



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, September 26, 2013
Hawai'i Convention Center, 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, Jack Corteway, Rick Fried, Victor Kimura, Michael Kobayashi, David Rae, Craig Nakamura, Aaron Salā, Lorrie Stone
- HTA STAFF PRESENT:** Mike McCartney, Lynn Bautista, Jadie Goo, Grace Lee, Doug Murdock, Daniel Nahoopii, Roann Rakta, Angela Rodriques, Mike Story, Marc Togashi, David Uchiyama
- LEGAL COUNSEL:** Gregg Kinkley
- GUESTS:** Dr. Kalani Akana, Romy Cachola, Brad Gessner, A. J. Halagao, Keira Kamiya, Bob Newman, Robert Perkinson, Dan Purcell

1. Call to Order

Presiding Officer Ron Williams called the meeting to order at 9:35 a.m. Mr. Salā introduced Dr. Kalani Akana, who provided a Hawaiian chant and offered a pule.

2. Approval of Minutes of Prior Board Meetings

Ms. Ewing made a motion, which was seconded by Mr. Fitzgerald, to approve the minutes of the Regular Board Meeting conducted on August 15, 2013. All the Board members present unanimously approved the motion, except that Mr. Bloom and Ms. Stone were not present at the time the motion was presented for approval.

Mr. Kimura made a motion, which was seconded by Ms. Ewing, to approve the minutes of the Special Board Meeting conducted on August 21, 2013. All the Board members present also unanimously approved the motion, except that Mr. Bloom and Ms. Stone were not present at the time the motion was presented for approval.

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 Areas

Mr. McCartney reported on the recent media reports of artwork at the convention center being covered. He stated that during a meeting of the Council of Native Hawaiian Advancement, a concern was expressed regarding a large mural that included a depiction of Hawaiian bones that was deemed offensive by members within the Native Hawaiian community. In response to the concern, he made a "personal decision" to cover the mural "out of respect." After the Meeting was over, there were numerous conversations "with" various parties about how they felt and not "at" each other. He subsequently apologized to the artist and his attorney, who during a "genuine conversation" explained the federal law that recognized a "moral right" to protect the artist's work. Mr. McCartney stated that as a result of his meetings, "there would be more meetings with the parties to develop a better understanding and mutual respect of each party's position" and that "we are moving forward in a positive manner." In response to a question from Mr. Fried whether Mr. McCartney met with the Hawai'i State Foundation on Culture and the Arts, Mr. McCartney noted that he met with the Hawai'i State Foundation on Culture and the Arts on numerous occasions.

Mr. McCartney continued his report with a discussion of the traffic concern at the Laniakea Beach caused by a large number of visitors viewing the turtles. HTA conducted a survey of the people crossing the street to view the turtles on a particular day and determined that approximately 2,400 people had crossed the street on that one day. He has attended meetings with the "stakeholders" and believes that the issue is "not about how many visitors, it is about safety." He added that visitors have many other places to view turtles, even in Waikiki. He will be working with the Department of Transportation in response to this concern.

Mr. McCartney discussed a concern related to visitors causing Kailua to be "overcrowded." He has heard "many sides" on this concern from the community. He stated that "every county is an island" and we need to listen and share concerns. The Kailua Neighborhood Board has asked HTA to inform them on how tourism has helped Kailua. Mr. Uchiyama reported that during a recent JATA meeting, the Japan delegation obtained a perception

that visitors are not welcome in Kailua. Mr. Williams responded that this matter “does not just affect Kailua but the entire State.”

Mr. McCartney reported that in response to a Legislative provision, he will be convening a meeting with the counties on what to do with the Transient Accommodations Tax revenues and that HTA will be making recommendations to the Legislature at the next session.

He also reported that the Legislative Auditor is currently conducting its five-year legislative audit of HTA’s major contractors. The HTA will be making improvements in response to the Auditor’s recommendations.

Mr. McCartney referred to the budget worksheets that were presented to the Board for consideration when the FY 2014 budget was approved. In response to a request from the Board upon approval of the budget to receive quarterly updates of the budget worksheets, Mr. McCartney stated that staff would be providing the updates by posting the confidential document on the HTA website for only the Board members inspection.

Mr. McCartney provided a PowerPoint presentation, entitled “Key Hawai‘i Tourism Indicators, September 2013.” Generally, he referred to various key tourism related indicators and discussed how tourism helps Hawai‘i by creating jobs and “keeping money in Hawai‘i.” He provided the actual results of the key tourism indicators for 2012, including total visitor expenditures, arrivals, air seats and length of stay. He further added that in 2012, the average length of stay was 9.33 days; State tax revenue reached \$1.58 billion; the tourism industry supported 167,000 jobs; and, that the average daily census of visitors reached 201,831. Mr. McCartney continued by discussing the following 2013 tourism targets (and percentage change year-over-year): visitor expenditures - - \$15.862 billion (10.7%); visitor days - - 79,189,436 (6.1%); visitor arrivals - - 8,505,640 (6.3%); per person per day spending - - \$200.30 (4.3%); per person per trip spending - - \$1,864.90 (4.1%); and, length of stay - - 9.31 (-0.2%).

Mr. McCartney discussed how the 2013 targets reflected various historical factors that impacted tourism, such as the 2001 U.S. recession and 9/11, the loss of Aloha and ATA Airlines and cruise ships, the H1N1 health epidemic, the 2009 recession, and the 2011 Japan tsunami. He also discussed the peaks and dips in the historical trends from 2002 to 2013 for visitor spending, state tax revenue, jobs, visitor arrivals, and air seat capacity. Hotel occupancy on each island during the period 2011 and 2012 was also discussed.

Mr. McCartney initiated a discussion of the Hawai'i Convention Center. He noted that during the period 2003 to 2011, the average yearly cost to operate and manage the convention center was \$37,614,565; visitor expenditures generated through the convention center was \$543,600,000; state tax revenue generated was \$55,144,444; and, the return on investment was that for every \$1 spent by the State, the State received \$1.47.

He continued his discussion of the convention center by referring to "today's reality" of having more convention center space (supply) than the number of meetings in the U.S. market (demand); that we need to adjust and pivot our meetings, conventions, and incentive marketing strategy to focus on Asia and diversify our traditional leisure base; that HTA must be responsible and need to improve the return on investment for the State; and, that HTA will implement a three step plan to address these needs.

In response to a request by Mr. McCartney, Mr. Uchiyama discussed the 2014 marketing strategy to promote Hawai'i as a visitor destination through various marketing and experience elements, including the enhancement of strategic plans to incorporate marketing programs that drive travel demand, visitor arrivals and spending; support programs and events that enhance and promote Hawai'i's people, place and culture; rejuvenate and leverage the "Hawaiian islands" brand; focus efforts on increasing airlift to Hawai'i through multiple points of departure and arrival; and, diversify Hawai'i's portfolio of global and domestic major markets. Mr. Uchiyama referred to the following 2014 marketing outlook or goals: arrivals - - 8,753,755; length of stay - - 9.08 days; per person per day spend - - \$202.57; and, total expenditures - - \$16,100.3 billion.

Mr. Uchiyama reported that in regards to Access, United's LA to Hilo flight will be cancelled. However, he noted the various Hawaiian Air flights serving the LA market. He further reported that Vanilla Air, which is a subsidiary of ANA Airlines, is a domestic carrier with the intent of being a long haul carrier. He further added that Japan Airlines would be unveiling new marketing initiatives and new opportunities in Hawai'i.

In regards to Air China, Mr. Uchiyama reported that he has been meeting with them for the past five years regarding flights from Beijing. It is only recently that Air China is now interested in flights from Beijing beginning on January 21, 2014. He believes that Air China is starting its flights "the right way."

Mr. Uchiyama reported that he would be attending the "Route Conference" with Honolulu Airport officials. He has scheduled 30 meetings with airline officials, including Emeritus

Airlines. He stated that Emeritus Airlines has “freedom rights” that will allow it to go into a local market and pick up passengers to the final destination.

Mr. Uchiyama further reported he is working on managing the arrival of cruise ships so that we have a consistent flow of ships on each island and not several ships docked next to each other on the same island. He also reported that he is meeting with many organizations interested in investing in Hawai‘i and that this is the same “progression we saw with the Japan market.” In regards to the Food & Wine Festival, he reported that it was “very successful” with many pre-arrival visitors and hopes for “more traction” in the future to the neighbor islands as the event grows. Finally, in regards to Workforce, Mr. Uchiyama reported that he is working with the community colleges and University on “credit articulation” and that he is still working towards getting “tourism programs” in 26 high schools.

Mr. Salā expressed a concern related to “capacity” as a result of the increase in visitors. Mr. Uchiyama responded that the marketing contractors have been asked to “spread the business to the neighbor islands.” He noted that Hawai‘i Island as only a 62% occupancy rate and that Kaua‘i has a lot of capacity.

Mr. Uchiyama expressed the need to continue working on making Kona Airport a new “port of entry.” Mr. Fitzgerald reported that he attended a meeting with U.S. Representative Tulsi Gabbard, who is on the Homeland Security Committee and is very supportive of designating Kona Airport as a “port of entry.”

Ms. Ewing reported that during her meetings with the community on Kaua‘i to discuss recommendations for the tourism industry, “capacity was not an issue.”

Mr. Rae noted that during a previous presentation by HTA’s airline access contractor, it was reported that there was a lack of hotel capacity in Waikiki. Mr. Uchiyama stated that there is an 80% occupancy rate in Waikiki but that we still need to distribute our visitors to the neighbor islands. He added that the shoulder periods remains a difficult time to fill rooms and we need to better manage when the visitors travel to Hawai‘i.

Mr. Fried noted that the “homeless problem is still an issue.” Mr. McCartney reported that he has attended numerous meeting with all the stakeholders representing the Governor, Mayor, Legislature and City Council. He noted that the stakeholders are all “working together and not individually.” There are lots of work to be done, including police training

on “compassionate disruption” when working with the homeless. There are “a lot more positives” and “not passing it off to another agency.”

Mr. McCartney initiated a discussion of the competition Hawai'i is facing in the tourism industry. He discussed the “cyclical pattern” of airlift to Hawai'i by the airlines' response to various economic conditions to improve its yield and the resulting impact on passenger demand when the airlines increase or decrease fares. Mr. McCartney emphasized that Hawai'i, as a visitor destination, is competing against entire countries also promoting itself as a visitor destination. In 2013 year-to-date, Hawai'i ranks fourth in tourism market share behind Europe, Mexico and the Caribbean. He discussed the various methods or means that competing countries and other U.S. City destinations are “copying” Hawai'i's marketing strategy and plans.

At this time, Mr. Williams announced whether any member from the public would like to provide any testimony. Mr. Dan Purcell responded that he signed the “attendance sheet” but did not want to testify.

The meeting was recessed at 10:43 a.m.

The meeting was reconvened at 10:57 a.m.

(Ms. Lorrie Stone was present.)

4. Presentation and Discussion on Hawai'i Convention Center Transition

Mr. Uchiyama reported that AEG was contracted as the new HTA contractor hired to operate, manage and market the Hawai'i Convention Center. He introduced Brad Gessner, VP of Convention Centers-AEG Facilities, and Bob Newman, Chief Operating officer-AEG Facilities. Mr. Gessner provided a PowerPoint presentation entitled “Hawai'i Convention Center Transition Update.” Initially, he expressed his appreciation to SMG's General Manager, Randy Tanaka, for welcoming AEG.

Mr. Gessner stated that the primary transition priority was to “reactivate resources to address priorities.” In regards to “Workforce,” the priorities were for current staff to meet with the AEG team; provide an AEG orientation; initiate a new hire process; and, provide a benefits overview. It is AEG's desire to make the transition as seamless as possible.

In regards to “Operations and Infrastructure,” AEG intends to conduct regular vendor meetings; conduct department head briefings; evaluate information technology and infrastructure; and, conduct an organizational chart review.

In regards to “Moving Forward,” AEG reported that it will conduct “strategic sourcing;” utilize “AEG Energy Services;” ensure workforce diversity; and, ensure “Sustainability.” In regards to “Community Outreach,” AEG is conducting an orientation on Hawaiian Culture; will focus on the Aloha Spirit; identify key visitor experience “touch points;” explore community engagement opportunities; begin the development of the Center for Hawaiian Music & Dance using the “Grammy Museum” as a model; and, offer internships.

In conclusion, Mr. Gessner discussed AEG’s priorities in regards to “Sales & Services.” He reported that AEG will begin integrating with the “Meet Hawai’i” sales plan; establish a “Partner Teleconference” process; identify key industry events; analyze the current convention center sales structure; continue the current partner outreach; identify global sales hospitality opportunities; and, implement a target sales program.

Ms. Stone asked why AEG chose to bid on the Hawai’i Convention Center RFP. Mr. Newman responded that the Hawai’i Convention Center provides a competitive advantage to rotate convention business from east to west. He noted that AEG has a strong business market segment and saw the Hawai’i Convention Center as a good opportunity.

In response to another question from Ms. Stone whether AEG has begun to talk with potential businesses and with current clients to come to the Hawai’i Convention Center, Mr. Lynx responded affirmatively and that AEG has direct contact with our current clients. He added that AEG also has many good clients that we have never thought about. Ms. Stone expressed the belief that AEG “has a more synergistic relationship with clients to develop leads as compared to the previous contractor.” Mr. Uchiyama added that AEG’s clients “travel offshore” and that they “have the budget to travel offshore.” In the past, we were “chasing business that did not travel well.”

In response to an inquiry from Ms. Ewing whether business would still be booked on a five-year window, Mr. Lynx responded that the window has “shrunk” and that the current window is now 16 to 18 months.

In response to a question from Mr. Kimura, Mr. Murdock responded affirmatively that the current contract with SMG requires it to transition current business to AEG. Mr. Murdock also reported “many of the transition work is going well.”

(Mr. McCartney introduced Hawai’i State Representative Romy Cachola.)

8. Presentation, Discussion and Approval of Budget Change for Presidential Library

(This matter was discussed out of order under the Agenda.)

Mr. McCartney initiated a discussion on the need for a Presidential Library in Hawai'i. He noted Hawai'i's efforts for the APEC meetings to be conducted in Hawai'i. APEC allowed Hawai'i to showcase itself as a meetings destination. He stated that HTA would be working with the Lieutenant Governor's Office to promote Hawai'i as a location for the Presidential Library and that State general funds would be allocated to HTA to expend for the Library. Mr. Lynx added that having a Presidential Library in Hawai'i is a "game changer" and we will see "immediate benefits" in the Meetings, Conventions and Incentive ("MCI") market.

Mr. McCartney introduced the following members of the "Hawai'i Presidential Center" team: A. J. Halagao (HEI), Senior Advisor, and Robert Perkinson (Special Assistant to the Chancellor), Project Director. Mr. Halagao provided a PowerPoint presentation.

Mr. Perkinson provided a background of Presidential Centers and noted that typically an office was created to promote the Presidential Center and that office subsequently became part of the Center. He stated that Hawai'i is currently competing with Chicago and we "may have a Presidential Center in two places." The Hawai'i Presidential Center Committee is looking at Kakaako as the location for the Presidential Center, which will include a building with outstanding features. The Kakaako location will allow the Center to have "a lot of synergy" with the medical school and the future development by Kamehameha Schools.

Mr. Halago added that the facility would be "less historical but more forward oriented." He discussed the major components of the Presidential Center. He stated that the first major component of the Center is that it would be promoted as a "convening institute" to bring people together and will be consistent with Hawai'i's Aloha Spirit. He further stated that the "tag line" will be "thought and action", which would separate Hawai'i from other Presidential Centers. The second component is that the Center will be an "Education Center" for learning and teaching. A third component of the Center would be to serve as a museum. At this time, a video promoting Hawai'i that was produced by the Committee and previously shown to the President Obama was also shown to the Board.

Mr. Togashi distributed a "revised" Memorandum of Agreement Between The Office of the Lieutenant Governor State of Hawai'i and the Hawai'i Tourism Authority ("MOU"). In response to a request from Ms. Ewing, Mr. McCartney confirmed that the funds being allocated to the HTA would be reflected in the HTA's budget under the Administrative budget category.

Ms. Kamiya, Chief of Staff for the Office of the Lieutenant Governor, discussed how the Legislature appropriated funds to the Lieutenant Governor's ("LG") Office for promoting Hawai'i as a location for the Presidential Center. She expressed appreciation for allowing the LG Office to utilize the HTA's "expertise" and noted that the LG Office will "retain oversight and responsibility for the funds appropriated by the Legislature."

Mr. Rae asked why are the funds "passed through" the HTA. Ms. Kamiya responded that the LG Office desires to partner with HTA to utilize the HTA's expertise to "fund opportunities quickly." Mr. McCartney added that this relationship will be a "natural fit with MCI" efforts.

Mr. Kimura asked who has the "final say on how the funds would be spent," especially if the HTA may object to how the funds are being spent? Mr. Perkinson responded that HTA would be asked to transfer the funds to a IRC 501(c)(3) organization and the funds would subsequently be expended in a manner consistent with the goals of the organization. The 501(c)(3) organization would also subsequently execute a contract with the HTA and additional terms and conditions would be provided in that contract regarding the manner under which the funds would be spent. Mr. Murdock added that the funding process would be similar under a HTA product development contract managed by the HTA.

Mr. Kimura further asked whether we should be discussing the contract terms between the LG Office and HTA for HTA to facilitate the expenditure of funds from HTA to the 501(c)(3) organization. Mr. Fitzgerald also asked whether we should be discussing the terms and conditions of both the MOU and the contract between HTA and the 501(c)(3) organization. He further asked what is HTA's accountability for the funds and what amount of staff time would be allocated to this project. Mr. Corteway expressed a desire to "see a contract with the 501(c)(3) organization before HTA can fund the contract."

Mr. Perkinson expressed concern with any time constraints in expending funds because presentations would need to be made in December. Mr. Williams noted that the approval being requested is the MOU that established a "relationship with the LG." Mr. McCartney added that the Board would also need to amend its budget to accept the funds from the LG Office. Mr. Fitzgerald referred to the HTA's responsibilities expressed in the MOU under Section III. B. (3) and (4).

Ms. Stone suggested that the MOU should be amended to recognize that the MOU is "subject to the terms" of the contract between the HTA and the 501(c)(3) organization.

Consequently, the “actions” of the 501(c)(3) organization would be incorporated into the MOU. Mr. Kimura added that Mr. Murdock should review the bylaws of the 501(c)(3) organization to ensure that it is consistent with “HTA expectations.” Ms. Stone further expressed her belief that “oversight in the MOU is clear enough that it is in the LG Office.”

Ms. Stone made a motion to approve the MOU between the HTA and the LG Office and to amend the HTA budget to accept \$190,000. Ms. Ewing seconded the motion. Mr. Williams stated that “none of the funds would be expended until we have a contract” with the 501(c)(3) organization and that Mr. Murdock would “review” the contract.

Mr. Fitzgerald stated that he did “not agree that it is a relationship MOU because the HTA is obligated to assume responsibilities” and that he is “concern about HTA staff time” being used after the contract is executed. Mr. Stone replied that “staff has performed well to execute and implement contracts” and that she is “comfortable with the MOU as it is currently written.” Mr. McCartney added that he will provide reports to the Board.

The motion was unanimously approved by all members of the Board present at the meeting and without any reservations.

5. Review of Recent and Upcoming Permitted Interactions

Mr. Sala and Mr. Williams reported that they met to discuss the “art work at the convention center” during the Food & Wine Festival.

Mr. Williams and Mr. Kimura reported that on September 4, 2013, they jointly met with Mr. Seijun Wakugawa, the Okinawan Prefectural Government’s Director General of Culture, Tourism, and Sports, and his colleagues, Mr. T. Shinoda and Mr. K. Tamaki.

Mr. Williams and Ms. Ewing reported that they met with Kauai County officials “last week.”

The meeting was recessed at 12:25 p.m.

The meeting was reconvened at 12:34 p.m.

6. Presentation and Discussion on Visitor Statistics

Mr. Nahoopii referred to the “HTA Key Performance Indicators Dashboard” for the Board’s consideration and discussion. He continued with a PowerPoint presentation entitled “Current Visitor Data, August 2013.” Initially, he provided an Overview of visitor data and

reported that in 2013 year-to-date, visitors contributed \$41 million per day to Hawai'i's economy. This reflected an upward trend from an average \$38 million per day in 2012 year-to-date. For the month of August 2013, visitors spent \$1.2 billion and .8% over last year. However, compared to August 2012, the average daily spending decreased by 1.7% at \$189 per person.

Mr. Nahoopii discussed in further detail the August 2013 year-to-date visitor data. He reported that in regards to the "Key Performance Indicators," the visitor arrival targets are "on point" but visitor spending was below target because of a weaker than anticipated Japan performance. In regards to "Island Distribution," he reported that most islands showed year-over-year arrivals growth but only moderate growth against targets, especially on Hawai'i Island. He stated that we "need more work to distribute to the neighbor islands."

Mr. Nahoopii also reported that overall total air seats for August 2013 increased by 2.9%. Honolulu International Airport showed a big increase because of more flights. There was a growth in scheduled seats and less from charter seats because more visitors are going on scheduled seats from the Japan market. Mr. Nahoopii further reported that although total arrivals rose another 2.5%, there was a slight decline in U.S. West but does not seem to be a trend. The average daily census also grew 2.5% in August 2013.

In regards to visitor spending, Mr. Nahoopii reported that visitor expenditures were slightly down in August but the strong growth during the beginning of the year kept the HTA on track to achieve its year-to-date target. The highest growth in visitor expenditure was from lodging (up 11.2%) and transportation (up 6.1%). Visitor expenditure for shopping fell by 20.6% primarily by the Japan visitors.

Mr. Nahoopii reported that statewide occupancy dropped 2.9% to 78.9% occupancy in July 2013. However, the average daily rate for July 2013 increased to \$241.63 (up 11.8%). He added that Maui's occupancy rate has been increasing since September 2012 and was the only island to show growth (up 2.3%) in June 2013.

In regards to arrivals from the major markets, all major markets showed moderate growth except from the U.S West (down 1.3%). However, the developing markets (i.e., China, Korea, Europe and Oceania) showed "aggressive growth in August 2013.

Mr. Kimura initiated a discussion of seats availability and arrivals from Japan and U.S. West. He noted that if there are more seats, HTA should continue to support marketing initiatives to fill those seats. Mr. Uchiyama concurred.

Mr. Nahoopii continued with another PowerPoint presentation entitled "Airline Seat Capacity and Hotel Capacity" that was prepared in response to questions from Board members after a presentation by the HTA's airlift contractor on August 21, 2013. Initially, Mr. Nahoopii opined that although he expects air seat capacity to surpass its peak in 2006, the load factor has tapered off because we have not been able to fill the seats. He reported that statewide occupancy is still lower than its peak while current air seats capacity has exceeded its peak. He further noted that although O'ahu occupancy is still high, neighbor island occupancy rate is low. He noted the frequent flights to O'ahu and the need to spread business to the neighbor islands.

Mr. Nahoopii offered possible reasons for the slow growth in occupancy while air seats have increased. One possible reason is that cruise ship passengers are staying on ships and thereby increasing demand for air seats. Cruise passengers who arrive by air have been steadily increasing since 2009. He also reported that cruise ship berths only added approximately 1.5% more available visitor units per year. Currently, cruise passengers are not a significant factor for the increase in air seats.

Another possible reason offered by Mr. Nahoopii is hotel "rate resistance." He noted a trend downward for growth in hotel usage while condominium usage is still going strong in 2013. Use of hotels has decreased while condominium use has increased.

Ms. Stone initiated a discussion of the evolving time-share industry that may also contribute to increase visitor accommodations. She discussed the process a person may use to acquire a time-share interest, such as purchasing "points" to stay at any time-share facility worldwide; purchasing time at a building (traditional process); or, purchasing a condominium unit and assigning the unit to a hotel pool when not being used by the owner. Ms. Stone expressed the belief that "the future should recognize that stand alone hotels may not be supported."

Mr. Kimura inquired, "If we ask airlines to increase capacity, how are we supporting that capacity with hotel occupancy?" Mr. McCartney responded that the "occupancy numbers do not accurately reflect total rooms available" because we do not have good information of total rooms available. He added that we are "not ready yet to say that we have more

seats than rooms.” Ms. Stone also added that people booking a time-share unit may not know that they are actually staying at a condo hotel.

(Mr. Bloom was present at the meeting.)

Mr. Nahoopii reported that Chinese visitors fly to Hawai’i through Narita (13%), Shanghai (23%), and Incheon (32%). Mr. Kimura expressed the need to allocate marketing funds that will support flights through those areas.

Mr. Rae asked how many of the air seats being occupied on the new flights were “cannibalized” from existing flights? Mr. Nahoopii responded that additional research would be required.

7. Approval of HTA’s Financial Reports

Mr. Togashi referred to the HTA Financial Statements as of July 31, 2013 that were previously distributed to Board members. He stated that there were “no anomalies in the Financial Statements.” Mr. Williams acknowledged that the Board members have reviewed the Financial Statements as of July 31, 2013.

Mr. Salā made a motion to approve the HTA Financial Statements as of July 31, 2013. Mr. Kimura seconded the motion, which was unanimously approved by all members present without any reservation.

9. Adjournment

Mr. Kimura made a motion, which was seconded by Ms. Ewing, to adjourn the meeting. The motion was unanimously approved and the meeting was adjourned at 1:55 p.m.

Recorded:

/s/Winfred Pong

Winfred Pong

Recorder