



Hawai'i Convention Center  
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**Neil Abercrombie**  
*Governor*

**Mike McCartney**  
*President and Chief Executive Officer*

**REGULAR BOARD MEETING  
HAWAII TOURISM AUTHORITY**

**May 31, 2012**

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

**MINUTES OF REGULAR BOARD MEETING**

**MEMBERS PRESENT:**

Ron Williams (Chair), Kelvin Bloom, Patricia Ewing, Patrick Fitzgerald, Victor Kimura, Mike Kobayashi, Craig Nakamura, Aaron Salā, Sharon Weiner, Leon Yoshida

**MEMBERS NOT PRESENT:**

Douglas Chang

**HTA STAFF PRESENT:**

Mike McCartney, Momi Akimseu, Caroline Anderson, Lynn Bautista, Cy Feng, Jadie Goo, Daniel Nāho'opi'i, Winfred Pong, Roann Rakta, Angela Rodriguez, Michael Story, Marc Togashi, David Uchiyama

**LEGAL COUNSEL:**

Deputy Attorney General Gregg J. Kinkley

**1. Call to Order**

Presiding Officer Ron Williams called the meeting to order at 9:34 a.m.

Mr. Salā offered a Pule.

**2. Approval of Minutes (April 26, 2012)**

Ms. Weiner made a motion to approve the minutes of the meeting conducted on May 31, 2012. Ms. Ewing seconded the motion.

Mr. Togashi offered a revision to the second paragraph on page 15, where he mentioned that retirement costs are included in the post-retirement liability that is currently on the HTA's books. He clarified that post-retirement benefits include health care and insurance only, but not retirement costs.

The motion to approve the minutes as revised by Mr. Togashi was unanimously approved without objection.

**3. Report of the Chief Executive Officer Relating to the Implementation of the State Tourism Strategic Plan Initiatives and/or Staffs' Current Assessments of the Major Market Area**

Mr. McCartney asked Mr. Uchiyama to share some of the details of his most recent trip to Asia and also thanked and recognized him for all of his hard work related to negotiations with the NFL and the significant role he played in helping to secure the Pro Bowl in Hawai'i once again.

Mr. Uchiyama reported that his trip was very productive. He mentioned that the Lt. Governor Schatz and his Chief of Staff joined him in Korea and attended meetings with representatives from Korean and Asiana Airlines. He described the discussions as "frank" and thinks that they served as an eye-opener for the Lt. Governor Schatz and his Chief of Staff and that they came out of those meetings with a new respect for the process we have to go through. Mr. Uchiyama mentioned that at the end of the meeting, he found out that there are going to be about 60 charter flights out of Japan with Korean Airlines. He said that Korean Airlines had provided him with the total number only, but Hawai'i Tourism Japan has already confirmed 40 of the 60 flights.

He shared that the restructuring of the workshops/seminars in China were well-received and that the feedback from the industry was very positive. He said that he spoke with many people who have been there for the last three (3) years during the Asia Mission and they remarked that the progress that has been made and the quality and knowledge of the agents who attended this year have improved dramatically. He said that a lot more work has to be done in China and going forward, he would like to see the tour operators in China have a more direct connection with our industry partners here because a lot of it is being filtered by the ground transportation companies through whom they are working. Mr. Uchiyama said that if the additional funding gets approved, he hopes we will be able to do some product development seminars here in Hawai'i where we will bring those people in specifically so that they can properly develop one-on-one relationships with our industry partners. He said that overall, the mission was very well received and continues to help us grow in that market.

Mr. Uchiyama also shared that there is a lot of discussion about possible charter flights out of China. He mentioned that Hawaiian Airlines has been engaged in discussions and that Air China continues to request additional information, which leads him to believe that they are looking at Beijing service very seriously.

Mr. McCartney said that the other thing we continue to work on is keeping Kona viable as an international and second point of entry. He said that Mr. Uchiyama continues to have discussions that "keep that seed watered" in that part of the world. Mr. Uchiyama added

that discussions were conducted with both Japan and Korean Airlines specifically about that and they are looking at the possibilities. Mr. McCartney said that there have been discussions with them about just restructuring some existing routes where Japan Airlines runs three (3) flights out of Narita to Honolulu and it was suggested that perhaps one (1) flight a week could be broken up into a 3 / 4 combination on that seven (7)-day service, with three (3) days going into Kona and four (4) days into Honolulu, so the total number of flights into the State does not change. He said that the same scenario was also suggested to Korean Airlines, as they have two (2) days and if they are not going to consider a 3<sup>rd</sup> flight, then perhaps the second flight could be a 3 / 4 combination as well.

Mr. Bloom asked Mr. Uchiyama to elaborate on the "frank and eye-opening" discussions that took place in the meetings with Korean and Asiana Airlines. Mr. Uchiyama said that in both of those meetings, the Lt. Governor and his Chief of Staff were taken aback by the forthrightness of the airline representatives, as they "quite frankly told the Lt. Governor, 'What are you going to do for me?' and 'How are you going to take care of me?'" Mr. Uchiyama shared that he had advised them to be prepared for it and to not give in on landing fees, as this has been our position, so the Lt. Governor "sat back and said that we want to continue to work with you." Mr. Uchiyama added that he told them that we are going to make sure that we put our marketing efforts there so that their load factors are what they need to be.

Ms. Weiner interjected and said that some of these comments have been made in executive session. She wondered if we were getting into information that would be helpful for our competitors to know and queried whether this discussion should be conducted in an executive or public session. Ms. Weiner suggested that this conversation could be added to the executive session discussion at the end of the agenda because this would definitely be very useful for competitors.

Mr. Kinkley said that he understands the sentiment; that it makes sense; and we will deal with it at the time we go into executive session, but advised that in a general sense, just because the release of information would help competitors, there is not a tie-in directly to the statute to make that part of the executive session. He said that no mention should be made in public session if we think there is a problem or it cannot really be mentioned in executive session unless it impacts the HTA or some other competitor.

Mr. McCartney commended the staff for their hard work on putting together the drafts of the strategic plan, the brand sustainability plan, and the FY 2013 budget. He said that our expectation is to receive the board's comments, revise the documents, and get them back out to the board for approval at the June meeting.

Mr. McCartney shared that the 2012 Legislative Session was very productive. He said that SB490, which provides the HTA with an additional \$2 million and brings our cap to \$71 million, passed unanimously. He said that this number will be reflected in the budget documents in the major international markets and will be used for international marketing.

He said that he is pleased that the Legislature took the initiative to do that, which means an additional \$6 million for us over the next three (3) years. He reported that the other significant bill that passed changes the TAT collection period for the Convention Center from a calendar year to a fiscal year. He said that in that one-time transition, there will be some additional money that we may receive because we will collect money in certain months that we have not been able to before, so that money can be used for repair and maintenance for the Convention Center.

#### **4. Presentation of Visitor Data and Dashboards for April 2012**

Mr. Nāho'opī'i presented Visitor Data and Dashboards for April 2012. He reported that YTD, the first four (4) months saw an almost 17 percent increase in visitor expenditures, reaching just under \$5 million, which exceeds the targets that were set back in September by 10.3 percent. He said that one of the driving forces was the increase in arrivals for the first four (4) months and also because of the fact that there was a leap day this year. He pointed out that we are still seeing a strong growth YOY, driven mainly by increases in all markets; definitely the recovery of the Japanese market; and new markets coming out of Asia and Oceania. He said that we are exceeding arrivals by 5.9 percent.

He said that expenditures jumped another 27 percent for the month of April. He pointed out that after checking back to some of our peak periods – 2006-2007, as well as our Japanese peak in 1997 - this is the highest April we have ever had in terms of expenditures and arrivals. He said that higher daily visitor spending drove most of that increase, as well as arrivals peak. He said that even though this is a record April for total visitors, there was actually a higher amount of Japanese visitors in 1997. He explained that the Japanese market is different now than it was back in the late 1990s, where we had 1.5 million visitors per month versus now, where we are just under 1 million visitors per month.

He reported that airlift is flat, which is where we wanted it to be, and that a lot of the increases will be happening in June and also in fall of next year. He said that we are looking for an expenditures increase of about 5.5 percent overall for the whole year, so in the early part of the year, we are pacing much stronger at 10 percent. In terms of arrivals, he stated that we are looking at 3 percent overall for the full year and we are pacing faster at 9.4 percent.

Mr. Nāho'opī'i said that in April, expenditures were up 27 percent to 1.17 billion. He explained that the gain of 247 million came mainly from the US West and Japan and that 148 million out of the 247 million was contributed by the Other Asia and Oceania markets, so more than half of the gain for expenditures for this month came from Other Asia and Oceania.

He mentioned that there was a 10.4 percent growth in Food and Beverage (F&B); shopping increased by 9.9 percent; and lodging is up 6 percent. He explained that the F&B growth was due mainly to restaurant purchases and that could be a reflection of more purchases in restaurants or increased costs at the restaurants.

Ms. Weiner asked Mr. Uchiyama if there was a calendar change in Golden Week. Mr. Uchiyama replied that a portion of Golden Week ran in April. Ms. Weiner replied that that has to be taken into consideration because it could skew the part about Japan spending, as there are higher spending groups during Golden Week.

Mr. Nāho'opi'i shared that both Japan and the US West showed gains in shopping and a loss was seen in entertainment and recreation, which includes activities and tours. He added that the North American markets scaled back on recreation and activities and the Japan market scaled back on attractions. In terms of transportation, Mr. Nāho'opi'i said that we are still seeing the trend where a shrinkage has been seen in the need for inter-island transportation because of more direct neighbor island service, which also means that there is less spending on that in the North American markets, but there are increases in the Japan market for inter-island and ground transportation.

Mr. Williams asked if the data would change significantly or dramatically if other markets such as Australia, China, or Korea were also measured in these categories. Mr. Nāho'opi'i replied that in terms of overall expenditures, the top four (4) markets represent about 92-93 percent, but offered to do a chart for the other market areas so that they can be looked at separately and we can see the trends going on in each of those countries.

Mr. Nāho'opi'i reported a 4 percent growth in the Pacific Region in the US West market. He said that a 5 percent growth was seen in California and Alaska is up 15 percent, but there is a drop off in the Oregon market. He added that in the past four (4) months of this year, negative growth has been seen out of Oregon.

He shared that O'ahu showed the highest growth for this month as 13 percent, which is due mainly to the recovery of the Japan market. He reported that Kaua'i showed a 4.9 percent growth; growth on Maui is up 4 percent; and Hawai'i Island showed a 7.3 percent growth. He said that Maui is starting to show slower growth. He explained that it is still growing, but its growth is slower than the other islands. He said that there has been no increase in inventory and mainly just gains in individual vacation units, such as condos and rental homes. He said that ADR on Maui is increasing, but occupancy has been below 1 percent growth in the last two (2) months.

Mr. Nāho'opi'i presented a slide where he used Occupancy as a proxy to measure how well the other destinations are doing in terms of their growth and business. He pointed out that Hawai'i was one of the stronger destinations at the end of 2011 and going into 2012. He said that Florida growth overall has slowed down a bit and Las Vegas lost a lot of share in the winter, but is slowly gaining again. He said that in terms of the Asian markets,

Hawai'i is in the middle and that other destinations such as Sydney and Italy are struggling in terms of maintaining occupancy rates. He added that Shanghai has been up and down as well.

Ms. Weiner asked about the relevance of this information. She remarked that there are so many other variables in these other markets than what exists in our market and she is unclear as to the relevance and need for this data in terms of what good it does for us. Mr. Nāho'opi'i explained that Occupancy is a proxy for how well that market is doing and these are our competitive set destinations. He said that Italy and France represent the Europe market and that benchmark comparisons are done against destinations such as Sydney, Shanghai, and Seoul to see how well we are doing versus these destinations. Ms. Weiner replied that she just does not want to see us spending time and effort capturing data that is not actionable for our planning.

Mr. Nāho'opi'i shared that in terms of ADR, Hawai'i continues to maintain one of the highest ADRs as compared to our competitive destinations. He said that even with the exchange rate, Sydney is much more expensive than Hawai'i to the Japanese traveler, but Hawai'i is still one of the highest destinations in terms of the cost or the perceived cost of the room rate. Ms. Weiner commented that she does not know if this information needs to be captured every single month. Mr. Nāho'opi'i said that this is our competitive set and the marketing partners monitor these regions to see what is happening and to measure how we are doing. Ms. Weiner said that these markets are so different from us. She said that the people who go to Italy are very high spending Japanese and the people who go to Seoul are very low-spending Japanese, so if this data is going to be utilized for decision making, there are many other factors to be taken into consideration. She said that it is too macro to be useful for our decision making.

Mr. Uchiyama said that for a long time, we saw the inter-Asia market really picking up speed on us and it still continues out of Japan with travel to China and Korea. He agreed in that he does not know if this information needs to be reported every week, but said that it is something that we are monitoring on an ongoing basis.

Mr. Uchiyama made reference to a slide that Mr. Nāho'opi'i presented that showed Statewide occupancy at 79.1 percent. He said that we need to be very conscious that this percentage reflects an overall average and that we are nowhere near capacity. He said that the neighbor islands still really need some help, such as Hawai'i Island and Kauai and even Maui to some degree – perhaps not so much on the luxury end, but in the moderate and more economy range. He said that he just wants to make sure that this issue is addressed because capacity becomes everyone's concern and the fact has to be stressed that the difference to our numbers versus previous highs or record numbers is the distribution we have been able to achieve throughout the State.

Ms. Weiner asked about airport gate capacity. Mr. Uchiyama responded that we are working with the airports to manage that. He said that there are times when it can be challenging because there are certain time slots that have international visitors converging on customs and immigration at the same time and if earlier flights are delayed, then it becomes even more of a challenge, but airport officials have been working hard to try and make sure that people are through there in 45 minutes or less. He said that he is not sure they are able to achieve this on a consistent basis and that is why we are stressing to the carriers that Kona is a good opportunity in both Japan and Korea, where we are selling Kona as a Kona-Maui route, so that those islands can be built up together.

Mr. Kimura asked if the term "Japanese Air Visitor," referred to travel by passport. Mr. Nāho'opi'i replied that our definition of the market is by residency. Mr. Kimura asked if Japanese travelers would be tracked as such if they took a flight out of northern Japan on Korean Airlines. Mr. Nāho'opi'i said that yes, they would.

Mr. Kimura referenced slide no. 5 of Mr. Nāho'opi'i's presentation and asked if there was a way to map out total seats versus load factor. He said that we are enticing a lot of airlines to come to Hawai'i, but at the same time, we do not want them to lose money, so if the load factors are running peak, it is to our benefit as well. He asked if there was a way to track the aggregate load factor. Mr. Uchiyama replied that we track load factor by airline and route. He explained that the information is broken down by exact flight because of the things we encountered after 2008 – such as the situations with Aloha and ATA. He said that we did not have our eye on the ball in terms of what happened in those situations, but now we are better able to identify situations such as the weaknesses out of Portland with Delta Airlines, which resulted into Delta giving up the flight and Alaska Airlines picking up the route. Mr. Nāho'opi'i said that he can create a chart for that information, as we do issue the overall load factor.

Mr. Bloom said that he thinks that while Mr. Kimura makes a good point, he is unsure as to how instructive it would be to do it in the aggregate unless the information is looked at as Mr. Uchiyama looks at it – on a carrier and route basis because there are significant discrepancies from route to route and carrier to carrier, so just to look at it on an aggregate basis might be interesting, but not necessarily instructive. Mr. Nāho'opi'i commented that he could do it either by certain markets or regions, so at least a little more detail could be seen. He said that the actual information by airline cannot be disclosed, but he can aggregate it at a little more detailed level.

Mr. Nāho'opi'i said that he will also do a chart on Occupancy by island so that the differences between islands can be seen.

The meeting was recessed at 10:42 a.m.

The meeting was reconvened at 10:53 a.m.

## 5. Action to Approve HTA's Financial Reports for April 2012

Mr. Togashi presented an Executive Summary of the budgets for the HTA Special Fund and the Convention Center Enterprise Special Fund (CCESF). He reported that as of April 30<sup>th</sup>, there is approximately \$4 million in prior year encumbrances in the HTA Special Fund that has yet to be expended, compared to \$31 million at the beginning of the year. He reported that payments made during April total \$400,000 from prior year funds and approximately \$3.9 million from the FY 2012 budget. Mr. Togashi pointed out that this budget is comprised of the \$75 million original budget, plus the \$887,000 in unspent MCI funds that was reallocated from the FY 2011 budget into the FY 2012 budget. He cited the last page of the financial statements, where a summary could be found of budget reallocations that were made this month. He explained that unused funds or funds that we do not anticipate using out of various line items of the budget, such as various signature events and some Product Enrichment projects, were reallocated and put into other efforts – namely, \$50,000 for Sports Events Research and approximately \$100,000 for a Post-Arrival Campaign that is aimed at creating greater awareness for our festivals and events.

He reported that there is \$46.1 million in Liquid Assets for the HTA Special Fund on our balance sheet, \$5 million in the Emergency Trust fund, and an unencumbered reserve of approximately \$2.3 million. He said that we reached our \$69 million cap in April for TAT revenues, so that revenue number is not expected to increase over the course of the rest of the year.

Mr. Williams asked if that number will change for the fiscal year if SB490 is signed by the Governor. Mr. Togashi replied that if SB490 is signed into law, then it will take effect on July 1, 2012 for FY 2013.

Ms. Weiner asked for details on the Product Enrichment Post-Arrival Campaign. Mr. Togashi explained that the campaign is geared toward raising greater awareness for our festivals and events. He asked Mr. Story to provide a more detailed explanation. Mr. Story said that a program was started to magnify and expose more of our festivals, building off of our Brand Sustainability Plan and the experience we want to provide the visitors and also to enhance the quality of life of the community. He said that what this program does is promote what we have to offer post-arrival, so that on any given day, visitors can find certain festivals and events that we support as well as other festivals or events that we do not directly support, but want to promote.

Mr. Nakamura asked Mr. Story to also explain the other two (2) budget items that were increased – ESPN Regional Television and Sports Events Research. Mr. Story explained that our contract with ESPN Regional Television in the past provided us with the ability to spread out funding across multiple years. He said that in 2012, very little funding, if any, was allocated to ESPN because it was spread from a previous fiscal year. He said that the increase is being seen this year because the amount that we are funding is hitting this fiscal year, but the scope of work has not changed. With regard to Sports Events Research, he



explained that he thought it was incumbent upon us to do what we say we are going to do as a knowledge-based organization and put funding toward research on sports events. He said that he was able to save \$50,000 out of \$200,000 he had allocated toward an LPGA event and put it toward Sports Events Research.

Mr. Togashi continued his presentation and reported that the CCESF is currently operating under a \$4.6 million loss as of the end of April. He said that the anticipated loss for the fiscal year to be \$4.7 million. He reported that we are spending in accordance with our budget for the entire fund and added that it has \$22.5 million in Liquid Assets, which will be used primarily for upcoming bond payments. He mentioned that a payment in excess of \$11 million was paid in May to begin to pay down our \$26 million debt for the fiscal year. He pointed out that because of this, the number for Liquid Assets will probably be lower in the May financial statement. He said that there is \$13.4 million in cash that is either earmarked for transfer to SMG, with SMG, or with DAGS to be used for upcoming repair and maintenance capital improvement projects. He said that the CCESF has \$8 million in reserve, which is earmarked primarily for future operations and capital improvement projects and through April, we have received \$28 million in TAT revenue, which is approximately \$1 million more than at this point in time last year.

Mr. Bloom made a motion to approve the financial reports for April 2012. Mr. Fitzgerald seconded the motion, which was unanimously approved without objection.

- 6. Action to Establish a Convention Center Management and Marketing Procurement Investigative Committee**
- 7. Action to Establish a Convention Center Capital Improvement and Facility Usage Investigative Committee**
- 8. Action to Establish the Statewide Tourism Strategic Plan Investigative Committee**

Mr. Pong stated that he would like to address agenda item nos. 6-8 together, as they all relate to the formation of an investigative committee. He stated that agenda item no. 6 is an action to establish a Convention Center Management and Marketing Procurement Investigative Committee. He explained that a current contract with SMG was executed on June 28, 1996 and through the exercise of various options and extensions, it will now terminate on December 31, 2013. For the board's reference, he explained that on January 1, 2003, the law was changed to require that the operator of the Convention Center also has the responsibility for marketing it. He said that the HTA is currently in the process of developing procurement solicitation documents for the operation, management, and marketing of the Convention Center and that process began with the release of a Request for Information. He remarked that in the meantime, the HTA staff desires to take advantage of our statutory authority that authorizes the board to establish an investigative committee to assist in investigating matters related to the official business of the board, of which the management, operation, and marketing of the Convention

Center is clearly within that jurisdiction. He said that the staff desires the assistance of the board to obtain information in the field of Meeting Facilities Management and Marketing to assist in efforts to develop the objectives, directives, statement of work, and other specifications related to a procurement solicitation for the operation, management, and marketing of the Convention Center facility. He added that staff is requesting that the Board Chair be delegated the authority to appoint members to this investigative committee.

Under agenda item no. 7, Mr. Pong explained that staff is recommending the establishment of a Convention Center Capital Improvement and Facility Usage Investigative Committee. He said that SMG has been provided funds for the repair and maintenance of the facility and currently maintains funds for major repairs and capital improvements. He explained that the staff is currently in the process of developing an assessment of future projects; determining and prioritizing all Capital Improvement Projects; and assessing the best use of the facility to achieve a higher return on investment and is recommending the assistance of the board through the establishment of this committee. He added that staff is requesting that the Board Chair be delegated the authority to appoint members to this investigative committee.

Under agenda item no. 8, Mr. Pong explained that staff is recommending the establishment of a Statewide Tourism Strategic Plan Investigative Committee. He said that under the HTA's enabling statutes, the HTA is delegated the authority to create a vision and develop a long-range strategic plan for developing tourism in Hawai'i. He said that HTA has implemented that statutory requirement through the development of the Statewide Tourism Strategic Plan 2005-2015 (TSP), which began in early 2004 and resulted in the conduct of numerous focus groups and public meetings throughout the State to gather community input regarding tourism issues in Hawai'i. He remarked that there is a current need to update the TSP to obtain current information of tourism industries in Hawai'i. He said that the staff is requesting the assistance of the board through the establishment of this committee for the purpose of obtaining information and research to assess and evaluate any necessary revisions and updates to the TSP. He added that staff is again requesting that the Board Chair be delegated the authority to appoint members to this investigative committee.

Ms. Weiner made a motion to establish a Convention Center Management and Marketing Procurement Investigative Committee, a Convention Center Capital Improvement and Facility Usage Investigative Committee, and a Statewide Tourism Strategic Plan Investigative Committee, consistent with staff's recommendations. Mr. Bloom seconded the motion.

Mr. Nakamura asked if there was going to be a discussion on who would be on the committees or if the motion on the table was specific to just the creation of the committees. Mr. Williams replied that discussion could be held for both. Mr. Nakamura commented that there would be a significant change with all of the new board members

and asked if there is something that details whose terms are up. Mr. McCartney shared that some people can serve as consultants if they are no longer board members and cited the example of Ms. Weiner serving on the investigative committee for the update to the TSP, but not as a member of the HTA Board.

Mr. Nakamura asked about the establishment of an MCI Committee as mentioned in the staff report under agenda item no. 6 and asked if the committee still exists. Mr. McCartney responded that the MCI Committee no longer exists.

Mr. Nakamura commented that he does not understand the need for two (2) committees for the Convention Center, as the references to "facility usage" and "capital improvements" seem to have a tie-in to marketing. Mr. McCartney replied that the committees could be combined if that is the pleasure of the board. He said that looking at usage and revenue and formulating a plan before an RFP is issued would make the most logical sense. He said that the committees could stand alone, be combined, or overlap. Mr. Nakamura commented that planned usage should be determined first in order to know what is going to be marketed.

With regard to the TSP, Ms. Weiner asked if the idea is to massage the existing plan or to create a new plan. Mr. McCartney replied that he envisioned that would be a discussion that would take place within the committee. He said that the discussion at the staff level is to do a report card and a baseline on the existing plan and go forward with that, and that could be a process used to create the next plan. He shared that on the staff level, it was being contemplated whether efforts should be made to go out into the community and conduct meetings to try and create something that satisfied everyone, but it was decided that those discussions are something on which the board should lead us as we move forward, such as what the plan should look like and how we go about creating and implementing that vision.

Ms. Ewing remarked that it is very important to establish the best use and the highest return on investment before an attempt is made to write a marketing plan. Mr. Fitzgerald agreed with Ms. Ewing and said that "7 should be coming before 6," referring to the agenda items. Mr. Williams said that he was hoping we would create one (1) investigative committee that would encompass everything.

Mr. Nakamura commented that it seems like such a large task to put everything into one (1) committee. He referenced Mr. Fitzgerald's experience of being on the MCI Committee and asked for his thoughts regarding putting all of these tasks under a single committee. Mr. Fitzgerald said that the MCI committee looked at what was the best way to get new groups here and how to optimize that. He said that what needs to be figured out is what the Convention Center is going to be before plans or decisions are made on how to market it. He said that the MCI Committee's focus was more toward how to improve business over the next couple of years. He said that he is okay with a single committee for the

Convention Center issues, but strongly recommends that “we look at 7 before 6”; otherwise, he said he feels it would be a waste of time.

Mr. McCartney stated that he thinks one (1) committee is better. He said that it seems like a better idea to combine the committees so that the information is in one (1) group and we are not managing two (2) committees.

Mr. Nakamura referenced a previous discussion about hiring a consultant and asked if that was still being considered. Mr. McCartney replied that the committee will likely hire multiple consultants to look at different issues. He said that he thinks it has been well established that we want to bring in expert advice to make recommendations to us so that we can make the highest and “best use” decisions. He said that one of the first things we want to do is to create a baseline study of what is the optimal baseline for the Center. He said that one was done as part of the EIS when the Center was first built. Mr. Nakamura asked if that entailed comparing it to similar centers. Mr. McCartney said that it would.

In light of the discussion about combining the two (2) investigative committees for the Convention Center into one (1), Mr. Kinkley advised that Ms. Weiner should retract her original motion and offer a new motion.

Ms. Ewing asked if only the four (4) initiatives for which the HTA is responsible are going to be discussed within the Strategic Plan Investigative Committee or if input will be sought from other agencies. Mr. Williams responded that he thinks that the committee should be able to discuss all of that and bring in the criteria. He said that the committee could “start from zero and build from there.”

Ms. Weiner made a motion to establish an investigative committee related to Convention Center Capital Improvement Management and Marketing Procurement and a Tourism Strategic Plan Investigative Committee and to delegate authority to the Chairman of the Board to make appointments to both committees. Mr. Fitzgerald seconded the motion, which was unanimously approved without objection.

**9. Discussion and/or Action to Approve Revisions to the Hawai'i Tourism Authority Strategic Plan: 2013-2014**

Prior to the presentation of the draft strategic plan, Mr. Pong brought to the board's attention the letter to the Office of the Auditor that was written in response to the Auditor's request for clarification of linkage to “the performance results reported in HTA annual reports and the operational objectives included in the HTA's action plan to the goals listed in the Hawai'i Tourism Strategic Plan.” He reported that to date, we have not received a response or any follow-up questions from the Office of the Auditor.

Mr. Williams asked if there was any information included under this agenda item that was confidential in nature that we would not want our competition to know. Mr. Uchiyama said that there is some information that would disclose the structure and some short- and long-term planning that we have that would affect the markets.

Mr. Kinkley advised that the board could amend the agenda to discuss this agenda item in executive session. Mr. McCartney stated that staff requests the board's consideration to move into executive session for the purpose of discussing competitive information affecting Hawai'i in order to discuss our future plans.

Mr. Kinkley clarified that staff was recommending that the agenda should be modified to allow for an executive session. Ms. Weiner asked, in the interest of the people observing, if the agenda would be modified to include this with the rest of the items slated to be discussed in executive session.

Mr. Williams asked if agenda item no. 9 would have to be amended or if a new agenda item had to be created. Mr. Kinkley advised that the existing agenda item no. 9 be amended to allow for an executive session if it is based on statutory premise. He stated that in this case, it is.


Ms. Weiner made a motion to move agenda item no. 9 to executive session based on statutory requirements. Mr. Bloom seconded the motion and clarified that the motion included the last 5 agenda items, nos. 9-13. Mr. Kinkley asked if the premise for all of these items is the same – that they deal with the HTA's statutory requirement to discuss information that is confidential in nature and to protect Hawai'i's competitive advantage. Mr. Williams confirmed his understanding and the motion was unanimously passed without objection.

The meeting was recessed to go into executive session at 11:28 a.m.  
The meeting was reconvened at 2:55 p.m.

#### **14. Adjournment**

The meeting was adjourned at 2:57 p.m.

Recorded:

  
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