained to administer and resolve contract disputes.
- 6) Procedures shall be designed and maintained for ensuring the proper closure of contracts and to establish a framework for evaluating contractor performance based on objective performance measures.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
Board of Directors

Effective: Date;

Amended: Date

Approvals

Prepared:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Operating Budget Policy



Policy Purpose

The purpose of this policy is to establish guidelines and procedures to facilitate the development and management of the Authority's annual operating budget to efficiently allocate and manage funding appropriations established in the state budget and in a manner to achieve key performance measures.

Policy Provisions

- 1) The Authority is to function with a Board-approved operating budget for each fiscal year.
- 2) A proposed annual operating budget for the subsequent fiscal year shall be presented to the Board of Directors no later than the regularly scheduled June board meeting.
- 3) The Authority's management may provide a presentation that may include revenue forecasts, historical results, tourism research and market intelligence, proposed funding appropriations, and a prioritization of strategic objectives, directives, and targets. Total expenditures by the Authority for the fiscal year shall not exceed appropriation levels established in the state budget for the respective fiscal year.
- 4) Procedures shall be designed and maintained for the preparation, review, revision, and approval of the proposed operating budget.
- 5) The Authority is to prepare and manage the operating budget based on main budget categories as approved by the Board. These main budget categories should align with the Hawaii Tourism Authority Strategic Plan. Management is provided the discretion to subcategorize the funds allocated to these main budget categories.
- 6) Once the operating budget is approved by the Board, the reallocation of funds between main budget categories of \$250,000 or more shall require board approval prior to reallocation. All reallocations between main budget categories, regardless of dollar amount, shall be reported to the board at the board meeting following the reallocation.
- 7) Reallocations of \$250,000 or more shall be considered budget amendments and shall be presented to the board in the form of a resolution which shall clearly state the following:
 - a. Original budget category and subcategories with original funding amount;
 - b. Proposed budget category to receive funding and new funding amount for that category;
 - c. Revised original budget category funding amount (post-transfer);
 - d. Purpose and explanation for the amendment request; and,
 - e. Impact to the original budget category due to the reduction, if any.
- 8) The Board may, from time to time, request budget variance reports or other visitor data reports on targets previously established by the Board. The Authority's management shall prepare and distribute such requested reports to allow the proper monitoring and management of expenditures and

available funds in an effort to assess the progress of the Authority's management towards achieving various strategic objectives, directives and targets by the end of the fiscal year.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
Board of Directors

Approvals

Prepared:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Operations

Legislative Budget Policy



Policy Purpose

The purpose of this policy is to establish guidelines and procedures to facilitate the development of budgets for submission as part of the Executive Biennium Budget of the State of Hawaii or the Executive Supplemental Budget of the State of Hawaii.

Policy Provisions

- 1) Upon request, the staff may provide a report to the Board regarding a proposed biennium budget to the Governor as part of the preparation of the Executive Biennium Budget of the State of Hawaii.
- 2) Upon request, the staff may provide a report to the Board regarding a proposed supplemental budget, as needed, to the Governor as part of the preparation of the Supplemental Budget of the State of Hawaii.
- 3) The preparation and submission of budgets and documentation (such as program descriptions, evaluations, and performance measures) to the Governor shall consider previous legislative testimony, budget instructions submitted to the Authority by the State and the Operating Budget.
- 4) Budget preparation procedures and timelines shall be designed, in consultation with the Board, to facilitate the timely submission of budgets to the Governor.
- 5) To the extent required by law or any Executive Memorandum to develop or implement the executive budget, the Authority shall fulfill requests for documentation or requests for information to support the proposed legislative budgets in a timely manner.

Responsibilities

Responsible Officer:

Chief Administrative Officer

Policy Owner:

Board of Directors

Effective: Date;

Amended: Date

Approvals

Prepared:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Business Continuity Management Policy



Policy Purpose

The purpose of this policy is to establish standards for ensuring that appropriately detailed business continuity plans are developed and updated periodically for all of the Authority's critical business functions.

Policy Provisions

- 1) Business continuity management policy and planning are fundamental to ensure against organizational risks to the Authority in case of business interruption.
- 2) The Authority is to develop, exercise, test and maintain business continuity plans for the resumption and recovery of critical business functions and resources. The development of any plan is based on a risk assessment that determines the impact these risks may have on business operations.
- 3) The President & CEO is responsible for updating and maintaining the Authority's business continuity plans on an annual basis and more frequently if warranted..
- 4) In the event of a business interruption, the President & CEO or subsequent authorized individual based on the bylaws of the Hawai'i Tourism Authority may take any action to supersede any Authority policy or procedure and immediately direct any action to appropriately manage the Authority's business operations in response to the ramifications or potential adverse consequences arising from the cause of the business interruption; provided that such actions shall be consistent with all applicable law or regulation.
- 5) In the event of a business interruption arising from a natural disaster, the Authority shall implement the policies and procedures provided in the Authority's Crisis Manual. The Crisis Manual provides the following: Crisis Management Team; Crisis Communications Processes and Information; Key Contracts; HTA Command Center; Public Relations Statements; Recovery Planning (Overall Strategies of Contingency Marketing Plans, Pre-Crisis/Emergency Activities, Possible Actions at On-Set of Crisis/Emergency); and, Emergency Response Actions Affecting the Visitor Industry (Who Does What?).
- 6) In the event of a business interruption, the authority to manage the staff and respond to accidents, disasters, emergencies or any other similar threats without any stoppage or hindrance to the staff's key operations shall be delegated to the following management officers in order of priority and/or succession:
 - a. President & CEO, and then,
 - b. Chief Administrative Officer, and then,

- c. Vice President of Marketing and Product Development, and then,
- d. Vice President of Finance

7) The Authority may rely upon any business continuity plan adopted and/or being implemented by the Executive administration of the State of Hawai'i.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
President & CEO

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Publication and Protected Information Policy

Policy Purpose

The purpose of this policy is to establish standards for the use and handling of confidential information.

Policy Provisions

- 1) Confidential information generally consists of non-public information about a person or an entity that, if disclosed, could reasonably be expected to place either the person or the entity at risk of criminal or civil liability, or damage the person or entity's competitive advantage, financial standing, employability, privacy or reputation.
- 2) The Authority is bound by law or contract to protect some types of personal and/or confidential commercial propriety information, and in other instances, the Authority requires protection of confidential information beyond legal or contractual requirements as an additional safeguard.
- 3) All employees with job duties that require the handling and use of confidential information are required to safeguard such information and only use it or disclose it as expressly authorized or specifically required in the course of performing their specific job duties.
- 4) The Authority shall comply with the statutory provisions of the Uniform Information Practices Act (Modified) as codified under Hawai'i Revised Statute Chapter 92F ("HRS 92F"), including the provisions related to the identification of information that if disclosed would constitute a clearly unwarranted invasion of personal privacy. If an individual or entity has asserted a claim of confidentiality on any documents or information maintained by the Authority, the Authority shall assess whether the claim of confidentiality is valid and may consult with the person or entity asserting the claim.
- 5) Any request to the Authority for disclosure of information from the public shall comply with the requirements of HRS 92F and the opinions and processes issued by the Office of Information Practices. The request shall be managed by the Chief Administrative Officer or designee.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
Chief Operating Officer

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Records Retention and Disposal Policy



Policy Purpose

The purpose of this policy is to establish standards for managing the Authority's records in an appropriate, efficient and economic manner, consistent with regulatory and administrative requirements.

Policy Provisions

- 1) Records management and retention policies apply to all government records or documents created and maintained by the Authority in written, auditory, visual, electronic, or other physical form and regardless of medium or format.
- 2) The Authority shall recognize that government records may include confidential personal records, which should be segregated to the extent possible, and with other government records shall be adequately and safely maintained.
- 3) The Authority's policy is to comply with local, state and federal laws regarding the retention and disposition of the Authority's records. Under State Law, all actions by State agencies with respect to the disposition of agency records are subject to the approval of the State Comptroller. The Comptroller exercises this duty by authorizing records retention and disposition schedules.
- 4) Records covered by the most recently approved State General Records Schedules may be disposed of as long as the minimum retention periods set forth in the schedules have been met. The policies and procedures provided in the most recent revision of the General Records Schedules issued by the Department of Accounting and General Services, State of Hawai'i, shall be incorporated herein by reference.
- 5) Retention and disposal procedures for records unique to the Authority and not covered by the most recently approved State General Records Schedules are to be addressed by the Authority's Chief Administrative Officer.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
Chief Administrative Officer

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Information Technology

IT Management Policy



Policy Purpose

The purpose of this policy is to establish guidelines for the effective use of information technology resources to increase productivity and performance, in alignment with achieving the strategic objectives of the Authority.

Policy Provisions

- 1) The Authority supports and promotes the productive use of information technology resources within the organization.
- 2) The Authority's Chief Administrative Officer is responsible for aligning information technology initiatives with the Authority's objectives as defined in its strategic plan.
- 3) The Authority is to ensure that the deployment of information technology is secure, reliable, and minimizes risk.
- 4) The Authority is to stay current with information technology developments in order to identify, implement, and update the appropriate systems and services to efficiently achieve the Authority's goals and objectives.
- 5) The Authority shall authorize the expenditure of sufficient funds appropriate for the purchase of all necessary information technology resources to support efficient and productive systems and/or processes that will achieve the Authority's objectives and goals including the acquisition of hardware, software, and contract services as necessary.

Responsibilities

Responsible Officer:

Chief Administrative Officer

Policy Owner:

Chief Administrative Officer

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

IT Security and Access Policy



Policy Purpose

The purpose of this policy is to establish guidelines to ensure the security, confidentiality, integrity and availability of the Authority's information and intellectual property assets.

All users, including contractors, temporary employees, third party vendors, and licensees, of the Authority's information systems are responsible for familiarizing themselves with and complying with all of the Authority's policies, procedures, and guidelines related to information security.

Policy Provisions

- 1) The purpose of access control is to ensure that only authorized individuals, whose identity is established and whose activities are limited to the minimum required for business purposes, are allowed access to the Authority's business applications and system resources.
- 2) Information security shall be provided through software controls that will ensure information is available as needed only to authorized users; that legitimate users of the computer cannot access stored information unless they are authorized to do so; and, that unauthorized individuals are prevented from accessing any information or intellectual property asset.
- 3) Authorized users of the Authority's computers should be granted those access privileges to data and software to accomplish their job responsibilities, contracted scope of work, or the terms of an executed license agreement. This access control(s) will be managed by a person designated to be responsible for the Authority's IT assets and systems, and adhere to a strict "need to know" procedure for determining the detailed access rules to implement.
- 4) Third party vendors, independent contractors, or persons or entities not employees of the Authority or the State of Hawai'i seeking use of the Authority's computers may be required to execute a confidentiality agreement prohibiting the disclosure of the Authority's information or intellectual property without the prior approval of the Authority and for purposes not consistent with its authorized use.
- 5) All relevant information security policies and procedures provided in the most recent revision to the Information Technology Standards issued by the Information and Communication Services Division of the Department of Accounting and General Services, State of Hawai'i, shall be incorporated herein by reference.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
Chief Administrative Officer

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Internet and E-Mail Acceptable Use Policy



Policy Purpose

The purpose of this policy is to establish standards for accessing the Authority's IT network and the use of the Internet and e-mail.

Policy Provisions

- 1) All portions of the Authority's IT infrastructure, including the information being transported by this infrastructure, are the property of the Authority. This includes all e-mail transmitted or received through the Authority's information infrastructure.
- 2) Since e-mail is the property of the Authority, all e-mail accounts and the e-mail stored by these accounts are subject to monitoring and inspection at any time and any user of the Authority's IT infrastructure shall not have any expectation of personal privacy.
- 3) All communication through e-mail or messaging services is to be conducted in a professional manner. The use of suggestive, inappropriate, vulgar, or obscene language, images, and caricatures is prohibited.
- 4) Users shall not reveal private or personal information through e-mail or messaging services without clear and specific written approval from management.
- 5) Users should ensure that e-mail messages are sent to only those users with a specific need to know.
- 6) Access to the Internet is specifically limited to activities in direct support of official Authority business.
- 7) Internet access shall not be for any illegal or unlawful purpose. Examples of this are the transmission of violent, threatening, defrauding, pornographic, obscene, or otherwise illegal or unlawful materials.
- 8) The Internet shall not be accessed for private, recreational, or any non-business-related activity.
- 9) The Authority's intranet or Internet connections shall not be used for commercial or political purposes.
- 10) If any user has a question of what constitutes acceptable use, the user should check with their supervisor for additional guidance. If necessary, management or supervisory personnel shall refer to existing State policies and consult with State IT personnel for guidance.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
Chief Administrative Officer

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Stewardship and Custodianship of E-Mail Policy



Policy Purpose

The purpose of this policy is to provide guidelines to protect electronic mail from inappropriate access or disclosure in order to comply with applicable laws, regulations and policies and to ensure the protection of the Authority's information and data.

Policy Provisions

- 1) Unless otherwise authorized under the policies and procedures of the Authority, no member of the Authority shall have direct access to the e-mail content of any other member of the Authority.
- 2) The Authority's Chief Administrative Officer is designated as the Authority's E-Mail Steward. The E-Mail Steward has the authority to grant permission for the disclosure of electronic mail content in the cases of human resource matters, potential policy, or legal violations.
- 3) E-mail custodians are individuals with limited access to an e-mail account designated by the Authority. E-mail custodians must not inappropriately access or disclose the content e-mail transmitted or stored on the Authority's e-mail system except in the following circumstances:
 - a. As a response to a court order or other compulsory legal process;
 - b. In certain other circumstances only with the permission of the Authority's E-Mail Steward, or a designee of the Steward;
 - c. When the correspondent is unavailable and the information is necessary to conduct Authority business; and,
 - d. In health and safety emergencies.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
Chief Administrative Officer

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Information Technology

Technology Acquisition Policy



Policy Purpose

The purpose of this policy is to ensure that the acquisition of information technology products and services meet the Authority's requirements for operational efficiency, funds management, and fulfillment of strategic objectives.

Policy Provisions

- 1) The procurement of technology products and services must be coordinated through the Authority's Chief Administrative Officer.
- 2) The Authority is to ensure its acquisition of technology products and services and/or information technology resources are compatible with existing systems and applications and can be sufficiently supported.
- 3) The Authority shall authorize the expenditure of sufficient funds appropriate for the acquisition of all necessary technology products and services or information technology resources to support efficient and productive systems and/or processes that will achieve the Authority's objectives and goals, while also considering a needs assessment, cost, vendor offerings, vendor reliability, and supportability.
- 4) The acquisition of technology products and/or services that are widely considered as "non-standard" and/or "non-conforming" should only occur when management deems it essential to the fulfillment of a specific strategic goal or objective.
- 5) The Authority may outsource the performance of certain technological services to outside vendors. These outsourcing arrangements must meet the Authority's security, privacy, and data management policies.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
Chief Administrative Officer

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Data Backup and Storage Policy



Policy Purpose

The purpose of this policy is to establish guidelines for the storage and backup of the Authority's information and data, ensuring its safety and providing timely restoration of data when necessary.

Policy Provisions

- 1) Information security and physical protection should be employed for all devices containing all necessary and sensitive data of the Authority.
- 2) Sensitive data shall be stored only on the Authority's network servers. Sensitive data is not allowed to be stored on an individual's workstation drives, on mobile devices such as laptops and mobile phones, or on portable storage devices such as USB flash drives and hard drives.
- 3) Encryption and other security measures shall be applied to protect information stored on the network servers.
- 4) All devices storing sensitive and/or critical business data shall be regularly monitored for system and application vulnerabilities, virus, and other threats that endanger the integrity of the data.
- 5) A regular backup schedule will be instituted and implemented for the Authority's critical business servers. These backups are to be stored at an easily accessible and physically secure location and are to be verified for its data integrity periodically.

Responsibilities

Responsible Officer:
Chief Administrative Officer

Policy Owner:
Chief Administrative Officer

Approvals

Prepared by:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval by:

Chris Tatum
President & CEO

Date

Policy Approved by:

Rick Fried
Chairman, HTA Board of Directors

Date

Mobile Communication Device Policy

Policy Purpose

The purpose of this policy is to establish guidelines for mobile communication device use and compensation allowance.

Policy Provisions

- 1) This policy is applicable to employees authorized to use a mobile communication devices for business related to the Authority's mission and strategic objectives.
- 2) Employees must comply with applicable laws regarding the use of mobile communication devices while driving.
- 3) Due to the nature of electronic communications and the public standing of the Authority, it is acknowledged that conversations conducted on mobile communication devices are not secure. Discretion should be used when transmitting confidential and sensitive information.
- 4) Employees whose position requires the use of a mobile communication device for Authority business may use their personal mobile communication service for business use. These employees are eligible to receive a monthly mobile communication service plan paid for by the Authority and may use a personal or an Authority-provided mobile communication device.
- 5) Employee whose position requires the use of a mobile communication device for Authority business may elect to be provided a mobile communication device by the Authority.

Related Policies & Procedures

- 100-20 Policy and Procedure Management Policy
- 300-03 Accounts Payable and Cash Disbursements Policy

Definitions

- **Mobile Communication Device:** Mobile communication “devices” are defined as mobile phones, tablets, and other mobile instruments that facilitate voice and data communications.
- **Mobile Communication Service:** A mobile communication “service” is defined as the device’s respective service provider, such as, but not limited to, AT&T, Verizon, and Sprint.

Approvals

Prepared:

Keith A. Regan
Chief Administrative Officer

Date

Reviewed and Recommended for Approval:

Chris Tatum
President & CEO

Date

Approved:

Rick Fried
Chair, HTA Board of Directors

Date

Effective Date: Date

Agenda Item

12

Discussion and Action on HTA's
Updated Policies on Board
Operations & Oversight, Finance &
Accounting, Operations,
Administration & Information
Technology

**BYLAWS
OF THE
HAWAII TOURISM AUTHORITY**

[Historical Note: The Bylaws were adopted on November 4, 1998, and amended on November 28, 2001, February 10, 2005, January 27, 2011, June 30, 2011, August 22, 2012, August 8, 2014, and July 9, 2015.]

**ARTICLE I
DEFINITIONS**

Section 1.1. As used in these Bylaws:

“Authority” means the Hawaii Tourism Authority established by chapter 201B, Hawaii Revised Statutes.

“Board” means the policymaking Board of Directors authorized to be the governing body or the head of the Authority under chapter 201B, Hawaii Revised Statutes.

“Temporary Absence” means a leave of absence of 180 days or less.

**ARTICLE II
OFFICERS**

Section 2.1. Election and Term of Officers. The officers shall be the Chairperson and one or more Vice-Chairperson(s). The officers shall be elected by the Board of Directors from among its members and shall serve for one (1) year. All officers shall be subject to removal at any time without cause by the Board of Directors. The Board of Directors may, at its discretion, elect acting or temporary officers and may elect officers to fill vacancies occurring for any reason whatsoever, and may limit or enlarge the duties and powers of any officer elected by it.

Section 2.2. Chairperson. The Chairperson shall preside over meetings of the Board of Directors. The Chairperson shall have general charge and supervision of the Authority as delegated by the Board of Directors and shall perform such duties as are incident to the office or are required by the Board of Directors.

Section 2.3. Vice-Chairperson. In the absence of the Chairperson, a Vice-Chairperson shall perform the Chairperson’s duties. A Vice-Chairperson shall also perform all other duties assigned by the Chairperson or by the Board of Directors.

ARTICLE III
MEETINGS OF THE BOARD OF DIRECTORS

Section 3.1. Annual Meeting. An annual meeting may be held each year at such time and place as the Board of Directors determines for the purposes of electing officers and transacting such other business as may come before the meeting. The Board of Directors may dispense with the annual meeting by unanimous consent.

Section 3.2. Regular and Special Meetings. Regular meetings for any purpose may be held once a month. Special meetings may be held at any time upon the call of the chairperson or upon the call of any two directors.

Section 3.3. Parliamentary Procedure. Except as otherwise provided by statute or these Bylaws, the most recent edition of Robert's Rules of Order shall govern procedural questions that may arise at a meeting.

Section 3.4. Presumption of Assent. Any member of the Board who is present at a meeting at which action on any matter is taken shall be presumed to have assented to the action taken unless the dissent or refusal to vote is entered in the minutes of the meeting or unless the director either files a written dissent to such action with the chairperson of the meeting before the adjournment thereof or forwards such dissent by certified mail to the Chairperson immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

ARTICLE IV
COMMITTEES

Section 4.1. Establishment. The Board may establish any committee to assist the Board of Directors on any matter related to its powers, duties, and responsibilities. A committee may be established and be terminated at the discretion of the Board. The Board may appoint a committee chairperson to head any committee and appoint any member to the committee. The chairperson (or such chairperson's designee) of every standing committee shall serve as an ex-officio non-voting member of every other standing committee; provided that the total number of committee members in any one standing committee, including the ex-officio non-voting members, shall not exceed six (6) members.

Section 4.2. Audit Standing Committee. There is established an Audit Standing Committee that shall be responsible for the establishment and the proper execution of internal audit controls by (i) consulting with the Authority's external auditors to determine whether the internal controls have been properly executed; (ii) ensuring that financial statements are timely prepared and accurate, and that the statements will properly report financial information necessary for the fiscal operation of the Authority; and, (iii) establish and enforce a code of conduct to ensure the financial integrity of the Authority's management of public funds.

Section 4.3. Administrative Standing Committee. There is established an Administrative Standing Committee for the purpose of reviewing existing policies, making recommendations to modify, amend and/or replace existing policies relating to the administration of the Authority, and making recommendations related to the evaluation of the President & Chief Executive Officer.

Section 4.4. Quorum; Voting. A majority of the voting members appointed to a committee shall constitute a quorum to conduct a meeting. An affirmative vote of a majority of the voting members appointed to the committee shall be necessary to adopt any action of the committee.

ARTICLE V **PRESIDENT & CHIEF EXECUTIVE OFFICER AND STAFF**

Section 5.1. President & Chief Executive Officer. The Board of Directors shall appoint the President & Chief Executive Officer, who shall serve at the pleasure of the Board of Directors, and whose compensation shall be set by the Board. The President & Chief Executive Officer shall serve as the chief executive officer of the Authority and shall be directly responsible for the day-to-day operations of the Authority, including control of and responsibility for the execution of the Board's policies, the administration of the Authority's affairs, and the supervision of its staff. At each meeting of the Board, the President & Chief Executive Officer shall furnish the Board with such information and make such recommendations as shall be necessary to effect the purpose of the Authority and for the proper administration of its affairs.

Section 5.2. Authority; Staff. The President & Chief Executive Officer may appoint, in accordance with applicable personnel laws, subordinate staff members to assist in the administration of the Authority's affairs.

Section 5.3. Vacancy in Office. A temporary absence of the President & Chief Executive Officer shall be filled in the following manner:

(1). The Chief Administrative Officer shall serve as the President & Chief Executive Officer until her or his return. In the event the Chief Administrative Officer is unable to serve, the Vice President of Marketing & Product Development shall serve as the Acting President & Chief Executive Officer until the return of either the Chief Administrative Officer or the President & Chief Executive Officer. In the event the Vice President of Marketing & Product Development is unable to serve, the Vice President of Finance shall serve as Acting President & Chief Executive Officer.

ARTICLE VI **MISCELLANEOUS**

Section 6.1. Expiration of Board Member's Term. Unless otherwise provided by law, the term of a Board member shall expire upon the failure of the member, without valid excuse, to attend three consecutive meetings duly noticed to all members of the Board and where the Board failed to constitute quorum necessary to transact business.

The Chair or Vice Chair of the Board shall determine if the absence of the member is excusable. The expiration of the member's term shall be effective immediately after the third consecutive unattended meeting and unexcused absence.

Section 6.2. Inspection of Bylaws. The Authority shall keep in its principal office the original or a copy of the Bylaws and its amendments, certified by the chairperson, which shall be open to inspection by the members and by the general public at all reasonable times during office hours.

Section 6.3. Amendments. The Bylaws may be amended or repealed by a vote of a quorum of members of the Board of Directors.

Section 6.4. Deposits, Checks, and Investment of Fiscal Accounts. (a) Unless otherwise provided by law or by a specific provision of these Bylaws, the duly appointed Chief Executive Officer, Chief Administrative Officer, Vice President of Marketing & Product Development, Vice President of Finance, and the Fiscal/Budget Officer of the Authority, cumulatively designated and referred to herein as "fiscal accounts officers" shall have the charge and custody of and be responsible for the management of all the fiscal accounts opened or maintained on behalf of the Authority, as a public entity of the State of Hawaii, including the following specifically delegated authority:

- (1) Receive and give receipts for moneys appropriated or due and payable to the Authority from any source whatsoever, and deposit all such moneys in the name of the Authority in such banks, trust companies, depositories, or financial institutions as may be selected by the Authority;
- (2) Execute and issue all checks, drafts or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Authority;
- (3) Promptly deposit all funds of the Authority not otherwise employed or expended by the Authority to the credit of the Authority in such banks, trust companies, depositories, or financial institutions as may be selected by the Authority;
- (4) Enter into any contract or execute any instrument on behalf of the Authority to manage and to provide for the safe and secure investment of deposited funds of the Authority through the purchase of investments and the sale or redemption of invested funds, including the execution of any instrument related to any investment sweep service provided by a financial institution; and,
- (5) Any authority specifically delegated by the Board or authorized by law.

(b) Any depository or investment agreement or instrument, and any check, draft, instrument, or orders for the payment of money, notes, or other evidences of indebtedness in the name of the Authority shall be executed by any two of the fiscal accounts officers.

The undersigned do hereby certify that these Bylaws, as amended, of the Hawaii Tourism Authority were duly approved and adopted by the Board of Directors on July 9, 2015.

**Hawaii Tourism Authority
State of Hawaii**

L. Richard Fried, Jr., Chairperson
Board of Directors
Hawaii Tourism Authority

Chris Tatum
President & Chief Executive Officer
Hawaii Tourism Authority

APPROVED AS TO FORM:

Deputy Attorney General

Agenda Item

13

**Update Relating to the 2019
Legislative Session and
Related Bills Relevant to
HTA**



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Summary of 2019 Legislative Session Bill Tracking Efforts Updated: February 21, 2019

This legislative session we are actively tracking priority bills to ensure that the Hawai'i Tourism Authority (HTA) is informed of important developments in the tourism industry and can continue meaningful discussions with the Legislature. We are monitoring bills that propose stronger regulation on illegal transient vacation rentals, propose changes to the collection and distribution of Transient Accommodation Tax (TAT) revenues and propose statutory amendments that could otherwise substantially impact or benefit HTA.

HTA Submitted Testimony in Support of the Following Bills:

- HB422 (Relating to the Hawai'i Tourism Authority): Repeals the requirement that the management contract for the Hawai'i Convention Center include marketing for all uses of the facility. 2/20: The House Committee on Finance recommended that the measure be passed, unamended. The Senate Committee on Ways and Means recommended on 2/15 that the companion for this bill, SB992 (Relating to Tourism), be passed, with amendments.
- HB558 HD1 (Relating to Kekaha Kai State Park): Appropriates funds from the State's general revenues for the employment of lifeguards and purchase of life-saving equipment at Kua Bay. 2/15: Reported from House Committee on Labor and Public Employment, recommending referral, unamended, to House Committee on Finance. 2/12: The companion for this bill, SB654 SD1 (Relating to Kekaha Kai State Park), passed second reading in the Senate on 2/12.
- HB739 HD1 (Relating to the Hawai'i Tourism Authority): Appropriates \$141,483,409 to "BED113 - Tourism" for fiscal years 2019-20 and 2020-21. 2/20: This bill is scheduled to be heard by the House Committee on Finance on Monday, February 25.
- HB908 HD1 (Relating to the Transient Accommodations Tax): Provides \$1M in TAT revenue to HTA per year to implement initiatives to address homelessness in tourist and resort areas, in conjunction with the Hawai'i Lodging and Tourism Association, provided that no sums are released without dollar-for-dollar matching by the private sector. 2/20: The House Committee on Finance recommended that HB908 be passed with amendments, by blanking out the appropriation amount.
- HB911 HD1 (Relating to Tourism): Establishes the convention center repair and maintenance special fund and the convention center emergency special fund; requires annual report to the Legislature. 2/20: The House Committee on Finance recommend that HB911 be passed, with amendments, by blanking out the appropriation amounts.

- HB1072 HD1 (Relating to Festival of Pacific Arts): Appropriates \$5M in funds from the State's general revenue to the Commission on the 13th Festival of Pacific Arts to plan for the 13th Festival of Pacific Arts. 2/14: Passed Second Reading in the House.
- HB1375 HD1 (Relating to the State of Hawai'i Museum of Natural and Cultural History): Provides \$1.5M out of the State's general revenues for fiscal years 2019-20 and 2020-21 to the State of Hawai'i Museum of Natural and Cultural History. 2/20: The House Committee on Finance recommended that the measure be passed, with amendments, by blanking out the appropriation amount while noting the Attorney General's comments that the appropriation exceeds the Legislature's constitutional authority.
- SB364 SD1 (Relating to Tourism): The original draft of this bill required all applicants for commercial use permits in state parks, small boat harbors, and ocean recreation management areas to have sustainable tourism certification, achieve and maintain green business recognition, and ensure that 1/3 of its staff with direct contact with visitors be certified as professional tour guides by the University of Hawaii. The bill has been amended significantly by deleting its contents and inserting contents that would create a task force to examine issues related to professional tour guide certification. 2/22: The Senate Committees on Ways and Means and Commerce, Consumer Protection and Health will hold a public decision making on this bill on 2/25 at 11:00AM.
- SB666 SD1 (Relating to Airports Corporation): Creates a new chapter of the HRS to authorize the establishment of an airport corporation within the Department of Transportation. The airport corporation would control all State airports, establish performance standards for all State airports and ensure that appropriate mission statements, business plans, minimum development standards and strategic goals are established. 2/15: The Senate Committee on Ways and Means recommended that the measure be passed, with amendments.
- SB803 (Relating to Hawaiian Culture): Removes a provision designating the Hawai'i Convention Center as the location for operation of a Hawaiian Center and the Museum of Hawaiian Music and Dance. 2/8: Passed Second Reading in the Senate. The House Committee on Finance on 2/20 recommended that the companion to this bill, HB420, be passed, with amendments.
- SB1007 (Relating to Hawaiian Music and Dance): Redirects Tourism Special Funds allocated for the operation of the Hawaiian Center and Museum of Hawaiian Music and Dance at the Hawai'i Convention Center to the planning, design and construction of the same Hawaiian Center at the State of Hawai'i Museum of Natural and Cultural History. 2/12: Passed Second Reading in the Senate.
- SB1292 SD1 (Relating to Transient Accommodations): Makes it illegal for transient accommodations brokers to engage with property managers or activity providers that are not in compliance with State law or county ordinances. Implements registration requirements for furnishing transient accommodations, requires brokers to register as tax collection agents

with respect to TAT and GET and requires hosting platforms to maintain identifying information and make that information available to enforcement officials upon request. 2/21: The Senate Committees on Judiciary and Ways and Means will hold a public decision-making on this bill on 2/26.

HTA Submitted Comments on the Following Bills:

- HB983 (Relating to Transient Accommodations Tax): Increases the appropriation to the Special Land and Development Fund, administered by DLNR, from \$3M to \$10M; changes the distribution of TAT revenues to the counties from a fixed sum, \$103M, to 23.1% of the net TAT revenue after all other appropriations of TAT revenue are made. 2/5: The House Committee on Tourism and International Affairs recommended deferral.
- SB836 (Relating to Transient Accommodations Tax): Increases the appropriation to the Special Land and Development Fund, administered by DLNR, from \$3M to \$5M; expands purpose of fund to include beaches, trails and state parks. 2/8: The Senate Committees on Energy, Economic Development and Tourism and Water and Land deferred the measure.

HTA Continues to Monitor the Following Bills:

- SB198 SD1 (Relating to the Transient Accommodations Tax): Authorizes counties to enact ordinances to collect surcharge on TAT and to collect the net proceeds from such surcharge. 2/21: The Senate Committee on Ways and Means recommended that the measure be passed, with amendments.
- HB419 HD1 (Relating to Transient Accommodations): Provides \$1M of additional TAT revenues to each county for the purpose of enforcing laws relating to transient accommodations, provided each county establishes specific procedures to obtain permits for transient accommodations and mechanisms to enforce illegal vacation rentals. 2/20: The House Committee on Finance recommended that the measure be passed, with amendments, by blanking out the appropriation amounts.
- SB380 SD1 (Relating to the Transient Accommodations Tax): Imposes TAT on mandatory resort fees and requires that those fees be included in gross rental or gross rental proceeds. 2/19: The Senate Committee on Ways and Means recommended that the measure be passed, unamended.
- SB382 SD1 (Relating to Taxation): Amends formula for calculating TAT collected from time shares by increasing base percentage of gross daily maintenance fees paid by owner from one-half to unspecified percentage. 2/19: The Senate Committee on Ways and Means recommended that the measure be passed, with amendments.

- SB714 SD1 (Relating to the Transient Accommodations Tax): Imposes TAT on mandatory resort fees and requires that those fees be included in gross rental or gross rental proceeds; amends formula for calculating TAT collected from time shares by increasing base percentage of gross daily maintenance fees paid by owner from one-half to one hundred percent; requires transient accommodations intermediaries who enter into agreements at noncommissioned contract rates to pay a portion of TAT and register with director of taxation. 2/19: The Senate Committee on Ways and Means recommended that the measure be passed, with amendments.
- SB717 (Relating to Transient Accommodations): Requires members in planned community associations subject to HRS 421J and unit owners in condominiums subject to HRS 514B to register units leased as transient accommodations. 2/1: The Senate Committee on Energy, Economic Development and Tourism deferred the measure.
- SB1386 SD1 (Relating to the Department of Land and Natural Resources): Requires DLNR to develop a State 2030 natural resources conservation goal action plan to be submitted to the Legislature no later than December 31, 2020; allocates one percent of TAT revenues to the Special Land and Development Fund for the development of the plan. 2/15: SB1386 SD1 passed second reading and was referred to the Senate Committee on Ways and Means.



Hawai'i Convention Center
1801 Kalākāua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii tourismauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON FINANCE

Wednesday, February 20, 2019
4:00PM
State Capitol, Conference Room #308

In consideration of
HOUSE BILL NO 422
RELATING TO THE HAWAII TOURISM AUTHORITY.

Chair Luke, Vice Chair Cullen, and members of the House Committee Finance: The Hawai'i Tourism Authority (HTA) is in **support of** House Bill 422, which separates the management contract for the Hawai'i Convention Center from the contract for marketing for all uses of the facility.

Under the current law, the management contract for the Hawai'i Convention Center is required to include the marketing of the facility. By allowing the management contract to be separate from the marketing contract, HB422 will provide HTA with the ability to centralize the sales effort for all meetings, conventions and incentives (MCI) business, which is mostly driven by consistent customer requests, to a single point of contact. In addition, centralizing the sales effort will enable efficiencies in staffing, marketing, travel and sales technology as well as leverage existing destination branding and messaging for the MCI market.

It is for these reasons that the HTA **supports** HB422. We appreciate this opportunity to provide testimony.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

Thursday, February 14, 2019
9:30 AM
State Capitol, Conference Room #309

In consideration of
HOUSE BILL NO. 558 HD1
RELATING TO KEKAHA KAI STATE PARK.

Chair Johanson, Vice Chair Eli, and members of the Committee on Labor & Public Employment: the Hawai'i Tourism Authority (HTA) **supports** House Bill 558 HD1, which appropriates funds to employ lifeguards and purchase life-saving equipment for Kua Bay in Kekaha Kai State Park.

House Bill 558 HD1 would strengthen the State's community infrastructure, and ultimately, Hawai'i's brand, by making Kua Bay safer for both residents and visitors. Furthermore, HTA is actively involved in supporting State, county and community ocean safety programs, as well as programs focused on education and increasing visitor awareness of dangerous ocean conditions.

It is for these reasons that the HTA **supports** House Bill 558 HD1. We appreciate this opportunity to provide testimony.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON FINANCE

Monday, February 25, 2019
2:30PM
State Capitol, Conference Room #308

In consideration of
HOUSE BILL NO 739 HD1
RELATING TO THE HAWAII TOURISM AUTHORITY

Chair Luke, Vice Chair Cullen, and members of the House Committee on Finance: The Hawai'i Tourism Authority (HTA) **strongly supports** House Bill 739 HD1, which provides for funding in support of our mission and programs.

Over the past many months, our team has conducted a systematic review of our operations, proposed and executed internal adjustments, and analyzed our resource requirements. Based on our analysis, we believe that House Bill 739, which appropriates \$141,483,409 and 32 positions for Fiscal Year 2020 and \$141,483,409 and 32 positions for Fiscal Year 2021, is in alignment with our current budgetary needs and would fund our operation at the appropriate level.

As we move forward, the HTA will be placing significant focus on programs that support our host culture, career development, natural resources, and community enrichment. We believe that tourism, while being an important economic engine for our state, must expand its direct engagement and support of our community, and this funding will allow us to achieve these goals.

We sincerely appreciate your support in maintaining these funding levels as proposed in the bill.

It is for these reasons that the HTA **strongly supports** House Bill 739 HD1. We appreciate this opportunity to provide testimony on this measure.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii-tourism-authority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON FINANCE

Wednesday, February 20, 2019
4:00PM
State Capitol, Conference Room #308

In consideration of
HOUSE BILL NO 908 HD1
RELATING TO TRANSIENT ACCOMMODATIONS TAX.

Chair Luke, Vice Chair Cullen, and members of the House Committee Finance: The Hawai'i Tourism Authority (HTA) is in **support of** House Bill 908 HD1, which proposes to allocate additional funds from transient accommodations tax (TAT) revenues to HTA to implement initiatives, in conjunction with the Hawaii Lodging and Tourism Association, to address homelessness in tourist and resort areas, provided no funds are released without dollar-for-dollar matching by the private sector.

As the State agency tasked with strategically managing, marketing and developing Hawai'i's visitor industry, HTA agrees that it is important to address homelessness in the State. A substantial homeless population affects the tourism industry. Our residents, visitors and homeless population deserve a coordinated effort on these issues. HTA supports the intent of the bill to address homelessness, strengthen our communities and maintain a positive experience for Hawai'i's visitors.

Last year, the Legislature passed House Bill 2010, which established the same funding to HTA for the fiscal year 2018-19. Since then, HTA has worked with the Hawaii Lodging and Tourism Association to implement such initiatives. This bill would allow HTA to continue working with the private sector to address homelessness in resort and tourist areas.

We appreciate this opportunity to provide testimony in support of HB908 HD1.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON FINANCE

Wednesday, February 20, 2019
4:00PM
State Capitol, Conference Room #308

In consideration of
HOUSE BILL NO 911 HD1
RELATING TO TOURISM.

Chair Luke, Vice Chair Cullen, and members of the House Committee on Finance: The Hawai'i Tourism Authority (HTA) **supports** House Bill 911 HD1, which establishes the convention center repair and maintenance special fund and the convention center emergency special fund.

The 1.1 million-square-foot Hawai'i Convention Center (HCC) was constructed over 20 years ago. Since then, HCC has hosted many local, national, and international events every year. As can be expected of a center its size, certain areas of HCC are in much need of maintenance and repairs to keep it competitive in the meetings, conferences and incentives (MCI) business market. The provisions of this measure would allow the State to remain competitive in this market by allocating a specific amount of funds towards repair and maintenance.

It is for these reasons that the HTA **supports** House Bill 911 HD1. We appreciate this opportunity to provide testimony.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii-tourismauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON TOURISM & INTERNATIONAL AFFAIRS

Thursday, February 7, 2019
9:00 AM
State Capitol, Conference Room #312

In consideration of
HOUSE BILL NO 1072
RELATING TO THE FESTIVAL OF THE PACIFIC ARTS.

Chair Onishi, Vice Chair Holt, and members of the House Committee on Tourism and International Affairs: The Hawai'i Tourism Authority (HTA) **supports** House Bill 1072, which would make an appropriation from general revenues for the temporary Commission (the "Commission") on the Thirteenth Festival of Pacific Arts ("Festival") to plan and execute the historic Festival to be held in Honolulu from June 10 to June 20, 2020.

The funds would allow the Commission to maximize Hawai'i's opportunity to host the Festival and showcase the indigenous cultures of Oceania. Hawai'i is in a unique position to leverage its experience, infrastructure and capacity to organize a gathering that will bring visitors from around the world. More than 2,700 delegates representing 27 nations and thousands of participants, from visitors to local residents, will join in the Festival. It will be the largest gathering of Pacific peoples united in respect and appreciation of each other. In addition, many Hawai'i residents have deep ties to the various cultures represented in the Festival. This unique connection presents an opportunity to strengthen community bonds and deepen our knowledge and understanding.

It is for these reasons that the HTA **supports** House Bill 1072. We appreciate this opportunity to provide testimony.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii-tourism-authority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON FINANCE

Wednesday, February 20, 2019
4:00PM
State Capitol, Conference Room #308

In consideration of
HOUSE BILL NO 1375 HD1
RELATING TO THE STATE OF HAWAII
MUSEUM OF NATURAL AND CULTURAL HISTORY.

Chair Luke, Vice Chair Cullen, and members of the House Committee on Finance: The Hawai'i Tourism Authority (HTA) **supports** House Bill 1375 HD1, which provides funding for the State of Hawai'i's museum of natural and cultural history which would allow the museum to hire additional staff and enhance their operations.

Residents and visitors alike appreciate and cherish the memories gained through experiencing firsthand the beautiful, unique, and significant natural and cultural history that Hawai'i has to share. Funding for the museum to support operations will allow the museum to continue their mission and ensure a bright future for future generations to enjoy.

Thank you for the opportunity to offer testimony in **support** of this measure.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
SENATE COMMITTEE ON HIGHER EDUCATION
SENATE COMMITTEE ON WATER AND LAND

Wednesday, February 13, 2019
3:00 PM
State Capitol, Conference Room #414

In consideration of
SENATE BILL NO 364
RELATING TO TOURISM.

Chairs Wakai, Kim, and Kahele, Vice Chairs Taniguchi, Kidani, and Keith-Agaran and members of the Committees on Energy, Economic Development and Tourism, Higher Education and Water and Land: The Hawai'i Tourism Authority (HTA) **supports** Senate Bill 364, which requires applicants for commercial permits in state parks, harbors, ocean recreation management areas, and common carriers transporting passengers, maintain a sustainable tourism certificate from the Hawaii Ecotourism Association, achieve green business recognition by the Hawaii green business program, and ensure that one-third of staff employed by persons whose duties include direct contact with visitors are certified as professional tour guides.

As the State agency tasked with strategically managing, marketing and developing Hawai'i's visitor industry, HTA agrees that it is important to ensure that our guests are presented with consistent and accurate information about Hawaiian history and cultural sites. Senate Bill 364 will help strengthen the tourism industry's efforts, and ultimately the Hawai'i brand, to ensure that Hawaiian culture is portrayed authentically and that the tourism industry and our visitors understand the importance of protecting Hawai'i's natural environment.

It is for these reasons that the HTA **supports** Senate Bill 364. We appreciate this opportunity to provide testimony.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiourismauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
SENATE COMMITTEE ON TRANSPORTATION

Wednesday, January 30, 2019
1:15 PM
State Capitol, Conference Room #225

In consideration of
BILL NO 666
RELATING TO AN AIRPORTS CORPORATION.

Chair Inouye, Vice Chair Harimoto and members of the Committee on Transportation, the Hawai'i Tourism Authority (HTA) **strongly supports** Senate Bill 666 which established a Hawai'i Airports Corporation within the Department of Transportation for administrative purposes.

HTA supports the creation of the Hawai'i Airports Corporation for the following reasons:

1. An independent airport corporation would provide flexibility and expedite facility improvements; and,
2. An independent airport corporation would allow funds generated by airport operations to be reinvested in operations and facilities without the need to seek executive or legislative approval; and,
3. An independent airport corporation would ensure our airports are developed to the highest standards, are well-maintained and are positioned to compete with other first-class facilities throughout the world; and
4. An independent airport corporation would help promote an enhanced experience at the point of entry and point of departure for both residents and visitors; and
5. An independent airport corporation, such as the one proposed here in this bill, is a model that has been proven successful in numerous world-class airports such as San Francisco International Airport and Dallas/Fort Worth International Airport.

It is for these reasons that the HTA **strongly supports** Senate Bill 666. We appreciate this opportunity to provide testimony.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Friday, February 1, 2019
3:00 p.m.
State Capitol, Conference Room #414

In consideration of
SENATE BILL NO 803
RELATING TO HAWAIIAN CULTURE.

Chair Wakai, Vice Chair Taniguchi and members of the Committee on Energy, Economic Development, and Tourism, the Hawai'i Tourism Authority (HTA) **strongly supports** Senate Bill 803, which eliminates the requirement that the Hawaiian Center and the Museum of Hawaiian Music and Dance (Hawaiian Center) be located at the Hawai'i Convention Center.

HTA recognizes the importance of strengthening Hawaii's brand by making authentic experiences accessible to visitors and residents. By eliminating the location requirement in the existing law, HTA will be able to work with stakeholders to find a location for the Hawaiian Center that will be optimal for residents and visitors to enjoy. We appreciate this opportunity to provide testimony.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii-tourism-authority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
and
SENATE COMMITTEE ON HAWAIIAN AFFAIRS

Monday, February 4, 2019
2:55 p.m.
State Capitol, Conference Room #414

In consideration of
SENATE BILL NO 1007
RELATING TO HAWAIIAN MUSIC AND DANCE.

Chair Wakai, Vice Chair Taniguchi, Chair Shimabukuro, Vice Chair Kahele, and members of the Committee on Energy, Economic Development, and Tourism and the Committee on Hawaiian Affairs, the Hawai'i Tourism Authority (HTA) **strongly supports** Senate Bill 1007, which redirects funding to plan, design, and construct the Hawaiian Center and Museum of Hawaiian Music and Dance (Hawaiian Center) at the State of Hawai'i Museum of Natural and Cultural History.

HTA recognizes the importance of strengthening Hawai'i's brand by making authentic experiences accessible to visitors and residents. By eliminating the location requirement in the existing law, HTA will be able to work with stakeholders to find a location for the Hawaiian Center that will be optimal for residents and visitors to enjoy. We appreciate this opportunity to provide testimony.



Hawai'i Convention Center
1801 Kalākāua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiourismauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

AND

SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH

Wednesday, February 13, 2019
2:45 PM
State Capitol, Conference Room #414

In consideration of
SENATE BILL NO 1292
RELATING TO TRANSIENT ACCOMMODATIONS.

Chair Wakai, Chair Baker, Vice Chair Taniguchi, Vice Chair Chang and members of the Committee on Energy, Economic Development, and Tourism and members of the Committee on Commerce, Consumer Protection, and Health, the Hawai'i Tourism Authority (HTA) **supports SB 1292**, which will assist in the collection of Transient Accommodations Tax (TAT) and will provide a mechanism to address non-compliant transient accommodations throughout the state.

The Hawai'i Tourism Authority supports efforts at both the state and county level to address the proliferation of illegal, non-compliant, and potentially unsafe transient vacation rentals throughout our community. At its most recent board meeting, the HTA reaffirmed its position towards illegal vacation rentals. The HTA support the elimination of illegal vacation rentals in order to ensure that Hawai'i remains a highly desirable place for residents by developing and enforcing laws related to illegal vacation rentals in an effort to improve the quality of life for our residents.

Thank you for the opportunity to offer testimony in **support** of this measure.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON TOURISM & INTERNATIONAL AFFAIRS

Tuesday, February 5, 2019
9:00 AM
State Capitol, Conference Room #312

In consideration of
HOUSE BILL NO 983
RELATING TO TRANSIENT ACCOMMODATIONS TAX.

Chair Onishi, Vice Chair Holt, and members of the House Committees on Tourism and International Affairs: The Hawai'i Tourism Authority (HTA) **offers comments on** House Bill 983, which makes technical amendments to the appropriation of funds within the Tourism Special Fund, increases the appropriation of transient accommodations tax (TAT) revenue to and widens the purpose of the Special Land and Development Fund, and modifies the appropriation of TAT revenue from a fixed amount to a percent distribution.

HTA believes that a safe, secure and well-maintained community infrastructure is essential to the quality of life for residents and visitors who use our parks, trails, and beaches. Providing additional funding to the Department of Land and Natural Resources (DLNR) through the special land and development fund, with the focus of using those funds to improve Hawai'i's trails, parks and beaches, is one method to address management of our state's natural resources, which is paramount to the Hawai'i brand.

HTA **offers these comments on** House Bill 983. We appreciate this opportunity to provide testimony.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiitourismauthority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

AND

SENATE COMMITTEE ON WATER AND LAND

Friday, February 8, 2019
3:10PM
State Capitol, Conference Room #414

In consideration of
SENATE BILL NO 836
RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

Chair Wakai, Vice Chair Taniguchi, members of the Senate Committee on Energy, Economic Development, and Tourism, and Chair Kahele, Vice Chair Keith-Agaran, and members of the Senate Committee on Water and Lands: The Hawai'i Tourism Authority (HTA) **supports Senate Bill 836**, which increases the allocation of funds from the transient accommodations tax (TAT) revenue to the special land and development fund from \$3,000,000 to \$5,000,000, in order to protect, preserve, maintain, and enhance our natural resources including state parks, beaches, and trails.

HTA believes that safe, secure and well-maintained community infrastructure is essential to the quality of life for our residents and visitors who use state parks, trails, and beaches. Providing additional funding for this purpose, through the special land and development fund, will allow the further development and support of programs that will have a direct positive impact on these facilities that play such an important role throughout our state.

The HTA has been very supportive of programs that are in alignment with the purpose of these additional funds. In FY18 \$541,390 was provided to the Department of Land and Natural Resources (DLNR) to support several initiatives in the areas of communications, parks, and forestry and wildlife. In FY19 \$550,000, is being provided to support a pilot program to assign park ambassadors at their busiest parks and trails statewide. We also set aside funds for a comprehensive state parks survey (\$400,000) which will provide greater insight into the condition, usage and management of our state parks.

HTA supports Senate Bill 836. We appreciate this opportunity to provide testimony.

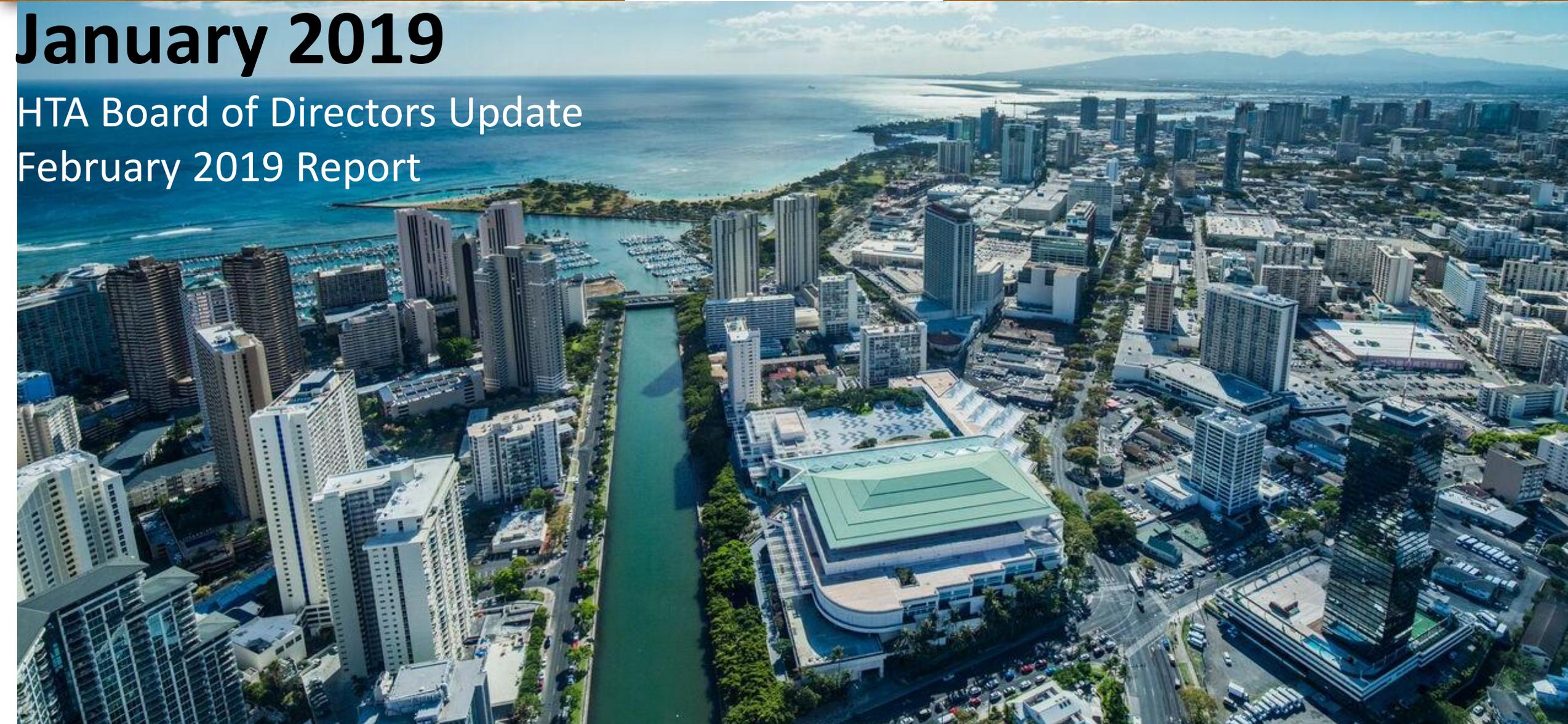
Agenda Item

15

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

January 2019

HTA Board of Directors Update
February 2019 Report



Agenda

- **Financials – January 2019**
- **HCC ROI**
- **Sales & Marketing Update**



2019 Financial Update

	2019 January Actual	2019 Reforecast	2019 Budget	Variance	2018 Actual
Facility Occupancy	22%	30%	31%	(1%)	29%
Facility Number of Events	16	200	200	0	206
Facility Gross Revenue	\$932,400	\$15,143,400	\$15,672,300	(\$528,900)	\$13,991,600
Facility Gross Expenses	\$1,268,500	\$17,331,400	\$17,667,300	\$335,900	\$16,160,800
Facility Net Income(Loss)	(\$336,100)	(\$2,188,000)	(\$1,995,000)	(\$193,000)	(\$2,169,200)
S&M Net Expenses	(\$337,400)	(\$6,095,000)	(\$6,095,000)	\$0	(\$6,221,100)
Total HCC Net Loss	(\$673,500)	(\$8,283,000)	(\$8,090,000)	(\$193,000)	(\$8,390,300)

2019 Food & Beverage Update

Food & Beverage	2019 January Actual	2019 Reforecast	2019 Budget	Variance	2018 Actual
F&B Revenue	\$596,100	\$9,947,800	\$10,406,100	(\$458,300)	\$8,817,300
F&B Expenses	\$509,600	\$5,868,000	\$5,910,300	\$42,300	\$5,825,400
Net Income	\$86,500	\$4,079,800	\$4,495,800	(\$416,000)	\$2,991,900
% of flow through	14%	41%	43%	(2%)	34%

2019 ROI

HCC Revenue + State Revenue + Tax Revenue
= \$11.3M

HCC Expense \$1.6M

***ROI = For every dollar spent by HCC we returned
\$7.04 to the State***

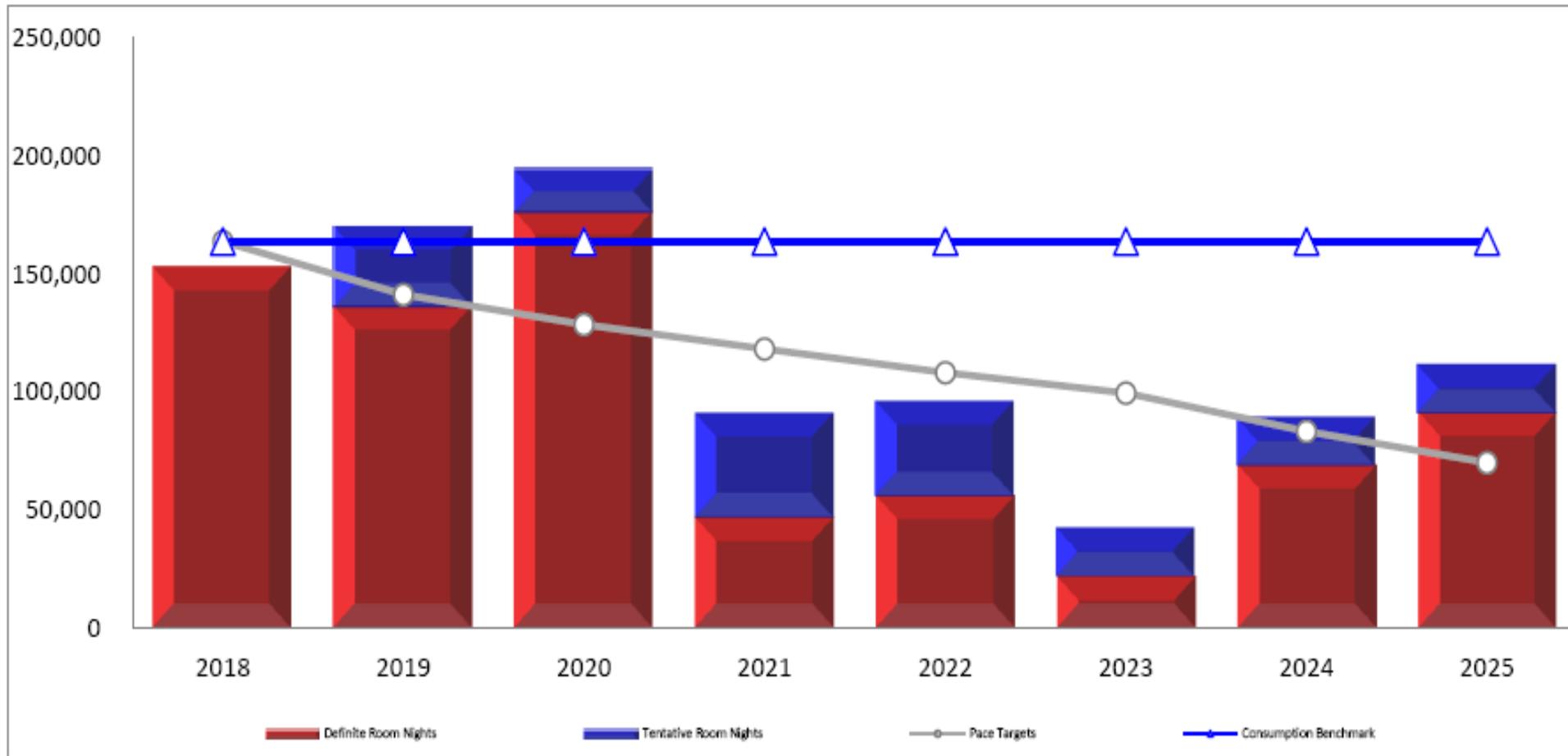
HCC Sales Updates

- 2018 final production 233,721. Over 80,000 of the 146,439 room nights that closed in December 2018 came from the International Federation of Employee Benefit Plans 2030 and 2035.
- 2019 production goal TBD.
- 3,655 room nights closed in January 2019.
- 17,348 room nights added to the tentative pipeline.

HCC Sales Updates

- Client Advisory Board – February 20-22, 2019
- General Managers Forum – February 22, 2019

HCC Sales Updates



PACE - Jan 19

HCC CIP Update

- Boiler Replacement RFP, bids being evaluated, planning for installation in Q2/Q3 2019.



HAWAII™

CONVENTION CENTER

Where Business and Aloha Meet