



**REGULAR BOARD MEETING**  
**HAWAII TOURISM AUTHORITY**  
**Thursday, February 22, 2018**  
**Hawaii Convention Center**  
**1801 Kalākaua Avenue, Honolulu, Hawaii 96815**

**MINUTES OF REGULAR BOARD MEETING**

**MEMBERS PRESENT:**

Rick Fried (Chair), Fred Atkins, Sean P. Dee, ,  
Ku'uipo Kumukahi, Sherry Menor-  
McNamara, Craig Nakamura, Denise  
Yamaguchi, George Kam, Kelly Sanders,  
Gerald De Mello

**MEMBER NOT PRESENT:**

Donna Domingo

**HTA STAFF PRESENT:**

George Szigeti, Carole Hagihara, Charlene  
Chan, Chika Miyauchi, Iwalani Kuali'i-  
Kaho'ohanohano, Jadie Goo, Jennifer Chun,  
Kalani Ka'anā'anā, Kehau Meyer, Laci Goshi,  
Lauren Fetherston, Leslie Dance, Marc  
Togashi, Minh-Chau Chun, Pua Sterling,  
Randy Baldemor, Ronald Rodriguez, Victoria  
Roy, Lisa Lindauer

**GUESTS:**

Rep. Richard Onishi, Teri Orton, Nicole Liew,  
Lee Conching, Allison Schaefer, Patrick  
Dugan, Nathan Kam, Pris Teixeira, Katie  
Murar

**LEGAL COUNSEL:**

Gregg Kinkley

**1. Call to Order and Pule**

Presiding Officer Rick Fried called the meeting to order at 9:30 a.m. Mr. Fried acknowledged Ms. Kaho'ohanohano, who presented an Oli written by Queen Lili'uokalani during the overthrow of the Hawaiian Monarchy.

Mr. Fried thanked Ms. Kaho'ohanohano and acknowledged Representative Onishi to thank him for his interest and involvement.

## **2. Approval of the Minutes of the January 25, 2018 Board Meeting**

Mr. Fried requested a motion to approve the minutes of the Board meeting held on January 25, 2018. Ms. Kumukahi made a motion. Mr. De Mello seconded the motion, which was unanimously approved by all the Board members present.

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

Mr. Atkins reported that he and Mr. DeMello attended a fundraiser on Tuesday night for Senator Kai Kahele. There were no other reports of permitted interactions.

## **4. Report of the CEO Relating to Staff's Implementation of HTA's Programs during January 2018**

Mr. Fried updated the Board on meetings related to medical tourism startups coming to Hawai'i.

Mr. Szigeti then spoke, thanking the Board and industry partners for a great year in 2017, noting that Hawai'i had another record year for visitor spending, arrivals, tax revenue, and job creation. He added that 2018 was off to a great start with air capacity up by 10.9% and added that HTA's marketing team would continue their hard work maintaining demand for all islands. Mr. Szigeti reported the Hawai'i Hotel Statistics report looked promising and was scheduled to be issued shortly; January visitor statistics would be issued at the end of February. He also thanked Jennifer Chun for her presentation to the Pacific Asia Travel Association.

Mr. Szigeti then thanked Randy Baldemor for his hard work during his tenure at HTA and wished him well in his new endeavor; Mr. Fried echoed these sentiments. Mr. Blademor thanked Mr. Szigeti and the Board for the opportunity to serve the State and provided words of encouragement for HTA as an organization.

Mr. Fried concluded by thanking Mr. Baldemor for his words of encouragement, noting the poignancy of his remarks given the current legislative initiatives to drastically reduce HTA's funding.

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

Mr. Fried acknowledged Ms. Chun, who noted that the Board was meeting prior to the release of the January 2018 Market Insights, which is why the Board packets contained the December 2017 Market Insights.

Ms. Chun noted that TAT collections were now up by slightly over 8% year-over-year. She then presented an overview of HTA's 2017 Hawai'i Hotel Statistics, released during the Board meeting, noting that hotel revenue per available room (RevPAR) had increased by at least 8% for Maui, Kaua'i and Hawai'i counties, but O'ahu was notably soft at 1.7% despite increased bookings due to a decline in average daily rates. Mr. Atkins noted that flights to Kaua'i were not at full capacity, which resulted in reduced airfare rates, and he questioned whether this was a trend that HTA had seen across the State. Ms. Chun explained that air capacity and seat bookings, as well as the full January picture, would not be released for another week. Mr. Sanders added that he noticed a trend of more affordable air pricing in recent years as well.

Mr. Nakamura then raised the issue of the series of drownings in waters off Maui. He stated that he had had a conversation with the Maui Fire Chief on this issue, which Mr. Nakamura described as a very serious situation, to see what HTA could do to help with visitor education efforts. Mr. Nakamura explained that he was unaware of whether these incidents had made an impact on visitor arrivals, but noted that any loss of life was significant. He suggested inviting the Fire Chief and some of his staff to attend the next Board meeting to provide some feedback on the subject. Mr. Nakamura then asked Ms. Dance to provide the Board with an update on HTA's efforts undertaken thus far. Ms. Dance noted that HTA currently supports several educational programs and that HTA staff had met with the Fire Chief in early February. Mr. Nakamura asked that HTA staff add this issue to the agenda for the next Board meeting. Mr. Fried reported that he had received an article from the Maui Fire Chief, which he believed to be well researched, identifying certain full-face-covering the nose and mouth-snorkel masks as a key issue in the drownings. Ms. Dance noted that HTA is currently working with stakeholders on addressing the issue.

Mr. DeMello reported that he had recently welcomed visitors from Singapore and added that while it is a long trip, Singaporeans love Hawai'i for its nature and the use of English as its primary language. He also noted that the Singapore Dollar was getting stronger compared to the U.S. Dollar. Ms. Chun added that HTA has been focusing on Singapore as part of their Southeast Asia marketing plan. She then discussed a new tourism dashboard that HTA has been working on in conjunction with the State Department of Business, Economic Development, and Tourism that will present tourism statistics at a glance, adding that island breakdowns of the data will be added to the dashboard soon.

#### **6. Report of the Legislative and Governmental Affairs Investigative Committee relating to the 2018 Legislative Session and Related Bills Relevant to HTA**

Mr. Fried acknowledged Charlene Chan, who highlighted four key Senate bills that HTA is currently tracking in the 2018 Legislative Session: SB2224 was originally intended to address ocean safety, but was amended drastically to cut \$30 million from the Tourism Special Fund (TSF), which is HTA's main source of funding; SB2446 SD1 would cut 20% of HTA's budget once 9 million visitors arrive to the State, which was already reached in 2017; SB2961 would subject HTA to civil service and public employment laws and would repeal HTA's authority and duty to

support many programs; SB3038 SD1 would transfer \$2 million from the TSF to the Special Land and Development Fund.

Ms. Chan noted SB2961 had been deferred, but SB2224, SB2446, and SB3038 had been adopted by their subject matter committees, passed the second reading, and referred to the Senate Committee on Ways and Means. Ms. Chan noted that the situation was changing daily and that HTA is actively monitoring 163 bills, having submitted testimony on fourteen substantive bills and four bills relating to gubernatorial nominations. Ms. Chan added that she and Mr. Kam were available to answer any questions from Board members. Mr. Fried added that he had never seen anything more surprising than the Senate's "gut-and-replace" amendments to SB2224.

Representative Onishi then proceeded to explain his rationale behind introducing House Bill 2010, which involves a significant change in TAT allocations. He reported working closely with Marc Togashi to identify various cost items in the HTA and Hawai'i Convention Center (HCC) budget, noting that legislative talks surrounding HCC always revolve around the bond debt from its construction as a major issue. Although the Legislature holds HTA responsible for repayment of this bond debt, they have not kept up with appropriately allocating money to HTA for HCC's expenses and repayment of the bond debt, which has already been repaid to bond holders and exists solely on State records.

Rep. Onishi detailed the breakdown of \$16 million in allocations proposed in HB2010, which had been reworked for HCC to pay for management, repair and maintenance, shared staffing costs with HTA, and other expenses. He went on to discuss emergency funding options and the bill's proposed establishment of an emergency fund for the convention center along with an allocation \$10 million, as well as a special fund for repair and maintenance to cover larger, long-term projects. Rep. Onishi acknowledged that HTA had been saving to pay for these types of projects and requested that HTA transfer some of those savings into this special fund with the hope that HCC's expenses will be more transparent to both the Legislature and the public. He added that HTA would no longer have to appropriate funds for HCC's management contract but will be required to grow the emergency fund to \$25 million with \$5 million allocation increments per year; thereafter, this additional \$5 million would be part of HTA's regular budget.

Mr. Atkins requested an example of a convention center emergency. Rep. Onishi stated that the Board would be required to petition the Governor to declare an emergency in order to access the money in this emergency fund, giving an example of high winds causing damage to HCC necessitating emergency repairs. Mr. Fried asked whether Rep. Onishi had Senate support for HB2010; Rep. Onishi responded that an identical Senate companion bill was introduced and expressed confidence that the bill would pass, noting that Senator Wakai, Chair of the Senate Committee on Economic Development, Tourism, and Technology was in favor of its passage. Mr. Atkins thanked Rep. Onishi for his work, noting that HB2010 would greatly benefit HTA.

Mr. Kam added that HTA's main focus was on SB2224. Ms. Yamaguchi inquired whether Board

members should call upon the industry representatives to submit testimony on the bill. Ms. Chan responded that Mr. Kam would contact Board members when necessary and added that HTA is also following on SB2446, which proposes to cut at least 20% of HTA's budget. Rep. Onishi added that a number of industry representatives had reached out to him to keep apprised of the tourism-related bills. Mr. Fried added that most people recognized that these bills would be very harmful to the State and its tourism industry.

#### **7. Presentation, Discussion and Action on HTA's Financial Reports for December 2017**

Mr. Fried acknowledged Mr. Togashi, who discussed HTA's financial reports for December 2017. Mr. Togashi reported that the tourism industry had brought in about \$1.4 million more in TAT revenues in December than the \$5.4 million HTA paid out in expenses. Mr. Togashi also reported that HTA now has \$9 million set aside in reserve. He noted HTA has been spending in accordance with this year's budget, which was very tight, and had only made a few small reallocations to the budget thus far: \$30,000 within HTA's Meetings, Conventions, and Incentives (MCI) budget; and \$81,000 within HTA's research budget. Mr. Atkins inquired as to accounts receivables and Mr. Togashi reported HTA has little-to-no back debt.

Mr. Togashi requested the Board to approve the November financial statements. Mr. Fried requested a motion for approval. Mr. Sanders so moved. Mr. DeMello seconded the motion, which was unanimously approved by all the Board members present.

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

Mr. Fried acknowledged Teri Orton of AEG, who provided an update of the HCC Recent Operational Activities and Sales Initiatives. Ms. Orton reported that HCC had hosted the AAU Honolulu Volleyball Grand Prix in January, which is historically a soft month; the number of teams participating doubled compared to 2017, the first year the tournament was held. Repeat groups booking in the HCC include the Sony Open, Dream Night, and the American Dental Association. HCC posted \$710,000 in revenues with decreased expenses of \$966,000 this year, resulting in a net loss of \$256,300. Updated projections show an expected \$1.9 million loss for 2018. However, Ms. Orton explained that HCC is optimistic that this projection will improve after the first six months of the year.

Ms. Orton then discussed HCC Sales and Marketing, noting various events that HCC had closed, resulting total of 21, 320 room nights thus far in 2018. Lee Conching reported that HCC was currently looking for a replacement for their East Coast Regional Director and hoped to have someone in place by the end of the first quarter. He then discussed client relations and HCC's creation of a client advisory board to better engage with clients and the Hawai'i visitor industry to get more MCI business booked at HCC.

Ms. Orton presented an update on the efforts being made to assure HCC continues to grow room nights each year. She added that her team is hosting a reception for the advisory board

when they arrive on March 7, 2018.

**9. Report of, discussion and request for funding approval of programs recommended by the Marketing Standing Committee**

Mr. Dee presented a rundown of the February 14, 2018 Marketing Standing Committee meeting. He noted that the 2018 Global Tourism Summit is on track, that the gohawaii.com update project is going well, with the team tracking metrics, and that HTA and the Marketing Committee are undertaking a collective effort to look into ways to invest HTA's unspent money. Mr. Dee reviewed the L.A. Clippers program, which is in its second year, noting that the 2018 opponent had been changed late in 2017 but the Marketing Committee's recommendation was to move forward with the contract. Mr. Fried stated his understanding that the overall consensus was that the biggest benefit to the contract was HTA's exposure in Los Angeles, its biggest market area, but expressed his disappointment at the lack of an NBA opponent for the 2018 game in Hawai'i. Ms. Dance identified the opportunity to tap into the Australian market with the replacement team. Mr. Kam added that the game in Hawai'i was a gift from AEG, the event's promoters, and Mr. Baldemor noted that the deal had been structured so that HTA's real role was in marketing, especially in LA, not in the logistics of the game itself. Mr. Atkins agreed with the Marketing Committee's recommendation but expressed that the NBA's last minute alteration was unacceptable and could not happen again.

Mr. Dee requested a motion to enter Executive Session to discuss proprietary information regarding marketing committee recommendations. Mr. Fried moved for an Executive Session and Mr. Nakamura seconded the motion, which was unanimously approved by all Board members present.

**Board entered an Executive Session at 11:06 a.m.**

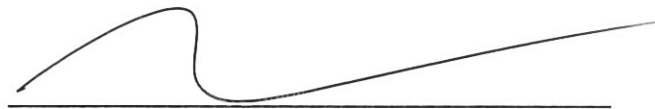
**Executive Session ended at 11:35 a.m.**

**10. Adjournment**

Mr. Fried requested a motion to adjourn the meeting. Mr. Sanders so moved. Mr. DeMello seconded the motion, which was unanimously approved by all the Board members present.

The meeting was adjourned at 11:36 a.m.

Respectfully submitted



Jacob L. Garner  
Recorder