



HAWAII TOURISM AUTHORITY

Hawaii Convention Center
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Neil Abercrombie
Governor

Mike McCartney
President and Chief Executive Officer

REGULAR BOARD MEETING HAWAII TOURISM AUTHORITY

Thursday, June 27, 2013

Hawaii Convention Center

1801 Kalākaua Avenue, Honolulu, Hawaii 96815

MINUTES OF REGULAR BOARD MEETING

MEMBERS PRESENT: Ron Williams (Chair), Patricia Ewing, Kelvin Bloom, Patrick Fitzgerald, Rick Fried, Victor Kimura, Michael Kobayashi, David Rae, Lorrie Stone, Craig Nakamura,

MEMBERS NOT PRESENT: Jack Corteway, Aaron Salā

HTA STAFF PRESENT: Mike McCartney, Caroline Anderson, Lacie Goshi, Jadie Goo, Brian Lynx, Doug Murdock, Daniel Nahoopii, Angela Rodriques, Mike Story, Marc Togashi, David Uchiyama, Kelii Wilson

GUEST: Pono Shim

LEGAL COUNSEL: Gregg Kinkley

1. Call to Order

Presiding Officer Ron Williams called the meeting to order at 9:40 a.m.

Mr. McCartney introduced Mr. Pono Shim, who read and discussed a Thanksgiving message he had previously written and distributed in 2010. Mr. Shim offered a pule to begin the meeting.

2. Approval of Regular and Executive Minutes of Prior Board Meetings

A motion was made and seconded to approve the minutes of the May 30, 2013 Regular Board meeting that was unanimously approved without amendment or reservation by any

of the Board members present. Mr. Williams deferred consideration of the minutes for the executive session held on April 25, 2013 and May 30, 2013.

3. Report of the Chief Executive Officer Relating to the Implementation of the State Tourism Strategic Plan Initiatives and Staffs' Current Assessment of the Major Market Areas

Mr. McCartney offered brief remarks due to his attendance at a press conference with Google to discuss a new opportunity promoting Hawaii. He noted his meetings with various county lifeguards and other interested ocean safety officials on an "advisory committee" to discuss public safety at our beaches and in the ocean, especially by our visitors. He described the various bills passed at the 2013 legislative session and signed into law by the Governor. He added that he would be meeting with officials at the Department of Taxation on a legislative measure that was not passed and related to a tax on resort fees.

Mr. McCartney also clarified HTA's funding of University of Hawaii ("UH") athletics that was recently discussed in a newspaper article as having been eliminated. He noted HTA has provided substantial funding support of UH athletics. Additional funding for UH athletics was recently reallocated when attendance fell below projections and those funds were urgently needed to support marketing efforts in the East Coast. He stated that funding for UH athletics was never intended to be viewed as an "entitlement" for UH.

There was a discussion of the current staffing levels at HTA, especially the vacancy within the Research office. Mr. Uchiyama introduced Lacieanne Goshi as a recently hired brand manager for the North America market.

Mr. McCartney referred to his CEO Report that was in the board folders containing documents related to this meeting and previously distributed to the Board members. He noted that the dashboards and visitor data will be released tomorrow due to technical issues and staff shortage. However, he further noted that the visitor data will show that the "price for a Hawaii vacation has increased" and we need to have a full discussion of this trend at a future Board meeting.

Mr. Fried asked for clarification on a \$3.00 fee being collected at the Pali Lookout. Mr. McCartney responded that a parking fee was being collected by the Department of Land and Natural Resources through an individual situated at the Lookout and various other state parks. As a result, vandalism has been "deterred" at the parks.

4. Review of Recent and Upcoming Permitted Interactions

In response to a request from Mr. Murdock, no Board member reported any recent or upcoming permitted interaction with another member.

5. Presentation and Discussion on Visitor Statistics

The presentation and discussion of visitor statistics and data as of May 2013 was deferred due to it not being available at the time of the Board meeting. A press release is being planned tomorrow to release the visitor data.

6. Approval of HTA's Financial Reports

Due to the lengthy discussion at the last Board meeting regarding HTA's investments, Mr. Togashi requested Board approval of the March 31, 2013 financial reports. Mr. Bloom moved to approve the HTA financial reports as of March 31, 2013. Mr. Kimura seconded the motion, which was unanimously approved without any reservation by any of the Board members present.

Mr. Togashi discussed the HTA financial statements for the month ending April 30, 2013 by referring to the written summary and financial statements contained in the Board folder for this meeting that was previously distributed to the Board members.

The following financial statements covering the **HTA Special Fund** as of April 30, 2013 were distributed to the Board and discussed by Mr. Togashi: Expenditure Statement-Prior Year Funds FY 2013 as of month ended 4/30/2013; Income Statement-Current Year Appropriation (Modified Cash Basis) FY 2013 as of month ended 4/30/2013; Budget Statement FY 2013 as of month ended 4/30/2013; Balance Sheet (Modified Cash Basis) FY 2013 as of month ended 4/30/2013; Schedule of Reserve Balance FY 2013 as of month ended 4/30/2013; and, Revenue-Actual vs. Forecast FY 2013, 34.2% or \$71 million FY 2012/2013. He noted that as of April 30, 2013, \$71.7 million was budgeted and of that amount approximately \$67.2 million was either contracted or committed.

Mr. Togashi further discussed the following financial statements previously distributed to the Board as of April 30, 2013, covering the **Convention Center Enterprise Special Fund**: Income Statement-Current Year Appropriation (Modified Cash Basis) FY 2013 as of month ended 4/30/2013; Budget Statement FY 2013 as of month ended 4/30/13; Balance Sheet (Modified Cash Basis) FY 2013 as of month ended 4/30/13; Revenue-Actual vs. Forecast FY 2013, 17.3% or \$33 million; and, Rolling Forecast for the eight months ending 4/30/2013.

Mr. Togashi noted that as of April 30, 2013, the convention center operating loss was approximately \$600,000 less than budgeted. SMG is spending according to budget.

Mr. Bloom made a motion to approve the HTA financial statements as of April 30, 2013. Mr. Kimura seconded the motion, which was unanimously approved without reservation by any of the Board members present.

The meeting was recessed at 11:05 a.m.

The meeting was reconvened at 11:13 a.m.

7. Presentation and Discussion of HTA Plans and the Fiscal Year 2014 Budget

Mr. Bloom made a motion to go into executive session pursuant to HRS section 92-4 for the purpose of discussing information that must be kept confidential to protect Hawai'i's competitive advantage as a visitor destination. Mr. Kimura seconded the motion. Deputy Attorney General Gregg Kinkley confirmed that the purpose of the executive session is to discuss competitive sensitive information and not to "just go over the budget." The motion was unanimously approved without reservation by any of the Board members present.

The meeting was recessed at 11:14 a.m. to allow the Board to meet in executive session.

The meeting was reconvened at 11:39 a.m.

The Board met in executive session to discuss competitive sensitive information related to the HTA Strategic Plan: 2013-2014; the Brand Sustainability & Execution Plan; and, the HTA Tourism Special Fund FY 2014 Budget.

Mr. Kobayashi made a motion to amend Agenda Item 7 as follows: **"Presentation, Discussion and Action to Approve the HTA Plans and the Fiscal Year 2014 Budget."** Mr. Fitzgerald seconded the motion, which was unanimously approved without reservation by any the Board members present.

There was a clarification of the distinction between the documents identified or referred to as the "HTA Tourism Special Fund Fiscal Year 2014 Budget" and the "FY 2014 Budget Worksheet."

Mr. Fitzgerald made a motion to approve the HTA Strategic Plan: 2013-2014; the Brand Sustainability & Execution Plan; and, the HTA Tourism Special Fund FY 2014 Budget; and, that the FY 2014 Budget Worksheet shall remain confidential because it contains

information that is competitive in nature and must be protected from disclosure to maintain Hawai'i's competitive advantage as a visitor destination. Mr. Kimura seconded the motion, which was unanimously approved without reservation by any of the Board members present at the meeting.

Approval of Executive Session Minutes.

At this time, Mr. Williams noted that the minutes of the executive session conducted on April 25, 2013 and May 30, 2013 required approval by the Board.

Mr. Fitzgerald made a motion to go into executive session to consider the approval of the executive session minutes and discuss information that is competitive in nature. Mr. Fried seconded the motion, which was unanimously approved without reservation by any Board member.

The meeting was recessed to go into executive session at 11:51 a.m.

The meeting was reconvened at 11:55 a.m.

The Board met in executive session to consider the approval of the minutes of the executive sessions conducted by the Board during the regular Board meetings on April 25, 2013 and May 30, 2013. The executive session minutes were approved.

9. Adjournment

The meeting was adjourned by consensus at 11:56 a.m.

Recorded:



Winfred Pong
Recorder