



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
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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, 25 'Apelila 2019, 9:30 a.m.
Thursday, April 25, 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 March 28, 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 March 2019
5. *Hō'ike A Ka Hope Kia'āina*
Update by Josh Green, Hawai'i's Lieutenant Governor, on the Status of the Homeless Situation and Opioid Problem in Hawai'i
6. *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



7. *Hō'ike, Kūkākūkā a Ho'oholo No Nā Mo'okālā*
Presentation, Discussion and Action on HTA's Financial Reports for March 2019
8. *Nā'ana I Ke Kāmua Mo'ohelu Kālā HTA*
Overview of HTA's Preliminary FY2020 Budget
9. *Hō'ike No Ka Papahana Ho'oponopono*
Update on the Status of the 2018 Audit Action Plan
10. *Hō'ike No Ke Kau 'Aha'ōlelo 2019*
Update Relating to the 2019 Legislative Session and Related Bills Relevant to HTA
11. *Hō'ike Hanana Kikowaena Hālāwai O Hawai'i*
Presentation by AEG Regarding an Update of Hawaii Convention Center Recent Operational Activities and Sales Initiatives
12. *Hō'ike Kūlana Kaupoku O Ke Kikowaena Hālāwai O Hawai'i*
Report by Julian Anderson of Rider Levett Bucknall on their Findings and Recommendations of the Condition of Damage of the Rooftop Terrace Deck of the Hawaii Convention Center
13. *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 Hawaii 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 Hawaii's competitive advantage as a visitor destination.



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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 kumumana'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
March 28, 2019 Board
Meeting**



**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, March 28, 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, Ku'uipo Kumukahi, Sherry Menor-McNamara, Craig Nakamura, Kelly Sanders

MEMBER NOT PRESENT:

Sean Dee, Benjamin Rafter

HTA STAFF PRESENT:

Chris Tatum, Keith Regan, Karen Hughes, Marc Togashi, Jadie Goo, Jennifer Chun, Kalani Ka'anā'anā, Caroline Anderson, Carole Hagihara, Chris Sadayasu, Deann Howa, Joseph Patoskie, Laci Goshi, Lawrence Liu, Maile Carvalho, Minh-Chau Chun, Noriko Sloan, Ronald Rodriguez, Vengie Talaro, Sara Maimone

GUESTS:

Representative Richard Onishi, Senator Glenn Wakai, Manu Boyd, John Monahan, Teri Orton, Mari Tait, Noelle Liew, Erin Khan, Krstyn Yata, Malia Sanders, David Baronfeld, Eric Takahata, Mitsue Varley, Mahina Paishon Duarte, Bob Newman, Brandon Askew, Lee Conching

LEGAL COUNSEL:

Gregg Kinkley

1. Call to Order and Pule

Presiding Officer Rick Fried called the meeting to order at 9:31 a.m.

Kalani Ka'anā'anā introduced Manu Boyd of the Hawaiian Civic Club of Honolulu, who gave a

presentation on Prince Kūhiō Kalanianaʻole, who was a beloved chief, sportsman, U.S. Congressional delegate, newspaperman, and founder of the Hawaiian Civic Club. Mr. Boyd will be speaking at the Smithsonian Institute on the 200th anniversary of the birth of King Kamehameha. Kuʻuipo Kumukahi and Mr. Kaʻanāʻanā sang a song in commemoration of Prince Kūhiō Kalanianaʻole entitled 'Aloha Kalanianaʻole,' written and composed by Malia Craver and Val Kepelino, respectively.

2. Approval of Minutes of the February 28, 2019 Meeting

Chair Fried requested a motion to approve the minutes of the February 28, 2019 Board meeting. George Kam made a motion to approve. Kelly Sanders seconded the motion, which was then unanimously approved by the Board. Chair Fried thanked Rep. Richard Onishi and Sen. Glenn Wakai for attending the meeting.

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. Mr. Atkins was asked to go a Kauai Lifeguard Association event, and they laid out what they were able to accomplish with HTA funds and matching funds this year. The meeting, which typically is attended by 300 people, was attended by 600 people on this occasion. They impressed upon meeting attendees who go to the beach, even if they are not lifeguards, to say something to visitors if they see a potential hazard.

4. Report Relating to Staff's Implementation of HTA's Programs During February 2019

Chair Fried recognized CEO Chris Tatum to provide his report on the staff's implementation of Hawai'i Tourism Authority ("HTA")'s Programs during February 2019. Mr. Tatum began by discussing the Spring Update, which had about 600 attendees. The Spring Update featured presentations on what HTA does to support and perpetuate the Hawaiian culture, what HTA is doing in the community, and what the contractors are focusing on. The Fall Update will be moved to Hawai'i Island with the intent to share the experience of Hawai'i Island and to engage and understand how to better promote Hawai'i Island to the market.

Mr. Tatum said that this past month, he visited Kauai and had the opportunity to visit with the community on the North Shore and at the state parks. He received good feedback on tourism and how HTA can support it. The Kauai stakeholders provided an interactive presentation and provided feedback on how to manage resources. Mr. Tatum said that the stakeholders understand the challenges before them and HTA's purpose is to support them moving forward. He said that the goal is that anyone who goes to the park should have a phenomenal experience and, ideally, visitors should have reservations to ensure they can get in. Mr. Tatum noted that there's a phenomenal beach and a tremendous amount of history in the park. Mr. Atkins expressed his gratitude towards Mr. Tatum for visiting and listening, and said that he received

good comments from the presentation attendees.

Mr. Tatum then discussed the fall preseason LA Rams game. He expressed surprise at the demand evidenced by the fact that tickets sold out quickly. He said that there has been frustration from the community that the tickets sold out so quickly, but said that the idea is not just to have one game, but to have a continuing relationship with the NFL. He added that there is a lot of community interaction planned leading up to the game. He said that he is also planning meeting with Dave Matlin on how to be more engaged with the University of Hawai'i sports program. He noted that UH athletes are the ideal ambassadors for Hawai'i because they already have the Hawai'i brand and when they go out into the markets, they can share the aloha spirit.

Mr. Tatum then discussed the 2019 legislative session. He said that he believes we are going in the right direction, and that there is a plan moving forward that is about driving tourism forward and managing tourism the right way. HTA has responded, officially, to the state auditor about the status of the audit. Mr. Tatum noted that there are three key positions that will be filled and he stated that he would provide more information on that later in the meeting. Mr. Tatum discussed the Hawai'i Island recovery plan.

Mr. Tatum said that the HTA team is currently working on the fiscal year 2020 budget and plans to provide a preliminary budget to the Board at the April Board meeting. He said that the Board will have a month to look it over and provide feedback. The preliminary budget will provide an idea for funding on HTA's six key areas: 1) perpetuating the Hawaiian culture, 2) natural resources, 3) the community, 4) research and statistics, 5) marketing, and 6) sports. Mr. Tatum noted that the amount of many of the items in the budget are unknown because they are put out for RFP, so for budget purposes they will block out the money and move forward on approval for the big pieces. Then, as they do RFPs they will share how they think the money should be broken up.

He recognized Karen for taking the lead and noted that a marketing proposal for Hawai'i Island recovery was presented at the monthly Marketing Committee meeting. Chair Fried added that next week Mr. Tatum will be attending Maui, Kona, and Kauai the following week to participate in HTA-HLTA matching homeless allocation distribution.

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

Chair Fried acknowledged Jennifer Chun to provide an update on current market insights. Ms. Chun directed the Board to the February report in the Board Packet. She began by saying that, in February, expenditures were down from 2.7%, and the only markets that showed increase spending were the U.S. West, Europe, and Taiwan. Overall, arrivals were flat. In February, RevPAR was down 4.2% and there was also a decrease in occupancy for the entire state. She added that in February there were increases in expenditures and arrivals for the cruise ship market. The same number of ships came February 2019 as February 2018 but larger ships came

this year.

6. Presentation, Discussion and Action on HTA's Financial Reports for February 2019

Chair Fried recognized Marc Togashi and Keith Regan to provide an update on HTA's financial reports. Mr. Regan directed the Board to the Board Packet which contains a Budget Statement Summary, which provides a snapshot of revenues and expenditures, and a picture of the actual budget.

David Arakawa requested the finance team to provide a brief summary of the significant variances, and provide a narrative explanation for the Board. Mr. Tatum stated that this year was unique because the new people that were brought made significant changes, so there are a fair amount of variances. He said that, in general, approximately \$4.7 million was not encumbered but he does not want to continue to carry over from year to year. He said that \$2.5 million will be put toward promoting Hawai'i Island, which leaves approximately \$2 million that we have not yet identified a use. That amount will likely be the only carry-over to FY 2020.

Mr. Regan requested a motion to accept the financial statements. Mr. Arakawa made a motion, and Mr. Kam seconded the motion. The motion was approved unanimously.

7. Update on Status of the 2018 Audit Action Plan

Chair Fried asked Mr. Regan to provide an update on the 2018 Audit Action Plan. Mr. Regan noted several updates. First, HTA responded to a letter from the auditor requesting an update on twenty-seven items. Mr. Regan stated that, at the last Board meeting the Board approved certain policies but that procedures still need to be updated. He said that HTA is working on a quality assurance plan, which was identified by the auditor as needing to be updated. This includes quality controls. Mr. Regan said that there is a basic framework but they are pulling a team together to finalize it within the next month.

David asked Mr. Regan to give an example of what a quality assurance policy would entail. Mr. Regan responded that one example is in regards to contracts and making sure, step-by-step, that contracts are implemented and executed according to policies. Many of these policies are already in existence, and it is a matter of putting them into a plan. In regards to Item 15, he noted that final evaluations are required to be completed prior to final payment being issued to ensure compliance with material contract terms. He said that out of all of the action items, nineteen are fully implanted and eight are partially implemented.

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

Chair Fried asked Mr. Regan to provide a legislative update. He briefly discussed the bills on the handout and noted that there were new drafts of some bills published since the update was

created. HB420, which removes the provision that designates the Hawai'i Convention Center (HCC) as the location for the Hawaiian Center and the Museum of Hawaiian Music and Dance, is awaiting hearing in the Senate Ways and Means Committee. Chair Fried asked whether HTA is taking a position on a particular location for the Hawaiian Center and the Museum of Hawaiian Music and Dance. Mr. Regan confirmed that HTA has not taken a position on a location and is focused on moving the location away from Hawaiian Convention Center, so that the project can move forward. HB422, which would allow HTA to contract separately for marketing and the maintenance of the HCC, is also awaiting hearing by Senate Committee on Ways and Means. Chair Fried asked what was the possibility of SB666, Relating to Airports Corporation, passing into law. Senator Wakai said that there has been opposition from the unions. Kyoko Kimura noted that at the Convention Center meeting, some of the planners expressed their dissatisfaction with HNL, including security and cleanliness. SB1292, Relating to Transient Accommodations, has been referred to the House Committee on Finance. Mr. Atkins thanked the staff for preparing an update and providing bill summaries in the Board Packet.

Chair Fried called a recess at 10:20 a.m.

The meeting was resumed at 10:37 a.m.

9. Report of the Marketing Standing Committee with the Committee's Recommendations to Support Various Marketing Proposals, for Discussion and Approval by the Board

Chair Fried recognized Kelly Sanders to provide an update on the Marketing Committee meeting that was held the previous day. Mr. Sanders said that the meeting focused on HTJ and HTUSA's efforts to promote Hawai'i Island in the wake of the Kilauea eruption. The meeting discussed moving forward with the brand of Hawai'i Island, that Kilauea will be semi-dormant without significant lava flow for the next 35-50 years, and looking at a new branding opportunity. The funding request was for \$1.5 million for HVCB and \$1 million for HTJ, for a combined \$2.5 million to create new assets, a new brand, and a new direction for Hawai'i Island. He said that the Marketing Committee voted to recommend the \$2.5 million marketing plan. Ms. Hughes thanked HTJ and HVCB for their presentations that showed how the money was spent last year and to show that the additional funding is warranted.

Mr. Tatum expressed his appreciation for the Marketing Committee and said that there has to be an alignment in branding between HTJ and HTUSA, and the rest of its contractors. \$500,000 of the funding to HTUSA will go towards creating new assets, and those assets will be available to HTA's other contractors. Mr. Atkins noted that the vote to approve the expenditure was unanimous. He said that this effort will help to show airlines that HTA is supporting Hawai'i Island and will encourage airlines to maintain their flights to Hawai'i Island. He noted that Hawai'i Island stakeholders attended the Marketing Committee Meeting. Mr. Sanders requested a motion to approve the \$2.5 million associated with the rebranding/branding of Hawai'i Island and a future focus for overall global tourism opportunity. Mr. Kam made a motion and Mr. Atkins seconded the motion.

Micah Alameda thanked the Marketing Committee for their work on this issue. He noted that the second part will be managing the influx of visitors and being mindful in responsibly managing tourism because a healthy Hawai'i Island is a healthy tourist destination. Mr. Tatum said that that was part of the discussion at the Marketing Committee Meeting and that HTA is ready to do what it needs to do to be prepared.

Ms. Hughes stated that the funding would come from the reduction in Canada and Europe marketing funds, MCI, sports agency consultants, the scaled-down tourism summit, and scaling back signature events. She also said that the fall update would be held on Hawai'i Island.

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

Chair Fried introduced Teri Orton to provide an update on HCC's recent operational activities and sales initiatives. Ms. Orton introduced AEG President Bob Newman, who is visiting. She stated that February was a strong month for HCC, which hosted eighteen events. Ms. Orton also discussed cancellations including a Jehovah's Witness program.

In February, net income was \$22,400. In sales and marketing, \$439,000 was expended, bringing the total net loss for sales and marketing to \$416,800. In regards to the reforecast, there are challenges this year because of two cancellations that severely impacted food and beverage. She said that the team is looking at ways to recover the loss with existing groups. Mr. Tatum asked Ms. Orton to bring in the plan to recover the drops to the next meeting.

Mr. Sanders stated that in Japan, over the last several years, there has been significant fraud in insurance companies so the Japanese government has placed restrictions on outside operations of these companies. Therefore, this may continue to impact HCC for years to come. He suggested looking at other industries and noted that another potential market would be automotive makers.

Ms. Orton recognized Lee Conching to provide update on his sales team. Mr. Conching Lee began by saying that Asia is changing and therefore the team is changing how they are selling. One example is Amway, and Mr. Conching is currently pitching Amway in five countries. They are also working on an International Conference on Positive Psychology from Australia, which would be the first major buy from Australia.

Mr. Conching said that the HCC Advisory Board came in February and provided insight on how to move forward, and the sales team is looking on implementing a number of action items that they recommended. Another major issue is when American Dental Association will consider Hawai'i again. The American Dental Association has released an RFP and the team is currently working on that.

Ms. Orton said that in February, they closed 19,706 room nights, bringing the year-to-date total

to 28,963. 62,000 room nights have been tentatively added to the pipeline, bringing the total pipeline rooms to 80,348. Ms. Orton then shifted to discussing recent cancellations. Mr. Conching said that it has been difficult to book because of the high cost of room rates. For example, American Psychiatric did not commit because of the high cost of room rates, despite the sales team's effort to push incentives. Ms. Hughes asked where the groups went instead. Mr. Conching said that American Psychiatric is going to Los Angeles and another group, IEEE, is going to Portland.

Ms. Orton said that the Society for Gynecological Oncology recently held an event at HCC. They forecasted approximately 1,800 attendees, but at the end of the conference they had the highest attendance in the history of the meeting at 2,522. That group is already looking to return.

Mr. Tatum commented that if we are competing with Portland, then we are in the wrong market because Hawai'i has something special and it is the sales team's job to make sure that they communicate what that something special is. Ms. Hughes added that the team should capitalize on the success of the Society for Gynecological Oncology to continue to promote.

Ms. Orton discussed HCC CIP updates, and noted the approval of the following projects: boiler replacement installation, cooling tower replacement, facility and F&B equipment replacement, Ala Wai waterfall repair, and Kalākaua kitchen wall repair. Ms. Orton also introduced the new executive chef, Hans Lentz, who has three decades of experience, and has been at Hilton Waikoloa, Mauna Kea Resort, and hotels in Dubai.

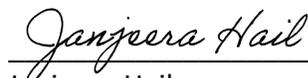
The Board entered executive session at 11:12 a.m.

The Board came out of executive session at 11:36 a.m.

11. Adjournment

Chair Fried requested a motion to adjourn. Craig Nakamura made a motion to adjourn. Ms. Kumukahi seconded the motion, which was unanimously approved.

Respectfully submitted



Janjeera Hail
Recorder

Agenda Item

4

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



MEMORANDUM

TO: HTA Board of Directors

FROM: Chris Tatum, President and CEO

DATE: April 25, 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 March 28, 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

All Nippon Airways (ANA) China Market Partnership

HTA staff, along with the Hawai'i Tourism China (HTC) team, recently met with ANA's China market management team (Mr. Hideo and 9 station managers) to discuss a potential partnership for development of the Chinese travel market. Jadie Goo shared HTA's directive for managing tourism and seeking high value, responsible travelers. This fits perfectly with the upcoming launch of ANA's new A380 aircraft, which is anticipated to help attract affluent Chinese visitors to Hawai'i via Japan. HTC also shared its China marketing initiatives in 2019. As a result, ANA has agreed to be the Official Airline Partner for the 2019 China Travel Mission.

B. Major Market Management

Major Market Area RFP Update

HTA staff is working on the upcoming Major Market Area Request for Proposals (RFPs). This round of RFPs will seek qualified destination marketing management companies for China, Korea, Taiwan and Southeast Asia markets. HTA plans to issue the RFPs in mid-June.

2019 Fall Tourism Update

HTA staff is in the planning stages for the 2019 Fall Tourism Update, which will be held on the island of Hawai'i in late November or early December. HTA will be issuing an RFP for a tourism conference service provider and is working with the Island of Hawai'i Visitors Bureau on seeking venues.

II. UNIQUE AND MEMORABLE EXPERIENCES

A. Hawaiian Culture Initiatives

Kūkulu Ola Program

HTA continues to work with one of its 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 ended work on December 31, 2018. Five programs were granted no-cost contract extensions due to extenuating circumstances. An additional 5 programs are missing items or have not submitted a final report as of this report. For this funding year, 15 of the 31 projects are fully completed and evaluated.

The Kūkulu Ola 2019 program is supporting 28 awardees statewide with total funding of \$1.22 million. One award was rescinded because the contractor could not obtain a valid certificate of vendor compliance in time. We currently have paid out initial payments to nine of the 27 projects. An additional 14 projects are still pending and have not turned in their deliverables as of this report. One contract is pending approval from the State Department of Accounting and General Services (DAGs).

HTA staff are preparing the RFPs for the Kūkulu Ola programs to be supported in calendar year 2020 and plan to issue the RFP in May 2019.

Native Hawaiian Hospitality Association

HTA and the Native Hawaiian Hospitality Association (NaHHA) continue to build stronger ties between the Hawaiian community and the tourism industry. Quarterly cultural industry resource meetings will be held statewide in the final two weeks of May. These meetings bring together many of the industry's Hawaiian cultural advisors to discuss items of interest. The feedback and collaboration are essential to moving the needle on culture in the industry.

NaHHA and HTA staff are also finalizing entrepreneurial development workshops to occur in May and June statewide that include presentations by the Department of Commerce and Consumer Affairs, the Small Business Administration, and presentations on social media marketing and other topics.

Native Hawaiian Festivals and Events

Prince Kūhiō Festival

This year HTA sponsored two events in honor of the Prince Kūhiō Holiday. The first event was the statewide Prince Kūhiō Festival, with the second event being the Centennial Celebration of the Hawaiian Civic Club of Honolulu. Both events were great successes. We have evaluation surveys going in field for residents and visitors with YouGov. HTA is grateful to Kumu Hula Manu Boyd, President of the Hawaiian Civic Club of Honolulu, for his opening oli and presentation about the life and impact of Prince Kūhiō on Hawai'i that continues to this day. HTA Board member Ku'uipo Kumukahi also shared the mele Aloha Kalaniana'ole to close out that section of the March board meeting.

Merrie Monarch

All plans are confirmed with festival organizers and HTA for support of the 56th 2019 Merrie Monarch Festival, April 21-27, in Hilo on the island of Hawai'i. Of the \$100,000 provided by HTA in its FY19 budget, half of the funding supports the festival broadcast, with the other half utilized to archive and preserve footage from all recorded years available, as this will ensure the continuity of the hula and preserve and protect it for future generations. Finally, HTA will present an award on Saturday night in conjunction with the Island of Hawai'i Visitors Bureau.

Nā Hōkū Hanohano Awards

HTA staff has finalized a proposal with the Hawai'i Academy of Recording Arts to support the 42nd Annual Nā Hōkū Hanohano Awards, which is taking place at the Hawai'i Convention Center on May 25, from 5:00 to 10:00 p.m. This year's awards will feature a record 33 categories to recognize the accomplishments of Hawai'i's music industry. HTA will present the Hawaiian Music categories as well as Album of the Year.

May Day

The annual Lei Day Celebration honors the one day of the year that is set aside to celebrate the lei and the skill and artistry of Hawai'i's lei makers. HTA staff have worked to finalize contracts with the following events for 2019:

92nd Annual City & County of Honolulu Lei Day Celebration

On Wednesday, May 1, this beautiful celebration honors Hawai'i's people and their rich heritage at Kapiolani Park in Waikīkī from 9:00 a.m. to 5:30 p.m. (schedule subject to change). The event features the annual Lei Court, as well as local entertainment and performances by hula hālau. The Hawaiian Steel Guitar Association traditionally plays (10:00 a.m.-3:00 p.m.) in the lei exhibit/Kulana Lei area (open area between the bandstand and the shell). The Lei Contest Exhibit is open to the public (1:00-5:30 p.m.) in the open area between the bandstand and the shell. See some of the most exquisite lei in the world exhibited in a variety of colors and methods, featuring contest entries from the adult, children and lipine (ribbon/yard) lei contests. Come to Kulana Lei, a village of Hawaiian artisans, as they share their talents and skills with exhibits and demonstrations throughout the day (10:00 a.m.-4:00 p.m.). While at Kulana Lei, have the moopuna (grandchildren) come visit Tutu (grandparent) at Tutu's Hale and hear stories, play Hawaiian games, learn a song, dance a hula, learn how to make a lei, and learn how to weave with lauhala. In addition to Kulana Lei, craft, lei and food vendors will be in the park throughout the day. The event is free and open to the public.

6th Annual May Day Waikīkī

On May 1, the 6th Annual May Day Waikīkī takes place in front of the Royal Hawaiian Hotel on the beach. Join us as we acknowledge the watermen and women of Hawai'i who sailed around the world aboard Hōkūle'a.

Hawaiian Airlines May Day: "The Tradition Continues"

Keauhou, consisting of Jonah Kahanuola Solatorio, and brothers, Nicholas and Zachary Lum, will headline "Hawaiian Airlines May Day 2019: The Tradition Continues." The star-studded

program will feature Robert Cazimero and Hālau Nā Kamalei o Lililehua, the big-band sounds of Kahulanui, the hula artistry of Hālau Hi'iakainamakalehua, under the direction of Kumu Hula Keano Kaupu IV and Lono Padilla, the Kamehameha Schools Concert Glee Club, the vocal artistry of Kaumakaiwa Kānaka'ole, the celebrated reunion of Nā Palapalai, and more. Concert attendees will also be treated to exclusive access to the May Day Makeke, a marketplace featuring favorite Made in Hawai'i crafts from vendors and local artisans. Food and beverage will be available for purchase, with VIP selections from award-winning chef Mark Noguchi, co-founder and executive chef of the Pili Group and a Hawaiian Airlines featured chef.

39th Annual Walter & Irmalee Pomroy May Day Lei Contest

The Kaua'i Museum presents the 39th Annual Walter & Irmalee May Day Lei contest, honoring lei-maker extraordinaire Dana Valeriano Kauai iki Olores, with the support of Hawai'i Tourism. Whether walking the trails of Kōke'e or combing the neighborhood for flowers and foliage, nature was always his inspiration and is reflected in his unique haku style lei. Kauai iki was a participant in the museum's lei contest for many years and also garnered numerous prizes. Nearly 100 lei were created and entered last year.

King Kamehameha Day

Contracts for all King Kamehameha Day events statewide have been finalized and HTA staff is working with event organizers on each island on specific work plans for this year's events.

Prince Lot Hula Festival

HTA staff have finalized an agreement with the Moanalua Gardens Foundation to be the title sponsor of the 2019 Prince Lot Hula Festival, which is taking place at 'Iolani Palace on July 20-21 with hula hālau from across the state participating.

Duke's OceanFest

Preparations for Duke's OceanFest 2019 are well underway and HTA staff have finalized the contract terms for this important event. Emphasis is being placed on integrating new partnerships to invigorate longstanding festival traditions.

Queen Lili'uokalani Long Distance Canoe Race

Workplans are being finalized with HTA staff for the 2019 Queen Lili'uokalani Long Distance Canoe Race. There have been major shifts in the event's implementation following the passing of Uncle Bo Campos. Kai 'Opua Canoe Club has introduced a new team that HTA is working with to ensure a solid delivery of the events in Kona later this year.

Aloha Festivals

Events for the 2019 Aloha Festivals are still in the planning stages and HTA staff will continue to work with its community partners to finalize workplans. All contracts have been executed for the current funding year. New for the O'ahu events will be a concert at Queen's Beach during the festivities that will feature headline performers and potentially a movie.

Polynesian Football Hall of Fame 2020

HTA staff met with organizers of the Polynesian Football Hall of Fame and reached agreement on a new three-year contract with two one-year extensions. Funding will continue to support the game and other activities. Added to the new contract terms are statewide clinics and outreach with Polynesian Football Hall of Fame inductees, active NFL players and other leaders to help mentor and inspire Hawai'i youth. Appropriate paperwork will be drafted to move the approval process forward.

Kāhea Greetings Program

Harbors

Contracts for the various harbor greeting programs are under review by the Office of the Attorney General's office. Once finalized implementation will roll out to ports in Nāwiliwili, Honolulu, Lahaina, Hilo and Kona. Work will include, but is not limited to, hula, mele, lei making, maps and other collateral as well as lei greeting with fresh flower lei. Discussions with the State Department of Transportation's (DOT) Harbors Division are underway to include more art and other improvements to enhance the harbor and port user experience.

Airports

HTA staff are coordinating and working on a new workplan for 2020 airport greetings statewide. New emphasis will be placed on baggage claim areas and incorporating more community based hālau hula and Hawaiian culture practitioners. Greetings are held at Līhu'e, Honolulu, Kahului, Hilo and Kona. Discussions with DOT's Airports Division are underway to include more art and other improvements to enhance the airport user experience.

Resort Area Hawaiian Culture Initiative

Contracts are finalized for 2019 Hawaiian culture events with workplans having been submitted for a variety of programs in Waikīkī, Lahaina, Hilo and Kona. New to the Waikīkī program is a seven-month pilot program to bring back Sunset on the Beach. The Waikīkī Improvement Association will produce the Sunset on the Beach events, which will have Hawaiian music concerts and hula preceding the screenings of films. Marketing and promotions of these events will target residents.

Pulakaulahui

This year is the International Year of Indigenous Languages. As such, HTA staff have partnered with the nonprofit organization Weloaloha to support travel expenses for five immersion students and two kumu to the United Nations Permanent Forum on Indigenous Issues (UNPFII) in New York City, taking place April 22 to May 3. This will also cover costs for three pre-UN all-day workshops to build capacity for kumu beyond the traveling cohort to include content in classroom work and, thus, extend the reach of the program. The funding will also support a workshop in New York City to engage the students and teachers with others who are not credentialed UNPFII partners. In addition, a video will be produced that addresses the program's intent, content and outcomes as a means to potentially continue and sustain the program in future years.

Hawai'i Investment Ready 2019 Cohort

HTA staff and Hawai'i Investment Ready are exploring the possible extension of our contract, which supports a cohort of 12 social enterprises that have a tourism focus and previously received funding through the Community Enrichment, Kūkulu Ola, or Aloha 'Āina programs in capacity building. 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.

Center for Hawaiian Music and Dance

HB420 HD1 SD1 is currently in conference committee with the Senate and House attempting to come to an agreement on the version of the bill that will allow us to move forward with the center at the most appropriate location. We will continue to monitor this measure and include updates as they become available. The current measure would relocate the Center for Hawaiian Music and Dance from the Hawai'i Convention Center to the state's Museum of Natural and Cultural History (Bishop Museum). Pending the outcome of the legislation, HTA staff will meet as necessary to move the planning for the center forward.

Legacy Awards

Planning is underway for a theme and other logistics for the 2019 Legacy Awards to be held in conjunction with the Fall Tourism Update on the island Hawai'i this November.

Ma'ema'e

HTA staff continue to work closely with members of the Global Marketing Team to assess their needs for Ma'ema'e training of staff and others in market to more accurately portray the Hawaiian culture. Allocations have remained level year-over-year.

Market Support

HTA staff supported Hawai'i Tourism China's sales mission in Hong Kong and China, April 15-19, by arranging for five Hawaiian cultural practitioners to accompany the group and share hula, Hawaiian music and lei making demonstrations.

Preparations are underway to support Hawai'i Tourism Taiwan's 2019 Hawai'i Aloha Festival from July 5-7, 2019.

Preparations are underway to support the Hawai'i Tourism Korea's sales mission and Hana Tour events from June 7-12, 2019.

B. Natural Resources

Aloha 'Āina (Natural Resources) Program

HTA continues to work with two of its 2017 Aloha 'Āina awardees to close out their work and complete the final evaluation. These programs were granted no-cost contract extension for extenuating circumstances.

HTA staff is in receipt of many final reports for the 2018 Aloha 'Āina projects, a majority of which ended work on December 31, 2018. Five programs were granted no-cost extensions due to extenuating circumstances while one contract was terminated by mutual agreement, which reduced the total number of projects being funded to 25 contracts. An additional six projects are missing items or have

not submitted a final report as of this report. For this funding year, 10 of the 25 projects are fully completed and evaluated.

The Aloha 'Āina 2019 program is supporting 28 awardees statewide with total funding of \$1.24 million. All contracts have been approved by DAGs. HTA has paid out initial payments to six of the 28 projects. Payments for nine projects are being processed by DAGs. Thirteen projects have yet to complete their deliverables to receive their initial payment.

HTA staff are preparing the RFPs for the Aloha 'Āina programs to be supported in calendar year 2020 and plan to issue the RFP in May 2019.

DLNR Partnership

HTA staff continues to work in partnership with the Department of Land and Natural Resources (DLNR) to protect Hawai'i's natural and cultural resources on state lands. Following are details on several initiatives underway or in the planning stages.

Mālama Hawai'i

Current year funding is supporting placement of Mālama Hawai'i collateral in roughly 24,000 hotel rooms statewide. Funding has also been provided to produce and distribute seven new 30-second public service announcements. Hawaiian Airlines and Air Asia X have already committed to sharing the content with their guests in-flight. We are currently negotiating with Japan Airlines and ANA to have the content included on those flights as well.

Rapid 'Ōhi'a Death

Funding in 2019 to help prevent Rapid 'Ōhi'a Death was targeted at four operator bio-sanitation trainings statewide. Public service announcements on quarantine rules as well as airport ad placement were included in the funding. In addition, two survey flights with the Carnegie Airborne Observatory were conducted over the island of Hawai'i and Kaua'i. Both islands now have confirmed cases of both species of Rapid 'Ōhi'a Death. HTA staff, in partnership with the state, placed visitor-focused tips to help reduce the spread of the disease and also hosted a full-length documentary to help others better understand the significance of 'Ōhi'a to Hawaiian culture and Hawai'i's native ecosystems.

Carbon Sequestration Certification

DLNR has selected and awarded a contract for Carbon Sequestration Certification, which will allow DLNR to quantify and value the carbon offsets from its reforestation work in order to move the department and DOFAW toward self-reliance.

Social Media Specialist

HTA continues its work with the tourism funded position of a Social Media Specialist to mitigate illegal tours on state lands as well as develop visitor-focused messaging for responsible tourism. With the funding of this position, DLNR has reactivated previously abandoned social media accounts.

Ambassador Program

Funds have been committed to support a pilot Ambassador Program in FY20. The program will be statewide and implemented in state parks as well as on trails, with \$500,000 set aside for this purpose.

Initial estimates would allow for nine ambassadors funded at \$62,000 per position. HTA is not in receipt of the workplan by DLNR as to where these positions would be deployed. No further work will continue until we are in receipt of the workplan.

Hawai'i State Park Survey

HTA contracts staff are working on finalizing the draft RFPs for a Hawai'i State Park Survey. The project is expected to survey all state parks over a one-year period. The data and insights collected will help HTA and DLNR to better manage Hawai'i's resources and protect natural and cultural assets.

Hawai'i Ecotourism Association

The Hawai'i Ecotourism Association and HTA are negotiating the terms and scope of work for the 2019-2020 program. The primary focus of this work will continue to focus on the training of certified tour operators statewide and enhancing their training capacity. Further it will provide for trainings that will be made available via the web and YouTube.

Hawai'i Green Business Program

HTA staff is working to finalize 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 strive to 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.

Hawai'i Green Growth

Hawai'i's future is dependent upon our ability to measure and define sustainable tourism moving forward. HTA staff and Hawai'i Green Growth are in discussions to partner on a contract that would convene a diverse group of stakeholders to fulfill this goal and others. More details will be shared as soon as the contract is finalized.

C. Safety and Security

Visitor Assistance Program (VAP)

In March, the Visitor Aloha Society of Hawai'i (VASH) was active and provided support in each of the four counties. In Maui County, VASH handled 22 cases and provided assistance to 53 visitors. On the island of Hawai'i, VASH handled 36 cases and provided assistance to 51 visitors. On O'ahu, VASH handled 56 cases and provided assistance to 118 visitors. On Kaua'i, VASH handled 13 cases and provided assistance to 35 visitors. The activity highlights during the month of March include below.

On Maui, VASH participated in a Maui Emergency Management Agency two-day training class at the Maui Arts & Cultural Center in preparation for potential emergency activations for various events. Additionally, Maui VASH has been preparing for two safety seminars being held in late April in Wailea and Lahaina. On O'ahu, VASH attended the International Women's Day breakfast, hosted by the Australian Consulate General on March 8th. VASH President Jessica Lani Rich was a trainer and guest speaker at the Waikiki Business District Improvement District Association staff quarterly meeting, at the Ohana East Hotel on March 13th. On March 28th, Jessica was a guest panelist at the Visitor Public Safety Conference at the Prince Waikiki Hotel. VASH was responsible for reporting on some of the

public safety issues concerning our visitors, some of the crimes where we assisted victims, and also coming up with solutions to solving crimes against our visitors.

Lifeguard Support Program

Contracts to provide funding to support lifeguard operations through equipment funding have been completed for Maui County. HTA is currently working with the Maui Fire Department to adjust the equipment that was originally proposed to be acquired. HTA has agreements in place with the four counties to each be awarded \$125,000 with a one-for-one match for the purchase of ocean safety equipment. At this time, HTA has issued checks in the amount of \$112,500 to the County of Kaua'i while working on the contract execution and payments for other counties. We anticipate expending all of these funds in FY 2019.

Waikīkī Camera Program

The Memorandum of Agreement (MOA) with the City and County of Honolulu for purchasing security cameras in Waikīkī in the amount of \$300,000 has been executed. HTA staff has been following up with the City and County to receive their first invoice. We will provide more information on this ongoing project as it is received from the City and County of Honolulu.

Ocean Safety Advertising Campaign

HTA, through contracts with SKYHI MEDIA and Pacific Media Group, displays ocean safety videos at airports throughout the State of Hawai'i. These videos run primarily at each baggage claim throughout the day/night. We met with representatives of SKYHI MEDIA to review the effectiveness of the program and begin discussions on the renewal of the agreements to run these videos in the next fiscal year. Discussions are ongoing.

D. Community Enrichment Program

HTA staff has been working on closing out the remaining 2018 Community Enrichment Program (CEP) contracts (approximately 5), which ended on December 31, 2018. All 2019 CEP awards have been executed. Staff is currently reviewing 2019 deliverables and processing first payments. The 2019 CEP program includes 72 awardees statewide with total funding of more than \$1.2 million being allocated. For a listing of 2019 CEP awardees visit: <https://www.hawaiitourismauthority.org/what-we-do/hta-programs/community-enrichment-programs/>. Staff is currently drafting the RFP for 2020 Community Enrichment Program projects.

III. KNOWLEDGE AND COLLABORATION

A. Communication and Outreach: March 2019

News Releases/Reports Issued

- News Release: Hawaiian Music Takes Center Court at L.A. Clippers Hawai'i Night (March 11)
- Media Advisory: Los Angeles Rams President and COO Kevin Demoff to Announce Hawai'i Preseason Game at Aloha Stadium (March 19)
- News Release: Los Angeles Rams to Play Dallas Cowboys at Aloha Stadium in Hawai'i on August 17 (March 21)

- Report: February 2019 Hawai'i Hotel Performance Report (March 25)
- News Release: Hawai'i Visitor Statistics Released for February 2019 (March 28)

Media Relations

- **Media Interviews:** Coordinated and/or assisted with the following interviews:
 - Hawai'i Business Magazine: Kalani Ka'anā'anā (KK) with writer Noelle Fujii about HTA's cultural initiatives and tourism's role in perpetuating the arts and Hawaiian culture for upcoming CHANGE report (March 13).
 - Skift: Chris Tatum (CT) with editor Maria Lenhart about the impact of Southwest Airlines on Hawai'i tourism (March 22).
 - TravelAge West: Karen Hughes with editor Marty Wentzel about HTA's vision for marketing and what's new in Hawai'i for travel agents (March 22).
 - Honolulu Star-Advertiser: Jay Talwar and Eric Takahata with reporter Allison Schaefer about the \$2.5 million in funding allocated to support enhanced branding initiatives and marketing for the island of Hawai'i in the U.S. mainland and Japan (March 28).
 - Hawai'i Public Radio: CT with host Catherine Cruz on *The Conversation* about HTA's vision for managing tourism (March 29).
- **Publicity Support:** Provided the following information and/or assistance:
 - KHON: Declined request by Take2 producer Kristy Tamashiro for an HTA interview on Southwest Airlines' Hawai'i service and its impact on tourism (March 1).
 - Honolulu Star-Advertiser: Jennifer Chun provided reporter Allison Schaefer with the 2019 Air Seat Projection and Air Seat Outlook for March to May 2019 for a story about Southwest Airlines' launch of service to Hawai'i (March 4).
 - KITV: Declined request by reporter Nicole Tam for information about the anticipated economic impact of Southwest Airlines' Hawai'i routes (March 4).
 - NewsRadio 600 KOGO (San Diego): Declined request by radio announcer Jack Cronin for an HTA interview on Southwest Airlines' Hawai'i launch (March 4).
 - Honolulu Star-Advertiser: Responded to reporter Allison Schaefer and provided budget information for Europe (March 7).
 - Honolulu Star-Advertiser: Provided reporter Allison Schaefer with the HTUSA and HTJ Spring Tourism Update presentations (March 8).
 - Honolulu Star-Advertiser: Declined request by reporter Allison Schaefer for HTA comment on the State Department of Labor's unemployment report and directed her to DBEDT and the Hawai'i Restaurant Association for comment (March 8).

- Hawai'i News Now: Directed digital producer Ian Scheuring to the Los Angeles Rams for information about the preseason game in Hawai'i (March 12).
- Honolulu Star-Advertiser: Provided editorial writer Vicki Viotti with HTA's 2018 Resident Sentiment Survey, per her request (March 12).
- KITV: Provided producer Cherry Pascual with HVCB's membership letter about the Federal Aviation Administration's (FAA) order to ground Boeing 737 MAX aircraft (March 13).
- Honolulu Star-Advertiser: Advised reporter Allison Schaefer that the HVCB Call Center had not received any inquiries about the FAA order to ground Boeing 737 MAX aircraft. Also provided her with HVCB's membership letter addressing the issue. (March 13).
- KHON: Declined request by reporter Jenn Boneza for KK to provide comment on Hawai'i State Senate bill 1451, which aimed to reestablish Lā Kū'oko'a, "Hawaiian Recognition Day," and replace Good Friday as a state holiday (March 13).
- Hawai'i Public Radio: Provided reporter Catherine Cruz with information about Hawai'i tourism's support of Bishop Museum's new Garden Tour through the Aloha 'Āina Program (March 15).
- Pacific Business News: Provided reporter Christina O'Connor with images from the press conference on the Rams preseason game at Aloha Stadium (March 21).
- Hawai'i Public Radio: Directed reporter Casey Harlow to Mufi Hannemann for an interview on the Rams' partnership and community engagement (March 21).
- Hawai'i News Now: Directed producer Jennifer Wong and assignment manager Brenda Salgado to the Rams' organization for the status of ticket sales (March 22).
- Honolulu Civil Beat: Assisted CT in providing a statement to reporter Stewart Yerton regarding HTA's focus on reaching travelers in high-value markets (March 29).

Public Outreach

- LEI Program: Assisted Caroline Anderson with news release about ClimbHI seeking Hawai'i businesses to participate in the 2019 LEI Program (March 1).
- Spring Tourism Update:
 - Assisted Karen Hughes with PowerPoint presentation for update on marketing strategy (March 1).
 - Distributed reminder e-blast to registered attendees via Constant Contact (March 5).
 - Distributed post-event survey and presentations to attendees (March 21).
- Honolulu Festival: Assisted CT with talking points for the March 8 DMO Forum welcome address (March 4).
- 2019 LPGA LOTTE Championship: Assisted CT with welcome letter for program book (March 7).

- Los Angeles Clippers: Assisted the Clippers with sharing b-roll of “Hawai’i Night” elements from the L.A. Clippers and Boston Celtics game in L.A. (March 11).
- The United States Conference of Mayors’ 87th Annual Meeting: Provided Yasmynn Rodriguez with GoHawaii website and Barberstock image library to help conference attendees plan their upcoming trip to O’ahu (March 18).
- Los Angeles Rams Press Conference:
 - Assisted the Rams in drafting the press conference advisory (March 19).
 - Assisted the Rams in providing talking points about Hawai’i tourism’s support and partnership for Kevin Demoff, Rams president and COO (March 19).
 - Drafted a Q&A, program flow and timeline for the event (March 19).
 - Secured photographer and videographer to shoot images and b-roll to accompany the news release (March 19).
 - Coordinated logistics and pitched media to cover the press conference at the Hawai’i Convention Center. Attending were Hawai’i News Now, KHON, KITV, Honolulu Star-Advertiser and ESPN Radio (March 21).
- Miscellaneous: Provided Maui photographer Greg Hoxsie with HTA’s 2018 Annual Report in response to his inquiry about HTA and MVCB’s operating budget (March 26).
- Hawaiian Airlines: Assisted CT with preparing a quote for inclusion in a news release issued by Hawaiian Airlines announcing the April 5 start of nonstop flights between Boston and Honolulu (March 27).

Brand Management

- Caruthers Institute: Declined request by President and CEO Dewey Caruthers for HTA to provide insights on Hawai’i’s smoking ban for a study on Florida’s banning of smoking on public beaches (March 13).
- Japan Transport and Tourism Research Institute: Declined request by research fellow Nguyen Van Truong for HTA to participate in a survey on overtourism in well-known cities across the world (March 14).

International News Bureau

- **Media Assistance:** Provided other support, as noted:
 - **Miscellaneous**
 - Reviewed and vetted a request by content manager Alexander Abrashkin of Welcome-TV to provide video material of Hawai’i for exposure on its global television channel. Declined media opportunity on behalf of HTA (March 14).

- Reviewed and vetted a request by travel writer Shalini Mitra of India for a hosted visit and support. Declined media opportunity on behalf of HTA (March 25).

B. Research and Planning

The Tourism Research Division (TRD) issued the February 2019 monthly visitor statistics on March 28, 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 April through June 2019, Airline Seat Capacity Q2 2019 report, and revised air lift forecast 2019 to the Infrastructure Research Section of the HTA website.

State, major market and island fact sheets were updated with the February 2019 data and posted to the Board site. State and market fact sheets were published on the website.

TRD issued the February Hawai'i Hotel Performance Report on March 25. The report and related February 2019 data tables were posted to the Infrastructure Research section of the HTA website. The Hawai'i Hotel Performance Report is produced using hotel survey data compiled by STR, Inc., the largest survey of its kind in Hawai'i.

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

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

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
- Research inquiries routed through DBEDT
- Historical visitor arrivals from France, for Consulat General de France, San Francisco CA
- Contribution of Tourism Industry to Hawai'i's economy, Hawai'i Tourism Japan
- 2018 U.S. West and U.S. East LGBTQ visitor profile from the 2018 Visitor Satisfaction and Activity Survey, for Destination Marketing

C. Career Development

Ho'oilina Scholarship

Through HTA's partnership with the Hawai'i Lodging & Tourism Association (HLTA), a communication has been issued to all the schools and the public about the new Ho'oilina ("legacy" in Hawaiian) Scholarship program. HTA and HLTA are jointly funding this scholarship. The scholarship application is available on HLTA's website with the deadline to apply extended to April 26, 2019.

LEI (Leadership, Exploration, and Inspiration)

Chris Tatum provided opening remarks during the O'ahu LEI program on April 8 at the Hawai'i Convention Center. Caroline Anderson participated in the LEI career fairs on April 3 (Kaua'i), April 8 (O'ahu), and April 18 (Maui). Jennifer Chun and Michele Shiowaki also participated at the LEI career fair on O'ahu. The purpose of this one-day program on each island (with the exception of island of Hawai'i, which takes place over two days) is to motivate and inspire Hawai'i's high school students to consider a career in travel and hospitality and encourage them to pursue post-secondary education. No career fair on the island of Hawai'i as the programming is offered in a different format, however, Caroline attended the second day to hear the students' presentation.

Department of Education's Career & Technical Education Partnership

The Department of Education's Career & Technical Education has submitted a proposal to HTA for consideration to support the training of its teachers and students in hospitality service. HTA is currently reviewing the proposal.

State of Hawai'i Department of Labor and Industrial Relations

Caroline Anderson met with officials from the Department of Labor and Industrial Relations (DLIR), including Elaine Young, Administrator, Workforce Development Division; Carol Kanayama, Program Officer, Workforce Development Division, Phyllis Dayao, Research & Statistics Officer, and Jeri Arucan, Research Statistician Supervisor. The purpose of the meeting was to gain a better understanding of DLIR's activities as they pertain to the hospitality and tourism workforce, to see what type of information is available, and to start building relationships with DLIR to develop opportunities in this area.

IV. STRATEGIC OVERSIGHT AND GOVERNANCE

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

Hawai'i Tourism United States Monthly Marketing Report March 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

The latest *U.S. Travel Barometer* reported that 83 percent of U.S. residents searching for lodging in February searched domestically. Mexico captured 3 percent of U.S. resident searches in February.

Domestic leisure travel softened in February and fell below its six-month trend, expanding just 2.6 percent. The business segment continued to grow above its 6-month moving average, rising 3.0 percent and outpacing leisure travel. Domestic business travel growth outpaced domestic leisure travel for the first time since October but is expected to remain on par with leisure in the coming months. Vacation intentions slowed amid moderating consumer spending and business investment.

Domestic travel is expected to grow approximately 1.8 percent year-over-year through August. Consumer confidence rebounded from a soft start to 2019; however, both the business and leisure segments are projected to cool in response to continued moderation in consumer spending and business investment. Financial markets have recovered but remain more volatile, and persistent trade and manufacturing uncertainty contribute to the potential for business investment growth to cool, but not stall, in 2019.

The U.S. hotel industry continues to grow at a slow and steady pace, but there are several factors that could affect this period of growth. Analysts from STR, CBRE and Tourism Economics gave their takes on the state of the industry at the recent Hunter Hotel Conference during the “Statistically speaking—the data does the talking” session. There were five takeaways:

Labor continues to be worrisome for the industry. U.S. Bureau of Labor Statistics reports that there are more than one million job openings in accommodations and food service. Hotels are competing with others—such as restaurants—to hire the same people, which is going to increase wages.

Less international travel to the U.S. Domestic travel supported hotel room demand in 2018 as opposed to international visitors coming and spending nights in hotels.

Supply expected to outpace demand. Supply is expected to catch up with demand on an annualized basis at the end of the year

Group vs. transient growth. Group average-daily-rate growth hit around 4.5 percent in February and lifted the annualized number. Transient ADR percent change growth is a little more tepid. The transient booking window can now be a month? Three weeks? Two days? This according to STR.

Industry set to break RevPAR growth streak. The U.S. hotel industry is 108 months into the RevPAR upcycle, with only one negative growth month (September 2018). It is projected by STR that growth will continue through the year barring any unforeseen external shock or event.

Economy

The Conference Board *Consumer Confidence Index*[®] declined in March, after increasing in February. The Index now stands at 124.1, down from 131.4 in February. The level of the index is still good, but the direction should be monitored. “Confidence has been somewhat volatile over the past few months, as consumers have had to weather volatility in the financial markets, a partial government shutdown and a very weak February jobs report. Despite these dynamics, consumers remain confident that the economy will continue expanding in the near term. However, the overall trend in confidence has been softening since last summer, pointing to a moderation in economic growth.”

Final GDP numbers for 2018 show that real gross domestic product (GDP) increased 2.2 percent in the fourth quarter of 2018, according to the “third” estimate released by the Bureau of Economic Analysis on March 28, 2019. The growth rate was revised down 0.4 percentage points from the “initial” estimate released in February. In the third quarter, real GDP had increased 3.4 percent. The increase in real GDP reflected increases in consumer spending, business investment, exports, and inventory investment. These contributions were partly offset by decreases in housing investment and government spending. Imports, which are a subtraction in the calculation of GDP, increased.

Competitor Update

Mexico and the Caribbean are both having impact on Hawai'i. The Caribbean, with the recent addition of new hotel supply post hurricanes and increased advertising and marketing spend, have put additional competitive pressure on Hawai'i visitation, particularly on the east coast market. Mexico, with continued security challenges and disbanding of the national tourism organization in the U.S. as well all global markets, could have the potential to elevate Hawai'i in travelers' potential destinations.

Airlift

The U.S. domestic carriers to Hawai'i are operating full schedules (including seasonal) through spring break. Southwest is the new entrant to the market and will be adding service on a rolling schedule through June and the remainder of the year. U.S. seats for March are 836,479, a +1.4 percent increase over 2018. April and May are 775,999 and 826,112, respectively, with a +3.9 percent and 5.7 percent increase over 2018. Load factors will not be available until released by the U.S. Department of Transportation.

LEISURE ACTIVITIES

Consumer

On-line

March firmwide digital campaign estimates: Central 25.7 million impressions; KVB 6.1 million impressions; OVB 6.6 million impressions; MVCB 8.8 million impressions; LVB 987,000 impressions; DMVB 2.1 million impressions; IHVB 6.6 million impressions.

Social Media

In March, HTUSA continued the *Hawai'i Rooted* video series which featured taro farmer Lyndsey Haraguchi-Nakayama through an adapted *Facebook* mini-story, as well as *Instagram* teaser ads.

Advanced Television/Digital Video

HTUSA continued a national flight in March with a broad reach of advanced television/digital video to reach 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).

- Roku - the market leader in OTT (over-the-top) devices. Flight continued in March (Jan. 7-Mar. 31) with media that included in-stream video.
- Hulu - the largest ad-supported streaming service. Flight continued in March (Jan. 7-Mar. 31) with media that included video in Hulu's Original Series Sponsorship and pre/mid-roll video.
- VideoAmp. Flight continued in March (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 continued in March (Jan. 7-Mar. 31) to complement direct video partners, drive efficiencies and leverage video programmatically across platforms.

Cinema

In-theater media extended in March (Feb. 18-Mar. 31) with full-length *Hawai'i Rooted* brand videos that ran in the Spotlight Digital Pre-Show within a select network of high-end cinema movie theaters, including Hawai'i's top markets.

Golf

The 2019 *Aloha Season* on Golf Channel (pre-promotion Dec. 1-Mar. 31) provided a national cable television golf platform for Hawai'i that extended into March. 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 with others in Hawai'i:
 - Bryson DeChambeau – ziplining (Maui)
 - Jon Rahm – helicopter (Maui)
 - Wesley Bryan – blue water rafting (Maui)
 - Jhonattan Vegas – whale watching (Maui)

Travel Trade

HTUSA and the Island Chapter representatives conducted the U.S. West Leisure Sales Blitz events with travel agent training, a supplier trade show, roundtables, live Hawaiian music, cultural demonstrations and hula lessons on the West Coast in San Diego, CA; Long Beach, CA; Walnut Creek, CA; Portland, OR; and Bellevue, WA, from Mar. 11-15. During the week, HTUSA trained 64 agents in HDS workshops and 95 agents were trained in Island Chapter workshops. In total, 222 agents attended the week of training workshops/trade shows and roundtables. Sixteen Hawai'i suppliers participated in the blitz week, including Hilton Waikiki Beach, Pleasant Holidays/Journese, Kā'anapali Beach Hotel, Queen Kapi'olani Hotel Waikiki Beach, Delta Vacations, Castle Resorts & Hotels, GOGO Worldwide Vacations, Hawaiian Hotels & Resorts, Outrigger Hotels & Resorts, Courtyard by Marriott Kaua'i at Coconut Beach, OneALG Apple Leisure Group, Atlantis Adventures, Shoreline and Coconut Waikiki Hotels, Polynesian Cultural Center, UnCruise Adventures and Courtyard Marriott O'ahu North Shore.

HTUSA participated in the 2019 AAA Travel Market Place Southern New England in Foxborough, MA, on Mar. 1-3 and shared a booth with Pleasant Holidays. HTUSA conducted five destination presentations on the Hawaiian Islands to 270 consumers and participated in the trade show. Hawai'i suppliers present included Hyatt Hotels in Hawai'i, Pleasant Holidays and Norwegian Cruise Line. HTUSA conducted two HDS trainings at the AAA Texas Headquarters in Coppell, TX, on Mar. 19. Eighteen agents were trained.

A webinar was conducted by HTUSA for Cruise Planners on Mar. 5. Eighty agents were present for the webinar, which was recorded and posted on the Cruisitude Academy website for Cruise Planner agents.

InteleTravel held their annual TravelQuest Conference on the Norwegian Epic cruise ship departing Port Canaveral, FL, from Mar. 2-7 drawing 1,304 travel advisors nationwide. As a sponsor, HTUSA participated in a trade show, networking events and a hosted dinner with advisors. HTUSA gave two general session presentations to all attendees and hosted two workshops with approximately 275 attendees per workshop. Hawai'i suppliers present included OneALG Apple Leisure Group, Classic Vacations, Delta Vacations and GOGO Worldwide Vacations.

HTUSA held an HDS training for eight agents in Des Moines, IA, on Mar. 7. Later than evening, HTUSA participated in a consumer event for Allied Travel which included a destination presentation to 89 consumers and eight travel agents.

Liberty Travel extended complimentary participation as a Gold Sponsor in the 2019 Liberty Travel Expo in Edison, NJ, on Mar. 10. In addition to exhibiting at the trade show, HTUSA provided Hawaiian entertainment and conducted one Hawai'i presentation for 40 consumers at the expo.

HTUSA participated in OneALG Apple Leisure Group's Hawai'i dinner events on Mar. 19, 20 and 21 in Dallas, TX, Centennial, CO and Salt Lake City, UT. HTUSA provided fresh flower *lei* and presented to 40 agents in Dallas, 52 agents in Centennial and 34 agents in Salt Lake City. Hawai'i partners present included Courtyard by Marriott O'ahu North Shore, Fairmont Orchid, Hawaiian Hotels & Resorts, Hilton Hotels & Resorts, Hilton Waikiki Beach, Marriott Hawai'i, Outrigger Hotels and Resorts and Queen Kapi'olani Hotel, Waikiki Beach.

Virtuoso held their regional Virtuoso Travel Week on Tour event in Beverly Hills, CA, from Mar. 22-23. In addition to a general session providing Virtuoso network updates, HTUSA conducted one-on-one appointments with 80 travel advisors. Hawai'i suppliers included Pleasant Holidays, The Kahala Hotel and Resort, Montage Kapalua Bay, OneALG Apple Leisure Group, Classic Vacations and GOGO Worldwide Vacations.

In partnership with the Kaua'i Visitors Bureau and the O'ahu Visitors Bureau, HTUSA sponsored the Uniglobe Travel Center Conference in Long Beach, CA, from Mar. 26-30 reaching 115 travel advisors. Sponsorship benefits included a destination presentation to all attendees, a supplier trade show, a hosted dinner with advisors, general session and networking events. Hawai'i suppliers present included OneALG Apple Leisure Group and Classic Vacations.

HTUSA conducted HDS training in Buffalo, NY, on Mar. 25 and in Rochester, NY, on Mar. 26. HTUSA partnered with Norwegian Cruise Line for the Mar. 25 training for 39 travel agents, and with OneALG Apple Leisure Group for the Mar. 26 training during which HTUSA hosted 19 agents.

Pleasant Holidays and HTUSA partnered to promote Aloha Days for AAA travel agencies in Bremerton, Tacoma and Olympia, WA, on Mar. 5 reaching three agencies and 27 travel advisors. Destination updates were provided along with March specials to the Hawaiian Islands.

As part of Ensemble's U of E Partner of the Month program, HTUSA conducted a webinar on Mar. 7. On completion of the webinar, travel advisors learned the benefits of becoming a Hawai'i Destination Specialist and/or Island Specialists. They also received step-by-step instructions on how to access HTUSA's educational certifications, which are linked to Ensemble's U of E program. Ensemble also offered Bonus Genius Points to incentivize members to complete all six certifications. There were 84 travel advisors in attendance and the webinar was also recorded.

The 2019 Travel Agent Forum was held in Las Vegas, NV, Mar. 20-23. Together with the Kaua'i Visitors Bureau and the Island of Hawai'i Visitors Bureau, HTUSA conducted a one-hour destination presentation for 200 travel advisors, 15 roundtables, 30 appointments and two trade shows with 800 travel advisors in attendance. Hawai'i suppliers present included Aqua-Aston Hospitality, Castle Hotels & Resorts, Condominium Rentals Hawai'i, Hawaiian Hotels & Resorts, Mana Kai Maui, Paradise Cove, Pleasant Holidays, Outrigger Hotels & Resorts and Polynesian Cultural Center.

HTUSA participated in the ASTA trade show on Mar. 27 in Totowa, NJ, with 150 agents in attendance. Prior to the show, HTUSA conducted training in partnership with Hyatt Hotels in Hawai'i for 56 agents.

Public Relations

As part of HTUSA's 2019 native campaign, the PR team worked with BuzzFeed on a multi-island shoot on the Hawai'i Island, Moloka'i and Maui featuring the islands' culture, unique food offerings and experiences. With the Avid Explorer in mind, HTUSA recommended that the BuzzFeed team shoot with Flumin' Kohala, Volcano Village Lodge and Punalu'u Bake Shop on the Hawai'i Island. On Moloka'i, HTUSA connected BuzzFeed to Greg Solatorio with Hālawa Valley Falls Cultural Hike, Hui o Kuapā at Keawanui Fishpond and Post-a-Nut at Ho'olehua Post Office. BuzzFeed featured Maui Tropical Plantation's farm to table sustainability initiatives in partnership with the Mill House Restaurant; Kumu Farm's stand which provides locally grown produce for sale; zipline eco-tour offered on property; as well as their unique Chef's Table interactive dining experience, in which guests are led by the chefs through a six-course, locally-sourced, meal. In addition, HTUSA provided onsite support during the shoots, as well as liaised between BuzzFeed and the various cultural practitioners and business entities they filmed.

The HTUSA PR team worked with "United Plates of America," a DirectTV food series, that explores food cultures across the country. The episode focused on capturing the evolution of Hawai'i cuisine from traditional *lū'au* to modern and unique dishes using the freshest ingredients. Because of the team's recommendations, the crew filmed The Royal Hawaiian, Alan Wong's, Mud Hen Water and Ma'ō Farms. The show is available to over 58 million viewers and the new season is scheduled to air this June.

As part of Hawai'i Island recovery efforts, the HTUSA PR team coordinated a mini press trip with *Vogue's* visual director, editor, photographer and a writer. The group gained an understanding and appreciation for the cultural significance behind the 2018 Kīlauea eruption by meeting with ambassadors at Hawai'i Volcanoes National Park and Volcano Art Center. The visual team also met with DeeDee Keakealani Bertlemann and her *'ohana* to shoot visuals for a story on the living culture of *paniolo*. On Maui, the group focused on female *mana wāhine* and fashion, tying in Hawaiian culture and perspective.

Also tied to island of Hawai'i recovery efforts, Christopher Elliott produced an online and print story in *USA Today* titled, "[Hawaiian volcano offers travel lessons](#)," with quotes from volcanologist Rick Hazlett on how backup plans and communication is key in his role. The story also discusses ways to view Kīlauea and new landscapes including Hawai'i Volcanoes National Park and helicopter tours.

As a result of HTUSA's press trip surrounding the Hawai'i Food and Wine Festival last fall, freelance writer Jackie Bryant produced a *Hemispheres* story titled, "[Top Chef Favorite Sheldon Simeon Serves Up Home Cooking at Lineage Maui](#)," which highlights one of Maui's newest food sensations, Lineage, run by Top Chef finalist Sheldon Simeon.

KVB. Kaua'i was featured four times online resulting in an estimated 27.8 million unique visitors per month (uvpm) and twice in print, estimated circulation of 1.4 million.

OVB. O'ahu was featured three times online resulting in 39.9 million in estimated uvpm.

MVCB. Maui was featured four times online resulting in an estimated 1.1 million uvpm and once in print for an estimated circulation of 65,000.

IHVB. The Island of Hawai'i was featured twice online for an estimated total of 12.1 million uvpm.

In February, HTUSA generated:

- 38.7 million social media impressions (*Facebook, Instagram*)
- February impressions and publicity values for articles that included Hawai'i:
 - o 17.2 million print impressions
 - o 32.1 billion online impressions
 - o 78 million broadcast impressions

"COMING ATTRACTIONS" FOR LEISURE MARKET

The travel trade team will participate in Cruise360, Ft. Lauderdale, FL, Apr. 2-6; Cruising the Hawaiian Islands Luncheon with UnCruise Adventures and Norwegian Cruise Line, Wellesley, MA, Apr. 4; Hawaiian Airlines inaugural Boston flight celebration, Boston, MA, Apr. 5; Association of Westchester Travel Agents Trade Show, New Rochelle, NY, Apr. 8; OneALG Apple Leisure Group Hawai'i Dinner Events, San Diego, Orange County, and Los Angeles, CA, Apr. 9-11; Apple Vacations Call Center Training, Elk Grove Village, IL, Apr. 10; MAST Conference 2019, Chicago, IL, Apr. 11-14; PNW 'Ohana Meeting, Seattle, WA, Apr. 16; Largay Travel Training, Waterbury, CT, Apr. 18; Travel Leaders Regional Training, Lakewood, WA, Apr. 19; Midwest 'Ohana Spring Fling, Minneapolis, MN, Des Moines, IA, Davenport, IA, Apr. 23-25; Travel Weekly Leadership Forum, Honolulu, HI, Apr. 30; Ensemble Regionals, San Francisco & Los Angeles, CA, May 7-9; Romance Travel Advisor Forum, Puerto Vallarta, Mexico, May 5-9; Global Travel Marketplace West 2019, Las Vegas, NV, May 9-12; PATA 40th Anniversary Event, San Diego, CA, May 22; Ultra Summit, Kissimmee, FL, May 21-23; TravelAge West/Pleasant Holidays Webinar, Virtual, May 30.

The PR team is coordinating media visits for associate editor Samantha Saiyavongsa (*Goop.com*) who will showcase wellness and experiential travel; freelance writer Joe Yogerst who will gather stories for *CNN Travel*, *National Geographic Travel* and other outlets; and Chase McPeak, associate editor of *The Manuel*, who will produce a round-up story of activities, hotels, restaurants on O'ahu and Kaua'i.

Hawai'i Tourism Japan Monthly Marketing Report March 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

- Japanese lawmakers passed a record high 2019 fiscal budget, with 2.03 trillion yen appropriated to softening the impact of the upcoming consumption tax hike to 10% in October. Prime Minister S. Abe stated intents to create conditions conducive to the tax hike, indicating that the additional money will be spent towards measures such as free early childhood education.
- Japanese manufacturers are reporting business conditions to be the worst in the past three years. The Japanese economy has had a slow start in 2019 caused by the slowdown of China's economy, US trade protectionism and softening tech demand.

Outbound Travel Market

- Japanese outbound travelers continued growth in February at +10.4% vs 2018. This marked the 12th consecutive month of outbound travel growth.
- JATA announced the launch of a project aimed to bolster outbound travels from millennials. 200 millennials will be selected to experience outbound travels free of charge. Itineraries will feature various exchange opportunities and incorporate elements of responsible tourism to diffuse desires for travel. Itineraries will include Hawaii in the future but was avoided for the first wave to avoid concentration of applicants to the already popular destination.

Competitive Environment

- Japanese low-cost carrier Skymark announced four charter service flights to Saipan during the Super Golden Week holidays. Although popularity has trending downwards since the withdrawal of service by Delta, the new service creates potential for Saipan to regain popularity.
- The Tourism Authority of Thailand (TAT) strengthened initiatives for sustainable tourism with the Thai Hotels Association to reduce unnecessary plastic waste. TAT campaigns will heavily feature hotels, which utilize recyclable plastics together with tour operators and wholesalers.

Consumer Trends

- The ratio of single persons has been growing, with close to ¼ women in their 30s being single. Consumer markets have been shifting towards the accommodation of "single-person consumption". As female consumers increasingly pursue careers, purchasing power of these individuals have also been growing, increasing demand for travel.
- Japanese households are beginning to stray away from traditional formats whereby the women stay at home and men pursue careers. More families are equally sharing responsibilities such as child care and housework and employment opportunities, raising familial values amongst consumers. As these values rise, weekends and holidays are increasingly spent together, raising potential for family trips.

Travel Trends

- The World Travel and Tourism Council announced 8 consecutive years of growth for the global travel industry, based upon its economic and societal benefits. Additionally, the industry accounts for roughly 10% of global employment. 78.5% of travel generated expenditures were accounted by leisure related travels vs business related travels.
- As the extended Super Golden Week holidays approach, consumer demand for travel dramatically grew. Of the various age groups, the millennial generation is expressing the greatest desire to travel during the extended holiday. Millennials are also extending length of stays to up to 7 days to take advantage of the holidays.

Media & Online Trends

- Online advertisements continue strong double-digit growth for five consecutive years in the Japanese market. Total ad dollars spent have been approaching those of the traditionally mainstream options including TV advertisements. Other growing ad mediums include OOH, POP and exhibits.
- Major publishers in Japan continue switching to online based platforms which allow for greater engagement with consumers. Online mediums offer publishers greater flexibility and opportunities as it allows for the greatest amount of engagement with audiences. Publishers are also expanding operations by launching new collaborative initiatives with unrelated industries such as travel agencies to offer new experiences for their consumers.

Airlift

- New Japanese LCC carrier under JAL, Zip Air, announced their first two international flights to be for Seoul and Bangkok in 2020. The company expressed desires to challenge trans-pacific flights, creating potential for a Japanese LCC to operate to Hawaii.
- Legacy carriers operating flights to Hawaii will be lowering round trip fuel surcharge rates to 8,000 yen starting in April. Because this will be a significant reduction of 14,000 yen, visitor arrivals are likely to grow.

LEISURE ACTIVITIES

ANA Airbus A380

- Worked with ANA and affluent market magazine PAVONE for a collaborative event with 100 exclusive PAVONE members at the American Club in Japan on 4/19. Also featured Hawai'i contents across 28 pages on the 4/20 issue.
- Assisted arrangement of hula dancers and ukulele performers for the inaugural celebration at Narita Airport on 5/24. Authentic Hawaiian culture will be provided at the departure gate to enhance visitor experience prior to travels.
- Supported ANA Sales' preparation for the exclusive inaugural flight customer event to be held on 5/26 at the Outrigger Reef Hotel. Musicians and hula dancers were suggested with partial fund support for the entertainment. Also began planning for a future event at the T Galleria in Honolulu.
- All ANA press release statements relating to the Airbus A380 such as the test flight on 4/17, and details for their official press conference were shared with local stakeholders and Japanese media.
- Approached ANA to incorporate videos promoting sustainable tourism such as those for protecting reefs created by the DLNR within the in-flight videos.

- Supported planning for the ANA Music Week event (new sponsored event in November).

Hawai'i Island / Neighbor Island Promotion

- HTJ collaborated with JALPAK, travel media and SNS influencer to create and advertise special tours for island of Hawai'i. The campaigns targeted active travelers and those seeking relaxing stays. The products incorporated fresh elements to target new consumer groups. Products were highly popular and sold out within a few days. JALPAK will be utilizing the success of this plan for development of future tours.
- HIS arranged a special Hawai'i neighbor island fair at their Hawai'i exclusive branch in Osaka on March 23 for 200 consumers. Seminars were provided by hotel stakeholders and HTJ, along with special tour products for each island.
- HTJ tie- up tv program "Another Hawai'i" was broadcasted on March 3, 2019. The program featured numerous spots on the island of Hawaii including connections with Japan to entice travels.
- Orbi Yokohama started a year-long program with a promotional video for Hawaii to be played on their curved 130 feet wide state of the art theater for the 100,000 – 120,000 monthly visitors to enjoy. The video is 20 minutes long, and will be played eight times per day, featuring various spots on the island of Hawaii, Kauai, and Oahu.
- HTJ posted 12 photos/videos relating to island of Hawaii on SNS, reaching a total of 408,305 impressions.

Hakken Hawai'i (2019 New Promotion)

- Hakken Hawai'i media exposure in March totaled 94 exposures, 2,045,535,099 impressions, and \$3,625,340 ad value.
- HTJ launched the Artificial Reality (AR) Hakken Hawaii Stamp Rally featuring historic statues on Oahu and island of Hawaii on March 1. A press release was distributed on March 1 with 87 exposures, 1,728,362,605 impressions and \$747,856.56 ad value. The campaign was launched in collaboration with overseas Wi-Fi provider "Wi-Ho!" and offered special Hakken Hawaii discounts to encourage participation.
- 4,664 consumers took the Hakken Hawaii exam in March. Results were shared via 2,437 Instagram posts, 1,159 tweets, and 590 Facebook posts. Additionally, 6,454 applied for the Hakken Hawaii Hunter survey campaign.
- The newly opened Hakken Hawaii Instagram page reached 12,216 impressions.
- A questionnaire campaign to better understand consumer habits through "alohastreet" mail magazine subscribers and readers was conducted, resulting in 1,200 consumer data entries being collected. The Hakken Hawaii picture book was provided as a prize for the campaign to entice participation.

Aloha Program / Responsible Tourism

- A webinar highlighting Outrigger Reef Waikiki Beach Resort and its cultural program was held by Auntie L. Maitland for Hawaii Specialist members. A total of 100 Hawaii Specialists attended the webinar to learn about Outrigger Resorts' Hawaiian cultural lessons and their take on sharing the aloha spirit with guests.
- Aloha Program collaborated with travel magazine, "Coyote" to increase awareness of the Aloha Program and Hawaii Specialists from 3/15-7/14. Those who pass the intermediate level Hawaii

specialist test will be invited to a special Hawaii specialist advanced-level seminar and receive an annual subscription for Coyote from July. 245,000 impressions and AVE of \$94,731.13 was obtained from the campaign.

- Ribbon lei workshops were held at one of the satellite offices in Nagoya, Citytours on 3/23 and 3/30 in order to teach Hawaiian culture for families. A total of 90 members experienced the workshops.
- Aloha Program delivered 4 email blasts to members with an average click through rate of 34.4%.
- Aloha Program site statistics: Unique users at 21,090; Page Views at 170,785; Average Browse Time at 4:37.
- Aloha Program members totaled 646 youth, 9,749 beginners, 5,111 intermediate and 6,745 advanced members for a total of 22,251 specialists. (Total of 38,269 Aloha Program Members)

Travel Trade

- Attended the Tokyo and Osaka meetings of the Hawaii Promotional Committee Japan (HPCJ), and shared Japanese market conditions, updates for the island of Hawaii and key HTJ initiatives for the Japanese travel trade representatives to potentially collaborate with. Details for the HPCJ seminars throughout April and May were also decided at the meeting.
- Tabippo and JALPAK hosted a millennial market event in Tokyo. Influencers, HTJ staff, along with representatives from JALPAK shared on how to enjoy Hawaii with a focus on the island of Hawaii. 60 consumers attended the event and learned on the appeals of island of Hawaii and how to enjoy their stay there.
- Seminars were held for HIS, JALPAK and JTB for a total 350 industry related partners as follows. 1) 3/23; HIS Osaka Neighbor Island Seminar, 2) 3/24; JALPAK Island of Hawaii Seminar and 3) 3/28; JTB BtoB Seminar. At all seminars, HTJ ensured the sharing of updates on island of Hawaii and Volcanoes National Park and emphasized promotion of the island.

Public Relations

- HTJ generated a total of 261 exposures, 7,054,364,255 impressions and \$9,013,927.83 ad value in March.
- Distributed 3 press releases on the Hakken Hawaii AR Stamp Rally, Hawaii Expo Fukuoka and tours for Island of Hawaii. The press releases alone generated 176 exposures, 4,028,405,375 impressions and \$1,086,830.82 ad value.
- Conducted 5 media visits to encourage exposure for the island of Hawaii.
- Assisted content development for 3 TV programs (Mezamashi TV, Sekai Fushigi Hakken, Ariyoshi Summer Holiday), and a magazine (GOETHE). Information shared included historic visitor statistics and information on the island of Hawaii before and after the activity of Kilauea.
- Continued preparations for a media newsletter to be distributed in April. Contents will mainly feature the agricultural aspects of the island of Hawaii.

Sales Activities – HTJ conducted 20 sales calls and met with 52 agents to promote Hawai'i.

Wholesaler Performance

- Competition to obtain market share between wholesalers are significantly higher with factors such as the Airbus A380 from ANA, Global Destination campaign from JTB and island of Hawaii promotions from JAL all increasing exposure for Hawaii within the Japanese market.

- Wholesaler performance for the “Super Golden Week” holidays has been exceptional with growth of up to 40% year over year. However, the extended holidays are making it difficult for consumers to take time off before and after the holiday, putting downward pressure on overall quarterly performance.
- For the FIT market, the reduction of fuel surcharge rates from April onwards to 8,000 yen is prompting customers to refrain from purchasing PEX price tickets until April to take advantage of the lower price. Bookings are expected to drastically increase from April.

Osaka Market

- The reduction of service from JAL (April) and withdrawal of Scoot (May) will cause airlift from the market to drastically decline, but wholesalers have not reported significant negative implications from the reduced seats as of now.
- The reduction of supply is prompting Air Asia X to raise prices, causing bottom tour prices to increase.
- Airline performance for the second quarter has been exhibiting strong results. The business class seats of legacy carriers have been exceptionally popular, pushing up for pax counts and revenues from the market.
- Amongst travel agents, JTB is offering bottom prices in the market as they strengthen initiatives from their GDC. This is causing difficulties for competitor travel agencies.

Honolulu Office Activities

- HTJ supported the reception and FAM tour for JTB’s Great Aloha 10 initiative, which features JTB employees who are experts of Hawaii and have been selected to promote Hawaii. The FAM tour for the exclusive staff was held on the island of Hawaii and featured numerous locations other than Volcanoes National Park such as Imiloa Astronomy Center and stargazing at Mauna Lani Golf Course for them to be better equipped in selling the island of Hawaii.
- Japanese market updates and trends were shared with the over 30 representatives from 25 companies at the JHTA March meeting. A key topic discussed was the rise of theft and violent incidents in March. Members were encouraged to share any relevant information in efforts to prevent future occurrences.

Responsible Tourism Initiatives

- Gradual growth in products utilizing BIKI over trolleys have been observed as awareness of sustainable tourism spreads. To support BIKI related product development, HTJ is considering creation of maps indicating BIKI stations.
- A meeting was held with Mr. D. Dennison from the DLNR discuss their environmental initiatives under the Malama Hawaii project. Creation of promotional poster campaigns were also discussed, whereby HTJ will be assisting Japanese language insertions.
- Conducted follow-up meeting with NaHHA on 3/28 and discussed potential future cultural initiatives and workshops.

Partner Relations

- The Hawaii Expo Fukuoka partners briefing meetings were held on 3/15 in Japan and 3/19 in Hawaii. Over 15 partners participated and expressed intents to participate.
- HTJ held individual meetings with various stakeholders to share current Japanese market conditions, HTJ initiatives and potential collaborative efforts.

“COMING ATTRACTIONS” FOR LEISURE MARKET

| # | Event Name | Date | Location |
|----|------------------------------------|------------|-----------|
| 1 | Olelo Class in Tokyo | 4/17 | Tokyo |
| 2 | PAVONE Affluent Event | 4/19 | Tokyo |
| 3 | HPCJ x HIS Seminar | 4/19 | Nagoya |
| 4 | Aloha Program Mini Concert Event | 4/20 | Tokyo |
| 5 | HPCJ x HIS Seminar | 4/22 | Fukuoka |
| 6 | HPCJ x ANA Sales Seminar | 4/22 | Fukuoka |
| 7 | HPCJ x JTB Seminar | 4/22 | Fukuoka |
| 8 | HTJ & HPCJ Seminar & Workshop | 4/24 | Hiroshima |
| 9 | HPCJ x ANA Sales Seminar | 4/25 | Osaka |
| 10 | HPCJ x HIS Seminar | 4/26 | Osaka |
| 11 | Tokyu Department Store Hawaii Fair | 5/9 – 5/12 | Hokkaido |
| 12 | HPCJ x HIS Seminar | 5/10 | Tokyo |
| 13 | Aloha Tokyo | 5/31 | Toyo |

Hawai'i Tourism Canada Monthly Marketing Report March 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

Currently there is some instability and uncertainty in the Canadian economy. The uncertainty is contributing to reduced consumer confidence which impacts outbound travel. While the exchange rate is currently slightly above 75 U.S. cents, there is some volatility that contributes to traveler's considerations. Key Canadian Vacation travel partners reported soft Q1 for nightly-room bookings, however, visitor arrivals from Canada year-to-date are up 0.7% to 133,915. As the strategy for Canada further prioritizes HVTs vs. just a total visitor metric, HTCAN will continue to closely monitor the spend metrics.

Economy

Canada's economy is headed for a slower 2019, reflecting weakness in the energy sector plus slower housing and consumer spending activity. Business investment outside energy is forecast to increase modestly reflecting recent policy changes that will help businesses expand amid strained capacity. Economists have downgraded its 2019 Canadian economic growth forecast to 1.5% from 1.7%. In addition to weakness in the energy sector, they are projecting softer consumer spending as households adjust to higher interest rates.

Canada posted its first employment drop in seven months, ending an unusually strong run of job gains. The country's jobless rate was unchanged at 5.8%.

Economists are also predicting the exchange rate to stay around 75 U.S. cents with a move to 77 U.S. cents by the end of 2020.

Consumer Confidence

The national consumer confidence rating was 117.9 points in March, a slight increase from one year ago (0.8), and a 6.4-point jump compared to last month. Notwithstanding this overall increase, consumer confidence recorded month-over-month declines in Ontario, Manitoba/Saskatchewan, and Alberta. At the same time, the overall attitude regarding purchase intentions was up 1.4 points compared to March 2018 and up 2.3 points from February 2019. While national retail sales increased 1.1% in January compared to the previous year, this was the third consecutive monthly decrease. Compared to January 2018, sales were down in five Provinces. At the same time, e-commerce sales rose 12% to account for 3.4% of total retail sales.

Outbound Travel Market & Competitive Environment

Total Canadian Outbound Travel

Canadians made 2.77 million overnight trips to the U.S. and other outbound destinations in January 2019, an estimated increase of 1.4% compared to the same period in 2018. Of this total, approximately 2.1 million trips were for leisure purposes. During the month, overseas leisure travel increased slightly (1.0%), while trips to the U.S. grew an estimated 1.5%. The first half of the winter travel season (Nov-Jan) recorded 7.5 million overnight outbound trips, compared to 7.4 million during the same period in 2017-18.

Canadian Travel to the United States

Canadians made an estimated 1.42 million overnight trips to the U.S. in January 2019, compared to 1.39 million in January 2018. During the month, overnight trips by automobile declined -5.2% while travel by other modes grew an estimated 8% as popular destinations recorded increases in direct air deplanements from Canada. Throughout the month, most of the tracked destinations in Florida, as well as Las Vegas (6.6%), New Orleans (1.4%), and Phoenix (2.0%) posted increases. In addition, the State of Hawaii (6.1%) and some of the tracked destinations in California and Texas saw an uptick in direct air arrivals from Canada. January 2019 saw a significant decrease in the value of the loonie in relation to the greenback (-6.6%).

Canadian Travel to the Caribbean, Mexico, and Central America

Almost 814,000 Canadians arrived in destinations in Mexico, the Caribbean, and Central America in January 2019, an increase of 3.2% compared to 2018. Of the larger volume destinations, arrivals in Mexico grew 5.8% in 2018, while the Dominican Republic recorded a decrease of -1.4% and travel to Cuba grew 1.1%. Mexico and the Dominican Republic accounted for 59.7% of activity in the region during the month; up from 59.3% last year and 56.6% in 2017. The first half of the winter travel season (Nov-Jan) saw Canadian visitation to sun destinations surpass 1.8 million, an increase of 3.2%.

Canadian Travel to Europe

In January 2019, there were more than 224,000 Canadian arrivals in European destinations (based on reporting by 26 countries), an increase of 1.5% compared to the same period in 2018. During the month, Greece, Norway, Poland, and Serbia recorded the largest proportional increases in visitors. The first half of the winter travel season (Nov-Jan) saw 771,000 Canadian arrivals in various European destinations, compared to 750,000 during the same period in 2017-18. The largest recorded change was in Spain, where fewer visitors in November and December contributed to a -27.3% decline in visitation during the period.

Canadian Travel to Asia and the South Pacific

There were almost 340,000 Canadian arrivals in key destinations in the Asia/Pacific region in January 2019, a similar volume as recorded the previous year. Throughout the month, Fiji, Singapore, and South Africa recorded the largest proportional increases in arrivals, while China saw an estimated decline of -8.0%. Throughout the first half of the 2018-19 winter travel season the region saw a little more than 1.0 million arrivals from Canada, an increase of 3.1%. Only China and India saw a decline in arrivals during the period.

Consumer Trends

Compared to 2018, visits to O'ahu increased 4.3% in the first two months of 2019 while visits to Hawai'i fell - 7.8%.

Visits to Maui decreased slightly during the period (-0.4%) but still accounted for about four-in-ten visits, a similar proportion as previous years. So far in 2019, the overall share of visits to O'ahu (+0.9%) and Kaua'i (+0.7%) increased, while Maui (-0.6%) and Hawai'i (-1.5%) both recorded a decline in the proportion of total visits.

| Canadian Visits by Island (Jan-Feb each year) | | | |
|--|---------|---------|----------|
| | 2018 | 2019 | % change |
| O'ahu | 49,949 | 52,098 | 4.3% |
| Kaua'i | 19,927 | 21,310 | 6.9% |
| Maui | 67,100 | 66,840 | -0.4% |
| Moloka'i | 983 | 1,417 | 44.2% |
| Lāna'i | 1,381 | 1,847 | 33.7% |
| Hawai'i | 28,835 | 26,587 | -7.8% |
| TOTAL | 168,175 | 170,099 | 1.1% |

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

Increase in Proportion of Repeat Visitors

- 68% of Canadians who visited Hawai'i in the first two months of 2019 were repeat visitors.
- This share is up from 67.5% during the same period in 2018.
- Throughout 2018, 63.9% of Canadians who travelled to Hawai'i were repeat visitors; the smallest annual proportion since 2011.

Airlift

- Air Canada and WestJet offered almost 138,000 direct seats to Hawai'i throughout the first two months of 2019; an increase of 10.9%.
- During the period, Air Canada offered 15.6% more seats and WestJet increased direct capacity by 8.1%.
- While Air Canada offered fewer direct seats from Calgary and Toronto, the carrier increased service from Vancouver. At the same time, WestJet expanded service from both Calgary and Vancouver

| Number of Direct Seats by City | | | |
|--------------------------------|---------------|---------------|----------------|
| Jan-Feb, 2018 | Air Canada | WestJet | Total |
| Calgary | 7,050 | 13,100 | 20,150 |
| Edmonton | | 4,454 | 4,454 |
| Toronto | 2,256 | | 2,256 |
| Vancouver | 37,788 | 59,472 | 97,260 |
| Total | 47,094 | 77,026 | 124,120 |
| Jan-Feb, 2019 | Air Canada | WestJet | Total |
| Calgary | 5,408 | 16,658 | 22,066 |
| Edmonton | | 4,454 | 4,454 |
| Toronto | 1,040 | | 1,040 |
| Vancouver | 47,996 | 62,118 | 110,114 |
| Total | 54,444 | 83,230 | 137,674 |
| % change | Air Canada | WestJet | Total |
| Calgary | -23.3% | 27.2% | 9.5% |
| Edmonton | | 0.0% | 0.0% |
| Toronto | -53.9% | | -53.9% |
| Vancouver | 27.0% | 4.4% | 13.2% |
| Total | 15.6% | 8.1% | 10.9% |

Source: OAG, US DOT

LEISURE ACTIVITIES

Consumer

- HTCAN continues to receive a significant increase in the volume of Vacation Planner requests.
- Social media activity has been ongoing for Twitter, Instagram, and Facebook.

Travel Trade

- Extensive planning and communication to arrange the Tripcentral Top Performer Maui FAM with island partners and Tripcentral continued throughout March
- Preparations for Spring Travel Agent shows for TravelBrands and WestJet Vacations are ongoing
- An adjusted vision for October's Aloha Canada events is being discussed
- Spring Tourism Update meetings provided opportunities to meet with partners regarding the Canadian market
- The GMT presentations on Kaua'i and roundtable meetings provided in-depth conversations

Public Relations

- 2019 to date: 33 media calls have been made, 5 journalists have travelled via HTCAN, with 89 total articles published online and print as a result of HTCanada's media relations endeavors.
 - o 6 articles published in print for the month of March with 11 online; appearing in top-tier daily newspapers, travel-trade publications, and online news hubs.

- Canada's largest newspaper network, Sun Media, continues to run a feature on Kaua'i appear across all of their newspapers, which was a result of an individual familiarization trip in fall 2018.
- Group Media FAMs from 2018 are still producing pieces across Sun Media as well as in the key target markets of travel-trade and British Columbia.
- HTCAN coordinated a cover shoot with enRoute Magazine (Air Canada's magazine) for in late 2018; this appeared in their most recent issue (and one of Canada's most read publications).
- 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

Island of Hawai'i Trade FAM (Dec 2 to 8, 2018) Follow-Up

- Continued monthly follow-up of participants' sales and marketing initiatives since returning from the FAM

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

Edmonton Travel, Edmonton, AB – Lea-Ann Burant, Senior Travel Consultant

- Hawai'i is starting to slow down for the season; however, expects interest to increase again in a few months, with Spring clients are thinking of different destinations for the summer – Europe, cruise, Canada stay-cations.

Centre Holidays, Red Deer, AB - Renee Tsang, Travel Consultant

- Collected approximately 300 consumer leads and will advise next month of specific interest/bookings.

Tripcentral.ca, Toronto, ON – Pam DeHaan, Director of Marketing

- Assisted with finalization of the itinerary for the Maui incentive/FAM group April 6 to 13.

Maritime Travel, W. Canada - Suzanne Watson, Reg. Manager; Edmonton, AB – Kora Thomson, Travel Consultant

Northstar Travel & Associates, Kitchener, ON - Mike Snider, President

- With the non-stop Air Canada Toronto to Honolulu flights on the Dreamliner to begin December 2019, Mike wants his agents to become more confident in selling and promoting the Hawaiian Islands

Flight Centre Travel Group Head Office, Vancouver, BC – Miguel Molina, Senior Graphic Designer

“COMING ATTRACTIONS” FOR LEISURE MARKET

- TravelBrands Agent Appreciation Events (Tradeshows) – April 9 & 10, Edmonton & Vancouver
- WestJet Expos (Tradeshows) – April 29 to May 2, Vancouver, Langley, Edmonton, Calgary
- WestJet Campus Tradeshow – May 2, Calgary

Hawai'i Tourism Oceania Monthly Marketing Report March 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

Australia:

The Australian dollar continued to be traded at an average of US\$0.71 this month. While unemployment is at its lowest level since 2011, limited wage growth is set to be a key concern for 2019 and a topic of interest for the upcoming Federal Budget (to be released on April 2). GDP sits at 3.3% and is up 0.5% compared to the beginning of 2018.

New Zealand:

The NZ Reserve Bank recently predicted a likely reduction in the official cash rate due to a "weaker global economic outlook and reduced momentum in domestic spending." The Bank still expects annual inflation to rise towards 2%, the middle of its target band. The government will be aiming for a budget surplus in the 2019 budget to bring business confidence back up. Meanwhile the NZ currency continues to maintain stable levels around US\$0.67.

Outbound Travel Market & Competitive Environment

Australia:

Australians continue to travel overseas for holidays in increased numbers. In January 2019, outbound travel increased by 6.1% compared to January 2018. Indonesia continues to be a favorite destination, along with New Zealand. Travel to the USA increased by 4.2% year on year (+30,000 pax), facilitated by competitive pricing on North America routes. The most significant changes for travel are: Indonesia (+15.2%); China (+14.7%); Japan (+10.3%); Philippines (+7.8%).

Source: ABS

New Zealand:

The number of New Zealand residents returning from an overseas trip in January 2019 was up 4,100 from January 2018, to 320,900. The biggest changes were in arrivals from: Indonesia (up 2,300); United States (up 1,300); Japan (up 1,200); Philippines (up 1,100).

Source: Statistics New Zealand

Travel Trends

The first quarter of 2019 has delivered strong growth for various independent/mobile travel agent companies in Australia. Travel Managers recorded the group's best-ever trading month in February while Travel Partners (acquired by Flight Centre in August 2017) doubled their network of home-based consultants in Australia. This month Flight Centre identified their independent brands, Travel Partners and Travel Associates as key drivers of growth in the leisure sector

The number of Australians planning to take a holiday in the next 12 months has decreased according to the latest Roy Morgan Leading Indicator - Holiday Travel Intention, Dec 2018 report. In December, 13.94 million Australians (67.6%) said they intend to take a holiday in the next 12 months, a drop of 250,000 or 1.8% from the same time 12 months ago.

Conversely, global accounting firm Ernst & Young, has introduced "Life Leave", allowing Australian employees to take up to 12 weeks of leave each year. The change demonstrates a shift towards more

flexible workplace structures in Australia and is set to increasing opportunities for travel. Finally, a recent survey has revealed (something that we have already started noticing) that Kiwis have made a significant 'shift' in holiday planning habits, with an increase in demand for shorter breaks

Airlift

AirAsia has confirmed a new direct service between Perth and Lombok four times a week (commencing June 9). Although Western Australia is a small market for HTO, this development does show the additional pressure that new routes place on competing destinations.

LEISURE ACTIVITIES

Consumer

Ignite (My Hawaii) March/April Co-op campaign: HTO in conjunction with Ignite Travel Group (MyHawaii) launched a cooperative campaign targeted at high-spending visitors and multi-island holidays. The campaign is promoting 8-night multi-island packages such as 4 nights Waikīkī + 4 nights neighbor island with add-ons including upgrades, experiences, transfers and resort credit. The majority of packages are over AU\$6,000. The MyHawaii Holiday packages were promoted across mainstream newspapers in Sydney, Brisbane and Melbourne, digital media, TV and point of sale with a Net Media Value of AU\$1.27 million.

HTO Blog: Articles published on the blog and promoted on our EDM this month were: The Island of Hawai'i Drive itinerary - <https://www.gohawaii.com/blog-down-under/the-island-of-hawaii-drive-itinerary>
The Island of Hawai'i Five Ways - <https://www.gohawaii.com/blog-down-under/the-island-of-hawaii-five-ways>
Maui Five Ways - <https://www.gohawaii.com/blog-down-under/maui-five-ways>
Six Hawai'i Travel Hacks - <https://www.gohawaii.com/blog-down-under/six-travel-hacks-to-get-the-most-out-of-a-hawaii-holiday>
Top Maui Drives <https://www.gohawaii.com/blog-down-under/top-maui-drives>

Consumer Newsletter Feb: HTO sent out a consumer EDM aligning with social media content that had a spotlight on the Island of Hawai'i. **Results:** 123,459 recipients, 30,083 (15.7%) opens and 2,722 link clicks. In NZ, the consumer EDM was sent to 17,000 recipients with a very healthy 29.8% open rate.

Travel Trade

Trade Educational Program: In March, we continued providing face-to-face destination training to our Sydney partners. We also continued updating our video content to ensure that we can reach those teams that we are unable to provide face-to-face destination training.

Flight Centre Hawai'i Incentive, Kaua'i Specialist Famil March 28 to April 3

HTO partnered with Flight Centre and Hawaiian Airlines on a co-op campaign to further highlight Hawai'i as the choice destination for consumers. Selected agents were top sellers during the campaign only and completed our training video on their online platform, Compass. This was a specialist famil focusing on the island of Kaua'i. HTO supported ground costs in partnership with KVB. Agents were able to experience Kaua'i five ways aligning with our current messaging in the market.

Visit USA Adelaide Expo, March 26

HTO attended the Visit USA Expos held in Adelaide. The trade show allowed for 1hr 45mins of networking with agents and then 2-3hrs of presentations for each supplier.

Aloha Fridays March

Every second Friday, Travel Weekly will include an 'Aloha Friday wrap' featuring Hawai'i news in their Friday newsletter that goes out to 14,200 people in the travel industry. While in New Zealand, the Aloha Friday feature continued weekly through the month via Travel Today magazine.

Public Relations

Highlights in March

During March, Hawai'i Tourism Oceania worked with a number of media on upcoming print, broadcast and digital features. The purpose of these editorial features was to promote multi-island travel through the Hawaiian Islands. HTO also worked with media to confirm famil opportunities in 2019.

Women's Health, Wanderlust Famil

Wanderlust festival took place on O'ahu between February 28 and March 3. Women's Health journalist Alex Davies attended the festival in line with a guaranteed commission to produce one double-page print feature in Women's Health Australia, as well as an online article. Alex also took part in a beach clean-up activity while on O'ahu, and has a guaranteed single-page print commission in a later issue of Women's Health magazine. This famil focused on the pillars of health, wellness and sustainability, and Alex was able to experience some incredible activities while on O'ahu. The print readership of Women's Health Australia is 381,000.

Sales Activities

HTO Country Managers Giselle Radulovic, Darragh Walshe, and MICE Account Manager, Megan Hornblow, attended the HTA Spring Tourism Update, O'ahu and Kaua'i famil, and Kaua'i Roundtable meetings in early March. HTO also held Partner meetings while in Honolulu.

Other meetings during the month included: 2DayFM regarding PR opportunities; Outrigger Executive team members in Sydney; Visit USA Committee Meeting; Andrew Stanbury, Regional GM, Hawaiian Airlines; Sharon Byrne, BTR Hotels; NCL and Hawaiian Airlines regarding partnerships

Hawai'i Tourism China Monthly Marketing Report March 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITION

Economy

a) China Mainland

- **GDP:** China's GDP grew by 6.6% year-on-year in 2018, on par with government forecasts.
- **Currency:** In March, market sentiments showed an optimistic turn as Chinese Yuan appreciated to 6.7 per USD in light of positive results from trade negotiations between the U.S. and China.
- **Unemployment rate:** The unemployment rate in China decreased to 3.8% in Q4 2018, reaching a record low since 2002.
- **Consumer confidence:** Consumer confidence in China increased in Q4, standing at 121.4 Index Points from 118.9 in Q3. Confidence index scoring over 100 points showed that Chinese consumers are optimistic about the present and future economic trends.

b) Hong Kong

- **Economy:** Hong Kong's economy expanded by 1.3% year-on-year in real terms in the fourth quarter of 2018, after the growth of 2.8% in the preceding quarter.
- **Currency:** Hong Kong dollar and the U.S. dollar maintained a linked exchange rate of 1 USD = 7.85 HKD as of March 31.
- **Unemployment rate:** The seasonally adjusted unemployment rate stood at 2.8% for the three months leading to January 2019, the lowest level in more than 20 years.
- **Consumer prices:** Overall consumer prices rose by 2.4% in January 2019 over the same month year-on-year, slightly dipping compared to the 2.5% in December 2018.

Outbound Travel Market

a) China Mainland

- The Chinese government has given the nation an extra day to enjoy International Labor Day on May 1, extending the holiday to four days. Travel industry insiders believe this extension will benefit outbound destinations, particularly regional destinations such as Singapore, Japan, and Thailand, but it could even spur travel to the U.S. *South China Morning Post* reported that the travel industry predicted a total of 150 million domestic and international trips during the holiday this year.
- Ctrip and Lvmama, 2 leading OTAs in China, released a report on International Women's Day stating that women travel and spend more than their male counterparts. The report also showed that women make up 60% of all bookings on the platform. In addition, women research more extensively about

destinations, with bookings for activities like zip lining, rafting, skydiving, and bungee jumping, increasing by 12% year-on-year.

b) Hong Kong

- Booking.com findings showed that Hong Kong people focuses more on in-depth travel experiences. Gone were the days where groups of tourist travel for shopping and sightseeing at tourist hot spots. They are looking for meaningful things to do during their vacations, be it cooking classes or hiking through the woods. They yearn to experience the destination as a local rather than as a tourist.

Consumer Trends

a) China Mainland

- According to WeChat Pay, total transaction value in 2018 increased by 400% year-on-year. Meanwhile, the number of merchants accepting WeChat Pay increased by 700%. WeChat Pay is now available in 49 markets outside of the Chinese mainland in 16 currencies and will be expanding its scope in other tourism and travel-related solutions. Close to 20 Chinese embassies and foreign consulates around the world are offering WeChat Pay services, allowing Chinese citizens to make payments via WeChat at these embassies and consulates in an emergency.
- As stated by CYTS, one of the leading travel agencies in China, 'cost-effectiveness', 'flexibility' and 'well-known brands' became the keywords for Chinese travelers and their consumption behaviors. E.g., they prefer to purchase tourism products during the Double Eleven period, with the majority choosing FIT travel products for increased flexibility.

b) Hong Kong

- Survey by recruitment agency Randstad Hong Kong finds 85% of companies prepare for bonus payouts despite the gloomy economy in the shadow of the US-China trade war. Workers can expect to take home 1 to 2 months' worth of additional salary. It is reflected that local employees remained optimistic amid a slowing economy. The additional income will translate to more levy income for leisure activities like vacations.

Travel Trends

a) China Mainland

- In the "2019 Global Self-driving" report from Mafengwo, Chinese leading independent travel platform, Chinese travelers' preference in self-driving increased 30% year-on-year for outbound trips. The majority of the travelers are from China First-Tier Cities, mostly from the 80s and 90s generations. The top 3 outbound self-driving destinations for Chinese are the U.S., Australia, and Germany.
- According to CYTS, one of the leading travel agents in China, 55.6% of the Chinese luxury travelers preferred an in-depth experience lasting at least 7-days per trip. The off-the-beaten-path experience has become a competitive selling point for Chinese travel agents.

b) Hong Kong

- In an assessment of outbound travel, figures showed the Hong Kong's outbound package tour revenue in 2018 expanded by 8.1%. For tour bookings during Spring Festival in February 2019, short-haul trips saw 5% more travelers with no price changes, and long-haul travel grew 10% despite cost increase of 5% to 10%.

Media & Online Trends

- China Internet Network Information Center (CNNIC) released the 43rd China Internet Development Statistics Report 2019, which reveals that over 675 million users are consuming online news in China. Online news mobile users reached 653 million, accounting for 79.9% of the overall mobile users.
- Report from Weibo, China leading social platform, showed that the keywords such as culture, food, nature, and parent-child have become the most frequently searched words in terms of travel.

Airlift

a) China Mainland

- American Airlines purchased a stake in China Southern Airlines. Travelers on China Southern can now earn mileage on American Airlines, which would also be redeemable for future travels on China Southern.

b) Hong Kong

- Hong Kong Airlines announced to reduce long-haul flight services to North America, as the airline tried to dial back on its venture into intercontinental travel. Flights to destinations such as Vancouver, Los Angeles and San Francisco has reduced flight frequencies by about 60% to 3 flights a week. It is expected that Hong Kong Airlines will focus on the more profitable destinations such as Japan, Thailand and Vietnam.
- Cathay Pacific has announced acquisition of budget airline Hong Kong Express. The transaction is expected to be completed in December. The airline intends to continue Hong Kong Express operations as a standalone airline and low-cost carrier business model. With the expansion of business, Cathay Pacific may consider launching flights to new destinations.

LEISURE ACTIVITIES

Consumer

a) China Mainland

Marketing Initiatives – Diamond of Islands – Olympic Dreams Hawai'i

To position The Hawaiian Islands as the “Diamond of Islands” in the world of surfing, HTC kicked off the marketing initiative ***Diamond of Islands – Olympic Dreams Hawai'i*** by partnering up with ***Offline Surfing Club*** and the famous ***Chinese Surfing Celebrity Couple Zhang Liang and Yang Xue***; the

newlyweds also trained for the 2020 Tokyo Olympics.

The storytelling will focus on the rich heritage of surfing, and Hawai'i being the birthplace for surfing. After the celebrity couple's surfing trip to O'ahu and Maui, HTC launched the **#BirthplaceofSurfingHawaii#** social media campaign to feature the Best of Surfing in Hawai'i, complete with snippets of information on surfing, fun island activities, as well as safety and eco-friendly tips. Waikīkī Beach, Ala Moana Beach Park, North Shore, Hale'iwa, Waimea Bay, Queen Kapi'olani Hotel, Turtle Bay Resort Diamond Head Health Bar, Duke's Waikīkī, and other surfing-related stakeholders were highlighted during the campaign.

The campaign outreached to **100,000** active travel audience through WeChat and Weibo by end-March. HTC will continue to inspire and showcase The Hawaiian Islands' unique tourism resources through PR and celebrity influencers in eco-friendly and safe ways.

b) Hong Kong

TVB “Fun Abroad” First Hawai'i Travel Program in Hong Kong

To boost eco-tourism of Hawai'i and increase awareness for environmental conservation, HTC-HK team partnered with the No. 1 Hong Kong Broadcasting channel TVB to create the first Hawai'i travel TV program in Hong Kong. The first episode of the 2-part program broadcast on March 23, and TVB audiences around Asia can watch the program LIVE, while 580,000 users can enjoy the show through TVB's on-demand playback service. The TV program generated 3,760,000 viewership and \$835,630 media value.

This TV program highlighted the elements of nature, culture and community. World-class activities of Hawai'i were featured, such as hang gliding over the green paradise of North Shore O'ahu and surfing in Waikīkī Beach. The 2 celebrity hosts Matthew Ho and Katy Kung were also invited into the home of a chef in Hawai'i to experience authentic Hawai'i cuisines made with locally sourced ingredients.

Travel Trade

a) China Mainland

Trade FAM - New First-Tier Cities - Tour Operators

HTC invited 9 representatives from top travel agencies across 6 new First-Tier Cities to explore further opportunities through an experiential FAM to The Hawaiian Islands from March 4 - 9. The FAM inspected 4 hotels and 10 attractions in total, and connected with stakeholders to discuss the Chinese market's needs of mono-Hawai'i products.

Taking a step further, HTC also worked with Asiana Airlines to offer special airfare and policies to travel agencies to promote Hawai'i. FAM agencies took the opportunity to drive mono-Hawai'i product sales in cities like Hangzhou, Chengdu, Shenzhen, Xi'an, Guangzhou, and Shanghai. Brand-new products are expected to come in Q2 as well.

Joint Seminar with the U.S. Consulate in Ningbo

HTC worked closely with the U.S. Consulate to conduct a seminar in Ningbo, one of the top new First-Tier Cities in Zhejiang Province. 15 one-on-one meetings were conducted with Ningbo travel agencies, where HTC shared Hawai'i resource materials.

Besides, HTC will follow up in-house trainings, trade co-ops and develop new Hawai'i products with key travel agencies— Ningbo CITS, Ningbo CYTS, Ningbo Overseas Travel, and Ningbo Spring Tour – who

all showed strong potential to bring more leisure groups and FITs to Hawai'i by utilizing their sales distribution network.

Hawai'i Training to Key Trade Partners

DTA U•Best Holiday Guangzhou Branch HTC hosted an in-house training at DTA U•Best Holiday Guangzhou Branch where a total of 20 people from the sales and product team attended the meeting. DTA booked over 3,000 seats to promote their Mono-Hawai'i & US + Hawai'i products, and sold over 40% of the seats in Q1.

GALAXY Chengdu HTC conducted an in-house training to 7 sales persons from Galaxy Chengdu on March 6. Galaxy Chengdu is a reputable travel agency in China which operates the U.S. + Hawai'i tourism products.

CYTS Beijing HTC conducted an in-house training at CYTS, attracting the department heads from products, operations and sales to attend, to deepen their understanding of Hawai'i. HTC took the opportunity to emphasize the 'Eco Tourism Concept' to CYTS.

HTC Attended China Outbound Travel Market Exchange

Together with Awaretrip, HTC attended China Outbound Travel Market Exchange (COME) held at Chengdu in March. COME is one of the largest trade fairs offering opportunities to strengthen the network between outbound travel suppliers and Chinese outbound companies. During the trade fair, HTC and Awaretrip took the initiative to promote Hawai'i tourism resources, distributing information to over 300 local travel agents, corporates and intermediaries at the fair.

b) Hong Kong

Korean Air X Hutchgo: Let's Say Aloha

Riding on the celebration of Korean Air's 50th Anniversary, the campaign "Let's Say Aloha" lasted from February 25 to April 8. HTC-HK team partnered with Korean Air and Hutchgo to offer discounted tickets for Hong Kong-Incheon-Honolulu flights. Supported by HTC-HK, HKD 300 high-end supermarket cash voucher will be offered to the first 50 people purchasing flights to Honolulu. Besides of attractive airfares, HTC-HK also created series of attraction highlights across all 6 Hawaiian Islands, pin-pointing the awe-inspiring nature of Hawai'i.

Public Relations

a) China Mainland

- HTC generated a total of **30 exposures, 7,564,000 impressions** and **USD 1,735,200 PR value** in March.
- HTC held 15 media calls to share the information of Hawai'i eco-tourism, golf tourism and 2019 marketing initiatives – Diamond of Islands with media partners.

Press Release – Eco-tours in Hawai'i, A New Travel Trend You Should Know

To introduce Hawai'i eco-tourism activities to Chinese travelers and the important value of Travel Pono, HTC issued an article to introduce family-friendly eco-tours including whale watching, Ho'opulapula Haraguchi Rice Mill tour, Haleakalā National Park tour, and Hawaiian Legacy Tour. The press release generated a total of 14 exposures, **1.8 million impressions**, and **USD 180,000 PR value**.

Media Highlight - Golf Magazine 8-Page Article Featured Golfing in Hawai'i

Golf Magazine, the first domestic Chinese-language golf magazine, released an 8-page article to

introduce golfing on Kaua’i and O’ahu. Poipu Bay Golf Course, Ocean Course, and Wailua Golf Course were all featured and iconic attractions including Napali Coast, Hanapēpē and Waimea Canyon are highlighted in the article. The publication was estimated to reach **460,000 golf enthusiasts** with **USD 582,000 PR Value**.

Media Highlight – Wings of China 3-Page Article Featured Golfing in Hawai’i

Wings of China, the on-flight magazine of Air China, released a 3-page article to introduce the sunset manta ray tour in Hawai’i. It will reach **360,000 passengers** with **USD 371,000 PR value**.

Social Media Highlight – #EnjoySpringSeasoninHawai’i# Campaign

HTC co-launched the social media campaign **#EnjoySpringSeasoninHawai’i#** with Weibo and Fliggy in March. The campaign highlighted a variety of must-gos and must-dos in Hawai’i during Spring season: surfing in Waikīkī Beach, parachuting at North Shore of O’ahu, sunrise watching at Haleakalā National Park, hiking tour at Allerton Garden, whale watching and more. The campaign posts reached more than 110,000 travel lovers and generated over 450 engagements.

b) Hong Kong

Press Release – First TVB Travel Program on Hawai’i: “Fun Abroad” Explore the Green Paradise with Matthew Ho and Katy Kung

To generate buzz in the TV program, HTC-HK released an article highlighting the attractive and eco-tourism elements in the show. These elements included paddling with the zero-emission outrigger canoe, making ukuleles from recycled woods, hands-on cooking with locally sourced ingredients to learn more about the Hawai’i food culture. Featured in 17 mainstream news, lifestyle and travel media, this press release garnered over 7,140,000 impressions and USD 289,000 PR value.

COMING ATTRACTIONS

China Mainland & Hong Kong

| No | Event Name | Date | Location |
|----|---|-------------------|------------------------------|
| 1 | 2019 Camp Aloha! China Trade Mission | Apr 15 - 19, 2019 | Beijing, Chengdu, Shenzhen |
| 2 | Diamond of Islands - Olympic Dreams Hawai’i | April 2019 | China |
| 3 | Diamond of Islands – Rainbow Routes Hawai’i | May 2019 | China |
| 4 | HTC Nature & Eco-tourism KOL FAM | May 2019 | Island of Hawai’i and Kaua’i |
| 5 | The Awe-inspiring Trade Education FAM | May 2019 | O’ahu and Island of Hawai’i |

Hawai'i Tourism Korea Monthly Marketing Report March 2019

Leisure

SUMMARY OF MARKET INTELLIGENCE/MARKET CONDITIONS

- Booking.com, one of the world's largest online travel agencies, published its Korea Travel Trends based on in-depth analysis of last year's research involving 53,000 travelers across 31 countries, including 1,805 Koreans. While the most preferred travel type among Koreans was 'short domestic trip' in 2017, more than half of the respondents (54%) answered they were planning to take a 'short trip abroad' this year. The most popular destinations for Korean travelers in the past 12 months were Tokyo, Osaka, and Fukuoka, showing a preference for short distance destinations with a flight of less than two hours. For travel type, Koreans are most likely in 2019 to take a 'city tour' and visit 'tourist spots,' both tying for first place with more than half the votes. They were followed by 'beach vacation' (44%) and 'food tour' (41%).

ECONOMY

- South Korea's economy will achieve 2.6% to 2.7% growth in 2019 if the government maintains expansionary fiscal policies to support growth, the International Monetary Fund (IMF) reported. Earlier, the OECD had cut the growth outlook for this year to 2.6%, and global credit rating setter Moody's put the full year forecast at 2.1%. The South Korean government set an annual budget of 470 trillion won (US\$416.1 billion) for this year, up nearly 10% from a year ago, but the IMF advised the government should be more expansionary to meet growth targets.
- The number of venture companies in South Korea rose to 37,000 in 2018 from 31,000 in 2015, the Ministry of Economy and Finance reported. The combined investment in new venture firms was 3.4 trillion won last year and the government aims to raise this to 5 trillion won in 2022. Also, the ministry said industrial activities and consumer sentiment had shown positive signs for the third consecutive month and the composite consumer sentiment index for February was 99.5, the highest since last September.
- **Korea Won Exchange Rate/Fuel Surcharge:** The average USD/WON exchange rate in March was 1095.24 won, a slight decrease from the previous rate of 1122.30 won in February. Fuel surcharges were imposed in March up to 69,600 won (\$61) for a round trip between Korea and the U.S.

OUTBOUND TRAVEL MARKET & COMPETITIVE ENVIRONMENT

- Korea Tourism Organization (KTO) reported the number of Korean outbound travelers in February 2019 was 2,617,946, a year-on-year increase of 13.3%.
- **Outbound Departures by Koreans**

| Month | Departures | Growth (%) |
|--------------|------------------|-------------|
| January | 2,912,331 | 1.5% |
| February | 2,617,946 | 13.3 |
| Total | 5,530,277 | 7.4% |

Source: KTO (Korea Tourism Organization)

- Air Mauritius will operate daily non-stop flights between Seoul and Port Louis (capital of Mauritius) starting in September. The direct service between Korea and Mauritius will cut out the current transfer time and shorten flight duration by about 8 hours. The service will also positively affect areas near Mauritius, especially the Seychelles which is an iconic vacation/honeymoon destination in the Indian Ocean.

CONSUMER TRENDS

- South Korea's Kakao Corp has enhanced mobile booking services on its chat platform through an equity investment in TideSquare Co, a ticketing service partner of Hyundai Card Co. Regulatory filings on March 19 show that Kakao, operator of the country's top mobile messenger app, recently acquired a 28.9% stake in TideSquare for 34.7 billion won (US\$30.7 million). Following the acquisition, it incorporated the travel agency as a subsidiary, citing the option to gain additional voting rights. Kakao first entered a partnership with TideSquare last year for its newly-launched air ticket service. With the acquisition, the messenger operator is expected to further build its travel business.

TRAVEL TRENDS

- A one-month stay has become a trend among South Korean travelers as they enjoy experiencing local life by staying at a single spot rather than traveling from city to city. According to Interpark Tour's analysis of flight ticket purchases, one-month travel demand surged 198% from 2016 to 2018. The most popular destinations for such visits were Bangkok, followed by Manila and Vietnam's Ho Chi Minh and Hanoi. Vancouver and Los Angeles ranked sixth and seventh, followed by Cambodian's Phnom Penh, Thailand's Chiang Mai, and Kuala Lumpur.
- As the idea of traveling with pets is becoming more popular, travel-related industries are welcoming owners and their animals by launching related services. The Ministry of Land and Transportation reported that 41,343 pets were carried on planes in 2017, a 46.7% increase from 28,182 in 2015, and a 23.6% gain on 33,437 in 2016. More carriers are targeting pet owners in line with the upward trend. Jeju Air collaborates with a pet hotel near Incheon International Airport to provide accommodation services at a lower cost. Korean Air offers its SkyPets service for customers boarding flights with their pets to earn stamps and receive various benefits, including discounts and giveaways.

MEDIA & ONLINE TRENDS

- YouTube is providing stiff competition to not only South Korea's video media platforms but also to local Internet search engines. Companies such as Naver and Kakao are losing ground through the dominance of YouTube. The result of analysis by Nas Media showed that 60% of respondents used YouTube for information search. The focus of the analysis was on service use and ad acceptance behaviors by South Korean's on PC and mobile Internet. The results indicate that YouTube's influence has expanded from video content to search services. While Naver still holds dominance in Korea's Internet search market, with 92.4% of South Korean users preferring it, YouTube's rapid growth is a threat to many search platforms. YouTube is increasingly popular among the younger generation, with 7 out of 10 teenagers saying they use it as a primary search channel.

AIRLIFT

- South Korean government has issued business licenses to three new low-cost carriers (LCCs) – Aero K, Air Premia, and Fly Gangwon – to increase the country’s total number of airlines to 11, including two full-service carriers and nine budget airlines. It was the first time the transport ministry had issued licenses to multiple airlines. This growing number of LCCs has led to an increase in demand for air travel. Ministry of Land Infrastructure and Transport data shows that over 44 million passengers traveled via domestic LCCs last year, a four-fold increase from 2011. The increase in competition will be better for consumers with lower airfares and more routes. But there are concerns the air travel market has been saturated for several years. Some budget carriers are struggling to recruit experienced pilots and maintenance staff.
- Asiana Airlines is deploying its next-generation aircraft A350 to LA, San Francisco, and Seattle from March 31. Compared to earlier mid-to-large aircrafts, the A350 provides larger cabin space, better fuel efficiency, and more sustainability with less noise and carbon emissions. It offers a more pleasant flight environment with improved cabin air pressure, humidity, and light. Since its first A350 was introduced in 2017, Asiana Airlines now operates six and is planning to introduce up to 30 through 2025.

LEISURE ACTIVITIES

Consumer

- **#AlohaEverywhere Influencer FAM Trip:** HTK successfully completed the YouTuber FAM trip in March in partnership with The Traveller magazine. It involved a 5-night visit to the islands from March 4 to March 10. The trip involved two YouTubers, active on both Instagram and YouTube, visiting O’ahu and Kaua’i. HTK secured sponsorship from partners for airfare, hotels and F&B. HTK and The Traveller will produce a social media video covering the visit for release on both party’s channels.
- **#AlohaEverywhere YouTube Channel Launch:** Reflecting the popularity of video content and the YouTube platform in the Korean market, HTK will launch its own channel to diversify and share real-time video content. The YouTube channel will open in time to include video filmed during the YouTuber FAM. To celebrate the launch, HTK will run a consumer promotion.
- **GoHawaii.com/KR Website Update:** HTK is working on the second phase of the GoHawaii.kr website development.

Travel Trade

- **Jin Air Sales Contest:** HTK conducted a market promotion 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 three leading package travel agencies and the top 10 OTAs, the two-phase sales contest ran from December 29 through to March 2. During the three-month promotion, three wholesalers/package travel agencies secured 4,214 seats on Jin Air. Ten OTAs generated 9,314 ticket sales. YOY growth of 11% was achieved.
- **Lotte JTB LPGA Promotion:** HTK is running a co-promotion with leading travel agency Lotte JTB 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 growth in visitors and spending and stimulate interest in B2B and B2C sectors.

- **HanaTour International Travel Show (HITS):** HTK is in discussion with HanaTour for its upcoming international travel show from June 7 to 9. This year's fair will include a more business-focused marketplace with booking booths at each destination's pavilion to boost on-site sales. Thirteen Hawai'i partners from hotels, attractions, and transport have signed up for the show.

Public Relations

- **OVB Press Trip with Naver Tour+:** HTK invited Naver Tour+ to join the OVB press trip from March 7 to 12 to develop feature story coverage. Naver Tour+ is a joint venture between Maeil Business Newspaper and Naver, the most influential portal site in Korea. Adopting a 'Hawai'i Rooted on O'ahu' theme, editor Sarah Goh visited various historical and cultural sites to understand the authentic heritage of O'ahu. Her travel coverage will be featured in Maeil Business Newspaper's travel section in April. Two posts covering her travel story will be uploaded on Naver Tour+'s official blog which has more than 140,000 subscribers.
- **Golf Promotion with Key Trade Media:** HTK is developing advertorials with three key travel trade newspapers in April, Global Travel News, Korea Travel Times and Korea Travel News, as part of the integrated marketing promotion for LPGA. The advertorials will target the LPGA opening and pitch Hawai'i as an ideal year-round golf destination. They will highlight the premium golf courses on each island as well as hotel properties and attractions. The 1-page advertorials will be published in the 3rd week of April in each publication.

Sales Activities

- The Korea team had 38 meetings in March with industry trade partners for regular sales calls and to discuss co-op opportunities as follows:
 - **Airlines (4):** Korean Air for winter season sales contest and airlift updates; Asiana Airlines for OTA promotion and daily flights; Jin Air for sales promotion; and Hawaiian Airlines for Neighbor Island promotions.
 - **Travel Agents (21):** Hana Tour, Mode Tour, YB Tour, Very Good Tour, Hanjin Travel, Jau Tour, Lotte JTB, Tidesquare, Interpark Tour, Club Rodem (WhyPayMore), Jau Tour, Web Tour, Online Tour, Hana Biz, Busan Blue, I Am Tour Busan, Tournet Hawai'i, Royal Hawai'i, Koreana Tour Service, Trava, MTours Hawai'i and Central Hawai'i.
 - **Hotels (7):** Hyatt Regency Waikiki Beach Resort & Spa, Trump Waikiki Hotel and Waikiki Resort Hotel for Spring tourism updates; and, Hilton Namhae, Park Hyatt Busan, Hilton Busan, Four Seasons Hotel Seoul, and Westin Hotel Chosun for regular sales calls or local event development.
 - **Rent-a-car/Transportation/Attractions (3):** Alamo Rent-a-car, Hertz and Roberts Hawai'i
 - **DMOs, U.S. Government/Organizations (3):** U.S. Embassy & Consulate in Korea, AMCHAM, Brand USA, and San Francisco Travel.

"COMING ATTRACTIONS" FOR LEISURE MARKET

- Lotte JTB – LPGA Promotion (April)
- Aloha YouTube Channel Unveiling (May)

- HanaTour International Travel Show (June 7 - 9)
- 2019 Hawai'i Trade Mission in Korea (June 9 – 11)

Hawai'i Tourism Taiwan Monthly Marketing Report March 2019

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

- The Taiwan Directorate General of Budget, Accounting and Statistics (DGBAS) has cut its forecast for Taiwan's GDP growth for 2019 to 2.27% from an earlier estimate of 2.41%. The unemployment rate in February was 3.72%, increased by 0.08 points compared to January.
- Taiwan's Consumer Confidence Index (CCI) fell 0.33 points to 84.36 in March, which reversed a two-month rising streak. Of the six factors that reflect public confidence, the sub-index on consumer prices suffered the steepest fall of 1.35 points in February to 46.75 in March, followed by a 0.80 point fall in the sub-index on the stock market to 94.80, and a 0.55 points decline registered by the sub-index on family finances to 88.95. On the other hand, the sub-index on employment scored the highest growth of 0.50 points from February to 100.65, while the factors on the likelihood of purchasing durable goods and the local economic climate also rose 0.15 and 0.05, respectively, from February to 91.00 and 84.00.
- The Taiwan currency exchange rate went up to 30.857 (average) in March, which depreciated by 0.041 when compared to the previous month.

Outbound Travel Market

According to the Taiwan Tourism Bureau, the overall number of outbound visitors from Taiwan was 1,468,616 in February 2019 with a 10.49% growth compared to February 2018. The outbound number to U.S. decreased by 10.45% to 41,471 in February 2019 compared to the same period last year.

Competitive Environment

Taiwanese Visitors Number to Canberra, Australia Grew Exponentially Compared to the Previous Year

Tourism Australia has recently revealed the tourism market report of 2018. According to the survey, Taiwan is one of the fastest growing markets for traveling to Australia. The report also revealed that the number of total Taiwanese visitors to Australia has reached 200,000 in 2018, and were ranked as the top 12 among all global visitors. Among all the cities, the number of Taiwanese visitors traveling to Canberra grew 79% compared to the year of 2017. The report stated that the trend could be an indication for businesses on potential growth directions to cities such as Canberra and Sydney. To attract more Taiwanese and mandarin-speaking travelers, many DMOs have started adding mandarin Chinese signs and information to make it more convenient for Chinese speaking travelers.

Consumer Trends

J. Walter Thompson Taiwan's Recent Report Highlights the Consumer Trends to Watch in 2019

J. Walter Thompson Taiwan, a leading marketing communication company, has revealed "The future 100 report" highlighting the trends and changes to watch in 2019. According to the general manager of J. Walter Thompson Taiwan, the three major needs that Taiwanese consumers care the most are convenience, being hip, and health & wellbeing. When consumers are purchasing products, most of them will look for products that combine fun, beauty, health and wellbeing at the same time. For instance, when a consumer is looking for a coffee shop to have lunch, he/she may prefer a coffee shop with attractive decoration, fast and nice service, as well as wide selection of healthy food.

Travel Trends

Thomas Cook India's Booking Surges 20% Due to Festival Tourism

Thomas Cook (India) has reported a strong growth in 'Festival Tourism' as increasing numbers of travelers seek to combine spiritual elements with unique cultural experiences. According to the President and Country Head of Thomas Cook (India) Ltd., Festival Tourism is the new trend, with India's new age travelers rediscovering their roots and joining in the celebrations of festivals like Holi in India and several others in international locations. Thomas Cook India's customer data and analytics also reveal that Festival Tourism is not only appealing to India audiences, but also to global travelers seeking for unique and cultural experiences.

Media Trends

Mukbang: The Bizarre Social Media Trend Where People Eat Food on Camera

A huge 'eating internet' culture, has grown around the trend. Mukbang, originates from South Korea, means a combination of the Korean words for "eating" and "broadcast". 'Mukbang' sees people prepping and scoffing vast amounts of food alone in a room, while broadcasting live and simultaneously chatting with their online followers. Besides South Korea influencers, YouTubers from other countries are following this trend too. An increasing numbers of YouTubers started showcasing Mukbang contents while they are traveling to a destination. Some audiences expressed that they enjoy watching Mukbang to see how the influencer introduce the food culture of the destination, and how they feel about the taste of the local food.

Airlift

Budget airline travel on the rise in Taiwan

According to Taiwan Civil Aeronautics Administration (CAA), Taiwan has seen a surge in demand for low-cost air travel over the past six years, with the number of passengers on budget flights rising to 10.63 million last year. In 2018, there were 23 local and foreign budget airlines operating in Taiwan, accounting for 18.7% of the international and cross-Taiwan Strait carriers serving Taiwan. In the first two months of 2019, the market share of budget carriers in Taiwan was more than 20%. The growth in the number of passengers traveling on low-cost carriers is a trend in Northeast Asia, which will help boost demand for air travel in general.

LEISURE ACTIVITIES

Consumer

HTT Hosted "Yoga with Aloha" Experiential Classes in Taipei and Taichung

Since 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. In the social media yoga challenge, the three partners have been promoting to respective VIP members, brand enthusiasts and social media followers to post photos/videos of their yoga practice with Hawai'i elements on either Facebook or Instagram. In addition, HTT hosted two yoga classes with Hawai'i décor and ukulele music in Taipei and Taichung on February 23rd and 24th respectively. To integrate cultural elements in the campaign, HTT invited local hula dancers to perform to the live ukulele music played by the yoga instructor in the class. The Yoga with Aloha campaign ran until March 10th and generated 175 posts. The final result announced on HTT's facebook page and Instagram at the end of March.

2019 Fashion Media FAM

HTT has been partnering with Marie Claire Taiwan to promote Hawai'i as the top destination for eco-tourism (diverse natural landscapes and cultural activities). The co-op will feature printed articles in its physical magazine, online articles and a Hawai'i focused video on Marie Claire's website. The editor and photographer of Marie Claire Taiwan traveled to Hawai'i and filmed in O'ahu from March 6th to March 13th. As the theme of this FAM trip focus on eco-tourism, the crew traveled to destinations such as Waimea Valley, Ko Hana Rum Distillery, KCC Farmers Market, and participated in cultural activities such as lei-making, lauhala weaving workshop and 2019 Honolulu Festival. The articles will be published in the May issue and a video will be released on Marie Claire's website in Mid-May.

Travel Trade

Co-op with China Airlines on the Additional Flight Starting May 3rd

Starting from May 3rd, 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 start promoting the destination with China Airlines in April to drive ticket sales as well as package tour products. The team has secured a co-op deal for the flash mob and in-store advertising in April with Eslite Spectrum, an upscale shopping mall that focuses on delivering cultural and sophisticated products and experiences. HTT will finalize the design of the advertising tools and online banners at the beginning of April.

Public Relations

Media Monitoring (Clippings & Publicity Calendar): In March 2019, Hawai'i Tourism Taiwan secured 284 PR coverage publications on an unpaid basis. The estimated advertising value was USD\$2,421,883.

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

- January to March [2019 Yoga with Aloha Online Campaign & Offline Classes], Taiwan
- March [Fashion Media FAM – Vogue Taiwan & Marie Claire Taiwan], Hawai'i
- April to June [Planning of Vlogger FAM], Taiwan
- April [Co-op with China Airlines to Promote the Additional Flight Starting on May 3rd]

Hawai'i Tourism Europe Monthly Marketing Report March 2019

Leisure

Summary of Market Intelligence/Market Conditions

Economy

- The latest Office of National Statistics state that exports of UK goods grew by 3.1% to £10.6bn in the year to January 2019. New statistics reveal that goods exports grew at the second fastest rate of the top five major economies, just behind China
- The Scottish economy grew by 0.3% in the final three months of 2018, according to official figures. Scottish Finance Secretary Derek Mackay said it was the eighth consecutive quarter of growth and that the country's economy "continues to go from strength to strength"
- GDP held steady in the month of March, despite uncertainty over Brexit
- According to Trading Economics, the German economy is currently at 0%; up from -0.2% in the previous quarter. FocusEconomics Consensus Forecast panelists expect the economy to expand 1.0% in 2019, and 1.5% in 2020
- According to Trading Economics, the Swiss economy has increased by 0.2%. Swiss Household consumption has increased at a strong pace. FocusEconomics panelists expect the Swiss GDP to grow 1.3% this year, which is down 0.2 percentage points from last month's forecast, and to expand 1.6% in 2020
- The French economy looks poised to withstand most of the headwinds stemming from elevated external-sector risks, thanks to fiscal stimulus propping up private consumption. This year, there is growth at 1.2%, down 0.2 percentage points from last month's forecast

Exchange rate

- The GBP/USD: \$1.31
- EUR/ USD: €1 = \$1.12

Consumer Confidence

- Consumer Sentiment Index in Ireland jumped to 93.1 in March 2019 from a four-year low in the previous month
- GfK consumer confidence index for the United Kingdom was unchanged in March 2019, slightly above market expectations, as a strong labour market offset ongoing Brexit uncertainty/concerns over global growth prospects
- According to the GfK Group Consumer Climate Index Germany's consumer confidence stands at 10.4
- Throughout Swiss households, consumer sentiment continues to improve according to the GfK Group Index
- The French consumer confidence indicator is currently at 96 for March

Unemployment

- Irish seasonally adjusted unemployment rate fell to 5.4% in March 2019 from 5.6 percent in the prior month; this is the lowest jobless rate since February 2008
- The UK's unemployment rate is at its lowest since 1971
- Germany's unemployment rate fell to 3.1% in February 2019; the lowest rate since March 1980 according to Trading Economics
- The Swiss unemployment rate is currently at 2.7%
- The France unemployment rate stands at 8.8% in March
-

European Outbound Travel Market & Competitive Environment

- Steppes Travel (UK) is hoping to draw more attention to the plight of the world's oceans and over-use of single-use plastics with the addition of a new expert-led tour of the Galapagos Islands and consumer initiatives like giving every customer a reusable water bottle on departure
- The Ministry of Tourism in collaboration with the Tourism Authority and Mauritius Tourism Promotion Authority is joining up with volunteers to organize a clean-up campaign in Trou D'Eau Douce Village mainly the lagoon, beach and viewpoints in April

European Consumer Trends

- ABTA 2019 report shows that one of the main reason's holidaymakers' book with a travel professional is because they feel more confident (45%). In an age of limitless choice and information the service travel professionals provide is highly valued - offering a few well-selected holidays which meet the customer's specific requirements, while also giving advice and support throughout the booking process
- 2018 was the first time in Germany that more holiday trips were booked online than in person. A further increase in online bookings is expected in the coming years
- According to Reiseanalyse, almost all German travellers bring their smartphones and tablets on vacation. There is a slight preference among travellers to use WiFi rather than a mobile network at the holiday destination. The main uses are weather forecast, route planning, destination information, news, and flight schedules

European Travel Trends

- Travel and tourism is expected to grow worldwide making it "the best industry partner for governments". Addressing the WTTC global summit in Seville, Guevara said: "Our sector will generate 100 million jobs over the next decade, meaning one in four new jobs will be thanks to travel and tourism
- Booking data suggests that peak booking season has fallen later this year with ITC Travel Group recording its most successful week ever in March after sales soared 34%. Sales for US and Canada also grew year-on-year, fuelled by growing demand for luxury ranch holidays, city breaks and Rocky Mountain tours
- In 2018, the total spend on leisure trips in Germany was over € 70 million, according to Reiseanalyse
- According to the fww destination rankings, the USA continues to be the largest single-haul destination for German travellers with about two million German visitors in each of the last three years. Although German visitors to Canada continue to grow, they are still far behind USA numbers

- The Online Travel Booking revenue is expected to show an annual growth rate of 4.7% with hotels as the largest market segment

European Media & Online Trends

UK and Ireland

- The Telegraph has promoted two of its senior magazine editors as it prepares to expand its luxury lifestyle brand. Head of magazines Sasha Slater is taking on a wider remit, developing a membership strategy and new digital products around Telegraph Luxury, which has an upmarket focus. She will no longer edit the Telegraph Magazine, published every Saturday, as a result, but will continue to edit the Telegraph Luxury online section and its print supplements, including the quarterly Ultratravel magazine
- Apple has revealed a news and digital magazine subscription service with more than 300 titles, which it is calling Apple News Plus. The service launches first in the US, Canada and Australia before being made available to UK customers in autumn this year. The UK will be the first European country to access the new service

Germany/Switzerland

- The publishing house Bauer launches a half-yearly equivalent to the female high-end magazine Madame, for men, named Monsieur. The magazine was published on 6 March 2019 for the first time, it comprises of 80 pages which cover topics such as fashion, grooming, and lifestyle. The target group is men (40+) who are curious, culturally interested, fashion and environmentally conscious and career driven
- For the first time, German online audio reached more than 300 million sessions per month. The sessions reached 321,4 million in the fourth quarter of 2018 – an increase of 13.9% compared to the previous quarter

European Airlift

- Virgin Atlantic have begun promoting their new route from Manchester to Los Angeles through Sales Mission and Blitz's across the region. The seasonal flight will connect the UK's north to Hawai'i through one US gateway
- Trailfinders are looking at new itineraries to Hawai'i by combining the US gateways of San Jose and San Diego with Honolulu flying British Airways and South West
- On March 31, American Airlines launched a new daily route between Charlotte Douglas International and Munich Airport

Leisure Activity Updates

UK & Ireland

- Attended Spring Tourism Update and presented proposed 2019 marketing and media plans
- Submitted market insights and remaining spend reports to Head Office
- Ongoing liaison with CTA partners following the completion of Experience our Aloha campaign. Contacted the prize winner to coordinate trip to Hawaii
- Compiled post report for 'Experience our Aloha' campaign
- Initiated plans for influencer campaign and filming trip. Liaised with media agency to create proposal
- Followed up with all tour operators following Aspire: Visit USA training day

- Close monitoring of content posting on both social channels to ensure an increasingly high engagement rate throughout the month

Scandinavia

- Attended consumer shows in Scandinavia at Swanson's and FDM Travel

Germany

- Continued to update GoHawaii DE website
- Chose winner for "Experience our Aloha" campaign and informed end-consumer, still in contact about their trip
- Compiled post report for 'Experience our Aloha' campaign
- Ongoing liaison with CTA partners following the completion of Experience our Aloha campaign

Travel Trade

UK and Ireland

- Held meetings with British Airways, Trailfinders and American Sky to discuss current Hawaii performance and how HTE UK can support developments
- Attended Unite: Visit USA and conducted 20 product manager meetings. Continued to follow up with all product managers
- Ongoing liaison with CTA partners following completion of Experience our Aloha campaign
- Ongoing liaison with Trailfinders regarding joint tour operator marketing
- Conducted destination training at Trailfinders in Oxford and Canterbury office
- Conducted destination training in Newcastle for STA Travel
- Coordinated destination training at American Sky, USAirtours, Elegant Resorts and Gold Medal to take place in April and May
- Confirmed attendance at the Flight Centre USA training day
- Attended Visit USA General Meeting and received update on current USA performance
- Compiled and shared the quarterly trade newsletter to all key trade contacts
- Continued to monitor and liaise with all Tour Operator to track performance to the Hawaiian Islands
- Ongoing updates to Trade Account Management Matrix Segmentation and brochure audit; updates continue to be made from trade survey, sales calls, and training

Scandinavia

- Liaison with coordinators of the Scandinavia Travel Shows during and after the events in 2019
- Conducted product and marketing meetings at B2B America Workshop in Scandinavia
- Continued liaison with NYHaven Rejser to discuss joint marketing creative and content

Germany and Switzerland

- Ongoing liaison with CANUSA post Experience our Aloha campaign
- Ongoing liaison with all major tour operators regarding current Hawai'i marketing support requests
- Conducted training with HM Touristik close to Munich

Public Relations

United Kingdom and Ireland

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

Germany

- Ongoing support of individual media trips, planning of group press trips 2019
- Proactive pitching – general and specific/niche topics
- Regular posting across Facebook and Instagram channels

France

- 1 Press release will be sent in the next days
- 1 journalist communicated with in March

Sales Activities

UK and Ireland/Germany

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

France

- Ongoing liaison with trade
- 1 sales call carried out in total

Upcoming Activities for Leisure Market

UK, Ireland & Scandinavia

- Flight Centre training day in April
- Gold Medal training day in April
- Elegant Resorts training day in April
- Trailfinders training days in April and June
- USAirtours training day in May

Germany

- IPW 2019 in Anaheim, CA

Hawai'i Tourism Southeast Asia Monthly Marketing Report March 2019

SUMMARY OF MARKET INTELLIGENCE/ MARKET CONDITIONS

Economy

Malaysia: Bank Negara Malaysia (BNM) takes precautionary measures in a Monetary Policy statement due to the downside risk on the economy. Based on the policy published, materialization of down side risks from unresolved trade tensions and the domestic environment, and prolonged weakness in the commodity related sectors could further weight on growth. The Central Bank's recognition of the downside risks in the economy and financial environment, and the need to monitor and access the balance of the risks surrounding the outlook for domestic growth inflation supports. However, BNM believes the GDP could achieve a higher growth target of 4.9% in 2019 from 4.7% in 2018.

Currency Exchange: USD 1 = MYR 4.08 as of March 31, 2019 vs MYR 4.06 as of February 28, 2019.

Singapore: Singapore's economy is expected to grow at 2.5% in 2019, mainly due to the trade tension between U.S. and China. Inflation rate is now expected to come in at 1.1% for 2019, a decrease from an earlier prediction of 1.3% in December 2018.

Currency Exchange: USD 1 = SGD 1.35 as of March 31, 2019 vs SGD 1.35 as of February 28, 2019.

Indonesia: Indonesia's GDP in 2018 was worth USD \$1.078 trillion – an increase of 5.2% in 2018 vs GDP figures in 2017. The value of IDR currency against USD rose in the beginning of 2019 after depreciating heavily in September 2018 with analysts projecting that IDR may continue to gain ground despite global uncertainty and thanks to several factors, mainly newly published macroeconomic data that was positively received given rising uncertainty in the global economy. While the IDR currency has started to recover, businesses are still wary that political tensions could affect the economy trend and investment climate with the 2019 presidential and legislative elections. Bank Indonesia expected low inflation in February 2019. If accurate, then it would push Indonesia's annual inflation rate to 2.72% year-on-year, comfortably within Bank Indonesia's targets range of 2.5% - 4.5% for 2019.

Currency Exchange: USD 1 = IDR 14.21 as of March 31, 2019 vs IDR 14.01 as of February 28, 2019.

Thailand: Kasikorn Research Centre (KResearch) has suggested in a company seminar that Thailand's economy will likely perform better in the last quarter of 2018, with growth higher than 4% compared to the 3.3% pace reported in the previous quarter.

Currency Exchange: USD 1 = THB 31.75 as of March 31, 2019 vs THB 31.30 as of February 28, 2019.

Outbound Travel Market

Malaysia: Malaysian visitors are intrigued they can travel to visa-free countries or islands. During the recent MATTA Travel Fair from March 15-17, 2019, Guam Visitor Bureau (GVB) has made a comeback at the 3-day consumer fair as they see strong interest from Malaysia market. GVB has been making good progress in building business partnership with several renowned travel agencies in promoting a 6-day packages to Guam.

Singapore: Travels to the United States has seen a recent growth in trend. According to Dynasty Travel, bookings to America has increased by more than 50% in the first quarter of 2019 due to the reinstatement of direct flights connecting Singapore to the United States. Singapore currently has non-stop flights to San Francisco, Los Angeles and New York. In addition to Seattle, which is planned to commence in

September 2019 which will anchor the sizeable cruise market into Alaska and Canadian Rockies. With increasing flights, travel agents are diversifying its travel offerings beyond west coast states like California with new packages for Texas and the national parks of America. South America is also of growing interest.

Indonesia: Outbound travel remains resilient whilst Austria and Germany are gaining popularity as opposed to central Europe due to its local culture and offerings.

Thailand: The Thai Consulate General in Frankfurt has advised Thai travel trade departments planning to visit Germany especially Frankfurt and neighboring areas to exercise extra caution, avoid crowded places and closely follow the current news and relevant announcements from the German authorities.

Competitive Environment

Malaysia:

- **Korean Tourism Organization (KTO)** hosted a Hanbok Photo Sharing Contest from March 6 until April 3, 2019 to promote the beauty of Hanbok as well as its culture and history.
- **Taiwan Tourism Board (TTB)** has chosen Malaysia as the first country to promote its “Salam Taiwan” initiative, aimed at boosting Muslim tourists’ arrival into Taiwan
- **Switzerland Tourism** organized Switzerland Travel Experience 2019 roadshow in Malaysia from March 6-7, 2019. Approximately 90 trade partners attended the VIP dinner whereas 180 trade partners attended the workshop.

Singapore:

- **Switzerland Tourism** organized its 6th annual Asia roadshow event held from March 5-6, 2019, with participation by more than 25 Switzerland tour operators. The VIP dinner was attended by about 70 trade partners and media, whereas the workshop held on the following day was attended by 50 trade partners with an interactive itinerary planning session.
- **Tourism New Zealand:** The return of growing interest from Singaporeans on New Zealand as a holiday destination as they have recently launched a new regional campaign.

Thailand:

- **Korea Tourism Organization** promotes its “Korea Welcomes You! 2019 Thai Welcome Week” by inviting consumers to share their travel experiences through Facebook and stand a chance to win a pair of roundtrip ticket from Bangkok to Seoul.

Consumer Trends

Malaysia:

- With increased of departure levy, Malaysian continue to travel with 4.3% said they will travel within the country, whilst 71.6% within ASEAN and 24.1% beyond ASEAN.

Singapore:

- TripAdvisor’s 2019 Experiences Trends Report revealed that the top three fastest-growing types of experiences among Singaporean travelers are classes and workshops (102% over the previous year), spa tours (68% over the previous year) and sightseeing tickets and passes (58% over the previous year). In addition, family-friendly activities have become a top priority for Singaporean travelers.

Travel Trends

Malaysia:

- Malaysian passport ranks 4th most powerful in Asia, enabling Malaysians to travel to 179 countries visa-free. This is an increase from the 2018's spot among 166 countries.

Singapore:

- Skyscanner has found that one in two (45%) Singaporeans are adventurous travelers, eager to explore new destinations and try out new activities while traveling abroad. When asked for their travel plans in 2019, 82% said they were planning to visit a new destination for the first time. Even those who planned to revisit a destination (18%) said they would experience it differently, including doing a road trip to explore other parts of the country unknown to them. More than half (58%) said they were willing to spend up to USD 380 on an adventurous element on their travels, while a quarter (21%) would even spend USD 750 or more.

Media & Online Trends

Influencer marketing has proven to be one of the most effective forms to connect with a community or specific target audiences in 2018. It will continue to have strong impact on brands in 2019. Instagram remains as a key influencer marketing channel due to its constant and massive growth each year and continues to be the leading platform for brand-influencer collaborations. The main reason why Instagram has high-performance contributes by its highly engaged community filled and visually rich content.

Additionally, influencers have gained credibility with their audiences and this allows brand to rely on influencers for strategic insights into maintaining a community of loyal fans. On the other hand, UGC (user generated content) also performs well on social media and brands are starting to use different approach through mixing micro and mega influencers' content across - through emails, advertising campaigns and other marketing materials. This helps to maintain an authentic and consistent brand image across all channels.

LEISURE ACTIVITIES

Consumer

Gohawaiisea Facebook page data is currently not available as the page is currently being merged with the existing global Facebook page. Furthermore, the number of Instagram followers has decreased to 1,137 as of March 31, 2019, a result of the page being inactive since December 31, 2018.

Travel Trade

HTSEA has been assisting several meeting planners by recommending DMCs, restaurants, hotels, as well as activities so that the planners could put together attractive proposals for group pitch.

Public Relation

HTSEA worked with Travel Guide magazine on a feature story regarding the various offerings in Hawai'i which was published in its 2019's no.26 issue. It is a bilingual travel supplement targeting local travelers and a great resource for travel inspiration. Travel Guide features travel stories around the world covering topics about cool spots and the latest travel industry news. It is a free magazine and can be found at business parks, Plaza Premium Lounges, office buildings and Starbucks outlets (nationwide). The readership circulation of this magazine reaches **80,000** Malaysian.

Sales Activities

HTSEA conducted **29 sales calls** in Southeast Asia to promote Hawai'i.

[Philippines Airlines] They are glad to know the reinstatement of HTSEA as they wish to continue the collaboration by supporting HTSEA's initiatives as well as travel agencies in terms of airfares to Hawai'i.

[AirAsia X] They are supportive of HTSEA with air-tickets sponsorship and supporting Hawai'i promotional events with marketing collateral items.

[Global Travel] There will be a potential MCI group to Hawai'i in 2020 from Prudential insurance for about 800 to 1000 pax. Prudential is considering to hold the event either in Honolulu or Kona. MICE agents are still bidding for the group and no further details to be shared due to sensitivity at the moment.

[Chan Brothers Travel] Followed up with agent on plans to promote Hawai'i and also to advise agent that HTSEA has re-opened its office. Agent will not focus on Hawai'i as currently South America has seen a growing demand with higher profit margin for the company.

[CWT Meetings & Events] It's a new RFP from HP that has shortlisted Hawai'i as the destination. However, HP may change their mind and tend to change destinations as per previous cases. CWT Singapore is working on it to ensure Hawai'i is 100% confirmed. No other details are shared at this stage until it's finalized.

Coming Attractions

[May] Influencer Fam - #MYHawaiiLoveStory

[May] Jetset to the Hawaiian Islands Campaign



Group Sales Status Report – March 2019

OVERVIEW

After two new Boeing 737 Max 8 planes crashed within six months of each other, countries around the globe imposed air bans on the aircraft while authorities continue to investigate potential systematic errors within the Max 8 model. According to *Meetings Today*, the situation has not yet reached the level of *force majeure* for attrition caused by attendees cancelling flights due to 737 MAX concerns. Meeting planners have been advised to recommend that their clients contact their air carriers to switch flights. American Airlines told *USA Today* that passengers wishing to change their flights would be subject to the standard change-fee rules. Southwest Airlines does not charge change fees, but any passengers wishing to change their flights would need to pay the prevailing fare.

Three carriers operator the MAX into Hawai'i at present, Air Canada, United and WestJet. For the month of March, they averaged 11 roundtrips per day in the Hawai'i market, constituting approximately four percent of North American capacity. Impacted airline operators continue to shuffle aircraft assignments and flights to address gaps created by the grounded MAXs. Airports on the neighbor islands and Honolulu have not reported any disruption or displaced passengers as of mid-March. The short-term impact has proved to be minimal, with both United and WestJet flying a full schedule and Air Canada reducing May and June service from Vancouver, British Columbia, to six days a week to Honolulu and four days a week to Maui. However, American Airlines recently announced that it would extend the grounding of it's MAXs through June which will could impact routes feeding into their Hawai'i service through their LAX, DFW and ORD gateways. If the MAX fleets of the other carriers that fly them into Hawai'i remain grounded into the peak summer season, the potential of route suspensions or reduction of frequencies could occur.

SALES PRODUCTION (in the month for any year)

Table 1: Total Sales Production – March 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 | 28,559 | 36,743 | -22% | 85,718 | 84,620 | 1% |
| Tentative & Assist-Tentative | 95,285 | 78,155 | 22% | 316,664 | 275,364 | 15% |

Beginning January 2018 production is categorized by MCI and non-MCI group sales. See Definitions at the end of this report for a general

description of the new categories. Database cleansing is ongoing and may result in changes to previously reported year-to-date figures.

**Table 2a: Hawai'i Convention Center (HCC) Citywide Sales Production
 March 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 | 9,820 | 13,379 | -27% | 38,783 | 33,202 | 17% | TBD | TBD |
| New to Hawai'i | 6,042 | 5,900 | 2% | 0 | 6,055 | -100% | | |
| Tentative | 6,042 | 12,948 | -53% | 86,390 | 108,884 | -21% | | |
| MCI | | | | | | | | |
| Room Nights | | | | | | | | |
| Definite | 570 | 8,150 | -93% | 23,344 | 27,700 | -16% | | |
| New to Hawai'i | 2,542 | 5,900 | -57% | 0 | 6,055 | -100% | | |
| Tentative | 2,542 | 11,438 | -78% | 76,701 | 107,219 | -28% | | |
| Non-MCI | | | | | | | | |
| Room Nights | | | | | | | | |
| Definite | 9,250 | 5,229 | 77% | 15,439 | 5,502 | 181% | | |
| New to Hawai'i | 3,500 | 0 | N/A | 0 | 0 | N/A | | |
| Tentative | 3,500 | 1,510 | 132% | 9,689 | 1,665 | 482% | | |

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

| COMMENTS |
|---|
| <p>March saw a total of 9,820 definite room nights added, bringing the year-to-date total to 38,783. This puts the Hawai'i Convention Center (HCC) at 454 percent ahead of same time last year. All groups booked are from the Pacific Asia region and are a good indicator of group activity from that area.</p> <p>6,042 room nights were also added to the tentative pipeline this month, bringing the total to 86,390.</p> <p>March saw a number of annual groups arrive at HCC, including an annual cultural festival that celebrated its 25th Anniversary this year, a religious association's conference with over 4,000 in attendance, and an auto show that had an anticipated attendance of 45,000. A volleyball tournament brought in a number of teams from Asia and had an attendance of over 1,000, including teams from O'ahu and the neighbor islands. A medical society held their annual meeting at HCC for the first time. The initial projected forecast was 1,800 attendees, and the client felt they would reach over 2,000 after pre-registrations flourished. The final number of registered attendees was 2,588, the highest number in the history of their meeting. The response from the Pacific Asia region was much higher than anticipated and the client is in discussions with HCC to book their meeting again for a future year.</p> <p>HCC met with the local Hawai'i host committee for an international service association as they plan for a large Hawai'i contingency to be in Hamburg, Germany, this year to promote attendance to Hawai'i for their 2020 convention. The anticipated attendance for the Hawai'i annual convention is 23,000.</p> |

Advertising and Public Relations efforts

Marketing efforts this month for HCC included PR coverage to promote a medical society's annual meeting from March 16-19, 2019. Part of the conference featured a free public education course which HCC also promoted on social media and online event listings on behalf of the organization. The client reported receiving strong public response and had close to 100 registrations for this session.

Additional HCC coverage included various releases announcing their new executive chef Hans Lentz, HCC general manager Teri Orton's Smart Women in Meetings Award recognition, as well as some online feature articles on PCMA.org and Business Destinations Magazine (added-value from advertising packages) and a three-page spread in Hawai'i Hospitality Magazine featuring the Center's conservation program and recent enhancements such as the nursing pod and magnetometers.

To leverage the volume created by full destination advertising, HCC's 2019 ad placements and creative messaging are aligned with Meet Hawai'i and the Maui Visitors Bureau. This helps leverage the strength of lead publishers within the meetings market who can provide comprehensive marketing communications programs to maximize reach and exposure. HCC has also increased digital media placements in 2019 to better track ad performance but still retain print media presence in major publications such as Professional Convention Management Association's PCMA Convene, various Northstar publications, and Meeting Planners International (MPI).

North America advertising efforts in March included a monthly coverage on Northstar's online Hawai'i Destination Guide, a digital ad on MPIWeb.org (a 30-day campaign, targeted to MPI members who have planned meetings with an average attendance of 500+), a digital retargeting campaign with American Society of Association Executives (ASAE) that started on March 1 (end date upon fulfillment of 400,000 impressions), and a native digital package on PCMA.org (including an online article and a one-week feature on their homepage).

Sports advertising placements in March include a dedicated e-blast with National Association of Sports Commissions (NASC), NASC weekly e-newsletter ads (product showcase) and digital placements with SportsEvents Magazine (homepage adlet and dedicated e-blast).

**Table 2b: Hawai'i Tourism USA (HTUSA) Single Property Sales Production
 March 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 | 10,251 | 16,553 | -38% | 32,708 | 30,700 | 7% | 187,000 | 17% |
| New to Hawai'i | 6,506 | 8,802 | -26% | 16,156 | 19,225 | -16% | 75,000 | 22% |
| Tentative | 77,285 | 49,268 | 57% | 197,664 | 116,659 | 69% | 500,000 | 40% |
| MCI | | | | | | | | |
| Room Nights | | | | | | | | |
| Definite | 10,251 | 15,493 | -34% | 32,688 | 28,425 | 15% | | |
| New to Hawai'i | 6,506 | 7,742 | -16% | 16,136 | 16,950 | -5% | | |
| Tentative | 75,263 | 48,573 | 55% | 192,838 | 114,226 | 69% | | |
| Non-MCI | | | | | | | | |
| Room Nights | | | | | | | | |
| Definite | 0 | 1,060 | -100% | 20 | 2,275 | -99% | | |
| New to Hawai'i | 0 | 1,060 | -100% | 20 | 2,275 | -99% | | |
| Tentative | 2,022 | 695 | 191% | 4,826 | 2,433 | 98% | | |

COMMENTS

Market Conditions and Industry Trends

Hawai'i Tourism United States secured 12 seats on the inaugural Southwest flight out of Oakland to Honolulu. Approximately 50 clients were vetted for attending a familiarization tour for the island of O'ahu in conjunction with the flight. This was an excellent opportunity to capitalize on the long-awaited, high-profile new start-up service. Southwest Airlines, The Kahala, Turtle Bay Resort, Four Seasons Oahu at Ko Olina, Roberts Hawaii, Hawaii Forest & Trail, Paradise Helicopter, Gunstock Ranch in partnership with Hawaiian Legacy Hardwoods, and the U.S.S. Missouri provided services to the planners with positive results. All attendees left O'ahu inspired to bring their group business to the islands.

Northstar Meetings Group reports that financial and insurance meetings and incentives are thriving. Larger groups are increasing budget; however, so are their overall costs. According to the Incentive Travel Industry Index, the median spend per participant for financial/insurance incentive programs is \$5,000, one of the highest rates in the incentive industry, where the average spend in other sectors is \$1,000. Financial and insurance events for U.S.-based companies are sticking closer to home. Their top criteria for site selection are destination appeal, perceived safety of the destination, and value for money. There is a new focus on second- and third-tier destinations, such as Charleston, South Carolina, as opposed to high-profile cities like New York City. Participants are seeking unique experiences and planners are looking at more independent hotels.

The regional director for the mid-western United States reports that attendee and incentive qualifier numbers are growing due to optimism in the economy, company mergers, acquisitions, and the inclusion of non-sales employees in programs. However, partners on all islands with territories in the mountain states and Texas, are referencing a slowdown in requests for proposals (RFP) and pace. While Hawai'i is still a desired destination, more

programs are being lost to all-inclusive destinations. Business rotation is often cyclical in states such as Utah and Texas, which will likely impact conversion to book the islands. Face-to-face meetings with clients through direct sales calls during sales blitzes continues to work in the mountain states market, which requires constant reminders to partners about the benefits of using Hawai'i's destination marketing organization (DMO).

Sales Production vs. Goals Analysis

The month of March reflected a decided slowdown for definite conversions as compared to the previous two months for 2019 and compared to same time last year. However, year-to-date definite production is at a seven percent growth over the previous year.

Overall tentative production continues at a strong pace of 57 percent ahead of March 2019 numbers, and 69 percent ahead compared to same time last year. New business to Hawai'i continues to be monitored.

Highlights of Any Key Definites

- *Incentive — consumer products corporation, January 2020 (2,686 room nights)*
- *Meeting — medical corporation, February 2023 (1,527 room nights)*
- *Meeting — medical corporation, February 2024 (1,527 room nights)*
- *Incentive — restaurant corporation, February 2020 (1,161 room nights)*
- *Meeting — high tech corporation, June 2019 (1,095 room nights)*

Highlights of Any Key Cancellations

- *Nothing to report for March*

Highlights of Any Key Tentatives

- *A retail and food service corporation is looking at southern Florida, southern California and Hawai'i for their conference in December 2019, which would bring in 1,595 room nights. HTUSA has extended the Maui Nui Incentive and Island of Hawai'i Mahalo Money incentive. The client is also looking at Turtle Bay Resort, but HTUSA is unable to extend any benefit package for O'ahu. HTUSA met with the client this month in Colorado and will be following up via phone for a status update.*
- *A technology association is considering O'ahu and Vancouver, Canada, for their convention, which would bring 2,200 room nights in May 2023. Hawai'i is high on the client's short list. Currently, the HTUSA sales team is investigating what support Vancouver is offering and is keeping in touch with the client's decision makers. The announcement of Southwest Airlines' service to Hawai'i boosted enthusiasm for Hawai'i, but the client will be conducting a site visit in Vancouver in early April.*

Advertising efforts

1. *Meetings, conventions and incentives (MCI) March Paid Media Recap*
 - a. *The Hawai'i Destination Guide – 255 page views*
 - b. *Destination Guide Banners (738x90) – 600 impressions*
 - c. *Destination Guide Banners (970x250) – 335 impressions*
 - d. *Successfulmeetings.com ROS banners (300x250) – 12,500 impressions*
 - e. *Successfulmeetings.com ROS banners (728x90) – 11,500 impressions*
 - f. *Meetingsandconventions.com ROS banners (300x250) – 12,050 impressions*
 - g. *Meetingsandconventions.com ROS banners (728x90) – 12,000 impressions*
 - h. *Northstarmetings.com ROS banners (300x250) – 4,500 impressions*

i. Northstarmetings.com ROS banners (728x90) – 11,250 impressions

Public Relations efforts on behalf of HTUSA Meet Hawai'i

1. Activity highlights include:
 - Revised and finalized Meet Hawai'i sales graphics for the island of Hawai'i and Meet Hawai'i, and developed 10 additional gifs, which are to be utilized for social media purposes.
 - Distributed the Spring "What's New in Meetings, Conventions and Incentives (MCI) for the Hawaiian Islands" news release.
2. Media Coverage Highlights:
 - "Hawai'i: Court Sports and More" – Sports Destination Management – February 1 – PDF available upon request
3. February Impressions and Publicity Values for Articles that included Hawai'i:

| | |
|-------------------------|------------------------------|
| February Impressions | February Publicity Values |
| Print: 18,000 | Print: \$352 |
| Online: 0 | Online: \$0 |
| Broadcast: 0 | Broadcast: \$0 |
| Total: 18,000 | Total: \$352 |

**Table 2c: Hawai'i Tourism Canada Single Property Sales Production
 March 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 | 155 | 0 | N/A | 155 | 1,757 | -91% | TBD | TBD |
| New to Hawai'i | 155 | 0 | N/A | 155 | 835 | -81% | TBD | TBD |
| Tentative & Assist-Tentative | 300 | 2,630 | -89% | 1,347 | 6,945 | -81% | TBD | TBD |
| MCI | | | | | | | | |
| Room Nights | | | | | | | | |
| Definite & Assist-Definite | 155 | 0 | N/A | 155 | 1,757 | -91% | | |
| New to Hawai'i | 155 | 0 | N/A | 155 | 835 | -81% | | |
| Tentative & Assist-Tentative | 300 | 2,630 | -89% | 1,347 | 4,695 | -71% | | |
| Non-MCI | | | | | | | | |
| Room Nights | | | | | | | | |
| Definite & Assist-Definite | 0 | 0 | N/A | 0 | 0 | N/A | | |
| New to Hawai'i | 0 | 0 | N/A | 0 | 0 | N/A | | |
| Tentative & Assist-Tentative | 0 | 0 | N/A | 0 | 2,250 | -100% | | |

COMMENTS

Market Conditions and Industry Trends

Visiting friends and relatives (VFR) visits declined -5.8 percent throughout the first two months of 2019. At the same time, trips for meetings, conventions and incentive travel

(MC&IT) purposes increased +10.3 percent. Non-pleasure trips accounted for 9.4 percent of activity during this period—the highest proportion since 2016.

Canadian Travel to the United States

Canadians made an estimated 1.42 million overnight trips to the U.S. in January 2019, compared to 1.39 million in January 2018. During the month, overnight trips by automobile declined -5.2 percent while travel by other modes grew an estimated 8.0 percent as popular destinations recorded increases in direct air deplanements from Canada. Throughout the month, most of the tracked destinations in Florida, as well as Las Vegas (6.6%), New Orleans (1.4%), and Phoenix (2.0%) posted increases. In addition, the State of Hawai'i (6.1%) and some of the tracked destinations in California and Texas saw an uptick in direct air arrivals from Canada. January 2019 saw a significant decrease in the value of the Canadian dollar vis-à-vis the U.S. dollar (-6.6%).

The national consumer confidence rating was 117.9 points in March, a slight increase from one year ago (0.8), and a 6.4-point jump compared to last month. Notwithstanding this overall increase, consumer confidence recorded month-over-month declines in Ontario, Manitoba/Saskatchewan, and Alberta. At the same time, the overall attitude regarding purchase intentions was up 1.4 points compared to March 2018 and up 2.3 points from February 2019. While national retail sales increased 1.1 percent in January compared to the previous year, this was the third consecutive monthly decrease. Compared to January 2018, sales were down in five provinces. At the same time, e-commerce sales rose 12 percent to account for 3.4 percent of total retail sales.

Sales Production vs. Goals Analysis

HTCAN had a slow month again in March due to significant changes within the Hawai'i Tourism Authority. March production was low, however April definite and tentatives production is anticipated to be much higher. In fact, one larger group with 1,100 room nights, was confirmed in March after a site inspection. The hotel contract confirmation is forthcoming; that definite booking is expected to be included in the April report. Currently, production is trending on the low percentage side of the key performance indicators (KPIs) but HTCAN is confident the goals will be met, if not exceeded, by year-end.

Highlights of any Key Definites

- Meeting – financial corporation, April 2019 (300 room nights)

Highlights of any Key Cancellations

Many of the lost business processed for this month was due to the exchange rate as well as longer flight distances and higher room rates compared to other destinations. Some groups have chosen other destinations for 2020 programs, but are looking at Hawai'i again for following years.

Public Relations and Advertising

Nothing to report for March.

**Table 2d: Hawai'i Tourism China Single Property Sales Production
 March 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 | 474 | 132 | 259% | 1,636 | 232 | 605% | TBD | TBD |
| New to Hawai'i | 474 | 132 | 259% | 1,636 | 232 | 605% | TBD | TBD |
| Tentative & Assist-Tentative | 801 | 0 | N/A | 4,885 | 9,121 | -46% | TBD | TBD |
| MCI | | | | | | | | |
| Room Nights | | | | | | | | |
| Definite & Assist-Definite | 0 | 0 | N/A | 690 | 100 | 590% | | |
| New to Hawai'i | 0 | 0 | N/A | 690 | 100 | 590% | | |
| Tentative & Assist-Tentative | 40 | 0 | N/A | 2,920 | 8,919 | -67% | | |
| Non-MCI | | | | | | | | |
| Room Nights | | | | | | | | |
| Definite & Assist-Definite | 474 | 132 | 259% | 946 | 132 | 617% | | |
| New to Hawai'i | 474 | 132 | 259% | 946 | 132 | 617% | | |
| Tentative & Assist-Tentative | 761 | 0 | N/A | 1,965 | 202 | 873% | | |

COMMENTS

Market Conditions and Industry Trends

A. China Economy:

- **GDP** – China's GDP grew by 6.6 percent year-on-year in 2018, on par with government forecasts.
- **Currency** – In March, market sentiments showed an optimistic turn as Chinese Yuan appreciated to 6.7 per USD in light of positive trade negotiations between the U.S. and China.
- **Unemployment rate** – the unemployment rate in China decreased to 3.8 percent in Q4 2018, reaching a record low since 2002.
- **Consumer confidence** – Consumer confidence in China increased in Q4, standing at 121.4 Index Points from 118.9 in Q3. Confidence index scoring over 100 points showed that Chinese consumers are optimistic about the present and future economic trends.

B. Outbound Travel Market

- China overtook the U.S. to become the largest source market for international travel in 2014 and is also currently the world's largest business travel market. China's outbound visits are projected to climb 11 percent this year, reaching over 166 million. The high volume of outbound Chinese business travelers brought forth an era 2.0 for China third-party management services, as they upgraded to providing all-rounded, one-stop services that goes beyond hotel and ticket reservations.
- As reported by Iresearch, a consulting company supplying online business services in China, the top 3 outbound destinations for Chinese business travelers are Hong Kong S.A.R, the U.S., and Japan. As a non-Asian country, the U.S. ranked 2nd among Chinese business travel destination.

C. Travel Trends

- *As stated by MICE China, Chinese meetings, incentives, conventions and exhibitions (MICE) tourists favor shopping just like leisure travelers. They enjoy browsing at big shopping centers for high-quality local products; it is also worth noting that Outlets remained to be Chinese tourists' favorite brand of shopping malls.*
- *As reported by American Express Travel, incentive trips could better motivate employees instead of bonus pay, especially for generation 70s and millennium. Many conference planners are moving forward to source for MICE destinations that could inspire employees on career developments while providing a unique, memorable experience.*

Impact on Hawai'i:

As a well-facilitated MCI destination with many "WOW" factors, Hawai'i had a huge untapped potential to attract business travelers and travelers for incentive trips. The complete shopping experience in Hawai'i would make the business trip even more perfect.

Strategy & Action:

To enrich the whole business package, HTC will introduce more uniquely Hawaiian experiences to the potential MCI intermediaries handling small but high-quality corporate groups by featuring places like the Ala Moana Center, DFS, Waikale Premium Outlets, and International Market Place, etc.

Sales Production vs. Goals Analysis

HTC has secured 1,651 room nights, totaling 443 pax as of March and achieved 13.2 percent of the KPI for 2019 definite room nights, on par with Q1 forecast which is 1,600 room nights. April is expected to definite another sports group with estimated 2,000 room nights.

With a total 10,733 tentative room nights so far, HTC has achieved 43 percent of the KPI for 2019 total tentative room nights.

HTC will put more efforts in developing new channels with potential MCI intermediaries to secure more bookings on smaller, high-yield MCI groups in 2019. Also, HTC is working with Pride of America Norwegian Cruise Line and airline partners to create package products to be promoted to MCI intermediaries and corporate end-users.

Highlights of any Key Definites

- *Special Event — educational association, January 2019 (232 room nights)*
- *Special Event — educational association, February 2019 (242 room nights)*

Highlights of any Key Cancellations

An educational group with scheduled arrival at the end of March 2019 rescheduled their dates. Hawai'i Tourism China will continue to monitor this group.

Public Relations and Advertising

To attract the golf enthusiasts and showcase the various activities to high-end MCI intermediaries, HTC continued to engage high-end lifestyle media. Golf Magazine, the first Chinese-language golf magazine in China, released an 8-page article to introduce a golf trip on Kaua'i and O'ahu in their March Issue. This publication was estimated to outreach 460,000 impressions with USD 582,000 PR Value.

**Table 2e: Hawai'i Tourism Europe Single Property Sales Production
 March 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 | 0 | 4,110 | -100% | 3,708 | 4,505 | -18% | 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 | 0 | 4,110 | -100% | 3,708 | 4,158 | -11% | | |
| Non-MCI | | | | | | | | |
| Room Nights | | | | | | | | |
| Definite & Assist-Definite | 0 | 0 | N/A | 0 | 0 | N/A | | |
| New to Hawai'i | 0 | 0 | N/A | 0 | 0 | N/A | | |
| Tentative & Assist-Tentative | 0 | 0 | N/A | 0 | 347 | -100% | | |

COMMENTS

Market Conditions and Industry Trends

French Economic Forecast
French business slowed unexpectedly after the recent weak rebound of the economy. Decreased demand in the manufacturing industry led to a drop in the new orders index from 44.5 to 46.3, a level not seen since 2012. Companies were running down old orders and building up supplies of raw materials. Growth in the services industry has also slowed.

France has also decided to move forward with a new tax on big technology companies after an EU-wide levy was denied. The French finance minister Bruno Le Maire believes the tax will raise 500 million euros within its first year. The tax, known as the EU GAFAs (Google, Apple, Facebook, Amazon) tax, was opposed by countries like Ireland, which hosts the European headquarters of several technology companies (including Google and Apple). The tax will be imposed from January 1, 2020. France is also working with Germany on an EU advertising sales tax of 3 percent that would begin in 2021.

The tax on large tech clients may see them pull back on their marketing budget or downscale operations in France. This could impact the number or size of events that they hold out of this region. Hawai'i Tourism Europe (HTE) will be monitoring this situation moving forward.

German Economic Forecast
The outlook for the European economy was thrown into further doubt as reports showed weakness across both France and Germany. German manufacturing showed the deepest slump in over six years. This news sent Germany's 10-year bund yield below 0 percent for the first time since 2016. The news also reverberated through Spanish, French and Italian markets as yields on debt declined and the euro dropped -0.6 percent. The source of the

weakness appears to be external, as export orders in the manufacturing industry are under pressure from trade tensions, tariffs and weaker overall global growth.

UK Economic Forecast

The British jobs market continues to be robust despite the uncertainty surrounding Brexit. Regular pay growth is at 3.4 percent in the three months to January 2019, the highest in a decade, and unemployment fell by 14,000. Employment rose by 167,000 to 32.6 million, the highest since records began in 1971. With the latest inflation reading at 1.8 percent, the wage growth means that the real purchasing power of households is rising.

However, throughout the Brexit process, the GBP has faced fluctuation in conjunction with important events. Following the vote to reject a no-deal Brexit, the pound sterling jumped to a nine-month high and traded as high as US\$1.3380, levels last seen in June 2018.

Despite Brexit the outbound MICE market is still strong. Some believe the main impact will be between UK and European travel and that long-haul destinations will start to see a spike in interest as the British pound weakens further against the euro. Hawai'i would seek to benefit from this trend.

Sales Production vs. Goals Analysis

Nothing to report for March.

Highlights of any Key Definites

Nothing to report for March.

Highlights of any Key Cancellations

Nothing to report for March.

Public Relations and Advertising

The March media recap for HTE included a front cover and three-page insert in leading UK publication C&IT Magazine's Spring Edition. This was a result of bringing the editor of C&IT Magazine to New York City for a FAM trip in October 2018.

**Table 2f: Hawai'i Tourism Japan Single Property Sales Production
 March 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 | 5,145 | 4,451 | 16% | 6,961 | 11,003 | -37% | TBD | TBD |
| New to Hawai'i | 4,709 | 2,310 | 104% | 5,605 | 5,937 | -6% | TBD | TBD |
| Tentative & Assist-Tentative | 4,238 | 3,041 | 39% | 11,628 | 11,813 | -2% | TBD | TBD |
| MCI | | | | | | | | |
| Room Nights | | | | | | | | |
| Definite & Assist-Definite | 5,145 | 3,631 | 42% | 6,961 | 9,473 | -27% | | |
| New to Hawai'i | 4,709 | 1,710 | 175% | 5,605 | 4,627 | 21% | | |
| Tentative & Assist-Tentative | 4,238 | 2,221 | 91% | 11,628 | 9,458 | 23% | | |
| Non-MCI | | | | | | | | |
| Room Nights | | | | | | | | |
| Definite & Assist-Definite | 0 | 820 | -100% | 0 | 1,530 | -100% | | |
| New to Hawai'i | 0 | 600 | -100% | 0 | 1,310 | -100% | | |
| Tentative & Assist-Tentative | 0 | 820 | -100% | 0 | 2,355 | -100% | | |

COMMENTS

Market Conditions and Industry Trends

Delta Air Lines' Withdrawal from the Fukuoka Market
 From the five major wholesalers dealing with MCI-related business, only two leads made decisions to change destinations for trips after the announcement of Delta Air Lines' withdrawal from the Fukuoka market. Cancellations were mitigated through the combined efforts of airlines and travel agencies by effectively rerouting itineraries. Much of the alternative routes involved connections in Incheon, Narita or Haneda. Incheon was a popular choice as Delta encouraged the use of joint venture partner Korean Airlines' flight from Incheon International Airport. Narita and Haneda were popular candidates, with the well-established feeder flights from Fukuoka as well as the coinciding entry of ANA's Airbus A380 allowing for large-scale business to be relatively easily accommodated.

Moving forward in the Kyushu (Fukuoka) market, potential leads are beginning to consider Guam as an alternative destination. United Airlines has established flat purchase excursion fares for all flights from Japan to Guam, allowing for prices in the Kyushu market to drop drastically, further spurring competition. Further promotions will be needed in the market to mitigate the potential loss of leads. Hawai'i Tourism Japan (HTJ) will be working to host a travel agent seminar and workshop on April 22 and 23. The session on April 23 will focus specifically on the MICE market and invite key agents from group sales' departments to share information.

Camping Office Hawai'i (Work x Vacation)
 New markets are forming within the group business market as the "workations" trend continues to grow. Workations are increasing in popularity within the Japanese market, as many find it difficult to take vacations. The new concept of allotting work spaces for employees at destinations have been garnering the attention of Japanese businesses as part

of work-life balance reforms. JTB and Snow Peak partnered to launch a workation program in Hawai'i, where work stations are offered at various attractions and hotels in Hawai'i. This is thought to be highly suitable for group business; for example, creative training camps and incentive travel. As Hawai'i is already established as a popular destination, HTJ will work to promote such unique offerings to entities and their employees, which may help bolster new perspectives.

Narita International Airport Facial Recognition (2020)

Narita International Airport is preparing for the implementation of facial recognition technologies in 2020, which will help simplify boarding procedures. Travelers wishing to participate will have their picture taken at the check-in counter. All subsequent processes such as departure screenings and boarding at the gate can then be done via facial recognition. For group business, in addition to reducing wait times at the airport, this marks an important step towards pre-clearance screenings being implemented, increasing convenience for large-scale groups.

Sales Production vs. Goals Analysis

11,628 total tentative room nights were obtained in the first quarter of the year, surpassing quarterly KPI goals by 45 percent. Total definite room nights fell short of the quarterly target by 36 percent, finishing at 6,961 room nights versus the Q1 goal of 10,890. Definite room nights were fewer than anticipated, as numerous leads made adjustments to itineraries, delaying finalization of plans to April. New booked business to Hawai'i was on par with initially anticipated goals, slightly surpassing goals with 5,605 room nights.

Highlights of any Key Definites

In March, HTJ successfully obtained five definite bookings to Hawai'i, with a total 5,145 room nights.

- Incentive — automotive corporation, July 2019 (2,032 room nights)*
- Incentive — pharmaceutical corporation, March 2019 (1,962 room nights)*
- Incentive — automotive corporation, May 2019 (436 room nights)*
- Meeting — travel corporation, April 2019 (375 room nights)*
- Incentive — high tech corporation, May 2019 (340 room nights)*

Public Relations and Advertising

The March media recap for HTJ included:

- HTJ Hawai'i MICE Guidebook, with 15,000 tentative ad impressions. The MICE team continued content preparations for the HTJ MICE Guidebook, with anticipated completion by July 2019. Contents will feature useful information for both organizers and travel agencies, relating to the five pillars of incentive, edu-tourism, sports, entertainment and attendance building, while also incorporating elements of responsible tourism throughout. Opinions of all partners in Hawai'i including the Island Chapters, HCC, partner entities, etc. will be utilized for the creation of the information to be featured in the guidebook. Contents will also be uploaded to the HTJ Travel Trade website.*
- HTJ x HPCE Regional City Seminar & Workshop two-page advertisement, with 31,500 impressions. Advertisements for the upcoming collaborative regional city seminar & workshop event with HPCE from April through June were published in Travel Journal, Travel Vision and Wing Travel. These three publications are amongst the most highly regarded industry media in Japan. By publishing advertisements on*

such platforms, HTJ aims to expand their reach efficiently to the greatest extent possible.

**Table 2g: Hawai'i Tourism Korea Single Property Sales Production
 March 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 | 1,692 | 1,587 | 7% | 3,737 | 6,015 | -38% | TBD | TBD |
| New to Hawai'i | 1,420 | 316 | 349% | 2,615 | 2,631 | -1% | TBD | TBD |
| Tentative & Assist-Tentative | 1,836 | 5,143 | -64% | 3,359 | 8,491 | -60% | TBD | TBD |
| MCI | | | | | | | | |
| Room Nights | | | | | | | | |
| Definite & Assist-Definite | 1,692 | 1,587 | 7% | 3,737 | 6,015 | -38% | | |
| New to Hawai'i | 1,420 | 316 | 349% | 2,615 | 2,631 | -1% | | |
| Tentative & Assist-Tentative | 1,836 | 5,143 | -64% | 3,359 | 8,491 | -60% | | |
| Non-MCI | | | | | | | | |
| Room Nights | | | | | | | | |
| Definite & Assist-Definite | 0 | 0 | N/A | 0 | 0 | N/A | | |
| New to Hawai'i | 0 | 0 | N/A | 0 | 0 | N/A | | |
| Tentative & Assist-Tentative | 0 | 0 | N/A | 0 | 0 | N/A | | |

COMMENTS

Market Conditions and Industry Trends

Economy Growth:
 South Korea's economy will achieve 2.6 to 2.7 percent growth in 2019 if the government maintains expansionary fiscal policies to support growth, the International Monetary Fund (IMF) reported. Earlier, the Organization for Economic Co-operation and Development (OECD) had cut the growth outlook for this year to 2.6 percent, and global credit rating setter Moody's put the full year forecast at 2.1 percent. The South Korean government set an annual budget of 470 trillion won (US\$416.1 billion) for this year, up nearly 10 percent compared to a year ago, but the IMF advised the government should be more expansionary to meet growth targets.

FX rate & fuel surcharge:
 The average USD/WON exchange rate in March was 1095.24 won, a slight decrease from the previous rate of 1122.30 won in February. Fuel surcharges were imposed in March up to 69,600 won (US\$61) for a round trip between Korea and the U.S.

Resignation of Flagship Carriers' Chairmen:
 Key Korean legacy carriers, Korean Air and Asiana Airlines, are going through changes in their upper management; the chairman/owners of both companies resigned in late March. Mr. Yang-Ho Cho, the chairman of Hanjin Group, a parent company of Korean Air and Jin Air, lost control of the airline after a series of family scandals over power abuse. In a

shareholders' meeting in March, Cho failed to be reappointed according to the airline's articles of incorporation. His embezzlement and tax evasion also had a huge impact on the stakeholders. His recent death further complicates the situation as he was the largest shareholder of Korean Air's holding company, Hanjin KAL, and had remained in management control until his passing. Mr. Sam-Koo Park, the chairman of Kumho Asiana Group, a parent company of Asiana Airlines, also announced his resignation from all his roles, as a result of the blame for mismanagement and financial crisis. As most meetings, convention, and incentive (MCI) groups use both carriers, they have played pivotal roles in the MCI industry. However, the HTK MCI team believes it will not affect travel to Hawai'i, and are keeping a close eye on this issue.

Transforming travel types:

Booking.com, one of the world's largest global online travel agencies (OTAs), published its Korea Travel Trends based on in-depth analysis of last year's research involving 53,000 travelers across 31 countries, including 1,805 Koreans. While the most preferred travel type among Koreans was 'short domestic trip' in 2017, more than half of the respondents (54%) answered they were planning to take a 'short trip abroad' this year. The most popular destinations for Korean travelers in the past 12 months were Tokyo, Osaka, and Fukuoka, showing a preference for short distance destinations with a flight of less than two hours. For travel type, Koreans are most likely in 2019 to take a 'city tour' and visit 'tourist spots', both tying for first place with more than half the votes. They were followed by 'beach vacation' (44%) and 'food tour' (41%). As these leisure travel trends may affect MCI groups' preferred itineraries, HTK's MCI team will collaboratively develop the trendiest itineraries for MCI groups and share up-to-date information with MCI specialized tour operators.

Sales Production vs. Goals Analysis

HTK's MCI team achieved its KPI targets in the following measures in March 2019. The targeted number of total definite room nights was 780 definite room nights; HTK secured 1,692 actual definite room nights. For total definite room nights – new to Hawai'i, it achieved 1,420 actual room nights over the March KPI target of 470 room nights. Also, in terms of total offshore attendees, HTK's MCI team surpassed the KPI target with 849 PAX (KPI target: 260 PAX). A number of incentive groups contributed to these results.

Highlights of any Key Definites

- *Incentive — finance corporation (560 room nights)*
- *Incentive — high-tech corporation (156 room nights)*
- *Incentive — entertainment corporation (120 room nights)*
- *Incentive — religious organization (112 room nights)*
- *Incentive — religious organization (108 room nights)*

Highlights of any Key Cancellations

None to report for March

Public Relations and Advertising

The Meet Hawai'i Korea team distributed a press release for the 2019 Meet Hawai'i Corporate Event on March 27. The estimated advertising value (EAV) and impression values will be shared in the April report.

**Table 2h: Hawai'i Tourism Oceania Single Property Sales Production
 March 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 | 1,022 | 641 | 59% | 1,738 | 1,711 | 2% | TBD | TBD |
| New to Hawai'i | 982 | 641 | 53% | 1,617 | 1,711 | -5% | TBD | TBD |
| Tentative & Assist-Tentative | 4,741 | 895 | 430% | 7,561 | 8,826 | -14% | TBD | TBD |
| MCI | | | | | | | | |
| Room Nights | | | | | | | | |
| Definite & Assist-Definite | 931 | 641 | 45% | 1,566 | 1,711 | -8% | | |
| New to Hawai'i | 891 | 641 | 39% | 1,526 | 1,711 | -11% | | |
| Tentative & Assist-Tentative | 4,561 | 720 | 533% | 7,221 | 8,075 | -11% | | |
| Non-MCI | | | | | | | | |
| Room Nights | | | | | | | | |
| Definite & Assist-Definite | 91 | 0 | N/A | 172 | 0 | N/A | | |
| New to Hawai'i | 91 | 0 | N/A | 91 | 0 | N/A | | |
| Tentative & Assist-Tentative | 180 | 175 | 3% | 340 | 751 | -55% | | |

COMMENTS

Market Conditions and Industry Trends

The unfortunate events that happened in Christchurch, New Zealand on March 15 sent shockwaves around the country, and the week that followed was a very subdued one as the whole country reflected on the tragedy. Hawai'i Tourism Oceania (HTO) has subsequently had one MCI group cancel travel plans because they were directly affected by the events. NZ has rallied together, though, and the love and support has been amazing to see and experience.

Air New Zealand announced some upcoming changes to its fleet this month, including a new direct service between Auckland and Seoul, Korea, which will commence in November 2019. In addition to the new service, they have also announced a series of initiatives to improve its financial performance and customer experience over the next two years. These initiatives are focused on realigning the airlines business to ensure a return to earnings growth in a lower growth environment.

The NZ dollar remains steady against the US dollar and is currently sitting at US\$0.67, while the AU dollar remains at US\$0.70. The outlook for the Australian economy remains conservative. Gross domestic product and consumption growth are expected to fall. The recent decline in housing prices will almost certainly continue alongside the six year-long stagnation in real wage growth. The upcoming Federal Election in May added another reason for corporate sectors to pull back on their budget planning.

The Thailand Convention and Exhibition Bureau (TCEB) announced a major change of its policy on providing supported site inspections for Australian meeting and incentive organizers. Buyers for events with upwards of 80 guests are now eligible to apply for financial support, destination management company (DMC) services and ground transport to conduct

a tailored inspection. This support was previously only available to organizers of large conventions. Australian buyers will be able to learn more and apply for site inspections at the upcoming TCEB sponsored roadshow, during which 14 Thai products will be revealed early April in Sydney and Melbourne. The companies participating in the roadshows include luxury hotels, resorts, DMCs and tour operators.

Sales Production vs. Goals Analysis

March was a very productive month for HTO after a tradeshow season in January and February. Over 1,000 room nights materialized and over 4,000 room nights were in the tentative pipeline in March as a result of an enquiry from scientific association’s 2021 world congress, which HTO obtained from Asia Pacific Incentives Meetings Event (AIME) 2019. HTO is currently working with HCC to bid for this conference.

Highlights of any Key Definites

- *Incentive — consumer products corporation, October 2019 (448 room nights)*
- *Meeting — energy corporation, July 2019 (133 room nights)*
- *Meeting — food and beverage corporation, August 2019 O’ahu, 120 room nights)*
- *Meeting — technology corporation, May 2019 (100 room nights)*

Public Relations and Advertising

HTO released an MCI newsletter that went out to over 1,000 clients in the database.

**Table 2i: Other International Single Property Sales Production
 March 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 | 42 | 120 | -65% | 122 | 120 | 2% | | |
| 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 | 120 | -100% | 80 | 120 | -33% | | |
| 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 | 42 | 0 | N/A | 42 | 0 | N/A | | |

**Table 3: Island Distribution of HTUSA Single Property Sales
 Year-to-Date March 2019**

| Island | Tentative Room Nights | Definite Room Nights | | | | Lead-to-Booking Conversion (Room Nights) | |
|--------------|-----------------------|----------------------|----------------|---------------|-----------------|--|--------|
| | YTD Actual* | Annual Goal | Monthly Actual | YTD Actual | Percent of Goal | Goal | Actual |
| O'ahu | 103,689 | 54,000 | 1,593 | 11,202 | 21% | 17% | 11% |
| Kaua'i | 45,687 | 19,000 | 1,095 | 3,403 | 18% | 14% | 7% |
| Maui County | 114,292 | 79,000 | 3,215 | 9,282 | 12% | 26% | 8% |
| Hawai'i | 72,530 | 35,000 | 4,348 | 8,821 | 25% | 16% | 12% |
| Total | 336,198 | 187,000 | 10,251 | 32,708 | 17% | | |

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

'ELELE PROGRAM

| COMMENTS |
|--|
| <p>Promising Prospects An 'Elele for a scientific association has been involved with joint conventions between the American association and their Japanese counterparts in Hawai'i for the past 30 years. These meetings, which typically attracted 2,000 people, were held on 10-year rotations. Historically they have been single property events.</p> <p>Last month the 'Elele wrote the American association and encouraged them to eliminate the "joint" meeting and replace it with a Pacific Rim meeting of potentially greater size. Currently, there is one Asia/Oceania regional meeting loosely knit together that is held every three years. The 'Elele recommended that the American association host this regional meeting in Honolulu in 2024 or 2027. The association's meetings committee will be reviewing this recommendation in May. The 'Elele, a former president of the association, will be in attendance.</p> <p>The 'Elele director also connected with a professor and surgeon with the John A. Burns School of Medicine (JABSOM), who is interested in proposing Hawai'i for the a medical association's annual conference. The conference is held every May and typically sees an attendance of 350 people. She is positioning herself on the association's committees and will contact the 'Elele director when the next bid opportunity arises. Currently the group is booked through 2022.</p> <p>Support for Tentative Meetings At the request of the East Coast regional director for HCC, the 'Elele director found support for Hawai'i's bid on a scientific association's 2024 convention. The director of the Department of Business, Economic Development and Tourism (DBEDT) Aerospace Office is creating a support letter and soliciting others from the island economic development boards, the legislature and potentially the Governor.</p> <p>The 'Elele director also contacted the Chief of Surgery for JABSOM regarding Hawai'i's bid for a medical association's congress in September 2020, which will bring in 3,000 attendees. HCC's Director of Business Development and the 'Elele director are partnering on this citywide program. Hawai'i is considered a frontrunner.</p> |

Additionally, the 'Elele director worked with the Chief of Surgery on another medical association's program for September 2020, with 200 attendees. A final decision should be made by the Chief of Surgery in the next 30-60 days.

The 'Elele director also held a conference call with a faculty member from the University of Hawai'i (UH) College of Education and HTUSA's senior director of accounts. The faculty member is putting together a small meeting for January 2020.

Support for Definite Conventions

A national mathematical association hosted a convention for their western and central sections at the University of Hawai'i at Mānoa this month. A record-breaking 1,000 people attended. HTUSA's East Coast regional director assisted with putting the room block together. The 'Elele on this account is on a two-year assignment with a scientific association in Washington, D.C. The 'Elele director hosted her at the director's personal residence during this meeting. There are several future opportunities here including a repeat booking of this month's meeting, but with the possibility of using of the Hawai'i Convention Center; a joint international convention with their Japanese counterpart; and an annual meeting. HCC's Director of Business Development will work with HTUSA's East Coast regional director to explore this potential further with the client.

Ongoing support was provided to a scientific association, including a lunch meeting with the UH Director of Stem Education and the UH Director of Communications and Outreach. The association has outstanding rebooking potential if their meeting this October (3,500 attendees) is successful.

LOST BUSINESS

Table 4: Lost Business – March 2019

| HCC CITYWIDE | | | | | | |
|-----------------------|-------------------------|-------------------|-----------------|---------------------|------------------------|--------------------------|
| Market | Vertical Market Segment | Total Room Nights | Total Attendees | Meeting Dates | Competing Destinations | Reason for Lost Business |
| Convention (1288) | Other | 6,567 | 4,500 | 02/23/20 - 02/28/20 | Tampa; San Diego | Other City Selected |
| Convention (1339) | Medical | 31,850 | 9,500 | 04/28/21 - 05/07/21 | Unknown | Cancel Meeting |
| Meeting (1319) | 3rd Party Planner | 52,260 | 6,500 | 06/13/20 - 06/19/20 | Vienna, Austria | Other City Selected |
| Meeting (2051) | Other | 9,630 | 5,500 | 08/20/23 - 08/29/23 | Unknown | Other City Selected |
| Sports (2028) | Sports | 2,000 | 5,000 | 09/03/19 - 09/09/19 | Unknown | Dates Unavailable |
| Meeting (1342) | Insurance | 35,536 | 8,500 | 09/12/26 - 09/15/26 | Unknown | Cost |
| Convention (1304) | Government | 3,315 | 1,200 | 09/17/20 - 09/24/20 | Denver | Other City Selected |
| Sports (2071) | Sports | 1,200 | 650 | 10/10/19 - 10/14/19 | San Diego | Cost |
| Convention (1978) | Manufacturing | 3,840 | 3,500 | 11/10/21 - 11/19/21 | Unknown | Cost |
| Product Launch (2095) | Pharmaceutical | 2,180 | 600 | 11/13/19 - 11/22/19 | Orlando | Other City Selected |

| HTUSA SINGLE PROPERTY – HIGH PROFILE | | | | | | |
|--------------------------------------|-------------------------|-------------------|-----------------|-------------------------|--|---|
| Market | Vertical Market Segment | Total Room Nights | Total Attendees | Meeting Dates | Competing Destinations | Reason for Lost Business |
| MCI: Incentive (9995) | Multi Level Marketing | 1,000 | 500 | 08/11/2020 - 08/15/2020 | Initially, Hawai'i only | Client has replaced this program with a new incentive. |
| MCI: Incentive (9996) | Multi Level Marketing | 1,000 | 500 | 08/17/2021 - 08/21/2021 | Initially, Hawai'i only | Client will issue a new request for proposal (RFP) when they begin planning for 2021. |
| MCI: Convention - Domestic (13531) | Hobby | 1,800 | 300 | 09/29/2019 - 10/05/2019 | Ocean City, MD, Seaside, OR, and Oklahoma | Program lost to Oregon. |
| MCI: Convention - Domestic (13547) | Other (add tags) | 1,145 | 450 | 02/03/2020 - 02/06/2020 | Arizona, California, Florida, and Hawai'i | Program lost to Monarch Beach, California. |
| MCI: Convention - Domestic (13646) | Government | 2,195 | 800 | 07/13/2020 - 07/17/2020 | Portland, OR, Monterey, CA, San Diego, CA, and Hawai'i | Program lost to Portland, OR. |
| MCI: Incentive (14856) | Unknown | 2,700 | 1,800 | 06/07/2019 - 06/10/2019 | Initially, Hawai'i only | Program lost to Denver, CO. |
| MCI: Convention - Domestic (15046) | Sports | 2,740 | 1,200 | 09/19/2021 - 09/25/2021 | Chicago, IL, Minneapolis, MN, Charlotte, NC, Boston MA, Orland, FL, Seattle, WA, and Jamaica | Hawai'i did not make the short list. |

| | | | | | | |
|------------------------------------|-----------------------|-------|-----|-------------------------|-----------------------------------|---|
| MCI: Meeting (15068) | Multi Level Marketing | 1,050 | 300 | 04/04/2020 - 04/11/2020 | Maui and O'ahu | Aruba and the Bahamas provided more competitive costs compared to Hawai'i hotels. |
| MCI: Incentive (15241) | High Tech | 700 | 260 | 05/02/2019 - 05/10/2019 | Caribbean, Miami, FL, and Hawai'i | Program lost to Miami, FL. |
| MCI: Convention - Domestic (15243) | Medical, Pharm | 2,200 | 600 | 09/16/2019 - 09/20/2019 | U.S. Mainland | Program was combined with the client's larger meeting, which booked Orlando, FL. |

INTERNATIONAL SINGLE PROPERTY

| Market | Vertical Market Segment | Total Room Nights | Total Attendees | Meeting Dates | Competing Destinations | Reason for Lost Business |
|--|-------------------------|-------------------|-----------------|-------------------------|---|--|
| HT Canada: MCI: Incentive (13145) | 3rd Party | 291 | 180 | 03/19/2020 - 03/22/2020 | Unknown | Program lost to Iceland. |
| HT Canada: MCI: Incentive (15067) | MCI, Travel | 126 | 31 | 09/21/2019 - 09/28/2019 | Buenos Aires, Argentina, Lisbon, Portugal, San Sebastian, Spain, and St. Petersburg, Russia | Client has changed requirements and destination short list for this program. |
| HT Canada: MCI: Meeting (15142) | 3rd Party | 921 | 218 | 01/16/2021 - 01/23/2021 | Initially, Hawai'i only | Hawai'i is no longer being considered for this program. |
| HT Oceania: MCI: Meeting (13227) | 3rd Party | 170 | 50 | 04/25/2019 - 04/28/2019 | Tahiti | Program has been cancelled due to major internal changes and restructuring. |
| HT Oceania: MCI: Incentive (13449) | Consumer Products | 375 | 75 | 10/03/2019 - 10/07/2019 | Los Angeles, CA, San Francisco, CA, and Cancun, Mexico | Planner lost this bid as the end-client confirmed directly with a property. |
| HT Oceania: MCI: Meeting (14942) | 3rd Party | 384 | 96 | 11/05/2019 - 11/08/2019 | Initially, Hawai'i only | Due to the organisation being directly impacted by the recent tragedy in New Zealand, management decided to keep the event within New Zealand for the first time since the program started 27 years ago. |
| HT Oceania: MCI: Incentive (15111) | 3rd Party | 75 | 25 | 03/19/2020 - 03/22/2020 | Hawai'i, Hong Kong, Macau, New Caledonia, Sentosa Island, Singapore, and Tokyo, Japan | Program lost to Vietnam, which provided more value for the cost. |
| HT China: Non-MCI: Other (specify) (15325) | Educational | 80 | 15 | 03/31/2019 - 04/07/2019 | Initially, Hawai'i only | Program was cancelled by the client. |

NEW-TO-HAWAI'I DEFINITE BOOKINGS

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

| HTUSA SINGLE PROPERTY - HIGH PROFILE | | | | | |
|--------------------------------------|-------------------------|-------------------|-----------------|-------------------------|--|
| Market | Vertical Market Segment | Total Room Nights | Total Attendees | Meeting Dates | Competing Destinations |
| MCI: Incentive (14876) | Consumer Products | 2,686 | 1,000 | 01/14/2020 - 01/23/2020 | Cabo San Lucas, Mexico, Cancun, Mexico, and a Caribbean Cruise |
| MCI: Meeting (15034) | Medical, Pharm | 1,527 | 217 | 02/24/2023 - 03/04/2023 | Initially, Hawai'i only |
| MCI: Meeting (15036) | Medical, Pharm | 1,527 | 217 | 02/23/2024 - 03/02/2024 | Initially, Hawai'i only |

| INTERNATIONAL SINGLE PROPERTY | | | | | |
|------------------------------------|-------------------------|-------------------|-----------------|-------------------------|----------------------------------|
| Market | Vertical Market Segment | Total Room Nights | Total Attendees | Meeting Dates | Competing Destinations |
| HT Canada: MCI: Meeting (13669) | 3rd Party | 155 | 37 | 04/08/2019 - 04/12/2019 | Unknown |
| HT Oceania: MCI: Meeting (14843) | Technology | 100 | 30 | 05/28/2019 - 05/31/2019 | Unknown |
| HT Oceania: MCI: Meeting (15102) | Food | 120 | 100 | 08/31/2019 - 09/02/2019 | Fiji, Australia, and New Zealand |
| HT Japan: MCI: Meeting (15195) | MCI, Travel | 375 | 180 | 04/14/2019 - 04/18/2019 | Initially, Hawai'i only |
| HT Japan: MCI: Incentive (15196) | Automotive | 2,032 | 1,008 | 07/22/2019 - 07/27/2019 | Initially, Hawai'i only |
| HT Korea: MCI: Incentive (15270) | Finance, Banking | 560 | 280 | 03/20/2019 - 03/23/2019 | Initially, Hawai'i only |
| HT Korea: MCI: Incentive (15273) | Manufacturing, Distrib. | 44 | 22 | 03/31/2019 - 04/03/2019 | Initially, Hawai'i only |
| HT Korea: MCI: Incentive (15274) | Retail | 40 | 20 | 03/12/2019 - 03/15/2019 | Initially, Hawai'i only |
| HT Oceania: MCI: Incentive (15282) | Automotive | 90 | 12 | 04/27/2019 - 05/10/2019 | Initially, Hawai'i only |
| HT Oceania: MCI: Meeting (15283) | Energy, Environment | 133 | 19 | 07/20/2019 - 07/26/2019 | Initially, Hawai'i only |
| HT Korea: MCI: Incentive (15294) | Entertainment, Media | 120 | 59 | 03/15/2019 - 03/18/2019 | Initially, Hawai'i only |
| HT Korea: MCI: Incentive (15300) | Insurance | 104 | 52 | 03/13/2019 - 03/16/2019 | Initially, Hawai'i only |
| HT Japan: MCI: Incentive (15306) | High Tech | 340 | 150 | 05/30/2019 - 06/03/2019 | Initially, Hawai'i only |
| HT Korea: MCI: Incentive (15307) | High Tech | 156 | 98 | 03/19/2019 - 03/22/2019 | Initially, Hawai'i only |
| HT Japan: MCI: Incentive (15314) | Medical, Healthcare | 1,962 | 370 | 03/23/2019 - 03/30/2019 | Unknown |
| HT Korea: MCI: Incentive (15353) | Religious | 108 | 54 | 03/25/2019 - 03/28/2019 | Initially, Hawai'i only |
| HT Korea: MCI: Incentive (15354) | Religious | 112 | 54 | 03/25/2019 - 03/28/2019 | Initially, Hawai'i only |
| HT Korea: MCI: Incentive (15355) | Religious | 104 | 52 | 03/25/2019 - 03/28/2019 | Initially, Hawai'i only |

| | | | | | |
|--|---------------------|-----|-----|-------------------------|-------------------------|
| HT Korea: MCI: Incentive (15357) | Finance, Banking | 72 | 21 | 03/29/2019 - 04/03/2019 | Initially, Hawai'i only |
| HT Oceania: MCI: Incentive (16379) | Medical, Healthcare | 448 | 112 | 10/03/2019 - 10/06/2019 | Initially, Hawai'i only |
| HT Oceania: Non-MCI: Sleeping Rooms Only (16384) | 3rd Party | 70 | 20 | 04/16/2019 - 04/25/2019 | Initially, Hawai'i only |
| HT Oceania: Non-MCI: Sleeping Rooms Only (16385) | 3rd Party | 21 | 25 | 04/13/2019 - 04/15/2019 | Initially, Hawai'i only |

| | |
|--|---------------|
| TOTAL NEW TO HAWAI'I GMT BOOKINGS FOR THE MONTH | 33 |
| TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I GMT BOOKINGS | 16,292 |

| HAWAI'I CONVENTION CENTER | | | | | |
|---------------------------|-------------------------|-------------------|-----------------|---------------------|------------------------|
| Market | Vertical Market Segment | Total Room Nights | Total Attendees | Meeting Dates | Competing Destinations |
| Public/Gated Show (1262) | Government | 5,250 | 5,500 | 03/06/19 - 03/11/19 | Unknown |
| Sports (2074) | Sports | 2,000 | 200 | 04/06/19 - 04/08/19 | Unknown |
| Public/Gated Show (1946) | Culture & Arts | 2,000 | 2,000 | 05/17/19 - 05/20/19 | Unknown |
| Incentive (2040) | Other | 570 | 340 | 05/12/19 - 05/13/19 | Unknown |

| | |
|--|--------------|
| TOTAL NEW TO HAWAI'I GMT BOOKINGS FOR THE MONTH | 4 |
| TOTAL ROOM NIGHTS FOR NEW TO HAWAI'I GMT BOOKINGS | 9,820 |

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 March:

- 9 client promotional events
 - HTUSA
 - HCC
 - Aquaculture American 2020, New Orleans, LA, March 7-11
 - Society of Toxicology, Baltimore, MD, March 10-12
 - International GMTs
 - HTO – Helloworld Preferred Suppliers Night, Sydney, Australia, March 5
 - HTC – U.S. Consulate General Special Event, Chengdu, China, March 6
 - HTE – Meeting Space, Stockholm, Sweden, March 6-8
 - HTJ – JTB Destination Marketing Organizations Forum, Honolulu, HI, March 8
 - HTJ – Gajokai Sapporo Hospital, Osaka, Japan, March 12
 - HTK – 4th Annual Meet Hawai'i Corporate Event, Namhae, South Korea, March 23-24
 - HTO – Outrigger Hotels Showcase, Sydney, Australia, March 28
- 6 educational events

- HTUSA
- HCC
- International GMTs
 - HTJ – Tezukayama Middle School Seminar, Nara, Japan, March 5
 - HTC – Galaxy In-House Training – Chengdu, China, March 6
 - HTJ – ANA Sales MICE-Leisure Seminar, Tokyo, Japan, March 7
 - HTC – Joint Trade Seminar with U.S. Consulate Department of Commerce, Ningbo, China, March 14
 - HTC – DTA U Best Holiday Guangzhou Branch In-House Training, Guangzhou, China, March 21
 - HTJ – Yasuda Women’s University Lecture, Honolulu, HI, March 29
- 7 trade shows
 - HTUSA
 - Professional Convention Management Association (PCMA) Quarterly Forum, Chicago, IL, March 11
 - Meet New York, New York, NY, March 6
 - Meetings Industry Council (MIC), Denver, CO, March 11-13
 - HCC
 - Conference Direct Business Forum (Annual Partner Meeting), Atlanta, GA, March 4-7
 - Experient Envision Conference, Las Vegas, NV, March 12-15
 - American Society of Association Executives (ASAE) Great Ideas Conference, Colorado Springs, CO, March 17-19
 - International GMTs
 - Xi’an Silk Road International Tourism Expo 2019, Xi’an China, March 29-31
- 7 sales blitzes
 - HTUSA
 - Northeast Sales Blitz, Philadelphia, New York, March 3-8
 - Sales Blitz, Colorado, March 9-16
 - HCC
 - New York Society of Association Executives (NYSAE) & Meet NY Sales Blitz, New York, NY, March 6
 - International GMTs
 - HTC – Sales call to Lvmama MICE, Shanghai, China, March 4
 - HTC – Sales call to Hangzhou OTC, Hangzhou, China, March 11
 - HTC – Sales call to 6Renyou, Beijing, China, March 14
 - HTC – Sales call to Aplus, Beijing, China, March 15
- 8 major site visits and familiarization (FAM) tours with clients and potential clients
 - HTUSA

- 2 site visits, O’ahu, Maui and Island of Hawai’i
- 1 FAM tour, O’ahu
- HCC
 - 2 site visits, O’ahu
- International GMTs
 - HTO – 3 site visits, O’ahu

FUTURE SALES AND MARKETING ACTIVITIES

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

| | | | |
|--------------------|---|--------------------------|-------|
| April 2019 | | | |
| Apr. 2-3 | Prestige, OR and WA | Trade Show | HTUSA |
| Apr. 4-6 | Hawaiian Airlines Boston Inaugural Flight Reception | Promotional Event | HTUSA |
| Apr. 7-12 | Sales Blitz, UT | Sales Blitz | HTUSA |
| Apr. 8 | Northern California Sales Call | Sales Blitz | HCC |
| Apr. 29- May 03 | May Day Lei Day Washington, DC | Sales Blitz | HCC |
| Apr. 29 – May 1 | California Society of Association Executives (CalSAE) Elevate and Sales Calls, CA | Trade Show / Sales Blitz | HTUSA |
| Feb.-Apr. | Golf promotions, 2019 Lotte LPGA Championship, Seoul, South Korea | Promotional Event | HTK |
| Apr. | MICE Sales Calls to Major Travel Agencies, Tokyo, Japan | Sales Calls | HTJ |
| TBD | Destination Representatives Event | Trade Show | HTUSA |
| TBD | Association Calls, MN | Sales Blitz | HTUSA |
| May 2019 | | | |
| May 1-9 | Asia Pacific Conference on Computer Human Interaction (AP CHI) 2020, Chicago, IL | Client Promo | HCC |
| May 5-9 | National Association of Sports Knoxville, TN | Trade Show | HCC |
| May 8 | Prestige, CA | Trade Show | HTUSA |

| | | | |
|------------------|--|------------------------|-------|
| May 12-18 | Sales Blitz, TX | Sales Blitz | HTUSA |
| May 13-17 | May Day Lei Day Sales Calls & Cohosted Reception HVCB, Dallas/ Houston, TX | Sales Blitz | HCC |
| May 17-24 | IMEX Frankfurt Trade Fair, Frankfurt, Germany | Trade Show | HCC |
| May 21-23 | Connection Sports Leadership Summit, Honolulu, HI | Educational Event | HCC |
| May 23 | Dista In-House Training, Guangzhou, China | Educational Event | HTC |
| May 26-31 | AP – PRiME, Dallas, TX | Client Promo | HCC |
| May 29-31 | HelmsBriscoe Annual Business Conference Partner Fair, Houston, TX | Trade Show | HCC |
| May 30-June 6 | AP–Rotary International, Germany | Client Promo | HCC |
| TBD | American Asia Travel Trade Show, Shanghai, China | Trade Show | HTC |
| TBD | Connect Hawai'i | Trade Show | HTUSA |
| June 2019 | | | |
| June 2-4 | Direct Selling Association Austin, Texas | Sales Blitz | HCC |
| June 3-4 | Wisconsin Sales Calls Madison, Wisconsin | Sales Blitz | HCC |
| June 3-7 | FAM tour, O'ahu, HI | FAM | HTO |
| June 7-9 | Hana Tour International Travel Show (HITS), Ilsan, South Korea | Trade Show | HTK |
| June 10-11 | 2019 Korea Trade Mission, Connect to Aloha, Seoul and Busan, South Korea | Trade Show | HTK |
| June 15-18 | Meeting Professionals International (MPI) World Education Congress | Trade Show | HCC |
| June 20-21 | Franchise Association Conference, Rotorua, New Zealand | Trade Show | HTO |
| June 24-28 | Hilton Roadshow, Melbourne & Sydney, Australia | Sales Blitz & Roadshow | HTO |
| June 25-27 | ESports Summit, Atlantic City, New Jersey | Trade Show | HCC |

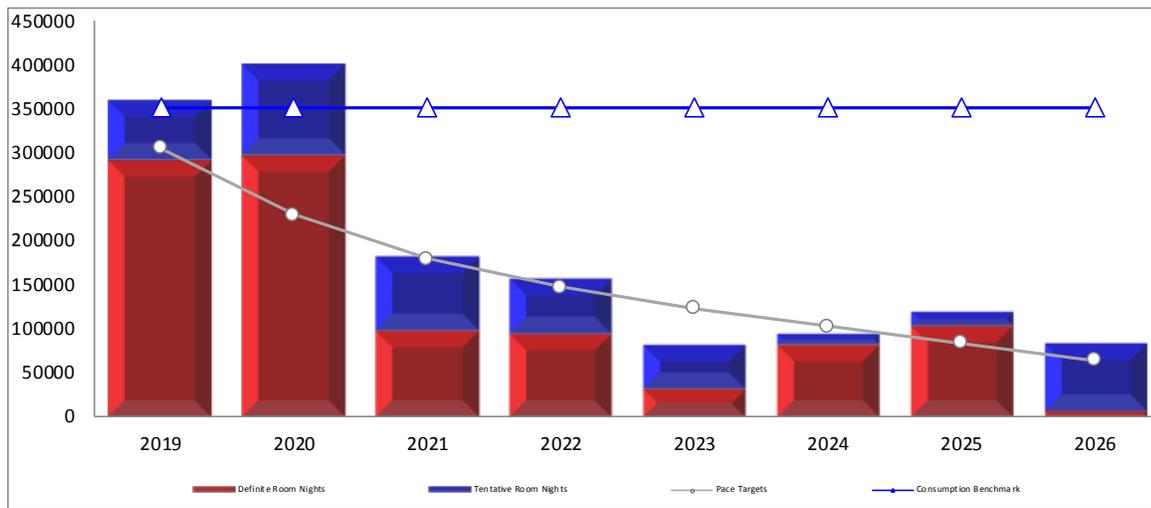
| | | | |
|------------|---|-------------|-------|
| June 25-28 | Professional Convention Management Association (PCMA) Education Conference, Los Angeles, CA | Trace Show | HCC |
| TBD | Northeast Sales Blitz | Sales Blitz | HTUSA |
| TBD | Southeast Sales Blitz | Sales Blitz | HTUSA |
| TBD | Incentive Research Foundation (IRF) | Tradeshow | HTUSA |
| TBD | Meeting Professionals International (MPI), IL | Tradeshow | HTUSA |
| TBD | Key Incentive Sales Blitz | Sales Blitz | HTUSA |
| TBD | Sales Calls, MN, OH | Sales Blitz | HTUSA |
| TBD | Sales Calls, MI, ID | 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 March 31, 2019**
 Report Date: April 5, 2019



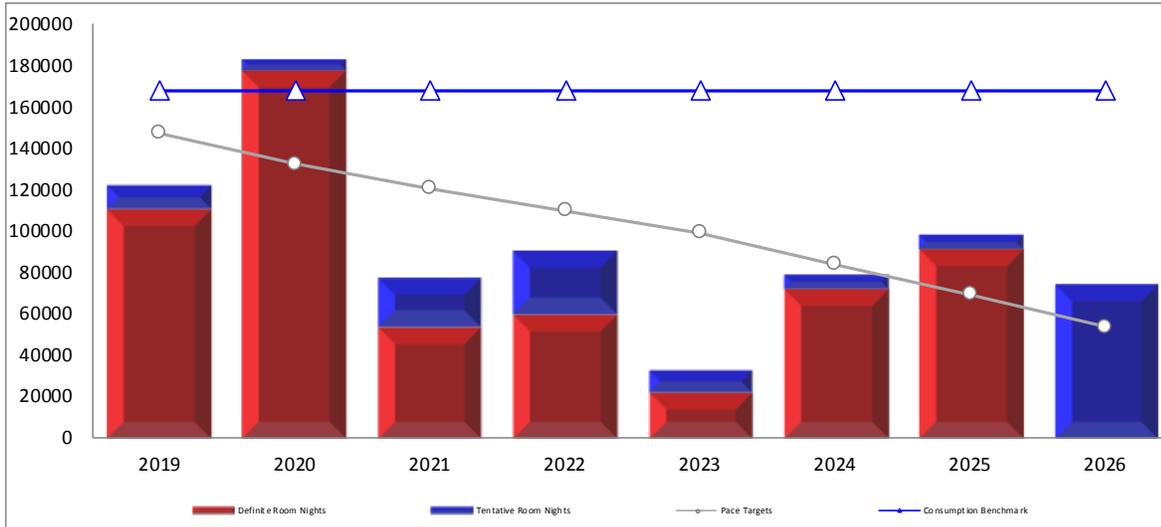
| <i>Hawai'i R/N</i> | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|--------------------------|----------|---------|-----------|----------|----------|----------|---------|----------|-----------|
| Definite Room Nights | 293,236 | 301,863 | 68,159 | 94,745 | 33,837 | 84,486 | 104,687 | 7,014 | 988,027 |
| Pace Targets | 305,338 | 227,086 | 175,726 | 143,337 | 118,074 | 99,238 | 78,626 | 60,434 | 1,207,859 |
| Variance | (12,102) | 74,777 | (107,567) | (48,592) | (84,237) | (14,752) | 26,061 | (53,420) | (219,832) |
| Consumption Benchmark | 348,325 | 348,325 | 348,325 | 348,325 | 348,325 | 348,325 | 348,325 | 348,325 | 2,786,600 |
| Pace Percentage | 96% | 133% | 39% | 66% | 29% | 85% | 133% | 12% | 82% |
| Total Demand Room Nights | 819,824 | 596,400 | 314,943 | 226,340 | 97,682 | 117,306 | 144,677 | 71,754 | 2,388,926 |
| Lost Room Nights | 526,588 | 294,537 | 246,784 | 131,595 | 63,845 | 32,820 | 39,990 | 64,740 | 1,400,899 |
| Conversion Percentage | 36% | 51% | 22% | 42% | 35% | 72% | 72% | 10% | 41% |
| Tentative Room Nights | 65,960 | 110,472 | 108,347 | 73,940 | 49,214 | 16,600 | 18,016 | 41,941 | 484,490 |

| <i>Hawai'i Events</i> | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|-----------------------|------|------|------|------|------|------|------|------|-------|
| Definite Events | 269 | 135 | 40 | 26 | 11 | 13 | 10 | 4 | 508 |
| Pace Targets | 224 | 84 | 40 | 22 | 13 | 8 | 5 | 1 | 397 |
| Variance | 45 | 51 | 0 | 4 | (2) | 5 | 5 | 3 | 111 |
| Consumption Benchmark | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 2,664 |
| Pace Percentage | 120% | 161% | 100% | 118% | 85% | 163% | 200% | 400% | 128% |
| Total Demand Events | 680 | 303 | 83 | 41 | 25 | 19 | 14 | 7 | 1,172 |
| Lost Events | 411 | 168 | 43 | 15 | 14 | 6 | 4 | 3 | 664 |
| Conversion Percentage | 40% | 45% | 48% | 63% | 44% | 68% | 71% | 57% | 43% |
| Tentative Events | 157 | 193 | 88 | 41 | 18 | 11 | 7 | 6 | 521 |

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** **Period Ending March 31 2019**
 Convention Center Report Date: April 5, 2019



| <i>Hawai'i R/N</i> | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | TOTAL |
|--------------------------|----------|---------|----------|----------|----------|----------|---------|----------|-----------|
| Definite Room Nights | 110,822 | 176,817 | 22,001 | 59,681 | 21,939 | 72,330 | 91,055 | 0 | 554,645 |
| Pace Targets | 149,536 | 132,992 | 121,058 | 109,937 | 98,491 | 84,128 | 68,166 | 52,581 | 816,889 |
| Variance | (38,714) | 43,825 | (99,057) | (50,256) | (76,552) | (11,798) | 22,889 | (52,581) | (262,244) |
| Consumption Benchmark | 169,238 | 169,238 | 169,238 | 169,238 | 169,238 | 169,238 | 169,238 | 169,238 | 1,353,904 |
| Pace Percentage | 74% | 133% | 18% | 54% | 22% | 86% | 134% | 0% | 68% |
| Total Demand Room Nights | 385,685 | 319,467 | 225,521 | 187,036 | 77,708 | 97,662 | 131,045 | 64,740 | 1,488,864 |
| Lost Room Nights | 274,863 | 142,650 | 203,520 | 127,355 | 55,769 | 25,332 | 39,990 | 64,740 | 934,219 |
| Conversion Percentage | 29% | 55% | 10% | 32% | 28% | 74% | 69% | 0% | 37% |
| Tentative Room Nights | 10,927 | 5,250 | 26,321 | 30,471 | 10,785 | 6,850 | 6,850 | 38,451 | 135,905 |

| <i>Hawai'i Events</i> | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | TOTAL |
|-----------------------|------|------|------|------|------|------|------|------|-------|
| Definite Events | 29 | 15 | 5 | 7 | 3 | 6 | 5 | 0 | 70 |
| Pace Targets | 23 | 17 | 12 | 10 | 10 | 6 | 3 | 0 | 81 |
| Variance | 6 | (2) | (7) | (3) | (7) | 0 | 2 | 0 | (11) |
| Consumption Benchmark | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 240 |
| Pace Percentage | 126% | 88% | 42% | 70% | 30% | 100% | 167% | 0% | 86% |
| Total Demand Events | 70 | 46 | 28 | 19 | 13 | 10 | 9 | 3 | 198 |
| Lost Events | 41 | 31 | 23 | 12 | 10 | 4 | 4 | 3 | 128 |
| Conversion Percentage | 41% | 33% | 18% | 37% | 23% | 60% | 56% | 56% | 35% |
| Tentative Events | 5 | 2 | 6 | 7 | 4 | 7 | 3 | 5 | 39 |

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 – February 28, 2019 Year-to-Date

| PERFORMANCE MEASURE | YTD | TARGET | VARIANCE |
|----------------------|--------------|--------------|-----------|
| Occupancy | 36% | 31% | 5% |
| Total Events | 34 | 27 | 7 |
| Total Attendance | 48,881 | 30,020 | 18,861 |
| Visitor Spending | \$54,313,610 | \$54,313,610 | \$0 |
| Tax Revenue | \$5,268,420 | \$5,268,420 | \$0 |
| Revenue per Attendee | \$50.46 | \$77.34 | (\$26.88) |

COMMENTS

The month ended February 2019 was strong for the Hawai'i Convention Center with 18 licensed events, including five from varied offshore markets (U.S. association, international incentive, and sports) and 13 other local events. The five offshore events generated over \$4.3 million in State tax revenue and were instrumental in helping the facility post positive bottom line results of \$22,400. These events helped boost year-to-date metrics for occupancy, events, and attendance to exceed targets as noted above. Visitor spending and tax revenue generated for the year to date are on target with budget at \$54.3 million and \$5.2 million, respectively. The revenue per attendee is the only metric that is below the target for the year to date at \$50.46, which is \$26.88 less than planned. It has been diluted due to higher than expected attendance.

Regarding the 2019 year-end reforecast, however, the Hawai'i Convention Center continues to face additional challenges. In addition to the cancellation of an international client's incentive that was scheduled for arrival in June 2019, a religious association's international convention, which had booked for November 2019, has also cancelled, increasing the year-end reforecast net loss to \$2.7 million, nearly \$700,000 more than planned. The religious association's headquarters in New York chose not to include Hawai'i in its assemblies for this year. The Hawai'i Convention Center is working with the local chapter of the association to see if Hawai'i can be included in one of the upcoming need years in 2021 – 2023. If successful, their 2024 program will be moved to a new future year. The international client advised they cancelled their incentive due to an internal financial service agency investigation.

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 meeting space; and which needs two or more hotels and has a minimum of 1,000 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

| March 2019 | | | | | |
|---------------------|---|---|----------------------|-------------------|-----------------|
| Contract No. | Contractor | Description | Dollar Amount | Start Date | End Date |
| 19158 | Council for Native Hawaiian Advancement | Prince Kūhiō Festival 2019 | \$50,000.00 | 3/18/2019 | 12/31/2019 |
| •19159 | Council for Native Hawaiian Advancement | HCCH Centennial Celebration | \$50,000.00 | 3/18/2019 | 12/31/2019 |
| 19037 | City and County of Honolulu, Mayor's Office of Culture and the Arts | Mango Jam Honolulu 2019 | \$15,000.00 | 3/1/2019 | 12/31/2019 |
| 19033 | 'Ulu 'Ae Learning Center | Kapuuola Hula Festival | \$10,000.00 | 3/1/2019 | 9/20/2019 |
| 19015 | Hawai'i Wildlife Center | 4th Annual Hawai'i Island Festival of Birds | \$21,000.00 | 3/4/2019 | 1/31/2020 |
| 19018 | Hawai'i Performing Arts Festival Inc. | Hawai'i Performing Arts Festival 2019 | \$20,000.00 | 3/6/2019 | 10/31/2019 |
| 19096 | Ulu A`e Learning Center | Ulu A`e Kaiaulu Project | \$29,000.00 | 3/1/2019 | 3/31/2020 |
| 19147 | City & County of Honolulu | 92nd Annual Lei Day Celebration 2019 | \$30,000.00 | 3/1/2019 | 12/31/2019 |
| 19148 | Kaua'i Museum Association, Ltd. | Kaua'i Museum May Day Lei Contest 2019 | \$5,000.00 | 3/12/2019 | 7/31/2019 |

Contract Type:
 • Sole Source
 † Procurement Exemption

| | | | | | |
|----------|---|--|---|-----------|------------|
| •19155 | Anthology Marketing Group, Inc dba Anthology Public Relations | Global MCI Public Relations - Expense Reimbursement | \$20,000.00 | 3/1/2019 | 12/31/2019 |
| 16044 S3 | Kloninger & Sims Consulting LLC | 2015 and 2016 Timeshare Industry Occupancy and Rate Survey | (+ \$30,000.00) \$132,500.00 | 3/12/2019 | 3/31/2021 |
| 17006 S2 | County of Kauai | Services related to technical assistance to support HTA programs in Kaua'i County | (+\$70,000.00) \$210,000.00 | 3/4/2019 | 3/31/2020 |
| 17192 S3 | Big Island Resource Conservation & Development Council | SIGNATURE Hawaii Island Festival – 30 Days of Aloha | (+ \$40,000.00) \$120,000.00 | 2/27/2019 | 2/28/2020 |
| •19142 | County of Maui | Lifeguard Support Program | \$125,000.00 | 3/25/2019 | 12/31/2019 |
| 18177 S1 | OmniTrak Research & Marketing Group Inc. dba OmniTrak Group Inc | Marketing Effectiveness Study 2019 | (+ \$82,741.00) \$165,482.00 | 3/1/2019 | 4/24/2023 |
| 19156 | Spire Hawai'i LLP | Audit Advisory Services | \$25,000.00 | 3/21/2019 | 3/31/2022 |
| 19078 | Hawaiian Kamali'i, Inc. dba Hawaiian Canoe Club | The Pailolo Challenge 2019 | \$15,000.00 | 3/21/2019 | 12/31/2019 |
| 17023 S3 | Wahine Media, LLC | Service related to developing and implementing a centralized social media marketing program. | (+ \$23,943.00) Total - \$415,619.35 | 3/22/2019 | 6/30/2019 |
| 17087 S4 | The Kauai Marathon | SIGNATURE Kauai Marathon 2018 | (+ \$30,000.00) Total - \$90,000.00 | 3/22/2019 | 1/31/2020 |

| | | | | | |
|----------|--|---|------------------------------------|------------|------------|
| 18005 S3 | Manageability, LLC | Project Manager for redesign of HTA.org Website | (+ \$0.00) \$68,400.00 | 3/22/2019 | 5/31/2019 |
| 18162 S1 | PGA Tour, Inc. | PGA TOUR Events (Sentry Tournament of Champions, The Sony Open, and the Mitsubishi Electric Championship) | (+ \$0.00) \$8,647,481.00 | 3/21/2019 | 12/31/2022 |
| 18183 S3 | Epic Sports Foundation Inc. dba Epic Sports Foundation | 23rd Annual Moloka'i 2 O'ahu Paddleboard World Championship 2019 | (+ \$35,000.00) \$70,000.00 | 3/21/2019 | 11/29/2019 |
| 18186 S1 | ESPN Productions, Inc. | Hawai'i Bowl & Hawaiian Airlines Diamond Head Classic | (+ \$0.00) \$475,000.00 | 3/21/2019 | 6/30/2019 |
| 18166 S3 | Kōloa Plantation Day, Inc. | Kōloa Plantation Days | (+ \$63,500.00) \$127,000.00 | 3/21/2019 | 11/30/2019 |
| 16023 S7 | Hills Balfour Limited | For services related to marketing services in the Europe MMA. | (+ \$865,000.00) \$4,069,527.00 | 12/30/2018 | 12/31/2019 |
| 17086 S3 | Kona Coffee Cultural Festival 2019 | SIGNATURE Kona Coffee Cultural Festival | (+ \$63,500.00) \$190,500.00 | 3/25/2019 | 3/31/2020 |
| 18153 S2 | The Waikīkī Improvement Association | Kūhiō Beach Hula and Torch Lighting (RAHCI) | (+ \$225,000.00) \$325,000.00 | 3/28/2019 | 3/31/2020 |
| 18155 S2 | Hilo Hawai'i Visitor Industry Association, Inc. dba Destination Hilo | Hilo Hula Tuesday (RAHCI) | (+ \$30,000.00) \$55,000.00 | 3/29/2019 | 3/31/2020 |

| | | | | | |
|----------|---|-------------------------------------|--------------------------------|-----------|-----------|
| 18156 S2 | The Lahaina Restoration Foundation | Hawaiian Music Series (RAHCI) | (+ \$19,000.00) \$38,000.00 | 3/29/2019 | 3/31/2020 |
| 18173 S4 | Hui O Wa'a Kaulua | 27th Annual Celebration of the Arts | (+ \$35,000.00) \$70,000.00 | 3/29/2019 | 9/30/2019 |
| 19149 | The Merrie Monarch Festival dba Merrie Monarch Festival | Merrie Monarch Festival 2019 | \$100,000.00 | 3/25/2019 | 2/29/2020 |
| 19161 | Hawai'i AG and Culinary Alliance dba Hawai'i Food & Wine Festival | Hawai'i Food & Wine Festival 2019 | \$300,000.00 | 3/29/2019 | 1/31/2020 |
| 19162 | ZR Systems Group LLC dba ZR Systems | IT Support Services | \$56,294.00 | 3/25/2019 | 3/31/2022 |

Agenda Item

5

Update by Josh Green,
Hawai'i's Lieutenant Governor,
on the Status of the Homeless
Situation and Opioid Problem in
Hawaii

A photograph of a man with a beard and dark skin sitting inside a makeshift tent on a beach. The tent is made of a white plastic sheet supported by wooden poles. The man is holding a white plastic bottle to his mouth. In the background, there is a beach, the ocean, and a city skyline with several high-rise buildings under a blue sky with some clouds. The image is overlaid with a dark blue semi-transparent shape on the right side, which contains the text. The text is in a bright green color. The overall image has a green and blue color scheme.

Housing is Healthcare

Dr. Josh Green, MD

My Strange Road...

India, 1989

Anthropology at Swarthmore

Three years of medical school living next to a Reese's cup plant

Swaziland

Kau and the ER on Big Island

Residency at National Health Corps

Elected to House in 2004
(Barely beating a coke dealer)

Got married, had some kids
(order not completely clear)

Elected to Senate several times

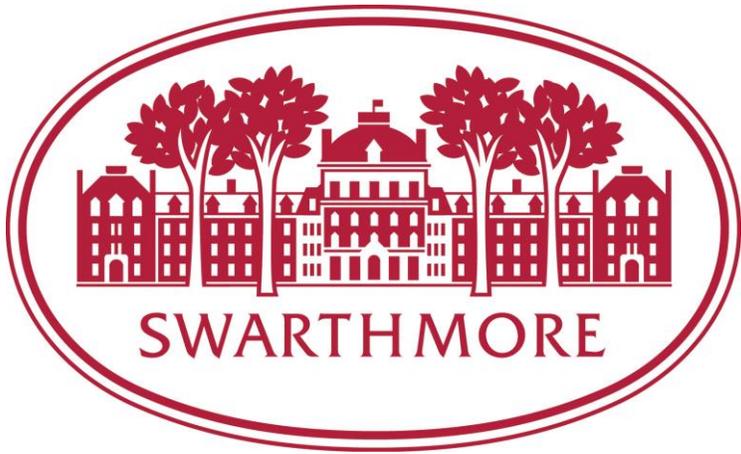
Elected Lieutenant Governor

Here talking to you excellent people



Pittsburgh, Pennsylvania

EDUCATION



Undergrad
Anthropology

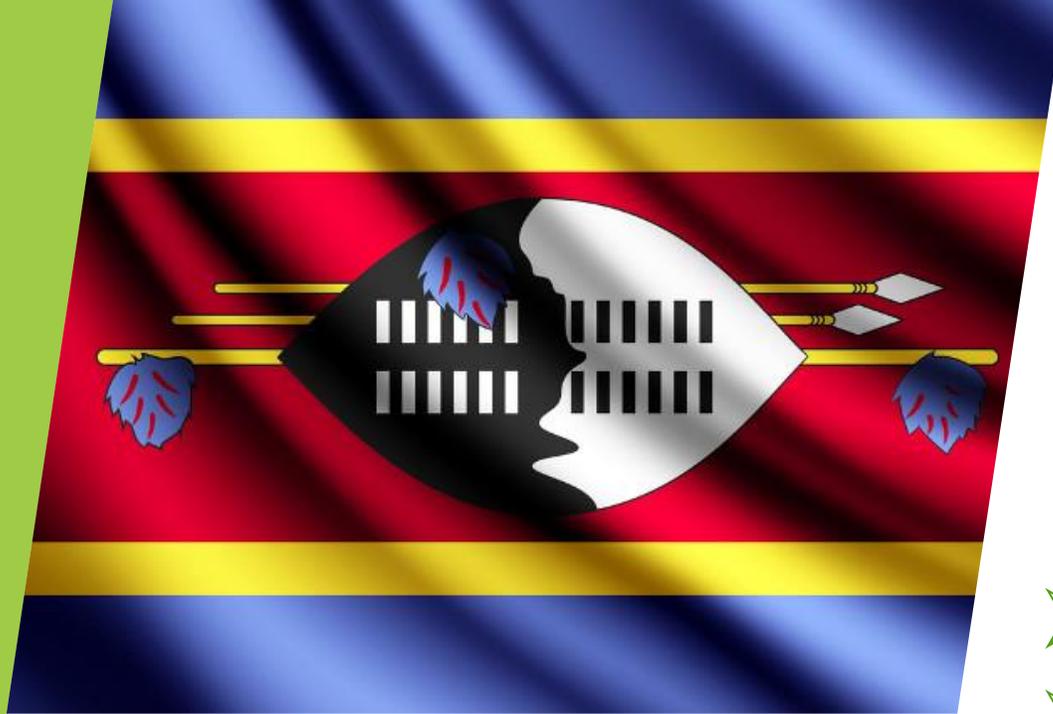


Residency



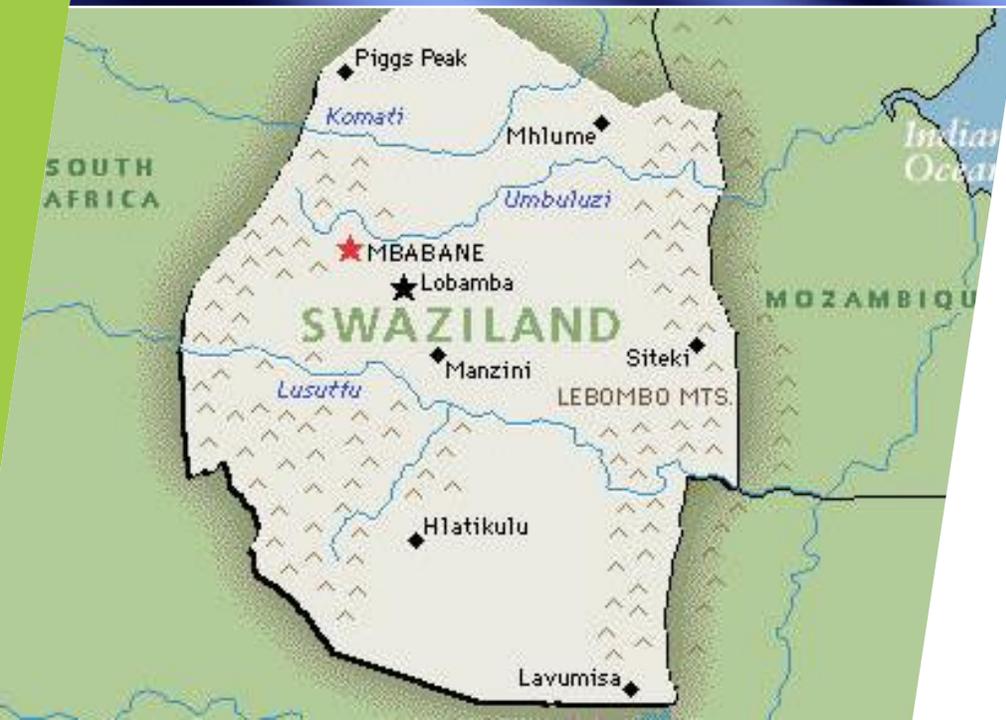
PennState
College of Medicine

Medical
School



SWAZILAND

- After medical school
- Volunteer physician in missionary hospitals
- Rural populations struggling with AIDS and Malaria





NATIONAL HEALTH SERVICE CORPS

Naalehu,
Big Island,
Hawaii

NATIONAL HEALTH
SERVICE
CORPS 

A black and white photograph of a man in a white lab coat standing in front of a hospital building. The man is smiling slightly and looking towards the camera. In the background, there is a sign that reads "EMERGENCY SERVICE ENTRANCE" with an arrow pointing left. The image has a green overlay on the right side and a white diagonal line.

ER Physician Kohala, Big Island



Hawaii State House of Representatives

2004-2008

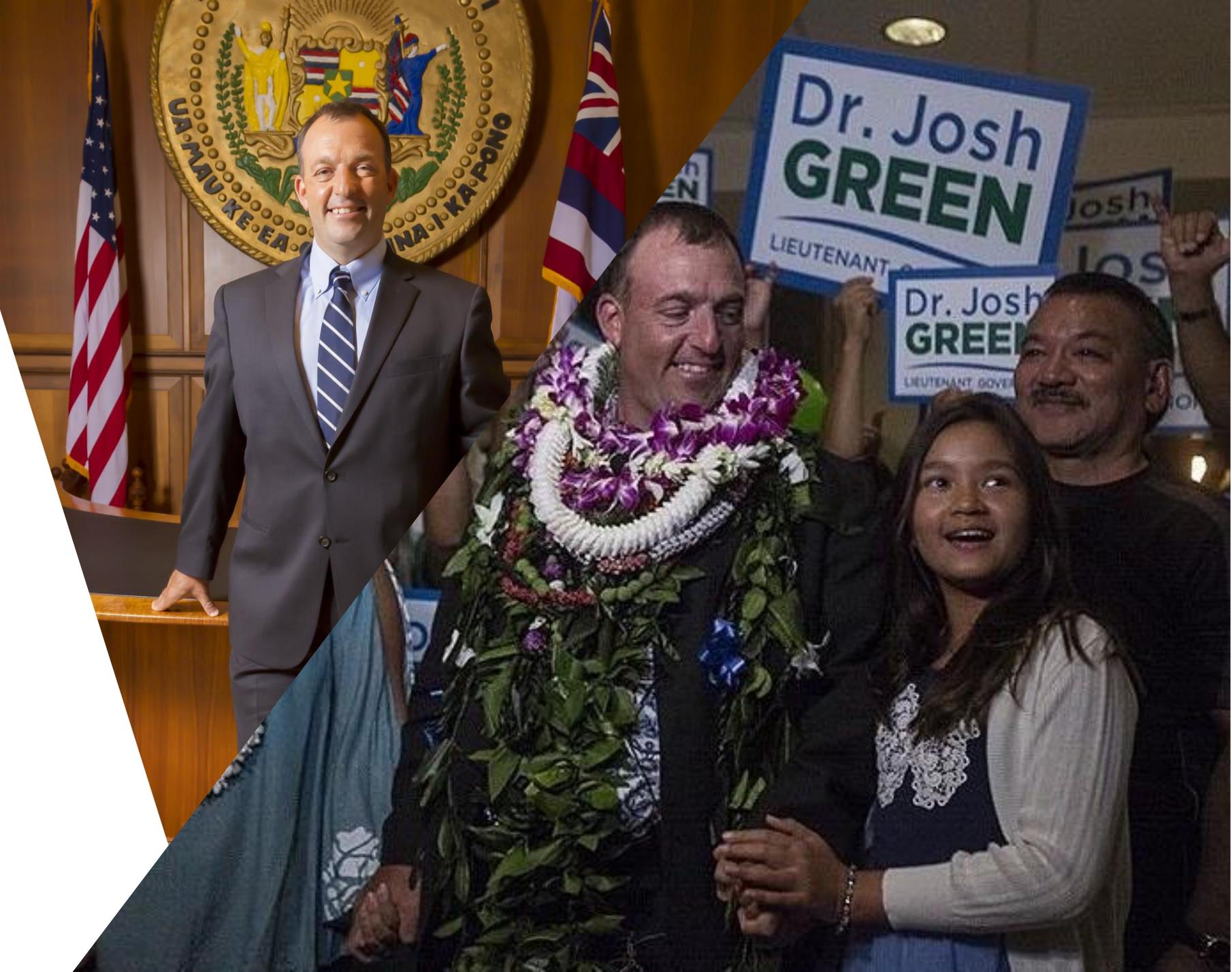


STATE SENATE

2008-2018

- Chairman of the Health Committee
- Majority Floor Leader
- Chairman of the Human Services Committee

Lieutenant Governor of Hawaii



Community in Crisis: Homelessness in Hawaii



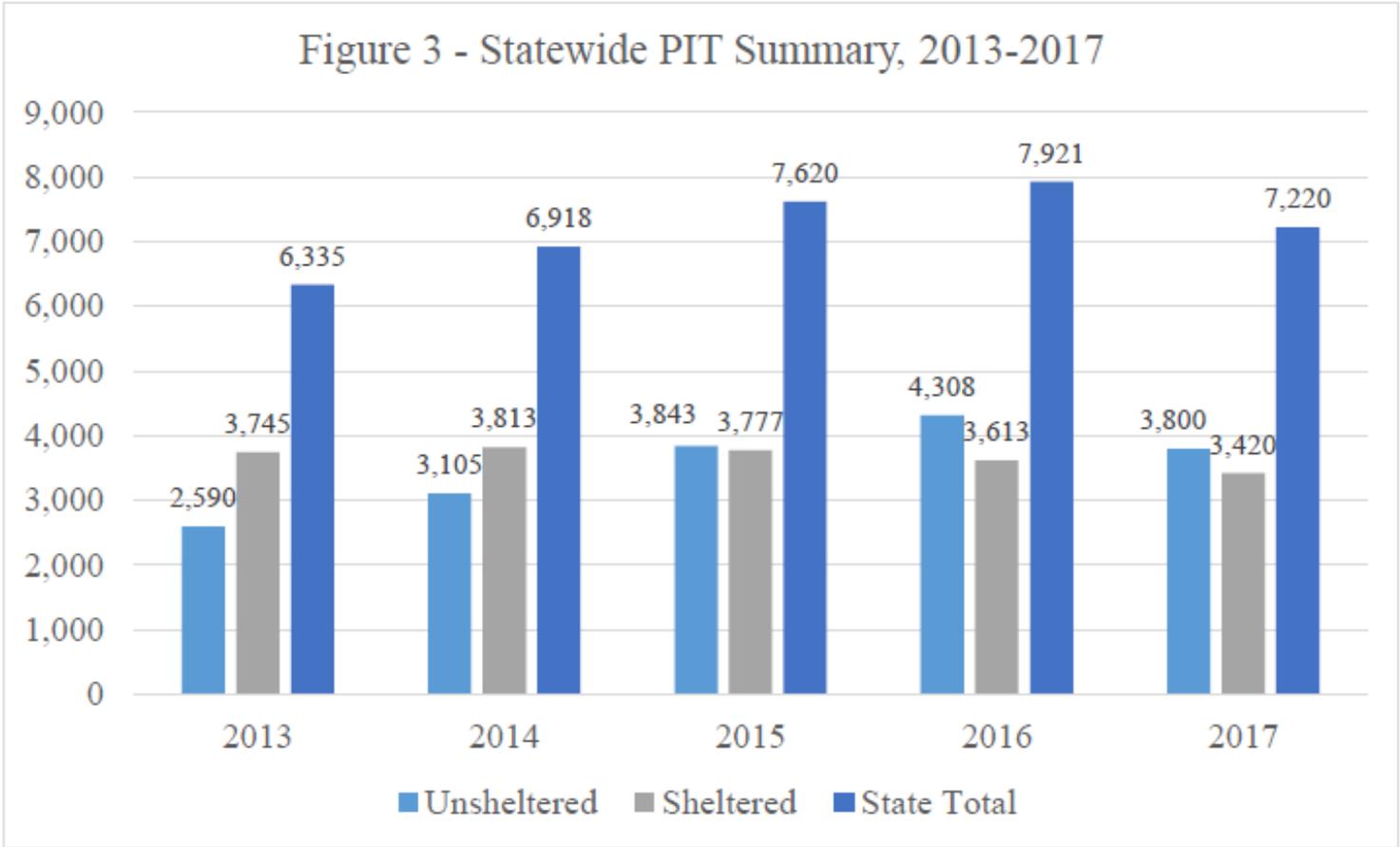
Hawaii's Homeless

- Highest per capita homelessness in the US
- 7,000-10,000 homeless individuals
- 3,500 Unsheltered
- 1,700 Chronically Homeless
- Average life expectancy of homeless individuals in Hawaii is 51 (Average life expectancy in Hawaii is 81- highest in the nation)
- High rates of mental illness and addiction



How did we get here?

- Highest per capita homelessness in the US...



<http://www.partnersincareoahu.org>

Addiction and Mortality Amongst Homeless

- Between March 2006 and July 2014, 417 homeless individuals died on Oahu
- Drugs and alcohol were the leading cause of death
- 142 deaths contributed to drugs and alcohol
- 67 contributed to Methamphetamine
- 44 contributed to opiates (Heroin, morphine, oxycodone, etc...)
- 26 contributed at least partially to alcohol, mostly from long-time use

The Tipping Point



Homelessness and Substance Abuse In Hawaii



- ▶ Only 4% of addicted treated
- ▶ Drug and alcohol use during pregnancy
- ▶ Generational Homelessness
- ▶ Opioid Epidemic

Homelessness, Substance Abuse and Mental Illness In Hawaii



- ▶ Of the 4,940 homeless individuals counted on Oahu in the 2016 Point-in-Time survey **1,002** adults said they had a serious mental illness.
- ▶ 873 reported having substance abuse disorder
- ▶ Large overlap with those self-reporting mental illness and substance abuse disorder
- ▶ Most likely underreporting errors due to an individual's inability to understand the questions or their unwillingness to admit to drug use.

Nationwide Homelessness: The People



- **564,708** homeless people in the United States on any given night
- **25%** of this population are children
- **15%** of this population are chronically homeless
- **8%** of this population are veterans
- **46%** have chronic illnesses
- **39%** have mental health problems
- **26%** have struggle with addiction and drug use

A photograph of a man with a beard and dark skin sitting inside a makeshift tent on a beach. The tent is made of white plastic sheeting supported by wooden poles. The man is holding a white plastic bottle to his mouth. In the background, there is a beach, blue water, and a city skyline with several high-rise buildings under a clear blue sky. The image is overlaid with a dark blue semi-transparent rectangle on the right side, which contains the text. The overall design features green geometric shapes on the left and right sides.

Housing is Healthcare

Initiatives and Solutions to
Solving our Housing Crisis



The High Price of Homelessness in Hawaii

- 3.61% of Medicaid population consumes 61% of \$2 billion budget (Almost total overlap with homeless population)
- 13,000 people = \$1.2 billion
- \$4,450 average cost per day per person in hospitals
- Median cost for highest utilizers = \$82,000 per person annually

Nationwide Homeless: The Overall Cost

- Cost to society per homeless person = \$35,000-\$150,000 per person annually
- Housing costs = \$13,000- \$25,000 per person annually
- Homeless patients = 30% of emergency visits
- Nationwide, 5% of Medicaid users = half of its spending
- Emergency visit and hospitalization rates are 9-12 times higher for homeless individuals vs low income housed patients

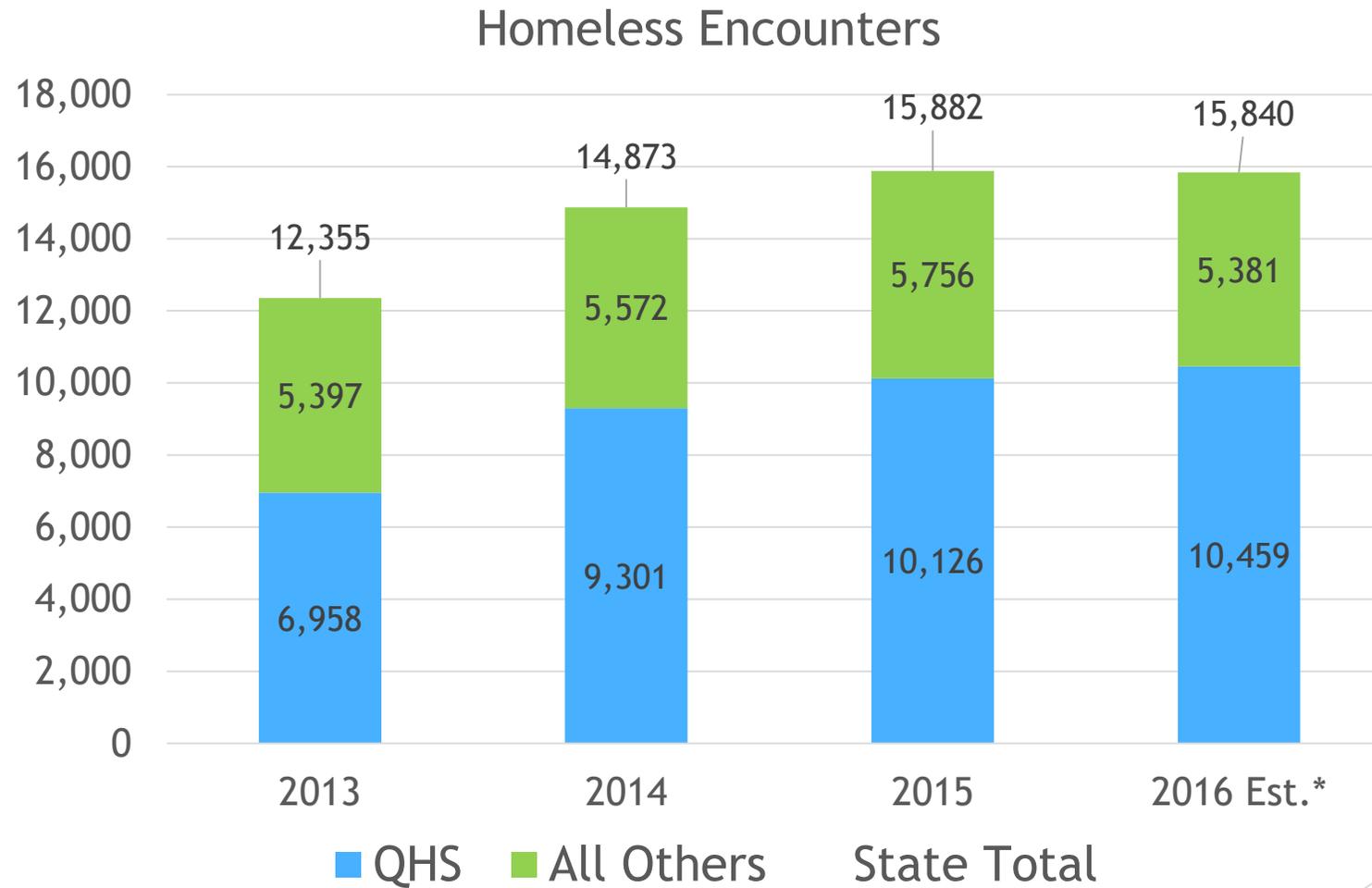


“The Gary Challenge”



- Gary was a homeless man who went to the hospital 241 times in 2017.
- His total cost to Hawaii Medicaid in 2017 was \$1,229,570.
- Gary passed away in early 2018

Impact to Health System



Source: HHIC Special Homeless Project

Health and Financial Benefits of Housing

Health Complications from Homelessness

- Exacerbates existing medical conditions
- High levels of stress
- Cleanliness challenges resulting in infections
- No where to store prescriptions
- Exposure to the elements
- Heightens risk for injuries

Benefits of Housing

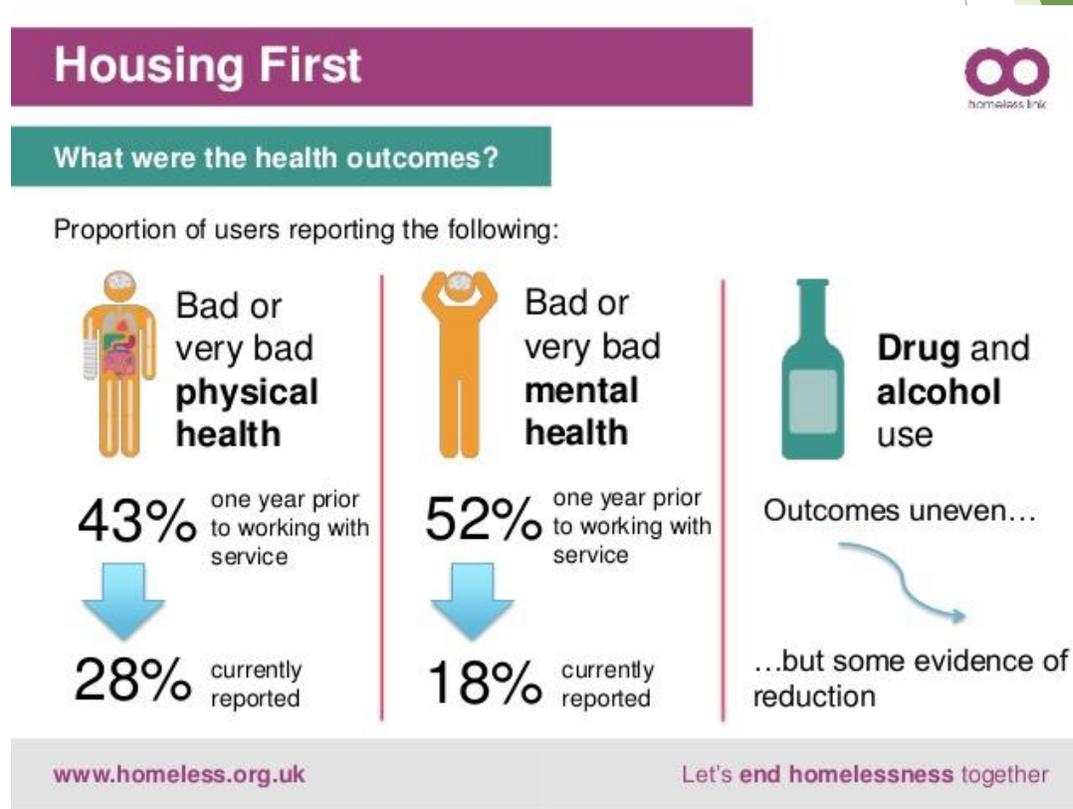
- Medicaid expenses drop an average of 43% for individuals in Hawaii when they receive housing
- 55% in Seattle

Housing Hawaii's 1800 chronically homeless would result in savings of \$300 million in Medicaid funds annually and drastically improve the health and quality of life for those currently suffering with chronic homelessness.

The Success of Housing First Programs

▶ HOUSING FIRST: PROVEN SUCCESS

- ▶ Honolulu, HI: Healthcare costs for program participants dropped from an average of \$10,570 per month to \$5,980.
- ▶ Portland, OR - the number of chronically homeless people sleeping outside declined by 70%
- ▶ Los Angeles, CA - For each chronically homeless person placed in Housing First, L.A. saved \$80,000+ over 2 years
- ▶ Denver, CO - 36% reduction in chronic homelessness 2005 to 2007
- ▶ Quincy, MA - 50% reduction in chronic homelessness
- ▶ New York City, NY - FUSE Program 91% housed after 1 year, 53% reduction in days in jail, 92% reduction in shelter day use
- ▶ Portland, ME - chronic homelessness declined by 49%



Unsheltered
Homeless

Lift Zones

Shelters

H4/
Medical Treatment

Permanent Housing

1) Understanding the Problem

- Around 1,500 chronically homeless (addiction, mental illness, homeless for more than 6 months)
- Highest per capita homelessness in the nation (12,000 - 15,000)
- Average life expectancy of the homeless is 51
- 3.6% of healthcare utilizers use 61% of Medicaid
- 13,000 people = \$1.2 billion/year (\$82,000/person/year)
- Housing someone cuts their costs to the state by 43%-73%

2) Lift Zones

- Inflatable, non-permanent tent structures
- Homeless in transition can live there for up to 90 days
- Services provided (Social Work, Healthcare)
- Law enforcement monitors day to day activity
- Shelter placement a priority

3) Shelters

- Adequate shelter beds available
- Quickly transitioning people into permanent housing
- Social and medical services provided

4) Hawaii Homeless Healthcare Hui- "H4"

- Four levels of care:
 - Hygiene
 - Healthcare (medical clinic, substance abuse treatment)
 - Long term medical respite (20 rooms)
 - Permanent Housing (20 micro units)
- Social workers on site
- Public/private partnership
- Punawai Rest Stop - Iwilei



CHRONIC HOMELESSNESS TRIFECTA

5) Ohana Zones

- \$30 million from legislature in 2018
- Funds can be used for infrastructure and services on state lands for homeless

6) Joint Outreach Centers (JOC)

- Clinics provide medical services alleviating strain on ERs
- Chinatown location has already seen 1200 unique patients in 10 months
 - Saves \$105,000 a week
- Collaboration with law enforcement
- Primarily provides wound care and mental healthcare including long acting anti-psychotic meds

7) Addiction Services

- Same day detox available when requested
- Wetbeds at shelters
- Addiction specialists and social workers
- Rehab services and referrals
- Placement in halfway houses and sober homes

8) Assisted Community Treatment

- Target at the most severely mentally ill homeless usually suffering from schizophrenia and/or drug addiction
- Mandatory Treatment
- Guardianships required
- Over 40 identified individuals in the urban core who qualify
- An additional 240 mental health beds are needed state wide to maximize benefit

9) Permanent Supportive Housing

- Housing First model
- Rapid Re-Housing
- Section 8 expansion
- Affordable housing development
- Transit oriented development

10) Kauhale

- A place of social respite
- Initial locations in Waianae, Waimanalo, and the Urban Core, followed by neighbor islands
- Ideally 12 communities throughout the islands
- Houses up to 300 people per location
- Built on public lands (potentially eligible for Ohana Zone money if re-authorized)
- Cost between \$2.5 - \$ 5 million per community
- Permanent, sustainable housing
- Traditional, cultural model of communal housing



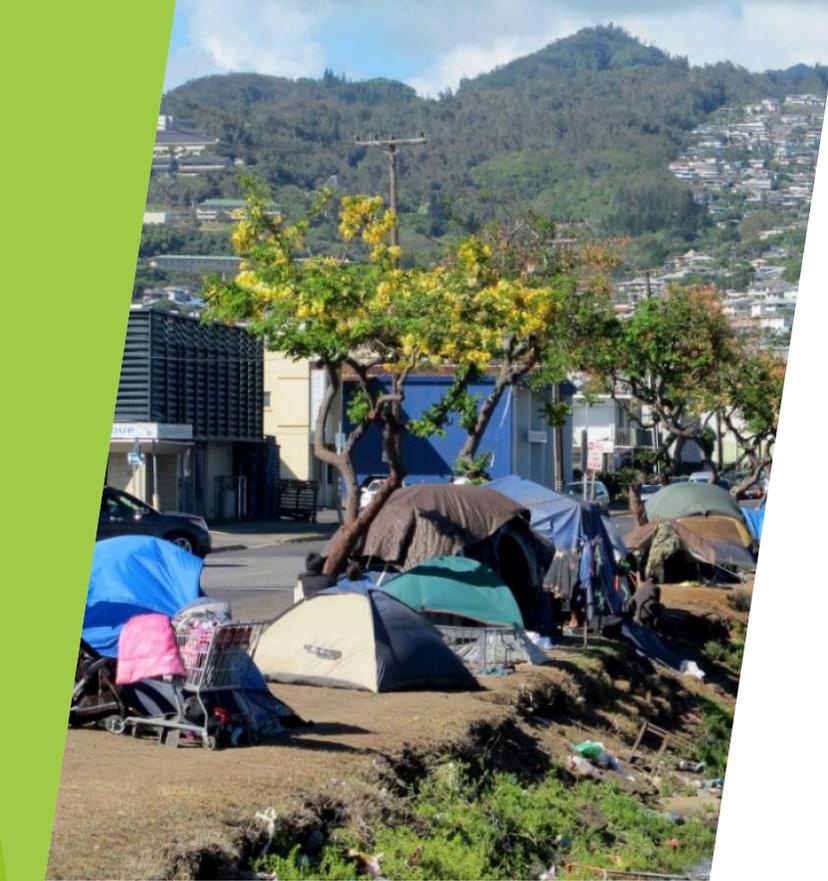


Hawaii Homeless Healthcare Hui “H4”

Founders:
Senator Josh Green M.D.
Scott Miscovich M.D.

H-4 Vision

- A Private / Public partnership, supported by all healthcare professionals, regional health systems and philanthropists to create a new model to address chronic homelessness

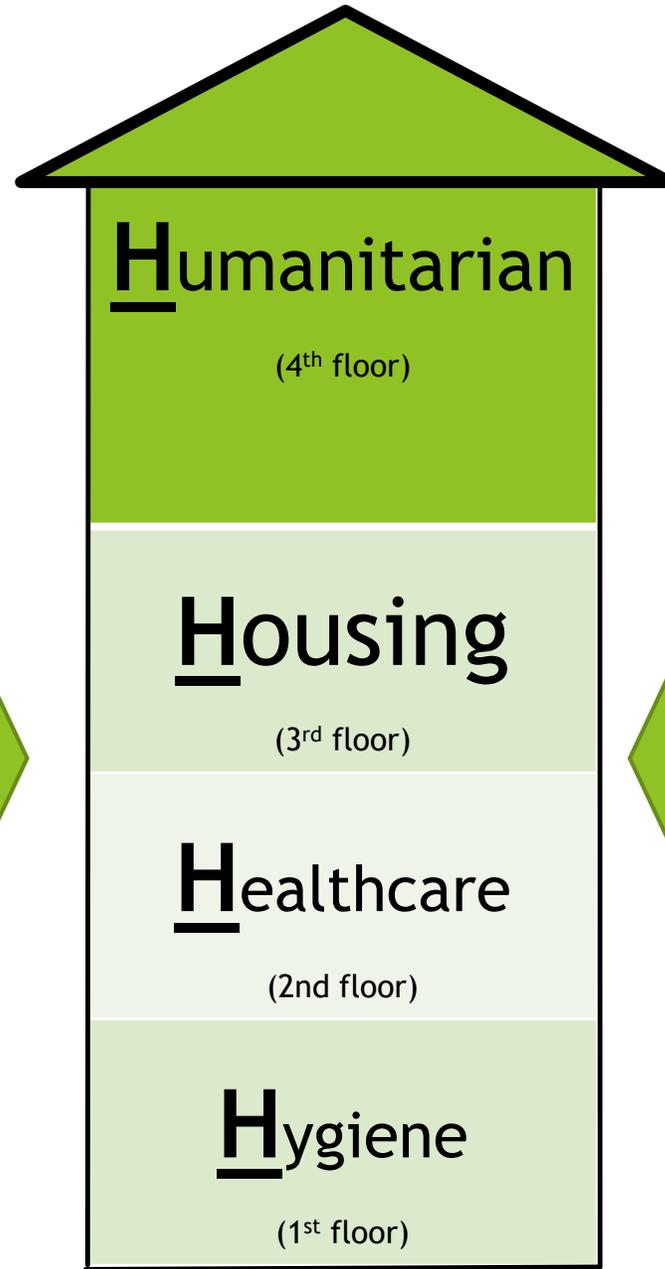
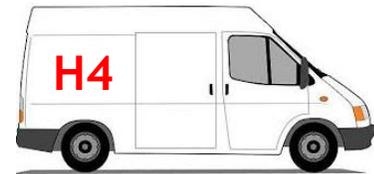


H-4 Mission

- To care for the people of Hawaii who are struggling the most among us.



Proposal: "H4" at Kuwili Street



Objectives

- Provide a safe, functional environment for those in need to get services and treatment
- Alleviate the financial and medical strain on over taxed emergency rooms



Services

- New Urgent Care Facility in Iwilei catering to homeless and struggling populations.
- Overall health and wellness facility
 - Showers
 - Laundry services
 - Health clinic
 - Drug treatment
 - Mental health services
 - Extended stay care
 - On-site case workers to assist patients in obtaining permanent housing





Prescribing Housing

- Classify homelessness as a medical condition
- Allow healthcare providers to “prescribe” housing for chronically homeless
- Allocate Medicaid dollars for housing
- Follow housing first and compassionate care initiatives

Assisted Community Treatment

- ▶ SB 1124
- ▶ Mandated treatment and involuntary hospitalizations for individuals suffering from severe mental illness, often schizophrenia
- ▶ Individual is determined to be a threat to themselves or others
- ▶ Court appointed guardianships
- ▶ Long acting anti-psychotic drugs
- ▶ At least 40 individuals in the downtown Honolulu area qualify, according to IHS
- ▶ A way of restoring people's dignity and human rights





1115 Waiver Housing Services Amendment

- The Center for Medicare and Medicaid Service (CMS) has approved Hawaii's 1115 waiver amendment request
- Medicaid funding can now be used to assist people experiencing chronic homelessness and mental illness with housing needs.

Services covered include:

- Housing searches
- Social Workers
- Job skills training
- Moving assistance
- Education and training on tenant responsibilities

CMMI GRANTS

- Would allow hospitals and health systems to use Medicaid money to pay for “whole person” solutions to homelessness
- Manage Social Determinants of Health
 - Housing
 - Food
 - Heat
 - ETC
- “Housing is Healthcare”





Hawaii bill would classify homelessness as medical condition

By Elizabeth J. Misa,



07:25



Hawaii State Senator Says Homelessness Is Medical Condition, Prescription Is Housing

Housing as health care: How
... the two is saving
... an aims
... money

Josh Green on his
housing facilities to

HAWAII
VS NOW

Using first work?



Take Two Rooms and Call Me in the Morning

... MENU



Outside in America

Doctors could prescribe houses to the homeless under radical Hawaii bill

Study Finds Affordable Housing Reduces Health Care Costs

A study conducted by the Center for Outcomes Research and Education (CORE) and sponsored by Enterprise Community Partners found affordable housing reduced overall health care expenditures by 12% for Medicaid recipients. Researchers attribute these savings to more cost-efficient use of health services, with an 18% decrease in costly emergency department (ED) visits and a 20% increase in less costly primary care services. The cost savings came without compromising access or quality of care to residents.

Mahalo...



Agenda Item

6

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



Market Insights – March 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 quarter of 2019, Hawai'i's tourism economy experienced:

- \$4.52 billion in visitor spending, a decrease of 2.4 percent compared to the first quarter of 2018. On a statewide level, average daily visitor spending was down (-2.6% to \$197 per person) compared to the same period last year.
- Total arrivals in the first quarter grew 2.6 percent to 2,542,269 visitors, supported by growth in arrivals via air service (+2.6% to 2,502,636), which offset a marginal drop in arrivals by cruise ships (-0.8% to 39,632). Due to a shorter average length of stay by visitors from most markets, total visitor days¹ was virtually flat (+0.2%) compared to the first quarter of 2018
- Hawai'i's tourism economy experienced \$527.4 million in generated state tax revenue, down 2.4 percent (-\$12.9 million) compared to the first quarter of 2018.
- Through January 2019, the state collected \$341.5 million in TAT, an increase of 14.4% compared to FY 2018 through January 2018.
 - 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 January 2019 is \$314.0 million or an increase of 3.8% compared to FY 2018.
- Total air capacity into Hawai'i grew 1.1 percent to 3,337,280 seats.

Table 1: Overall Key Performance Indicators – Total (Air + Cruise) – Year-to-Date March 2019

| | % of Forecast | YOY Rate ² | Mar. YTD | Forecast |
|---------------------------------------|---------------|-----------------------|------------|------------|
| Arrivals | 101.9% | 2.6% | 2,542,269 | 2,493,767 |
| Visitor Spending (\$mil) ² | 94.8% | -2.4% | 4,518.3 | 4,766.1 |
| Visitor Days | 99.4% | 0.2% | 22,983,325 | 23,116,095 |
| Daily Spend (\$pppd) | 95.3% | -2.6% | 196.6 | 206.2 |
| Airlift (scheduled seats) | 100.0% | 1.1% | 3,318,733 | 3,319,971 |

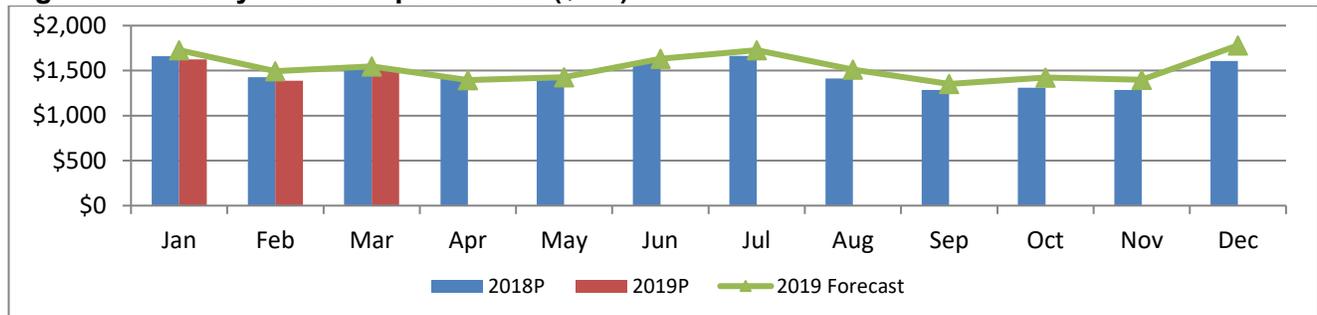
DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

¹ Aggregate number of days stayed by all visitors.

² Technical Notes: The HTA received revised hotel room and package rates for the first quarter of 2018 which warranted revisions to the published preliminary statistics (visitor expenditures, per person per day spending and per person per trip spending) for first quarter 2018. Updated data tables are available on the HTA website. 2018 visitor statistics will be finalized for the 2018 Annual Visitor Research Report.

In March 2019, total visitor spending declined 2.3 percent to \$1.51 billion compared to March 2018. A total of 939,064 visitors came to Hawai'i, up 3.9 percent from the same month last year. Arrivals by air service (+4.1% to 927,246) increased compared to last March but arrivals by cruise ships (-10.4% to 11,818) declined. Total visitor days increased by 0.7 percent versus March 2018.

Figure 1: Monthly Visitor Expenditures (\$mil)



Major Market Areas (MMAs)

USA

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

| | % of Forecast | YOY Rate ² | Mar. YTD | Forecast |
|---------------------------------------|---------------|-----------------------|------------|------------|
| Arrivals | 103.2% | 5.2% | 1,609,481 | 1,559,460 |
| Visitor Spending (\$mil) ² | 96.9% | -0.8% | 2,873.0 | 2,965.5 |
| Visitor Days | 99.9% | 1.8% | 15,019,402 | 15,032,629 |
| Daily Spend (\$pppd) | 97.0% | -2.5% | 191.3 | 197.3 |
| Airlift (scheduled seats) | 100.0% | 1.0% | 2,279,579 | 2,279,475 |

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- Consumer confidence rebounded from a soft start to 2019; however, both the business and leisure segments are projected to cool in response to continued moderation in consumer spending and business investment. Financial markets have recovered but remain more volatile, and persistent trade and manufacturing uncertainty contribute to the potential for business investment growth to cool, but not stall, in 2019.
- The Conference Board *Consumer Confidence Index*[®] declined in March 2019, after increasing in February. The Index now stands at 124.1, down from 131.4 in February. The level of the index is still good, but the direction should be monitored.
- Final GDP numbers for 2018 show that real gross domestic product (GDP) increased 2.2 percent in the fourth quarter of 2018, according to the “third” estimate released by the Bureau of Economic Analysis on March 28, 2019. The growth rate was revised down 0.4 percentage points from the “initial” estimate released in February. In the third quarter, real GDP had increased 3.4 percent. The increase in real GDP reflected increases in consumer spending, business investment, exports, and inventory investment. These contributions were partly offset by decreases in housing investment and government spending. Imports, which are a subtraction in the calculation of GDP, increased.

- The U.S. domestic carriers to Hawai'i are operating full schedules (including seasonal) through spring break. Southwest is the new entrant to the market and will be adding service on a rolling schedule through June and the remainder of the year. U.S. seats for March are 836,479, a 1.4 percent increase over 2018. April and May are 775,999 and 826,112, respectively, with a 3.9 percent and 5.7 percent increase over 2018.

US WEST

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

| | % of Forecast | YOY Rate ² | Mar. YTD | Forecast |
|---------------------------------------|---------------|-----------------------|-----------|-----------|
| Arrivals | 105.4% | 7.1% | 1,030,644 | 977,848 |
| Visitor Spending (\$mil) ² | 97.5% | -0.3% | 1,638.0 | 1,679.7 |
| Visitor Days | 101.5% | 2.9% | 9,138,755 | 9,005,530 |
| Daily Spend (\$pppd) | 96.1% | -3.1% | 179.2 | 186.5 |
| Airlift (scheduled seats) | 100.0% | 1.0% | 1,980,931 | 1,980,827 |

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- In March 2019, the U.S. West market reported a slight increase (+0.7%) in visitor spending to \$576.9 million. Arrivals were up 9.7 percent to 399,580 visitors but the average length of stay decreased (-4% to 8.27 days) and daily visitors spending was lower (-4.4% to \$175 per person) compared to March 2018.

US EAST

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

| | % of Forecast | YOY Rate ² | Mar. YTD | Forecast |
|---------------------------------------|---------------|-----------------------|-----------|-----------|
| Arrivals | 99.5% | 2.0% | 578,837 | 581,611 |
| Visitor Spending (\$mil) ² | 96.0% | -1.4% | 1,234.9 | 1,285.8 |
| Visitor Days | 97.6% | 0.0% | 5,880,647 | 6,027,099 |
| Daily Spend (\$pppd) | 98.4% | -1.5% | 210.0 | 213.3 |
| Airlift (scheduled seats) | 100.0% | 1.0% | 298,648 | 298,648 |

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- In March 2019, spending by U.S. East visitors declined slightly (-0.6% to \$402.5 million). Arrivals increased (+4.1% to 221,894 visitors). However, the length of stay (-3.0% to 8.96 days) and daily spending (-1.6% to \$202 per person) decreased compared to a year ago.

CANADA

Table 5: Key Performance Indicators – Canada

| | % of Forecast | YOY Rate ² | Mar. YTD | Forecast |
|---------------------------------------|---------------|-----------------------|-----------|-----------|
| Arrivals | 99.9% | 0.9% | 209,525 | 209,819 |
| Visitor Spending (\$mil) ² | 98.0% | -2.0% | 455.7 | 465.1 |
| Visitor Days | 98.9% | -0.6% | 2,668,391 | 2,698,333 |
| Daily Spend (\$pppd) | 99.1% | -1.4% | 170.8 | 172.4 |
| Airlift (scheduled seats) | 99.4% | 11.3% | 211,342 | 212,663 |

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- Spending by Canadian visitors dropped 5.4 percent to \$137.4 million in March 2019. Arrivals increased (+1.3% to 75,610 visitors), but the average length of stay (-3.5% to 11.53 days) and daily spending (-3.2% to \$158 per person) declined compared to March 2018.

- Currently there is some instability and uncertainty in the Canadian economy. The uncertainty is contributing to reduced consumer confidence which impacts outbound travel. While the exchange rate is currently slightly above 75 U.S. cents, there is some volatility that contributes to traveler's considerations. Economists are predicting the exchange rate to stay around 75 U.S. cents with a move to 77 U.S. cents by the end of 2020.
- Canada's economy is headed for a slower 2019, reflecting weakness in the energy sector plus slower housing and consumer spending activity. Business investment outside energy is forecast to increase modestly reflecting recent policy changes that will help businesses expand amid strained capacity. Economists have downgraded its 2019 Canadian economic growth forecast to 1.5 percent from 1.7 percent. In addition to weakness in the energy sector, they are projecting softer consumer spending as households adjust to higher interest rates.
- The national consumer confidence rating was 117.9 points in March, a slight increase from one year ago (0.8), and a 6.4-point jump compared to last month. The overall attitude regarding purchase intentions was up 1.4 points compared to March 2018 and up 2.3 points from February 2019.
- Key Canadian travel partners reported a soft Q1 for bookings, but with improvement on the horizon.

JAPAN

Table 6: Key Performance Indicators – Japan

| | % of Forecast | YOY Rate ² | Mar. YTD | Forecast |
|---------------------------------------|---------------|-----------------------|-----------|-----------|
| Arrivals | 100.7% | 2.2% | 391,228 | 388,348 |
| Visitor Spending (\$mil) ² | 90.9% | -3.2% | 539.9 | 594.2 |
| Visitor Days | 99.8% | 0.3% | 2,279,773 | 2,284,735 |
| Daily Spend (\$pppd) | 91.1% | -3.5% | 236.8 | 260.1 |
| Airlift (scheduled seats) | 100.0% | 5.6% | 505,898 | 505,898 |

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- In March 2019, spending by Japanese visitors declined (-2.0%) to \$190.4 million. Arrivals were comparable to March 2018 (+0.4% to 139,741 visitors) however, daily visitor spending declined (-1.8% to \$234 per person).
- Japan's economy remains on a moderate path to recovery with unemployment at 2.3 percent and the exchange rate stabilizing at approximately 111.21 JPY to USD.
- Hawai'i remains the number one outbound travel destination for Japanese weddings. The state captured a 65 percent market share with an average spending amount of under two million yen (\$20,000 USD).
- Steady recovery from the heightened volcanic activity at Kīlauea has been observed as a result of the rebranding campaign for the island of Hawai'i. Current updates on wholesalers' booking paces indicate stronger results to be seen in the second quarter of 2019.
- Competitive destinations remain strong, with markets such as Taiwan, Australia, and Hong Kong exhibiting particular popularity for their more affordable pricing and proximity to Japan. Visitors to Europe have also been recovering as the terroristic activities in the region subside. Travel trade destination workshops by various countries and number of

commemorative anniversaries are encouraging collaborations including governmental relations.

- Delta Air Lines announced the withdrawal from the Fukuoka market after May 8. The Fukuoka market will no longer have direct flight service to Hawai'i.
- A shift in the Kansai market is expected for 2019 with the cessation of services by Scoot (May 7) and the end of a second daily service by JAL (March 30).
- The launch of the first Airbus A380 Aircraft by ANA this coming May 24th (3 days/week) and a second aircraft on July 1st (7 days/week) will greatly increase media exposure for Hawai'i in 2019, while changing the dynamics of the seat distribution for Hawai'i-Japan route.
- Major airlines are strengthening efforts on Loyalty Programs (Mileage Programs) and direct bookings to better accommodate the growing FIT market to Hawai'i.

OCEANIA

Table 7: Key Performance Indicators – Oceania

| | % of Forecast | YOY Rate ² | Mar. YTD | Forecast |
|---------------------------------------|---------------|-----------------------|----------|----------|
| Arrivals | 97.3% | -1.7% | 77,731 | 79,863 |
| Visitor Spending (\$mil) ² | 89.3% | -4.9% | 193.8 | 217.0 |
| Visitor Days | 95.5% | -2.7% | 740,034 | 774,710 |
| Daily Spend (\$pppd) | 93.5% | -2.3% | 261.9 | 280.1 |
| Airlift (scheduled seats) | 100.0% | -3.1% | 115,945 | 115,978 |

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals decreased in both the first quarter of 2019 (-3.0% to 65,684) and in March 2019 (-8.2% to 20,128) versus a year ago. Average daily visitor spending was lower (-1.5% to \$269 per person) in the first quarter compared to last year. Spending increased for lodging, and food and beverage but declined for shopping.
- GDP growth for Australia is forecast at 3 percent 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 number of Australians taking overseas trips is growing. Figures from November 2018 show a 5.8 percent increase in outbound departures over 2017, while travel to the USA is also up slightly (+1.7%).
- Visitor arrivals increased in the first quarter of 2019 (+6.4% to 12,047) but declined in March (-4.3% to 3,777) year-over-year.
- The New Zealand economy is predicted to see GDP growth of between 2.5 percent and 3.5 percent 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\$0.67cents.
- In 2018, outbound travel from New Zealand reached record levels with over 3 million departures.

EUROPE

Table 8: Key Performance Indicators – Europe

| | % of Forecast | YOY Rate ² | Mar. YTD | Forecast |
|---------------------------------------|---------------|-----------------------|----------|----------|
| Arrivals | 96.0% | -5.0% | 25,253 | 26,305 |
| Visitor Spending (\$mil) ² | 80.7% | 3.9% | 51.9 | 64.4 |
| Visitor Days | 95.0% | -7.1% | 338,256 | 356,097 |
| Daily Spend (\$pppd) | 84.9% | 11.8% | 153.5 | 180.8 |
| Airlift (scheduled seats) | NA | NA | NA | NA |

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- Combined visitor arrivals from the United Kingdom, France, Germany, Italy and Switzerland dropped in both the first quarter (-5.0% to 25,253) and in March 2019 (-10.9% to 8,854) compared to a year ago
- Consumer confidence index for the United Kingdom was unchanged in March, slightly above market expectations, as a strong labor market offset ongoing Brexit uncertainty/concerns over global growth prospects. The UK's unemployment rate is at its lowest since 1971.
- According to Trading Economics, the German economy is currently at 0 percent; up from -0.2 percent in the previous quarter. Focus Economics Consensus Forecast panelists expect the economy to expand 1.0percent in 2019, and 1.5percent in 2020. According to the GfK Group Consumer Climate Index Germany's consumer confidence stands at 10.4. Germany's unemployment rate fell to 3.1percent in February 2019; the lowest rate since March 1980 according to Trading Economics.
- The French economy looks poised to withstand most of the headwinds stemming from elevated external-sector risks, thanks to fiscal stimulus propping up private consumption. This year, there is growth at 1.2percent, down 0.2 percentage points from last month's forecast. The French consumer confidence indicator is currently at 96 for March and the unemployment rate stands at 8.8percent.
- According to Trading Economics, the Swiss economy has increased by 0.2 percent. Swiss Household consumption has increased at a strong pace. Focus Economics panelists expect the Swiss GDP to grow 1.3 percent this year, which is down 0.2 percentage points from last month's forecast, and to expand 1.6 percent in 2020. The Swiss unemployment rate is currently at 2.7 percent.

CHINA

Table 9: Key Performance Indicators – China

| | % of Forecast | YOY Rate ² | Mar. YTD | Forecast |
|---------------------------------------|---------------|-----------------------|----------|----------|
| Arrivals | 92.5% | -22.7% | 27,922 | 30,195 |
| Visitor Spending (\$mil) ² | 81.0% | -21.0% | 78.2 | 96.6 |
| Visitor Days | 89.2% | -21.0% | 237,677 | 266,432 |
| Daily Spend (\$pppd) | 90.7% | 0.0% | 329.1 | 362.6 |
| Airlift (scheduled seats) | 102.4% | -19.4% | 34,010 | 33,224 |

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals decreased in the first quarter (-22.7% to 27,922) and in March (-21.1% to 7,886). Average daily visitor spending of \$329 per person was virtually unchanged from

last year. Spending increased for lodging and food and beverage but declined for shopping, transportation and entertainment and recreation.

- The Chinese economy expanded 6.6 percent YOY in 2018. For 2019, China sets its GDP at between 6 percent and 6.5 percent to pursue quality growth amid mounting uncertainties in the international economic landscape.
- Currency exchange rate remains stable at approximately 6.7 CNY to USD.
- China’s outbound travel recorded 140 million trips in 2018 (an increase of 13.5 percent YOY) and is expected to exceed 166 million in 2019.
- The number of valid Chinese passports for international travel reached 130 million which is around 10 percent of the total population, illustrating high potential for growth.
- A total of 72 destinations/countries were offering visa waiver or visa-upon-arrival to entice the Chinese market.
- Competition continues to intensify as countries and the continental U.S. destinations invest heavily in gaining access to the Chinese travel market. The overall increase in airlift from Tier 1 and Tier 2 China cities to continental U.S. resulted in affordable airfares, raising competition to the Hawaiian Islands.
- In the Shanghai market, China Eastern Airlines increased their air seats by 11 percent in Q1. During the same period, Beijing market saw a 51 percent decrease in air seats year over year due to the suspension of Hawaiian Airlines’ Beijing route.
- The highly anticipated Airbus A380 “Flying Honu” by ANA will be launched on May 24 (3 days/week) and July 1 (7 days/week) in 2019. With the new aircrafts, ANA made a strategic decision to enter the China market for Hawai’i and will be working with HTC to target upscale Chinese travelers transiting via Tokyo.
- HTC continues to target more sophisticated and high value visitors to Hawai’i by positioning the Hawaiian Islands as the ‘Diamond of Islands’ in its 2019 Marketing Initiatives.

KOREA

Table 10: Key Performance Indicators – Korea

| | % of Forecast | YOY Rate ² | Mar. YTD | Forecast |
|---------------------------------------|---------------|-----------------------|----------|----------|
| Arrivals | 98.5% | -27.1% | 54,057 | 54,881 |
| Visitor Spending (\$mil) ² | 89.0% | -23.7% | 114.8 | 129.0 |
| Visitor Days | 100.2% | -24.2% | 432,701 | 431,634 |
| Daily Spend (\$pppd) | 88.8% | 0.6% | 265.3 | 298.8 |
| Airlift (scheduled seats) | 100.0% | -19.6% | 88,217 | 88,217 |

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals declined in the first quarter (-27.1% to 54,057) and in March 2019 (-9.4% to 14,069) compared to a year ago. Average daily visitor spending increased slightly to \$265 per person (+0.6%) in the first quarter. Visitors spent slightly more on transportation and lodging, but slightly less on food and beverage and shopping compared to the first quarter of 2018.
- South Korea’s economy will achieve 2.6 percent to 2.7 percent growth in 2019 if the government maintains expansionary fiscal policies to support growth, the International

Monetary Fund (IMF) reported. Earlier, the OECD had cut the growth outlook for this year to 2.6%, and global credit rating setter Moody's put the full year forecast at 2.1 percent.

- The average USD/WON exchange rate in March was 1095.24 won, a slight decrease from the previous rate of 1122.30 won in February. Fuel surcharges were imposed in March up to 69,600 won (\$61) for a round trip between Korea and the U.S.
- With a population of over 51 million, Korea Tourism Organization (KTO) reported the number of Korean outbound travelers in February 2019 was 2,617,946, a year-on-year increase of 13.3 percent.
- Korea's flag carrier Asiana Airlines (OZ) will increase the frequency of its ICN-HNL route to daily during the following periods; first daily flight services between April 30 and May 18, 2019, and second daily services from August 16 to October 26, 2019. The airline is currently operating 5 flights weekly on Sunday, Monday, Wednesday, Thursday, and Saturday. With its increased airlift, the daily flight services will add about 6,325 seat supplies to the market by the end of this year. Meanwhile, OZ reported that it will be likely to continue its daily flight services from October 27 until March 2020 to primarily serve increasing FIT demands.
- Jin Air has suspended flights from March 3 to mid-July and will again from October to December 2019.
- HTK partnered with: 1) Korean Air on a winter season sales promotion; 2) Asiana Airlines on an OTA promotion; 3) Jin Air on a sales promotion; and 4) Hawaiian Airlines for Neighbor island promotions.
- HTK continues to promote the individual Hawaiian Islands in efforts to increase island distribution by collaborating with key airline partners and tour operators.
- Hawai'i Tourism Korea is participating in the HanaTour International Travel Show from June 7-9 and is holding the 2019 Hawai'i Trade Mission in conjunction from June 9-11.

TAIWAN

Table 11: Key Performance Indicators – Taiwan

| | % of Forecast | YOY Rate ² | Mar. YTD | Forecast |
|---------------------------------------|---------------|-----------------------|----------|----------|
| Arrivals | 109.7% | 10.9% | 4,854 | 4,424 |
| Visitor Spending (\$mil) ² | 116.7% | 40.1% | 12.7 | 10.9 |
| Visitor Days | 127.0% | 25.3% | 49,042 | 38,618 |
| Daily Spend (\$pppd) | 91.9% | 11.8% | 259.6 | 282.6 |
| Airlift (scheduled seats) | 100.0% | 4.0% | 7,956 | 7,956 |

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals rose in the first quarter (+10.9% to 4,854) and in March 2019 (+27.6% to 1,420).
- Taiwan's government trimmed its GDP growth forecast for 2019 to 2.3 percent due to slowing global expansion and trade tensions between China and the U.S.
- Currency exchange rate fluctuations play an important role in Taiwanese consumers' decision-making in oversea travel destination and spending.

- Taiwanese government continues to promote domestic tourism by offering spring travel subsidies of up to US\$50 per person from April to June 2019. The program applies to both independent travelers and group tourists age 18 to 40.
- Taiwanese outbound travel to the U.S. decreased by 10.45% to 41,471 in February 2019 compared to the same period last year. China Airlines' recent strike contributed to the sharp decrease as the majority of its long-haul flights to the U.S. destinations had been cancelled.
- Competition from Asian destinations remains strong: Thailand, Philippines, Vietnam and Hong Kong have seen substantial growths because of their more affordable pricing and proximity to Taiwan. Visitors to New Zealand continue to grow significantly (+53.3% February 2019 YTD) due to favorable currency exchange rates and the new direct flight between Taipei and Auckland.
- According to Expedia's latest report on the most popular overseas destinations for the Taiwanese in 2018, the top ten destinations are all located in Asia. Expedia indicated that the increasing popularity of low-cost carriers and New Southbound Policy by Taiwan's government contributed to the visitor traffic to these Asian destinations.
- According to Skyscanner's APAC Travel Trends 2018 report, social media is the most influential source of travel inspirations (56.4%) in Taiwan where influencers' photos and videos and recommendations allow local consumers to virtually experience destinations.
- China Airlines will add one more direct flight starting May 2019, providing a total of three weekly flights between Taipei and Honolulu.

LATIN AMERICA

Table 122: Key Performance Indicators – Latin America

| | % of Forecast | YOY Rate ² | Mar. YTD | Forecast |
|---------------------------------------|---------------|-----------------------|----------|----------|
| Arrivals | 80.6% | -27.8% | 5,688 | 7,054 |
| Visitor Spending (\$mil) ² | 94.7% | -10.6% | 14.5 | 15.3 |
| Visitor Days | 83.4% | -24.7% | 63,592 | 76,282 |
| Daily Spend (\$pppd) | 113.6% | 18.8% | 227.3 | 200.1 |
| Airlift (scheduled seats) | NA | NA | NA | NA |

DBEDT Forecasts (Quarter 1 2019), Excludes Supplemental Business Expenditures

- Visitor arrivals from Mexico, Brazil and Argentina were down in both the first quarter (-27.8% to 5,688) and in March (-35.4% to 1,502) from last year.

Island Distribution

- **O'ahu:** Through the first quarter, both visitor spending (+4.6% to \$2.01 billion) and arrivals (+3.7% to 1,481,543) increased compared to a year ago. In March, visitor spending rose (+6.7% to \$687.5 million) year-over-year. Total visitor days increased (+3.6%) and daily spending was higher (+3.0% to \$195 per person) compared to March 2018. Arrivals to O'ahu increased 4.3 percent to 532,801 visitors. The average daily census showed 113,786 visitors (+3.6%) in March.
- **Maui:** In the first quarter, visitor spending decreased on Maui (-5.5% to \$1.33 billion) despite growth in visitor arrivals (+2.8% to 727,967). In March, visitor spending dropped 3.3 percent to \$442.9 million. Visitor days (+2.6%) increased, however, daily spending (-5.7% to \$205 per person) was lower compared to last year. Arrivals were up 5.4 percent to 273,846 visitors. The average daily census rose 2.6 percent to 69,617 visitors in March.
- **Island of Hawai'i:** In the first quarter, visitor spending (-13.3% to \$648.6 million) and visitor arrivals (-9.3% to 449,615) were down versus last year. In March, visitor spending declined (-19.3% to \$202 million), as a result of decreases in visitor days (-7.2%) and daily spending (-13.0% to \$172 per person). Arrivals dropped 6.7 percent to 163,987 visitors. The average daily census decreased 7.2 percent to 38,002 visitors in March.
- **Kaua'i:** Through the first quarter, visitor spending (-4.2% to \$483.5 million) and visitor arrivals (-1.4% to 333,961) declined compared to the same period last year. In March, visitor spending decreased (-9.6% to \$153.7 million), due to declines visitor days (-2.2%) and daily spending (-7.6% to \$171 per person). Visitor arrivals were down 1.3 percent to 123,730 visitors. The average daily census dropped 2.2 percent to 28,984 visitors in March.

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **OVERALL**

Key Performance Indicators

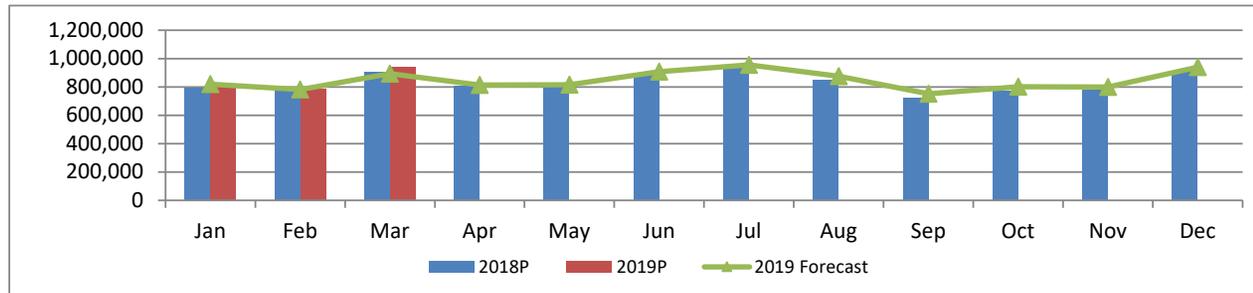
| Column1 | % of Forecast* | YOY Rate | YTD | Forecast |
|---------------------------|----------------|----------|------------|------------|
| Arrivals | 👉 101.9% | 2.6% | 2,542,269 | 2,493,767 |
| Visitor Spending (\$mil)* | 👇 94.8% | -2.4% | 4,518.3 | 4,766.1 |
| Visitor Days | 👉 99.4% | 0.2% | 22,983,325 | 23,116,095 |
| Daily Spend (\$pppd) | 👇 95.3% | -2.6% | 196.6 | 206.2 |
| Airlift (scheduled seats) | 👉 100.0% | 1.1% | 3,318,733 | 3,319,971 |

| Arrivals | YOY Rate | Column1 | YTD | Column2 |
|----------------|----------|---------|-----------|---------|
| O'ahu | 3.7% | | 1,481,543 | |
| Maui | 2.8% | | 727,967 | |
| Moloka'i | 1.0% | | 16,031 | |
| Lāna'i | 12.7% | | 21,804 | |
| Kaua'i | -1.4% | | 333,961 | |
| Hawai'i Island | -9.3% | | 449,615 | |

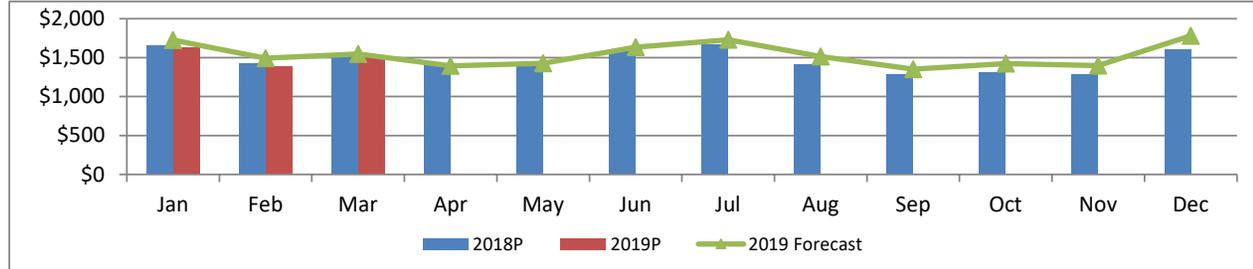
*DBEDT Forecast as of Q1 2019

Monthly Indicators

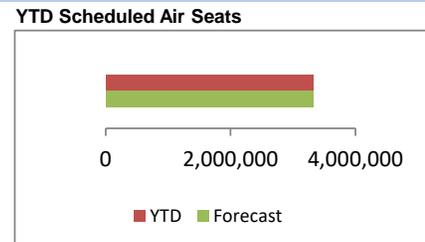
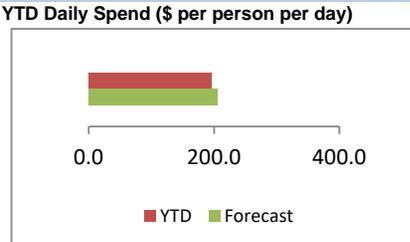
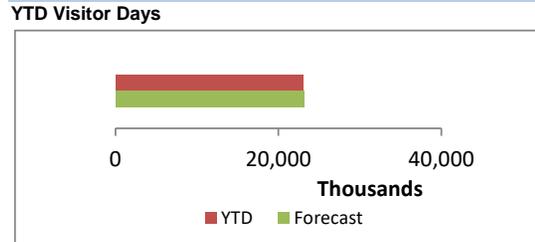
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **U.S. TOTAL**

Key Performance Indicators

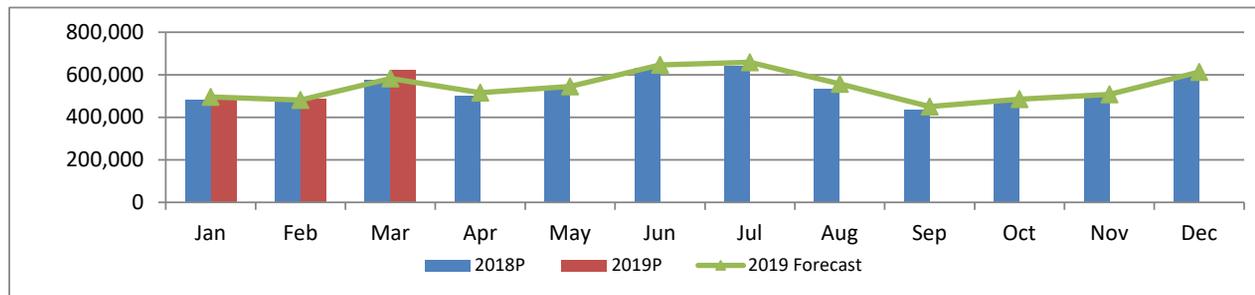
| Column1 | % of Forecast* | YOY Rate | YTD | Forecast |
|---------------------------|----------------|----------|------------|------------|
| Arrivals | ↑ 103.2% | 5.2% | 1,609,481 | 1,559,460 |
| Visitor Spending (\$mil)* | ↓ 96.9% | -0.8% | 2,873.0 | 2,965.5 |
| Visitor Days | → 99.9% | 1.8% | 15,019,402 | 15,032,629 |
| Daily Spend (\$pppd) | ↓ 97.0% | -2.5% | 191.3 | 197.3 |
| Airlift (scheduled seats) | → 100.0% | 1.0% | 2,279,579 | 2,279,475 |

| Arrivals | YOY Rate | Column1 | YTD | Column2 |
|----------------|----------|---------|---------|---------|
| O'ahu | 8.4% | | 770,214 | |
| Maui | 2.5% | | 543,948 | |
| Moloka'i | -2.7% | | 11,473 | |
| Lāna'i | -5.3% | | 13,845 | |
| Kaua'i | -2.7% | | 266,735 | |
| Hawai'i Island | -4.6% | | 309,932 | |

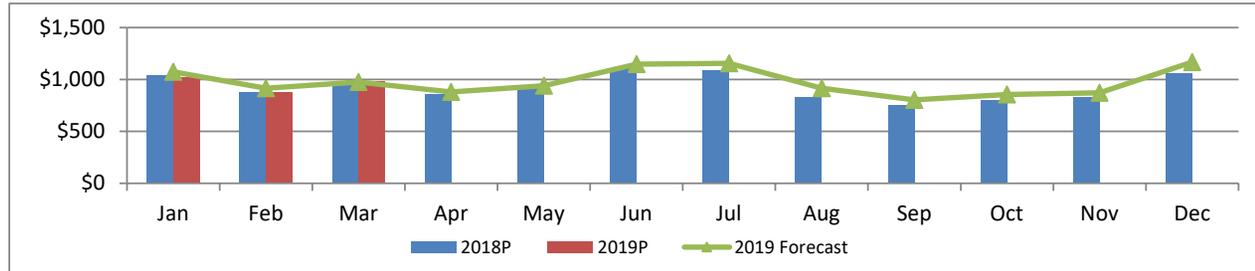
*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

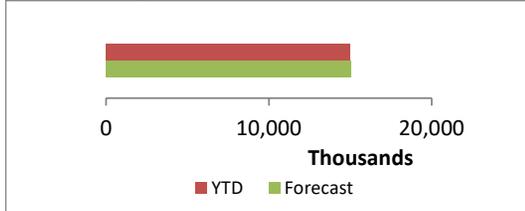


Monthly Visitor Expenditures (\$mil)

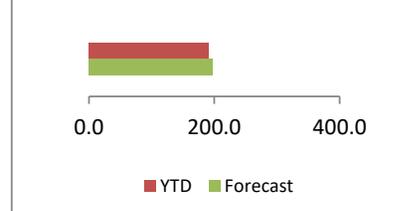


Annual Indicators

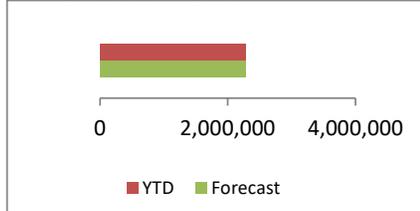
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **U.S. WEST**

Key Performance Indicators

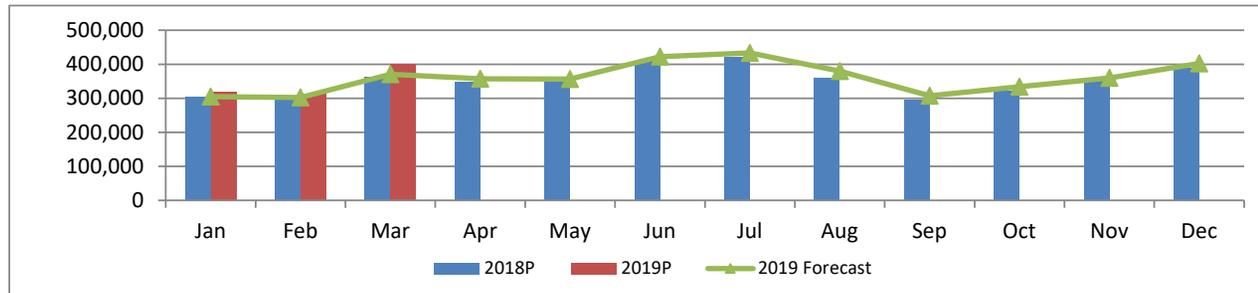
| Column1 | % of Forecast* | YOY Rate | YTD | Forecast |
|---------------------------|----------------|----------|-----------|-----------|
| Arrivals | ↑ 105.4% | 7.1% | 1,030,644 | 977,848 |
| Visitor Spending (\$mil)* | ↓ 97.5% | -0.3% | 1,638.0 | 1,679.7 |
| Visitor Days | ↔ 101.5% | 2.9% | 9,138,755 | 9,005,530 |
| Daily Spend (\$pppd) | ↓ 96.1% | -3.1% | 179.2 | 186.5 |
| Airlift (scheduled seats) | ↔ 100.0% | 1.0% | 1,980,931 | 1,980,827 |

| Column1 | Column2 | Column3 | Column4 | Column5 |
|----------------|----------|---------|---------|---------|
| Arrivals | YOY Rate | | YTD | |
| O'ahu | 10.8% | | 449,947 | |
| Maui | 5.3% | | 337,562 | |
| Moloka'i | 15.8% | | 7,098 | |
| Lāna'i | 8.5% | | 7,340 | |
| Kaua'i | -1.0% | | 161,777 | |
| Hawai'i Island | 1.5% | | 193,318 | |

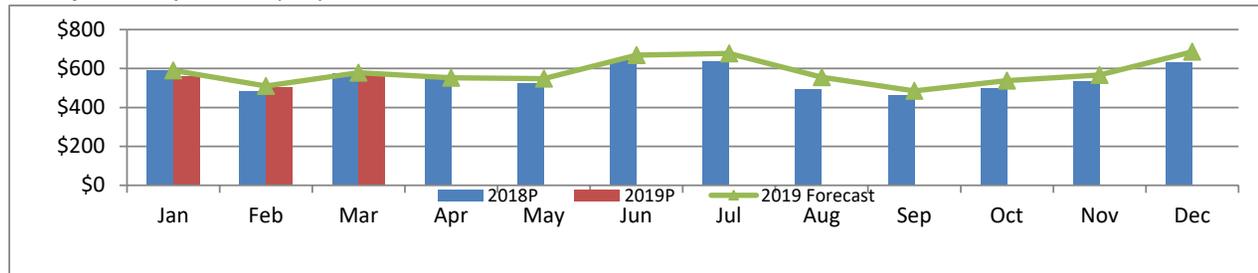
*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

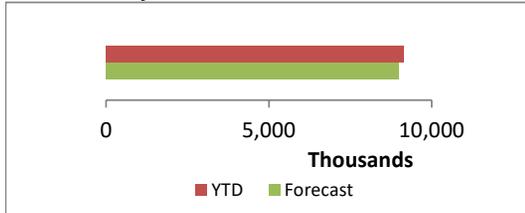


Monthly Visitor Expenditures (\$mil)

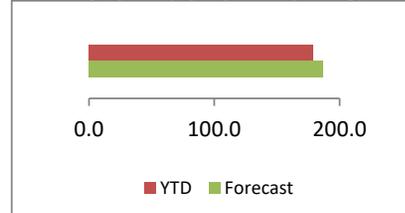


Annual Indicators

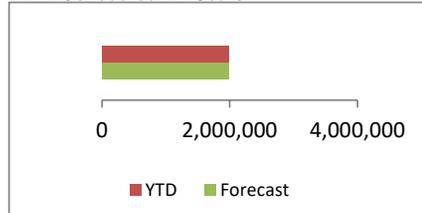
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **U.S. EAST**

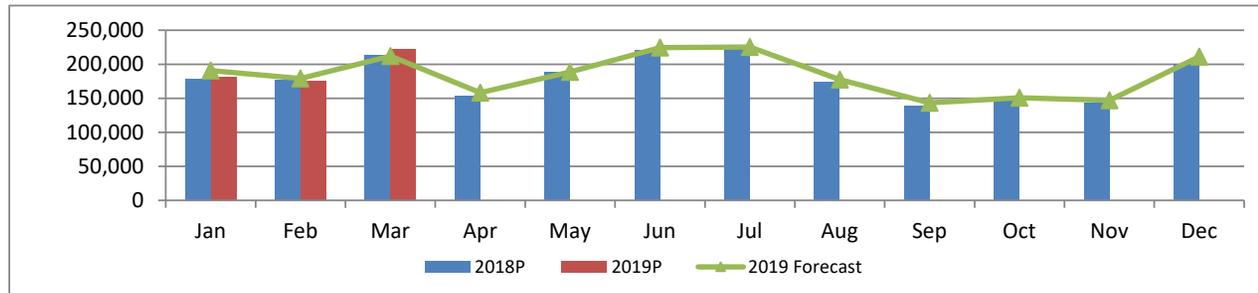
| Key Performance Indicators | | | | | |
|----------------------------|----------------|----------|-----------|-----------|--|
| Column1 | % of Forecast* | YOY Rate | YTD | Forecast | |
| Arrivals | ➔ 99.5% | 2.0% | 578,837 | 581,611 | |
| Visitor Spending (\$mil)* | ⬇️ 96.0% | -1.4% | 1,234.9 | 1,285.8 | |
| Visitor Days | ⬇️ 97.6% | 0.0% | 5,880,647 | 6,027,099 | |
| Daily Spend (\$pppd) | ➔ 98.4% | -1.5% | 210.0 | 213.3 | |
| Airlift (scheduled seats) | ➔ 100.0% | 1.0% | 298,648 | 298,648 | |

| Arrivals | YOY Rate | Column1 | YTD | Column2 |
|----------------|----------|---------|---------|---------|
| O'ahu | 5.3% | | 320,267 | |
| Maui | -1.9% | | 206,386 | |
| Moloka'i | -22.7% | | 4,375 | |
| Lāna'i | -17.1% | | 6,506 | |
| Kaua'i | -5.2% | | 104,957 | |
| Hawai'i Island | -13.3% | | 116,613 | |

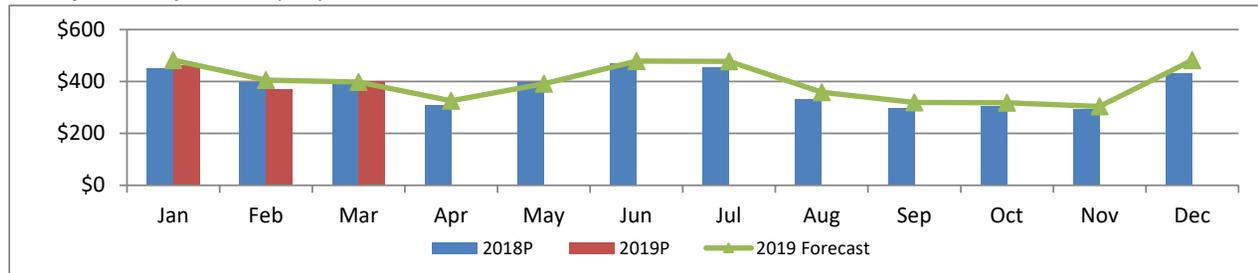
*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

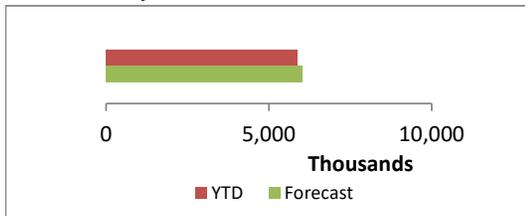


Monthly Visitor Expenditures (\$mil)

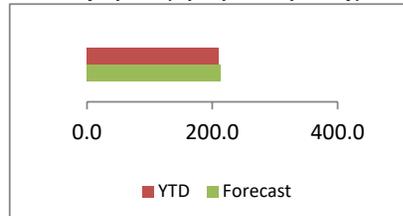


Annual Indicators

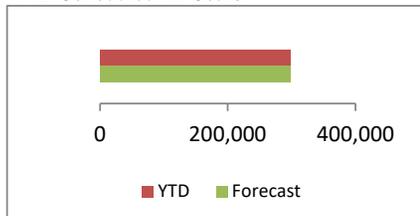
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **CANADA**

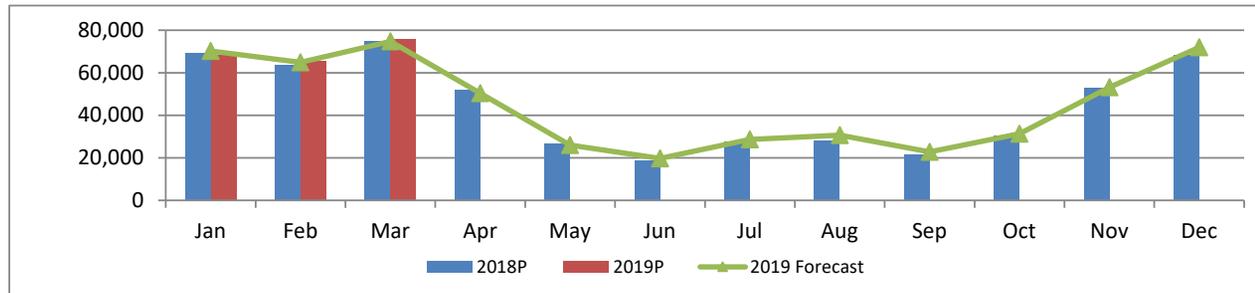
| Key Performance Indicators | | | | | |
|----------------------------|----------------|----------|-----------|-----------|--|
| Column1 | % of Forecast* | YOY Rate | YTD | Forecast | |
| Arrivals | ➔ 99.9% | 0.9% | 209,525 | 209,819 | |
| Visitor Spending (\$mil)* | ⬇️ 98.0% | -2.0% | 455.7 | 465.1 | |
| Visitor Days | ➔ 98.9% | -0.6% | 2,668,391 | 2,698,333 | |
| Daily Spend (\$pppd) | ➔ 99.1% | -1.4% | 170.8 | 172.4 | |
| Airlift (scheduled seats) | ➔ 99.4% | 11.3% | 211,342 | 212,663 | |

| Arrivals | YOY Rate | Column1 | YTD | Column2 |
|----------------|----------|---------|---------|---------|
| O'ahu | 5.0% | | 80,230 | |
| Maui | -0.1% | | 103,145 | |
| Moloka'i | 34.7% | | 1,855 | |
| Lāna'i | 22.0% | | 2,355 | |
| Kaua'i | 5.0% | | 31,459 | |
| Hawai'i Island | -8.1% | | 40,191 | |

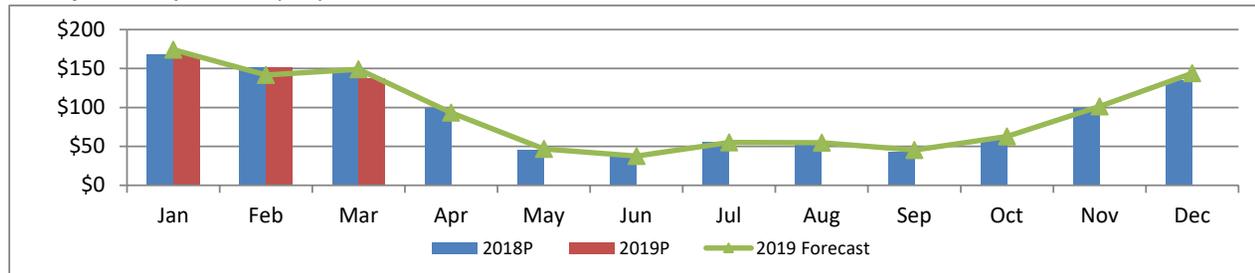
*DBEDT Forecast as of Q1 2019

Monthly Indicators

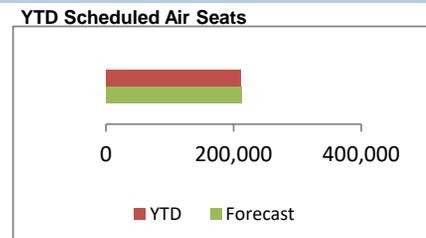
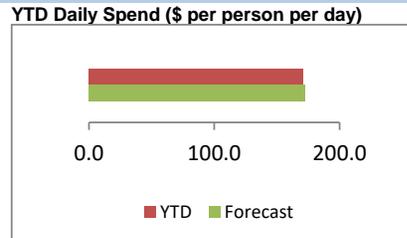
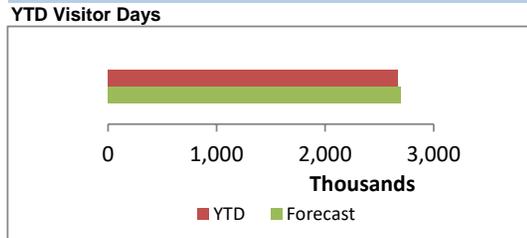
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **JAPAN**

Key Performance Indicators

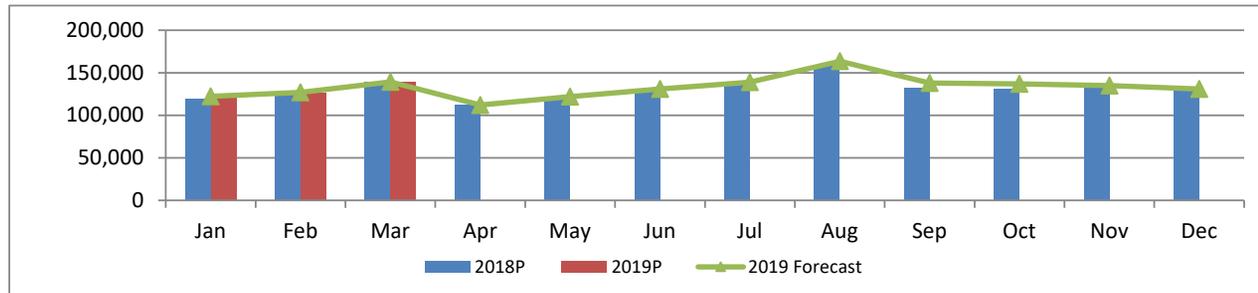
| Column1 | % of Forecast* | YOY Rate | YTD | Forecast |
|---------------------------|----------------|----------|-----------|-----------|
| Arrivals | ➔ 100.7% | 2.2% | 391,228 | 388,348 |
| Visitor Spending (\$mil)* | ⬇ 90.9% | -3.2% | 539.9 | 594.2 |
| Visitor Days | ➔ 99.8% | 0.3% | 2,279,773 | 2,284,735 |
| Daily Spend (\$pppd) | ⬇ 91.1% | -3.5% | 236.8 | 260.1 |
| Airlift (scheduled seats) | ➔ 100.0% | 5.6% | 505,898 | 505,898 |

| Arrivals | YOY Rate | Column1 | YTD | Column2 |
|----------------|----------|---------|---------|---------|
| O'ahu | 3.9% | | 371,791 | |
| Maui | 14.2% | | 13,696 | |
| Moloka'i | -24.2% | | 224 | |
| Lāna'i | 65.3% | | 566 | |
| Kaua'i | 16.6% | | 7,089 | |
| Hawai'i Island | -31.9% | | 36,988 | |

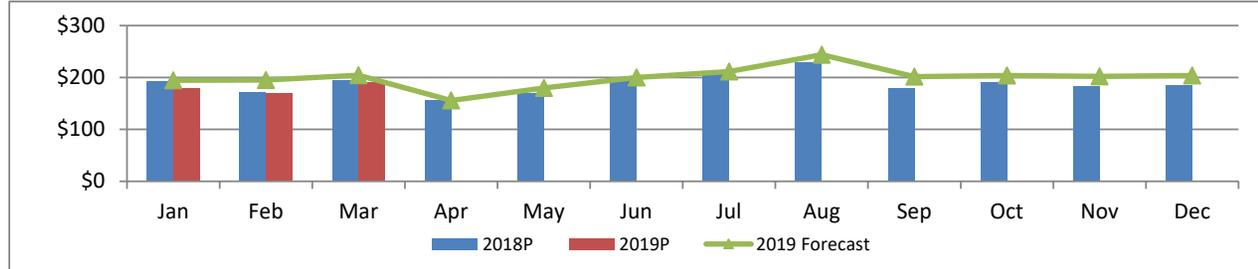
*DBEDT Forecast as of Q1 2019

Monthly Indicators

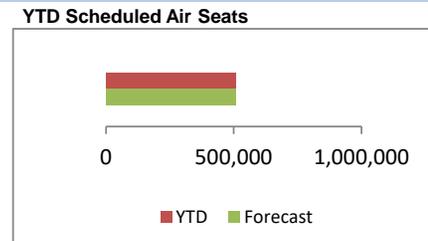
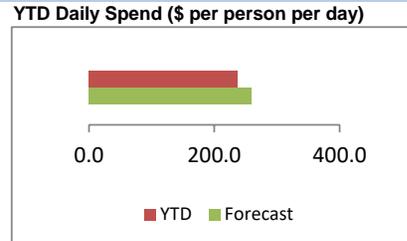
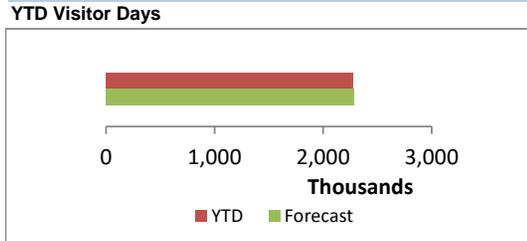
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **CHINA**

Key Performance Indicators

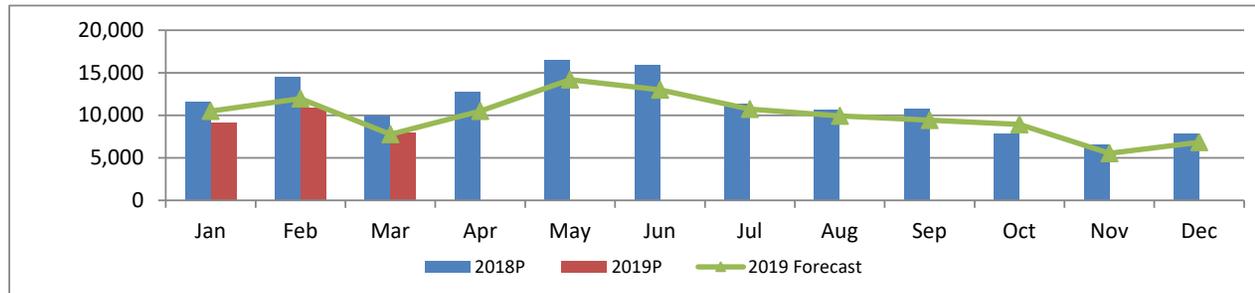
| Column1 | | % of Forecast* | YOY Rate | YTD | Forecast |
|---------------------------|---|----------------|----------|---------|----------|
| Arrivals | ↓ | 92.5% | -22.7% | 27,922 | 30,195 |
| Visitor Spending (\$mil)* | ↓ | 81.0% | -21.0% | 78.2 | 96.6 |
| Visitor Days | ↓ | 89.2% | -21.0% | 237,677 | 266,432 |
| Daily Spend (\$pppd) | ↓ | 90.7% | 0.0% | 329.1 | 362.6 |
| Airlift (scheduled seats) | ↑ | 102.4% | -19.4% | 34,010 | 33,224 |

| Arrivals | YOY Rate | Column1 | YTD | Column2 |
|----------------|----------|---------|--------|---------|
| O'ahu | -23.5% | | 26,913 | |
| Maui | -22.3% | | 6,720 | |
| Moloka'i | -5.6% | | 199 | |
| Lāna'i | 70.5% | | 418 | |
| Kaua'i | 10.8% | | 1,244 | |
| Hawai'i Island | -24.9% | | 11,057 | |

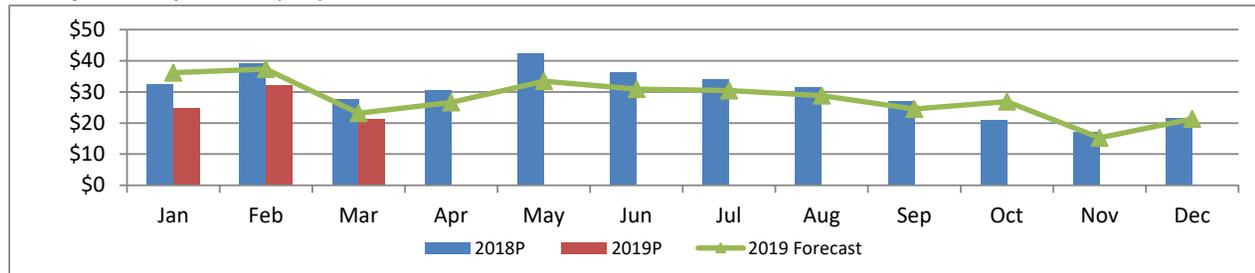
*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

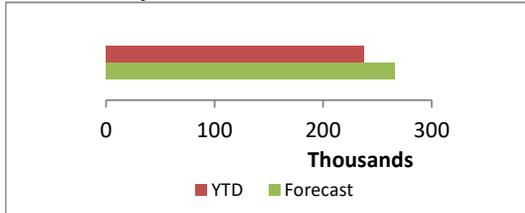


Monthly Visitor Expenditures (\$mil)

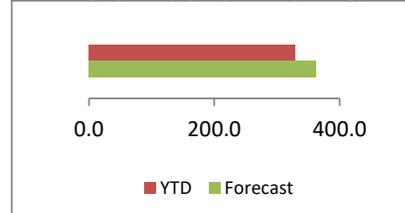


Annual Indicators

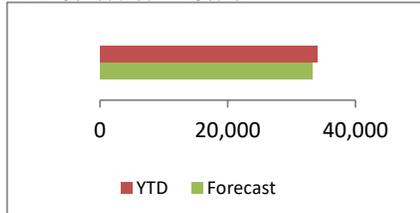
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **KOREA**

Key Performance Indicators

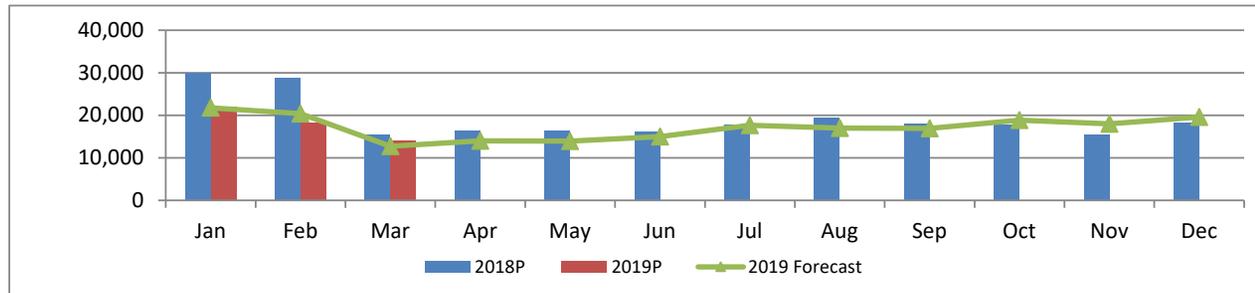
| Column1 | | % of Forecast* | YOY Rate | YTD | Forecast |
|---------------------------|---|----------------|----------|---------|----------|
| Arrivals | 👉 | 98.5% | -27.1% | 54,057 | 54,881 |
| Visitor Spending (\$mil)* | 👇 | 89.0% | -23.7% | 114.8 | 129.0 |
| Visitor Days | 👉 | 100.2% | -24.2% | 432,701 | 431,634 |
| Daily Spend (\$pppd) | 👇 | 88.8% | 0.6% | 265.3 | 298.8 |
| Airlift (scheduled seats) | 👉 | 100.0% | -19.6% | 88,217 | 88,217 |

| Arrivals | YOY Rate | Column1 | YTD | Column2 |
|----------------|----------|---------|--------|---------|
| O'ahu | -26.9% | | 53,135 | |
| Maui | -13.5% | | 7,505 | |
| Moloka'i | -39.2% | | 238 | |
| Lāna'i | 40.9% | | 226 | |
| Kaua'i | -27.5% | | 2,399 | |
| Hawai'i Island | -25.8% | | 7,936 | |

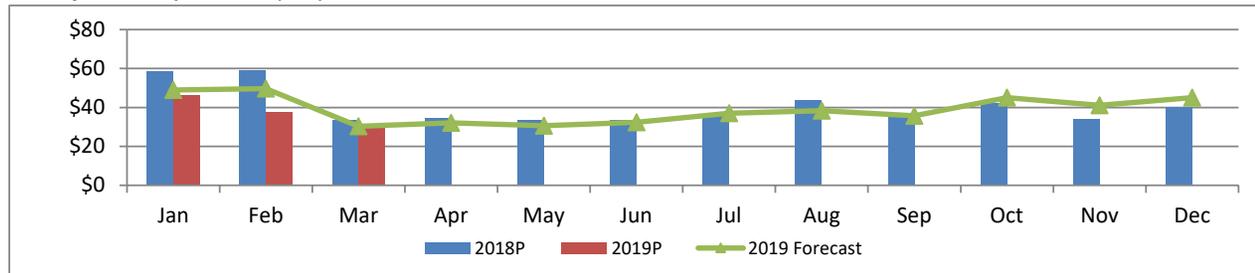
*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

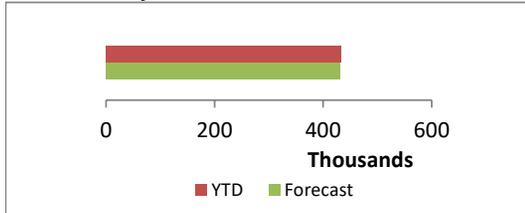


Monthly Visitor Expenditures (\$mil)

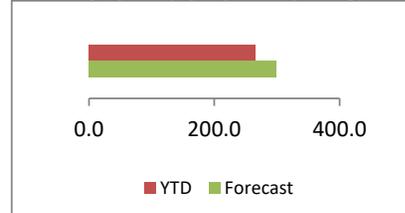


Annual Indicators

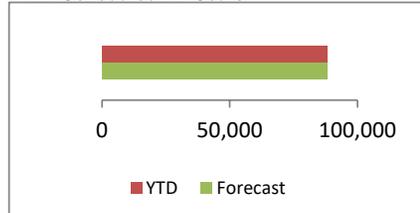
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **TAIWAN**

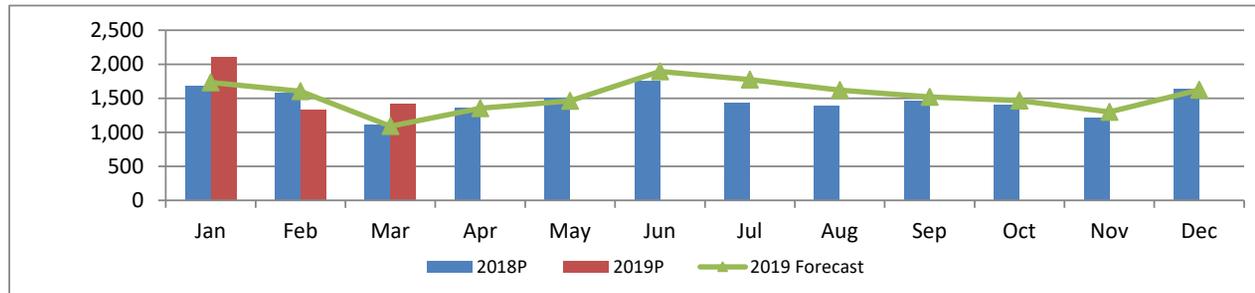
| Key Performance Indicators | | | | | |
|----------------------------|----------------|----------|--------|----------|--|
| Column1 | % of Forecast* | YOY Rate | YTD | Forecast | |
| Arrivals | ↑ 109.7% | 10.9% | 4,854 | 4,424 | |
| Visitor Spending (\$mil)* | ↑ 116.7% | 40.1% | 12.7 | 10.9 | |
| Visitor Days | ↑ 127.0% | 25.3% | 49,042 | 38,618 | |
| Daily Spend (\$pppd) | ↓ 91.9% | 11.8% | 259.6 | 282.6 | |
| Airlift (scheduled seats) | → 100.0% | 4.0% | 7,956 | 7,956 | |

| Arrivals | YOY Rate | Column1 | YTD | Column2 |
|----------------|----------|---------|-------|---------|
| O'ahu | 10.5% | | 4,739 | |
| Maui | 42.4% | | 1,070 | |
| Moloka'i | -100.0% | | - | |
| Lāna'i | -32.9% | | 42 | |
| Kaua'i | 649.0% | | 471 | |
| Hawai'i Island | -14.8% | | 1,226 | |

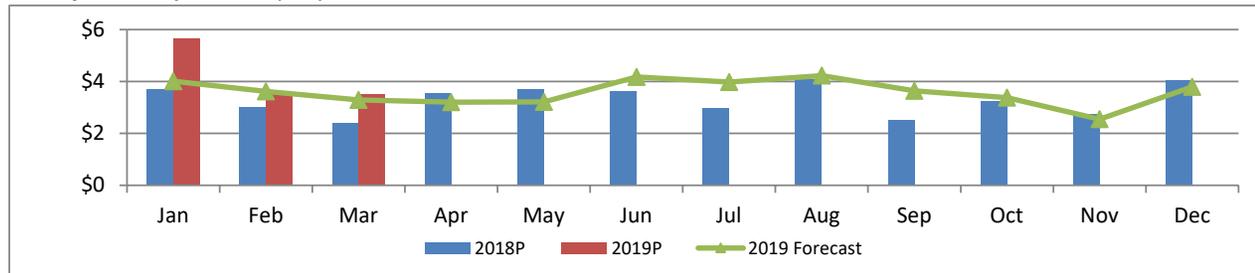
*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

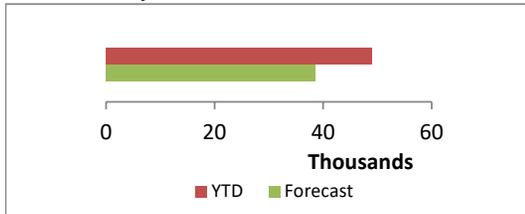


Monthly Visitor Expenditures (\$mil)

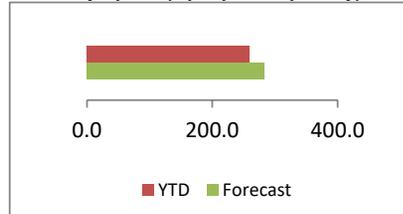


Annual Indicators

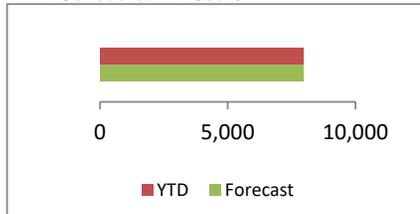
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **OCEANIA**

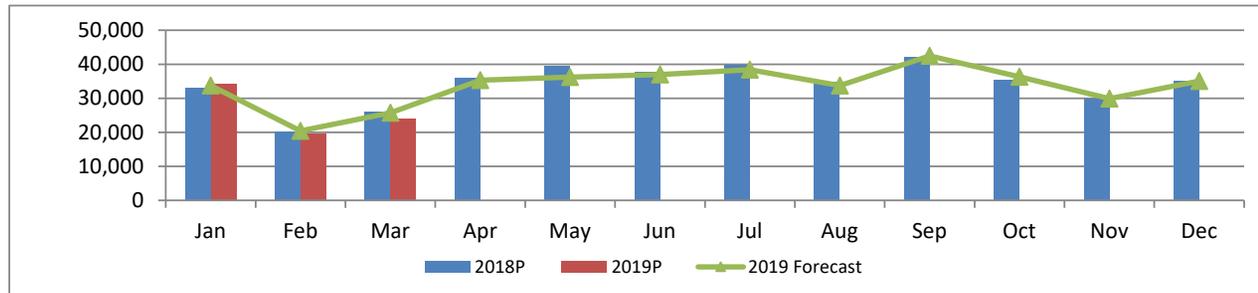
| Key Performance Indicators | | | | | |
|----------------------------|----------------|----------|---------|----------|--|
| Column1 | % of Forecast* | YOY Rate | YTD | Forecast | |
| Arrivals | ↓ 97.3% | -1.7% | 77,731 | 79,863 | |
| Visitor Spending (\$mil)* | ↓ 89.3% | -4.9% | 193.8 | 217.0 | |
| Visitor Days | ↓ 95.5% | -2.7% | 740,034 | 774,710 | |
| Daily Spend (\$pppd) | ↓ 93.5% | -2.3% | 261.9 | 280.1 | |
| Airlift (scheduled seats) | → 100.0% | -3.1% | 115,945 | 115,978 | |

| Arrivals | YOY Rate | Column1 | YTD | Column2 |
|----------------|----------|---------|--------|---------|
| O'ahu | -2.3% | | 75,701 | |
| Maui | -2.4% | | 12,933 | |
| Moloka'i | 32.1% | | 905 | |
| Lāna'i | 32.1% | | 1,318 | |
| Kaua'i | 17.4% | | 7,308 | |
| Hawai'i Island | -16.5% | | 8,472 | |

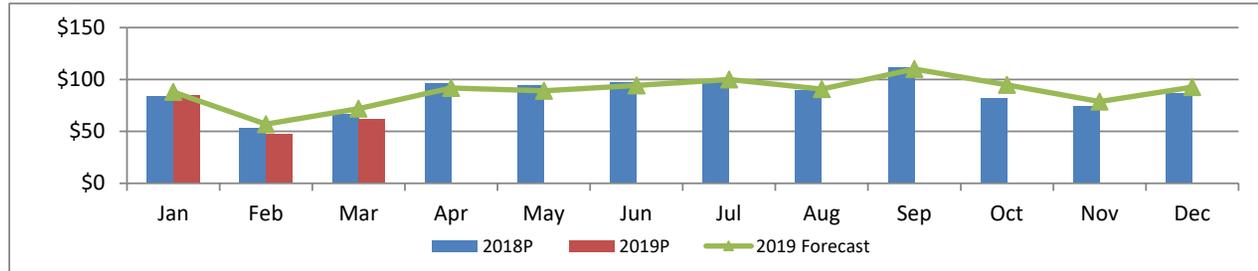
*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

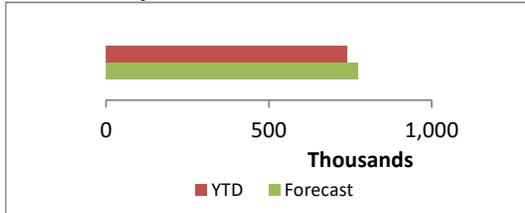


Monthly Visitor Expenditures (\$mil)

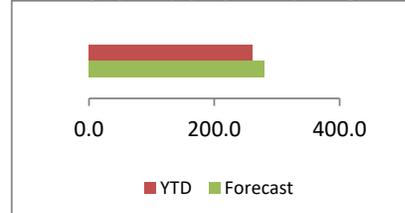


Annual Indicators

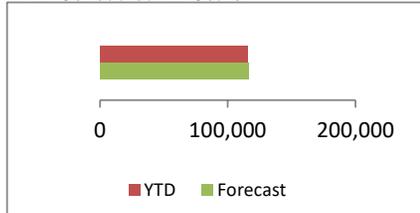
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **EUROPE**

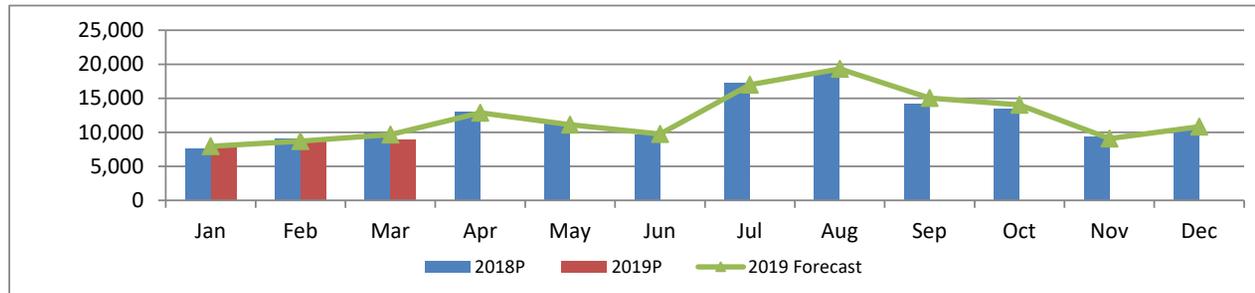
| Key Performance Indicators | | | | | |
|----------------------------|----------------|----------|---------|----------|--|
| Column1 | % of Forecast* | YOY Rate | YTD | Forecast | |
| Arrivals | ↓ 96.0% | -5.0% | 25,253 | 26,305 | |
| Visitor Spending (\$mil)* | ↓ 80.7% | 3.9% | 51.9 | 64.4 | |
| Visitor Days | ↓ 95.0% | -7.1% | 338,256 | 356,097 | |
| Daily Spend (\$pppd) | ↓ 84.9% | 11.8% | 153.5 | 180.8 | |
| Airlift (scheduled seats) | NA | NA | NA | NA | |

| Arrivals | YOY Rate | Column1 | YTD | Column2 |
|----------------|----------|---------|--------|---------|
| O'ahu | -6.9% | | 18,398 | |
| Maui | 18.9% | | 10,763 | |
| Moloka'i | -2.2% | | 335 | |
| Lāna'i | 7.2% | | 319 | |
| Kaua'i | 17.9% | | 6,019 | |
| Hawai'i Island | -17.9% | | 7,250 | |

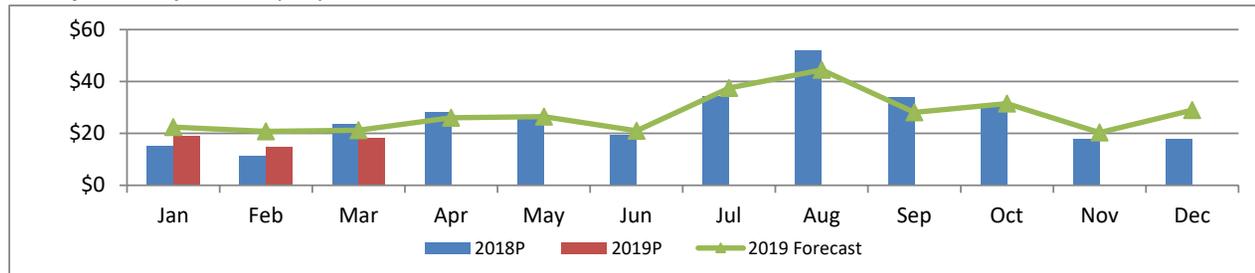
*DBEDT Forecast as of Q1 2019

Monthly Indicators

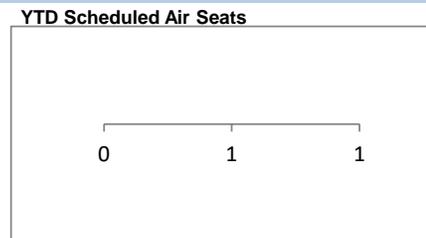
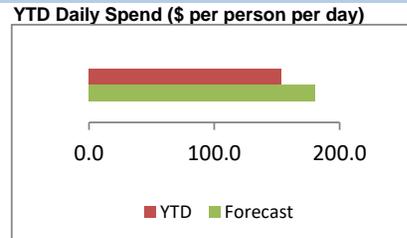
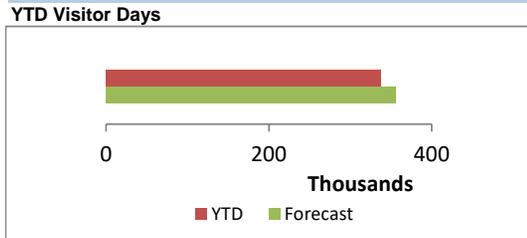
Monthly Arrivals



Monthly Visitor Expenditures (\$mil)



Annual Indicators



* Excludes Supplemental Business Expenditures

HTA Key Performance Indicators Dashboard

DBEDT Forecast as of Q1 2019

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

Visitor Industry Performance Measures

Market: **LATIN AMERICA**

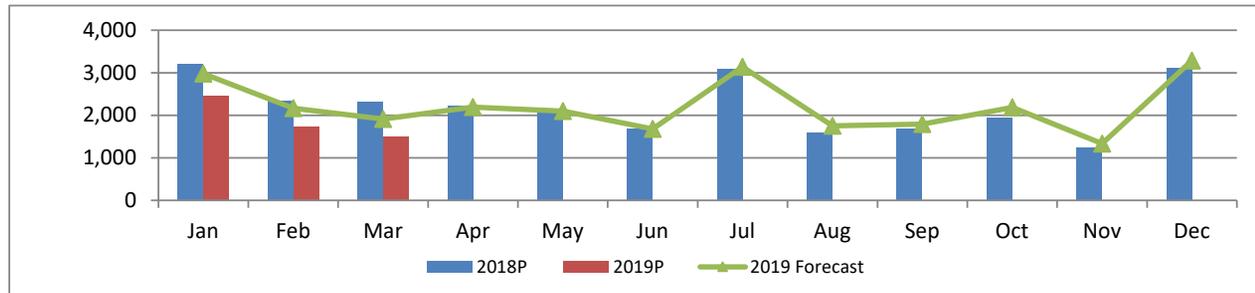
| Key Performance Indicators | | | | | |
|----------------------------|----------------|----------|--------|----------|--|
| Column1 | % of Forecast* | YOY Rate | YTD | Forecast | |
| Arrivals | ↓ 80.6% | -27.8% | 5,688 | 7,054 | |
| Visitor Spending (\$mil)* | ↓ 94.7% | -10.6% | 14.5 | 15.3 | |
| Visitor Days | ↓ 83.4% | -24.7% | 63,592 | 76,282 | |
| Daily Spend (\$pppd) | ↑ 113.6% | 18.8% | 227.3 | 200.1 | |
| Airlift (scheduled seats) | NA | NA | NA | NA | |

| Arrivals | YOY Rate | Column1 | YTD | Column2 |
|----------------|----------|---------|-------|---------|
| O'ahu | -28.5% | | 4,430 | |
| Maui | -32.0% | | 1,983 | |
| Moloka'i | -84.9% | | 31 | |
| Lāna'i | -81.6% | | 40 | |
| Kaua'i | -29.5% | | 654 | |
| Hawai'i Island | -53.4% | | 860 | |

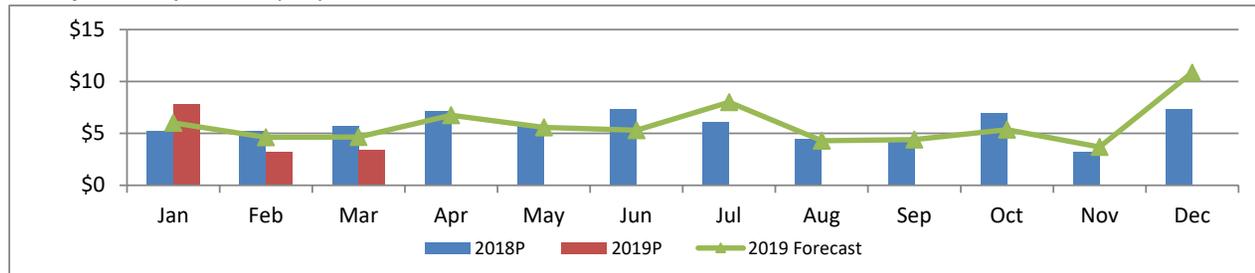
*DBEDT Forecast as of Q1 2019

Monthly Indicators

Monthly Arrivals

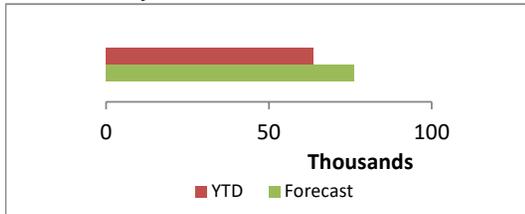


Monthly Visitor Expenditures (\$mil)

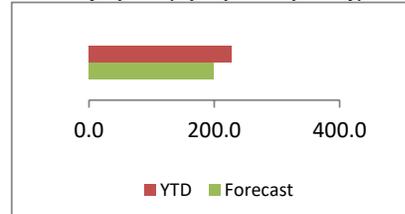


Annual Indicators

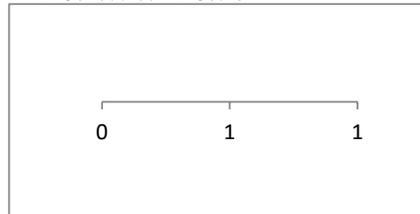
YTD Visitor Days



YTD Daily Spend (\$ per person per day)



YTD Scheduled Air Seats



* Excludes Supplemental Business Expenditures

Agenda Item

7

**Presentation, Discussion and
Action on HTA's Financial
Reports for March 2019**

Hawaii Tourism Authority
Budget Statement - Summary
FY 2019
As of March 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 February 2019 | Budget | YTD Amount of Budget Used | Balance | Activity for February 2019 |
| Revenues | | | | | | | | |
| TAT Revenue Allocation | 79,000,000 | 59,250,000 | 19,750,000 | 6,583,333 | 16,500,000 | 12,375,000 | 4,125,000 | 1,375,000 |
| Prior Year Carryover | 8,459,108 | 8,459,108 | - | - | - | - | - | - |
| Other | - | 174,595 | - | 52 | - | - | - | - |
| | <u>87,459,108</u> | <u>67,883,703</u> | <u>19,750,000</u> | <u>6,583,385</u> | <u>16,500,000</u> | <u>12,375,000</u> | <u>4,125,000</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 | 46,302,563 | 43,022,362 | 3,280,201 | 986,097 | | | | |
| Communications | 636,000 | 216,718 | 419,282 | - | | | | |
| Sports | 7,910,000 | 5,504,559 | 2,405,441 | 229,993 | | | | |
| Brand Development Projects | 275,000 | 3,640 | 271,360 | - | | | | |
| Business Destination Management | 898,437 | 505,790 | 392,647 | (230,210) | | | | |
| Access | 2,713,000 | 762,630 | 1,950,370 | - | | | | |
| Industry Collaboration & Coordination | 55,000 | 12,443 | 42,557 | - | | | | |
| Digital Marketing Projects | 1,400,000 | 368,232 | 1,031,768 | 23,943 | | | | |
| Industry Relations | 1,032,000 | 440,690 | 591,310 | 126,720 | | | | |
| Subtotal | <u>61,935,872</u> | <u>51,528,737</u> | <u>10,407,135</u> | <u>1,136,543</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 | 1,417,618 | 2,317,382 | (33,521) | | | | |
| Community | 4,046,000 | 2,244,721 | 1,801,279 | 140,000 | | | | |
| Greetings | 1,200,000 | 3,179 | 1,196,821 | 2,973 | | | | |
| Other Product Development | 779,000 | 245,781 | 533,219 | - | | | | |
| Festivals & Events | 1,917,920 | 1,244,500 | 673,420 | 383,500 | | | | |
| Safety & Security | 2,031,080 | 1,786,580 | 244,500 | (12,500) | | | | |
| Career Development | 1,124,000 | 80,000 | 1,044,000 | - | | | | |
| Natural Resources | 2,180,000 | 1,129,846 | 1,050,154 | - | | | | |
| Subtotal | <u>17,384,226</u> | <u>8,429,629</u> | <u>8,954,597</u> | <u>480,452</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Research | | | | | | | | |
| Salaries & Wages | 384,180 | 380,880 | 3,300 * | - | - | - | - | - |
| Tourism Research | 4,231,214 | 2,340,627 | 1,890,587 | 479,645 | | | | |
| Subtotal | <u>4,615,394</u> | <u>2,721,507</u> | <u>1,893,887</u> | <u>479,645</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Hawai'i Convention Center | | | | | | | | |
| Sales & Marketing | - | - | - | - | 6,967,896 | 6,967,896 | - | - |
| Operations | - | - | - | - | 2,240,280 | 6,605,437 | (4,365,157) | (667,811) |
| Major Repair & Maintenance | - | - | - | - | 5,414,443 | 5,414,443 | - | - |
| Subtotal | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>14,622,619</u> | <u>18,987,776</u> | <u>(4,365,157)</u> | <u>(667,811)</u> |
| Administration | | | | | | | | |
| Salaries & Wages | 825,625 | 944,946 | (119,321) * | - | 297,491 | 311,054 | (13,563) * | - |
| Operations | 660,700 | 376,262 | 284,438 | 61,778 | | | | |
| Subtotal | <u>1,486,325</u> | <u>1,321,208</u> | <u>165,117</u> | <u>61,778</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 | 156,958 | 109,342 | 22,760 | 230,000 | 88,380 | 141,620 | - |
| Contract Services | 120,000 | - | 120,000 | - | 89,833 | - | 89,833 | - |
| Travel | 334,999 | 66,703 | 268,296 | 7,465 | - | - | - | - |
| Subtotal | <u>2,037,291</u> | <u>1,539,653</u> | <u>497,638</u> | <u>30,225</u> | <u>507,509</u> | <u>276,056</u> | <u>231,453</u> | <u>-</u> |
| Total Expenditures | <u>87,459,108</u> | <u>65,540,734</u> | <u>21,918,373</u> | <u>2,188,643</u> | <u>15,497,619</u> | <u>19,631,324</u> | <u>(4,133,705)</u> | <u>(667,811)</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 | 1,321,208 | | | | | | |
| | 1,278,675 | 1,443,792 | | | | | | |

* Nets to \$0 when summed all together.

(April 18 2019)

Budget Reallocation Summary
Through March 31, 2019

| Budget Line Item | Program Code | Original Budget | Reallocation | Budget After Reallocations |
|--|--------------|-----------------|--------------------|----------------------------|
| Sales and Marketing | | | | |
| <i>From:</i> | | | | |
| Canada | 322 | 2,200,000 | (1,400,000) | 800,000 |
| Europe | 326 | 850,000 | (448,437) | 401,563 |
| Hawai'i Tourism Summit | 102 | 800,000 | (325,000) | 475,000 |
| Meetings, Conventions & Incentives | 331 | 505,000 | (251,563) | 253,437 |
| MCI Global Management | 316 | 500,000 | (5,000) | 495,000 |
| Marketing Opportunity Fund | 380 | 250,000 | (245,000) | 5,000 |
| Emergency Marketing | 381 | 1,250,000 | (50,000) | 1,200,000 |
| Sports Agency Consultant | 375 | 300,000 | (225,000) | 75,000 |
| | | | (2,950,000) | |
| <i>To:</i> | | | | |
| Southeast Asia | 336 | - | 200,000 | 200,000 |
| US | 321 | 22,480,000 | 1,500,000 | 23,980,000 |
| Japan | 323 | 8,000,000 | 1,000,000 | - |
| | | | 2,700,000 | |
| Culture, Community & Natural Resources | | | | |
| <i>From:</i> | | | | |
| Hookaulike Fund | 724 | 1,256,000 | (126,000) | 1,130,000 |
| Signature Events Opportunity | 700 | 450,000 | (400,080) | 49,920 |
| Community-Based Tourism Programs | 701 | 1,700,000 | (25,000) | 1,675,000 |
| Current Workforce | 802 | 500,000 | (96,000) | 404,000 |
| | | | (647,080) | |
| <i>To:</i> | | | | |
| Emergency - Community Support (Arizona Memorial, Kaua'i Shuttle) | 726 | - | 141,000 | 141,000 |
| Scholarship Program | 805 | - | 500,000 | 500,000 |
| Preventative Programs (Safety and Security) | 604 | 275,000 | 121,080 | 396,080 |
| May Day | 716 | 75,000 | 10,000 | 85,000 |
| Resort Area Hawaiian Cultural Initiative | 718 | 200,000 | 125,000 | 325,000 |
| | | | 897,080 | |
| Research | | | | |
| <i>From:</i> | | | | |
| Infrastructure Research | 506 | 712,500 | (45,000) | 667,500 |
| | | | | - |
| | | | | - |
| | | | | - |
| | | | (45,000) | |

Budget Reallocation Summary
Through March 31, 2019

| Budget Line Item | Program Code | Original Budget | Reallocation | Budget After Reallocations |
|--|--------------|-----------------|--------------|----------------------------|
| To: | | | | |
| Calc of Visitor Characteristics and Exp | 512 | 1,193,700 | 45,000 | 1,238,700 |
| | | | | - |
| | | | | - |
| | | | | - |
| | | | 45,000 | |
| <hr/> | | | | |
| Administration and Organizationwide Costs | | | | |
| From: | | | | |
| | | | | - |
| | | | | - |
| | | | | - |
| | | | - | |
| <hr/> | | | | |
| To: | | | | |
| | | | | - |
| | | | | - |
| | | | | - |
| | | | | - |
| | | | - | |
| <hr/> | | | | |
| Board Allocations | | | | |
| From: | | | | |
| Board Emergency Fund* | N/A | | | - |
| | | | | - |
| | | | | - |
| | | | - | |

* The \$1,250,000 drawdown from the Board Emergency Fund during FY 2019 was approved by the Board during the same Board meeting in which the FY 2019 budget was approved, and therefore is deemed as included in the original budget.

HAWAII TOURISM

AUTHORITY

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

Tourism Special Fund:

1. \$85.4M in cash and investments
 - a. Includes \$5M in Emergency Fund held as investments
 - b. Decrease from February of \$1M due primarily to the following:
 - i. Recording \$6.6M in TAT revenues
 - ii. Offset by \$7.6M in expenditures
2. \$13.2M of prior year encumbrances being spent down
3. \$26.7M 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. \$5.15M in funds held for the Center for Hawaiian Music & Dance;
 - d. \$9M earmarked for specific obligations, such as EUTF, ERS, and accrued vacation.
 - e. \$3.3M of projected carryover from the FY 2019 budget.
4. \$65.2M 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. Staff projects a carryover balance from the FY 2019 budget of approximately \$3.3M.
 - a. A summary of year-to-date budget reallocations is included in these financial statements. Significant budget reallocations during March included:
 - i. Reallocation of \$1.5M and \$1M to the USA and Japan MMAs, respectively, that was approved by the Board at its March 27, 2019 meeting.
 - ii. \$15,000 to extend the Kaua'i shuttle program.

- iii. \$125,000 for a Sunset on the Beach series (reallocated from the Signature Events Opportunity budget)

5. Operating Income:

- a. Recorded \$6.6M in TAT for March 2019, and \$59.4M in TAT YTD.
- b. Incurred \$7.6M in program and other expenditures for March 2019.

Convention Center Enterprise Special Fund:

6. \$31.5M in cash

- a. Decrease of \$4M from February due to the following:
 - i. Recording \$1.4M in TAT and \$668K in HCC operating revenue
 - ii. Offset by \$6M in expenditures

7. \$20.4M in cash with contractor or with DAGS, for R&M projects (as of February 2019).

- a. Includes \$2M Emergency
- b. These funds are encumbered or budgeted toward specific projects such as cooling tower replacement, furnishings and enhancements, wall rehabilitation, boiler replacement, and various equipment purchases and upgrades.
- c. Reflects \$10.8M 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 March 2019, and \$12.4M in TAT YTD.
- b. Convention Center operations:

i. \$1.5M operating loss year-to-date (As of March 2019).

11. Spending according to Budget.

Hawaii Tourism Authority
Balance Sheet
348 - Tourism Special Fund
As of 3/31/19

| | <u>Current Year</u> |
|-------------------------------|----------------------|
| Assets | |
| Current Assets | |
| Checking 348 | 80,403,008.27 |
| Petty Cash | <u>5,000.00</u> |
| Total Current Assets | 80,408,008.27 |
| Total Assets | <u>80,408,008.27</u> |
| Fund Balance | |
| Current year payables | |
| Accounts Payable | 26,463.41 |
| Credit Card Payable | <u>1,205.90</u> |
| Total Current year payables | 27,669.31 |
| Current year net assets | |
| | <u>8,255,054.06</u> |
| Total Current year net assets | 8,255,054.06 |
| Prior years | |
| Total Prior years | <u>72,125,284.90</u> |
| Total Fund Balance | <u>80,408,008.27</u> |

Hawaii Tourism Authority
Balance Sheet
361- Convention Center Enterprise- Special Fund
As of 3/31/19

| | <u>Current Year</u> |
|-------------------------------|----------------------|
| Assets | |
| Current Assets | |
| Checking 361 | <u>31,489,810.36</u> |
| Total Current Assets | 31,489,810.36 |
| Total Assets | <u>31,489,810.36</u> |
| Fund Balance | |
| Current year net assets | |
| | <u>10,670,770.48</u> |
| Total Current year net assets | 10,670,770.48 |
| Prior years | |
| Total Prior years | <u>20,819,039.88</u> |
| Total Fund Balance | <u>31,489,810.36</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 |
| Carryover for FY 2020 Budget | 2,002,969 | 3,309,284 | 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 | 5,153,000 | | | |
| 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 | 395,672 | | | |
| HCC MFF Commitments * | - | - | | | |
| Total Long-Term Obligations and Commitments | 21,662,556 | 18,713,189 | | 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 3/1/2019 Through 3/31/2019

| | Total Budget | Current Period Actual | Current Year Actual | Total Budget Variance |
|--|-----------------------|--------------------------|----------------------|--------------------------|
| Revenue | | | | |
| Transient Accomodations Tax | 79,000,000.00 | 6,583,333.33 | 59,249,999.97 | (19,750,000.03) |
| Interest and Dividends | 0.00 | 0.00 | 9,848.88 | 9,848.88 |
| Miscellaneous | 0.00 | 0.00 | 12,852.25 | 12,852.25 |
| Refunds | 0.00 | 52.00 | 150,584.66 | 150,584.66 |
| 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 | 79,000,000.00 | 6,583,385.33 | 59,424,595.27 | (19,575,404.73) |
| Expense | | | | |
| Hawaiian Culture | 3,735,000.00 | 88,570.00 | 175,691.33 | 3,559,308.67 |
| Natural Resources | 2,180,000.00 | 72,500.00 | 73,571.68 | 2,106,428.32 |
| Community | 4,046,000.00 | 692,930.00 | 829,308.27 | 3,216,691.73 |
| Communications | 636,000.00 | 0.00 | 2,676.42 | 633,323.58 |
| Career Development | 1,124,000.00 | 20,000.00 | 70,000.00 | 1,054,000.00 |
| Major Market Management | 46,302,563.00 | 2,192,130.00 | 10,488,184.54 | 35,814,378.46 |
| Business Destination Management | 898,437.00 | 0.00 | 0.00 | 898,437.00 |
| Access | 2,713,000.00 | 24,775.43 | 212,975.43 | 2,500,024.57 |
| Industry Collaboration and Coordination | 55,000.00 | 0.00 | 12,442.78 | 42,557.22 |
| Digital Marketing Projects | 1,400,000.00 | 88,704.00 | 106,371.88 | 1,293,628.12 |
| HTA Product Development | 779,000.00 | 6,642.21 | 34,529.55 | 744,470.45 |
| Sports Marketing | 7,910,000.00 | 2,745,182.00 | 4,128,948.61 | 3,781,051.39 |
| Festivals and Events | 1,917,920.00 | 126,400.00 | 186,400.00 | 1,731,520.00 |
| Brand Development Projects | 275,000.00 | 0.00 | 3,640.06 | 271,359.94 |
| Greetings | 1,200,000.00 | 3,178.78 | 3,178.78 | 1,196,821.22 |
| Safety and Security | 2,031,080.00 | 112,500.00 | 217,500.00 | 1,813,580.00 |
| Tourism Research | 4,231,214.00 | 224,387.19 | 351,821.35 | 3,879,392.65 |
| Governance | 4,977,894.00 | 36,127.22 | 1,198,310.52 | 3,779,583.48 |
| Industry Relations | 1,032,000.00 | 182,516.85 | 268,848.85 | 763,151.15 |
| Total Expense | 87,444,108.00 | 6,616,543.68 | 18,364,400.05 | 69,079,707.95 |
| Net Income | (8,444,108.00) | (33,158.35) | 41,060,195.22 | 49,504,303.22 |

Hawaii Tourism Authority
Statement of Revenues and Expenditures
348- Prior Year Funds
From 3/1/2019 Through 3/31/2019

| | 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 | 50,000.00 | 700,205.83 | 1,003,511.11 |
| Natural Resources | 1,266,954.83 | 0.00 | 903,533.65 | 363,421.18 |
| Community | 1,465,470.95 | 99,447.33 | 758,336.10 | 707,134.85 |
| Communications | 434,050.58 | 0.00 | 269,823.92 | 164,226.66 |
| Career Development | 280,750.00 | 16,235.26 | 50,000.00 | 230,750.00 |
| Major Market Management | 24,998,960.33 | 484,058.00 | 21,063,826.53 | 3,935,133.80 |
| Business Destination Management | 623,119.53 | 0.00 | 446,146.33 | 176,973.20 |
| 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 | 3,434.00 | 919,497.01 | 1,545,610.01 |
| HTA Product Development | 120,794.30 | 15,672.18 | 83,034.19 | 37,760.11 |
| Sports Marketing | 2,775,102.26 | 0.00 | 2,024,909.27 | 750,192.99 |
| Festivals and Events | 958,381.11 | 123,450.00 | 758,395.00 | 199,986.11 |
| Brand Development Projects | 234,896.80 | 0.00 | 165,482.00 | 69,414.80 |
| Greetings | 905,595.44 | 19,670.00 | 472,420.00 | 433,175.44 |
| Safety and Security | 558,213.31 | 27,094.23 | 463,192.03 | 95,021.28 |
| Tourism Research | 2,152,865.34 | 178,387.86 | 1,500,428.97 | 652,436.37 |
| Governance | 946,904.96 | 5,131.70 | 265,309.03 | 681,595.93 |
| Industry Relations | 837,458.99 | 0.00 | 595,642.99 | 241,816.00 |
| Total Expense | <u>46,282,776.16</u> | <u>1,022,580.56</u> | <u>32,805,141.16</u> | <u>13,477,635.00</u> |
| Net Income | <u>(46,282,776.16)</u> | <u>(1,022,580.56)</u> | <u>(32,805,141.16)</u> | <u>13,477,635.00</u> |

Hawaii Tourism Authority
Statement of Revenues and Expenditures
361 - Convention Center Enterprise Special Fund
19 - FY 2019 Funds
From 3/1/2019 Through 3/31/2019

| | <u>Total Budget</u> | <u>Current Period Actual</u> | <u>Current Year Actual</u> | <u>Total Budget Variance</u> |
|-------------------------------|----------------------|----------------------------------|----------------------------|----------------------------------|
| Revenue | | | | |
| Transient Accomodations Tax | 16,500,000.00 | 1,375,000.00 | 12,375,000.00 | (4,125,000.00) |
| Interest and Dividends | 0.00 | 0.00 | 0.00 | 0.00 |
| HCC Revenue | <u>9,725,250.00</u> | <u>667,811.02</u> | <u>4,859,092.87</u> | <u>(4,866,157.13)</u> |
| Total Revenue | <u>26,225,250.00</u> | <u>2,042,811.02</u> | <u>17,234,092.87</u> | <u>(8,991,157.13)</u> |
| Expense | | | | |
| Governance | 875,000.00 | 0.00 | 64,082.91 | 810,917.09 |
| HCC Operating Expense | 11,965,530.00 | 4,333,167.61 | 4,333,167.61 | 7,632,362.39 |
| 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>1,696,276.99</u> | <u>1,696,276.99</u> | <u>5,271,619.01</u> |
| Total Expense | <u>25,222,869.00</u> | <u>6,029,444.60</u> | <u>6,093,527.51</u> | <u>19,129,341.49</u> |
| Net Income | <u>1,002,381.00</u> | <u>(3,986,633.58)</u> | <u>11,140,565.36</u> | <u>10,138,184.36</u> |

Hawaii Tourism Authority
Statement of Revenues and Expenditures
361- Prior Year Funds
From 3/1/2019 Through 3/31/2019

| | 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 | 0.00 | 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>0.00</u> | <u>469,794.88</u> | <u>2,022,899.60</u> |
| Net Income | <u>(2,492,694.48)</u> | <u>0.00</u> | <u>(469,794.88)</u> | <u>2,022,899.60</u> |

Hawaii Tourism Authority
Statement of Revenues and Expenditures
369 - Homelessness in Tourism and Resort Areas
19 - FY 2019 Funds
From 3/1/2019 Through 3/31/2019

| | <u>Total Budget</u> | <u>Current Period Actual</u> | <u>Current Year Actual</u> | <u>Total Budget Variance</u> |
|---------------|-----------------------|----------------------------------|----------------------------|----------------------------------|
| Revenue | | | | |
| Miscellaneous | 0.00 | 364,312.09 | 364,312.09 | 364,312.09 |
| Community | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| Total Revenue | <u>0.00</u> | <u>364,312.09</u> | <u>364,312.09</u> | <u>364,312.09</u> |
| Expense | | | | |
| Community | <u>1,000,000.00</u> | <u>364,312.09</u> | <u>364,312.09</u> | <u>635,687.91</u> |
| Total Expense | <u>1,000,000.00</u> | <u>364,312.09</u> | <u>364,312.09</u> | <u>635,687.91</u> |
| Net Income | <u>(1,000,000.00)</u> | <u>0.00</u> | <u>0.00</u> | <u>1,000,000.00</u> |

Hawaii Convention Center
 Facility
 Reforecast
 From 4/01/2019 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) | 880,815 | 1,750,910 | 2,631,725 | 2,994,300 | (362,575) | 2,689,423 |
| Service Revenue | 362,027 | 683,565 | 1,045,592 | 776,800 | 268,792 | 819,497 |
| Total Direct Event Income | 1,242,842 | 2,434,475 | 3,677,317 | 3,771,100 | (93,783) | 3,508,920 |
| Direct Service Expenses | 578,806 | 1,550,675 | 2,129,481 | 1,952,004 | (177,477) | 1,787,798 |
| Net Direct Event Income | 664,036 | 883,800 | 1,547,836 | 1,819,096 | (271,260) | 1,721,122 |
| Ancillary Income | | | | | | |
| F&B Concession (Net) | 119,616 | 450,050 | 569,666 | 629,200 | (59,534) | 600,981 |
| F&B Catering (Net) | 1,318,878 | 3,899,671 | 5,218,549 | 6,070,900 | (852,351) | 4,204,790 |
| Event Parking (Net) | 270,315 | 545,400 | 815,715 | 782,100 | 33,615 | 758,199 |
| Electrical Services | 85,709 | 95,700 | 181,409 | 159,400 | 22,009 | 195,243 |
| Audio Visual | 48,138 | 220,586 | 268,724 | 282,600 | (13,876) | 357,626 |
| Internet Services | 0 | 0 | 0 | 0 | 0 | 22,742 |
| Rigging Services | 39,310 | 42,907 | 82,217 | 85,400 | (3,183) | 77,983 |
| First Aid Commissions | 0 | 0 | 0 | 4,200 | (4,200) | 3,363 |
| Total Ancillary Income | 1,881,966 | 5,254,314 | 7,136,280 | 8,013,800 | (877,520) | 6,220,927 |
| Total Event Income | 2,546,002 | 6,138,114 | 8,684,116 | 9,832,896 | (1,148,780) | 7,942,049 |
| Other Operating Income | | | | | | |
| Non-Event Parking | 13,503 | 43,875 | 57,378 | 58,500 | (1,122) | 56,763 |
| Other Income | 36,334 | 149,499 | 185,833 | 38,000 | 147,833 | 104,403 |
| Total Other Operating Income | 49,837 | 193,374 | 243,211 | 96,500 | 146,711 | 161,166 |
| Total Gross Income | 2,595,839 | 6,331,488 | 8,927,327 | 9,929,396 | (1,002,069) | 8,103,215 |
| Net Salaries & Benefits | | | | | | |
| Salaries & Wages | 1,161,807 | 3,962,025 | 5,123,832 | 5,297,300 | 173,468 | 4,509,295 |
| Payroll Taxes & Benefits | 331,792 | 1,052,733 | 1,384,525 | 1,262,400 | (122,125) | 1,206,224 |
| Labor Allocations to Events | (144,039) | (346,774) | (490,813) | (461,400) | 29,413 | (501,122) |
| Total Net Salaries & Benefits | 1,349,560 | 4,667,984 | 6,017,544 | 6,098,300 | 80,756 | 5,214,397 |
| Other Indirect Expenses | | | | | | |
| Net Contracted Services | 74,376 | 327,004 | 401,380 | 402,000 | 620 | 315,234 |
| Operations | 31,064 | 177,077 | 208,141 | 208,800 | 659 | 157,769 |
| Repair & Maintenance | 169,732 | 729,252 | 898,984 | 899,000 | 16 | 651,788 |
| Operational Supplies | 153,183 | 551,631 | 704,814 | 705,202 | 388 | 537,106 |
| Insurance | 33,525 | 124,032 | 157,557 | 157,900 | 343 | 169,614 |
| Utilities | 519,873 | 1,837,199 | 2,357,072 | 2,368,800 | 11,728 | 2,379,218 |
| Meetings & Conventions | 5,408 | 31,076 | 36,484 | 34,900 | (1,584) | 22,215 |
| Promotions & Communications | 17,096 | 23,801 | 40,897 | 42,400 | 1,503 | 38,831 |
| General & Administrative | 60,006 | 290,618 | 350,624 | 359,501 | 8,877 | 271,716 |
| Management Fees | 33,000 | 224,400 | 257,400 | 290,400 | 33,000 | 252,720 |
| Other | 6,460 | 48,077 | 54,537 | 57,200 | 2,663 | 214,097 |
| Total Other Indirect Expenses | 1,103,723 | 4,364,167 | 5,467,890 | 5,526,103 | 58,213 | 5,010,308 |
| Net Income (Loss) before CIP Funded Expenses | 142,556 | (2,700,663) | (2,558,107) | (1,695,007) | (863,100) | (2,121,490) |
| CIP Funded Expenses | 2,200 | 0 | 2,200 | 0 | 2,200 | 76,411 |
| Net Income (Loss) from Operations | 144,756 | (2,700,663) | (2,555,907) | (1,695,007) | (860,900) | (2,045,079) |
| Fixed Asset Purchases | 27,163 | 272,837 | 300,000 | 300,000 | 0 | 124,122 |
| Net Income (Loss) after Fixed Asset Purchases | 117,593 | (2,973,500) | (2,855,907) | (1,995,007) | (860,900) | (2,169,201) |

Hawaii Convention Center
Facility
Income Statement
From 3/1/2019 Through 3/31/2019
(In Whole Numbers)

| | Current Month Actual | Current Month Budget | Variance | Current Month Prior Year | YTD Actual | YTD Budget | Variance | YTD Prior Year |
|--|-------------------------|-------------------------|-----------------|-----------------------------|------------------|------------------|------------------|------------------|
| Direct Event Income | | | | | | | | |
| Rental Income (Net) | 436,381 | 489,805 | (53,424) | 420,510 | 874,110 | 901,040 | (26,930) | 712,153 |
| Service Revenue | 149,909 | 90,050 | 59,859 | 95,691 | 361,392 | 216,920 | 144,472 | 159,295 |
| Total Direct Event Income | 586,290 | 579,855 | 6,435 | 516,201 | 1,235,502 | 1,117,960 | 117,542 | 871,447 |
| Direct Service Expenses | 231,230 | 215,407 | (15,823) | 166,174 | 590,928 | 516,615 | (74,313) | 381,810 |
| Net Direct Event Income | 355,059 | 364,448 | (9,389) | 350,028 | 644,573 | 601,345 | 43,228 | 489,638 |
| Ancillary Income | | | | | | | | |
| F&B Concession (Net) | 39,584 | 113,916 | (74,332) | 71,495 | 119,616 | 179,150 | (59,534) | 122,540 |
| F&B Catering (Net) | 631,775 | 432,954 | 198,821 | 453,993 | 1,318,878 | 1,380,809 | (61,931) | 986,405 |
| Event Parking (Net) | 135,962 | 161,500 | (25,538) | 84,430 | 270,315 | 260,900 | 9,415 | 178,794 |
| Electrical Services | 46,566 | 34,800 | 11,766 | 4,100 | 85,709 | 66,100 | 19,609 | 20,592 |
| Audio Visual | 28,778 | 24,200 | 4,578 | 18,769 | 48,137 | 60,540 | (12,403) | 40,686 |
| Internet Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rigging Services | 6,460 | 10,200 | (3,740) | 15,495 | 39,310 | 37,800 | 1,510 | 32,864 |
| First Aid Commissions | 0 | 475 | (475) | 388 | 0 | 1,150 | (1,150) | 816 |
| Total Ancillary Income | 889,125 | 778,045 | 111,080 | 648,669 | 1,881,966 | 1,986,449 | (104,483) | 1,382,696 |
| Total Event Income | 1,244,184 | 1,142,493 | 101,691 | 998,697 | 2,526,539 | 2,587,794 | (61,255) | 1,872,334 |
| Other Operating Income | | | | | | | | |
| Non-Event Parking | 2,978 | 4,875 | (1,898) | 3,080 | 13,503 | 14,625 | (1,123) | 14,535 |
| Other Income | 10,102 | 3,167 | 6,935 | 2,979 | 36,334 | 9,501 | 26,833 | 15,578 |
| Total Other Operating Income | 13,080 | 8,042 | 5,038 | 6,059 | 49,837 | 24,126 | 25,711 | 30,113 |
| Total Gross Income | 1,257,264 | 1,150,535 | 106,729 | 1,004,755 | 2,576,376 | 2,611,920 | (35,544) | 1,902,447 |
| Net Salaries & Benefits | | | | | | | | |
| Salaries & Wages | 399,845 | 431,316 | 31,471 | 364,017 | 1,161,807 | 1,293,948 | 132,141 | 1,085,121 |
| Payroll Taxes & Benefits | 112,627 | 99,889 | (12,738) | 92,949 | 331,792 | 299,667 | (32,125) | 272,475 |
| Labor Allocations to Events | (55,827) | (51,286) | 4,541 | (43,855) | (156,161) | (114,626) | 41,535 | (105,080) |
| Total Net Salaries & Benefits | 456,645 | 479,919 | 23,274 | 413,111 | 1,337,439 | 1,478,989 | 141,550 | 1,252,516 |
| Other Indirect Expenses | | | | | | | | |
| Net Contracted Services | 37,419 | 32,032 | (5,387) | 23,270 | 74,376 | 90,996 | 16,620 | 59,291 |
| Operations | 15,686 | 14,641 | (1,045) | 22,716 | 31,064 | 46,723 | 15,659 | 42,754 |
| Repair & Maintenance | 36,637 | 74,916 | 38,279 | 77,916 | 169,732 | 224,748 | 55,016 | 140,946 |
| Operational Supplies | 59,071 | 61,828 | 2,757 | 51,548 | 153,183 | 172,571 | 19,388 | 102,292 |
| Insurance | 13,311 | 13,191 | (120) | 12,116 | 33,525 | 37,868 | 4,343 | 27,222 |
| Utilities | 190,619 | 212,824 | 22,205 | 200,613 | 519,873 | 561,601 | 41,728 | 476,918 |
| Meetings & Conventions | 1,140 | 1,108 | (32) | 1,576 | 5,408 | 3,824 | (1,584) | 2,513 |
| Promotions & Communications | (11,205) | 3,533 | 14,738 | 21,324 | 17,096 | 10,599 | (6,497) | 26,997 |
| General & Administrative | 18,175 | 26,626 | 8,451 | 25,346 | 60,007 | 76,883 | 16,876 | 61,637 |
| Management Fees | 11,000 | 11,000 | 0 | 10,800 | 33,000 | 33,000 | 0 | 32,400 |
| Other | 2,850 | 4,717 | 1,867 | 29,493 | 6,460 | 14,151 | 7,691 | 31,737 |
| Total Other Indirect | 374,704 | 456,416 | 81,712 | 476,719 | 1,103,723 | 1,272,964 | 169,241 | 1,004,707 |
| Net Income (Loss) before CIP Funded Expenses | 425,915 | 214,200 | 211,715 | 114,925 | 135,214 | (140,033) | 275,247 | (354,777) |
| CIP Funded Expenses | (17) | 0 | (17) | 0 | 2,200 | 0 | 2,200 | 3,534 |
| Net Income (Loss) from Operations | 425,898 | 214,200 | 211,698 | 114,925 | 137,414 | (140,033) | 277,447 | (351,243) |
| Fixed Asset Purchases | 1,963 | 25,000 | 23,037 | 15,545 | 27,163 | 75,000 | 47,837 | 24,430 |
| Net Income (Loss) After Fixed Asset Purchases | 423,934 | 189,200 | 234,734 | 99,380 | 110,250 | (215,033) | 325,283 | (375,673) |

Hawaii Convention Center
Facility
Income Statement
From 3/1/2019 Through 3/31/2019
(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 | 1,105,923 | 849,582 | 256,341 | 1,039,832 | 2,661,553 | 2,408,527 | 253,026 | 2,070,287 |
| Facility | 828,600 | 829,872 | (1,272) | 652,989 | 1,756,990 | 1,594,776 | 162,214 | 1,196,368 |
| Total Revenues | <u>1,934,522</u> | <u>1,679,454</u> | <u>255,068</u> | <u>1,692,820</u> | <u>4,418,543</u> | <u>4,003,303</u> | <u>415,240</u> | <u>3,266,655</u> |
| Expenses | | | | | | | | |
| Food & Beverage | 599,713 | 485,932 | (113,781) | 710,864 | 1,669,867 | 1,390,240 | (279,627) | 1,434,601 |
| Facility | 908,894 | 979,322 | 70,428 | 867,031 | 2,613,462 | 2,753,096 | 139,634 | 2,186,830 |
| Total Expenses | <u>1,508,607</u> | <u>1,465,254</u> | <u>(43,353)</u> | <u>1,577,895</u> | <u>4,283,329</u> | <u>4,143,336</u> | <u>(139,993)</u> | <u>3,621,431</u> |
| Net Income (Loss) before CIP Funded Expenses | <u>425,915</u> | <u>214,200</u> | <u>211,715</u> | <u>114,925</u> | <u>135,215</u> | <u>(140,033)</u> | <u>275,248</u> | <u>(354,776)</u> |
| CIP Funded Expenses | <u>(17)</u> | <u>0</u> | <u>(17)</u> | <u>0</u> | <u>2,200</u> | <u>0</u> | <u>2,200</u> | <u>3,534</u> |
| Net Income (Loss) from Operations | <u>425,898</u> | <u>214,200</u> | <u>211,698</u> | <u>114,925</u> | <u>137,415</u> | <u>(140,033)</u> | <u>277,448</u> | <u>(351,242)</u> |
| Fixed Asset Purchases | <u>1,963</u> | <u>25,000</u> | <u>23,037</u> | <u>15,545</u> | <u>27,163</u> | <u>75,000</u> | <u>47,837</u> | <u>24,430</u> |
| Net Income (Loss) after Fixed Asset Purchases | <u><u>423,935</u></u> | <u><u>189,200</u></u> | <u><u>234,735</u></u> | <u><u>99,380</u></u> | <u><u>110,252</u></u> | <u><u>(215,033)</u></u> | <u><u>325,285</u></u> | <u><u>(375,672)</u></u> |

Hawaii Convention Center
Sales and Marketing
Reforecast
From 4/1/2019 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 | 97 | 0 | 97 | 0 | 97 | 50 |
| Total Other Operating Income | 97 | 0 | 97 | 0 | 97 | 50 |
| Total Gross Income | 97 | 0 | 97 | 0 | 97 | 50 |
| Net Salaries & Benefits | | | | | | |
| Salaries & Wages | 366,754 | 1,257,071 | 1,623,825 | 1,851,900 | 228,075 | 1,469,457 |
| Payroll Taxes & Benefits | 81,351 | 292,857 | 374,208 | 372,100 | (2,108) | 296,085 |
| Total Net Salaries & Benefits | 448,105 | 1,549,928 | 1,998,033 | 2,224,000 | 225,967 | 1,765,542 |
| Other Indirect Expenses | | | | | | |
| Net Contracted Services | 49,258 | 182,808 | 232,066 | 250,200 | 18,134 | 138,779 |
| Repair & Maintenance | 20,999 | 80,272 | 101,271 | 101,700 | 429 | 97,227 |
| Utilities | 1,785 | 6,300 | 8,085 | 12,000 | 3,915 | 7,146 |
| Meetings & Conventions | 241,523 | 831,659 | 1,073,182 | 1,074,400 | 1,218 | 840,231 |
| Promotions & Communications | 138,460 | 833,367 | 971,827 | 857,800 | (114,027) | 1,343,225 |
| Marketing Flexibility Fund | 170,025 | 1,239,434 | 1,409,459 | 1,175,000 | (234,459) | 1,167,907 |
| General & Administrative | 17,440 | (7,127) | 10,313 | 59,300 | 48,987 | 84,331 |
| Management Fees | 33,000 | 204,600 | 237,600 | 237,600 | 0 | 165,360 |
| Other | 12,565 | 40,696 | 53,261 | 103,000 | 49,739 | 697 |
| Total Other Indirect Expenses | 685,055 | 3,412,009 | 4,097,064 | 3,871,000 | (226,064) | 3,844,903 |
| Net Income (Loss) from Operations | (1,133,063) | (4,961,937) | (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 | (1,133,063) | (4,961,937) | (6,095,000) | (6,095,000) | 0 | (5,623,449) |

Hawaii Convention Center
Sales and Marketing
Income Statement
From 3/1/2019 Through 3/31/2019
(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 | 68 | 0 | 68 | 4 | 97 | 0 | 97 | 49 |
| Total Other Operating Income | 68 | 0 | 68 | 4 | 97 | 0 | 97 | 49 |
| Total Gross Income | 68 | 0 | 68 | 4 | 97 | 0 | 97 | 49 |
| Net Salaries & Benefits | | | | | | | | |
| Salaries & Wages | 117,889 | 138,700 | 20,811 | 108,089 | 366,754 | 416,100 | 49,346 | 304,343 |
| Payroll Taxes & Benefits | 29,093 | 27,100 | (1,993) | 19,121 | 81,351 | 81,300 | (51) | 52,768 |
| Total Net Salaries & Benefits | 146,982 | 165,800 | 18,818 | 127,210 | 448,105 | 497,400 | 49,295 | 357,111 |
| Other Indirect Expenses | | | | | | | | |
| Net Contracted Services | 24,614 | 17,934 | (6,680) | 8,438 | 49,258 | 52,802 | 3,544 | 24,313 |
| Repair & Maintenance | 7,555 | 33,600 | 26,045 | 6,147 | 20,999 | 45,200 | 24,201 | 24,211 |
| Operational Supplies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Utilities | 526 | 1,000 | 474 | 973 | 1,785 | 3,000 | 1,215 | 1,988 |
| Meetings & Conventions | | | | | | | | |
| Mileage | 46 | 200 | 154 | 0 | 160 | 600 | 440 | 0 |
| Meals & Entertainment | 153 | 1,000 | 847 | 116 | 1,127 | 3,000 | 1,873 | 1,710 |
| Meetings & Conventions | 86,958 | 96,800 | 9,842 | 83,307 | 237,543 | 226,400 | (11,143) | 150,145 |
| Dues & Subscriptions | 103 | 0 | (103) | 4,865 | 2,692 | 8,600 | 5,908 | 6,375 |
| Total Meetings & Conventions | 87,260 | 98,000 | 10,740 | 88,288 | 241,522 | 238,600 | (2,922) | 158,230 |
| Promotions & Communications | | | | | | | | |
| Site Visit | 4,847 | 3,750 | (1,097) | 10,829 | 11,219 | 11,250 | 31 | 39,591 |
| Photography | 1,126 | 1,000 | (126) | 2,169 | 1,126 | 4,500 | 3,374 | 2,792 |
| Advertising | 38,897 | 29,000 | (9,897) | 27,102 | 66,273 | 87,000 | 20,727 | 14,083 |
| Web Development & Maint | 4,465 | 3,712 | (753) | 9,347 | 9,949 | 9,456 | (493) | 14,111 |
| Market Research | 0 | 0 | 0 | 0 | 4,800 | 4,800 | 0 | 4,800 |
| Promotional | 13,424 | 8,450 | (4,974) | 12,138 | 29,649 | 11,350 | (18,299) | 34,255 |
| Attendance Promotion | 8,112 | 0 | (8,112) | 10,360 | 15,445 | 10,000 | (5,445) | 25,152 |
| Global Outreach | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Promotions & Comm | 70,871 | 45,912 | (24,959) | 71,945 | 138,461 | 138,356 | (105) | 134,784 |
| Marketing Flexibility Fund | 10 | 0 | (10) | 12,244 | 170,025 | 146,500 | (23,525) | 49,744 |
| General & Administrative | 3,447 | 3,075 | (372) | 3,480 | 17,440 | 6,425 | (11,015) | 8,442 |
| Management Fees | 11,000 | 11,000 | 0 | 10,800 | 33,000 | 33,000 | 0 | 32,400 |
| Other | 4,188 | 8,333 | 4,145 | 0 | 12,565 | 24,999 | 12,434 | 0 |
| Total Other Indirect Expenses | 209,471 | 218,854 | 9,383 | 202,315 | 685,055 | 688,882 | 3,827 | 434,112 |
| Net Income (Loss) from Operations | (356,385) | (384,654) | 28,269 | (329,521) | (1,133,063) | (1,186,282) | 53,219 | (791,174) |
| Fixed Asset Purchases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,071 |
| Net Income (Loss) After Fixed Asset Purchases | (356,385) | (384,654) | 28,269 | (329,521) | (1,133,063) | (1,186,282) | 53,219 | (786,103) |

Agenda Item

8

**Overview of HTA's
Preliminary FY2020 Budget**

**Tourism Special Fund
FY 2020
Budget**

| | |
|-----------------------------|------------|
| Funding for FY 2020: | |
| TAT | 79,000,000 |
| Carryover | 7,496,788 |
| | 86,496,788 |

| Program Title | FY 2020 Budget | FY 2019 Projected | Variance |
|--|-------------------|----------------------|------------------|
| Perpetuating Hawaiian Culture | | | |
| Hawaiian Culture Programs | 7,230,000 | 6,277,775 | 952,225 |
| Non-Governmental Organizations - Hawaiian Culture | 500 | 300 | 200 |
| Travel - Hawaiian Culture | 15,000 | 18,179 | (3,179) |
| In-House Contracted Staff - Hawaiian Culture | - | 87,876 | (87,876) |
| State Employee Salaries - Hawaiian Culture | 285,000 | 135,124 | 149,876 |
| Subtotal Perpetuating Hawaiian Culture | 7,530,500 | 6,519,254 | 1,011,246 |
| Natural Resources (Statute: \$1M minimum) | | | |
| Natural Resources Programs | 3,980,000 | 2,180,000 | 1,800,000 |
| Travel - Natural Resources | - | 1,449 | (1,449) |
| In-House Contracted Staff - Natural Resources | - | 12,963 | (12,963) |
| Subtotal Natural Resources | 3,980,000 | 2,194,412 | 1,785,588 |
| Community | | | |
| Community Programs | 5,789,252 | 5,054,000 | 735,252 |
| Non-Governmental Organizations - Community | 500 | 235 | 265 |
| Travel - Community | 15,000 | 12,752 | 2,248 |
| In-House Contracted Staff - Community | - | 65,822 | (65,822) |
| State Employee Salaries - Community | 210,000 | 142,562 | 67,439 |
| Subtotal Community | 6,014,752 | 5,275,370 | 739,382 |
| Branding | | | |
| Island-Based International Marketing | 800,000 | 800,000 | - |
| Island Chapters Staffing and Admin | 3,170,000 | 3,170,000 | - |
| US (FY19 includes emergency funding) | 22,525,000 | 23,580,000 | (1,055,000) |
| Canada | 800,000 | 800,000 | - |
| Japan (FY19 includes emergency funding) | 10,000,000 | 9,900,000 | 100,000 |
| Korea | 1,400,000 | 1,400,000 | - |
| Oceania | 1,900,000 | 1,900,000 | - |
| Europe | 400,000 | 401,563 | (1,563) |
| China | 2,000,000 | 1,900,000 | 100,000 |
| Taiwan | 500,000 | 334,000 | 166,000 |
| Southeast Asia | 500,000 | 593,977 | (93,977) |
| Global Marketing Shared Resources (i.e. global digital assets, maintenance and staffing) | 797,000 | 797,000 | - |
| Marketing Opportunity Fund | 2,000,000 | 5,000 | 1,995,000 |
| Emergency - Marketing | - | 1,200,000 | (1,200,000) |
| MICE Asia | 350,000 | 360,000 | (10,000) |
| Global Meetings, Convention & Incentives (Conv Ctr & Single Property) | 2,200,000 | 2,451,000 | (251,000) |
| MCI Public Relations | - | 150,000 | (150,000) |
| Cruise Arrival Experience | 300,000 | 151,930 | 148,070 |
| Route Development Program | - | 184,200 | (184,200) |
| Int'l Pow Wow | - | 55,000 | (55,000) |
| gohawaii.com | 350,000 | 700,000 | (350,000) |
| Global Digital Marketing Strategy | 500,000 | 700,000 | (200,000) |
| Hawaii Film Office Partnership | 30,000 | 30,000 | - |
| Hawai'i Tourism Update Conferences (Fall and Spring) | 300,000 | 306,750 | (6,750) |
| Marketing Contractors Industry Meetings & FAMS | - | 65,000 | (65,000) |
| Non-Governmental Organizations - Branding | 100,000 | 119,148 | (19,148) |
| Travel - Branding | 50,000 | 32,880 | 17,120 |
| In-House Contracted Staff - Branding | - | 60,723 | (60,723) |
| State Employee Salaries - Branding | 606,000 | 410,910 | 195,090 |
| Subtotal Branding | 51,578,000 | 52,559,082 | (981,082) |
| Sports | | | |
| Sports Programs | 7,200,000 | 7,691,558 | (491,558) |
| Subtotal Sports | 7,200,000 | 7,691,558 | (491,558) |
| Safety and Security (Statute: 0.5% minimum) | | | |
| Safety and Security Programs | 2,150,000 | 2,056,080 | 93,920 |
| Subtotal Safety and Security | 2,150,000 | 2,056,080 | 93,920 |
| Tourism Research | | | |
| Data Dissemination | 54,000 | 54,000 | - |
| Est of Visitor Arrivals by Country by Month | 6,000 | 3,000 | 3,000 |
| Infrastructure Research (Accommodations and Airseats) | 556,330 | 706,500 | (150,170) |
| Tourism Strategic Plan Update | - | 400,000 | (400,000) |
| Visitor Arrival and Departure Surveys | 1,314,540 | 1,238,700 | 75,840 |
| Evaluation and Performance Studies | 1,148,405 | 1,109,214 | 39,191 |
| Marketing Research | 498,797 | 458,800 | 39,997 |
| Non-Governmental Organizations - Research and Statistics | 7,322 | 32,322 | (25,000) |
| Travel - Research and Statistics | 15,000 | 15,026 | (26) |
| State Employee Salaries - Research and Statistics | 393,000 | 360,132 | 32,868 |
| Subtotal Tourism Research | 3,993,394 | 4,377,694 | (384,300) |
| Administrative | | | |
| General and Administrative | 401,700 | 407,699 | (5,999) |
| hawaiiauthority.org | 50,000 | 210,000 | (160,000) |
| Legislative Advocacy and Support | - | 130,000 | (130,000) |
| Community-Industry Outreach & Public Relations Svcs | 406,000 | 367,775 | 38,225 |
| Community Relations | 200,000 | - | 200,000 |
| Public Information Campaign | - | 80,000 | (80,000) |
| Travel - Admin | 50,000 | 11,417 | 38,583 |
| In-House Contracted Staff - Admin | - | 241,676 | (241,676) |
| State Employee Salaries - Admin | 1,075,000 | 809,272 | 265,728 |
| Subtotal Administrative | 2,182,700 | 2,257,839 | (75,139) |
| Governance and Organization-Wide | | | |
| State Employee Fringe | 1,481,142 | 919,384 | 561,758 |
| Organization-Wide | 240,000 | 120,000 | 120,000 |
| Governance - Board/Others | 146,300 | 96,300 | 50,000 |
| Subtotal Governance and Organization-Wide | 1,867,442 | 1,135,684 | 731,758 |
| Total | 86,496,788 | 84,066,974 | 2,429,815 |

(0)

Agenda Item

9

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
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David Y. Ige
 Governor

Chris Tatum
 President and Chief Executive Officer

Audit Action Plan Update

As of

April 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. Update: On 2/28/19, HTA Board approved the policies. Finalizing policies for posting to internal site. | 50% | July 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. Update: It was discovered that the HTA does not currently have a Quality Assurance Plan or clear quality control processes identified in the QAP. CAO is developing the QAP and gathering existing QCPs. | 50% | July 2019 |
| 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. Update: On 2/28/19, HTA Board approved the policies. Finalizing policies for posting to internal site. | 50% | July 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. Update: Final evaluations are required to be completed prior to final payment being issued to ensure compliance with material contract terms. Subcontractor pre-approval is required per all contracts. | 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 procure 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

10

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



Summary of 2019 Legislative Session Bill Tracking Efforts Updated: April 17, 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. Throughout this session, we have been actively monitoring numerous measures that would impact the HTA and the industry.

HTA Submitted Testimony in Support of the Following Bills:

- **BILL 89 CD1 (Relating to Transient Vacation Rentals)**: This bill would allow the City and County of Honolulu to enforce against illegal vacation rentals. It also creates additional tax classifications specifically for bed and breakfast homes and transient vacation units. HTA submitted testimony in support of this measure which was scheduled for hearing on Wednesday, April 17, 2019.
- **HB420 HD1 SD1 (Relating to Hawaiian Culture)**: Removes a provision designating the Hawaii Convention Center as the location for operation of a Hawaiian Center and the Museum of Hawaiian Music and Dance.
 - 4/17: Measure scheduled for conference committee meeting on 4/18/19.
 - 4/15: House and Senate conferees appointed.
 - 4/11: House disagreed with Senate's version.
 - 4/9: Senate voted to support the measure and returned to the House.
 - 4/3: WAM recommended that the measure be passed unamended.
 - 3/19: Hawaiian Affairs and Energy, Economic Development and Tourism heard the measure and both committees passed it with amendments.
 - 3/7: Passed first reading in Senate and referred to joint Hawaiian Affairs and Energy, Economic Development and Tourism committees, as well as to WAM.
 - 3/5: Passed 3rd reading in House and sent to Senate.
 - 2/20: House Finance committee recommended the measure be passed with amendments.
 - 2/15: House Tourism & International Affairs and House Water, Land & Hawaiian Affairs passed on second reading.
 - 2/12: House Tourism & International Affairs and House Water, Land & Hawaiian Affairs recommended the measure be passed unamended.
- **HB422 (Relating to the Hawai'i Tourism Authority)**: Authorizes contracts entered by the Hawaii Tourism Authority for the marketing of all uses of the Hawaii Convention Center to be issued separately from the management, use, operation, or maintenance of the facility.
 - 4/9: Measure was transmitted to the Governor for signature.

- 4/9: Senate voted to pass the measure.
 - 4/3: WAM recommended that the measure be passed unamended.
 - 3/20: The measure was referred to WAM.
 - 3/11: EET recommended the measure be passed without amendment.
 - 3/5: Referred to Energy, Economic Development and Tourism and WAM.
 - 2/28: The House passed this measure on third reading and transmitted to Senate.
 - 2/28: Reported from House Finance Committee with recommendation of passage on third reading.
 - 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 SD1 (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.
 - 4/15: House conferees appointed.
 - 4/11: House disagreed with Senate's version.
 - 4/9: Senate voted to support the measure and returned to the House.
 - 4/3: WAM recommended that the measure be passed with amendments.
 - 3/15: The measure was referred to WAM.
 - 3/11: Senate's Water and Land Committee passed the measure unamended.
 - 3/5: Referred to Water and Land and to WAM.
 - 3/1: Passed third reading and transmitted to Senate.
 - 2/26: House Finance recommended passage.
 - 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.
- **HB908 HD2 SD1 (Relating to the Transient Accommodations Tax):** Allocates and appropriates funds from transient accommodations tax revenues to the Hawaii Tourism Authority to implement initiatives, in conjunction with the Hawaii Lodging and Tourism Association, to address homelessness in tourist and resort areas. Requires the Hawaii Tourism Authority to report to the Legislature.
 - 4/15: House conferees appointed.
 - 4/11: House disagreed with Senate's version.
 - 4/9: Senate voted to support the measure and returned to the House.
 - 4/5: WAM recommended that the measure be passed unamended.
 - 3/20: EET passed the measure with amendments.
 - 3/7: Referred to EET and WAM.
 - 3/5: Passed third reading and transmitted to the Senate.
 - 2/20: The House Committee on Finance recommended that HB908 be passed with amendments, by blanking out the appropriation amount.

- **HB1375 HD2 SD2 (Relating to the State of Hawai'i Museum of Natural and Cultural History)**: Beginning with the 2021-2023 fiscal biennium and each fiscal biennium thereafter, requires the governor to include in the executive budget a minimum amount per fiscal year as a recurring cost to be allocated to the State of Hawaii Museum of Natural and Cultural History. Appropriates funds to support the work of the State of Hawaii Museum of Natural and Cultural History.
 - 4/15: House conferees appointed.
 - 4/11: House disagreed with Senate's version.
 - 4/9: Senate voted to support the measure and returned to the House.
 - 3/28: WAM recommended passage of measure with amendments.
 - 3/21: Referred to WAM.
 - 3/12: LCA heard and passed the measure with amendments.
 - 3/7: Referred to Labor, Culture, and the Arts (LCA) and WAM.
 - 3/5: Passed third reading and transmitted to Senate.
 - 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.

- **SB1292 SD2 HD3 (Relating to Transient Accommodations)**: Requires hosting platforms that collect fees for booking services to register as tax collection agents and collect GET and TAT for transient accommodation bookings from operators and plan managers. Converts penalties for violation of TAT requirements from misdemeanor to civil fines. Specifies that "transient accommodations" includes accommodations subject to county regulations as such.
 - 4/16: Senate appoints conferees.
 - 4/11; Senate disagrees with House version.
 - 4/9: Passed third reading in the House and transmitted to Senate.
 - 4/4: Finance recommended to pass with amendments.
 - 3/20: CPC/JUD heard the measure and both committees passed the measure with amendments. Referred to Finance.
 - 3/12: TIA heard the measure and passed it with amendments. Referred to CPC/JUD.
 - 3/7: Referred to TIA, CPC/JUD, and FIN
 - 3/5: Passed third reading and transmitted to the House.
 - 2/26: The Senate Committees on Judiciary and Ways and Means recommended that the measure be passed with amendments.
 - 2/21: The Senate Committees on Judiciary and Ways and Means will hold a public decision-making on this bill on 2/26.

HTA Continues to Monitor the Following Bills:

- **HB419 HD2 SD2 (Relating to Transient Accommodations):** Authorizes transient accommodations in the State, subject to certain conditions. Requires all operators and plan managers and their respective properties to be listed on a registry created, published, and updated by each county, except in any county that does not regulate the number or location of transient accommodations within that county. Requires hosting platforms to collect and remit to the State all applicable TAT and GET, as agents of operators and plan managers, and to regularly disclose to the State information on transient accommodations listings in the State. Prohibits hosting platforms from collecting fees or completing any booking transactions for properties not listed on the registry, if applicable in that county. Authorizes DOTAX to establish fees, charges, and other requirements by rule. Establishes civil and administrative penalties for violations. Authorizes the State to issue administrative subpoenas to obtain certain information regarding transient accommodations listings in the State.
 - 4/16: Senate appoints conferees.
 - 4/11: House disagrees with Senate version.
 - 4/9: Senate passed measure on third reading and returned to House.
 - 4/3: WAM held meeting on measure and passed with amendments.
 - 3/20: Passed EET and PSM committees with amendments. Referred to WAM.
 - 3/7: Referred to EET/PSM, and to WAM.
 - 3/5: Passed third reading and transmitted to the Senate.
 - 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.
 - 4/4: Enrolled to Governor Ige.
 - 4/3: House passes measure on third reading.
 - 3/28: Finance passes with no amendments.
 - 3/12: TIA heard the measure and passed it unamended. Referred to Finance.
 - 3/7: Referred to TIA and Finance.
 - 3/5: Passed third reading and transmitted to the House.
 - 2/19: The Senate Committee on Ways and Means recommended that the measure be passed, unamended.

BILLS WITH NO FUTURE ACTION/MOVEMENT:

- **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.
 - No further action at this time.
 - 2/14: Passed Second Reading in the House.

- **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.
 - No further action.
 - 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.
 - No further action.
 - 2/8: The Senate Committees on Energy, Economic Development and Tourism and Water and Land 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.
 - No further action.
 - 2/15: SB1386 SD1 passed second reading and was referred to the Senate Committee on Ways and Means.

- **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.
 - No further action.
 - 2/1: The Senate Committee on Energy, Economic Development and Tourism deferred the measure.

- **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.
 - No further action.
 - 2/8: Passed Second Reading in the Senate referred to WAM. The House Committee on Finance on 2/20 recommended that the companion to this bill,

HB420, be passed, with amendments. (This measure has not been heard by WAM)

- **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.
 - No further action.
 - 2/12: Passed Second Reading in the Senate. The measure was referred to WAM and has not been scheduled for hearing.

- **SB364 SD2 (Relating to Tourism)**: Establishes a professional tour guide certification task force to determine whether it is appropriate to require persons who use various state resources for commercial purposes or apply for various commercial use permits to hold and maintain certification or meet certain minimum requirements, recommend existing certificates or certification programs that may be appropriate, and make recommendations and plans regarding any necessary certifications and certification renewals.
 - No further action.
 - 3/7: Referred to House joint committee of Tourism & International Affairs (TIA) and Water, Land, & Hawaiian Affairs (WLH), as well as Finance.
 - 3/5: Passed third reading and transmitted to the House.
 - 2/25: The Senate Committees on Ways and Means and Commerce, Consumer Protection and Health recommended the measure be passed with amendments.
 - 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 SD2 HD2 (Relating to Airports Corporation)**: Authorizes establishment of the Hawaii Airports Corporation (HAC) within the Department of Transportation for administrative purposes. Sets out appointment of members to the board of directors and powers and duties of HAC. Transfers aeronautics functions of the Department of Transportation to HAC. Makes HAC subject to Hawaii procurement code. Requires HAC to set rates and determine costs based on the residual method. Subjects HAC board and CEO to financial disclosure requirements. Appropriates funds.
 - 3/22: Measure referred to Finance but no further action.
 - 3/19: Measure was heard by Labor and passed with amendments.
 - 3/14: Re-referred to Transportation, Labor, and Finance.
 - 3/13: Transportation committee passed the measure with amendments.
 - 3/7: Referred to Transportation, Joint Labor and Judiciary, and Finance committees in the House (triple referral).
 - 3/5: Passed third reading and transmitted to House.
 - 2/15: The Senate Committee on Ways and Means recommended that the measure be passed, with amendments.

- **HB911 HD2 SD1 (Relating to Tourism):** Establishes the Convention Center Repair and Maintenance Special Fund and the Convention Center Emergency Special Fund. Allocates a portion of the transient accommodations tax to those funds. Removes repair and maintenance as permissible uses of the Convention Center Enterprise Special Fund. Requires annual reports to the Legislature.
 - 3/22: Referred to WAM – No further action taken
 - 3/20: EET heard the measure and passed it with amendments.
 - 3/7: Referred to EET and WAM.
 - 3/5: Passed third reading and transmitted to Senate.
 - 2/20: The House Committee on Finance recommend that HB911 be passed, with amendments, by blanking out the appropriation amounts.

- **HB739 HD1 (Relating to the Hawai'i Tourism Authority):** Appropriates \$141,483,409 to “BED113 - Tourism” for fiscal years 2019-20 and 2020-21.
 - No further action on this measure. HB2 was signed into law by Governor Ige.
 - 3/20: The measure was referred to WAM.
 - 3/11: EET committee heard the measure and passed it unamended.
 - 3/5: Referred to Senate’s Energy, Economic Development, and Tourism committee and WAM.
 - 3/1: Passed third reading and transmitted to Senate.
 - 2/25: House Finance recommended passage.
 - 2/20: This bill is scheduled to be heard by the House Committee on Finance on Monday, February 25.

- **HB548 HD2 SD1 (Relating to the Transient Accommodations Tax):** Allocates funds from TAT revenue to the Hawaii Tourism Authority, rather than the Special Land and Development Fund, to improve certain state resources and services. Requires DLNR to submit to HTA, an annual list of proposed projects in relation to the HTA Strategic Plan.
 - 3/22: Referred to WAM – Not scheduled
 - 3/18: joint Senate EET and Water and Land committees heard the measure and passed it with amendments.
 - 3/7: Referred to joint committee of EET and Water and Land, as well as WAM
 - 3/5: Passed third reading and transmitted to Senate.
 - 2/20: House Finance recommended the measure be passed with amendments.
 - 2/15: Measure passed second reading as amended and referred to House Finance.
 - 2/12: The House Committees on Tourism & International Affairs and Water, Land & Hawaiian Affairs recommended the measure be passed with amendments.

- **SB198 SD2 (Relating to the Transient Accommodations Tax):** Authorizes counties to levy a county surcharge on transient accommodations tax in their respective counties pursuant to certain conditions. Sunsets on 12/31/2036.
 - No further action.
 - 3/7: Referred to TIA and FIN.
 - 3/5: Passed third reading and transmitted to the House.

- 2/21: The Senate Committee on Ways and Means recommended that the measure be passed, with amendments.
- **SB382 SD2 (Relating to Taxation)**: Amends the formula for the amount of transient accommodations tax to be collected from time shares by increasing the base on which time share occupancy is taxed from one-half of the gross daily maintenance fees paid by the owner and attributable to the time share unit to an amount equal to all of those fees. Effective 1/1/2020.
 - No further action.
 - 3/7: Referred to TIA and Finance.
 - 3/5: Passed third reading and transmitted to the House.
 - 2/19: The Senate Committee on Ways and Means recommended that the measure be passed, with amendments.
- **SB714 SD2 (Relating to the Transient Accommodations Tax)**: Imposes the transient accommodations tax on resort fees that are calculated separately from the advertised transient accommodation's rate. Clarifies the calculation of the transient accommodations tax. Amends the formula for the amount of transient accommodations tax to be collected from time shares by increasing the base on which time share occupancy is taxed from one-half of the gross daily maintenance fees paid by the owner and are attributable to the time share unit to one hundred per cent of the gross daily maintenance fees. Requires transient accommodations intermediaries to register with the director of taxation before arranging to furnish transient accommodations at noncommissioned negotiated contract rates. Specifies that the transient accommodations tax is to be collected from transient accommodations intermediaries who arrange transient accommodations at noncommissioned negotiated contract rates in the same manner as transient accommodations operators. Applies to taxable years beginning after 12/31/2019.
 - No further action.
 - 3/7: Referred to TIA and Finance.
 - 3/5: Passed third reading and transmitted to the House.
 - 2/19: The Senate Committee on Ways and Means recommended that the measure be passed, with amendments.

Testimony



Hawai'i Convention Center
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David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
HONOLULU CITY COUNCIL

Wednesday, April 17, 2019 at 10:00 A.M.
Honolulu Hale Council Chambers

In consideration of
BILL 89 CD1

Dear Chair Kobayashi, Vice Chair Menor and members of the City Council of the City and County of Honolulu, the Hawai'i Tourism Authority (HTA) **supports BILL 89 CD1**, which will, based on our understanding and analysis, make great strides in regulating the short-term rental market in the City and County of Honolulu.

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. We continue to reaffirm our position towards illegal vacation rentals through the support of measures, such as this one, which will further help to ensure that the quality of life for Hawai'i's residents is protected by providing additional oversight of these types of accommodations.

While the number of visitors has increased over the years, there have been no major increases to the number of traditional units which include hotel, condo hotel and timeshare units. According to our research, in 2009, there were 67,335 of these units. In 2018, there were 66,395 units available. This represents a decrease in these types of accommodations of 1.4%. From 2009 to 2018, we had an increase in visitor arrivals from 6.4 million to 9.8 million which represents a 53% increase. Hawai'i welcomed more visitors without increasing accommodation which means that the additional visitors were likely staying in non-traditional units which would include illegal vacation rentals located throughout Hawai'i's residential neighborhoods.

The HTA welcomes legislation which will address the proliferation of unregulated vacation rentals especially in areas where these types of accommodations have negative impacts on the quality of life of our residents. We believe that Bill 89 CD1, similar in nature to legislation already enacted in other Hawai'i counties, will help to bring about a sensible solution to this growing issue.



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President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
**SENATE COMMITTEE ON
WAYS AND MEANS**
Wednesday, April 3, 2019
10:20AM
State Capitol, Conference Room #211

In consideration of
**HOUSE BILL NO 420 HD1 SD1
RELATING TO HAWAIIAN CULTURE.**

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means: The Hawai'i Tourism Authority (HTA) **strongly supports** House Bill 420 HD1 SD1, which removes the provision designating the Hawai'i Convention Center (HCC) as the location for the operation of a Hawaiian center and museum of Hawaiian music and dance.

The concept of developing a Hawaiian Center and Museum of Hawaiian Music and Dance is one that we fully support; however, the challenge has been the requirement of locating the center at the Hawai'i Convention Center. By removing this requirement, we will then be allowed to work with the community to identify the best location for this very important facility.

We humbly request your support of this measure. Thank you for the opportunity to offer testimony in support of House Bill 420 HD1 SD1.



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David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
**SENATE COMMITTEE ON
WAYS AND MEANS**

Wednesday, April 3, 2019
10:25AM
State Capitol, Conference Room #211

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

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means: 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.



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David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
**SENATE COMMITTEE ON
WAYS AND MEANS**

Wednesday, April 3, 2019
10:20 AM
State Capitol, Conference Room #211

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

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means: 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.



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Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, April 5, 2019
4:00PM
State Capitol, Conference Room #211

In consideration of
HOUSE BILL NO 908 HD2 SD1
RELATING TO TRANSIENT ACCOMMODATIONS TAX.

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means: The Hawai'i Tourism Authority (HTA) is in **support of** House Bill 908 HD2 SD2, which proposes to allocate funds from transient accommodations tax (TAT) revenues to HTA to implement initiatives, in conjunction with the Hawaii Lodging and Tourism Association (HLTA), and the governor's coordinator on homelessness, to address homelessness in tourist and resort areas.

As the State agency tasked with strategically managing, marketing and developing Hawai'i's visitor industry, we agree that it is important to address homelessness throughout the State. Homelessness is a social issue that impacts both the visitor industry and our residents. We believe that a coordinated and focused effort which provides resources and support to address homelessness is a proven approach. Working collaboratively with the HLTA, we will be able to leverage funding that will help to address homelessness, strengthen our communities and maintain a positive experience for Hawai'i's visitors.

Last year, the Legislature, through House Bill 2010 HD1 SD2 CD1, provided a one-to-one match for funds directed towards supporting homelessness programs in tourist areas. Since then, we have worked collaboratively with the Hawaii Lodging and Tourism Association to implement and support homelessness initiatives in all four counties. This measure would allow us to further solidify the partnership with the HLTA and continue to build on the positive momentum we've experienced.

We appreciate this opportunity to provide testimony in support of HB908 HD2 SD1.



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President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
SENATE COMMITTEE ON WAYS AND MEANS

Thursday, March 28, 2019
10:15AM
State Capitol, Conference Room #211

In consideration of
HOUSE BILL NO 1375 HD2 SD1
RELATING TO THE STATE OF HAWAI'I
MUSEUM OF NATURAL AND CULTURAL HISTORY.

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Way and Means Committee:

The Hawai'i Tourism Authority (HTA) **supports** House Bill 1375 HD2, SD1 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.



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David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
SENATE COMMITTEE ON JUDICIARY

AND

SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, February 26, 2019
10:00 AM
State Capitol, Conference Room #211

In consideration of
SENATE BILL NO 1292 SD1
RELATING TO TRANSIENT ACCOMMODATIONS.

Chair Rhoads, Chair Dela Cruz, Vice Chair Wakai, Vice Chair Keith-Agaran and members of the Committee on Judiciary and members of the Committee on Ways and Means, the Hawai'i Tourism Authority (HTA) **supports SB 1292 SD1**, which will assist in the collection or 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 supports 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.

Agenda Item

11

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

March 2019

HTA Board of Directors Update
April 2019 Report



Agenda

- **Financials – March 2019**
- **HCC ROI**



2019 Financial Update

| | 2019 March Actual | 2019 Reforecast | 2019 Budget | Variance | 2018 Actual |
|---------------------------|----------------------|----------------------|----------------------|--------------------|----------------------|
| Facility Occupancy | 47% | 30% | 31% | (1%) | 29% |
| Facility Number of Events | 15 | 205 | 200 | 5 | 206 |
| Facility Gross Revenue | \$1,934,500 | \$14,818,000 | \$15,672,300 | (\$854,300) | \$13,991,600 |
| Facility Gross Expenses | \$1,510,600 | \$17,673,900 | \$17,667,300 | (\$6,600) | \$16,160,800 |
| Facility Net Income(Loss) | \$423,900 | (\$2,855,900) | (\$1,995,000) | (\$860,900) | (\$2,169,200) |
| S&M Net Expenses | (\$356,400) | (\$6,095,000) | (\$6,095,000) | \$0 | (\$6,221,100) |
| HCC Net Income/(Loss) | \$67,500 | (\$8,950,900) | (\$8,090,000) | (\$860,900) | (\$8,390,300) |

2019 Food & Beverage Update

| Food & Beverage | 2019 March Actual | 2019 Reforecast | 2019 Budget | Variance | 2018 Actual |
|-------------------|----------------------|--------------------|----------------|-------------|----------------|
| F&B Revenue | \$1,105,900 | \$9,528,600 | \$10,406,100 | (\$877,500) | \$8,817,300 |
| F&B Expenses | \$599,700 | \$5,796,000 | \$5,910,300 | \$114,300 | \$5,825,400 |
| Net Income | \$506,200 | \$3,732,600 | \$4,495,800 | (\$763,200) | \$2,991,900 |
| % of flow through | 46% | 39% | 43% | (4%) | 34% |

2019 ROI

HCC Revenue + State Revenue + Tax Revenue

= \$104.9M

HCC Expense \$5.4M

***ROI = For every dollar spent by HCC we returned
\$19.28 to the State***

The logo for the Hawaii Convention Center features the word "HAWAII" in a stylized, teal, hand-drawn font. A horizontal brushstroke in a rainbow gradient (red, orange, yellow, green, blue) passes behind the letters. A small "TM" trademark symbol is located to the right of the word.

HAWAII™

CONVENTION CENTER

Where Business and Aloha Meet

Agenda Item

12

Report by Julian Anderson of Rider
Levett Bucknall on their Findings and
Recommendations of the Condition
of Damage of the Rooftop Terrace
Deck of the Hawai'i Convention
Center

HAWAII CONVENTION CENTER

FORENSIC INVESTIGATION FEBRUARY 2019



BACKGROUND

Hawaii Convention Center was procured using a Design / Build construction arrangement in which the Convention Center Authority (CCA) established:

1. Program of spaces;
2. Design criteria; and
3. Contract Sum of \$200 million.

Winning Design / Builder was selected by two panels and selection was unanimous.

The winning Design / Build Contractor was Nordic / PCL.

Architects were jointly LMN and WATG.

ROOFTOP TERRACE BACKGROUND

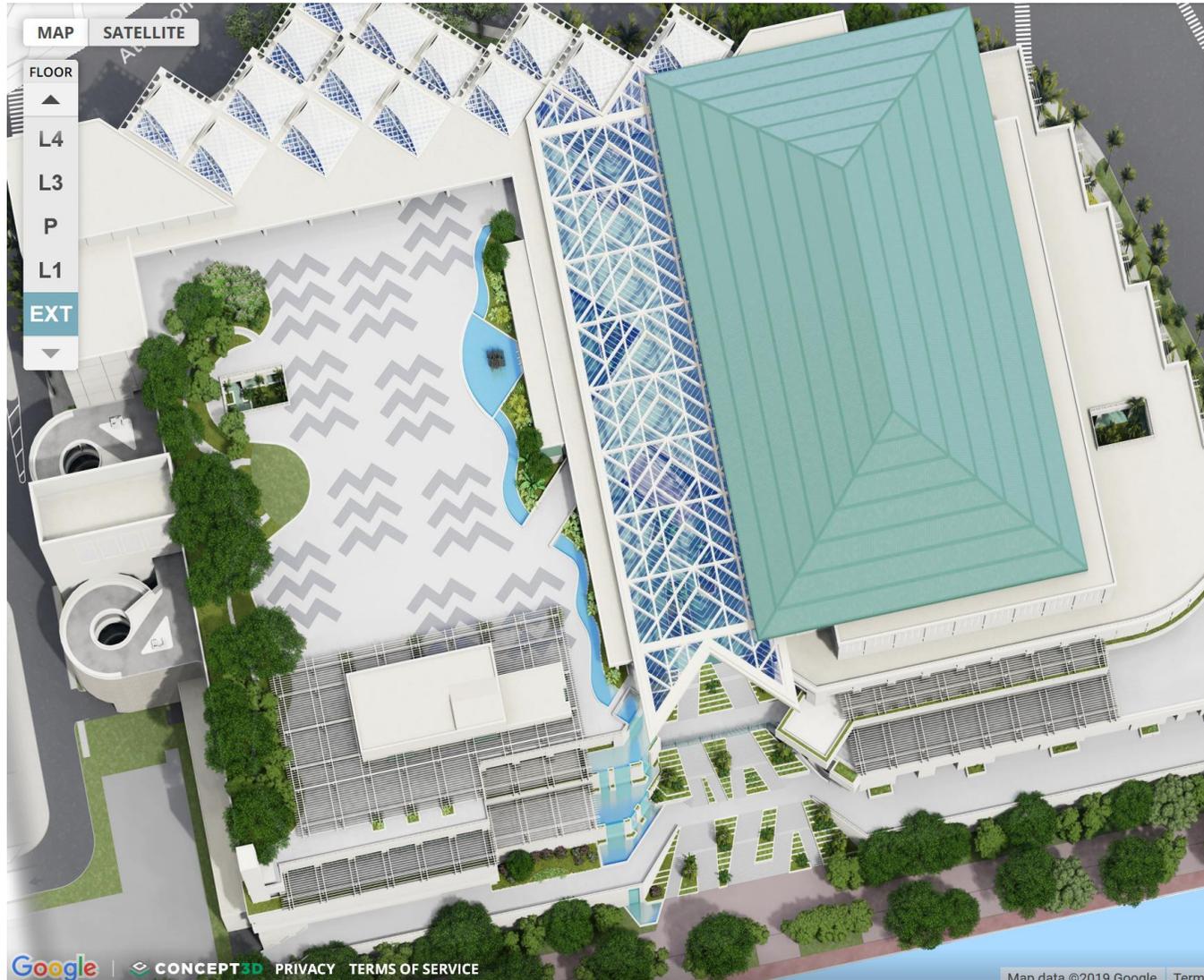
Among the design criteria established by the CCA was the importance of creating a Hawaiian sense of place and Nordic/PCL's response to this included the creation of the rooftop terrace:

“The roof garden will offer a uniquely Hawaiian marketing tool, providing a beautiful outdoor landscape setting for a sidewalk café, special shows, luaus, and light exhibits during the day or under the stars at night”

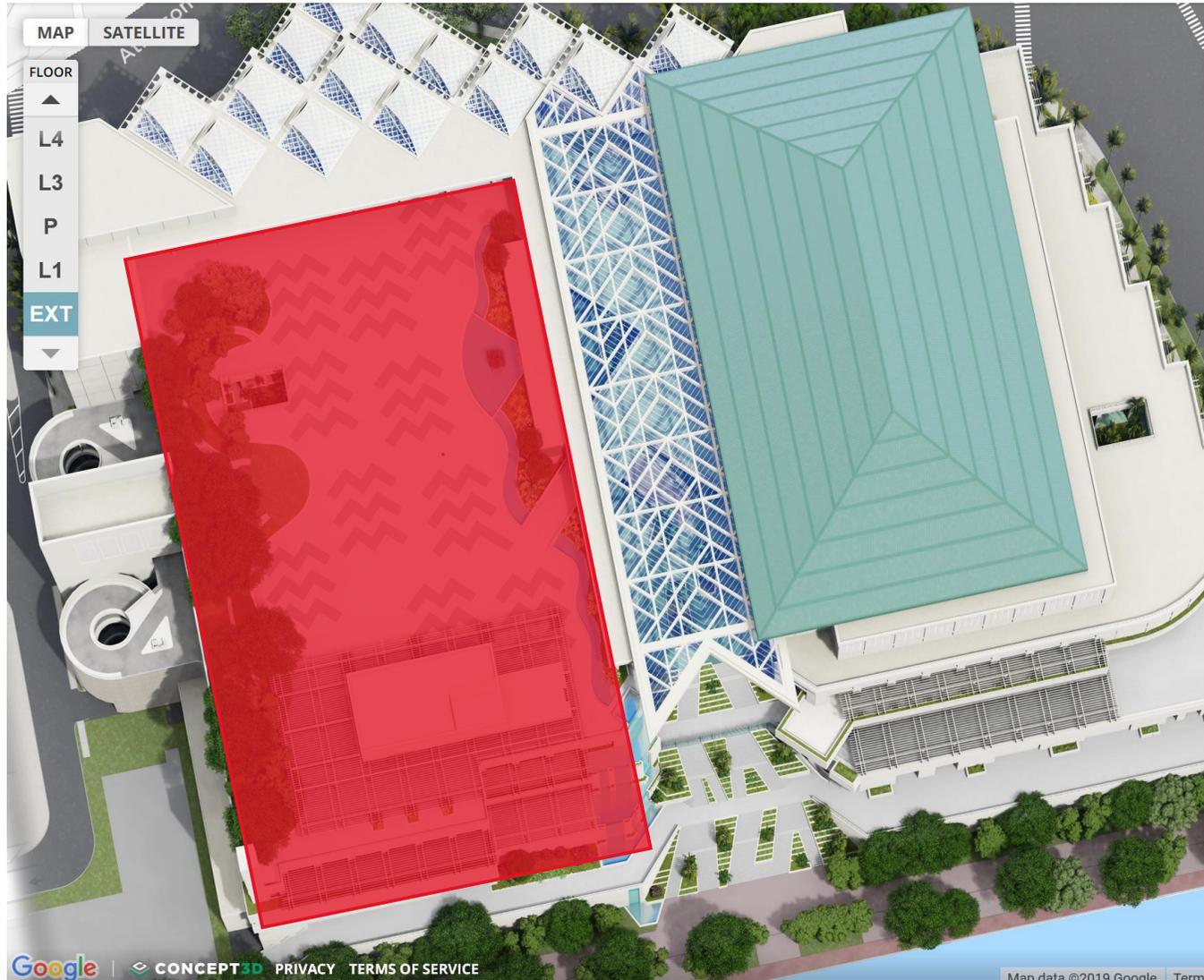
Nordic/PCL RFP response, Volume 1, Page 1-1-3

Another design criterion established by the CCA was the ability to expand the facility in the future. Nordic/PCL met this criterion by proposing that the rooftop terrace deck could be replaced in the future with either a 50,000 sf meeting room expansion or a 100,000 sf exhibition hall expansion. The additional cost of designing and constructing the work to facilitate these expansions was an additive alternate of \$4,150,000, which was accepted by the State as a change order.

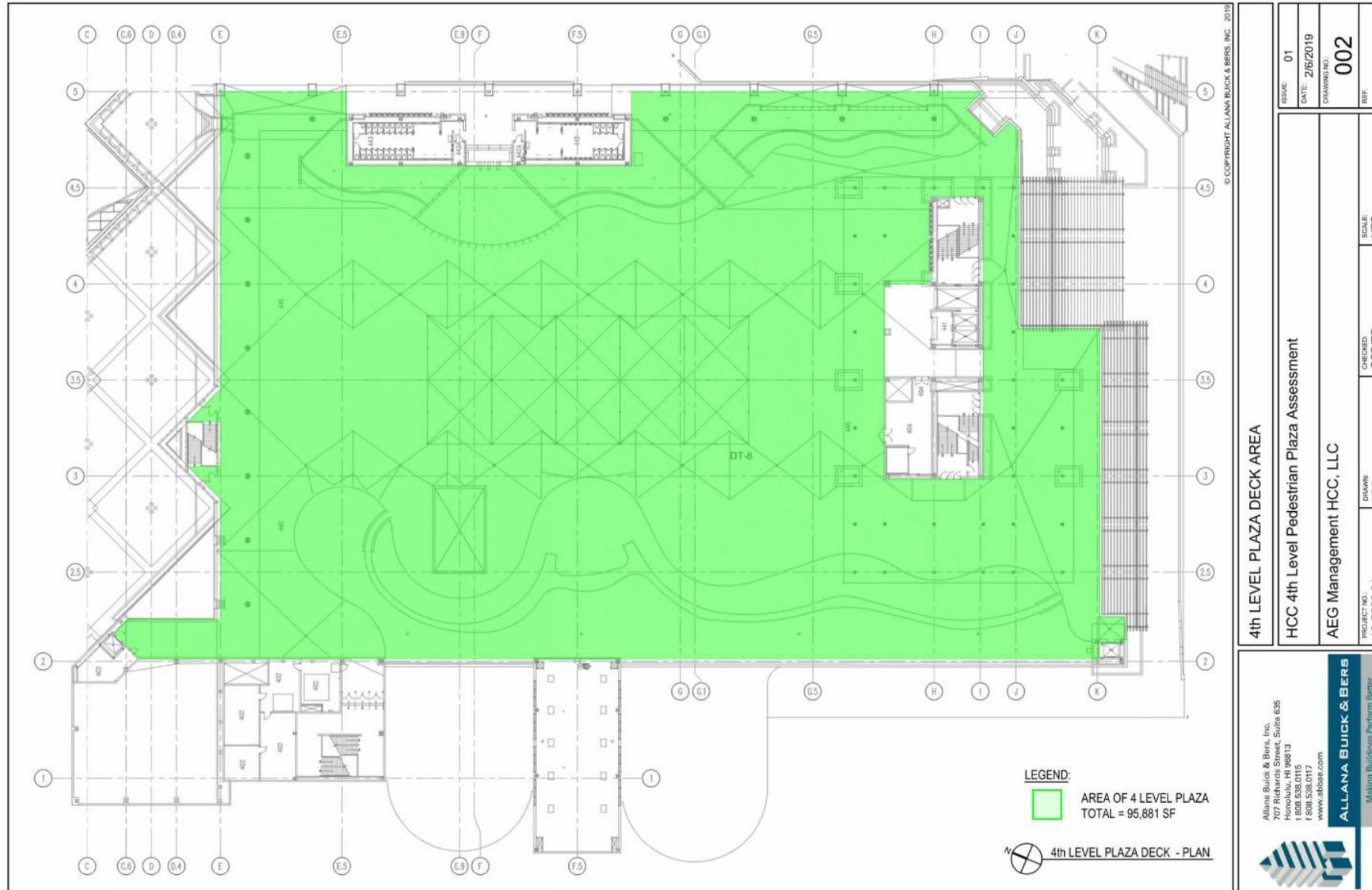
HAWAII CONVENTION CENTER



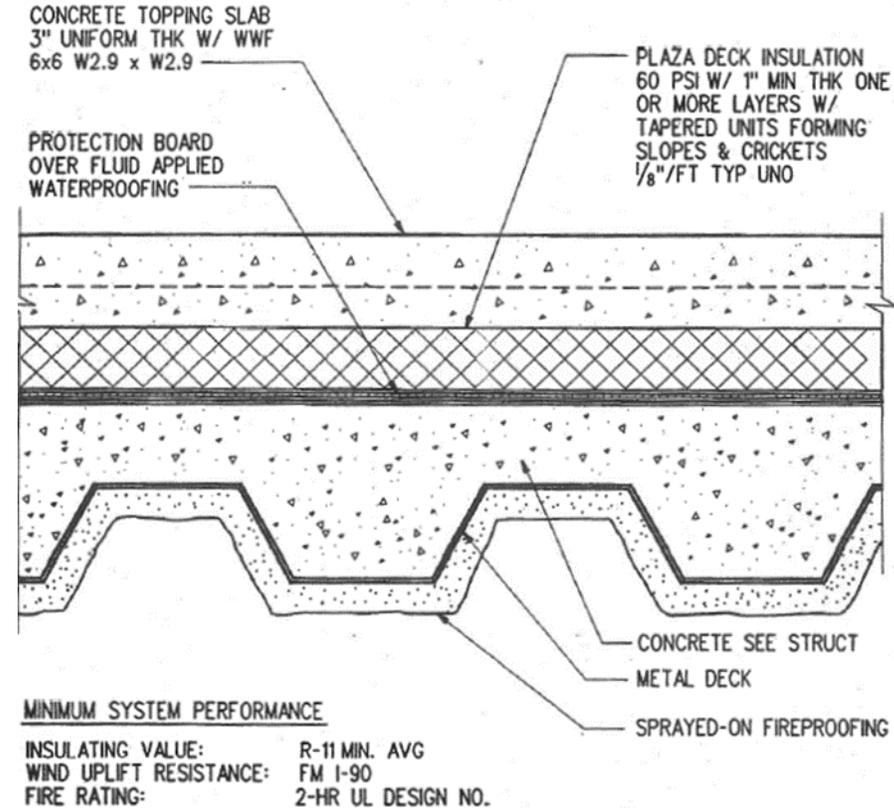
HAWAII CONVENTION CENTER



HAWAII CONVENTION CENTER



THE DECK AS DESIGNED (cross-section)



ROOF TERRACE DECK

3" = 1'-0"



ANTICIPATED LONGEVITY

Volume 3, Section 13 of Nordic / PCL's response to the Design / Build RFP (refer Appendix 'A') states that **“Replacing all the built-up roofing system is anticipated during years fifteen to twenty. Most built-up roofing systems are supplied with a 15- to 20-year guarantee”**.

BRIEF HISTORY OF DECK CRACKING ISSUE

1. Cracking of wearing slab first noted in 1996 / 1997 (was considered then to be mainly a cosmetic issue).
2. RLB reported Nordic / PCL repair options to HTA and DAGS in 1999.
3. RLB Report of 2001 discussing the issue and recommended a repair.
4. Sports Court installed per States' settlement with Nordic / PCL 2003.
5. ABB Report 2011 / 2012.
6. RLB Inspection December 2018.
7. ABB Report & KAI Hawaii Report, February 2019.

ABB REPORT OF MARCH 2012

1. “Scope that is anything less than full demolition, repair, and replacement of deck layers will not eliminate the fundamental problem...”;
2. **“DAGS’s engineers have stated that the deck is still safe to hold public functions on, but repair is highly recommended in the short-term of 5 years”;**
3. **“If left unrepaired the water will continue to collect in the sub-layers of the deck and compromise the structural reinforced concrete slab** that provides stability and foundation for the 4th floor....”;
4. “A phased approach is possible but not recommended...”;
5. “Interim drainage of the standing water is possible, but not feasible to encompass all areas...the port mechanism to drain the roof would prohibit use of the deck for safety reasons...”; and
6. “Bottom line – the less footprint that is included in the scope...the more increased the risk is present for future leaks and problems to continue”.

OCTOBER 2018

1. In early October 2018, the management of the HCC asked RLB to assist with updating the projected construction cost of the repair proposed in 2012.
2. This quickly led to a discussion about whether, seven years later, the scope of work laid out in 2012 was still relevant / adequate and so RLB was then engaged to make a visual inspection of the rooftop terrace deck and its soffit.

WHAT RLB DID IN DECEMBER 2018

1. Reviewed original drawings, repair scope drawings and past reports;
2. Inspected the rooftop terrace deck;
3. Inspected Stairwells 5 & 6 at Level 4;
4. Inspected underside of slabs in makai side meeting rooms;
5. Inspected underside of slabs in storage rooms;
6. Had a hole drilled in metal pan in Storage Room 334; and
7. Had a section of the façade at Children's Courtyard removed.

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WHAT RLB FOUND IN DECEMBER 2018

1. Localized evidence of rust to the metal pan as well as water leaks in the storage rooms on the makai side of Level 3;



HAWAII CONVENTION CENTER

WHAT RLB FOUND IN DECEMBER 2018

2. Localized evidence of rust to the metal pan associated with leaks related to drains and plumbing;



HAWAII CONVENTION CENTER

WHAT RLB FOUND IN DECEMBER 2018

3. Evidence of water in the slab assembly exiting the deck assembly at the Children's Courtyard;



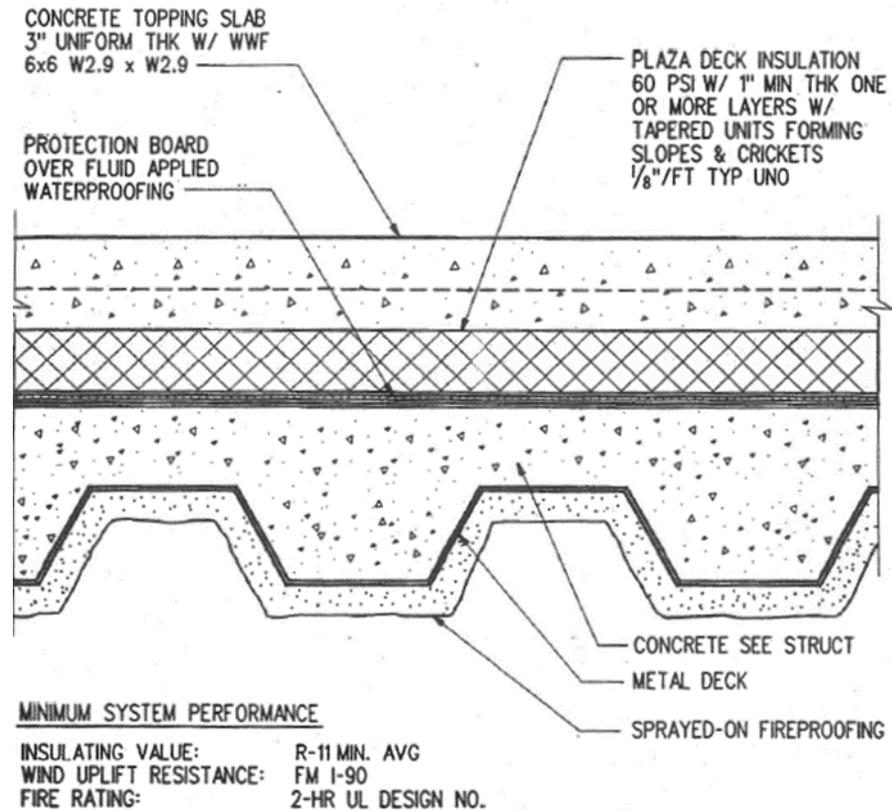
HAWAII CONVENTION CENTER

WHAT WERE RLB LOOKED FOR

Cracked wearing slab →

Compromised waterproofing →

Has water got into this layer?
If it has, structure could be
compromised and deck unsafe →



ROOF TERRACE DECK

3" = 1'-0"

HAWAII CONVENTION CENTER

WHAT RLB FOUND IN DECEMBER 2018

4. Additional damage to the interior facade above the main lobby adjacent Rooms 317 and 318;



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WHAT RLB FOUND IN DECEMBER 2018

5. Stairwells 5 & 6 have significant degradation of structure plus mold growth at Level 4. RLB expressed concerns that, should a member of the public lodge a complaint with a building official, or with the department of health, all portions of the building that rely on those stairwells for fire exiting, would be closed; and
6. The capacity of some structural steel members in the stairwells have been compromised by rust.



WHAT RLB RECOMMENDED - URGENT

1. Mitigate mold in Stairs 5 & 6;
2. Have ABB update their 2012 report; and
3. Engage KAI Hawaii to inspect structural steel in Stairs 5 & 6, urgently mitigate effects of deterioration then undertake permanent repair.

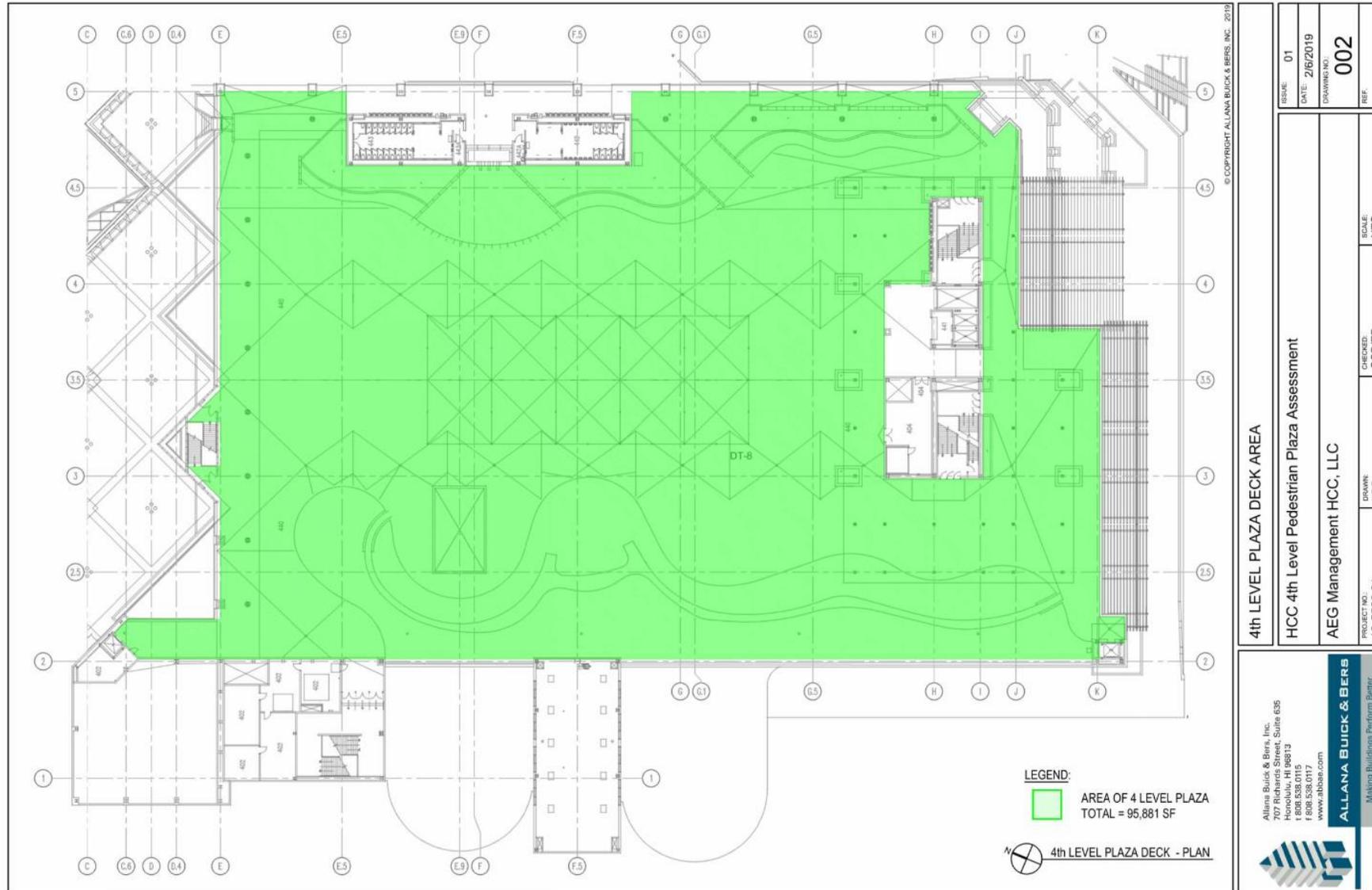
WHAT RLB RECOMMENDED – IMPORTANT

1. Mitigate and repair façade above Children's Courtyard

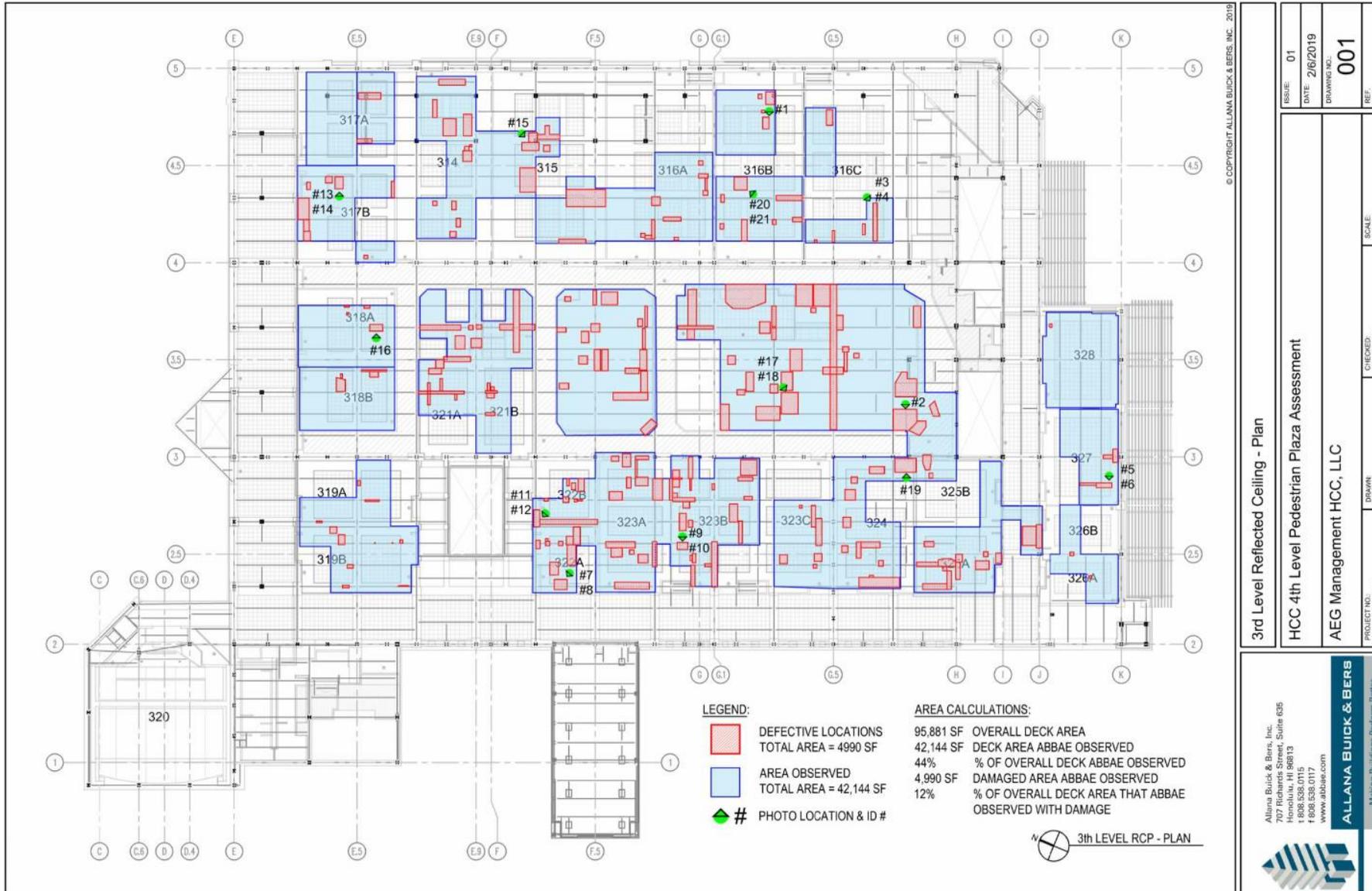
ACTION TAKEN

1. AEG/HCC promptly commenced on remediation of mold in Stairwells 5 & 6;
2. AEG/HCC immediately commenced remediation and repair of façade above Children's Courtyard;
3. AEG/HCC promptly;
 - i. Authorized RLB to coordinate inspections by ABB and KAI Hawaii;
 - ii. Contracted with ABB to prepare updated report; and
 - iii. Contracted with KAI Hawaii to investigate deterioration of structural steel in Stairs 5 & 6.

HAWAII CONVENTION CENTER



HAWAII CONVENTION CENTER



3rd Level Reflected Ceiling - Plan

HCC 4th Level Pedestrian Plaza Assessment

AEG Management HCC, LLC

PROJECT NO.
19-5590.01

DRAWN
LDB

CHECKED
GSB/EB

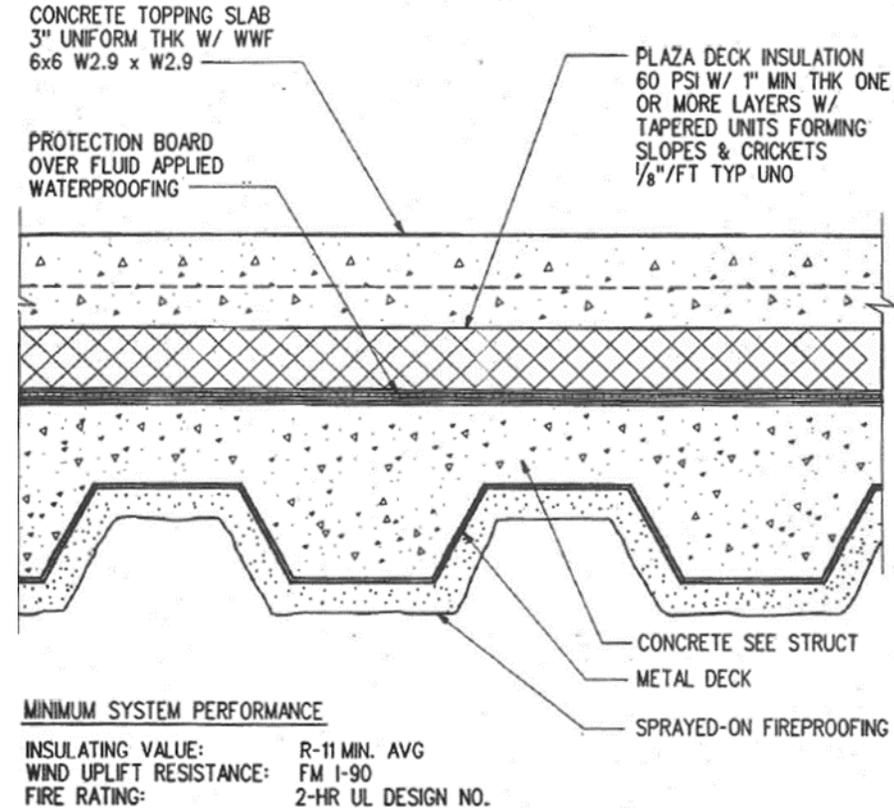
SCALE
NTS

ISSUE: 01
DATE: 2/6/2019
DRAWING NO.: 001
REF:

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F: 808-535-0115
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Making Buildings Perform Better.

THE DECK AS DESIGNED (cross-section)



ROOF TERRACE DECK

3" = 1'-0"

HAWAII CONVENTION CENTER

ABB INVESTIGATION JANUARY 2019



Photo 17: An observable dark area of fireproofing is located at the ceiling of Storage Room 339. Please refer to the infrared image in Photo 17 to view the moisture above the metal decking in this area.



Photo 18: An infrared image of the area depicted in Photo 17 shows the moisture above the slab or the underlying fireproofing in this location of Storage Room 339.

ABB KEY FINDINGS

“ABBAE’s interior structural deck survey identified approximately 239 unique locations where the existing steel structural deck has visible corrosion. We believe that each of these damaged areas are associated with a failure in the overlying waterproofing membrane. Importantly, we were only able to visually assess about 44% the entire plaza steel deck. Therefore, **we project that many more leak locations are present**”.

ABB KEY FINDINGS

“Given the large number of failures in the waterproofing membrane, missing membrane protection and appropriate drainage provisions, and currently observed damage to the underlying concrete/steel structural roof deck, we have established that **the existing waterproofing membrane and associated appurtenance assemblies are no longer serviceable and require replacement at the earliest opportunity**”.

ABB KEY FINDINGS

“The existing waterproofing membrane for the 4th level pedestrian plaza has reached the end of its serviceable life and is no longer preventing rainwater from entering the structure below. **We know of no remedial repair, short of complete removal and replacement that can effectively mitigate the ongoing leakage”.**

NEXT STEPS

1. Undertake structural assessment of load capacity of existing deck;
2. Produce 'as-built' documentation;
3. Undertake hazardous material survey;
4. Complete repair design;
5. Bid project; and
6. Undertake repair work.

ANTICIPATED REPAIR COST

Preliminary, rough-order-of-magnitude estimate of the repair cost for the rooftop terrace deck, including design fees, and assuming that construction starts not later than February 2021 and that there is no significant change in the landscaping design.....
is currently \$47 million - \$50 million.

This could increase depending on the recommendations coming from the detailed investigation of the structure.

Cost does not include loss of revenue.

HAWAII CONVENTION CENTER

ANTICIPATED SCHEDULE

| Activity | Start | Finish |
|---|--------------------|--------------------|
| Structural assessment, document review, hazardous material survey and conceptual design | July 29, 2019 | September 20, 2019 |
| Owner concept design review | September 23, 2019 | October 11, 2019 |
| Schematic design | October 14, 2019 | December 6, 2019 |
| Owner schematic design review | December 9, 2019 | December 27, 2019 |
| Design development | December 30, 2019 | February 21, 2020 |
| Owner design development review | February 24, 2020 | March 13, 2020 |
| Construction documents | March 16, 2020 | April 17, 2020 |
| Owner construction documents review | April 20, 2020 | May 1, 2020 |
| Permit set | May 4, 2020 | May 15, 2020 |
| Permit | May 15, 2020 | August 14, 2020 |
| Procurement phase, including award | August 28, 2020 | February 1, 2021 |
| Construction | February 1, 2021 | November 19, 2021 |

PLANNING CONSIDERATIONS

1. The rooftop terrace deck will be closed to the public during part of the investigation phase and all of the repair phase;
2. Level 3 makai-side meeting rooms, store rooms, etc. will be closed to the public for some of the investigation phase and for much of the repair phase (although efforts will be made to reduce the duration);
3. There will be noise and some dust disturbance to the neighboring condominiums, especially during demolition;
4. Part of the terrace immediately outside the Ballroom will be closed off on the makai side;
5. It may be possible to keep the Level 4 bathrooms open; and
6. If the State wishes to add more enclosed space to the rooftop, as was originally envisioned, to be cost effective, it should be planned as part of the repair project.

IN CONCLUSION

- This is an issue that has existed since the building was designed;
- Repair is not optional;
- The cost of repair will continue to escalate as time goes on;
 - Construction cost escalation; and
 - Escalation of direct and collateral damage;
- Overall revenue will decline as more rentable areas are effected; and
- Cost and schedule is predicated on putting back the rooftop terrace as it is currently designed.

QUESTIONS?