



**REGULAR BOARD MEETING**  
**HAWAII TOURISM AUTHORITY**  
**Thursday, January 26, 2017**  
**Hawaii Convention Center**  
**1801 Kalākaua Avenue, Honolulu, Hawaii 96815**

**MINUTES OF REGULAR BOARD MEETING**

- MEMBERS PRESENT:** Rick Fried (Chair), Craig Nakamura, David Rae, Lorrie Stone, Fred Atkins, Sean P. Dee, Gerald De Mello, George Kam, Denise Hayashi Yamaguchi
- MEMBER NOT PRESENT:** Jack Corteway, Donna Domingo, Ku'uipo Kumukahi
- HTA STAFF PRESENT:** George Szigeti, Randy Baldemor, Marc Togashi, Leslie Dance, Daniel Nahoopii, Charlene Chan, Jadie Goo, Chris Sadayasu, Kalani Kaanaana, Caroline Anderson, Jennifer Chun, Lawrence Liu, Ronald Rodriguez, Chika Miyauchi, Carole Hagihara, Denise Kahalekulu, Noriko Sloan, Minh-Chau Chun
- GUESTS:** Senator Glenn Wakai, Representative Richard Onishi, Doug Hall, Peter Honig, Teena Rasmussen, Teri Orton, Noelle Liew
- 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 Mr. Kaanaana, who proceeded to offer a pule and oli in Hawaiian.

Mr. Fried acknowledged and welcomed Senator Wakai and Representative Onishi.

**2. Approval of the Minutes of the November 17, 2016 Board Meeting**

Ms. Stone moved to approve the minutes of the Board meeting held on November 17, 2016. Ms. Yamaguchi seconded the motion, which was unanimously approved by all the Board members present.

### **3. Review of Recent and Upcoming Permitted Interactions**

Mr. Fried reported that he met with Mr. Atkins and Mr. Baldemor to discuss HTA programs approved under the budget.

### **4. Report of the CEO Relating to HTA's Programs**

Mr. Fried offered "comments on transparency" at HTA. After noting favorable visitor expenditures, arrivals, and tax revenues in 2016, he stated "there are some things we can do better and have done better as far as transparency." As the Board's Chair, he can reach the President & CEO on a 24/7 basis. The staff has been working very hard and needs the support from the Legislature for additional funds. He expressed concern regarding the "carrying capacity," especially on O'ahu. Homeless is a major issue that needs to be addressed. He also noted that global warming is raising sea levels.

He noted that eight budget line items were being withheld from public disclosure and that it represented less than 5% of the entire HTA budget. He stated that information related to various events being withheld still "has legs" and these events could be "easily transferrable to another city." He referred to the tennis Federal Cup as an example of an event that HTA would not want to lose to another city. He also referred to a sports study conducted by the Ascendent Sports Group that focused on where HTA's expenditures for sports should be spent. He wants to comply with the legal requirements under HRS sections 201B-4 and 92-4.

Mr. Fried noted that previous Board meetings have been short because of a desire to make the best use of Board member's time. In regards to the Board meeting in executive session to discuss AEG's performance, he stated it was necessary to "keep its feet to the fire." As a result, and for the first time ever, the convention center will be having a profit. He acknowledged that the HTA was "slow off the ball" in turning things over completely to the Legislature. HTA will continue to provide requested information moving forward. Mr. Fried referred to a non-budgeted "slush fund" managed by himself and Mr. Baldemor. He discussed the "extensive process" for a contract to be internally reviewed and approved.

Mr. Fried referred to the "marketing funds" that were budgeted at \$4.6 million and stated of that amount only \$1.3 million was expended for the tourism conference, which provided "remarkable benefits." He further stated that any expenditure of the remaining \$3.3 million will "go through the same process" and that "anything over an expenditure of \$250,000 for something that isn't in the budget will need full board approval." He recognized that at times there are things we need to work quickly on and may have to rely on email or we can wait for a board meeting. This will be the process going forward. Mr. Fried expressed appreciation to Senator Wakai and Representative

Onishi for “bringing some of these points up.” He further stated that HTA will be “completely transparent” and “recognizing” that the “funds are not ours.”

At this time, Mr. Fried asked the public to provide any questions or responses to any agenda item.

Mr. Fried acknowledged Senator Wakai. Senator Wakai noted that although he may be new to tourism, he has been going out to the tourism community to learn more about tourism. He stated that it has been “very frustrating” when requesting information from HTA. He believes HTA functions are driven by staff without input from the Board or community. Senator Wakai stated that staff has “misrepresented” that the Board has approved the withholding of information to the Legislature and has not always been “honest and truthful.” He expressed a desire to only get a better knowledge about the tourism industry and stated that HTA is “not an agency that has the anger and ire of the Legislature.” He added that the “less kabuki that is going on, the better.”

Mr. Szigeti referred to the Report of the CEO included in a board packet previously distributed to the Board and offered a few additional “comments.” He initially acknowledged the “challenging and productive meetings with the Legislature.” He stated that 2016 is a “very good year for tourism” and hopes “to finalize the numbers” by January 30. Although HTA may set the stage, he thanked the entire tourism stakeholders for helping. He noted that the Hawai‘i Convention Center will finally be making a profit. He referred to the successful airport expansion at Kona airport and the additional flights to Kona. He expressed appreciation to “all those who helped before his arrival” at HTA.

Mr. Szigeti discussed the Community Enrichment Program and how it would diversify Hawai‘i’s tourism product. He also discussed various national prominent events. He noted the Hawai‘i Bowl and the Diamond Head Classic and also acknowledged the assistance provided by ESPN. The Hawai‘i event at a recent L.A. Clippers basketball game reflected the “best take over” of the arena. He expressed appreciation to the Hawai‘i Visitors and Convention Bureau (HVCB). He discussed the various golf tournaments in Hawai‘i, especially the Tournament of Champions on Maui, the Sony Open, and the Mitsubishi Electric Championship at Hualālai. A video of Mr. Szigeti providing welcoming remarks during a telecast on the golf channel was shown. In regards to the Fed Cup on Maui, Mr. Szigeti noted that Hawai‘i was the first state to host the event on consecutive years.

Mr. Szigeti expressed a desire “to do the absolute best” and “want to improve the process.” He will seek more engagement with the Board and needs to get better on getting input, especially on budget items. He will be more proactive to getting and giving input to visitor stakeholders. He also stated “we are going to improve our process moving forward.”

Mr. Rae asked whether the CEO Reports are provided to the Governor and Legislature. Mr. Szigeti responded by stating “yes.”

Mr. Dee stated that “a lot of positives” have been expressed, especially on an agreement to an open process. However, the “execution is not so good.”

## 5. 2017 Marketing Direction Discussion

Ms. Dance provided a PowerPoint presentation entitled “Keeping It Strong in 2017.” Under the HTA Strategic Plan, the foundation for all of HTA’s plans are as follows: improve the integrity of the destination; ensure stable economic benefits; elevate the value perception of Hawai‘i; and, strengthen the HTA’s reputation. In regards to the goal of increasing statewide economic activity generated by visitor related expenditures, HTA will be working closely with its Global Marketing Team (GMT) by focusing its marketing on producing consistent arrivals; increase visitor expenditures by attracting high-spending visitors and encouraging spending opportunities; maintaining and improving air access to the Hawaiian Islands; and, protecting Hawai‘i’s brand to remain competitive. With its GMT, HTA will focus on the following: marketing the Hawaiian islands as a preferred destination for corporate meetings, conventions and incentives; ensuring the efficient management of the Hawai‘i Convention Center; impacting the shoulder periods through the development and promotion of key events, including the implementation of post-arrival campaigns; re-stimulating Hawai‘i’s mature markets; increasing promotions of the neighbor islands; continuing to improve the quality and strength of digital marketing; deploying global marketing platforms benefiting multiple markets; achieving key performance indicators; utilizing funding resources efficiently and effectively; and, focusing on targeted consumers.

Ms. Dance also discussed the various key performance indicators that would be utilized by each marketing contractor and to determine whether we are hitting the right people in the right market. Ms. Dance continued her PowerPoint presentation by highlighting various initiatives, programs, and activities to be conducted or implemented in 2017 and in the following major markets: USA, Canada, Japan, Korea, Taiwan, Oceania, Europe, Southeast Asia, Cruise ships, and the global meetings, conventions and incentives market.

Mr. Szigeti noted HTA would like to take advantage of a situation where Europeans may take a month off from work to come to Hawai‘i.

Mr. Baldemor noted that although there has been a lot of discussion on HTA’s external strategy, a lot of internal processes are also involved. He acknowledged the help being provided by the Legislature and expressed a desire “to work” with Legislators. He also expressed a need to work with the Board by improving communication with the Board, especially from a “marketing standpoint” and for the “bigger programs.” As part of the budget process related to non-specific budget items, we also need to present these items to the Board to obtain the Board’s advice and support. In regards to contracts, staff needs to work on making sure the Board is made aware of the contracts that have been executed as soon as possible. Staff will also make sure we are executing contracts as quickly as possible.

Mr. Baldemor stated that he “recognized” the need to leverage the “tremendous experience on the Board.” By working with Ms. Dance, who is leading our marketing campaigns, Staff will be suggesting an “advisory marketing committee” that can help staff to provide more Board “outreach” to “vet ideas” and “working hand-in-hand together with the marketing programs.” With the marketing strategies being outlined by Ms. Dance and the internal improvements staff

will be doing, Mr. Baldemor expressed the belief that HTA will be in a position to continue to be an effective organization for the State.

Mr. Dee expressed his appreciation for seeking more feedback from the Board and to work more closely with the Board. As a Board member, Mr. Dee noted that with the various major markets and numerous areas of focus, the Board needs to focus on a major market that can drive the industry, especially when the Board is beginning its budget review process within a few months.

## **6. Presentation on HTA's Sports Marketing Program**

At this time, Mr. Szigeti acknowledged the presence of Teena Rasmussen, Director of the Maui Office of Economic Development.

Ms. Dance introduced the following representatives from the Ascendent Sports Group: Doug Hall, Senior Vice President, Head of Consulting; and, Peter Honig, Vice President, Consulting. Mr. Hall initiated a PowerPoint presentation entitled "Sports Marketing Plan, Executive Summary." He stated that the goal under the sports marketing strategy is to establish a process for attracting and funding sports properties and events that "ensure maximum benefit to both the state and the people of Hawai'i." The sports marketing objectives will be aligned with HTA's strategic plan objectives. He stated that Ascendent Sports Group was hired "to conduct a full review of HTA's sponsorship portfolio," including the delivery of a strategic action plan and recommendations for amplifying current events. Ascendent is a full service-marketing agency based in New York and prides itself in talking to stakeholders. Mr. Hall stated, "sports is a catalyst for positive change."

Mr. Honig stated that a sports strategy requires an "understanding of the evolving landscape" and a recognition that the marketplace has changed. The consumers are looking for more unique experiences and more adventures. We need to connect these consumers to the sports activities in Hawai'i. Mr. Honig emphasized that "it is not about hosting any event, it is about hosting the right event." He offered the following initial assessment of the Hawai'i market: many partnerships do not currently maximize value for the state; there is an opportunity to go deeper with the properties that are delivering positive returns; event assets can be leveraged to drive greater engagement among target audiences and key regions; and, additional attention should be given to events that attract more global audience. He proceeded to identify the numerous sports events sponsored by HTA or held in Hawai'i throughout the year as "significant opportunities" and opportunities to also serve the other islands.

Mr. Hall displayed a slide depicting a "SWOT analysis" of sports in Hawai'i. In regards to Hawai'i's "strength," he highlighted the following: the Hawai'i brand as a destination; its prestigious location; multi-cultural population; and, a stable commercial location. In regards to Hawai'i's "weakness," he highlighted the following: infrastructure challenges and lack of world class venues; Hawai'i's geographical isolation that is perceived as a barrier to travel; and, Hawai'i's over-dependence on third party vendors. He expressed a desire for HTA to take a larger ownership role in sports events. In regards to Hawai'i's "opportunities," Hawai'i can consolidate its numerous sport events and emphasize greater accountability by its property partners. Finally, in regards to

“threats,” he highlighted the following: Hawai‘i is facing greater competition around the globe; Hawai‘i’s aging infrastructure; and, the perceived higher cost for traveling to Hawai‘i.

Mr. Hall offered the following recommendations: work towards a “clean slate approach for 2018 and beyond” by supporting fewer events but invest in selected events that are aligned with HTA’s sports objectives; pursue opportunities that target Hawai‘i’s key markets, aligned against Hawai‘i’s seasonal windows, will fit with the venue, and can be leveraged with Hawai‘i’s natural resources; develop and utilize a “proprietary tool” to evaluate sports proposal in 2018; and, activate partnerships to create additional brand value and tourism impact within HTA’s budget.

Mr. Honig discussed the following sequence of a strategic planning “process”: implement a screening tool; audit current events; develop a portfolio model; identify opportunities; negotiate with events and begin activation; and, measure results of the events.

Mr. Hall discussed how Ascendent would be evaluating each sport and event property under the following categories and against a weighted scale: brand image compatibility; geographic appeal; media and digital value; direct tourism support; planning and implementation; viability of property; budgetary parameters; and, sustainability. He also noted the event’s compatibility with Hawai‘i’s natural resources.

Mr. Honig stated that Ascendent has developed a “portfolio approach” that guides sponsorship investment to “maximize value” for Hawai‘i. The “portfolio approach” will recognize that very few sports or events can deliver against every HTA objective and HTA can pursue other events that can maximize value. A balanced portfolio would ensure a long-term strategic approach to effectively deliver against HTA’s objectives. Mr. Hall offered a proposed portfolio framework that aligned various sports events currently sponsored by HTA with HTA’s sports objectives.

Mr. Hall concluded the PowerPoint presentation by stating that “what events would be part of a portfolio” would be those events “that taken together would fulfill HTA’s goals and objectives.”

Mr. Atkins asked whether an evaluation of HTA events would be completed in time before the Board approves the fiscal year 2018 budget. Mr. Hall responded that an evaluation would be completed for the calendar year 2018.

Mr. Szigeti expressed a desire for the support of more sport events to be held on the major islands. Ms. Stone noted that Ascendent has taken what HTA understands on an anecdotal context into an analytical context. She also expressed a desire to “look at multi-year contacts.”

Representative Onishi asked how the process can be made more transparent. He further asked “at what point does it get shared with the Board and participate in the analysis?” He also inquired as to “where in the process does the plan and evaluation gets shared with the Board?” Mr. Baldemor responded that under the current budget review process, staff would meet with individual Board members to discuss the events as part of the budget process. He added that “a new process will be more open.”

Ms. Stone stated that certain events “have been institutionalized” and we may need to get a new ROI. She noted that during meetings between staff and individual Board members to discuss the budget, they would be able to also discuss sporting events as part of the budget review process.

Mr. Fried acknowledged Ms. Rasmussen, who stated that “Maui has taken for granted the events they have” and there is a new focus on sports. She asked whether there are better “metrics to measure sports.” Mr. Hall responded that an evaluation would be based on a “return on objectives” as compared to a return on investment. He will be meeting with staff to discuss new ways to measure an event. Ms. Dance added that each event will have different measurements.

Mr. Fried acknowledged Senator Wakai, who noted that “we had to pay” the Los Angeles Clippers and asked “how do we get events without Hawai’i having to give money?” Mr. Hall responded there is a “movement towards looking at sponsorships,” however, various events such as surfing may not need financial support. He will be looking further into that question. It was noted by Mr. Dee that HTA’s support is primarily in marketing and Ms. Dance added that tourism stakeholders, such as hotels and airlines, also offer support.

Representative Onishi asked “how do you evaluate the contributions made by stakeholders?” He noted the Ironman event receives huge assistance from volunteers and further asked, “How do you evaluate this assistance?” Mr. Baldemor responded that it “is an area where we can improve.” By working with the Hawai’i Visitors and Convention Bureau, HTA would be able to bring in local stakeholders to make an event more successful.

Mr. Atkins stated that a proposed “advisory” committee previously discussed by Mr. Baldemor might allow the Board to get information out earlier and to work with our industry partners to better leverage an event and not just for sports. He also noted that monies previously allocated to the Pro Bowl were used for other events funded under the current budget and “didn’t have something tied to it” like the golf program. We could be more creative now and not wait till the lapse of 18 months.

Mr. Szigeti expressed the hope that “we are looking at Junior Olympics” and that we want events supporting local kids. Ms. Dance responded that a bid was submitted for a “kid’s soccer” event.

The meeting was recessed at 11:16 a.m.

The meeting was reconvened at 11:30 a.m.

(Ms. Yamaguchi was absent at this time.)

## **7. Update on L.A. Clippers Hawai’i Night**

Mr. Fried acknowledged Ms. Dance, who initially presented a short video of the Hawai’i promotion with the L.A. Clippers at a basketball game on January 4, 2017. She also provided a PowerPoint slide entitled “Elements of Hawai’i Night” and highlighted the following: 5,000 “Clippers Aloha” baseball caps and 5,000 fresh orchid leis were distributed to the first 10,000 fans going through

the gates; Hilo Hattie's Hawaiian shirts were worn by the Clipper's cheerleaders, "Hoop Troop," in-game commentators, and mascot; Hawaiian music and hula outside and Staples Center; Willie K and Kekaiulu Hula Studio providing pre-game and half time entertainment; surfboard give-away; free trip to Hawai'i through a partnership with Pleasant Holidays; and, a "comprehensive marketing program" that included Hawai'i advertisements on the courtside LED, arm stanchion, and on the jumbotron throughout the night.

Mr. Fried acknowledged Senator Wakai, who stated that the Hawai'i Night was "a great event." However, he noted that officials at the University of Hawai'i have not signed any contract with the L.A. Clippers. He further stated that "HTA should be careful to not announce any event without a signed contract." Ms. Orton responded that "AEG is currently working with UH."

## **8. Presentation of Market Trends**

Mr. Nahoopii presented a PowerPoint presentation entitled "Market Trends." He provided an "overview" of visitor data for calendar year 2016 by reporting that visitors have contributed \$14 billion to Hawai'i's economy; visitor expenditures reflect strong growth by 4.1%; visitor days rose 2.3%; and, visitor arrivals rose 3% and reflected a slower growth because the "mix of visitors" is changing by visitors "with shorter stays." He noted that Hawai'i is on track to set new annual records for both visitor spending and arrivals and stated that 2016 will reflect the "highest expenditures for any past tourism year."

Mr. Nahoopii reported that on a year-to-date basis, the results were not as strong as originally projected. He noted that expenditures were "shy of forecast" and may be due to the U.S. visitors having a shorter length of stay and weak daily spending. The overseas cruise projections were also "off mark" because it takes two years for a cruise line to make schedule changes.

He further reported that the growth in arrivals has been strong since the Fall of 2014. The U.S. West has been driving the current growth despite difficult times in the past due to the lack of access capacity during 2011 and the increase in airline fuel costs in 2013. He noted that for Hawai'i island, there has been a shift to longer stays and less multi-island travel. There has been less visitors traveling to Kaua'i, but visitors are now more "busier" by participating in more activities. Mr. Atkins added that it may also be a financial issue to travel to Kaua'i on a multi-island basis.

Mr. Dee asked whether transient accommodations tax (TAT) revenues are tracking actual hotel revenues. Mr. Nahoopii responded that alternative accommodations may not be counted and hotel room nights reflect a slight growth. Mr. Dee noted that tax collections appear to be lagging behind the trend in arrivals and asked "how can we do a better job at collecting TAT?" Mr. Baldemor responded that the Department of Taxation is currently working on collecting TAT from alternative accommodations. He also noted that online travel agencies are also responsible for collecting TAT.

Mr. Rae noted a hotel capacity issue and asked whether “we have sufficient hotel rooms.” Mr. Nahoopii displayed a PowerPoint slide depicting the hotel room capacity on each island. He noted that there are different types of accommodation on each island.

In regards to air seat capacity in 2016, Mr. Nahoopii reported there were “no new routes” and a “.5% decline in the first quarter.” There was additional capacity during the summer months. Jin Air (Korea) was also out of the market due to maintenance.

Mr. Nahoopii displayed a slide depicting the expenditures and number of visitor days for each major market. He reported that Chinese visitors spent the most and followed by visitors from Korea and Oceania. He especially noted that Chinese visitors would spend the most despite the short number of days they would stay in Hawai‘i. The calendar year 2016 has seen a steady growth in visitor expenditures following the stagnant years during 2013 to 2015.

In regards to hotel room rates in 2016, Mr. Nahoopii reported that the rates have resumed a positive growth after a “down period.” In regards to hotel room occupancy in 2016, he reported that the trend has been “uneven” throughout the year. He noted that in Maui, the hotel room rates went up but occupancy went down. The tourism industry needs to “beware” of the “cycle” of rising room rates and dropping occupancy.

## **9. Presentation on HTA Financial Report Audit for Fiscal Year 2016**

In his capacity as the Chair of the HTA Audit Standing Committee, Mr. Nakamura reported that the Committee had discussed a financial audit of HTA for the year ended June 30, 2016, with the external auditors, who found that there were no “material weakness” to be disclosed.

In response to an inquiry from Mr. Fried, Mr. Togashi discussed the difference between the management audit conducted by the Legislative Auditor and the financial audit conducted by the external auditor. Mr. Baldemor discussed HTA’s current efforts to address the Legislative Auditor’s recommendations.

## **10. Presentation, Discussion and Approval of HTA’s Financial Reports**

Mr. Fried acknowledged Mr. Togashi, who referred to the HTA financial statements for the period ending September 30, 2016, and the subsequent period ending November 30, 2016. The financial statements were previously distributed to the Board. Mr. Togashi requested approval of the financial statements as of September 30, 2016. In response to a question from Mr. Dee, Mr. Togashi confirmed that the statutory reserve has not been expended.

Mr. Fried acknowledged Senator Wakai, who asked “why did the Board agree to dip into the rainy day fund when tourism is doing good?” Mr. Togashi responded that HTA “was not using all of its reserve funds” and that the “carryover funds from last year were used this year.”

Senator Wakai asked “why \$7 million was transferred from last year to this year, especially when tourism is doing so well?” Mr. Baldemor responded that the use of the word “reserve” needs to be clarified. The \$7 million was excess funds not spent from last year. The \$89 million budget approved by the Board last year includes the \$7 million carryover, which was primarily from the “market development fund.”

Senator Wakai further asked “why spend \$7 million when tourism is going well?” Mr. Baldemor responded that tourism stakeholders told HTA that tourism was “going to be flat in future years” and we need “to invest ahead of time so that the market would be strong.” He added that we needed to “pursue innovative” marketing initiatives.

Senator Wakai asked whether HTA was jeopardizing its future needs by spending all its monies now and not putting away money for future emergencies. Mr. Baldemor responded that HTA still maintains a “\$5 million emergency fund” for unforeseen events. Mr. Fried added that the carryover funds were in HTA’s budget over the past years and HTA may still have excess funds this year to be carried over next year.

Mr. Togashi stated that the \$89 million budget includes the \$7 million carryover and \$19 million for long-term commitments. Since these funds were available, the Board wanted to spend the funds to pay for various long term obligations, such as the “unfunded liability” to pay for “retirement obligations.” HTA wanted to be accountable to pay for these obligations.

Senator Wakai asked whether the funds to pay the retirement obligation should come from HTA’s administrative budget. He further asked why HTA was taking marketing funds to pay for retirement benefits and why are we taking carryover funds to pay for operational costs? Mr. Togashi responded that the Attorney General had opined HTA does not have to use the administrative budget to cover the unfunded liability. Mr. Baldemor added that the \$82 million was also used to cover staffing and no “separate bucket” could be used to pay for “unfunded liability.”

(At 12:37 p.m., Ms. Stone was not present at the meeting.)

Mr. Fried noted that HTA did not spend all of its budgeted funds and carried over funds at the \$82 million level. He requested that the Board should see a budget line item where the carryover funds would be placed. He stated that Staff has indicated there would be more effort for greater communication with the Board.

Mr. Nakamura made a motion to approve the HTA financial statements as of September 30, 2016. Mr. Dee seconded the motion, which was unanimously approved by all the Board members present.

## **11. Discussion Regarding HCC Bond Debt Obligation and HTA Reserve**

Mr. Togashi clarified that the bond debt obligation covering the Hawai'i Convention Center reflects an obligation between the HTA and the Hawai'i Department of Budget & Finance. The obligation to external bondholders has been satisfied.

Mr. Rae asked whether the convention center's current profit reflects payment for the bond debt. Mr. Togashi responded that the profit does not include any payment of the bond debt. Mr. Baldemor added that only operational expenses are paid by the convention center.

## **12. Presentation by AEG Regarding an Update of Hawai'i Convention Center Recent Activities**

Mr. Fried acknowledged Ms. Orton, who presented a PowerPoint presentation entitled "January 2017 HTA Board of Directors Update." In regards to a 2016 facility financial update for the calendar year ending 2016, she reported that the facility received \$16,055,800 in gross revenues, \$15,444,300 in gross expenses, and a resulting net income of \$611,500. This net income compared favorably to a net loss of \$357,200 for calendar year 2015. The percentage "flow through" for food and beverage in calendar year 2016 was 49% and reflected another "record breaking year."

In regards to the return on investment for calendar year 2016, Ms. Orton reported that for every dollar spent by the convention center, the convention center returned \$23.10 to the State.

In regards to a sales update, Ms. Orton reported that in calendar year 2016 the convention center had closed 177,931 room nights or 79% of the 225,000 targeted goal. She noted that the goal would have been achieved had the CPCU Society booked its convention in 2021 by the end of 2016. She reported that AEG's room night goal for 2017 was 232,000 room nights and reflects a strong booking year with a full sales team. She also provided an update of current sales staffing positions AEG is currently recruiting to fill.

In regards to a facility update, Ms. Orton discussed the arrival and installation of the sport courts, wood courts, basketball hoops, and netting equipment at the convention center. After an inventory check with the vendors has been completed, training on how to setup the courts and equipment will be conducted. She also announced an expected 50,000 attendees at a volleyball tournament next month during the President's Day weekend.

In regards to a capital improvement update, Ms. Orton reported that a contractor has been hired by the Hawai'i Department of Accounting and General Services to provide gutter roof and trough repairs. The Mele Mei and Ma kai to the Sea art exhibits will also be rotating out of the convention center.

Finally, Ms. Orton clarified her previous response to Senator Wakai regarding the L.A. Clipper contract. She stated that a contract between AEG and the L.A. Clippers has been executed. However, a contract between AEG and the University of Hawai'i has not yet been signed.

## **13. Adjournment**

Mr. Nakamura made a motion to adjourn the meeting. Mr. DeMello seconded the motion, which unanimously approved by all the Board members present.

The meeting was adjourned at 1:15 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Pong', written in a cursive style.

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Winfred Pong  
Recorder