



REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, January 28, 2016
Hawaii Convention Center
1801 Kalākaua Avenue, Honolulu, Hawaii 96815

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT: Rick Fried (Chair), Fred Atkins, Jack Corteway, Sean R. Dee, Donna Domingo, George Kam, Kuuipo Kumukahi, David Rae, Gerald DeMello, Craig Nakamura, Lorrie Stone

MEMBERS NOT PRESENT: Denise Hayashi Yamaguchi

HTA STAFF PRESENT: George Szigeti, Caroline Anderson, Charlene Chan, Jennifer Chun, Leslie Dance, Jadie Goo, Laci Goshi, Daniel Nahoopii, Roann Rakta, Chris Sadayasu, Marc Togashi, Miki Wakai

LEGAL COUNSEL: Gregg Kinkley

GUESTS: Aaron Salā, Teri Orton, Victoria Holt Takamine, Burton White

1. Call to Order

Presiding Officer Rick Fried called the meeting to order at 9:33 a.m.

2. Pule

Mr. Nahoopii discussed the historical and cultural significance of the makahiki, which signified a period of growth, inspiration, and a good start to begin a new year. The Board participated in a short refrain in Hawaiian entitled "Lono-i-ka-makahiki."

3. Approval of Minutes of the December 17, 2015 Board Meeting

Mr. Corteway made a motion to approve the minutes of the board meeting on December 17, 2015. Mr. Rae seconded the motion, which was unanimously approved by all the board members present.

4. Review of Recent and Upcoming Permitted Interactions

There was no report of any permitted interactions by board members.

5. Report of the CEO Relating to the HTA's Programs

Mr. Szigeti referred to the CEO Report, which was included in the board packet previously distributed to the board members prior to the meeting. The CEO Report was organized in a manner utilizing the 2016 Brand Management Plan's four core areas (i.e., Awareness, Conviction and Access, Unique and Memorable Experiences, Knowledge and Collaboration, and Strategic Oversight and Governance). The CEO Report also describes the actions taken by staff to implement the HTA budget, including a listing of all the contracts executed by HTA during December 2015.

Mr. Szigeti reported that "the team has been very busy" and he has been busy at the legislature and traveling. Regarding the current legislative session, he has been tracking bills and will be providing the board with updates as developments occur. He introduced the following new staff members and their respective positions: Leslie Dance, Vice-President of Marketing and Product Development; Charlene Chan, Director of Communications; and, Chris Sadayasu, Tourism Brand Manager (Oceania and Special Events).

Mr. Fried offered an opportunity for the public to provide oral testimony regarding the CEO Report on HTA programs. He acknowledged Mr. Aaron Salā, who proceeded to provide oral testimony. Mr. Salā expressed concern with the dismissal of Kelii Wilson as HTA's Director of Cultural Affairs. He discussed why she was important to HTA as its Hawaiian cultural specialist. She was "uniquely qualified" and brought credibility to HTA within the Hawaiian community. Her work was "unprecedented." He noted that she was not dismissed by the CEO but through two staff members with a letter. This reflects a "severe lack of integrity" and "aloha," which would have required a "face to face" meeting.

Mr. Fried acknowledged the receipt of written testimony from Vicky Holt Takamine, who also requested an opportunity to provide oral testimony. Ms. Takamine initially noted that when the Hawaii Convention Center was first opened, it did not have any Hawaiian artwork. She stated that Ms. Wilson maintained a relationship between the tourism industry and the Hawaiian community and that in her absence HTA should work more closely with board member George Kam. She intends to be "calling upon" HTA more often in the absence of Ms. Wilson.

Mr. Fried acknowledged Mr. Erdman White, who requested an opportunity to provide oral testimony. He expressed concurrence with the oral testimony provided by Mr. Salā and Ms.

Takamine regarding Ms. Wilson. HTA must “balance change with more communication.” He added that Ms. Wilson was “unceremoniously dismissed” and that we need “to make sure to do well with finding a new replacement.”

Mr. Fried acknowledged Ms. Kumukahi, who initially spoke in Hawaiian. She continued by stating that Aloha has been given to Hawaii by God and that we have an obligation to honor Aloha. She referred to Governor Ige’s recent State of the State speech during which he referred to looking at the past and “how we treat each other.” She expressed the obligation “to secure” the Hawaiian culture in every aspect of the tourism industry and to do it with Aloha.

6. Presentation and Discussion of Market Insights and Current Market Conditions

Mr. Nahoopii referred to a document in the board folder previously distributed to the board members entitled “Market Insights-December 2015.” The HTA monthly market insights reports on the most recent key performance indicators that the HTA uses to measure success and to gauge whether the HTA is successfully attaining its goals.

Mr. Nahoopii reported that for the 12 months of 2015, Hawaii’s tourism economy experienced the following: \$15.2 billion in visitor spending; \$337.5 million more in visitor spending than the same period last year; the year 2015 was another record year for Hawaii’s tourism industry with a total of 8,649,357 visitors to the islands and reflected a 4.1% growth from the previous record of 8,308,114 in 2004; and, that this year also set a new record for annual arrivals for O’ahu and Maui, however, arrivals to Hawaii Island and Kauai did not exceed the record level of visitors in 2007. For each major market area, he discussed the results for each key performance indicator (i.e., arrivals, visitor spending, visitor days, daily spend, airlift), including island distribution for visitor arrivals and visitor days.

Mr. Nahoopii noted the various charts and narrative in the Market Insights-December 2015 for visitor plant inventory and various key performance indicator dashboards for each major market area.

7. Presentation, Discussion and Approval of HTA’s Financial Reports

Mr. Togashi referred to the October 2015 financial reports for the Tourism Special Fund and the Convention Center Enterprise Special Fund that were previously distributed to the board for consideration at the last board meeting but deferred. He requested board approval of those financial reports at this meeting. He also presented the November and December 2015 financial reports for those funds that were previously distributed to the board members. However, he requested the board to defer consideration of those financial reports to the next board meeting so the board members would have more time to review the reports. He also referred to reports summarizing the investments maintained at the Bank of Hawaii for the period December 1 to December 31, 2015.

Ms. Stone made a motion to approve the October 2015 financial reports for the Tourism Special Fund and the Convention Center Enterprise Special Fund. Mr. Corteway seconded the motion, which was unanimously approved by all the board members present.

8. Update and Discussion of International Union of Conservation of Nature (IUCN) – World Conservation Congress Hawaii 2016

Mr. Togashi noted that the IUCN meeting will be held at the convention center in September 2016. He discussed the background of IUCN and that it would be the first time the Congress will be held in the United States. The federal Department of State and the State of Hawaii have played a significant role in promoting the Congress to be held in Hawaii. He stated that the “significance” of the Congress being held in Hawaii is that it is consistent with the “sustainability efforts of Hawaii” and projected to provide \$27 million of visitor spending by 8,000 delegates. The Hawaii Convention Center would be providing \$1.5 millions in cash and “in-kind support.” Its support would also include providing assistance to increase delegate count; increase economy of scale; and, assist in providing easy access by delegates to Hawaii and between islands. The convention center would also work with the host committee for other opportunities.

Mr. Togashi stated that Ms. Dance would be HTA’s lead for this event.

In response to Mr. Rae’s question regarding “financial support from the State,” Mr. Togashi stated that he personally was “not aware of other state funding.”

The meeting was recessed at 10:12 a.m.

The meeting was reconvened at 10:20 a.m.

Mr. Dee stated that he understands the Department of Land and Natural Resources has allocated \$5 million for the Congress and would be in addition to HTA’s \$1.5 million.

9. Presentation and Discussion by AEG Regarding an Update of Hawaii Convention Center Recent Activities

Ms. Orton provided a PowerPoint presentation entitled “January 2016, HTA Board of Directors Update.” She summarized AEG’s “total year performance” for 2015 as follows: AEG achieved 195,404 city-wide room nights or 96% of its goal (202,550); it achieved the highest grossing revenue at \$14.2 million; finished the year with the “best bottom line” as reflected by a net operating loss of \$289,700 as compared to the historical average loss of \$3.5 million and resulting in a \$3.2 million “subsidy savings to HTA”; it achieved the best food and beverage “flow through percentage of 45%” as compared to the historical average of 25-30%; it improved occupancy percentage by 7.3% over the past four years average of 32%; and, that its “Meeting Planner Survey Satisfaction Score” was an average of 98% for the year. She also noted the various events being held at the convention center during February 2016.

Mr. Fried asked how much of the convention center occupancy is from local versus offshore events. Ms. Orton responded that of the 180 events, 79% were local events and consisted of Christmas parties, the Honolulu Marathon, and “anything that has a local contact.”

Mr. Dee stated that it was a “tremendous accomplishment” to reduce the loss. Ms. Orton confirmed that the citywide room nights being reported are what AEG has booked. Mr. Dee requested data that would correlate occupancy with room nights.

In response to Mr. Corteway’s inquiry for a projection into 2016, Ms. Orton stated that she did not “know if we can repeat” what we did in 2015 for 2016, which is a “soft year.” However, she is encouraged by bookings in 2017. It is her hope to pick up 1 or 2 “big corporate groups” or events in 2016.

Mr. Szigeti asked that AEG needs “to get more engaged” with increasing the delegate count for the IUCN Congress meeting from 8,000 to 10,000. Ms. Orton responded that AEG’s current involvement has been “operational” and that “attendance promotion has been through Randy Tanaka.” Mr. Szigeti requested a future report “on how to increase delegate count.”

Ms. Orton concluded her presentation with a short video promoting the convention center entitled “Sizzle.”

10. Presentation and Discussion by AEG Regarding an Update of Sales Initiatives and Hawaii Convention Center Performance

Mr. Fried made a motion to convene an executive session pursuant to HRS section 201B-4(a)(2) for the purpose of discussing information that must be kept confidential to protect Hawaii’s competitive advantage as a visitor destination. Mr. Nakamura seconded the motion, which was unanimously approved by all the board members present.

The meeting was recessed at 10:45 a.m. to convene an executive session.

The meeting was reconvened at 11:12 a.m.

(Mr. Kam was not present.)

The board met in executive session to discuss various competitive initiatives to develop events at the convention center. The cost estimates for a capital improvement project being procured through a request for proposals were also discussed.

At this time, Mr. Fried referred to the CEO Report. He requested that the board members read the report prior to the meeting. It will provide the board with an opportunity to ask questions on any HTA program.

In response to a question from Mr. Nakamura regarding information related to the current legislative session, Mr. Szigeti stated that he would be providing a color-coded comprehensive list of legislative bills for the board’s information and consideration.

Mr. Atkins referred to the oral testimony related to the Ms. Keli's termination. He was "not asking why" she was terminated but whether HTA would be filling her position. Mr. Szigeti responded that her position would be filled through the normal "employment process." Mr. Atkins asked that the Hawaiian community be consulted and that the person should not only "teach" us but "also guide us."

Mr. Atkins requested a new HTA organization chart. In regards to the FY 2016 budget, Mr. Atkins also asked that the board have an opportunity to look at "unexpended funds."

Ms. Domingo stated that she was "disturbed" regarding the manner in which Ms. Wilson was terminated. Although she concurred it was Ms. Szigeti's job to address Ms. Wilson's employment, her termination should have been done with aloha and respect and not made through "just a piece of paper." It would be a disappointment if it were true that Mr. Szigeti "weren't even there" when Ms. Wilson was terminated.

Ms. Kumukahi expressed a concern with starting "at zero" as a result of Ms. Wilson's termination. She has done an "appropriate job" and "seen her grow up." Ms. Kumukahi expressed the hope that Ms. Wilson's position is filled by a person that would "guide us."

Mr. Szigeti stated that he will "fast track" the hiring process through Bishop & Co.

Mr. Fried stated that Mr. Szigeti has done a "good job" to bring in a "good staff based on his recent hires.

11. Adjournment

Ms. Stone moved to adjourn the meeting. Mr. Nakamura seconded the motion, which was unanimously approved by all the board members present.

The meeting was adjourned at 11:21 a.m.

Respectfully submitted,



Winfred Pong
Recorder