



NEIL ABERCROMBIE
Governor

MIKE MCCARTNEY
President and
Chief Executive Officer

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REGULAR BOARD MEETING HAWAI'I TOURISM AUTHORITY

August 25, 2011

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), Douglas Chang, Vernon Char, Patricia Ewing, Patrick Fitzgerald, Michael Kobayashi, Craig Nakamura, Aaron Salā, Sharon Weiner, Leon Yoshida

MEMBERS NOT PRESENT: Kelvin Bloom, Cha Thompson

HTA STAFF PRESENT: Mike McCartney, Momi Akimseu, Caroline Anderson, Jon Baron, Lynn Bautista, Minh-Chau Chun, Cy Feng, Jadie Goo, Daniel Naho'opi'i, Winfred Pong, Roann Rakta, Angela Rodriguez, Michael Story, Marc Togashi, David Uchiyama, Keli'i Wilson

GUESTS: Pono Shim

LEGAL COUNSEL: Deputy Attorney General Gregg Kinkley

1. Call to Order and Pule

Presiding Officer Ron Williams called the meeting to order at 9:33 a.m.

Pono Shim offered a Pule.

2. Approval of Minutes of Meetings on June 16 and June 30, 2011 and July 28, 2011

Mr. Salā made a motion to approve the minutes from June 16 and June 30, 2011 and July 28, 2011. Mr. Chang seconded the motion, which was unanimously approved without objection.

6. Discussion and/or Action to Elect the Chair and Vice Chair of the HTA Board of Directors

(This Agenda item was discussed out of order)

Ms. Ewing made a motion to nominate Mr. Williams for a second term as Chair for the HTA Board of Directors. Mr. Yoshida seconded the motion, which was unanimously approved without objection. Mr. Williams made a motion to nominate Mr. Chang for a second term as Vice Chair. Mr. Yoshida seconded the motion, which was unanimously approved without objection.

3. Report of the Chief Executive Officer Relating to the Implementation of the State Tourism Strategic Plan Initiatives

(This Agenda item was discussed out of order)

Mr. McCartney distributed an updated sheet of staff's seven (7) major activities, such as the budget and RFP processes, as well as APEC, and shared a three (3)-minute video about the HTA – who we are and what we do – that was shown at the 9th Annual Na Mea Makamae O Waikīkī, Honoring the Treasures of Waikīkī event, where HTA was honored. Mr. McCartney said that the video will also be posted on the HTA's website and used to articulate our mission and focus.

Mr. Chang referenced item no. 5 on page 4, under the "Marketing" section of the report, asking if staff is working on updated targets for 2011.

Ms. Ewing referenced the second paragraph on page 3 of the meeting minutes for June 16, 2011 and asked whether the targets cited in that paragraph are for 2011. Mr. Uchiyama confirmed her understanding and went on to explain that the numbers have improved, so what was originally targeted for 2012 is what we are "closing in on" for 2011. He stated that staff is working on revising the targets for 2012 because of the trending that is being seen.

Mr. Chang clarified that the targets that were initially forecast for 2012 are now the 2011 targets and that staff is working on updated 2012 targets. Mr. Uchiyama confirmed his understanding.

7. Discussion and/or Action to Approve HTA Tourism Special Fund FY 12 Budget Related to Destination Branding and/or Marketing Initiatives

(This Agenda item was discussed out of order)

Ms. Weiner made a motion to go into executive session for the purpose of discussing information that is confidential in nature in order to protect Hawai'i's competitive advantage as a visitor destination. Mr. Fitzgerald seconded the motion, which was unanimously approved without objection.

The meeting was recessed to go into executive session at 9:49 a.m.

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

Mr. Chang made a motion to approve the HTA's FY 12 budget and pursuant to HRS 201B-7 (b), where staff is delegated the responsibility for soliciting, awarding, and executing contracts and monitoring and facilitating any and all functions developed in accordance with the HTA's authority to enter into contracts. The motion was unanimously approved without objection.

8. Discussion of Legal Issues With the Attorney General Regarding the Powers, Duties, Privileges, and Liabilities of HTA

Ms. Weiner made a motion to go into executive session for the purpose of discussing a legal opinion with the Attorney General. Mr. Fitzgerald seconded the motion which was unanimously approved without objection.

The meeting was recessed to go into executive session at 11:22 a.m.
The meeting was reconvened at 11:55 a.m.

9. Discussion and/or Action to Adopt the Recommendation by the Administrative Standing Committee Regarding an Evaluation of the President & CEO

Mr. Chang reported that the committee met to discuss the annual evaluation of the president and CEO and that a report would be made to the full board on a recommendation for their consideration at a future meeting. In addition to that, he explained that the annual work plan for the president and CEO, which includes arrival and expenditure numbers; the establishment of policies and procedures; and his role as the head of tourism interacting with government, community, and industry, is being finalized. He stated that any comments and feedback regarding the evaluation and/or annual plan are welcome.

Mr. Chang also shared that the Board Chair and the president and CEO have asked the committee for some feedback outside of what is detailed in the work plan on other areas of the president and CEO's performance, specifically on areas where he might look to change to better serve the board.

5. Presentation of Visitor Statistics and Data
(This Agenda item was discussed out of order)

Mr. Naho'opi'i presented a PowerPoint of the current visitor data for July 2011, which was previously distributed to the board.

He reported that expenditures rose 5.2 percent in July, despite a 1.9 percent drop in arrivals and that Japanese arrivals dropped 9.2 percent, but that it is better than the past four (4) months of double-digit declines.

He pointed out the trend of less hotel stays and increased condo stays, which is influenced by various factors such as pricing issues, neighbor island visitation - where there is more condo availability - larger parties for summer travel, and an increase in repeat visitors, who have a preference for condo usage.

He stated that year-to-date arrivals are up 2.8 percent from the targets that were set in January in terms of spending and that growth in arrivals is running similar to target.

He reported that Kaua'i showed growth, mainly due to new direct services for Oakland and San Jose, as well as increased service for San Francisco. He said that O'ahu showed

negative growth at 3.7 percent down, Hawai'i Island was down 2.1 percent, and Maui was flat.

4. Action to Approve HTA's Financial Reports for June 2011
(This Agenda item was discussed out of order)

Mr. Togashi presented HTA's financial reports for June 2011. He reported that as of June 30, 2011, approximately \$80 million was contracted and committed, leaving approximately \$2.8 million unspent and available to increase the reserves heading into FY 12. He reported that significant expenditures included \$21 million of Leisure contracts and \$6 million of transfers to the Hawai'i Convention Center for marketing.

He reported that the Convention Center Enterprise Special Fund shows that SMG continues to operate within budget. He said that income exceeded expenses by \$5.4 million and an unreserved fund balance of \$8.1 million, which reflects the deduction of \$2 million to support the General Fund, by operation of law.

Ms. Weiner made a motion to approve the HTA's financial reports for June 2011. Mr. Chang seconded the motion, which was unanimously approved without objection.

Mr. Uchiyama shared preliminary information regarding the revised targets for 2012. He stated that for 2011, the revised target for arrivals was at 7.4 million and the 2012 target would put arrivals at 7.6 million. In terms of expenditures, he explained, the revised target for 2011 was \$12.6 billion and the target for 2012 is \$13.3 billion.

Mr. McCartney distributed a public statement to the board regarding the HTA's FY 2012 budget, which also contained the preliminary targets that were shared by Mr. Uchiyama.

10. Adjournment

The meeting was adjourned at 12:54 p.m.

Recorded:



Staff Recorder